

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



Audit Committee

Agenda

**Monday, 18th November, 2024
at 4.30 pm**

in the

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

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



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Friday 8 November 2024

Dear Member

Audit Committee

You are invited to attend a meeting of the above-mentioned Panel which will be held on **Monday, 18th November, 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

To receive any apologies of absence.

2. Minutes (Pages 5 - 20)

To approve the minutes from the Audit Committee held on the 3rd October 2024.

3. Declarations of Interest (Page 21)

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 Chairman of their intention to do so and on what items they wish to be heard before the meeting commences. Any Member attending the meeting under Standing Order 34 will only be permitted to speak on those items which have been previously notified to the Chairman

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

7. **Business Continuity Annual Update** (Pages 22 - 26)

8. **Half Year Internal Audit Progress Report** (Pages 27 - 50)

9. **Recommendation Follow-Up Report** (Pages 51 - 74)

10. **Half Year Fraud and Error Progress Report 2024-2025** (Pages 75 - 92)

11. **Treasury Management Report** (To Follow)

12. **Statement of Accounts and Annual Governance Statements for 2020/21, 2021/22 and 2022/23** (Pages 93 - 623)

Appendix A- GPS Reset- Letter to Section 151 Officer

Appendix B- Statement of Accounts & Annual Governance Statements 2020/2021

Appendix C- Statement of Accounts & Annual Governance Statements 2021/2022

Appendix D- Statement of Accounts & Annual Governance Statements 2022/2023

13. **Committee Work Programme 2024/2025** (Pages 624 - 629)

To note the Committee's Work Programme for 2024/2025.

14. **Date of Next Meeting**

To note that the date of the next meeting of the Audit Committee will take place on **20th January 2025 at 4:30pm** in the **Town Hall, King's Lynn**.

To:

Audit Committee: S Bearshaw, F Bone, S Dark, T de Winton, P Devulapalli, B Jones, B Long, S Nash and A Ryves (Chair)

Portfolio Holders:

Councillor C Morley – Portfolio Holder for Finance
Councillor A Beales - Leader

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

AUDIT COMMITTEE

Minutes from the Meeting of the Audit Committee held on Thursday, 3rd October, 2024 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: A Ryves (Chair)
Councillors F Bone (Vice-Chair), S Dark, T de Winton, A Jamieson (Substitute for B Long) and P Devulapalli

Portfolio Holders

Councillor C Morley
Councillor A Beales
Councillor J Rust

Officers:

Alexa Baker, Assistant Director, Legal, Governance and Licensing and Monitoring Officer
Michelle Drewery, Assistant Director, Resources and Section 151 Officer
Jamie Hay, Senior Internal Auditor
Laz Mafuko, Interim Financial Services Manager
David Riglar, External Auditor- Ernst and Young
Emma Briers, Democratic Service Officer

A190 **APOLOGIES**

[Click here to find the recording of this item on YouTube.](#)

Apologies were received from Councillor Jones, Bearshaw, Nash and Long.

A191 **MINUTES**

[Click here to find the recording of this item on YouTube.](#)

RESOLVED: The Minutes from the meeting held on 24th June 2024 were agreed as a correct record and signed by the Chair.

A192 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A193 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business under Standing Order 7.

A194 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

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Councillor Rust, Morley and Beales were present under Standing Order 34.

A195 **CHAIR'S CORRESPONDENCE (IF ANY)**

There was none.

A196 **EXTERNAL AUDIT- ERNST & YOUNG- VALUE FOR MONEY INTERIM REPORT- YEARS ENDED 31ST MARCH 2021, 2022 AND 2023**

[Click here to find the recording of this item on YouTube.](#)

The External Auditor from Ernst and Young presented the Value for Money Interim Report for years ended 31st March 2021, 2022, and 2023. The External Auditors explained a requirement of the Local Audit Reset was the Value for Money report be completed. He outlined the report included an Executive Summary, Value for Money Commentary and Appendices.

He referred the Committee to the page 22 of the agenda and highlighted the External Auditors are required to be satisfied the Council has proper arrangements for securing economy, efficiency, and effectiveness use of resources. He confirmed a conclusion or opinion is not issued and where significant weakness were identified this would be reported by exception in the Auditor's Report on the financial statements.

He added the criteria set out in the appendix ensured this complied with requirements of the 2020 Code of Audit Practice and the Auditor Guidance Note 3.

The External Auditor referred to page 23 and 24 which outlined the risks procedure which identified the significant weaknesses. He brought to the Committee attention the one risk identified and therefore a significant weakness was the arrangements to publish the statement of accounts for 2020/21, 2021/22 and 2022/23 as the deadline was not met.

He provided assurance to the Committee the 2022/23 accounts were now published and on the Borough Council's website.

The External Auditor brought to the Committee's attention, section 2 of the report, page 26 set out the high-level summary arrangements. He

added the findings on page 29 related to the ability to publish the accounts and explained the 2020/21 and 2021/22 did not include property, plant and equipment or Investment Property valuation transactions. He added there was delays to some of the year end bank reconciliations.

He explained to the Committee, appendix A provided further details on the arrangements and appendix B was the recommendation made and the response from management.

The Chair thank the External Auditor for the report and invited comments and questions from the Committee.

Councillor de Winton referred to page 29 and 38 which outline the external auditors concern of the cash figures and the report stated this could be materially misstated, he sought clarification that now the 2022/23 accounts had been published this was no longer a concern.

The External Auditor advised as the audit had not been carried out on the 2022/23 accounts so the issue had not cleared but they would look at it as part of the audit of the 2024/25 accounts.

The Assistant Director Resources and Section 151 Officer then provided further explanation and background to the issue and that this was now up to date with a full working paper prepared to support the auditor when they come to review this going forward.

The Chair, Councillor Ryves referred to page 37 which stated one of the controls was the quarterly budget monitoring report were presented to the Audit Committee however this was not presented since March.

The Assistant Director Resources and Section 151 Officer provided clarification that the Value for Money Report covered the financial year 2020/21, 2021/22 and 2022/23. She added the monitoring reports were published to all members throughout the period and the latest report was then presented to Audit Committee. She referred to review of the Audit Committee Terms of Reference and explained that this was changed as they did not have powers to make decisions on financial matters and the reports would go through Cabinet going forward.

Councillor Dark referred to page 32 and specifically the last 3 paragraphs which outlined the budget, expenditure, funding, funding gap and net contribution to the general reserve fund for 2020/21, 2021/22 and 2022/23. He sought clarification that a funding loss was expected but there was contribution to the reserve fund for 2022/21 and for 2021/22 and 2022/23 there was a further contribution to the reserve fund than expected.

The External Auditors confirmed funding was put into the reserves fund during the years 2020/21, 2021/22 and 2022/23.

Councillor Dark sought further clarification on the wording on page 33 around the review of the Council's reserves fund in 2022/23 which resulted in the release of £3 million was set aside to for investments in proposals and to meet the funding gaps.

He stated that his understanding was the £3 million would be used for proposals to generate a revenue stream and not to fill the funding gap.

The External Auditor advised the wording would be reviewed as understood that it could be mis-interpreted.

The Portfolio Holder for Finance, Councillor Morley confirmed the £3 million was still in the reserve funds and it was being considered as part of the transformation programme and would be used to improve the balance sheet of the Borough Council.

The Chair, Councillor Ryves sought clarification if the £3 million was for cutting costs or for generating revenue.

Councillor Morley confirmed it was reserved for an opportunity which could be for generating revenue or transformation and cutting costs.

The Chair, Councillor Ryves sought further clarification that the £3 million could be released if needed or if the reserve was protected.

Councillor Morley responded that it could be released but dependent on the criteria.

The Assistant Director Resources and Section 151 Officer added the funds could be released if there were no funds available to close the funding gap and a decision would need be taken in these circumstances, but the intention was for the £3 million not to be used for that purpose at this point in time.

Councillor Devulapalli drew the Committee's attention to page 33 which referred to the pandemic and sought clarification on the commitment to pay upfront pension contribution was reversed.

The Assistant Director Resources and Section 151 Officer explained that in 2020 there was a commitment as part of the medium-term financial action plan, that the opportunity would be taken to pay the pension contribution up front. She added the pension contribution was an annual payment for a period of 3 years where an actuary evaluated what the contribution to the pension fund would be. The Assistant Director advised the decision was taken to make the payment upfront to take advantage of a discount. However, due to the pandemic and the uncertainty of the impact of the financial sustainability of the Council annual payments were reinstated to retain funding in case it was needed for cashflow purposes.

Councillor Dark thanked Officers for the report and the format in which was easy to read and appreciated the work which went into the report.

The Assistant Director Resources and Section 151 Officer referred to appendix B, page 42 which included the response from management. The Assistant Director explained the issues which were raised had been addressed and the accounts for the period had been brought up to date. She provided an update on the fixed assets register which was now up to date, the 2023/24 draft statements of accounts were in the position to be published shortly.

RECOMMENDATION: The Committee received and noted the Value for Money Interim Report for years ended 31st March 2021, 2022, 2023.

A197

EXTERNAL AUDITORS- ERNST & YOUNG- LOCAL AUDIT RESET

[Click here to find the recording of this item on YouTube.](#)

The External Auditor from Ernst and Young presented to the Committee the Local Audit Reset which was the action to tackle the local audit backlog in England. He referred to the letter received from the Minister of State which outlined the actions to be taken.

He explained the proposals were paused as the parliamentary election were called in July 2024 and the new administration adopted the original proposals. He added the letter confirms the proposals were being continued.

He advised the letter included backstop dates which were set out below.

Financial Year	Backstop Date
Up to and including 2022/23	13 th December 2024
2023/24	28 th February 2025
2024/25	27 th February 2026
2025/26	31 st January 2027
2026/27	30 th November 2027
2027/28	30 th November 2028

The External Auditor explained to the Committee the financial statements for 2020/21, 2021/22 and 2022/23 will be completed by 13th December 2024 with a disclaimed opinion and disclaimed based on statutory override not limitations within the Council's own arrangements.

The regulations then set backstop dates for financial year 2023/24 to 2027/28.

The External Auditor raised to the Committee of the importance of understanding the modification of a disclaimed opinion takes several

years to unwind to get back to a clean position for the periods which had not been audited and influenced the opening balance. He added work was required over these years to get assurance back and ensured movements and key pointed would be audited to provide assurance.

The Chair thanked the External Auditor and invited questions and comments from the Committee.

The Chair, Councillor Ryves asked the consequences of a disclaimer being published on the accounts.

The External Auditor advised it would depend on the disclaimer and the implications could include the escalation process which involved value for money report, and public interest reporting. He provided an example of the disclaimer being related to other concerns such as the transactions and bank reconciliation however provided assurance to the Committee the Borough Council was not near this position as the backstop dates were going to be met.

The Chair, Councillor Ryves sought further clarification and referred to the letter in which stated a sustainable solution to the wider/broken local audit system and asked what that would mean for the Committee.

The External Auditor re-iterated the two stages of the reset, and the recovery part would be more difficult as there could be changes to the financial reporting framework and auditor responsibilities. He added further guidance was to be expected later in the year.

Councillor de Winton asked the External Auditor if there were any sanctions the Council could be subject to if the backstop dates were not met.

The External Auditor advised that names of Local Authorities and Auditors being published if the backstop dates were not met. He added if the backstop date was not met, there was a statutory requirement to publish on the Borough Council's website the reasons as to why this was not met and a further requirement of the accounts to be published and signed off as soon as possible.

RESOLVED: The Committee noted the information on the Local Audit Rest.

A198

ANNUAL GOVERNANCE STATEMENTS 2022-23 AND 2023-24

[Click here to find the recording of this item on YouTube.](#)

The Monitoring Officer presented the Annual Governance Statements 2022-23 and 2023-24 in draft form.

The Monitoring Officer explained to the Committee this was a statutory requirement alongside the statement of accounts and the aim was to raise the profile of the Annual Governance Statements (AGS) to Officers and Members. She added the AGS was a review of the effectiveness of the Council governance arrangements and the document was created to be readable and easily accessible.

She provided a summary of the framework of the AGS and advised it complied with the CIPFA regulations and framework. She advised included in the AGS were 8 CIPFA principles against which it was set out what went well and what did not go so well, which in turn would feed into the action plan.

The Monitoring Officer referred to 5.2 of the AGS which was a detailed review of effectiveness against the governance framework. She added included in 5.2 was Performance Monitoring, the Corporate Performance Panel (number of call in's of executive decisions), Monitoring Officer, Chief Finance Officer, Head of Internal Audit, Anti-Fraud and Anti-Corruption, Information Governance, Policy Framework, Risk Management, Procurement and Contract Management, Equality, Diversity and Inclusion, Personnel Services, Information Technology and Data, Wholly Owned Companies, Place, Funding and Projects and External Assurance.

She highlighted to the Committee; section 6 set out the significant governance issues over the year. She explained schedule 1 was an action plan which was a requirement of the regulations.

The Monitoring Officer explained the action plan was being reflected in directorate plans and advised the AGS action plan enables the Corporate Strategy and Council business to be delivered.

The Monitoring Officer advised of an amendment to the second recommendation and explained the Audit Committee were being asked to approve the Annual Governance Statement 2022/23 and 2023/24 in draft pending the External Auditors feedback and comments.

Councillor de Winton stated his concern on the non-compliant spend and sought clarification of the definition of non-compliant spend.

The Monitoring Officer advised non-compliant spend meant it had not been evidenced that contract standing orders were followed in terms of the procurement procedure. She referred to the report and confirmed only big spends were considered as that was where the issues were. The Monitoring Officer explained that the bulk of the issues were where contracts were initially procured in line with the thresholds however Officers keep going back to the same contractor for the same nature of work, which has to be treated as accumulated spend not individual contracts. She added the overall spend on the contractor overtime is then considered and this will have become non-compliant when

thresholds because of the accumulation. She highlighted to members a procurement transformation was underway which would be addressing these matters.

The Chair, Councillor Ryves sought clarification in the non-complaint spend being 15% however the contracts might be extended over 12 months period.

The Monitoring Officer explained the contracts were for that financial year and would then be extended further.

Councillor de Winton asked if this was a question of lack of oversight.

The Monitoring Officer commented she believed it was a cultural issue and lack of understanding therefore a training, communications and engagement plan was to be put in place for Officers.

Councillor de Winton sought further clarification if this was an overview issue and provided examples of approving purchase orders not being checked effectively and correctly. He commented there was a weakness in the process and the checks of the level of spending.

The Monitoring Officer explained the current system was not sophisticated enough and set up to carry out checks of non-compliant spend or check if the contract has been procured understanding order however it does check the purchase orders were being approved under financial procedures and authorisations.

The Assistant Director, Resources and Section 151 Officer commented the issue was contract management and this was the area confidence and training was to be built. She added the non-compliant spend highlight in the report was assumed as there was no resource for this to be checked in detail. She clarified further processes and procedures were being put in place to monitor the non-compliant spend.

The Senior Internal Auditor added a review of contract management was to be included as part of the internal audit annual plan.

Councillor Dark brought to the Committee's attention, 14.12% was the financial figure out of the total non-compliant spend and sought clarification on how many contracts had been non-compliant and how did this figure compare to other local authorities.

The Assistant Director Resources and Section 151 Officer referred to page 69 and provided context of the figures to the Committee. She highlighted in the report, the top 200 contracts based on revenue spend and top 70 contracts based on capital spend. She added further, for a further a breakdown it would need to be considered whether the information was available in that format.

The Monitoring Officer advised there was no information available now to be able to compare to other local authorities however she referred to new interim strategic lead had provided assurance our position was not dissimilar to other authorities; it is a challenge all local authorities face.

The Senior Internal Auditor added there was variables to thresholds between local authorities which make direct comparisons difficult.

The Vice- Chair, Councillor Bone referred to the anti-fraud and anti-corruption figures and commented his concerns that less than half of the money was traced. He asked if the systems and procedures were not put in place to monitor this.

The Senior Internal Auditor referred to page 66/67 and explained these were 2 separate sets of details. He added the first set of figures related to the fraud and investigation work carried out. He commented further the second set of figures relate the number of debtors traced.

Councillor Morley referred to previous AGS and the lack of understanding and importance of this. He commended officers for their work on the new AGS and added to the importance of the AGS including what the issues were and what was being done to rectify these issues. He added the new procurement act had been deferred and thresholds would be considered as part of the procurement transformation.

The Chair, Councillor Ryves agreed with Councillor Morley and thanked officers for the new format and layout of the AGS and commented how informative and easy it was to read.

Councillor Devulapalli referred to page 67 and the Freedom of Information request was given to East Law to be responsible. She sought clarification on the percentage of request were completed within the statutory 20- working day target was unknown and asked if we could get this information from them.

The Monitoring Officer commented the contract ended in April 2023 and this information was not collated. She added this data was now being collated as shown in the 2023/24 AGS.

RESOLVED:

- a) The Audit Committee confirmed the Annual Governance Statements 2022/23 and 2023/24 properly reflect the risk environment and that actions required to improve it are in hand.
- b) The Audit Committee approved the Annual Governance Statements 2022/23 and 2023/24 in draft pending the External Auditors feedback and comments.

A199

ANNUAL TREASURY OUTTURN REPORT 2023/2024

[Click here to find the recording of this item on YouTube.](#)

The Interim Financial Services Manager presented the Annual Treasury Outturn Report and explained it covers 2023/24. He added the treasury function included borrowing, investing and cash management.

He advised the Committee the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's Code of Practice of Treasury Management (2017) and remains fully compliant with its requirement. He added the report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

The Interim Financial Services Manager highlighted the report included the 2023/2024 Treasury Outturn, Compliance with Treasury Limits and the Outturn Summary. He added the Borough Council did not breach any indicators in 2023/24 and the report indicated the market in which the Council operates in.

The Chair, Councillor Ryves sought clarification on the recommendation of the report which was to note the report however included in the report it stated the report was to be scrutinised.

The Monitoring Officer confirmed the recommendation was to note the report.

Councillor Jamieson referred to page 133 and 136 and sought clarification on the correct gross borrowing figure. He commented the investments had decreased sharply from £27,113,000 to £7,554,000 and asked if investments of £7,554,000 was enough to maintain solvency.

The Assistant Director Resources and Section 151 Officer confirmed the typo in the report and confirmed the gross borrowing was £15,000,000 due to short-term borrowing towards the end of the financial year. She added if the investments were to continue to remain at £7,554,000 this would not be sustainable to maintain solvency. She explained further an unexpected payment had occurred back to central government at the year end which coincided with a reduction in collection of council taxes which impacted on the cashflow and resulted in the borrowing position at that time.

The Chair brought to the Committee's attention page 136 and the table at 5.10 including financing cost as a proportion of net revenue stream was blank.

The Assistant Director, Resources and Section 151 Officer thanked the Chair for highlighting and will follow up this figure.

The Chair questioned the authorised limit of £86,000,000 and how it was decided and who decided the limit.

The Assistant Director Resources and Section 151 Officer advised this was an internal calculation which was decided on what was affordable based on capital programme and cash flow and the overall financial implications on the Borough Council. She explained to the Committee the proposal of £86,000,000 was part of the treasury management strategy which was approved by Council for the financial year. The Assistant Director added the Borough Council has a low amount of borrowing compared to other local authorities and the Office for Local Government have brought in monitoring arrangements for local authorities in financial difficulties.

Councillor de Winton sought the opinion of the External Auditors on the £86 million limit.

The External Auditor commented £86,000,000 limit was low compared to London Borough's and it varies between local authorities, and it was also dependent on if they maintain the housing stock.

Councillor Jamieson sought clarification on the difference between the Operational Boundary and the Capital Funding Requirement (CFR)

The Assistant Director, Resources and Section 151 Officer responded to Councillor Jamieson question and confirmed it was from the capital programme due to major projects not being delivered in the time frame. She added work had been carried out to refine the capital programme and maintaining control of the projects being delivered.

Councillor Morley, Portfolio Holder for Finance advised only 8% of the capital programme was spent at the end of this quarter. He added there was our own limitations on what can be produced and delivered as part of the major projects.

The Chair referred to page 142 and sought clarification on what GBR-1 month, meant.

The Assistant Director, Resources and Section 151 Officer advised she would follow up with this information.

Councillor Devulapalli highlighted page 144, section 9.2 and sought clarification it was safe to loan £6 million to other local authorities. She asked what the position was going forward.

The Assistant Director Resources and Section 151 Officer provided context to the Committee on the process around loans to other local authorities. She added local authorities do not have a credit rating to

assess level of risk. However, being aware of the local authorities which were in financial difficulties and given due consideration was important but there was no guidance or regulations around local authorities being bankrupt.

In response to the Chair, the Assistant Director Resources and Section 151 Officer explained the figures were taken from statement of accounts. She explained the statements of accounts highlighted the cash balances, reserves fund, general fund balance however she added it does not reflect what the cash balance at that time as it would be utilising it as working capital.

RESOLVED: The Audit Committee noted the annual treasury outturn position for 2023/2024.

A200

AUDIT TERMS OF REFERENCE

[Click here to find the recording of this item on YouTube.](#)

The Senior Internal Auditor presented the report on the Audit Terms of Reference and explained this was a requirement to review every 3 years. He outlined the Terms of Reference included the purpose of the Audit Committee, the membership, meetings, reporting, exclusions within the wider functions of the executive, core functions and responsibilities.

He highlighted the Terms of Reference needed to meet the requirements of the Accounts and Audit Regulations 2015. The Senior Internal Auditor added amendments were made to the Terms of Reference based on the CIPFA position statement 2022 Audit Committees in Local Authorities and Police.

He referred to the Committee to page 154 which identified the key issues including the wording to allow the appointment of independent co-opted member, the committee's responsibility for receiving assurances on the wholly owned companies and the inclusion of the exclusions within the wider function of the executive.

He brought to the Committee's attention further amendments to be made to the Terms of Reference;

Section 1, governance, risk, and control, - "Review and approve the Annual Governance Statement (AGS) and consider whether it properly reflects the risk environment and supporting assurances including the Head of Internal Audit's annual opinion and fairly concludes that governance arrangements are fit for purpose."

Section 6, financial reporting- "Review and approve the annual financial statements (including statutory statements and legislative disclosures) and specifically, consider whether appropriate accounting policies have

been followed and whether there are concerns arising from the Financial Statements or from the audit that need to be brought to the attention of the Council.”

Section 8, Exclusions within the Wider Functions of the Executive-
“Make or implement decision on behalf of the council in respect of approval of the annual governance statement and the financial statement of accounts.”

The Monitoring Officer advised the Audit Committee were an advisory Committee and their role is predominantly to review the frameworks however there was two matters where decision making responsibilities are with the Audit Committee for the approval of the annual governance statement and the approval of the financial statement of accounts on behalf of full council.

The Senior Internal Auditor invited suggestions from the Committee and explained the recommendation was for the Audit Terms of Reference to be amended and to go to Cabinet then full Council.

The Chair thank the Senior Internal Auditor and invited questions and comments for the Committee.

Councillor Dark referred to the membership section of the Terms of Reference and asked for Portfolio Holders to be included and explained how it benefited Cabinet Members being present in the meetings. He asked further if it was the role of the Committee to look at outside partners and their value for money as well as the wholly owned companies.

The Senior Internal Auditor explained the terms of reference includes the membership of 9 members for voting purposes. He referred to Standing Order 34 in which Portfolio Holders can attend under.

The Monitoring Officer commented another bullet point was to be added in the Meetings Section to say “Portfolio Holder would always be welcome to attend the Audit Committee meetings.

Councillor Devulapalli sought clarification on Councillor Dark’s comments and if the wholly owned companies should not be audited.

Councillor Dark clarified the wholly owned companies, and the Borough Council was to be audited however was concerned other partnerships would then be audited by the Borough Council too.

Councillor Devulapalli asked for an explanation on what an independent co-opted member was.

The Senior Internal Auditor clarified an independent member was a non-elected member who was co-opted into the Audit Committee based on their experience.

Councillor de Winton referred to Section 5, arrangement for audit and assurances and commended Officers for this part of the Terms of Reference as it allows Audit Committee to move items forward.

Councillor Morley, Portfolio Holder for Finance, re-emphasised the need and benefit of an independent person. He asked if this was being actively looked at as it had been in discussion since 2023. He added in response to Councillor Dark comments, the Committee should be independent and remind members of the Shareholder Committee for the wholly owned companies.

Councillor Dark confirmed the role of an independent person to the committee and the benefits it would have and clarified original comments.

The Chair commented it was usual for other Audit Committee to have 3-4 independent members. He referred to Section 4, wholly owned companies and asked for clarification.

The Monitoring Officer provided clarification and explained it was intended to be limited to the wholly owned companies.

The Assistant Director, Resource and Section 151 Officer added there was an example of this around the Town Deal governance arrangements and commented and appropriate governance arrangement needed to be in place.

The Chair asked if it would be down to the Audit Committee to decide what a significant partnership was.

The Assistant Director, Resource and Section 151 Officer commented this would be contract management and would be managed through the procurement processes. She added the Audit Committee role was to make sure the appropriate arrangements in place to ensure that contract management arrangements were being applied.

Councillor de Winton commented the wholly owned properties was a corporate risk which the Audit Committee was to audit and review.

The Chair commented his concern of the high corporate risk and how this would be controlled and monitored.

The Monitoring Officer referred to the Shareholder Committee and she highlighted in the Terms of Reference; the Shareholder Committee would provide an annual report on the assurance to Audit Committee. She added the Shareholders could make disclosure around their finances to the Audit Committee. She suggested added financial assurance and risk management to Section 4.

Councillor Morley commented a template could be given to the Shareholder Committee to identify what the Audit Committee would like to see and received information on.

Councillor Jamieson agreed with the Chair of the concern of the Shareholder Committee and suggested a meeting to look at the audited numbers of the wholly owned companies.

The Senior Internal Auditor added this report from the Shareholder Committee would be in addition to what Audit Committee had already received such as risk management, corporate risk register report, internal report, and external reports.

Councillor Beales provide assurance he would regularly attending the Audit Committee and invited members of Audit Committee to attend the Shareholder Committee meetings. He advised the wholly owned companies were audited internally and the finances were a rolling agenda item. He expressed the importance of getting the wholly owned companies and the finances correct.

The Assistant Director, Resource and Section 151 Officer provided assurance that the wholly owned companies had their own External Auditors which would provide independent assurance around the finance sustainability of the companies.

The External Auditor commented they would contact the External Auditors of the wholly owned companies to contribute to the assurance and opinion on the work which had been audited.

The Monitoring Officer referred to Section 4 and made the suggested amendment of adding 4a- Significant Partnership and 4b- Wholly Owned Companies.

RESOLVED: The Audit Committee approved the Terms of Reference with the suggested amendments and recommend to Cabinet and to Council the revised Audit Terms of Reference be adopted.

A201

COMMITTEE WORK PROGRAMME 2024/2025

[Click here to find the recording of this item on YouTube.](#)

The Democratic Service Officer to liaise with The Assistant Director, Resource and Section 151 Officer and the External Auditor for the Audit Committee on the 18th November 2024 and 20th January 2025.

RESOLVED: The Committee noted the Work Programme for 2024/2025.

A202 **DATE OF NEXT MEETING**

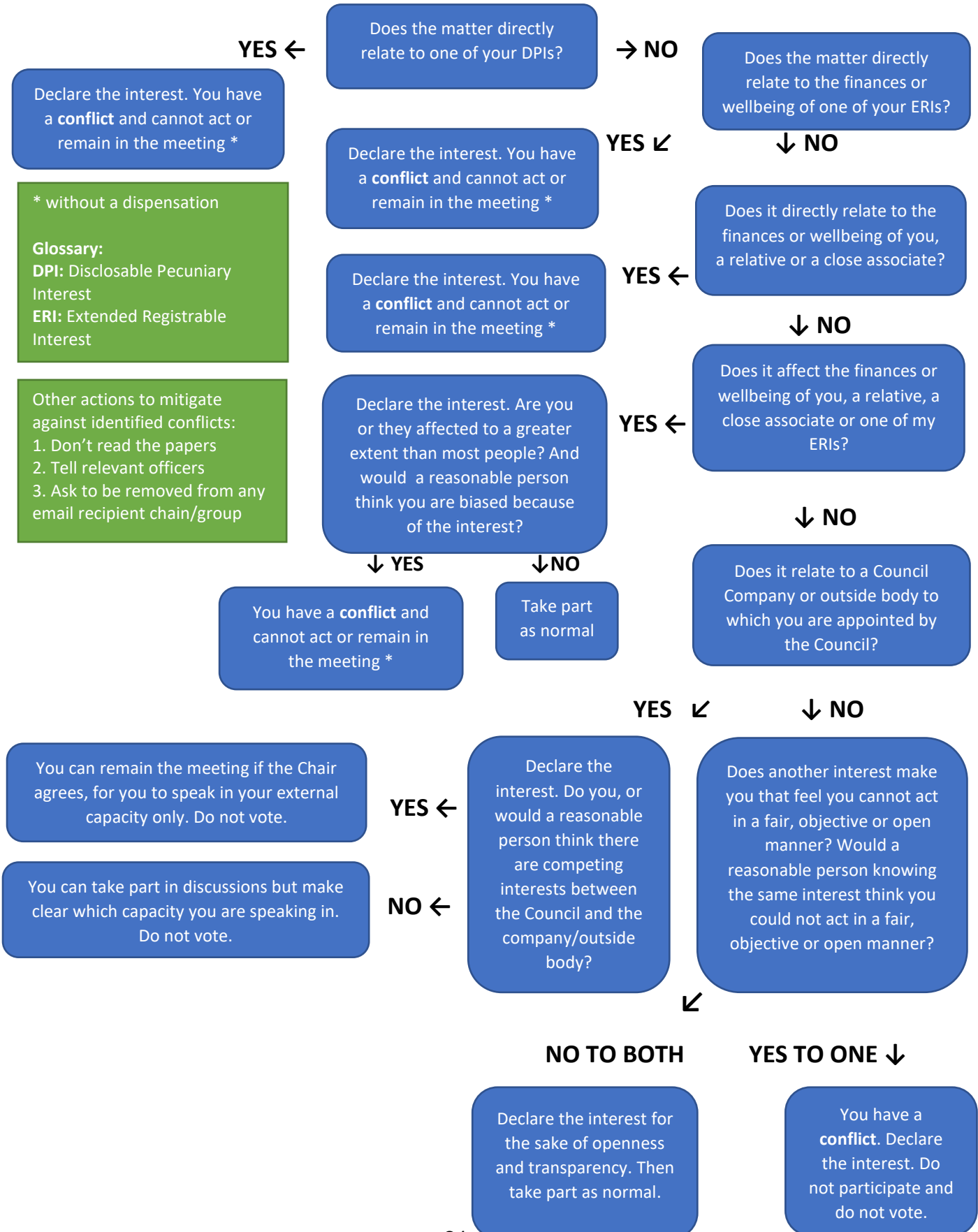
The next meeting of the Audit Committee would be held on **18th November 2024 at 4:30pm** in the **Town Hall, King's Lynn**.

The meeting closed at 6.33 pm

DECLARING AN INTEREST AND MANAGING ANY CONFLICTS FLOWCHART



START



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

Agenda Item 7

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	18 November 2024		
TITLE:	Business Continuity – annual update		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Leader		
REPORT AUTHOR:	Dave Robson – Environmental Health Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

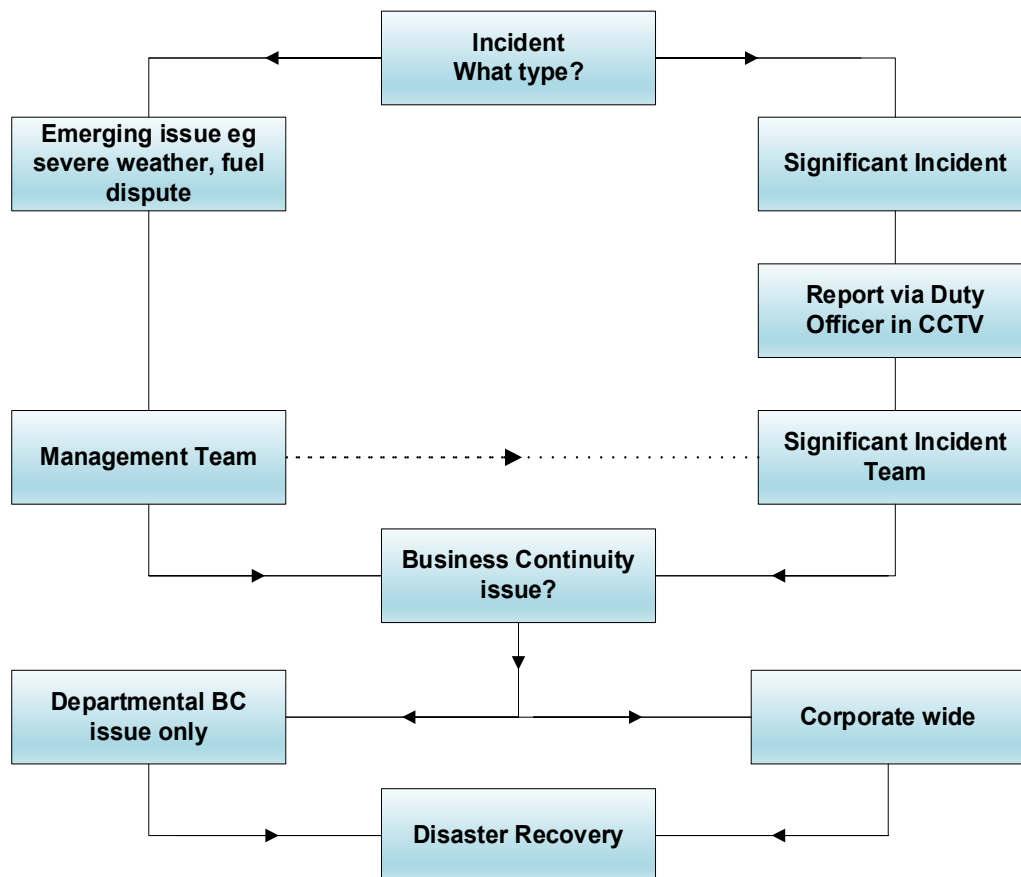
PURPOSE OF REPORT/SUMMARY:
The report outlines the current position of the Council’s business continuity arrangements, summarises progress made since the last update on 16 January 2024 and describes work that is planned to be undertaken over the coming months.
KEY ISSUES:
The Council has a responsibility 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 Assistant Director, Operations and Commercial is responsible for business continuity in this authority, 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.

1.6 The response to a civil emergency will be initially led by the Emergency Planning Team and may involve a multi-agency response through the Norfolk Resilience Forum (NRF). This response is separate to the Council's own business continuity response which may operate concurrently. The NRF have separate plans in place to deal with civil emergencies should they arise.

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
- Electoral Services
- Emergency Planning – maintain response and recovery to civil emergencies
- Homelessness
- ICT – to support other teams
- Incident Management Team – Senior Management and support staff
- Personnel – for staff contact details (not normal business)

- Property Services – for building access/maintenance (not normal business)
 - Env Health – Food Safety / Health & Safety– if required during a civil emergency
 - Env Health – Environmental Quality – if required during a civil emergency
- 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 September 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. This is currently being reviewed.

3 Progress since last report

- 3.1 Activities undertaken by the corporate officer group are shown below:
- Meetings of the Business Continuity Officers Group (BCOG) have been held.
 - Annual review of the high-level business impact assessment has been completed, 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 have been updated and circulated.
 - A Communications Task & Finish Group was held to review the communication requirements during a BC incident.
 - An Emergency Telephony Call Plan Task & Finish Group has been established to look at options for redirecting calls.
 - All critical and non-critical bronze plans were reviewed by September 2024.
 - Review of council building information sheets have been completed.
 - The annual business continuity exercise took place in November 2023 which was a Tabletop Exercise relating to the impact of severe weather on the ability of the Council to deliver its services. This involved the Leader, Senior Leadership Team and Critical Teams.
- 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:
- Exercise Metis 24 will be held in December 2024 to test the response arrangements for a business continuity incident, portfolio holder for business continuity and the new Chief Executive will be invited to attend along with bronze plan holders of critical services.
 - 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 24.

- Review business continuity arrangements for the insourcing of Alive West Norfolk.
- Plan for exercise Metis 25.

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

None identified, current Strategy being updated.

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 identified.

13 Risk Management Implications

Business continuity arrangements are included on the council's risk register. The current Policy and Strategy, along with the active BCOG provide mitigation should a BC incident occur.

14 Environmental considerations

None identified.

15 Declarations of Interest / Dispensations Granted

None identified.

16 Background Papers

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

AUDIT COMMITTEE REPORT

REPORT TO:	Audit Committee		
DATE:	18 November 2024		
TITLE:	Internal Audit Progress Report		
TYPE OF REPORT:	For Information		
PORTFOLIO(S):	All		
REPORT AUTHOR:	Teresa Sharman, Head of Internal Audit		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
The Audit Committee receive updates on progress made against the annual Internal Audit Plan. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.
KEY ISSUES:
The current position in relation to the completion of the Internal Audit Plan 2024/25 is shown within the attached report.
OPTIONS CONSIDERED:
N/a
RECOMMENDATIONS:
The Audit Committee are requested to receive the Progress Report on Internal Audit activity.
REASONS FOR RECOMMENDATIONS:
In receiving this report, the Audit Committee is fulfilling their terms of reference in monitoring internal audit activity.

REPORT DETAIL

1. Introduction

This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.

2. Proposal

The report sets out progress with completing the 2024/25 Internal Audit Plan.

3. Issues for the Audit Committee to Consider

Members should note progress with completing the Internal Audit Plan and the report executive summaries, particularly the limited assurance opinions provided for some areas.

4. Corporate Priorities

Good governance.

5. Financial Implications

None.

6. Any other Implications/Risks

None.

7. Equal Opportunity Considerations

None.

8. Environmental Considerations

None.

9. Consultation

N/a.

10. Conclusion

For Audit Committee to note that the 2024/25 Internal Audit Plan is now complete and the executive summaries of final reports.

11. Background Papers

Appendix A – Progress Report 2024/25

EASTERN INTERNAL AUDIT SERVICES



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



BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

Progress Report 2024/25

Head of Internal Audit: Teresa Sharman

Contents

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Executive Summary:	
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Changes to the 2024/25 Audit Plan	2
Progress to date and audit outcomes	3
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Appendix 1 - Summary of Audit Work 2024/25	6
Appendix 2 – Final Report Executive Summaries	8
Appendix 3 – For Your Information	20

Progress at a glance

24

Audits in 2024/25 Audit Plan

0

Sum of High

11

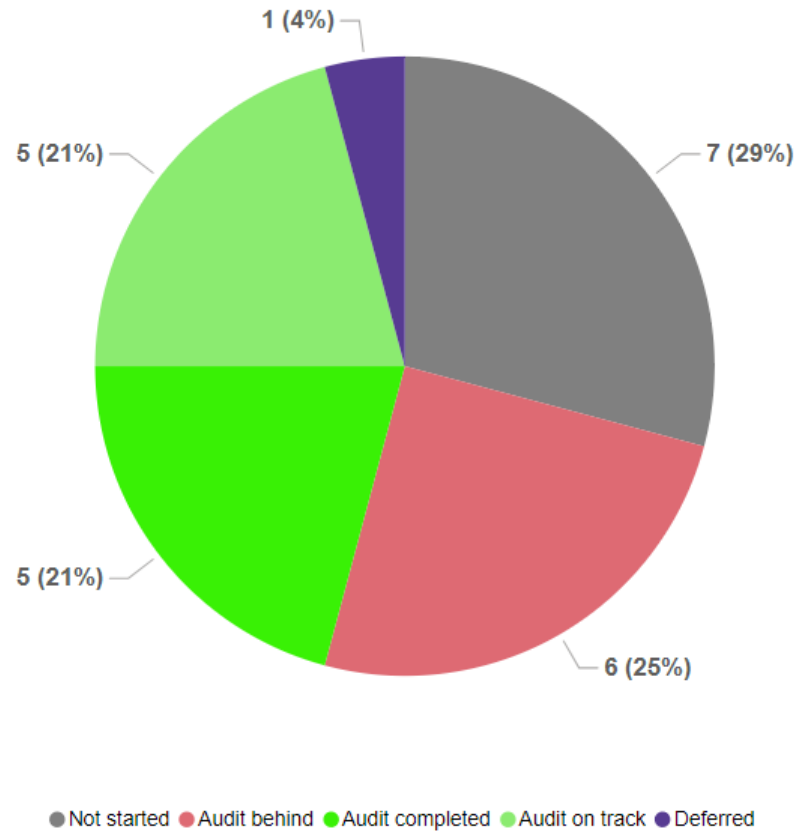
Sum of Medium

9

Sum of Low

17

Sum of Imp Actions



Final reports issued
- 5

1 – Substantial assurance, 2 – Reasonable assurance, and 1 Limited assurance

Risk maturity of Council assessed as 'risk defined'

Executive Summary

Introduction

Under the Global Internal Audit Standards (GIAS), 'The chief audit executive (Head of Internal Audit) must provide the board with the information needed to conduct its oversight responsibilities.' In particular, 'Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results.' and 'The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.'

Under the Committee's terms of reference, the Committee should receive updates on the work of internal audit, including key findings, issues of concern and action in hand from internal audit work and consider summaries of specific internal audit reports.

This report is to assist the Committee in discharging its responsibilities in relation to internal audit activity.

Background

The Internal Audit Service for the Council is provided by the in-house team at the Council, with the Head of Internal Audit provided by the Eastern Internal Audit Service (EIAS).

Internal audit provides an independent and objective opinion on the Council's internal controls by evaluation their effectiveness and operation in practice.

Changes to the 2024/25 Audit Plan

Since the Internal Audit Plan was approved, the following changes have been made:-

Audit	Nature of the change
Applications Audit – Revenues and Benefits system	This audit has been deferred due to staff illness and capacity to fulfill the audit in a busy period. Quarter 2 was agreed for the audit to take place in 2025/26.

Progress to date and audit outcomes

Progress with audit work

The current position in completing audits to date is shown in **Appendix 1**.

Quarter 1

All the five audits in this quarter have now reached final report stage. The table below details the assurance opinions provided and the number of recommendations made.

Quarter 2

Of the seven audits in this quarter, the Elections and Electoral Services audit has been moved to quarter 4, the Environmental Health – Food Health and Safety audit has been moved to quarter 3 and Data Protection audit has been moved from quarter 3 to 2.

All six remaining audits in this quarter are behind due to either auditor sickness, delays in receiving information from the services areas, difficulties in arranging kick off meetings for the audit, juggling priorities in service areas and within the Audit Team, and meeting apprenticeship requirements.

For the Accounts Payable audit, the Audit Team are using data analytics for some of their audit testing, to undertake full population testing. Getting reports from the finance system to enable this has been difficult and held up this audit.

Quarter 3

Initial audit planning work has commenced on quarter 3 audits. The Applications audit on the Civica, revenue and benefits system is being completed by the Eastern Internal Audit Services' contractor, TIAA.

Audit Outcomes - Final Reports

Contract Management

The Contract Management audit has a limited assurance opinion. The main issues are around contract monitoring which can be informal, as part of ongoing discussions rather than through scheduled regular meetings, reports and KPIs, and there is not sufficient formal senior management monitoring of contract managers and the contracts managed and monitored by them. The Contracts Register is not update to date, and contracts are not held in one central place. There is no contract management training for managers who

manage contracts, although the CSOs refer to the need for Contract Managers to attend such a course. The Executive Summary for this report in Appendix 2 provides further details.

Council contracts are circa £330m in total value. Poor contract management may mean that contract obligations are not being fulfilled and / or poor performance or service is not being identified and corrected.

Final reports

During quarter 1 and 2, the reports detailed in the table below have been finalised.

Audit	Assurance Level	High Recs	Medium Recs	Low Recs
Corporate Health and Safety	Reasonable	0	2	2
Housing Strategy - Homelessness Strategy	Substantial	0	0	0
Risk Management	Risk Defined	0	4	0
Accounts Receivable	Reasonable	0	1	5
Contract Management	Limited	0	4	2
Total	-	0	11	9

The Executive Summary for final reports issued, and the recommendations made in the period are provided in at **Appendix 2**, and a full copy of the report can be requested by Members.

Progress with actions to Improve poor performance

Progress with actions being taken to improve contractor performance is outlined below: -

Client feedback surveys - during 2024/25 the Head of Internal Audit will review the survey with a view to making it shorter, focusing on a small number of questions to aid a higher return rate. **This has been completed; a survey with six questions is now in place. Out of the three surveys sent out so far only one has been returned which has an overall score of 'excellent'.**

Develop some more operational KPIs which will inform the Team's performance in delivering internal audits and value for the Council. **This is still to be moved forward.**

Summary of Audit Work 2024/25

Appendix 1

Audit Area	Status	Opinion	Total Recs	High	Medium	Low	Imp Actions	Qtr
Risk Management	Audit completed	Risk Defined	4	0	4	0	3	1
Contract Management	Audit completed	Limited	6	0	4	2	7	1
Corporate Health & Safety	Audit completed	Reasonable	4	0	2	2	3	1
Accounts Receivable	Audit completed	Reasonable	6	0	1	5	4	1
Housing Strategy - Homelessness Strategy	Audit completed	Substantial	0	0	0	0	0	1
Elections & Electoral Services	Not started	-	0	0	0	0	0	Was 2, now 4
Accounts Payable	Audit behind	-	0	0	0	0	0	2
Vehicle Fleet	Audit behind	-	0	0	0	0	0	2
Care and Repair Agency (home improvement agency funded through the Better Care Fund (BCF)) (Handyman Service)	Audit behind	-	0	0	0	0	0	2
Flood and Water Management (coastal and surface water)	Audit behind	-	0	0	0	0	0	2
Data Centre	Audit behind	-	0	0	0	0	0	2
Data Protection	Audit behind	-	0	0	0	0	0	Was 3, now 2

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Audit Area	Status	Opinion	Total Recs	High	Medium	Low	Imp Actions	Qtr
Environmental Health - food health and safety (food premises' inspections)	Not started	-	0	0	0	0	0	Was 2, now 3
Financial Sustainability - Cost Management and Income Generation Plan (CMIG)	Audit on track	-	0	0	0	0	0	3
Car Parking & Civil Enforcement	Audit on track	-	0	0	0	0	0	3
Property Services (Commercial & Management)	Audit on track	-	0	0	0	0	0	3
Development Management - Planning and Enforcement	Not started	-	0	0	0	0	0	3
S106 Agreements	Audit on track	-	0	0	0	0	0	3
Application Audit - Civica (Revenues and Benefits system)	Deferred	-	0	0	0	0	0	3
Legal Services	Not started	-	0	0	0	0	0	4
Key Controls	Not started	-	0	0	0	0	0	4
Income	Not started	-	0	0	0	0	0	4
Economic Growth (incl. use of external grants received) (St George's Guildhall)	Audit on track	-	0	0	0	0	0	4
Network Infrastructure	Not started	-	0	0	0	0	0	4

Grant Certifications

The following grants have been certified by EIAS so far during 2024/25: -

- Disabled Facilities Capital Grants P/e 2023/24

**INTERNAL
AUDIT FINAL
REPORT**

- Housing Strategy – Homelessness Strategy
- 25 July 2024

Executive Summary

Engagement Background

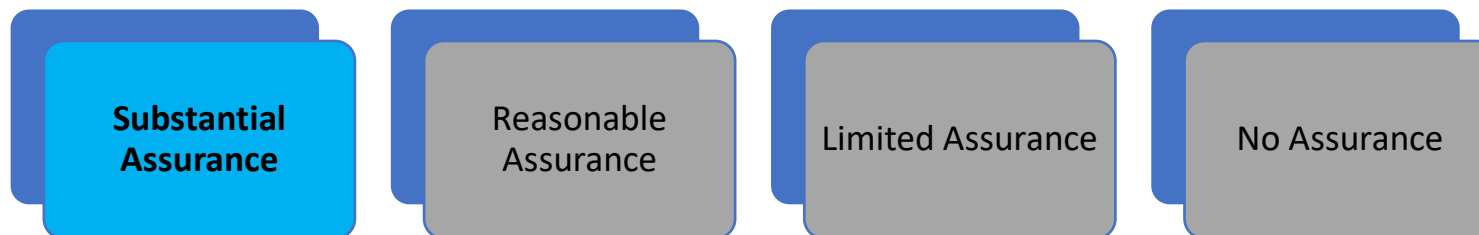
The recently commissioned Housing Needs Assessment 2024 addresses two main concerns. Firstly, to provide a robust and up-to-date evidence base to support the Borough Council of Kings Lynn and West Norfolk’s housing policy. Secondly, to identify insights to support strategic investment decision-making regarding how the Council can intervene and actively participate in the housing market to support delivery of its policy objectives.

A key role for the Council is to provide a framework within which the housing market in the Borough can function smoothly, intervening as necessary where there is evidence of entrenched or emerging market failures.

The Council should be active in engaging directly in development where the market is failing to deliver or delivering a poor quality of service or product.

The Regeneration, Housing, and Place Directorate Plan has been recently reviewed and includes previous and newly added KPIs for homelessness, which are outlined within the relevant Directorate Plan.

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Summary of Our Opinion

Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

We can provide assurance that the Council will have in place a renewed Homelessness Strategy, for adoption within the required five-year review and renewal period (January 2025), which has been informed by a homelessness review, that took account of Central Government's Homelessness Code of Guidance for Local Authorities.

The Homelessness Strategy is aligned with the current housing needs and demands and is aligned with the Council's aims and objectives. A housing need assessment is currently being undertaken and is due to be completed in 2024.

Risks and Key Performance Indicators (KPIs) related to the Homelessness Strategy are monitored and reported to relevant management and Members in a timely manner.

Data used for the recent Housing Needs Assessment was found to be accurate and complete, with the results being used to help inform strategic decisions going forward. The Homelessness Strategy is flexible and adaptable for future needs, and risks are appropriately identified, assessed, prioritised, and mitigated.

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Overall Objective		
The overall objective of the engagement is to gain assurance that the Council's housing strategy governance, control processes, and risk management are robust and effectively address homelessness challenges in the borough.		
Control Objectives	Recommendation Number Reference & Priority Level	
	High	Medium
1. Appropriate governance controls are in place.		None
2. Appropriate management reporting and monitoring is in place.		None
3. Appropriate controls are in place for the recording and management of the housing strategy.		None
4. Appropriate risks have been identified and are managed effectively.		None

Summary of Key Recommendations

No recommendations have been raised.

Good Practice and Other Points to Note

- The audit reviewed three main documents which were the following: -
 - Homelessness Strategy 2024-2029
 - Housing Needs Assessment 2024
 - Economic Strategy (draft July 2024)

All three documents have their own stated aims and objectives but there is a thread through them all which links them together. All documents have areas that relate to each other, and the information reported within each document is consistent. This allows alignment with the Council's Corporate Aims and Objectives to easily be seen.

- Ideally the information and data contained within these documents, would have been available to inform decisions made around the works/projects to be included within the funding received for the Town Investment Plan, the King's Lynn Transport Strategy, and other funding streams available to BCKLWN. Unfortunately, these documents were not in place prior to these funding opportunities but should be used to identify additional works/projects if further funding streams become available.

Executive Summary

Engagement Background

The Health, Wellbeing & Public Protection Directorate Plan 2023-27 includes one Service Level Priority relating to Corporate Health & Safety – “Review of the Council’s Health, Safety & Welfare General Policy identifying where further advice and information is required”. This is linked to the Corporate Business Strategy Priority of “Efficient and effective delivery of our services”.

Substantial
Assurance

Reasonable
Assurance

Limited Assurance

No Assurance

Summary of Our Opinion

Based upon the issues identified, there is a series of internal controls in place; however, these could be strengthened to facilitate the Council’s management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Internal Audit can provide assurance that comprehensive health and safety policies and procedures are in place, corporate health and safety matters are regularly reported to officers and Members, effective communication channels operate to disseminate health and safety information to officers, procedures are in place to help protect staff from violent behaviour, and health and safety risks are identified and assessed, with appropriate mitigations in place.

Control weaknesses were identified in the following areas:

- lack of staff awareness of the importance of reporting “near misses”;
- reports do not clearly show those staff who have completed each Health & Safety e-learning training module;
- lack of regular refresher Health & Safety training for staff;

➤ the Health, Safety & Welfare General Policy does not include the roles and responsibilities of the Corporate Health & Safety Department team and does not detail the structure in place for the reporting and review of health & safety. Improving these control weaknesses would take the overall assurance opinion to the desired standard of Substantial.

Overall Objective

The overall objective of the audit was to gain assurance that robust health and safety governance, control processes and risk management arrangements are in place to effectively mitigate health and safety risks across the Authority. The review covered the reporting of accidents, incidents and near misses, procedures in place to protect staff from potentially violent customers and visitors, and staff training on health and safety procedures and protocols.

Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
1. Robust governance arrangements are in place relating to Health & Safety.		1	3
2. Robust arrangements are in place to protect staff from potentially violent customers and visitors.	None		
3. Risk Assessments identify areas of concern relating to Health & Safety hazards/risks.	None		
4. Relevant staff receive appropriate training on Health & Safety procedures and protocols.		2	4
5. Risks relating to Health & Safety have been identified and are managed effectively.	None		

Summary of Key Recommendations

Two medium priority recommendations have been raised as follows:

- Awareness of the importance of reporting “near misses” should be raised with officers. A Staff Briefing should be issued reminding staff of the importance of reporting “near misses”.
- The Learning Hub’s e-learning reports should be reviewed and revised so that they capture all of the relevant data, enabling management to be aware of the percentage of relevant staff who have successfully completed their e-learning training. Where the percentage for completion rates are low, staff should be encouraged to complete relevant e-learning courses. Where certain e-learning training is mandatory for an officer’s specific job role, it should be ensured that they complete the relevant course.

Good Practice and Other Points to Note

- The Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR) is usually undertaken within Health and Safety Executive's (HSE) timeframes. Of 11 RIDDOR reports reviewed, four were not reported within the stated deadlines; however, this was due to delays in diagnosis or issues with the HSE IT system requiring reports to be submitted twice.

- Accounts Receivable Audit
- 30 July 2024

Executive Summary

Engagement Background

Our Council, as well as other local councils, face challenges in levelling up communities and supporting residents through the cost-living-crisis due to the significant increase in inflation and energy costs, meaning that any savings or income generating options are quickly outweighed and greatly impact the Council's Financial Plan.

Within the 2023/24 financial year, in which this review focused on, the total number of invoices that were raised equalled to 40,237 and the total income value came to £25,958,006.78 for sundry debt. This represents how the individual roles within the Income Team, play an important part in helping the organisation generate income to provide its statutory services.

Substantial
Assurance

Reasonable
Assurance

Limited Assurance

No Assurance

Summary of Our Opinion

Based upon the issues identified, there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

We can provide assurance that invoices for income due to the Council are raised timely and accurately and are accounted for correctly on the general ledger, outstanding debt is monitored, chased timely, and credit notes are raised timely and are authorised appropriately.

Control weaknesses were found within information governance; currently electronic records for income are not being disposed of in accordance with the Council's Records Retention and Disposal Policy which means the Council is not complying with the GDPRs which states that data should not be hold longer than is needed. A large amount of information held was over the six-year retention period. Improving this would take the assurance opinion to the desired standard (Substantial).

Overall Objective

The overall objective of the engagement was to gain assurance that the Council's Accounts Receivable operations are robust to help mitigate the 'very high' risk, as outlined within the Corporate Risk Register (SR1), associated with financial sustainability and to test existing processes to ensure customers are invoiced correctly.

Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
1. The Council's Accounts Receivable operations adheres to relevant legislation and in-house policies and procedures.		1	2 & 3
2. Invoices are generated in a precise and timely manner by competent officers.			4
3. Accounts Receivable transactions are accurately recorded and reconciled.	None		
4. Mechanisms are in place to monitor and follow up on overdue Accounts Receivable.			5 & 6
5. Effective risk identification and mitigation controls are in place and are monitored accordingly.	None		

Summary of Key Recommendations

One medium priority recommendation has been raised as follows:

- Ensure that the Income folder within the Accountancy Drive is reviewed and all information stored past the retention period of 'current + 6 years' is disposed of and follow the 'Records Retention and Disposal Policy' and the 'Data Retention Schedule – Resources' going forward. Due date for this to be implemented is set for the 30th of September 2024.

Good Practice and Other Points to Note

- The Council is responsible for the periodic review of the Financial Regulations, and it has been observed that the document is not up to date with best practice guidance and previously, recommendations have been raised to ensure this within a number of different audit reviews. The Financial Services Manager agreed to undertake a light touch review of the Financial Regulations in light of the forthcoming full review of the Authority's Constitution due to be undertaken by Legal Services, with the hopes of having it done by February 2025.
- As per the previous Accounts Receivable Audit in 2022/23, the Council should ensure a 'Corporate Debt Recovery Policy' is created. Current work is being undertaken to have this in place so that a corporate process of dealing with outstanding balances is available not only to all staff but to customers as well. Currently staff follow their individual departmental procedures relevant to their customer group.
- Currently, within the Income Team, work is being undertaken whereby Unit 4 would automatically generate reminder letters to customers after missing a payment due date for licencing services, extending it to an additional 14 days. If this is missed, the licence would be suspended or revoked.
- The Accounts Payable / Accounts Receivable Supervisor is currently undertaking work to implement authorisation controls into Unit 4 for debt write-offs. This will provide an audit trail within the system and will prevent individuals from authorising write-offs where they have no such powers. This will also ensure that all information relating to write-offs is stored in one place and is secure.

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- Contract Management
- 29th October 2024

Executive Summary

Engagement Background

Within the Programme and Project Delivery Directorate Plan 2023-2027, there is Service Level Priority for Procurement which states “The transformation of the procurement and contract management service, revising the Procurement Strategy to align with the Procurement Act and revisions to Contract Standing Orders to modernise the way the council delivers services for the benefit of residents and communities.”

The Council had 86 contracts listed in the Contracts Register as of 30th May 2024, with an overall value of circa £330M. The Top 10 contracts had an overall value of circa £133M, which equates to 39.39% of the overall value of contracts registered.

Substantial
Assurance

Reasonable
Assurance

Limited
Assurance

No Assurance

Summary of Our Opinion

Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

Control weaknesses were found within the management and monitoring of contracts. Contract monitoring was found to be undertaken in ongoing discussions rather than formalised regular performance review meetings with documented minutes or actions and relevant KPIs are not always in place to monitor performance. Both are key responsibility requirements detailed in Appendix 10 of the CSOs for Contract Managers. Contract Management Plans are also not kept up to date or fully completed.

Although KPIs and regular review meetings are included in tender specifications, this does not get included in contracts.

There is no contract management training for managers who manage contracts, although the CSOs refer to the need for Contract Managers to attend such a course.

In some cases, contracts are being stored on local drives. Both Legal Services and Procurement store contracts either in hard copy or electronically; however, it is known that not all contracts have been sent to them. Therefore, the Contracts Register maintained by Procurement is not up to date. This is a published document.

Formal senior management monitoring of contract managers and the contracts managed and monitored by them needs improvement so that there is assurance that contracts are being monitored and managed appropriately and the service procured is received to the standard required.

Improving these control weaknesses would take the overall assurance opinion to the desired standard of Reasonable.

48

Overall Objective			
To gain assurance that the contract management governance, control processes, and risk management in place within the Council are robust and capable of effectively managing and monitoring contracts, including contract extensions.			
Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
5. Appropriate governance controls are in place.	None		
6. Appropriate management reporting and monitoring is in place.		1-3	6
7. Appropriate controls are in place for the recording and management of contracts.		4	
8. Appropriate controls are in place for training regarding management of contracts.			5
9. Appropriate risks have been identified and are managed effectively.	None		

Summary of Key Recommendations

A total of four medium priority recommendations have been raised as follows: -

- Assistant Directors should: -
 - Make Contract Managers in their area aware of their roles and responsibilities (both key and general) regarding contract management as detailed in the current Appendix 10 of the CSOs or the forthcoming 'Procurement and Contract Management Officer Handbook' and ensure that regular contract performance review meetings are held where proportionate and relevant KPIs are explored and agreed where possible (noting unilateral changes to contracts cannot be imposed);
 - Implement a suitable process to monitor the contracts within their area. This could be a periodic review of contract management plans, RAG ratings on KPIs to be reported to them if a red rating is given, or an agenda item in team meetings; and
 - Ensure that Contract Managers in their area have fully completed and up to date contract management plans in place, where relevant.
- Procurement, Legal and Contract Managers should ensure that all new contracts include the requirement to establish, agree and monitor relevant KPIs, where proportionate to the value and nature of the contract, and hold documented regular performance monitoring meetings, at least quarterly.
- Contract management training should be provided to all managers who are responsible for managing and monitoring contracts.
- A 'Contract Retention Protocol' should be devised and rolled out and implemented ensuring that both the Legal Services team and the Procurement and Contract Management team are provided with all contracts with a value over £5,000.00.

Good Practice and Other Points to Note

- Current contract documentation is stored safely and is accessible only by relevant officers.
- Contractual risks are identified, managed, and monitored effectively, with senior management and Members informed of progress appropriately.

Definitions

Assurance Opinions: -

Substantial Assurance	There is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.
Reasonable Assurance	There is a series of internal controls in place; however, these could be strengthened to facilitate the Council's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.
Limited Assurance	The controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance	There is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.
Position Statement	Advisory Work

Recommendation Ratings: -

High	A fundamental control process, or statutory obligation, creating the risk that significant fraud, error, or malpractice could go undetected.
Medium	A control process that contributes towards providing an adequate system of internal control.
Low	These issues would contribute towards improving the system under review and are of limited risk.

AUDIT COMMITTEE REPORT

REPORT TO:	Audit Committee		
DATE:	18 th November 2024		
TITLE:	Internal Audit Follow Up of Outstanding Recommendations report		
TYPE OF REPORT:	Update		
PORTFOLIO(S):	All		
REPORT AUTHOR:	Jamie Hay, Senior Internal Auditor		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

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 and consider the progress being made across the organisation to close outstanding internal audit recommendations.
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

CONTENTS

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1. Executive Summary

- 1.1 The purpose of this report is to provide an update on the status of agreed audit recommendations from the Internal Audits that have been undertaken across the organisation, focusing on overdue items, and completed actions.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) requires the Chief Audit Executive, also known as the Head of Internal Audit, 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.

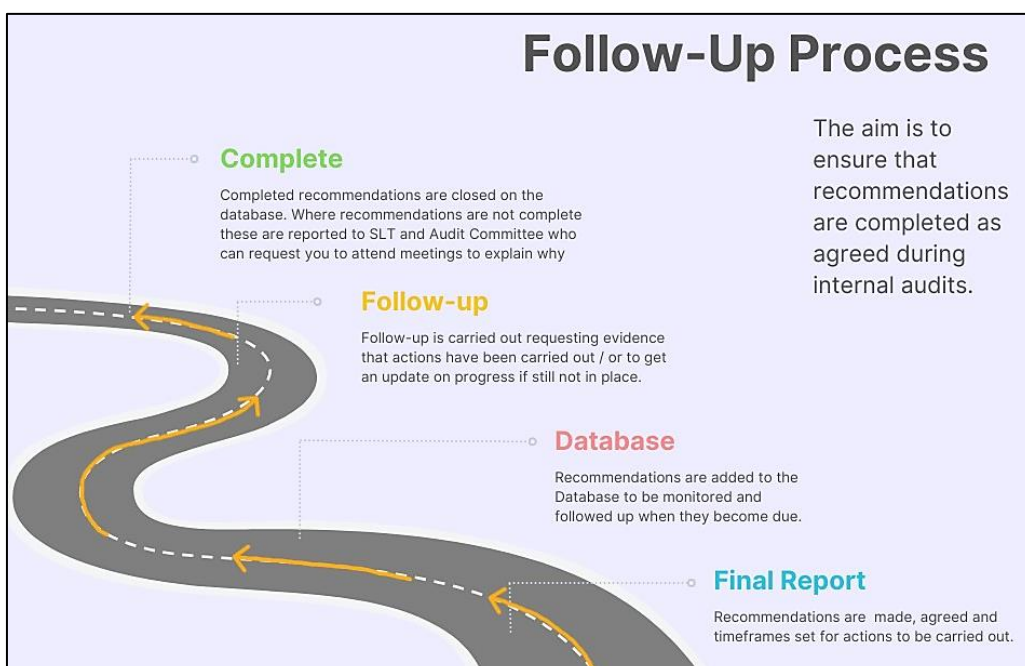
1.3 Key Highlights:

- **59 recommendations have been completed since the last report.**
- **72 recommendations remain overdue, including 6 high priority risk items.**

The latest follow-up activity of outstanding agreed recommendations was concluded during October 2024, with the next follow-up activity aimed to take place during January 2025.

2. The Follow Up Process

- 2.1 Recommendations are agreed during the Internal Audits and timeframes are set for their completion, which are confirmed with the responsible officers and the service managers. The management action subsequently taken is monitored by Internal Audit on a regular basis and reported through to Audit Committee on a half yearly basis. Verification work is also undertaken for those recommendations that are reported as closed.
- 2.2 The follow up activities are undertaken where all responsible officers, with overdue recommendations, are contacted to provide updates. This involves gathering evidence to demonstrate completion of high and medium priority risk recommendations and closing low



recommendations where completion has been confirmed.

3. Summary Dashboard

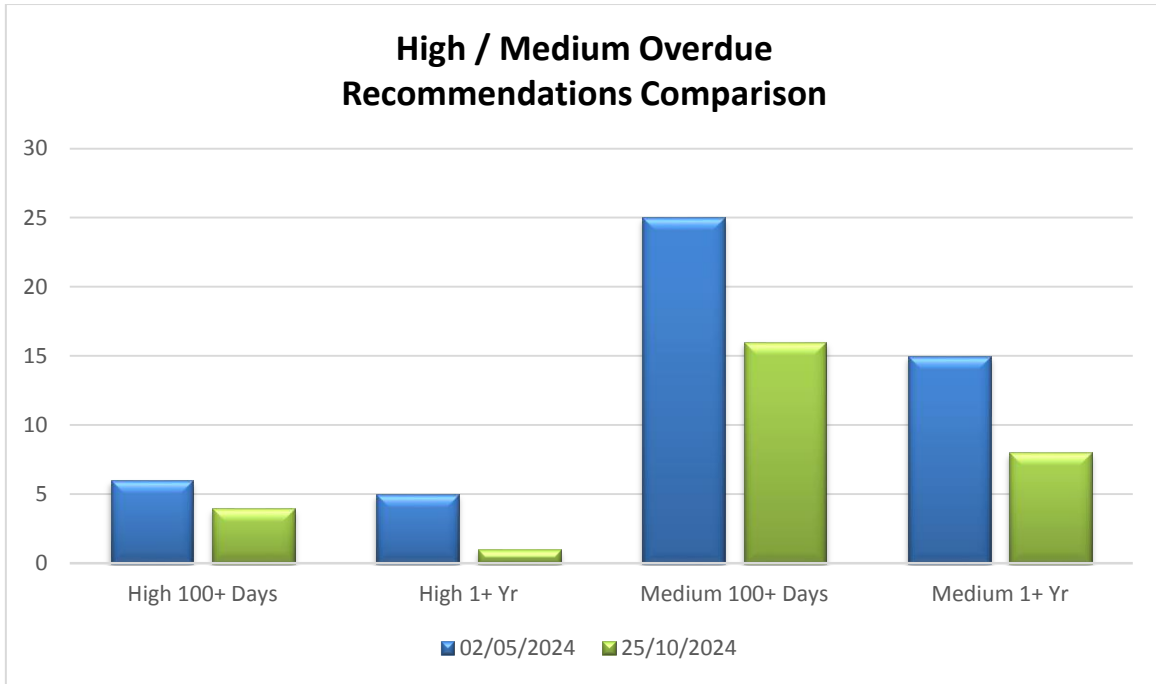
3.1 Progress is demonstrated in the table below which outlines the position as of the 25th of October 2024.

Table 1.

Position 25/10/24	High	Medium	Low	Total
No. of Recs overdue in last report (May 2024)	8	29	43	80
No. of Recs Completed since last report	8	24	27	59
No. of Recs that have become overdue since last report	6	15	30	51
Sub total of overdue Recs	6	20	46	72
No. of Outstanding Recs 100+ days overdue	4	16	39	59
No. of Outstanding Recs 365+ days overdue	1	8	15	24
No. of Recs not yet due for Follow-up	2	10	16	28
Total Outstanding No. of Recs	8	30	62	100

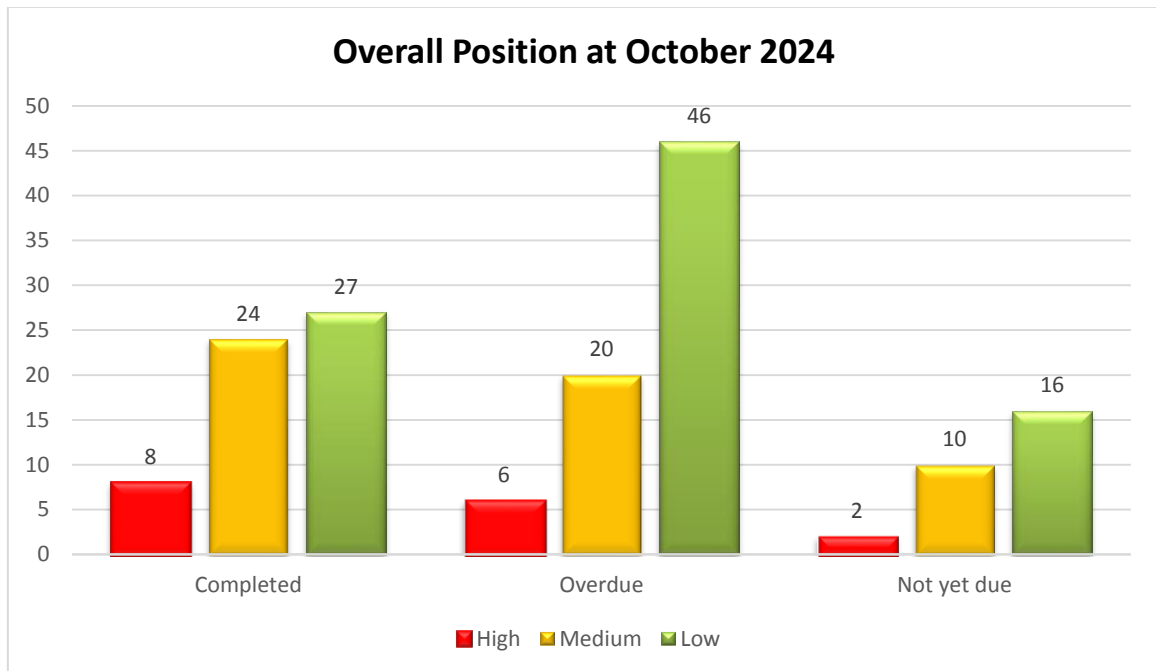
3.2 The below bar chart shows a comparison between the current number of High and Medium recommendations overdue by 100 days and by 365 days or more, compared to the previous position on 2 May 2024.

Figure 1.



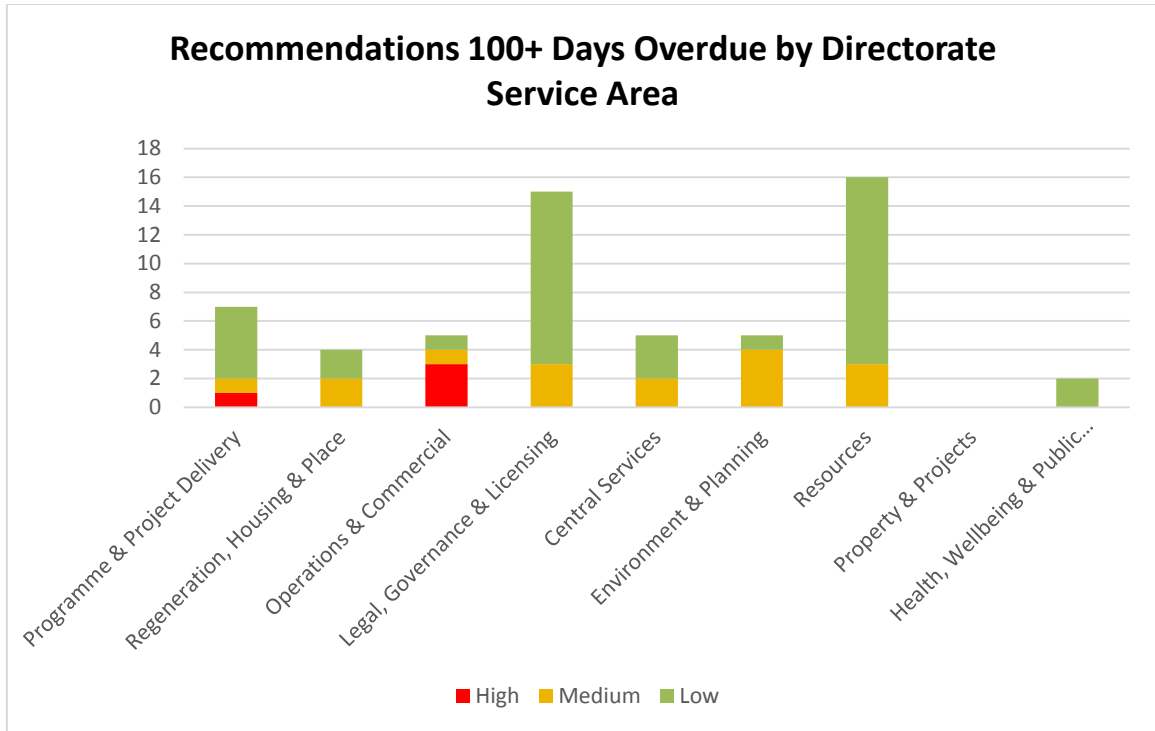
3.3 The below chart highlights the current overall position of recommendations as of October 2024; outlining the completed recommendations, overdue recommendations, and recommendations not yet due to be followed up.

Figure 2.



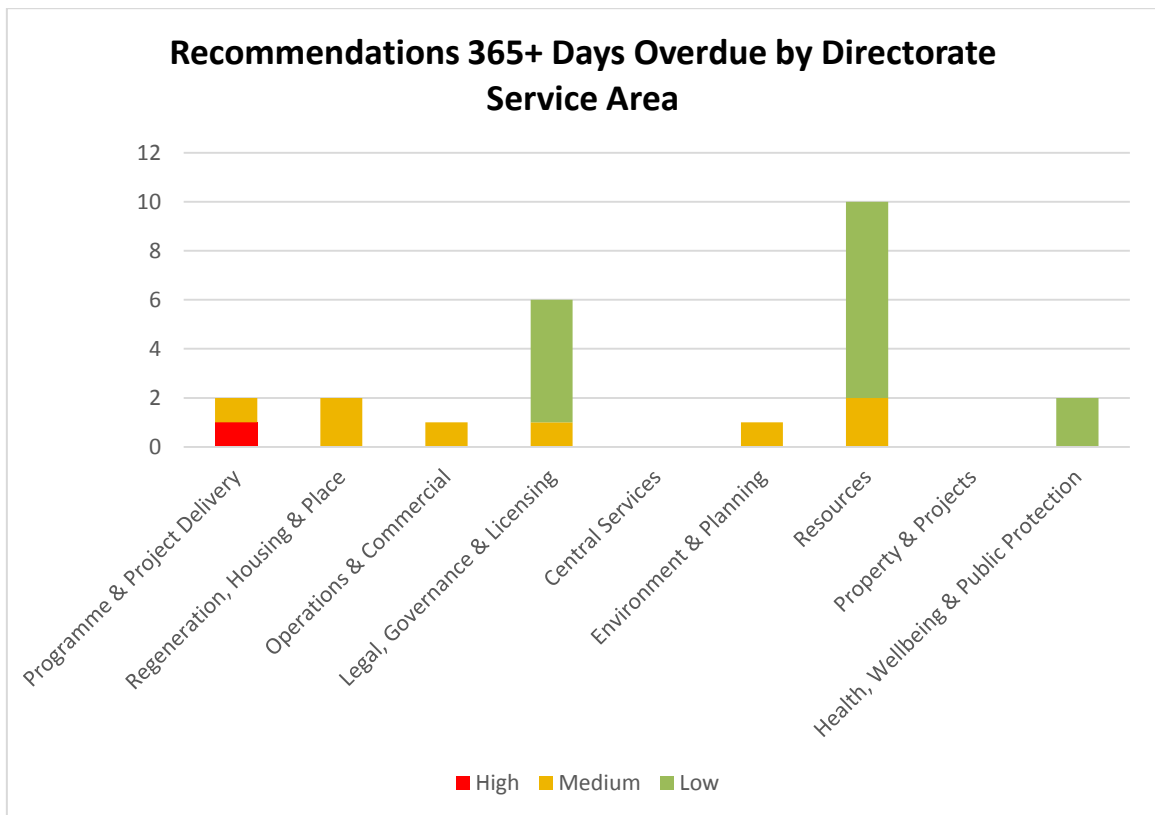
3.4 The below chart outlines the current position for each Directorate Service in respect of recommendations that are overdue by 100 days or more.

Figure 3.



3.5 The below chart outlines the current position for each Directorate Service in respect of recommendations that are overdue by 365 days or more.

Figure 4.



4. Overdue Recommendations

4.1 The current status is as follows:

Appendices 1 and 2 included within this report show the details of all the high and medium priority outstanding recommendations. The outstanding recommendations included within each appendix also outlines either a progress update or no progress update, depending on whether a response from the relevant responsible officer was received.

4.2 The high-priority risk recommendations which are overdue, continue to expose the organisation to:

- Legal and regulatory requirements.
- Capital projects that may not conform to capital strategy and corporate objectives.
- Unforeseen costs not being considered within the Capital Programme resulting from a lack of an Asset Management Plan.
- Inability to effectively monitor tree management strategies and plans to help inform the next Tree and Woodland Strategy from 2027 onwards.
- Inability to identify the full extent of resource requirements, financial implications, and current / emerging risks when projects are submitted to Management Team and Cabinet to be included within the Capital Programme.

5. Completed Recommendations

5.1 In summary, since the 2nd of May 2024, 59 recommendations have been implemented successfully.

The completion of these recommendations has reduced risks in areas such as:

- Income not being captured.
- Unauthorised access to ICT networks and information protected under the Data Protection Act 2018.
- Theft / loss of assets and financial loss to the Council.
- Projects not aligning with corporate objectives and aims.
- Financial, resource and project risks being identified within projects.
- Risks identified within projects being considered in advance of decision making.

As part of the follow up process, Internal Audit has verified the closure of these recommendations through obtaining evidence where recommendations outlined a high and medium priority.

6. Next Steps

6.1 The follow up plan is that all overdue recommendations will be revisited in January 2025 during the next follow up cycle. The Internal Audit function will continue monitoring progress closely.

To place emphasis on the Management's commitment, the Senior Leadership Team are made aware of outstanding recommendations and are taking necessary actions to address them.

7. Conclusion

- 7.1 Currently, the focus is place upon the areas outlined below:
- 6 high-risk overdue recommendations require continuous monitoring within Directorates.
 - 8 medium-risk recommendations overdue by more than 1 year require continuous monitoring within Directorates.

The next report will include an updated status of the raised recommendations' position and will be presented in the next follow-up report, scheduled in the early part of the new financial year.

APPENDIX 1 – OUTSTANDING HIGH RECOMMENDATIONS

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Procurement & Contract Management	2022/23	<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>	Jane Mitchell, Procurement and Contracts Manager	30/06/2023	476	Implementation of the new legislation, Procurement Act 2023, has been delayed by Government to 24th February 2025. Our timetable has been amended accordingly, with the intention now to present new CSOs to Cabinet on 14 January. Will also be presented to Audit Committee on 20 January. A new set of CSOs and a new Procurement Strategy have already been prepared and will remain in draft whilst we prepare supporting guidance for officers and develop the transformation programme, pending consideration by Cabinet and Audit Committee in January.

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Public Open Space - Tree Management	2023/24	<p>The new Arboricultural Officer should review the current Tree Management recording system and ascertain whether there are more effective and efficient systems available. These systems may allow more interaction with other current Council systems and allow timely reporting for management and Members. Consideration could be given to the following options:</p> <ul style="list-style-type: none"> • use of a new off the shelf Tree Management System, such as Ezytreev; • use of the system used by the Facilities Management Officer for the use of Street Lighting; • use of QGIS and/or Idox/Uniform for the Management of Trees. 	Ed Johnson, Arboricultural Officer (POS)	31/03/2024	201	A relevant system has been chosen and this is now going through a process of agreement via procurement.
Public Open Space - Tree Management	2023/24	<p>The expected five-year review of progress towards the initial key policies should be undertaken as soon as possible, to enable the Council to fully understand it's current position in relation to the initial strategy document. This will then allow the Council to develop the new Tree and Woodland Strategy from 2027 onwards.</p> <p>When undertaking this review, new documents regarding the original three appendices from the Tree and Woodland Strategy will need to be developed.</p>	<p>Nathan Johnson-Hales, POS Manager</p> <p>Ed Johnson, Arboricultural Officer (POS)</p>	30/06/2024	110	The Arboricultural Officers have not yet reviewed the Tree and Woodland Strategy. This is work that will be on-going over the next two years leading to the production of a new Council wide Tree Policy for 2027.

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Public Open Space - Tree Management	2023/24	When the relevant documents relating to Tree Management have been updated, all appropriate policies, plans and strategies should be updated accordingly.	Ed Johnson, Arboricultural Officer (POS)	30/06/2024	110	The Arboricultural Officers have not yet reviewed the Tree and Woodland Strategy. This is work that will be on-going over the next two years leading to the production of a new Council wide Tree Policy for 2027.
Capital Programme	2023/24	Appropriately resource the Programme Management Office (as agreed by SLT on 31st January 2023) to allow for the agreed change control processes to be implemented. SLT to also consider how capital expenditure on the Capital Programme for "Operational Schemes" are to be appropriately resourced and for change control processes to potentially be managed through the PMO and reported to SLT as appropriate.	Oliver Judges, Executive Director Place	30/09/2024	18	No progress update provided.
Capital Programme	2023/24	Review and update the Asset Management Plan and assign a responsible officer for Asset Management Planning (to help feed into the Capital Programme). Organisationally there needs to be a consideration for ICT assets.	Oliver Judges, Executive Director Place	30/09/2024	18	No progress update provided.

APPENDIX 2 – OUTSTANDING MEDIUM RECOMMENDATIONS

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Car Parking & Civil Enforcement	2019/20	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.	Jemma Curtis, Regeneration Programmes Manager	31/03/2021	1297	Draft King's Lynn & Hunstanton Strategies received from Aecom May 2024, feedback from internal officers received and revised draft report due September 24 ready for consideration by SLT and cabinet members before wider consultation. Capacity issues have delayed progress against original timeframe.
Regeneration & Economic Development	2021/22	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.	Jemma Curtis, Regeneration Programmes Manager	31/08/2022	779	Draft Vision and Strategy due to be published for consultation in mid-September. Final Strategy due to go to cabinet for endorsement in Dec 24.

Regeneration & Economic Development	2021/22	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.	Jemma Curtis, Regeneration Programmes Manager	31/08/2022	779	Draft Vision and Strategy due to be published for consultation in mid-September. Final Strategy due to go to cabinet for endorsement in Dec 24.
Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Policies	2021/22	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.	Honor Howell, Corporate Governance Manager	31/12/2022	657	Resource strains - Compliance Officer recruited to cover Policy review. However, resource has been redirected to support the Governance of the housing companies. The Corporate Governance Manager will pick this area of work by end of Q1 in 25/26.

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Business Continuity	2022/23	<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>	Honor Howell, Corporate Governance Manager	31/12/2022	657	No progress update provided.

Procurement & Contract Management	2022/23	<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 is set up on the Finance system.</p>	Jane Mitchell, Procurement and Contracts Manager.	30/06/2023	476	Bringing the Contracts Register fully up to date and changing the culture on compliance with the requirement to keep the Contracts Register up to date is a workstream of the ongoing Procurement Transformation. Meetings are being held with each Directorate and the Procurement Manager and Monitoring Officer commencing in November to populate the Contracts Register for their area and determine processes going forwards for keeping the Contracts Register up to date. The new intranet will also be used to share the Contracts Register and hopefully build functionality for an accessible way to update Procurement with new contracts
Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response

Accounts Receivable	2022/23	<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>	Laz Mafuko, Interim Financial Services Manager	31/07/2023	445	Initial response is that this may be problematic to implement - further investigations are ongoing.
Accounts Receivable	2022/23	<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. 	Laz Mafuko, Interim Financial Services Manager	31/07/2023	445	The Write offs are monitored in the Power Bi application.
Complaints and FOIs	2023/24	<p>Once the Corporate Complaints Policy has been revised and updated, it is recommended that it be placed on the Authority's website, with a direct reference to the policy clearly sign-posting users to it.</p> <p>The policy to also be placed on InSite so that it is easily accessible by officers and Members.</p> <p>An article to be included in Staff Update notifying staff of the revised policy and the action that staff should take if they receive a complaint.</p>	Honor Howell, Corporate Governance Manager	30/11/2023	323	<p>New complaints policy in draft format - on forward work programme for Cabinet in March 2025 with a view to adoption in 2025 and will then comply with the recommendation.</p> <p>AD Programme & Project delivery AD Regeneration, Housing & Place AD Operations & Commercial AD Legal and Governance AD Central Services</p>

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Complaints and FOIs	2023/24	<p>The Corporate Complaints Policy to be enhanced by including the following:</p> <ul style="list-style-type: none"> • Version control / document history, • make reference to the Data Protection Act 2018, • include a flowchart detailing the process for handling a complaint, • have working hyper-links to associated policies and forms, • reference relevant Council policies and procedures, • detail the roles and responsibilities of those officers who deal with complaints handling, • specify the length of time that documents relating to complaints should be held for (in accordance with the Council's Document Retention Schedule), • a section on "Learning from Complaints" outlining how the Council will learn from complaints, the process of analysing complaints, identifying trends and using it to drive service improvements, • a "Distribution" section outlining how the policy will be distributed i.e., the policy is available on the Council's website and on InSite. 	Honor Howell, Corporate Governance Manager	30/11/2023	323	<p>The Corporate Complaint Policy requires a further review following the introduction of the Complaints Handling Code on 1 April 2024. New complaints policy in draft format - on forward work programme for Cabinet in March 2025 with a view to adoption in 2025 and will then comply with the recommendation.</p> <p>AD Programme & Project delivery AD Regeneration, Housing & Place AD Operations & Commercial AD Legal and Governance AD Central Services</p>

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Land Charges	2023/24	Following the recent signing of the Collaboration Agreement between the Authority and HMLR, a comprehensive Project Plan be compiled setting out the steps involved in the data migration.	Lee Osler, Office Manager / Deputy SIRO	31/12/2023	292	HMLR assigned us a Delivery Manager on 1 October 2024. A project plan will need to be agreed by both parties, a copy will be provided once agreed. Following an extract of our data to HMLR - we are currently working through errors and queries - another extract is due to be taken w/e 6 October 2024. Ongoing work is being done to resolve queries following health check by HMLR (this is an external project driven by HMLR timescales).
Land Charges	2023/24	As part of the Project Plan for the data migration from the LLC Register to HMLR, the process for data cleansing and data validation, and the security arrangements to be adopted, such as data encryption, be formally documented.	Lee Osler, Office Manager / Deputy SIRO	31/12/2023	292	HMLR assigned us a Delivery Manager on 1 October 2024. A project plan will need to be agreed by both parties, a copy will be provided once agreed. Following an extract of our data to HMLR - we are currently working through errors and queries - another extract is due to be taken w/e 6 October 2024. Ongoing work is being done to resolve queries following health check by HMLR (this is an external project driven by HMLR timescales).

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Starters, Movers, Leavers	2023/24	An overarching procedure document to be introduced outlining the roles and responsibilities for hiring/line managers relating to New Starters, Transfer of Roles and Leavers for ICT, Personnel, and Information Asset Owners.	Nicola Rigby, Personnel Services Manager Richard Godfrey, ICT Manager	31/03/2024	201	Overarching procedure still being worked on.
Starters, Movers, Leavers	2023/24	Review the list of system administrator recipients that receive the full leavers list to produce a more targeted list of key contacts that receive the list. This list should also include transfer of roles and be made available to system administrators. Wording to be included in the new overarching SML procedures outlining the roles and responsibilities.	Nicola Rigby, Personnel Services Manager Richard Godfrey, ICT Manager	31/03/2024	201	Overarching procedure still being worked on.
Land Charges	2023/24	Costs associated with Land Charges to be reviewed to ensure that all relevant costs are included, thereby enabling the correct Land Charges fees to be levied and provide assurance that all relevant costs are covered by the income. Costs to be reviewed on an annual basis to ensure that they remain current. The Authority to be able to explain how the Land Charges fees were calculated and compile procedure notes detailing the cost calculation.	Lee Osler, Office Manager / Deputy SIRO	01/04/2024	200	Previously the level of fees charged have been set based on cost recovery. A further review has identified the need to increase the land charge fees as we have incurred additional recharge costs, such as NCC. The Office Manager is in discussions with the Assistant Director and Accountant. Increased fees will either be levied from 1 January 2025 or 1 April 2025,

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Key Controls & Assurance	2023/24	Access to the Fixed Asset Register spreadsheet should be controlled so that only relevant officers are given access to the register.	Laz Mafuko, Interim Financial Services Manager	30/06/2024	110	Currently, work is being undertaken to ensure this is implemented.
Corporate Governance	2023/24	A clear process to be drafted for determining which policies are to be classed as Tier 1 policies and therefore require formal adoption by Cabinet. This process to be included within the Policy Guidelines. The list of Tier 1 policies on InSite to be updated to record current Tier 1 policies.	Honor Howell, Corporate Governance Manager	31/07/2024	79	Will be incorporated into the review of the Policy Framework.

to be confirmed.

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Corporate Governance	2023/24	<p>The policy review process followed by the Corporate Governance Team to ensure that the recommendations arising from the Internal Audit review of Policies are implemented in full, such as ensuring that:</p> <ul style="list-style-type: none"> • all Tier 1 and Tier 2 policies are held centrally, on InSite; • the appropriate approval process is followed for all Tier 1 policies; • policies are subject to regular review; and • Tier 1 and Tier 2 policies comply with the Policy Guidelines and Policy Template. 	Honor Howell, Corporate Governance Manager	31/07/2024	79	<p>The Governance and Compliance Officer employed to carry out this role has been redeployed to working on the governance of the council's housing companies. This work will now be picked up by the Corporate Governance Manager. All recommendations will be implemented by 31.3.25. All policies and the Policy Framework are published on insite and reviews of all policies have taken place.</p> <p>AD Programme & Project delivery AD Regeneration, Housing & Place AD Operations & Commercial AD Legal and Governance AD Central Services AD Environment and Planning AD Resources (S151)</p>

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response
Corporate Governance	2023/24	<p>To compile a Declaration of Interests, Gifts & Hospitality Policy relating to Officers. The policy to include the following:</p> <ul style="list-style-type: none"> • policy statement setting out the purpose of the policy, and its aims and objectives; • who the policy applies to; • interests which the Council requires staff to declare, with examples of situations which may result in a conflict of interest for staff; • process for the declaration of interests, gifts, hospitality and sponsorship (with flowcharts appended to the policy clearly setting out each process); • roles and responsibilities of staff, service managers, ADs, EDs, Chief Executive and MO; • links to other related policies; • enforcement, sanctions and compliance with the policy; • template declaration forms. 	Honor Howell, Corporate Governance Manager	30/09/2024	18	A policy will be completed for this but currently waiting on HR to complete their work.

Audit Area	Year of Audit	Recommendation	Responsible Officer	Agreed Due Date	Days Overdue	Latest Response

Corporate Governance	2023/24	<p>The Officers' Code of Conduct to:</p> <ul style="list-style-type: none"> • be publicised via an article in Internal Affairs reminding staff as to what is expected of them as employees of the Authority; • be specifically mentioned in the staff induction programme; • state when it was last reviewed, frequency of review and when next due for review; • include the main corporate policies that staff should be aware of, and • include full details of the process for the declaration of interests by officers, including a flowchart setting out the process to be followed. 	Honor Howell, Corporate Governance Manager	30/09/2024	18	No progress update provided.
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POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	18 th November 2024		
TITLE:	Half Year Fraud & Error Progress Report 2024-25		
TYPE OF REPORT:	Update		
PORTFOLIO(S):	Cllr Morley, Finance		
REPORT AUTHOR:	Jamie Hay, Senior Internal Auditor		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:

This report is aimed to provide the following in respect of the period April to September 2024 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 & 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 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.

KEY ISSUES:

Section 5 of the Anti-Fraud & Anti-Corruption Policy outlines that the Council faces several different fraud and corruption risks over a large range of service areas and functions that it undertakes. The Policy sets out the approach that the Council uses to manage the risk of fraud and corruption and minimises the losses incurred.

Appendix 3 of the Policy outlines that the Council has adopted the Cabinet Office's national "Report Calculations" for measuring fraud loss where appropriate and uses local calculation methodologies where it feels local weighting should be applied and to furthermore be

consistent with other member local authorities of the Norfolk FraudHub.

The attached report is presented to show performance against the Anti-Fraud & Anti-Corruption Policy for Audit Committee to review the effectiveness of the policy and how the Council measures against the national counter-fraud standards (as set out within the Anti-Fraud & Corruption Policy and the Fighting Fraud & Corruption Locally 2020 standards), including where appropriate details of corrective action where standards have not been met. The report includes details of the level of fraud loss and the activities being undertaken to raise the anti-fraud & anti-corruption culture across the authority.

OPTIONS CONSIDERED:

Not applicable

RECOMMENDATIONS:

Consider the details of the report, taking into account the Council's Anti-Fraud & Anti-Corruption Policy and review the effectiveness of the anti-fraud & anti-corruption work in preventing and detecting fraud and corruption.

REASONS FOR RECOMMENDATIONS:

Fraud and Error reports are to be presented by Internal Audit to the Audit Committee on a half-yearly basis, to show how the Council is performing against the Anti-Fraud & Anti-Corruption Policy.

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1. Introduction

- 1.1 The purpose of this report is to provide the information on the following elements, in respect of the period April to September 2024:
- Fraud and Corruption Risks
 - Fraud detection and prevention activities
 - Performance and outcomes
 - Debtor tracing activities
 - Anti-Fraud & Anti-Corruption culture
 - Compliance with the Anti-Fraud and Anti-Corruption Policy and KPIs
 - Forward-Looking Strategy
- 1.2 Allowing the Audit Committee to consider the details within this report and evaluate the Council's efforts to prevent and detect fraud and corruption.
- 1.3 Where people commit fraud against the public sector and public services, they take money away from the services on which the public depend, and damage citizens' trust in the government. The Borough Council of King's Lynn and West Norfolk (the Council) is committed to protecting the public funds entrusted to it and to upholding the highest standards of financial probity and accountability. We cannot afford to be complacent, and we urge all our members, employees, contractors, and partners to assist us in fighting fraud by having regard to this policy and the risks of fraud when carrying out their duties, recognising that, if uncontrolled, fraud diverts much needed resources from our communities.
- 1.4 The "Annual Fraud Indicator 2023" produced by Crowe Clark Whitehall estimated that annual UK fraud losses could be £219 billion, with Public Sector fraud losses estimated to be £50.2 billion. The Government's "Economic Crime Plan 2023-2026" states that Fraud accounted for an estimated 41% of all crime experienced by adults in England and Wales in the year ending September 2022. Fraud is now the most common offence in the UK and local authorities continue to face significant fraud challenges, exacerbated by the Covid-19 pandemic and the ongoing cost-of-living crisis.
- 1.5 The Borough is made up of 75,620 residential dwellings with 23,183 receiving Single Person Discount awards. SPD is awarded to 30.66% of all dwellings in the borough.

- 1.6 There are 6,682 Non-Domestic Rates hereditaments across the Borough, with 4,814 of these receiving some type of relief or reduced bill. Reliefs / reduced bills are being awarded on 72% of all business rateable hereditaments in the Borough.
- 1.7 There are 9,149 live Council Tax Reduction Scheme claims in payment across the Borough. With 4,206 (46%) claims in payment to customers of pension age and 4,947 (54%) claims in payment to customers of working age.
- 1.8 Total counter fraud related spend during 2023/24 was **£38,294.00**.
- 1.9 During 2024 the Council have reviewed the Anti-Fraud & Anti-Corruption Policy and the Anti-Money Laundering Policy which both align to national fraud strategies including the Fighting Fraud & Corruption Locally Standards.

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2. Fraud and Corruption Risks

- 2.1 A Fraud Risk Assessment has been conducted across the organisation; the assessment aims to identify potential fraud risks across all service areas, evaluate the effectiveness of existing controls, and propose actions to mitigate identified risks. The methodology involved collecting input from each service area, analysing the responses, and consolidating key findings into a future report.
- 2.2 A total of 38 Fraud Risk Assessment Questionnaires were issued covering 37 different service areas, all nine Directorates within the Council and Alive West Norfolk. A total of 36 responses were received representing 94.44% coverage of these areas; these responses are currently being reviewed.
- 2.3 There has been a recent surge in intelligence reports being received relating to scams and furthermore the organisation has been subject to a Council Tax Refund Scam and vulnerable members of our communities who use our Careline support services have also been targeted by scammers. Steps have been taken to issue communications around this and furthermore procedures have been produced to prevent Council Tax Refund scams.

2.4 The Economic Crime and Corporate Transparency Act 2023 received Royal Assent on 26 October 2023; this Act introduced “Failure to Prevent Fraud offences”:

- Corporations as well as individuals can commit fraud. The victims of corporate fraud could be individuals, the public sector or other businesses. For example, customers might be tricked into buying a product or paying an inflated price as a result of the company giving them deliberately misleading information. The Failure to Prevent Fraud offence gives law enforcement and prosecutors additional powers to hold corporations accountable for fraud, and encourages corporations to put preventative measures in place, thereby reducing the amount of fraud that happens in the first place.
- The offence holds an organisation responsible if an ‘associated person’ (for example, a company employee) commits fraud, intending to benefit the organisation, and the organisation did not have reasonable prevention procedures in place. It does not need to be proven that senior management within the organisation knew about or were involved in the fraud; this represents a key difference from existing powers to hold companies accountable for fraud. The Government is required to produce guidance on reasonable prevention measures before the offence comes into force (at the time of writing this report this had not yet been produced)

3. Fraud Detection and Prevention Activities

3.1 There are many different internal controls in place across the organisation to prevent and detect fraud. Some of the key internal controls include segregation of duties, staff training, financial controls, whistleblowing mechanisms, and other internal process such as those included within the Anti-Fraud & Anti-Corruption Policy:

- Internal Control Systems
 - Internal controls are in place to prevent fraud. It is the responsibility of all managers to establish and maintain systems of internal control and to assure themselves that those controls are properly applied as intended. This includes responsibility for the prevention and detection of fraud and corruption.
 - The Council implements strong systems of verification of all claims for all types of financial assistance. All data available will be used to corroborate information given by applicants for the purpose of prevention and detection of fraud. Grants and assistance given to external organisations will be monitored to ensure applications are genuine.

- The Council also expects partners and contractors to have adequate controls and Whistleblowing procedures in place to minimise fraud and corruption, and this will be written into all contract terms and agreements. Due diligence processes (including monitoring) will also be put in place when engaging and contracting with third parties by the project lead/responsible officer(s).
 - The Internal Audit Team will ensure that an adequate and effective internal audit is undertaken of the Council's systems and processes and will investigate allegations of fraud and corruption. Any system weaknesses that are identified as part of these investigations will be reported to the relevant manager / Assistant Director and an action plan agreed to remedy the issue. The Audit Committee will receive regular reports from the Internal Audit Manager on the results of internal audits and any investigations, including follow-up on the implementation of agreed actions.
 - The Internal Audit Team have also developed a Fraud Risk Register which is being used to understand what information and data is held within each service area within the Council that could be subject to fraud and corruption. Internal Audit will maintain the Fraud Risk Register to support the mitigation of risk through the implementation of effective controls.
- Employee recruitment and conduct
 - Recruitment procedures require that all applicants will provide evidence of any qualifications claimed and all references will be taken up. The right to work in the country will also need to be demonstrated where necessary.
 - All employees must abide by the Council's rules as contained in relevant policies and procedures. This expectation forms part of the employee's contract of employment. Employees are also expected to follow any additional Codes of Conduct of a professional body to which they are registered.
 - All new Members and employees shall be given access to this policy document as part of their initial induction process.
 - Joint working to prevent and combat fraud
 - The Council participates in data-matching exercises such as the National Fraud Initiative (NFI), and the Norfolk FraudHub. The Council also makes full use of its statutory powers to obtain information using bodies such as the National Anti-Fraud Network (NAFN) to identify possible instances of fraud. The Internal Audit team also conduct joint working with the DWP for the purposes of investigating benefit fraud/error and with Housing Associations for the investigation of Right to Acquire and Tenancy Fraud.

- Use of technology
 - The Council will make use of technology and other measures made available for the prevention and detection of fraud and corruption; this may include software available for these purposes where an appropriate Data Privacy Impact Assessment has been undertaken and legislation allows their use. Examples of such software include the use of “AppCheck”, an application checking tool available through the Cabinet Office to highlight risk relating to applications that have been received which may be fraudulent.
- The work of the Audit Committee
 - The Terms of Reference for the Audit Committee require it to ‘*assess the potential harm to the council from fraud and corruption, monitoring counter-fraud policy, action and resources*’. As such the Committee receives regular reports from the Internal Audit Manager on work carried out and considers the adequacy of the Council’s policies relating to the prevention and detection of fraud and corruption.

4. Performance and Outcomes

4.1 An annual Key Performance Indicator exists for the Council’s Anti-Fraud & Anti-Corruption activities as follows “**Number of completed fraud/corruption investigations (including data matching exercises) = 5,000 per financial year**”.

4.2 Progress is as follows:

Fig. 1

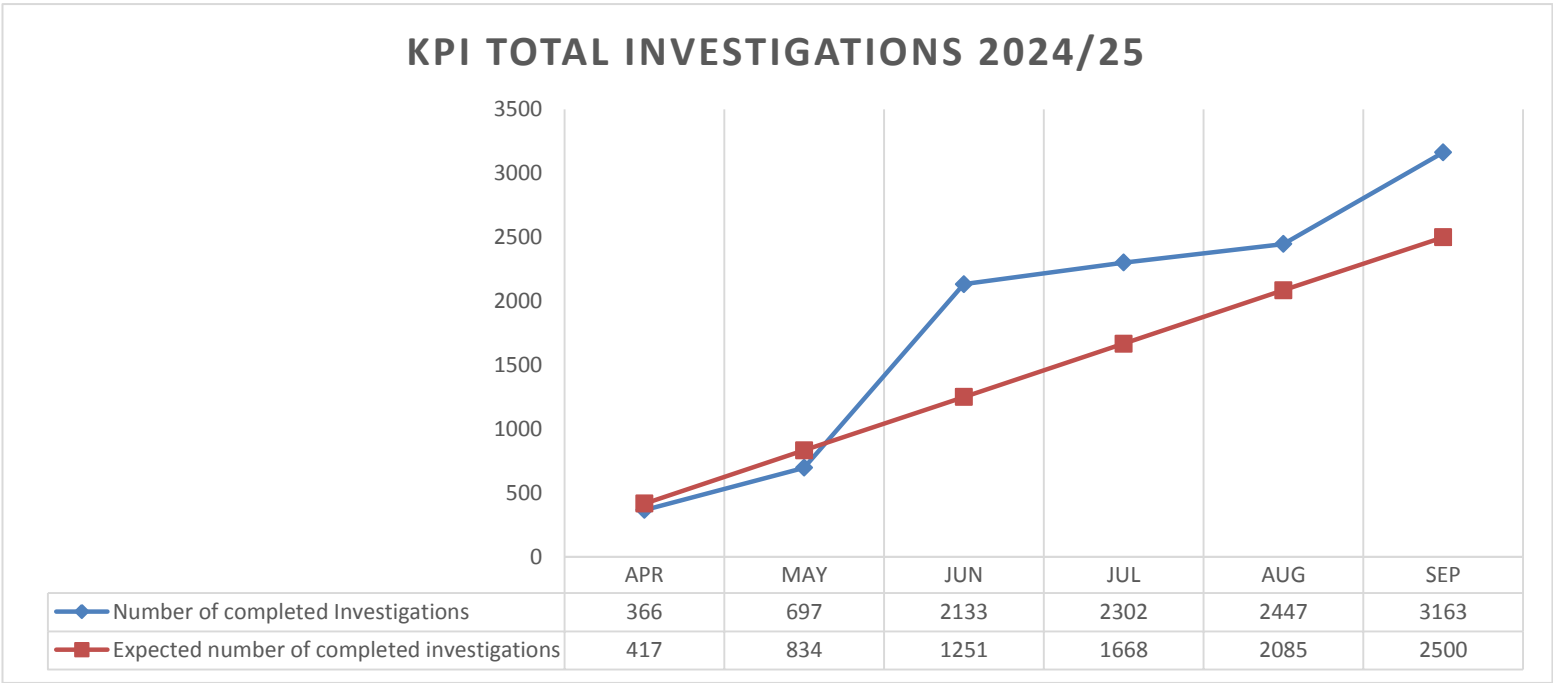
April to September 2024	
Number of fraud/corruption cases investigated	3,163
Number of fraud/corruption cases detected	230
Success rates of fraud/corruption detection	7.27%

Below outlines the details of Fraud / Corruption related investigations and outcomes:

Fig. 2

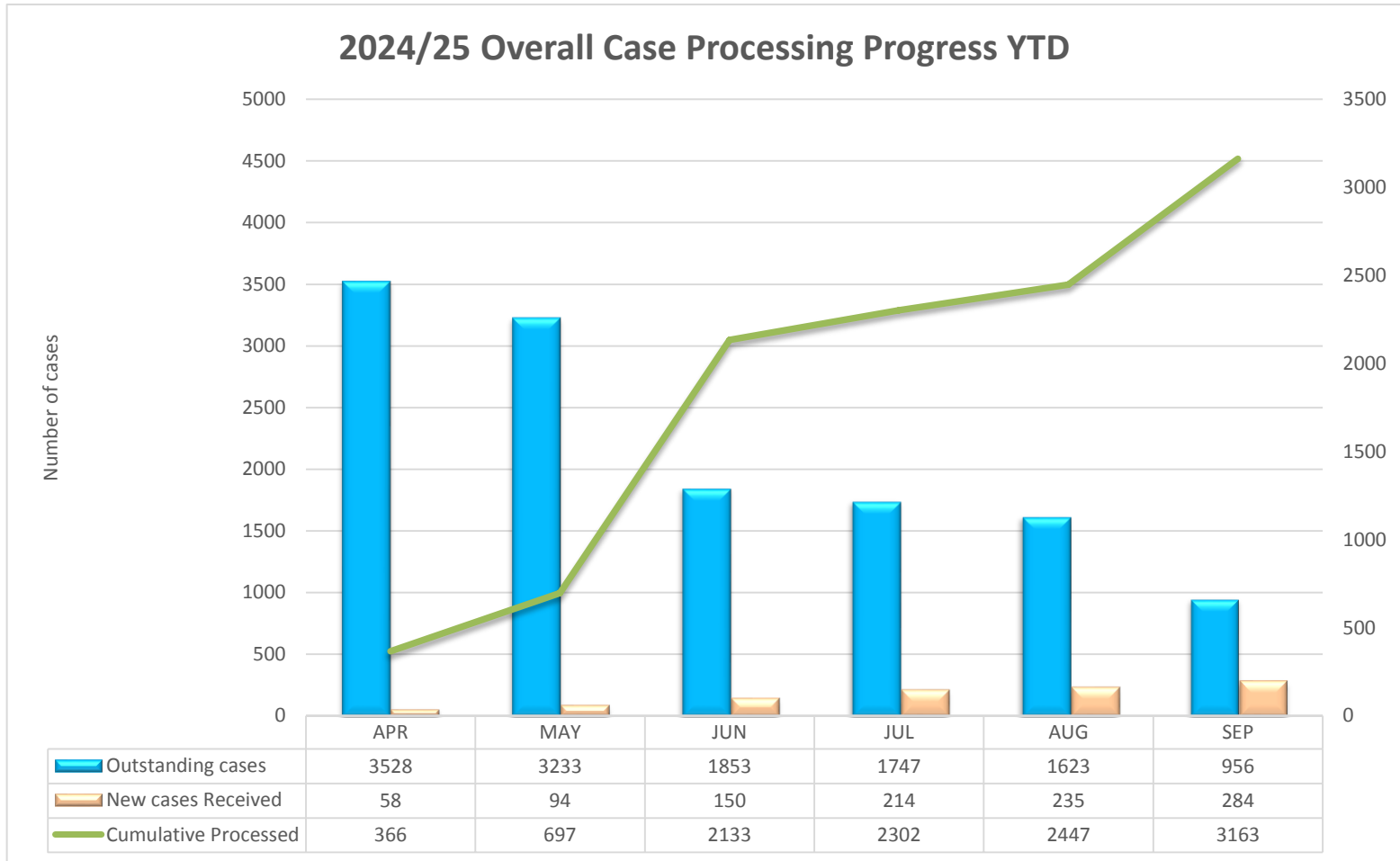
Type of Investigation	Number of Cases Investigated	of Successful Outcomes
Number of sanctions (e.g., prosecutions, disciplinary actions).	0	0
Civil Penalties issued	0	0
Fraud / Corruption Code of Conduct Investigations	0	0
Fraud / Corruption Whistleblowing Investigations	0	0

Fig. 3



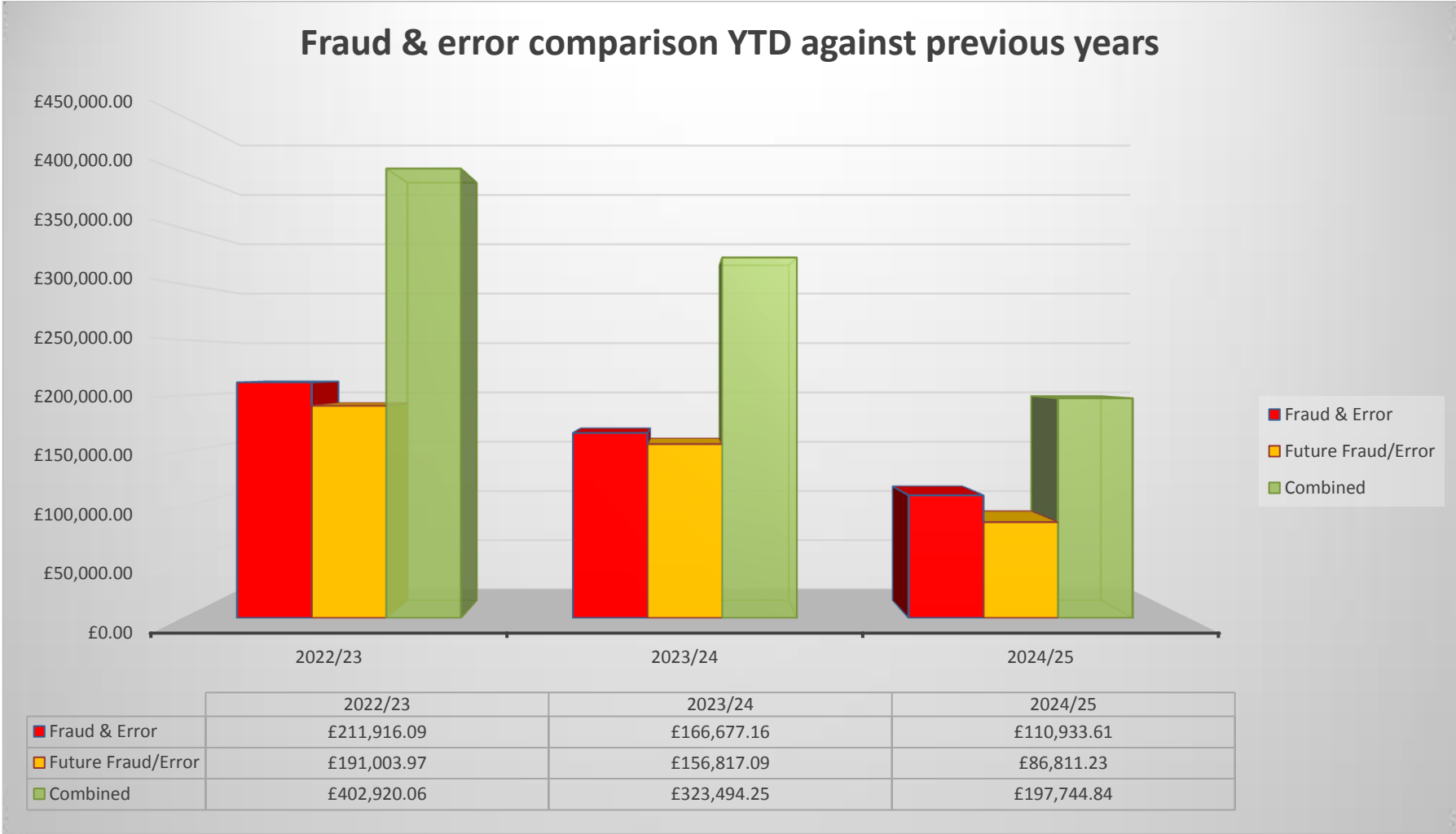
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Fig. 4



**3,836 cases were brought forward from 2023/24, a total of 284 new cases have been received. 3,163 cases have been processed leaving 956 cases outstanding as at the end of September 2024.*

Fig. 5



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4.3 SPD Canvass Review Project

4.3.1 The SPD Canvass Review project (funded by Norfolk County Council) has continued and has now completed year 4 of the project with good progress being made for year 5. We have received funding from Norfolk County Council for year 5 (2024/25) of £65,623.06.

4.3.2 Results from the SPD Canvass Review project to date – **Fig.6**

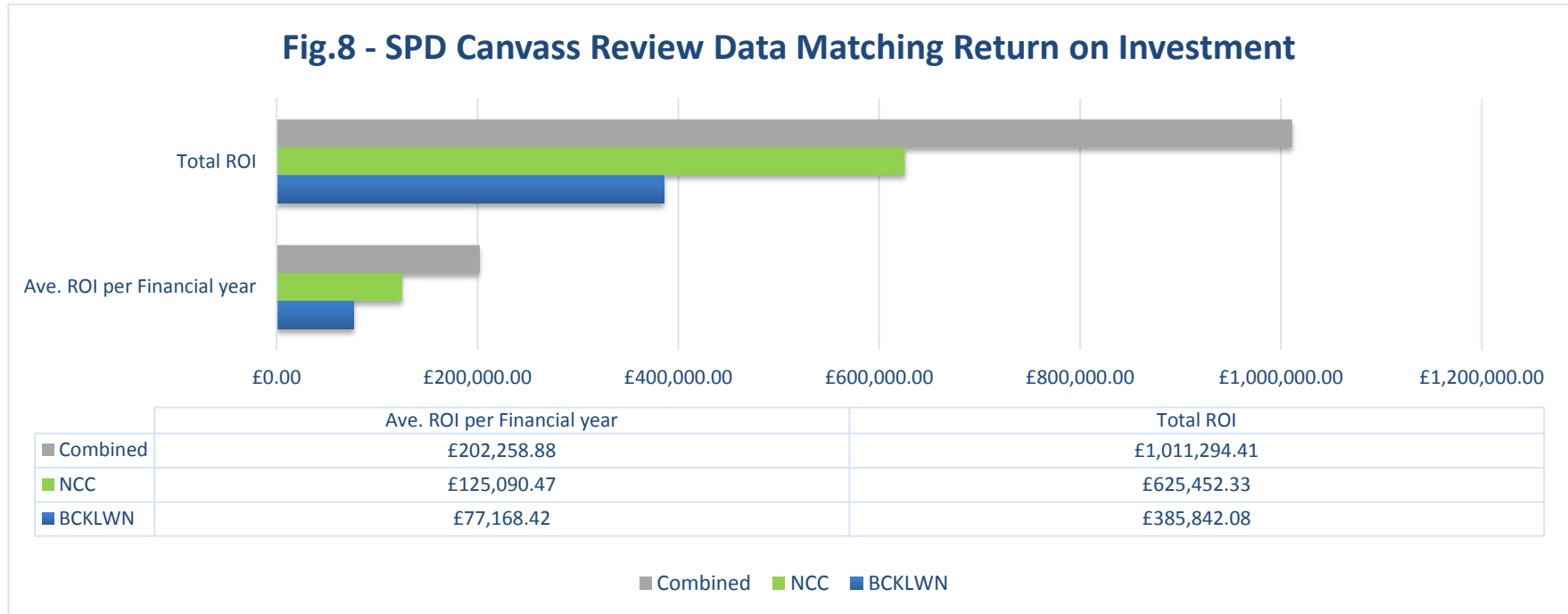
<i>Financial Year</i>	Council Tax Value Identified (£)	Additional Benefit Value Identified (£)
<i>Year 1 (2020/21)</i>	£130,200.27	£7,785.42
<i>Year 2 (2021/22)</i>	£129,190.22	£21,448.78
<i>Year 3 (2022/23)</i>	£386,850.49	£0.00
<i>Year 4 (2023/24)</i>	£233,647.04	£38,244.33
<i>Year 5 (2024/25 year to date)</i>	£185,848.37	£9,965.81
SUB-TOTAL	£1,065,736.39	£77,444.34
TOTAL		£1,143,180.73

4.3.3 Below is a table that outlines the number of matches we have received through the SPD Canvass Review project, and the corresponding number of errors identified during each year of the project - **Fig.7**

<i>Financial Year</i>	Matches Received	Errors Identified
<i>Year 1 (2020/21 financial year)</i>	4,564	254
<i>Year 2 (2021/22 financial year)</i>	5,856	180
<i>Year 3 (2022/23 financial year)</i>	1,901	532

Year 4 (2023/24 financial year)	5,246	292
Year 5 (2024/25 financial year to date)	2,700	204
TOTAL	20,267	1,462

4.3.4 The “Return on Investment” from the SPD Canvass Review project to date for both the Borough Council of King’s Lynn & West Norfolk and the sponsor (Norfolk County Council) is shown in **Fig.8**



NCC calculation $£1,065,736.39$ (less Funding of Project (£236,993.40)) = $£828,742.99 \times 75.47\%$ (Share of Council Tax) = $£625,452.33$

BCKLWN calculation $£1,065,736.39 \times 6.70\%$ (Share of Council Tax) = $£71,404.34 +$ NCC Funding of Project (£236,993.40) + Additional Benefit Value (£77,444.34) = $£385,842.08$

4.4 Overall Data Matching Activities and other sources of referrals

4.4.1 Below provides an overview for all Data Matching and other sources of fraud and corruption referrals covered within the Internal Audit Department's current work programme of exercises being undertaken - **Fig.9:**

Source	Cases Processed	Errors Identified	Strike Rate	Value Detected
SPD & Premium	2,700	204	7.56%	£195,814.18
FraudHub	157	0	0.00%	£0.00
National NFI	259	0	0.00%	£0.00
Other sources	46	2	4.35%	£1,930.66
TOTAL	3,162	206	6.51%	£197,744.84

4.4.2 Outstanding matches and cases

Fig.10

Source	Outstanding	Percentage
SPD & Premium	743	78.21%
FraudHub	29	3.05%
National NFI	19	2.00%
Other sources	159	16.74%
TOTAL	950	100%

5. Debtor Tracing Activities

- 5.1 Internal Audit assist the authority corporately providing debtor tracing services on a case-by-case basis. This is provided where requests to attempt to trace customers with debts are received where other tracing attempts have been exhausted within the affected service area. Where a successful trace has been made any new address/contact information is provided to the service area who are responsible for pursuing and recovering the debt.
- 5.2 One case was received and a total value of **£1,700.00** has been traced and passed back to the relevant departments for recovery purposes during the period April 2024 to September 2024.

6. Anti-Fraud & Anti-Corruption Culture

- 6.1 Fraud awareness e-learning packages were rolled out to officers in November 2022 and formed part of members induction training following the May elections. A further Fraud Awareness e-learning package has also been rolled out for managers in November 2022. Periodic reminders are issued for staff and members to refresh themselves with the e-learning packages available.
- 6.2 Regular staff briefings are issued providing staff with useful information and furthermore details of what anti-fraud tools are available to them.
- 6.3 Exhibitions were held earlier in the year showcasing the activities undertaken across the organisation for staff to learn more about the work undertaken by colleagues. Three exhibitions were attended by the Internal Audit team to showcase the Anti-Fraud and Anti-Corruption and Internal Audit services which were well received by staff which included details of roles and responsibilities across the organisation, as well as a fraud quiz.

7. Compliance with the Anti-Fraud and Anti-Corruption Policy and KPIs

7.1 In terms of policy effectiveness, both the Anti-Fraud & Anti-Corruption Policy and the Anti-Money Laundering Policy have now been revised during the early part of 2024 and the progress referred to above within Section 4 show that the policies in the whole are effective and performance has exceeded the targets set. However, there is still a need to conclude the Fraud Risk Assessment exercise which has been delayed due to other work commitments and the following improvements in controls have also been made during the period April to September 2024:

- A Civil Penalty procedure has been developed for Council Tax Reduction Scheme purposes to introduce:
 - **Fixed Penalty:** £70 for negligence resulting in overpayment or potential overpayment.
 - **Penalties as Alternatives to Prosecution:** Minimum £100 (including attempted cases) to a maximum £1,000.
- A Council Tax & Non-Domestic Rates Refund Fraud Procedure has been produced to help prevent refund frauds that have become an emerging threat in the past few months.
- A new landing page is currently being developed for the Council's website in respect of Whistleblowing; additionally, quotes have been obtained for corporate training packages to be delivered across the organisation in respect of Whistleblowing.
- Regular staff briefings and publicity exercises have been carried out highlighting scam prevention tips for staff and local communities.
- As part of further work relating to the anti-fraud and anti-corruption culture across the organisation, engagement has been undertaken with departments and service areas to help provide advice and gateways to access information that can assist them in the prevention of fraud and corruption, such as the promotion of tools and services available to us through the National Fraud Initiative and National Anti-Fraud Network. Training has been provided recently to staff across the Council and across other Norfolk Authorities in the use of the Norfolk FraudHub.

8. Forward-Looking Strategy

- 8.1 Following the strategic planning of the internal audit plan 2024/25, a total of 143 days has been allocated to resourcing work relating to anti-fraud and anti-corruption during the 2024/25 financial year within the Internal Audit team. This has been increased as a result of the upcoming changes in legislation with the introduction of the Economic Crime & Corporate Transparency Act. The Act introduces requirements on large organisations (including ourselves) as defined within the Companies Act 2006 and introduces offences around “failure to prevent fraud”.
- 8.2 The planned activities are to continue to review the responses to the Fraud Risk Assessment to identify potential fraud risks across all service areas, evaluate the effectiveness of existing controls, and propose actions to mitigate identified risks.
- 8.3 NFI National Fraud Exercise, Annual NFI Recheck Exercise and Norfolk FraudHub data uploads are scheduled for October, December and January which will create a return of data matches for review and investigation.
- 8.4 The Senior Internal Auditor continues to be a member of the “Cabinet Office’s Fraud Hub user group”, the “Norfolk Fraud Hub”, the “Regional Fighting Fraud & Corruption Locally Operational Group” and Public Sector Fraud Authority’s “Community of Practice”, assisting with other local authorities in shaping the services and data matching activities provided through the NFI and Fraud Hub. The Cabinet Office are to feed out new developments and innovative themes nationally to local authorities and other government organisations to help fight fraud and corruption, as well as sharing best practices locally across Norfolk, regionally and between local government and central government.
- 8.5 Efforts will continue to establish a Financial Investigation provision for the Council. We are currently liaising with Norfolk County Council as the Norfolk FraudHub sponsor looking at a potential retained service model which all members of the Norfolk FraudHub could access when required. A one-off option is also now available where any such cases arise with Hertfordshire Shared Anti-Fraud Service (Herts SAFs). Financial investigation provisions remain in place for joint working cases with the Department for Work & Pensions, but this will only be available in relation to Council Tax Reduction Scheme investigations that include DWP related benefits.

9. GLOSSARY OF TERMS

DWP	Department for Work & Pensions	CTAX	Council Tax
NFI	National Fraud Initiative	LATC	Local Authority Trading Company
KPI	Key Performance Indicator	HB	Housing Benefit
SPD	Council Tax Single Person Discount	CTRS	Council Tax Reduction Scheme
HMRC	His Majesty's Revenues & Customs	YTD	Year to Date
Covid-19	Coronavirus pandemic		



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Agenda Item 12

29th August 2024

Email: mgrindley@uk.ey.com

Dear s151 Colleague

This letter follows on from the letter from Stephen Reid dated 21 August 2024 setting out our approach as a firm to addressing the Government's policy proposals as set out in the statement to parliament on 30 July 2024.

As Stephen stated in his letter, while guidance remains to be issued, we have been working with the system leaders to understand what their expectations will be on all auditors to implement the government's policy proposals effectively. We have also reviewed the auditing standards and the work required to move to a disclaimed opinion. Primarily, whilst we do not need to complete detailed testing of the financial statements we do need to review them, complete certain tasks to plan our approach to the audit, understand the business, get updates on key areas to ensure that we are sighted on developments, form a view on aspects that we report on, and communicate the outcome of this work to those charged with governance.

Therefore, once we have completed our work, in addition to the auditor's report including the disclaimed opinion for each year, we will issue one completion report for those charged with governance per authority that includes: details of the work undertaken for planning; the results from the work completed for this process; and our value for money commentary. For organisations with more than one open year to 31 March 2023, there will be one completion report to cover all open years.

We have set out below the programme of work that will need to be completed to ensure that together we can meet the backstop date of 13 December 2024 for the audits for financial years through to 2022/23.

The following are critical deadlines as this is an extremely tight timetable. There is clearly lots for us all to do to achieve this and we will need your support by completing the following tasks by the dates set out below.

Action required by the Authority	Why	Date by which action required
<i>Statement of accounts procedures – Authority actions and responses required</i>		
<p>1. Approval of the statement of accounts for audit by the Responsible Finance Officer (RFO). If, for any open year of account, the draft statement of accounts has not been approved for audit, please make arrangements to do so.</p>	<p>In order to meet the December backstop date, draft statements of accounts for each open year need to be drafted and approved before we can undertake procedures to complete our work and issue our report. If statements of accounts are not approved for audit, and procedures are delayed, the Authority will be required to publish a statement by 13 December 2024, explaining why the backstop date has not been met.</p>	<p>We recommend that statements of accounts are approved for audit no later than 9 September 2024, to avoid delays in our completion procedures.</p>
<p>Please provide the following information: The date at which, for each open year of account, the draft statement of accounts was or will be approved for audit by the RFO. Please provide by 9 September 2024 to kristi.maughan@uk.ey.com</p>		
<p>2. The Authority is required to publish the draft statement of accounts including an Annual Governance Statement for all open years up to and including 31/3/2023.</p>	<p>This is a requirement of the Local Audit and Accountability Act 2014, Section 25,26,27; Accounts and Audit Regulations 14, 15 and 21 and Local Audit (Public Access to Documents) Act 2017 Section 1. We cannot issue an opinion without this having been completed and confirmed.</p>	<p>By the 9th September, if not already done.</p>
<p>Please confirm date(s) on which the financial statements were/will be published. Please confirm by 9 September 2024 to Kristi.Maughan@uk.ey.com</p>		
<p>3. For the prepared and published draft financial statements and Annual Governance Statement, the Authority is required to advertise and then hold the 30 day public inspection period.</p>	<p>This is a requirement of the Local Audit and Accountability Act 2014, Section 25,26,27; Accounts and Audit Regulations 14, 15 and 21 and Local Audit (Public Access to Documents) Act 2017 Section 1. We cannot issue an opinion without this having been completed and confirmed.</p>	<p>If not already done, we recommend that the Authority advertises and holds the public inspection period as soon as possible, to ensure it has completed before the backstop date.</p>
<p>Please confirm date(s) of inspection periods for each open year of account. Where inspection periods have not yet been undertaken/not yet completed, please confirm planned inspection period dates. Please provide dates by 9 September 2024 to kristi.maughan@uk.ey.com</p>		
<p>4. Authority to consider the need to update and approve any open Annual Governance Statements (AGS) in line with CIPFA bulletin 16.</p>	<p>As part of our completion procedures we are required to review and report on the final version of the AGS.</p>	<p>As soon as possible</p>

Action required by the Authority	Why	Date by which action required
<p>Please confirm if you intend to update the AGS for open years of account and timing for approval an updated version, by 9 September 2024 to kristi.maughan@uk.ey.com</p> <p>Please provide the final updated version of the AGS, by 30 September 2024 to kristi.maughan@uk.ey.com</p>		
<p>5. You will need an Audit Committee meeting or delegated authority to approve the statement of accounts when we have completed the required work. The s151 should then authorise the statement of accounts for issue.</p>	<p>Depending on when we receive all of the required information, we are aiming to have our procedures completed by the end of November. We will require your approved and signed statement of accounts from you once we are ready to sign.</p>	<p>Before 29 November</p>
<p>Please confirm your planned approach and timing to approve the statement of accounts, bearing in mind that you may need either to delegate authority at the next scheduled meeting or to schedule an extra meeting of the Audit Committee if the planned dates do not allow the committee to receive our audit completion report in late November 2024.</p> <p>Please send details of your planned approach to kristi.maughan@uk.ey.com</p>		
<p><i>Audit procedures – Authority actions and responses required</i></p>		
<p>6. Provide updated responses to the attached inquiry letters.</p> <p>Please provide updated responses from s151 Officer, the Monitoring Officer, the Audit Committee chair and internal audit.</p>	<p>Under the auditing standards and our reporting duties we must ensure that we have considered any key matters that may have occurred during the period to date. Therefore, as with the recent work on vfm, we need to ask for updated inquiry letter responses and notification of any key changes or issues.</p> <p>We are not sending these separately to each individually but are sending to you as RFO to distribute, collate and return within your Authority.</p>	<p>By the 16 September 2024 latest.</p>
<p>Please provide the following confirmation/information: Updated inquiry letter responses as attached. Please return all responses by 16 September 2024 to kristi.maughan@uk.ey.com</p>		
<p>7. Review and provide comments on our Audit Completion Report prior to approval of the statement of accounts</p>	<p>We aim to get the report to you by late November to allow you time to review it in time for finalisation of the report and work before the December deadline.</p>	<p>Prior to your accounts approval date (5. above) and by 29 November at the latest.</p>

Action required by the Authority	Why	Date by which action required
8. Provide signed letter of Representation and subsequent events confirmation to us on date of audit opinion	We attach the Template Letter of Representation for you to prepare on your letterhead. Please do not remove any paragraphs within the letter.	Date of audit opinion.
Prepare letter of representation on letterhead, to be signed on date of audit opinion. Please be available to respond to subsequent events queries on date of audit opinion. We will notify you of the planned date in November 2024.		
9. Availability for audit follow up queries during the audit period September – 13 December 2024	We are running this process with a large team over a number of audits and therefore we will require access to a key contact throughout the period, to ensure we can turn around queries quickly.	Throughout September – November for key contacts.
Please provide key contacts and contact numbers/emails for the period above by 9 September 2024 to kristi.maughan@uk.ey.com		
10. Publishing the final auditor’s report and the Completion report on the website alongside the financial statements.	It is vital that our auditor’s report and completion report are published on your website alongside the financial statements to which they refer. They should be easily accessible.	This upload should take place on receipt of the auditor’s report and completion report.
Following receipt of our reports please provide confirmation that they have been published on your website and provide a link to kristi.maughan@uk.ey.com		

If you have any questions on the above or want to discuss in detail, please contact me at mgrindley@uk.ey.com

Thank you for your help with this matter.
Yours faithfully

Maria Grindley

Partner
Ernst & Young LLP
United Kingdom

AUDIT COMMITTEE REPORT

REPORT TO:	Audit Committee		
DATE:	18 th November 2024		
TITLE:	Statement of Accounts & Annual Governance Statements 2020/21 to 2022/23		
TYPE OF REPORT:	For approval		
PORTFOLIO(S):	All		
REPORT AUTHOR:	Michelle Drewery, Assistant Director Resource & Section 151 Officer		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
<p>This report seeks to provide the Committee with details on the process needed to meet the Governments backstop dates for those outstanding audits which are now legislated to be completed by 13 December 2024. For this authority, this will include the financial statements for years 2020/21, 2021/22 and 2022/23.</p> <p>EY will be issuing a disclaimed opinion for each of these accounts. However, there is still work that EY will need to carry out before they can issue a completion report. The completion report will cover all open years up to and including 2022/2023. The draft Annual Governance Statements for each of these years will also need to be finalised alongside the Statement of Accounts.</p>
KEY ISSUES:
<p>The key issues have already been set out in the Interim Value for Money Assessment presented to Audit Committee by EY. There is also the need to ensure we comply with the date of 13 December 2024.</p>
OPTIONS CONSIDERED:
<i>Not applicable</i>
RECOMMENDATIONS:
<p>The Audit Committee are requested to</p> <ol style="list-style-type: none"> 1. Delegate authority to the Chair of this committee and the S151 Officer to approve the Statement of Accounts for 2020/2021, 2021/2022 and 2022/2023 when EY have completed

their work and shared their audit completion report with members of the committee.

2. Approve the final Annual Governance Statements for 2020/2021, 2021/2022 and 2022/2023.

REASONS FOR RECOMMENDATIONS:

To comply with the backstop dates of 13 December 2024 to have all outstanding audits completed for years up to and including 2022/2023.

1. Background

- 1.1. Members of the Audit Committee will be fully aware of the delays that currently exist nationally and locally with external audit. The former Department for Levelling Up, Housing and Communities (DLUHC), now the Ministry of Housing, Communities and Local Government (MHCLG) has worked collaboratively with the Financial Reporting Council (FRC) and other system partners, to develop measures to address the delay in local audit. Proposals were consulted on, putting a date in law (the “backstop date”) – 30 September 2024 – by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/2023. These proposals were then put on hold due to the General Election.
- 1.2. On 30 July 2024, the current government announced its intentions to pursue proposals (taking into account responses to the consultation) to address the local audit backlog. In parallel to publishing a response to consultation feedback, they have laid in Parliament regulations as well as, on behalf of the Comptroller and Auditor General and the National Audit Office (NAO), a new Code of Audit Practice. As part of this response, a new backstop date of 13 December 2024 has been established for bodies to publish audited accounts for financial years up-to-and-including 2022/2023.
- 1.3. A report to this Committee on 3 October 2024 considered the Interim Value For Money (VFM) assessment provided by the Council’s Auditors EY for the financial years 2020/2021 to 2022/2023.

2. Introduction

- 2.1. On 30 August, the Section 151 Officer received a letter from EY (Appendix A) which set out their proposals to meet the backstop date of 13 December 2024 for the 2020/21, 2021/2022 and 2022/2023 audit of accounts. By this date there are various tasks EY need to be completed to enable them to issue a completion report covering these financial years and provide a disclaimed opinion on the accounts. These tasks include:
 - 2.1.1. The authority is to consider the need to update and approve any open Annual Governance Statements (AGS) in line with CIPFA bulletin 16.
 - 2.1.2. Arrange an Audit Committee meeting, or delegate authority to the Chair of the Committee and the S151 Officer to approve the Statement of Accounts once EY have completed their work. The S151 Officer should then authorise the

Statement of Accounts for issue. This is required before 29 November 2024 and when EY are hoping to have completed their work.

3. Proposal

3.1. CIPFA Bulletin 16 – Local audit delays and the publication of the annual governance statement, provides guidance to local authorities in England affected by local audit delays. The two key points in the guidance are:

3.1.1. An open AGS for a prior period should include a statement to explain the reason for the delay and signposting to the AGS for subsequent years. The following statement has now been added to the final AGS for 2021/2022 with further similar updates set out in 2022/2023:

'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. The external audit of the 2021/22 Statement of Accounts have not been started whilst awaiting the audit of previous years' Statement of Accounts, namely 2019/20 and 2020/21. The Annual Governance Statements for each financial year will be signed off and published alongside the Statement of Accounts.'

3.1.2. Consideration should be given to updating a draft AGS. If a significant governance issue emerges after the year-end, the authority should consider whether it was pertinent to the prior year. The Annual Governance Statement for 2022/2023 was prepared alongside the Annual Governance Statement for 2023/2024 and were presented to Audit Committee on 3 October for review. Significant attention was applied to ensure these statements accurately reflected the governance arrangements for those years. Some minor changes were made to statements from prior years.

3.2. The updated and final AGS for 2020/2021, 2021/2022 and 2022/2023 is provided in Appendix B, C and D respectively. It is proposed that all three documents are approved.

3.3. With regards to ensuring the sign off of the 2020/2021, 2021/2022 and 2022/2023 accounts, it is proposed that delegated authority is given to the Chair of the Audit Committee and the Section 151 Officer to be able to sign these before the 29 November 2024 deadline. Prior to this sign off, the Audit Completion report will be emailed to all members of this committee for review.

4. Financial Implications

4.1. Fees to be charged by EY for the work in relation to Value for Money work and disclaimed opinions for the years 2020/2021, 2021/2022 and 2022/2023 is not yet known.

5. Legal Implications

5.1. The Local Audit and Accountability Act 2014 made the Comptroller and Auditor General responsible for the preparation, publication and maintenance of the Code of Audit Practice. The Code sets out what local auditors are required to do to fulfil their statutory

responsibilities under the Act. As part of this Act, EY have a duty to report to this Committee on the work they have carried out in respect of Borough Council of King's Lynn & West Norfolk to discharge their statutory audit responsibilities and identify any governance issues with the audited body as per the Comptroller and Auditor General's Code of Audit Practice.

6. Risk Implications

6.1. The work of the external auditors and subsequent reports seek to identify significant risks within the Council and highlight any areas of significant concern.

7. Options

7.1. Instead of delegated authority to the Chair of the Committee and the S151 Officer to sign off the Accounts for the stated years, the alternative option is to hold an additional meeting of the Audit Committee to be held before the 29 November 2024. This has been discounted due to time constraints.

8. Recommendations

8.1. That the Audit Committee;

- Delegate authority to the Chair of this committee and the S151 Officer to approve the Statement of Accounts for 2020/2021, 2021/2022 and 2022/2023 when EY have completed their work and shared their audit completion report with members of the committee.
- To approve the final Annual Governance Statements for 2020/2021, 2021/2022 and 2022/2023.

9. Reasons for Recommendations

9.1. The Comptroller and Auditor General's Code of Audit Practice requires the Council's external auditors, Ernst and Young LLP (EY), to report to this Committee on the work they have carried out in respect of Borough Council of King's Lynn & West Norfolk to discharge their statutory audit responsibilities and identify any governance issues with the audited body. In order to do this before the backstop date of 13 December 2024, review and final sign off of the 2020/2021, 2021/2022 and 2022/2023 Statement of Accounts and AGS is required.

10. Conclusions/Next Steps

10.1. EY will complete their work and produce a completion report, along with a disclaimed opinion on the 2020/2021, 2021/2022 and 2022/2023 Statement of Accounts.

10.2. Delegated responsibility is being recommended for final sign off of the Accounts to meet the backstop date.

10.3. The audit completion report and the final Accounts will be presented to the next available Audit Committee.

10.4. Following the sign off of the final Statement of Accounts and AGS for the stated years, these will be published on the Council's website.

Borough Council of
King's Lynn &
West Norfolk



DRAFT STATEMENT OF ACCOUNTS

2020-2021



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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 (tbc).

The certification of the DRAFT Statement of Accounts is pending final audit sign off and approval by the Audit Committee

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

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

(tbc)

Michelle Drewery
Assistant Director – Resources (S151 Officer)
(Date

tbc)

Statement of Responsibilities

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 2021.

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

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

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

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

In accordance with the Accounts and Audit (England) Regulations 2015, I certify that Draft Statement of Accounts presents a true and fair view of the financial position of the Borough Council of King's Lynn and West Norfolk as at 31 March 2021, and its income and expenditure for the year then ended.

Michelle Drewery
Assistant Director - Resources (S151 Officer)
(5th November 2021)

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 2020/2021.

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 2021. 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.

Narrative Statement

2 Introduction to West Norfolk

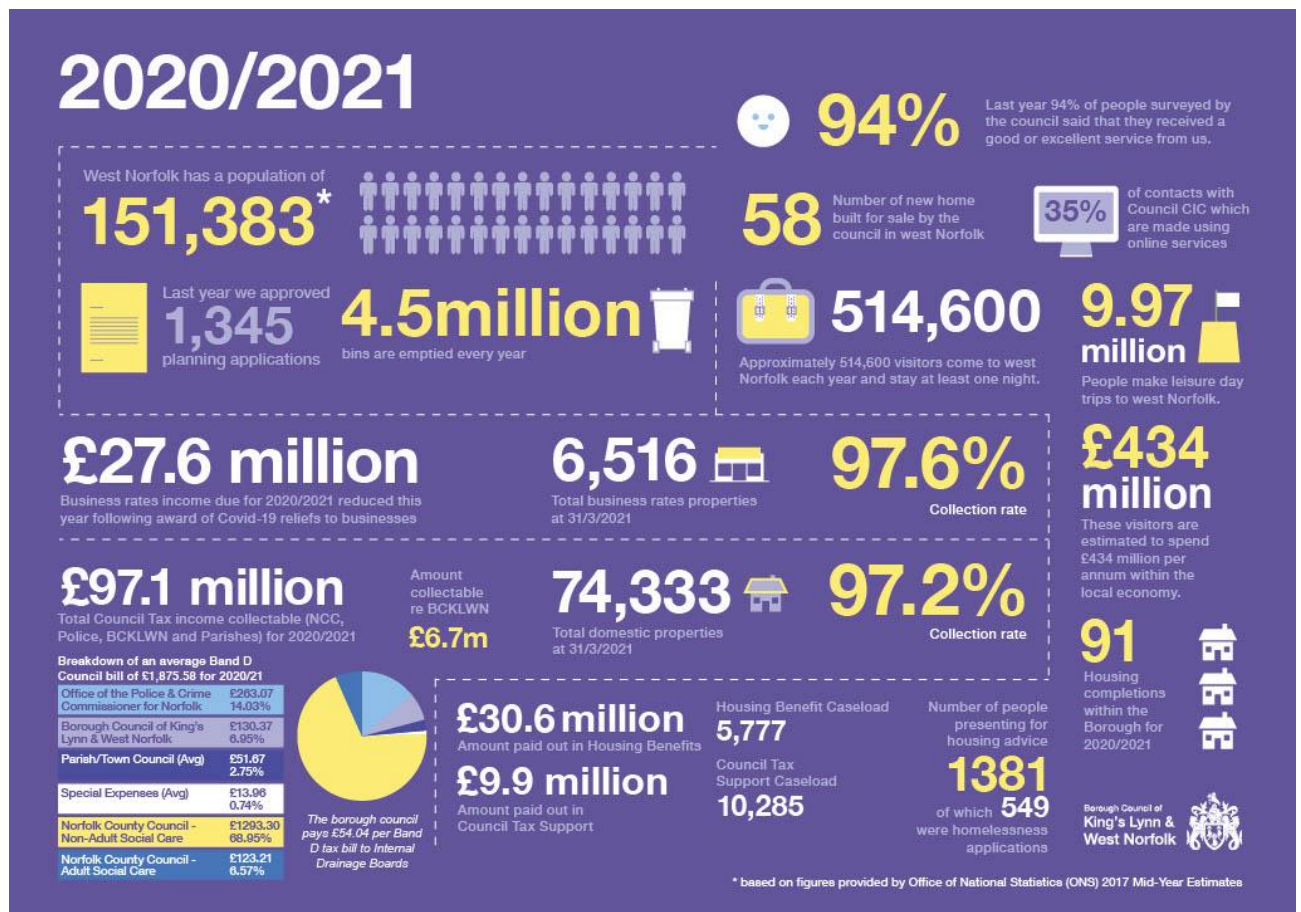
West Norfolk covers an area of about 550 square miles from Brancaster on the Northern Coast to



beyond Downham Market in the South.

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, the area is a major tourist attraction.



Local Economy

As at 31 March 2021 the borough is home to 6,516 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 has a 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 514,600 visitors staying at least one night and around 9.97 million people making leisure day trips. These visitors are estimated to spend nearly £433.7 million per annum within the local economy. When the value of indirect spending (purchases of supplies and services by businesses in receipt of

Narrative Statement

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 £577 million annually. This in turn is estimated to support 11,286 jobs (8,382 full time equivalent jobs) which is estimated to represent around 19.5% of all employment in the local economy (figures taken from The Economic Impact of Tourism – 2019 results, produced by Destination Research).

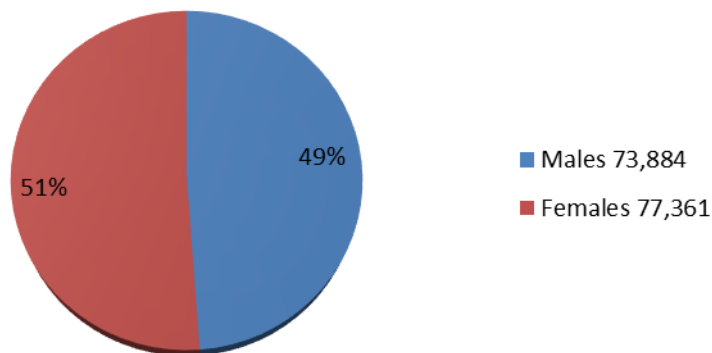
The COVID-19 outbreak and consequent ‘lockdown’ of parts of society and the economy had an immediate negative impact on our local economy broadly in line with the effects felt throughout the country as a whole. The subsequent relaxation of restrictions allowed all business sectors to start to recover but of course the situation remains patchy at both a sector and individual business level, depending on particular circumstances. The full effect will take some months to work through and will depend on how well businesses manage to respond to their new circumstances and opportunities, and of course whether there are further restrictions as a result of subsequent outbreaks of the virus. On a positive note, it is clear that many 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 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

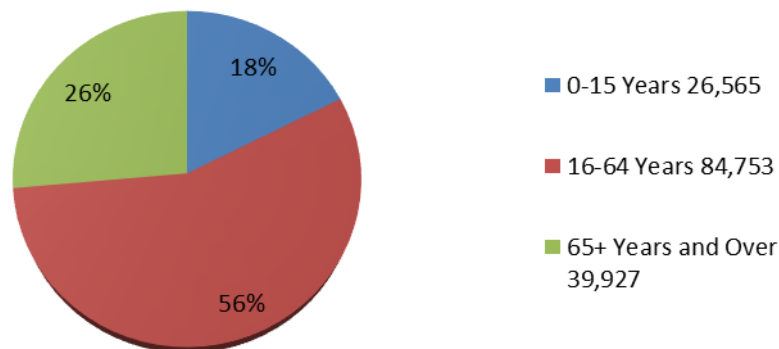
The population of West Norfolk was estimated at 151,245 (Office of National Statistics (ONS)

Population by Gender



2020).

Age Profile of Population



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

Narrative Statement

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 2021 the political make-up of the Council was as follows:

- Conservative Group – 29 Councillors
- Independent Group – 16 Councillors
- Labour – 9 Councillors
- Independent – 1 Councillor

Councillor Stuart Dark was appointed as Leader of the Council on 20th May 2021. This position was previously held by Councillor Brian Long.

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 2021 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 Service and Public Protection
- Portfolio Holder for Housing
- Portfolio Holder for Climate Change and Commercial Services
- Portfolio Holder for Business Development

These responsibilities have been revised following the appointment of Councillor Stuart Dark as Leader of the Council on 20 May 2021 as detailed below:

- Leader of the Council
- Deputy Leader and Portfolio Holder for Culture and Heritage
- Portfolio Holder for Corporate Services
- Portfolio Holder for Development and Regeneration
- Portfolio Holder for Environment
- Portfolio Holder for Finance
- Portfolio Holder for People and Communities
- Portfolio Holder for Property

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.

Narrative Statement

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.

EXTENDED MANAGEMENT TEAM May 2021

Chief Executive Lorraine Gore

Executive Director **Debbie Gates**

Becky Box
Assistant Director
Central Services

- Personnel
- Corporate Policy
- Communications
- Customer Information Centre
- Democratic Services (including elections and civics)

Management Team representative for Corporate Performance Panel

John Greenhalgh
Assistant Director
Community and Partnerships

- Key Partnerships including West Norfolk Partnership
- Community Safety
- Neighbourhood Nuisance
- Housing Standards
- Housing Options
- Housing Allocations
- Care and Repair Agency
- Careline Community Service
- Financial Assistance/ West Norfolk Wins

Management Team representative for KLACC

Neil Gromett
Managing Director
Alive West Norfolk

- Operation of Leisure/ Arts facilities
- Community Centres and Sports Pavilions
- Leisure/ Sports Development
- Operations

Michelle Drewery
Assistant Director
Resources (S151 Officer)

- Financial Services
- Revenues and Benefits
- Internal Audit Service
- ICT

Management Team representative for Audit Committee

Duncan Hall
Assistant Director
Regeneration, Housing and Place

- Strategic Housing
- Strategic Regeneration and Economic Development
- Business Development
- LEP Liaison
- Tourism and Place Marketing
- Culture
- Heritage Buildings
- Heritage Action Zone
- Future High Streets and Towns Funds
- Funding Bids
- Coordination of Green Issues

Management Team representative for Regeneration and Development Panel

Matthew Henry
Assistant Director
Property and Projects

- Property Services
- Office Accommodation
- Major Projects (including delivery of Regeneration Projects)
- Major Projects Officer Board

Management Team representative for Major Projects Member Board

Executive Director **Geoff Hall**

Stuart Ashworth
Assistant Director
Environment and Planning

- Planning Control
- Planning Enforcement
- Planning Policy and Strategic Housing Delivery
- Food Safety
- Health and Safety
- Licensing
- Environmental Management
- Flood and Water Management
- Emergency Planning
- Planning Technical Support

Management Team representative for Planning Committee

Martin Chisholm
Assistant Director
Operations and Commercial

- Car Parking
- Town Centre/Markets
- CCTV
- Crematorium
- Resort Services
- Events
- Refuse and Recycling
- Public Open Space (Streets and Grounds)

Management Team representative for Environment and Community Panel

David Ousby
Assistant Director
Programme and Project Delivery

- Major Housing Project
- Major Contracts Advice
- Procurement Team
- West Norfolk Property Ltd
- West Norfolk Housing Ltd

Management Team representative for West Norfolk Housing and West Norfolk Property

Honor Howell

Assistant to the Chief Executive

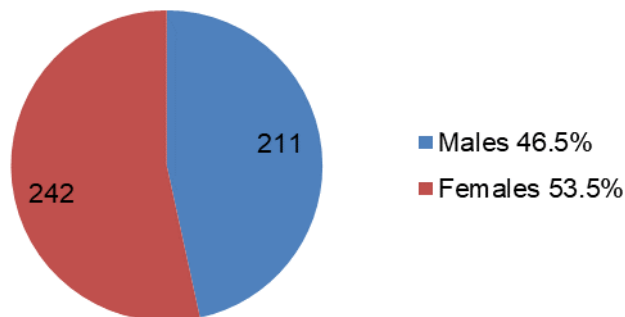
- Corporate Business Plan
- Performance and Efficiency (including Performance Indicators)
- Annual Governance Statement
- Corporate Complaints

Client for the wholly owned council companies and for the legal service

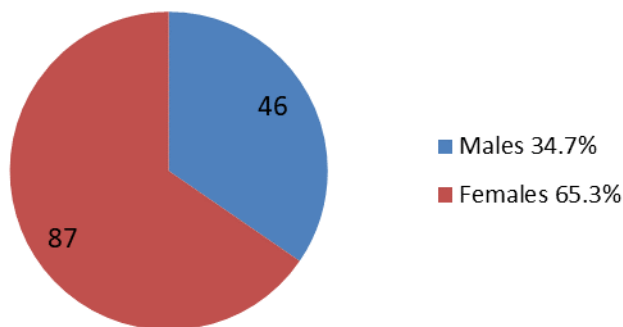
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Narrative Statement

The Council's permanent establishment is currently 479 posts of which 352 are full time and 217 are part time, giving an establishment FTE of 446.71. As at 31st March 2021 the headcount (ie number of people in post) is 453.



In addition, the Council's wholly owned local Council leisure company, Alive West Norfolk Ltd had a permanent establishment of 141 of which 79 are full time and 62 are part time, giving an establishment FTE of 111.18. As at 31st March 2021 the headcount (ie number of people in post) is 133.



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.

Narrative Statement

The final update on the corporate business plan ending in 2019/20 was provided to Corporate Performance Panel on 21 July 2021.

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 were finalised during Autumn 2020. Progress is reported to the Corporate Performance Panel.

The plan is summarised on the next page.

Narrative Statement

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			

Narrative Statement

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 2021 Monitoring of £16,338,760 and a transfer of £1,257,540 from its General Fund balance, to give a Budget Requirement of £17,596,300.

The outturn position for the year shows expenditure of £17,414,029 supported by a transfer of £1,386,529 from the General Fund Balance thereby meeting the Budget Requirement of £16,330,894. The budget approved by Council in February 2020 included a contribution of £3,570,000 towards the upfront pension fund cost where the council would have benefitted from some savings over the 3-year term. However, due to the financial uncertainty of the Covid pandemic on the council's finances, it was decided to revert to annual pension payments. The movement of the General Fund balance is detailed below. The outturn position is incorporated within the Comprehensive Income and Expenditure Statement, surplus on provision of services.

	Original Budget 2020/21	Revised Budget February 2020/21	Actual Outturn 2020/21
	£'000	£'000	£'000
Balance brought forward	(10,082)	(10,082)	(10,082)
Expenditure in the year	22,169	17,596	17,414
Budget Requirement	18,249	16,339	16,331
Contribution (to)/from Balances for Pension	3,570		
(Surplus)/ deficit for year	350	1,257	1,083
Balance carried forward	(6,162)	(8,825)	(8,999)
Adjustments required after reporting the outturn to Cabinet			304
Balance carried forward			(8,695)

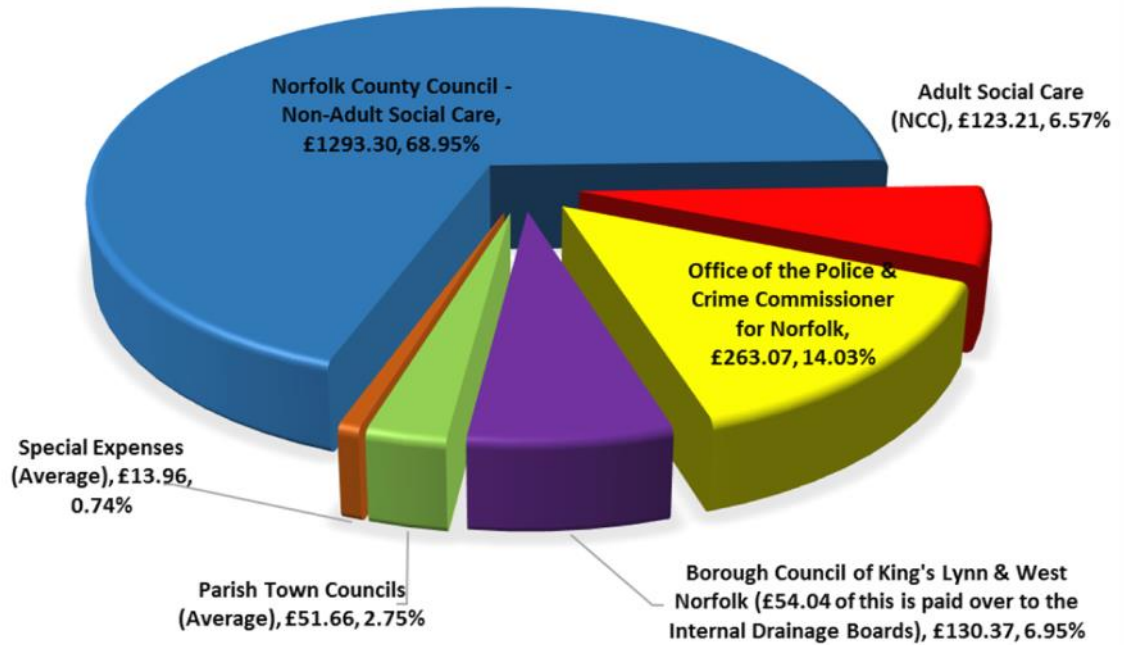
The revenue outturn for 2020/21 is detailed below. The Revenue Outturn was reported to Cabinet on 21 September 2021.

Narrative Statement

Revenue Outturn	Revised Estimate	Actual Outturn	(Surplus) / Deficit
	2020/21	2020/21	2020/21
	£	£	£
Service Areas			
Central Services	2,574,130	2,492,388	(81,742)
Community and Partnerships	1,138,630	1,467,021	328,391
Environment and Planning	1,550,500	1,222,048	(328,452)
Operations and Commercial	1,662,360	215,180	(1,447,180)
Programme and Projects Delivery	252,090	283,906	31,816
Property and Projects	(1,400,220)	(1,451,864)	(51,644)
Regeneration Housing & Place	665,680	397,038	(268,642)
Resources	6,036,790	6,172,551	135,761
Chief Executive	303,350	275,207	(28,143)
Culture and Leisure	1,588,610	1,436,066	(152,544)
Service Area Totals	14,371,920	12,509,541	(1,862,379)
Financing Adjustment	384,250	373,976	(10,274)
Internal Drainage Boards	2,819,160	2,819,158	(2)
Council Tax Support to Parishes	20,970	21,111	141
Subtotal	17,596,300	15,723,786	(1,872,514)
Reimbursement of lump sum Pension Payment	0	0	0
Pension Payment due 2020/2021	0	0	0
Contribution to/(from) Balances for Pension	0	0	0
Additional transfers to Reserves	0	1,690,243	1,690,243
Contribution to / (from) Balances	(1,257,540)	(1,083,135)	174,405
Borough spend for 2020/2021	16,338,760	16,330,894	(7,866)

The Borough Council element of the full council tax bill in 2020/2021 for a Band D property is £130.37 out of a total of £1,875.58 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 2020/2021 the Borough Council's charge forms a very small part of the bill (6.95%) collected from every council taxpayer.

BREAKDOWN OF AN AVERAGE BAND D COUNCIL TAX BILL OF £1875.58 FOR 2020/2021



Narrative Statement

Our Key achievements during 2020/2021 include:

Our programme of work for 2020/21 was overshadowed by the worldwide Coronavirus pandemic. This authority played a vital role in communicating information to those living, working and trading in West Norfolk. It was also pivotal in allocating over £70m of government funding to local businesses, providing support and assistance to the most vulnerable in our communities and those needing to isolate including publicity of the vaccination programme.



We provided venues for mass vaccination centres and ensuring that businesses had the help they needed to trade safely. In addition, we supported our NHS colleagues with activities for their children to enable them to continue to work at a crucial time.

We continued to provide our weekly waste collections throughout the pandemic, and signed a new, more environmentally friendly, waste contract to start from 2021.



Narrative Statement



The new Alive Cinema at the Corn Exchange opened in September 2020. The King's Lynn Corn Exchange also opened as the second large-scale vaccination centre in Norfolk.



We enabled people to mark VE and VJ, and Remembrance Sunday by creating online events and activities.

The pontoons in King's Lynn were extended as part of our Sail the Wash project. Works commenced in August 2020 and were completed during 2020/21. Sail the Wash, which received Coastal Communities funding of £679,000 in March 2019, is designed to enhance existing and create more opportunities for leisure craft wanting to visit The Wash area and surrounding waterways. The project is being led by the Borough Council of King's Lynn & West Norfolk, in partnership with Fenland District Council and Lincolnshire County Council.



Narrative Statement



The council secured £750k from the Government's Town Deal Accelerated Fund, enabling work to begin on the School of Nursing (£597k) of which £562k was spent in 2020/21 on orders for specialist equipment. A further £153k of the additional Town Deal Accelerated Fund has been committed to a public realm project on the high street.



Lynnsport 3, known as Cowper Place, a 54 home development comprised of 2 and 3 bedroom houses is now fully complete with all properties either sold or rented through West Norfolk Property Ltd. Lynnsport 4 and 5 a 89 home development comprising 2, 3 and 4 bedroom houses also completed during 2020/21. Sales from 53 houses across all sites sold for a total of £10.4m in 2020/21, including land sales of £1.25m.

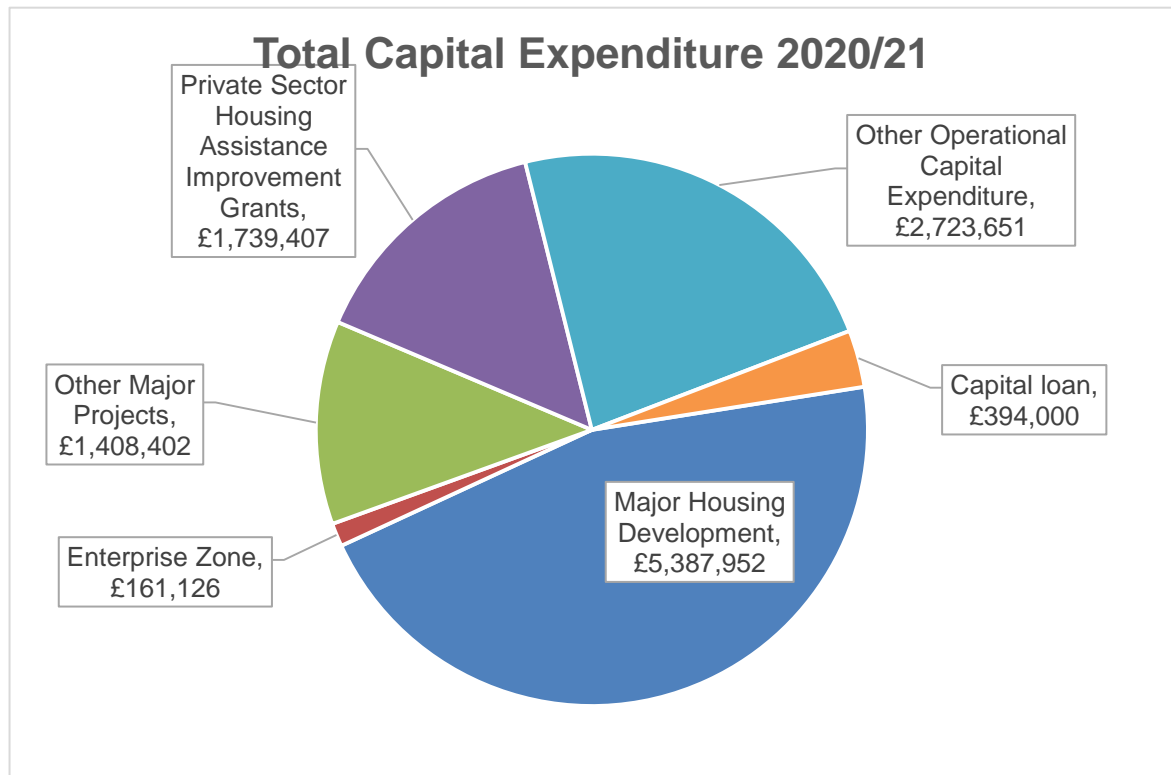
Financial Performance – Capital

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

Narrative Statement

During the year the Council spent £11.8m 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:

Narrative Statement

	Budget 2020/2021	Outturn 2020/2021	Rephasing (to)/from 2021/2022	Variance (Under) /Over
	£	£	£	£
Capital Programme				
Major Projects	11,590,610	6,957,479	(4,798,810)	165,679
Operational Projects:				
Community and Partnerships	2,343,120	1,825,611	(434,810)	(82,699)
Resources (S151 Officer)	465,680	237,466	(314,250)	86,036
Regeneration	21,350	35,160	0	13,810
Property and Projects	42,000	40,695	0	(1,305)
Operational and Commercial Services	987,990	429,485	(699,500)	140,995
Alive West Norfolk	68,860	121,139	0	52,279
Capital Loans	0	394,000	0	394,000
	3,929,000	3,083,556	(1,448,560)	603,116
Capital Programme Outturn	15,519,610	10,041,035	(6,247,370)	768,795
Exempt Corporate Schemes	5,122,840	1,773,503	(3,349,340)	3
	Budget 2020/2021	Outturn 2020/2021	Rephasing (to)/from 2021/2022	Variance (Under) /Over
	£	£	£	£
Capital Programme				
Major Projects	11,590,610	6,957,479	(4,798,810)	165,679
Operational Projects:				
Community and Partnerships	2,343,120	1,825,611	(434,810)	(82,699)
Resources (S151 Officer)	465,680	237,466	(314,250)	86,036
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Exempt Corporate Schemes	5,122,840	1,773,503	(3,349,340)	3

King's Lynn Innovation Centre (KLIC)



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

The Council now owns the freehold asset of the KLIC building following transfer of the building due to a default by NWES on the original loan repayment. At the time of transfer, the unencumbered freehold interest was valued by Savills at £2,380,000 which was subsequently recorded within the Statement of Accounts for the borough council. The KLIC building value did not cover the total amount of the loans (plus interest and costs) owed to the council which left NWES with outstanding debt owed to the council. Following discussions with NWES, it became 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 meant the Council had no way to secure the outstanding loan amounts against any assets “owned” by NWES. Therefore, 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 2021 including interest is £803,563. The overall debt owed by NWES to the council is being dealt with through a ‘Settlement Agreement’. 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

Narrative Statement

In February 2021 the Council set out a Financial Plan for 2020/2025. This again reflected the significant and continuing 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, originally expected in 2020/2021, is now planned by Government to be implemented for 2022/2023 alongside the Fair Funding review. The Financial Plan for 2019/2024 was approved by Council on 27 February 2020.

The Financial Plan 2020/2025 showed that the Council could present a funded budget for each year of the medium-term financial plan with a contribution from General Fund balances. This contribution from General Fund Balances was set to increase sharply from 2022/2023. The plan still highlighted significant uncertainty from March 2022 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 2020 that these reforms would be postponed again confirming a one-year financial settlement for the council.

Since the budget was approved, the council has remained in uncertain times as recovery from the pandemic (Covid-19) takes shape during 2021/2022. When lockdown was announced in March 2020, many businesses were forced to close which had a significant impact on the local economy. The lasting effects on the local economy, the council, its residents and businesses are still uncertain. 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. Additional costs were around £2.6m and loss of income has been around £3.5m. During 2020/2021 the council was impacted by 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 also incurred additional expenditure to provide temporary accommodation and support to rough sleepers, support for our communities and businesses. There is also a possible medium-term impact from an increase in demand for housing benefit and other support as a result of an increase in unemployment. The aftermath of this pandemic will create issues and risks for several years of which many of these are unknown.

The Council's Financial Plan had been based on assumptions for continuing growth in the local economy as well as a cost reduction and income generating (savings) plan. As a result of the pandemic these targets could not be achieved and it therefore remains the case that there continues to be pressure on the council's financial position for 2022/2023 onwards.

The Council continues to participate in providing updates to Central Government in respect of the lasting financial impact to local authorities of the pandemic and accessing emergency financial support packages. To date the council has received £3.8m in emergency Covid-19 funding and is £2.35m from the Sales, Fees and Charges Scheme which reimbursed councils for loss of income of 75p in £1 after allowing for a 5% loss. 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 recognise the long-term impact of the pandemic and refresh our Medium Term Financial Plan.

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

Narrative Statement

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. 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. 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 capital receipts received in 2020/2021 from the sales of the new properties at Nar Valley have funded expenditure incurred in 2020/2021 and repaid in part temporary internal borrowing from prior years.

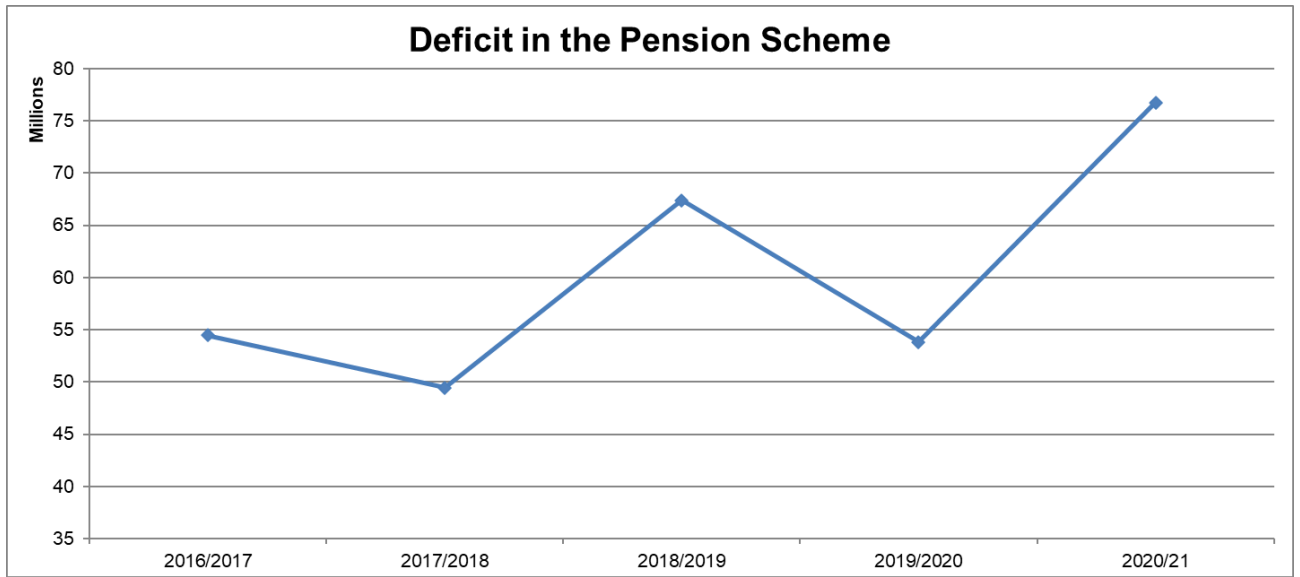
Fixed term external borrowing may be taken and drawn down as expenditure is required and rates are favourable. External borrowing will be sourced through market loans or PWLB depending on the most favourable rates.

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 2020/2021 and the estimated assets and liabilities of the scheme as at 31 March 2021. The pension fund deficit shown in the balance sheet as at 31 March 2021 stands at £76.7million. 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.

Narrative Statement



**CORE FINANCIAL STATEMENTS
BOROUGH COUNCIL KING'S LYNN
AND WEST NORFOLK
2020/2021**

CORE FINANCIAL STATEMENTS

Movement in Reserves Statement (MIRS)

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.

2020/21	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2020		(10,082)	(22,124)	(6,153)	(392)	(38,751)	(110,880)	(149,631)
(Surplus) on Provision of Services	CIES	(5,967)	0	0	0	(5,967)	0	(5,967)
Other Comprehensive (Income)/(Expenditure)	CIES		0	0	0		19,327	19,327
Total Comprehensive income and expenditure	CIES	(5,967)	0	0	0	(5,967)	19,327	13,360
Adjustments between accounting basis, and funding basis under regulations	7	(7,608)		(6,718)	0	(14,326)	14,326	0
Transfer to/from Earmarked Reserves		14,961	(13,988)			973	(973)	0
Total Increase\decrease) during the year		1,386	(13,988)	(6,718)	0	(19,320)	32,680	13,360
Balance as at 31 March 2021		(8,696)	(36,112)	(12,871)	(392)	(58,071)	(78,200)	(136,271)

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.

CORE FINANCIAL STATEMENTS

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 2019/20

2019/20	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2019		(7,610)	(25,476)	(5,409)	(839)	(39,334)	(84,796)	(124,130)
Deficit on Provision of Services	CIES	12,224	0	0	0	12,224	0	12,224
Other Comprehensive Income	CIES	0	0	0	0		(37,725)	(37,725)
Total Comprehensive income and expenditure	CIES	12,224	0	0	0	12,224	(37,725)	(25,501)
Adjustments between accounting basis, and funding basis under regulations	7	(11,344)		(744)	447	(11,641)	11,641	0
Transfer to/from Earmarked Reserves		(3,352)	3,352			0	0	0
Total Increase/(decrease) during the year		(2,472)	3,352	(744)	447	583	(26,084)	(25,501)
Balance as at 31 March 2020		(10,082)	(22,124)	(6,153)	(392)	(38,751)	(110,880)	(149,631)

CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES)

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.

2019/20 (Restated)					2020/21		
Gross Spend	Gross Income	Net Spend			Gross Spend	Gross Income	Net Spend
£'000	£'000	£'000		Note	£'000	£'000	£'000
			Services				
4,077	(329)	3,748	Central Services		3,121	(1,107)	2,014
3,831	(2,051)	1,780	Community and Partnerships		3,444	(1,615)	1,829
4,187	(2,568)	1,619	Environment and Planning		2,777	(2,291)	486
16,210	(14,061)	2,149	Operations and Commercial		10,911	(9,967)	944
275	(20)	255	Programme and Projects Delivery		309	0	309
1,974	(1,378)	596	Property and Projects		555	(372)	183
6,872	(1,884)	4,988	Regeneration Housing & Place		1,205	(496)	709
41,652	(33,661)	7,991	Resources		41,726	(34,778)	6,948
374	(14)	360	Chief Executive		286	(7)	279
4,071	(641)	3,430	Culture and Leisure		3,816	(208)	3,608
83,523	(56,607)	26,916	Cost of Services		68,150	(50,841)	17,309
		11,204	Other Operating (Income)	9			2,109
		188	Financing and Investment (Income)	10			(2,524)
		(26,084)	Taxation and Non-Specific Grant Income	11			(22,861)
		12,224	(Surplus)/Deficit on Provision of Services				(5,967)
		(18,027)	(Surplus) on Revaluation of PPE				(1,196)
		(19,698)	Re-measurement of the net defined benefit liability	20			20,523
		(37,725)	Other Comprehensive (Income)				19,327
		(25,501)	Total Comprehensive (Income)/Expenditure				13,360

CORE FINANCIAL STATEMENTS

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'.

2020			2021
£'000			£'000
145,095	Property, Plant and Equipment	27	148,503
17,975	Heritage Assets	26	17,975
28,126	Investment Property	24	30,360
1,200	Intangible Assets	25	989
3,735	Long Term Receivables	31	4,842
196,131	Total Long term Assets		202,669
8,197	Short Term Investments	36	16,038
80	Inventories		134
9,650	Short Term Receivables	36	18,402
11,990	Cash and Cash Equivalents	14	24,068
9,754	Assets Held for Sale	29	2,770
39,671	Total Current Assets		61,412
(1,360)	Provisions	34	(944)
(6,127)	Short Term Borrowing	36	0
(14,621)	Short Term Payables	32	(39,883)
(22,108)	Total Current Liabilities		(40,827)
(13)	Grants Receipts in Advance	35	(13)
(10,000)	Long Term Borrowing	36	(10,000)
(236)	Other Long Term Liabilities		(224)
(53,814)	Pension Liabilities	20	(76,747)
(64,063)	Total Long Term Liabilities		(86,984)
149,631	Net Assets		136,270
	Reserves		
(38,751)	Usable Reserves	MIRS	(58,070)
(110,880)	Unusable Reserves	13	(78,200)
(149,631)	Total Reserves		(136,270)

Notes to Core Financial Statements

I certify that the draft statement of accounts gives a true and fair view of the financial position of the Council as at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Michelle Drewery

Assistant Director - Resources (S151 Officer)

(5th November 2021)

Notes to Core Financial Statements

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.

2019/20			2020/21
£'000		Note	£'000
(12,344)	Net surplus \ (deficit) on the provision of services	CIES	5,967
42,092	Adjustments to net surplus or deficit on the provision of services for non cash movements	39	31,827
(22,786)	Adjustments for items that are outflows in provision of services from investing and financing activities	39	(18,722)
6,962	Net cash inflows from Operating Activities		19,072
(554)	Investing Activities outflows	40	(3,248)
86	Financing Activities outflows	41	(3,746)
6,494	Net increase in cash and cash equivalents		12,078
5,496	Cash and Cash equivalents at the beginning of the reporting period		11,990
11,990	Cash and Cash equivalents at the end of the reporting period	14	24,068

Notes to Core Financial Statements

1 Expenditure and Funding Analysis (EFA)

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.

2019/20				2020/21		
Net Expenditure Charged to General Fund	Adjustment between Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Charged to General Fund	Adjustment between Funding and Accounting Basis	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
			Services			
3,380	368	3,748	Central Services	1,848	166	2,014
730	1,050	1,780	Community and Partnerships	1,561	268	1,829
100	1,519	1,619	Environment and Planning	316	170	486
(651)	2,800	2,149	Operations and Commercial	293	651	944
201	54	255	Programme and Projects Delivery	287	22	309
(102)	698	596	Property and Projects	39	144	183
(792)	5,780	4,988	Regeneration Housing & Place	247	462	709
9,651	(1,660)	7,991	Resources	6,335	613	6,948
349	11	360	Chief Executive	276	3	279
1,796	1,634	3,430	Culture and Leisure	2,206	1,402	3,608
14,662	12,254	26,916	Cost of Services	13,408	3,901	17,309
(17,134)	2,442	(14,692)	Other Income and Expenditure	(26,983)	3,707	(23,276)
(2,472)	14,696	12,224	(Surplus)/Deficit on Provision of Services	(13,575)	7,608	(5,967)
(7,610)			Opening General Fund Balance as at 1 April 2020	(10,082)		(10,082)
(2,472)			(Surplus)/Deficit on General Fund in year	(13,575)		
			Transfer to Earmarked Reserves	14,961		
(10,082)			Closing General Fund Balance as at 31 March 2021	(8,696)		

Notes to Core Financial Statements

1a Note to the Expenditure and Funding Analysis

The note below provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CIES).

2020/21	Adjustment for capital purposes	Net Change for the pension adjustment	Transfer to/(from) Earmarked Reserves	Adjustment for Investment Properties	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
2020/21 Services						
Central Services	8	158	0	0	0	166
Community and Partnerships	94	174	0	0	0	268
Environment and Planning	(37)	207	0	0	0	170
Operations and Commercial	313	338	0	0	0	651
Programme and Projects Delivery	0	22	0	0	0	22
Property and Projects	86	61	(3)	0	0	144
Regeneration Housing & Place	434	28	0	0	0	462
Resources	396	169	0	0	48	613
Chief Executive	0	3	0	0	0	3
Culture and Leisure	1,401	0	0	0	1	1,402
Net Cost of Services	2,695	1,160	(3)	0	49	3,901
Other Income and Expenditure	(6,001)	1,250			8,458	3,707
Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES	(3,306)	2,410	(3)	0	8,507	7,608

Notes to Core Financial Statements

2019/20	Adjustment for capital purposes	Net Change for the pension adjustment	Transfer to/(from) Earmarked Reserves	Adjustment for Investment Properties	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
2019/20 Services						
Central Services	8	588	(228)	0	0	368
Community and Partnerships	59	587	404	0	0	1,050
Environment and Planning	15	716	788	0	0	1,519
Operations and Commercial	1,408	1,157	235	0	0	2,800
Programme and Projects Delivery	0	54	0	0	0	54
Property and Projects	455	205	38	0	0	698
Regeneration Housing & Place	5,373	106	301	0	0	5,780
Resources	3,039	1,203	(5,769)	0	(133)	(1,660)
Chief Executive	0	11	0	0	0	11
Culture and Leisure	1,565	49	20	0	0	1,634
Net Cost of Services	11,922	4,676	(4,211)	0	(133)	12,254
Other Income and Expenditure	905	1,079	858	0	(400)	2,442
Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES	12,827	5,755	(3,353)	0	(533)	14,696

Notes to Core Financial Statements

1b Expenditure and Income Analysed by Nature

The Council's expenditure and income incurred in the provision of services as shown in the Comprehensive Income and Expenditure Statement is analysed as follows:

2019/20		2020/21
£'000	Nature of Income or Expenditure	£'000
(21,041)	Fees, Charges & Other Service Income	(19,911)
(549)	Interest and Investment Income	(266)
(6,755)	Income from Council Tax	(6,777)
(21,844)	Income from Retained Business Rates	(12,766)
(44,245)	Government Grants and Contributions	(60,157)
(94,434)	Total Income	(99,877)
20,904	Employee Expenses	19,556
49,990	Other Service Expenses	58,733
12,511	Business Rates Tariff and Levy	13,590
(1,411)	Support Service Recharges	(929)
8,802	Depreciation, Amortisation and Impairment	5,852
5,570	Interest Payments	2,406
6,025	Precepts & Levies	(3,390)
(848)	Net (Gains) and Losses on Fair Value Adjustments on Investment Property	(2,208)
5,115	(Gains) / Losses on Disposal of Non-Current Assets	300
106,658	Total Expenditure	93,910
12,224	(Surplus) / Deficit on the Provision of Services	(5,967)

2 Restatements – Prior Period Adjustments

There are no prior period adjustments within the Statement of Accounts for 2020/21.

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,

Notes to Core Financial Statements

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 5 November 2021. 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 2021, 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 2021.

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

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.

Notes to Core Financial Statements

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.	The net book value of the Council's property, plant and equipment assets is £154.2m as at 31 March 2021. Of this, (tbc) 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 (tbc) 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 (tbc) and the value of the asset decrease.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate would increase employer liability by 10% and cost £24.4 million; a 0.5% increase in the salary increase rate would lead to an increase of 2% in employer liability and cost £2.8 million and a 0.5% increase in the pension increase rate would increase employer liability by 8% and cost £21.0 million.

Notes to Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2021, the Council had a balance of sundry receivables of £6,706k (£3,860k 31 March 2020). A review of significant balances suggested that an allowance for doubtful debts of 30% £2,012k (£1,740k 2019/2020) was appropriate. The allowance in doubtful debts is currently retained at £1,958k which represents 29% of the balance as at 31 March 2021.	<p>2020/21 was an exceptional year due to the Covid19 pandemic. The balance of sundry receivables is higher due to the Council temporarily pausing activity on chasing debt during the year. From 2021/22, debt recovery has resumed.</p> <p>The actual level of provision is £54k 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 £184k.</p>
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 2021. 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 2021 .	If the average success rate of NNDR appeals was to increase by 1% the Council would have to increase its NNDR appeals provision by an immaterial sum.

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

Notes to Core Financial Statements

7 MIRS – 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.

2019/20						2020/21			
General Fund	Capital Receipts	Capital Grants	Unsuable Reserves		Note	General Fund	Capital Receipts	Capital Grants	Unsuable Reserves
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
				Adjustments primarily involving the Capital Adjustment Account:					
				Reversal of items debited or credited to the CIES:					
(8,607)			8,607	Charges for Depreciation and Impairment of Non-Current Assets	13b	(3,225)			3,225
848			(848)	Movements in the Market Value of Investment Properties		2,208			(2,208)
20			(20)	Reverse Impairments in the year from Revaluation Increase	13b	629			(629)
(183)			183	Amortisation of Intangible Assets	13b	(334)			334
(2,499)			2,499	Revenue Expenditure Funded from Capital under Statute	13b	(2,294)			2,294
(26,882)			26,882	Amounts of Non-current Assets written off on disposal or sale		(13,861)			13,861
(54)			54	Soft Loans – Adjustments		0			0
2,948			(2,948)	Capital Grants and Contributions Applied		0			0
				Insertion of items not Debited/(Credited) to the CIES					
345			(345)	Statutory Provision for the Financing of Capital Investment	13b	374			(374)
864			(864)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	13b	1,074			(1,074)
6,729			(6,729)	Capital Expenditure charged against the General Fund		0			0
11			(11)	Principal repayment of finance Leases where the Council is the lessee	13b	11			(11)

Notes to Core Financial Statements

General Fund	Capital Receipts	Capital Grants	Unsuable Reserves		Note	General Fund	Capital Receipts	Capital Grants	Unsuable Reserves
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
				Adjustments primarily involving the Capital Grants Unapplied Account:					
60		(60)		Capital grants and contributions unapplied credited to the CIES	13b	5,164			(5,164)
		507	(507)	Application of grants to capital financing transferred to the CAA				0	0
				Adjustments primarily involving the Capital Receipts Reserve:					
21,672	(21,672)			Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES		13,558	(13,558)		
	20,965		(20,965)	Capital Receipts applied	13b		6,840		(6,840)
37	(37)			Transfer (from)/to the Deferred Capital Receipts upon receipt of cash					
				Adjustments Involving the Financial Instruments Adjustment Account:					
98			(98)	Amount by which Finance Costs Charged to the CIES are different from Finance Costs Chargeable in the Year (in accordance with statutory requirements)	13c	66			(66)
				Adjustments primarily involving the Pensions Reserve:					
(8,485)			8,485	Reversal of items relating to retirement benefits debited or credited to the CIES	13d	(6,578)			6,578
2,364			(2,364)	Employer's pensions contributions and direct payments to pensioners payable in the year	13d	4,168			(4,168)
				Adjustments primarily involving the Collection Fund Adjustments Accounts:					
(556)			556	Amount by which council tax & business rates income credited to the CIES is different from statutory requirements	13e	(8,523)			8,523
				Adjustments primarily involving the Accumulated Absences Accounts:					
(74)			74	Amount by which officer remuneration charged to the CIES on an accruals basis is different from statutory requirements.	13f	(45)			45
(11,344)	(744)	447	11,641			(7,608)	(6,718)	-	14,326

Notes to Core Financial Statements

8 MIRS – 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 2020/2021.

	Balance as at 31 March 2019	Transfer Out 2019/20	Transfer In 2019/20	Balance as at 31 March 2020	Transfer Out 2020/21	Transfer In 2020/21	Balance as at 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Amenity Areas Reserve	(261)	0	(2)	(263)	0	(2)	(265)
Capital Programme Resources Reserve	(10,713)	7,731	(3,458)	(6,440)	354	(523)	(6,609)
West Norfolk Partnership	(1,002)	110	0	(892)	0	5	(887)
Insurance Reserve	(202)	7	(10)	(205)	0	(11)	(216)
Restructuring Reserve	(478)	144	0	(334)	0	0	(334)
Repairs and Renewals Reserve	(1,053)	338	(147)	(862)	4	(179)	(1,037)
Holding Accounts	(2,599)	530	(60)	(2,129)	529	(53)	(1,653)
Ring Fenced Reserve	(1,676)	317	(1,039)	(2,398)	319	(1,029)	(3,108)
Planning Reserve	(407)	233	(220)	(394)	22	(124)	(496)
Grants Reserves	(2,951)	317	(546)	(3,180)	2,848	(4,227)	(4,559)
Collection Fund Adjustments	(3,697)	46	(872)	(4,523)	80	(10,722)	(15,166)
Climate Change Strategy	0	0	0	0	0	(1,000)	(1,000)
Project / Other Reserves	(435)	119	(186)	(502)	0	(280)	(782)
Total	(25,474)	9,892	(6,540)	(22,122)	4,156	(18,145)	(36,112)

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.

Notes to Core Financial Statements

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.

Notes to Core Financial Statements

9 CIES – Other Operating Expenditure

2019/20		2020/21
£'000		£'000
3,271	Parish Council Precepts	2,109
2,754	Levies	0
0	Payments to the Government Housing Capital Receipts Pool	0
5,179	Net (Gains) on the Disposal of Non-current Assets	0
11,204		2,109

10 CIES – Financing and Investment Income and Expenditure

2019/20		2020/21
£'000		£'000
451	Interest Payable and similar charges	397
1,674	Net Interest on the net defined Benefit Liability (Asset)	1,250
(549)	Interest (Receivable) and similar income	(266)
(848)	Net (Gains) and Losses on Fair Value Adjustments on Investment Properties	(2,579)
(540)	Net (Income) from Investment Properties)	(1,326)
188		(2,524)

11 CIES – Taxation and Non-Specific Grant Income and Expenditure

2019/20		2020/21
£'000		£'000
(9,797)	Council Tax (Income)	(6,720)
(12,212)	Non-domestic Rates (Income and Expenditure)	(10,768)
(1,020)	Non-ringfenced Government Grants (Income)	(462)
(3,054)	Government Grants and Contributions	(4,911)
(26,083)		(22,861)

12 CIES – Material Item of Income and Expenditure 2020/21

In 2020/2021 an increase in the defined benefits Pension obligation of £55,393k and an increase in the fair value of Assets of £32,460K has resulted in an increased in the authority's Pensions liabilities of £22,933k. Therefore, the net pension liability at 31 March 2021 is £76,747k (£53,814k 2019/20)

In 2020/2021 the council received £29,660k from the Department of Works and Pensions towards the cost of Housing Benefits payments. During the same period, the council spent £30,932k on Housing Benefits payments.

13 Balance Sheet – Unusable Reserves

Usable Reserves

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

Unusable Reserves

2019/20		2020/21
£'000		£'000
(83,714)	Revaluation Reserve	(78,754)
(80,842)	Capital Adjustment Account	(84,560)
230	Financial Instruments Adjustment Account	164
53,814	Pensions Reserve	76,747
(581)	Collection Fund Adjustment Account	7,942
213	Accumulating Compensated Absences Adjustment Account	262
(110,880)		(78,199)

13a 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

Notes to Core Financial Statements

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.

2019/20		2020/21
£'000		£'000
(68,840)	Balance at 1 April	(83,714)
(18,027)	In Year surplus on revaluation of non-current assets	(1,196)
1,267	Difference between Fair Value Depreciation and Historical Cost Depreciation	870
1,886	Accumulated Gains on non-current assets disposed	5,286
(83,714)		(78,754)

13b 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.

Notes to Core Financial Statements

2019/20		2020/21
£'000		£'000
(82,684)	Balance at 1 April	(80,842)
	Reversal of items debited or credited to CIES	
3,399	Depreciation, impairment and amortisation	3,225
5,208	Impairment/Revaluation charged to CIES	(629)
183	Amortisation of intangible assets	334
(848)	Movement in market value of Investment Properties	(2,208)
2,499	Revenue expenditure funded from capital under statute	2,294
26,824	Non-current assets written out on disposal - Assets held for Sale	7,768
58	Non-current assets written out on disposal - PPE	6,092
54	Soft Loans - Principal repaid	181
	Transfers between revenue and capital resources	
(345)	Minimum Revenue Provision	(374)
(11)	Principal repayment of Finance Leases where the Council is the Lessee	(11)
(864)	Additional provision relating to internal repayment of prudential borrowing	(1,074)
	Capital Financing applied in year	
(20,965)	Use of Capital Receipts Reserve to finance new capital expenditure	(7,021)
(507)	Capital grants and contributions credited to the CIES that have been applied to Capital Financing	0
(2,941)	Application of grants to capital financing from Capital Grants Unapplied Account	(5,164)
(6,729)	Capital expenditure charged against Earmarked Reserves	(974)
	Other adjustments	
(20)	Reverse impairments in year from Revaluation Reserve	(2)
(3,153)	Adjusting amounts written off from the Revaluation Reserve	(6,155)
(80,842)		(84,560)

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

13c 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

Notes to Core Financial Statements

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.

2019/20		2020/21
£'000		£'000
327	Balance at 1 April	230
(97)	In year fair value adjustment of private sector housing loans	(66)
230		164

13d 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.

2019/20		2020/21
£'000		£'000
67,398	Balance at 1 April	53,814
(19,705)	Actuarial (Gains)/Losses on Pensions Assets and Liabilities	20,523
8,485	Reversal of items relating to Retirement Benefits on the Provision of Services in the CIES	6,578
(2,364)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(4,168)
53,814		76,747

Notes to Core Financial Statements

13e 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.

2019/20		2020/21
£'000		£'000
	Council Tax	
(345)	Balance at 1 April	(114)
231	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	495
(114)	Balance at 31 March	381
	Non-Domestic Rates	
(793)	Balance at 1 April	(467)
326	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	8,028
(467)		7,561
(581)	Total	7,942

13f 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.

2019/20		2020/21
£'000		£'000
139	Balance at 1 April	213
(139)	Settlement or cancellation of accrual made at the end of the preceding year	(213)
213	Amounts accrued at the end of the current year	262
213		262

Notes to Core Financial Statements

14 Cash and Cash Equivalents

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

2019/20		2020/21
£'000		£'000
9	Cash held by Officers	8
1,226	Bank Current Accounts	7,823
10,755	Short Term Deposits	16,237
11,990	Cash and Cash equivalents at the end of the reporting period	24,068

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.

2019/20		2020/21
£'000	Charge for Services	£'000
56	Grass Cutting Service	57
195	Care and Repair Service	141
836	Car Park Management Services	768
148	CCTV Services	86
1,235		1,052

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 2020/2021.

Notes to Core Financial Statements

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:

2019/20		2020/21
£'000		£'000
3,182	Expenditure	215
(4,417)	Receipts	(2,051)
(1,235)		(1,836)
2019/20		2020/21
£'000		£'000
3,182	Expenditure	215
(4,417)	Receipts	(2,051)
(1,235)		(1,836)

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

Notes to Core Financial Statements

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 2021.

17 Members' Allowances

The Council paid £440,000 in 2020/21 (£455,000 in 2019/20) in members' allowances to members of the Council during the year.

Notes to Core Financial Statements

18 Officers' Remuneration

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

	2020/21	Salary, Fees and Allowance	Taxable Expenses	Pension Contributio ns	Total
		£	£	£	£
Chief Executive		117,266	3,759	17,462	138,487
Executive Director		95,621	6,390	13,387	115,398
Executive Director		98,040	2,940	13,726	114,706
Executive Director*		5,485	848	1,716	8,049
Assistant Director Finance Services (Section 151 Officer)		74,313	1,239	10,404	85,956

* left in April 2020 – no replacement as part of agreed restructure arrangements.

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 £177,736 in 2020/21 (£120,179 in 2019/2020.)

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 £73,968. The hours worked in 2020/21 for this council were 919 hours resulting in the council's share of salary at £45,840.96. 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.

Notes to Core Financial Statements

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

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

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

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

**** Part year cost, commenced post 02/03/2020.

Notes to Core Financial Statements

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:

2019/20 Number of Employees	Remuneration band	2020/21 Number of Employees
9	£50,000-£54,999	8
7	£55,000-£59,999	4
4	£60,000-£64,999	2
2	£65,000-£69,999	1
4	£70,000-£74,999	3
1	£75,000-£79,999	3
1	£80,000-£84,999	0
1	£85,000-£89,999	0
29	Total of Employees	21

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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
							£000s	£000s
Up to £20,000	1	0	0	1	1	1	7	13
£20,001-£40,000	0	0	0	0	0	0	0	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	1	0	1	0	139	0
Total	1	0	1	1	2	1	146	13

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

Notes to Core Financial Statements

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 and Reserve positions at the end of 2019/20 and 2020/21.

2019/20		2020/21
£'000		£'000
	Gross Liabilities	
(213,843)	Opening balance as at 1 April	(189,459)
(5,165)	[I] Interest Cost	(4,360)
31,369	[II] Actuarial losses / (gains) from changes in financial assumptions	(50,534)
(6,811)	[III] Current Service Cost	(5,328)
(960)	[IV] Contributions by scheme participants	(1,002)
5,951	[IV] Benefits paid	5,616
0	[IV] Estimated unfunded benefits paid	215
(189,459)	Closing balance at 31 March	(244,852)

2019/20		2020/21
£'000		£'000
146,445	Opening fair value of scheme assets balance as at 1 April	135,645
3,491	[I] The return on plan assets (Excluding amount included in net interest expense)	3,110
(11,664)	[II] Actuarial losses / (gains) from changes in financial assumptions	30,011
2,134	[III] Contributions by the employer	3,953
230	[III] Contributions for unfunded (Discretionary benefits)	215
960	[IV] Contributions by employees into the scheme	1,002
(5,721)	[IV] Benefits paid	(5,616)
(230)	[IV] Unfunded (Discretionary benefits)	(215)
135,645	Closing Balance at 31 March	168,105
(53,814)	TOTAL NET LIABILITIES	(76,747)

Notes to Core Financial Statements

Net Movement		Net Movement
2019/20		2020/21
-		-
2,364	General Fund Charge - Employer Contributions	4,168
(4,447)	[III] Other items to net cost of services	(1,160)
(1,674)	[I] Interest cost minus return on plan assets to financing income & expenditure	(1,250)
(3,757)	Charge to Surplus/(Deficit) upon Provision of Services	1,758
19,705	[II] Actuarial Gains/(Losses) to other income & expenditure	(20,523)
15,948	(Charge)/Surplus to Comprehensive Income & Expenditure Account for the Year	(18,765)
(2,364)	Less General Fund Charge - Employer Contributions	(4,168)
13,584	TOTAL MOVEMENT IN PENSION RESERVE FAVOURABLE/ (UNFAVOURABLE)	(22,933)

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.

Notes to Core Financial Statements

Asset Category	Period Ended 31 March 2021			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Equity Securities:				
Consumer	0	0	0	0.0%
Manufacturing	0	0	0	0.0%
Energy and Utilities	0	0	0	0.0%
Financial Institutions	0	0	0	0.0%
Health and Care	0	0	0	0.0%
Information Technology	0	0	0	0.0%
Other	0	0	0	0.0%
Debt Securities:				
Corporate Bonds (investment grade)	0	0	0	0.0%
Corporate Bonds (Non-investment grade)	0	0	0	0.0%
UK Government	1,913	0	1,913	1.1%
Other	0	0	0	0.0%
Private Equity:				
All	0	10,666	10,666	6.3%
Real Estate:				
UK Property	0	13,368	13,368	8.0%
Overseas Property	0	3,400	3,400	2.0%
Investment Funds and Unit Trusts:				
Equities	74,916	0	74,916	44.6%
Bonds	49,907	0	49,907	29.7%
Hedge Funds	0	0	0	0.0%
Commodities	0	0	0	0.0%
Infrastructure	0	10,632	10,632	6.3%
Other	0	619	619	0.4%
Derivatives:				
Inflation	0	0	0	0.0%
Interest Rate	0	0	0	0.0%
Foreign Exchange	62	0	62	0.0%
Other	0	0	0	0.0%
Cash and Cash Equivalents:				
All	2,622	0	2,622	1.6%
Totals	129,421	38,684	168,105	100.0%

Notes to Core Financial Statements

Asset Category	Period Ended 31 March 2020			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000		£'000
Equity Securities:				
Consumer	5,027	0	5,027	3.7%
Manufacturing	3,986	0	3,986	2.9%
Energy and Utilities	1,215	0	1,215	0.9%
Financial Institutions	3,407	0	3,407	2.5%
Health and Care	3,149	0	3,149	2.3%
Information Technology	4,186	0	4,186	3.1%
Other	2	0	2	0.0%
Debt Securities:				
Corporate Bonds (investment grade)	0	0	0	0.0%
Corporate Bonds (Non-investment grade)	0	0	0	0.0%
UK Government	1,576	0	1,576	1.2%
Other	0	0	0	0.0%
Private Equity:				
All	0	8,163	8,163	6.0%
Real Estate:				
UK Property	0	11,672	11,672	8.6%
Overseas Property	0	2,673	2,673	2.0%
Investment Funds and Unit Trusts:				
Equities	39,205	0	39,205	28.9%
Bonds	44,198	0	44,198	32.6%
Hedge Funds	0	0	0	0.0%
Commodities	0	0	0	0.0%
Infrastructure	0	3,789	3,789	2.8%
Other	0	0	0	0.0%
Derivatives:				
Inflation	0	0	0	0.0%
Interest Rate	0	0	0	0.0%
Foreign Exchange	0	-190	-190	-0.1%
Other	0	0	0	0.0%
Cash and Cash Equivalents:				
All	0	3,588	3,588	2.6%
Totals	105,951	29,695	135,646	100.0%

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 2021.

Notes to Core Financial Statements

The principal assumptions used by the actuary have been:

2019/20	Local Government Pension Scheme	2020/21
	Mortality Assumptions:	
	Longevity at 65 for Current Pensioners:	
21.7yrs	Men	21.9yrs
23.9yrs	Women	24.3yrs
	Longevity at 65 for Future Pensioners:	
22.8yrs	Men	23.2yrs
25.5yrs	Women	26.2yrs
2.60%	Rate of increase in Salaries	3.55%
1.90%	Rate of increase in Pensions	2.85%
2.30%	Rate for discounting Scheme liabilities	2.00%

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	10.0%	18,148
0.5% Increase in Salary Increase Rate	1.0%	2,158
0.5% Increase in the Pension Increase Rate	8.0%	15,797

Notes to Core Financial Statements

Scheme History

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/21
Obligations:	£'000	£'000	£'000	£'000	£'000	£'000
Present Value of Defined Benefit	(158,661)	(188,079)	(190,516)	(213,843)	(189,459)	(244,852)
Fair Value of Assets in the Local Government Pensions Scheme	117,182	133,619	141,083	146,445	135,645	168,105
Deficit in the Scheme	(41,479)	(54,460)	(49,433)	(67,398)	(53,814)	(76,747)

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.

2019/20		2020/21
£'000		£'000
39	Fees payable with regard to External Audit Services carried out by the appointed auditor for the year.	39
0	Additional and other Audit fees charged during the year.	0
22	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	42
61	Total	81

Additional costs are expected for 2019/20 once the audit is concluded but are not currently known.

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 2020/2021 is shown in note 17. During 2020/2021, works and services to the value of £1,499,701 (£2,913,110 in 2019/2020) were commissioned from companies in which 13 Members and 3 officers (15 Members and 4 officers in 2019/2020) had an interest. Contracts were entered into in full compliance with the Council's standing orders. In

addition, grants totalling £1,571,151 (£779,944 in 2019/2020) were made to organisations in which 11 Members and 3 officers had an interest (15 Members and 3 officers in 2019/2020). 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 2020/2021 the transactions between the Council and Freebridge Community Housing was expenditure of £22,813 (£69,441 in 2019/2020) and income of £481,931 (£513,780 in 2019/2020).

West Norfolk Housing Company Ltd

West Norfolk Housing Company Ltd was set up by the Council and incorporated on 12th September 2016. During 2020/2021 the transactions between the Council and West Norfolk Housing Company Ltd was expenditure of £475,434 (£500,000 in 2019/20) and income of £317,457 (£9,693 in 2019/20).

The current year's transactions are detailed in the Group Accounts pages 116 to 125.

West Norfolk Property Ltd

West Norfolk Property Ltd was set up by the Council and incorporated on 12th April 2018. There were £54,321 in the financial year 2020/21 (£0 in 2019/20)

The current year's transactions are detailed in the Group Accounts pages 116 to 125.

Alive West Norfolk

Alive West Norfolk Ltd was set up by the Council and incorporated on 1st February 2019. During 2020/2021 the transactions between the Council and Alive West Norfolk was expenditure £879,418 (£0 in 2019/2020) and income of £92,766 (£59,180 in 2019/2020).

The current year's transactions are detailed in the Group Accounts pages 116 to 125.

Notes to Core Financial Statements

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:

2019/20		2020/21
£'000	Finance Lease - Council as a Lessee	£'000
3,338	Other Land and Buildings	3,338
3,338	Total	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:

2019/20		2020/21
£'000	Finance Lease (NPV)	£'000
	Finance Lease Liabilities (Net present value of minimum lease payments):	
2	Current	2
152	Non- Current	151
227	Finance Costs payable in future years	220
381		373

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

Minimum Lease Payments	Finance Lease Liabilities	Financial Costs		Minimum Lease Payments	Finance Lease Liabilities	Financial Costs
2019/20	2019/20	2019/20		2020/21	2020/21	2020/21
£'000	£'000	£'000		£'000	£'000	£'000
9	2	7	Not later than one year	9	2	7
34	7	27	Later than one year and not later than five years	34	8	26
337	143	194	Later than five years	328	141	187
380	152	228	Total	371	151	220

The Council has sub-let some of the accommodation held under these finance leases. At 31 March 2021 the minimum payments expected to be received under non-cancellable sub-leases was £53,738 (£109,438 at 31 March 2020).

Notes to Core Financial Statements

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.

2019/20		2020/21
£'000	Operating Lease Payments	£'000
102	Not later than one year	102
384	Later than one year and not later than five years	377
4,327	Later than five years	4,235
4,813	Total	4,714

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:

2019/20		2020/21
£'000	Minimum Lease Payments	£'000
1	Corporate and Democratic Services	0
10	Cultural and Related Services	12
91	Highways and Transport Services	146
102	Total	158

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 West Norfolk to fulfil contractual obligations with the Council. See Note 22 for more details.

2019/20		2020/21
£'000	Future minimum lease payments	£'000
2,112	Not later than one year	2,309
6,575	Later than one year and not later than five years	6,354
61,661	Later than five years	59,642
70,348	Total	68,305

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:

2019/20		2020/21
£'000		£'000
(1,664)	Rental Income from Investment Property	(1,768)
235	Direct Operating Expenses/(Income) Arising from Investment Property	235
(1,429)	Direct cost of Investment Properties	(1,533)
889	Other Net Operating Costs	207
(540)	Net (Gain)	(1,326)

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.

2019/20		2020/21
£'000		£'000
23,760	Balance at Start of the Year	28,126
-	- Net Gains / (Losses) on Revaluation	-
-	Write Out of Impairments on Revaluations	-
848	Net Gains / (Losses) from Movements in the Market Value of Investment Properties	28,126
3,759	Additions	26
-	Impairment /(Valuation)	2,208
-	- Disposals	-
-	- Derecognition	-
(241)	Reclassifications	-
28,126	Balance at Year End	30,360

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 – Level 2

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:

2020/21	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant un-observable inputs (level 3)	Fair Value as at 31/03/2021
	£'000	£'000	£'000	£'000
Recurring Fair Value Measurements Industrial Units	0	18,039	0	18,039
Commercial Units	0	9,477	0	9,477
Land	0	532	0	532
Other	0	78	0	78
Total	0	28,126	0	28,126

2019/20	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant un-observable inputs (level 3)	Fair Value as at 31/03/2021
	£'000	£'000	£'000	£'000
Recurring Fair Value Measurements Industrial Units	0	18,039	0	18,039
Commercial Units	0	9,477	0	9,477
Land	0	532	0	532
Other	0	78	0	78
Total	0	28,126	0	28,126

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.

Notes to Core Financial Statements

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 £334k charged to revenue in 2020/21 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 £6k charged to revenue for 2020/21 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:

	2020/21		
	Software Licenses	Housing Nomination Rights	Total
	£'000	£'000	£'000
Balances at start of the year			
Gross Carrying Amount	2,609	303	2,912
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,455)	(206)	(1,661)
Net Carrying Amount at Start of Year	1,103	97	1,200
Additions:			
Purchases	123	0	123
Amortisation for the Period	(328)	(6)	(334)
Net Carrying Amount at End of Year	898	91	989
Comprising:			
Gross Carrying Amounts	2,732	303	3,035
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,783)	(212)	(1,995)
	898	91	989

Notes to Core Financial Statements

	2019/2020		
	Software Licenses	Housing Nomination Rights	Total
	£'000	£'000	£'000
Balances at start of the year			
Gross Carrying Amount	1,756	303	2,059
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,278)	(200)	(1,478)
Net Carrying Amount at Start of Year	427	103	530
Additions:			
Purchases	853	0	853
Amortisation for the Period	(177)	(6)	(183)
Net Carrying Amount at End of Year	1,103	97	1,200
Comprising:			
Gross Carrying Amounts	2,609	303	2,912
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,455)	(206)	(1,661)
	1,103	97	1,200

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 2021	237	6,580	6,292	21	4,845	17,975
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

Net Book Value	Public Art Collections £'000	Civic Regalia £'000	Museum Collections £'000	Historic Buildings £'000	Archives £'000	Total £'000
At 31 March 2021	237	6,580	6,292	21	4,845	17,975
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

Notes to Core Financial Statements

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

2020/21	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance at start of year	237	6,580	6,292	79	4,845	18,033
Additions	0	0	0	0	0	0
Revaluation Increase/ (Decrease)	0	0	0	0	0	0
Recognised in the CIES	0	0	0	0	0	0
	237	6,580	6,292	79	4,845	18,033
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(58)	0	(58)
Impairments recognised to date	0	0	0		0	0
Balance at end of year	0	0	0	(58)	0	(58)
NBV AS AT 31 MARCH 2021	237	6,580	6,292	21	4,845	17,975

2019/20	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance at start of year	237	6,580	6,292	58	4,845	18,012
Additions	0	0	0	21	0	21
	237	6,580	6,292	79	4,845	18,033
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(58)	0	(58)
Balance at end of year	0	0	0	(58)	0	(58)
NBV AS AT 31 MARCH 2020	237	6,580	6,292	21	4,845	17,975

27 Property, Plant and Equipment

Movements on Balance

Movements in 2020/21	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost Valuation:						
At 1 April 2020	128,576	21,623	1,443	130	20,066	171,838
Adjustments to opening balance	1	(1)	(1)	1	2	2
Additions	1,438	2,177	0	15	8,177	11,807
Revaluation Increases/Decreases to Revaluation Reserve	952	0	0	0	0	952
Revaluation Decreases to Surplus/Deficit	(54)	0	0	0	0	(54)
Revalued Assets- no net increase (impairment reversals)	0	0	0	0	0	0
Revalued Assets- depreciation reversals	0	0	0	0	0	0
Revalued Assets - Reversal of Loss	0	0	0	0	0	0
Derecognition - Disposals	(32)	0	0	0	(6,061)	(6,093)
Derecognition - Other	0	0	0	0	0	0
Derecognition - Other-Revaluation Reserve	0	0	0	0	0	0
Reclassification and Transfers	0	0	0	0	0	0
Balance as at 31 March 2021	130,881	23,799	1,442	146	22,184	178,452
Accumulated Depreciation and Impairment:						
At 1 April 2020	(5,613)	(17,097)	(256)	(93)	(3,683)	(26,742)
Adjustment to opening balance						0
Depreciation Charge	(2,244)	(933)	(48)	0	0	(3,225)
Depreciation written out to the Revaluation Reserve	18					18
At 31 March 2021	(7,839)	(18,030)	(304)	(93)	(3,683)	(29,949)
Net Book Value at 31 March 2021	123,042	5,769	1,138	53	18,501	148,503
Net Book Value at 31 March 2020	122,963	4,526	1,187	37	16,383	145,096

Notes to Core Financial Statements

Movements in 2019/20	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost Valuation:						
At 1 April 2019	121,413	20,869	1,394	173	32,256	176,105
Adjustments to opening balance	(638)	0	(19)	0	0	(657)
Additions	1,453	754	68	1	9,214	11,490
Revaluation Increases/Decreases to Revaluation Reserve	11,465	0	0	0	0	11,465
Revaluation Decreases to Surplus/Deficit	(2,629)	0	0	0	0	(2,629)
Revalued Assets- no net increase (impairment reversals)	20	0	0	0	0	20
Derecognition - Disposals	0	0	0	(44)	(5,851)	(5,895)
Reclassification and Transfers	(2,508)	0	0	0	(15,554)	(18,062)
Balance as at 31 March 2020	128,576	21,623	1,443	130	20,065	171,837
Accumulated Depreciation and Impairment:						
At 1 April 2019	(4,058)	(15,936)	(211)	(93)	(3,683)	(23,981)
Adjustment to opening balance	638	0	0	0	0	638
Depreciation Charge	(2,193)	(1,161)	(45)	0	0	(3,399)
At 31 March 2020	(5,613)	(17,097)	(256)	(93)	(3,683)	(26,742)
Net Book Value at 31 March 2020:	122,963	4,526	1,187	37	16,382	145,095
Net Book Value at 31 March 2019:	117,355	4,933	1,183	80	28,573	152,124

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

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

Notes to Core Financial Statements

Revaluations

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

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

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

	Other land and buildings	Vehicle, plant & equipment	Infrastructure assets	Community assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	5,769	1,138	53	18,501	22,132
Valued at fair value as at:						
31-Mar-21	(1,351)	0	0	0	0	(1,351)
31-Mar-20	63,934	0	0	0	0	63,934
31-Mar-19	43,034	0	0	0	0	43,034
31-Mar-18	9,217	0	0	0	0	9,217
31-Mar-17	2,586	0	0	0	0	2,586
31-Mar-16	1,620	0	0	0	0	1,620
Prior to 2016	2,573	0	0	0	0	2,573
Gross Book Value	121,613	5,769	1,138	53	18,501	143,744

28 Capital: Expenditure, Financing and Commitments

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.

Notes to Core Financial Statements

2019/20		2020/21
£'000		£'000
44,102	Opening Capital Financing Requirement	38,377
	Capital Investment:	
11,490	Property, plant and equipment	11,807
7,503	Assets held for sale	559
3,759	Investment Properties	26
853	Intangible assets	123
21	Heritage Assets	0
2,499	Revenue expenditure funded from Capital under Statute (Net)	2,294
	Sources of Finance:	
(20,965)	Capital Receipts	(7,021)
(2,948)	Government grants and other contributions	0
	Sums set aside from revenue:	
(6,729)	Direct revenue contributions	(974)
(864)	Revenue contributions for prudential borrowing schemes	(1,074)
(345)	MRP	(374)
1	Principal repayment of Finance Leases where the Council is the Lessee	(11)
38,377	Closing Capital Financing Requirement	43,732
	Explanation of movements in year:	
(5,725)	Increase in underlying need to borrowing (unsupported by Government Financial	5,355
(5,725)	Increase/(Decrease) in Capital Financing Requirement	5,355

Capital Commitments

At 31 March 2021 the Council has entered into a number of contracts and the major commitments are:

	Commitment Contractual	Commitment Non-Contractual
	31-Mar-21	31-Mar-21
	£'000	£'000
Architectural Services	215	0
Car Parks	40	0
Conservation and Heritage	0	46
Enterprise Zone and Industrial Development	5,657	28
Hunstanton Bus Station	766	0
Major Housing Development	25,250	0
Other	0	7
Total	31,928	81

29 Assets Held for Sale

31-Mar-20		31-Mar-21
£'000		£'000
934	Balance Outstanding at Start of the Year	9,754
7,503	Additions	559
3,983	Other movements	225
18,304	Assets newly classified as Held for Sale	0
(20,970)	Assets sold	(7,768)
9,754	Balance at End of Year	2,770

30 Short Term Receivables

31-Mar-20		31-Mar-21
£'000		£'000
2,546	Central Government bodies	1,543
2,544	Local Authorities	7,274
119	NHS Bodies	261
6,655	Other entities and individuals	11,959
11,865	Sub Total	21,037
(2,215)	Allowance for doubtful debt (other entities and individuals)	(2,635)
9,650	Total	18,402

31 Long Term Receivables

31-Mar-20		31-Mar-21
£'000		£'000
3,624	Other entities and individuals	4,732
137	Finance Lease	137
3,761	Sub Total	4,869
(26)	Allowance for doubtful debt (other entities and individuals)	(27)
3,735	Total	4,842

32 Short Term Payables

31-Mar-20		31-Mar-21
£'000		£'000
(7,529)	Central Government bodies	(24,627)
(1,500)	Local Authorities	(3,281)
0	NHS Bodies	(2)
(5,592)	Other entities and individuals	(11,973)
(14,621)	Total	(39,883)

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 2021, the Council had no material contingent liabilities.

34 Provisions

2019/20	Business Rates Appeals Provision	31-Mar-21
£'000		£'000
(2,132)	Balance at the 1 April	(1,360)
(133)	Additional provisions made in year	(203)
905	Provision unwound in year	619
(1,360)	Balance at the 31 March	(944)

The total provision applied for NNDR based on appeals lodged as at 31 March 2021 is £2.4m (£3.2m 2019/20). The above table reflects the Council's share of the provision at the value of £0.9m (£1.4m 2019/2020). This is based on 40% share in 2020/21 (42.5% in 2019/20 due to the council being within a 75% Business Rates Pilot).

The Council applied the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/2021:

35 Grant Income

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-

Notes to Core Financial Statements

end are as follows:

2019/20		2020/21
£'000	Taxation and Specific Government Grant Income:	£'000
0	Revenue support grant	(624)
(1,020)	New Homes Bonus	(898)
0	Rural Services Delivery Grant	(463)
(1,020)	Sub-Total	(1,985)
(2,853)	Section 31 Small Business Relief Grant Credited to NNDR Income	(11,520)
(2,941)	Capital Grants and Contributions	(3,147)
(6,814)	Total Taxation and Specific Non-Service Government Grant Income	(16,652)
	Other Revenue Grant Income:	
(233)	Business Rates cost of collection - MHCLG	(204)
(31,426)	Department for Works and Pensions - Housing Benefit Unit	(30,090)
(168)	Discretionary Housing Payments - DWP	(337)
(1,564)	Disabled Facilities - Better Care Fund	(1,739)
(253)	Homelessness Prevention MHCLG/NCC	(371)
(161)	Local Council Tax Support Administration - MHCLG	(158)
0	Policy and Partnerships - NCC	0
(115)	Rough Sleeping Grant - NCC	(208)
(164)	Lily Phase 4 - NCC	(180)
(111)	Welfare Reform Funding - DWP	(79)
(54)	Heritage Lottery Fund	0
0	Covid 19 Grants	(4,218)
0	Covid 19 Sales, Fees and Charges Grant	(2,355)
(688)	Other	(918)
(34,937)	Total Grant Income to Services	(40,857)
(41,751)	Total Grant Income to General Fund	(57,509)
	Contributions	
(1,733)	Waste Collection Credits – NCC	(1,702)
(546)	Other	(168)
(2,279)	Total Contributions	(1,870)
(44,030)	TOTAL GRANTS AND CONTRIBUTIONS TO GENERAL FUND	(59,379)

36 Financial Instruments

Notes to Core Financial Statements

31-Mar-20		31-Mar-21
£'000		£'000
	Financial Assets	
	Non-Current	
3,735	Debtors	4,842
	Current	
8,197	Investments	16,038
9,650	Debtors	18,402
21,582		39,282
	Financial Liabilities	
	Non-Current	
(10,000)	Borrowings	(10,000)
(235)	Creditors	(224)
	Current	
(6,127)	Borrowings	0
(14,623)	Creditors	(39,883)
(30,985)		(50,107)

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 were 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 and 2020/21.

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:

Notes to Core Financial Statements

31-Mar-20	Title of Soft Loan	31-Mar-21
£'000		£'000
859	Opening Balance	903
(54)	- Loans repaid	0
98	Impairment losses	65
903	Balance carried forward	968
1,132	Nominal Value Carried Forward	1,113

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. 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.

Notes to Core Financial Statements

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:

2019/20		2020/21
£'000		£'000
	Surplus or Deficit on the Provision of Services	
	Interest revenue:	
(535)	Financial assets measured at amortised cost	(266)
(535)	Total Interest Revenue	(266)
451	Interest payable	397
451	Total Interest Payable	397
	Other Comprehensive Income and Expenditure	
	Interest revenue:	
0	Financial assets measured at amortised cost	0
0	Total Interest Revenue	0
0	Interest payable	0
0	Total Interest Payable	0

Fair Value

The Fair Values of Financial Assets and Financial Liabilities

Notes to Core Financial Statements

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-20			31-Mar-21	
Carrying Amount	Fair Value	Financial Liabilities	Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
0	0	PWLB debt		
(10,000)	(15,684)	Non-PWLB debt	(10,000)	(16,159)
(6,000)	(6,033)	Short term borrowing	0	0
(14,621)	(14,621)	Short term creditors	(39,883)	(39,883)
(13)	(13)	Long term creditors	(13)	(13)
(236)	(236)	Long term finance lease liability	(224)	(224)
(30,870)	(36,587)	Total Liabilities	(50,120)	(56,279)

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.

Notes to Core Financial Statements

31-Mar-20			31-Mar-21	
Carrying Amount	Fair Value	Financial Assets	Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
6,850	6,864	Money market funds < 1 year	16,237	16,237
5,140	5,140	Cash	7,831	7,831
8,000	8,166	Short term investments	16,000	16,000
9,650	9,650	Short term debtors	18,402	18,402
3,735	3,735	Long term debtors	4,842	4,842
33,375	33,555	Total Assets	63,312	63,312

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

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

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

37 Nature and Extent of Risks Arising from Financial Statements

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

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

Overall procedures for managing risk

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

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

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

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

Credit Risk

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

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

Credit Risk Management Practices

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

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

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

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

Income Recovery

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

Notes to Core Financial Statements

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.

2019/20				2020/21		
Debt Outstanding	Allowance in Accounts	Net Liability		Debt Outstanding	Allowance in Accounts	Net Liability
£'000	£'000	£'000		£'000	£'000	£'000
1,681	(28)	1,653	0 to 3 months	3,491	(98)	3,393
36	(5)	30	4 to 6 months	644	(96)	548
34	(7)	27	7 to 12 months	779	(156)	623
225	(113)	113	Over one year	0	0	0
1,976	(153)	1,823	Total	4,914	(350)	4,564

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:

	12 month Expected Credit Losses	Lifetime Expected Credit Losses – Simplified Approach	Total
	£'000	£'000	£'000
Long-Term Debtor			
Opening balance as at 1 April 2020	0	168	168
b/fwd rounding difference	0	2	2
New financial assets originated	0	0	0
Repayments in year	0	(63)	(63)
Accrued Interest		9	9
Other changes: Impairment	0	0	
As at 31 March 2021	0	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

Notes to Core Financial Statements

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.

Market risk

The maturity analysis of financial liabilities is as follows:

31-Mar-20		31-Mar-21
£'000		£'000
6,210	Less than 1 year	181
81	Between 1 and 2 years	86
207	Between 2 and 5 years	198
10,224	More than 5 years	10,189
16,722	Total	10,654

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.

Notes to Core Financial Statements

According to this assessment strategy, at 31 March 2021, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

31-Mar-20		31-Mar-21
£'000		£'000
0	Increase in interest payable on variable rate borrowings	0
0	Increase in interest receivable on variable rate investments	0
3,748	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	3,885
0	Impact on Surplus or Deficit on the Provision of Services	0
3,748		3,885

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

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

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

38 Going Concern

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

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

The restrictions have created significant issues for many businesses and residents and as a result from April 2020, Council income was affected detrimentally as payers sought to defer payments or were unable to pay at all. The government has provided some support for lost income and additional costs borne by authorities because of the pandemic. The Council has been allocated un-ringfenced Covid-19 grant of £1.15 million in 2021/22. In addition to this £0.651m of Covid-19 support grant received in 2020/21 was transferred to reserves. The Council has also submitted claims against the Sales, Fees and Charges Scheme to the value of £0.11m to support the loss of income in this respect.

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

Date		General Fund	Earmarked reserves
31-Mar-21	Balances	£9.0m	£37.1m
31-Mar-22	Balances	£9.3m	£23.1m

The Earmarked Reserves contain a one-off Tax Income Guarantee from Government of £11m received in 2020/21 that will be repayable in relation to both the Council Tax and Business Rates

Notes to Core Financial Statements

Collection funds. We have carried out an assessment of the impact of Covid-19 on our future finances and we are satisfied that there is no material uncertainty relating to the Council's going concern. Through our assessment as at 31 August 2021 we have identified that in 2021/22 we expect total income reductions due to COVID-19 to be £0.37m and additional costs have been estimated at £0.33m based on the expectations of the Council's Service leads.

The Council has undertaken an assessment of our liquidity position and cash flow forecasting through to March 2023 which demonstrates a positive cash position across the whole period without the need for borrowing. Currently the Council has long-term borrowing of £10.0m. These loans are not required to be repaid in the period covered by the current Medium Term Financial plan. Our budget and medium-term plan was set in the context of additional Covid-19 cost and income pressures continuing into 2021-22 and beyond.

Therefore, taking account of all the above factors, we expect our 2021/22 outturn to result in a contribution to our general fund balance of £436k. The General Fund balance would then have a predicted balance of £9.0m at 31 March 2022.

The Council has undertaken cash flow modelling through to March 2023 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with headroom of £43 million.

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the audit report, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short-term investment balances of £29.5m as at 31 August 2021 and the ability for short-term borrowing under the Council's Treasury Management Policy. This demonstrates that the Council has sufficient liquidity over the same period.

39 Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31-Mar-20		31-Mar-21
£000		£000
511	Interest received	266
379	Interest paid	(524)
0	Dividends received	0
890	Total	(258)

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

Notes to Core Financial Statements

31-Mar-20		31-Mar-21
£000		£000
3,419	Depreciation	3,225
12,869	Impairment and downward valuations	(629)
105	Amortisation	334
0	Increase/(decrease) in impairment for bad debts	0
2,967	Increase/(decrease) in creditors	25,135
(1,265)	(Increase)/decrease in debtors	(9,829)
22	(Increase)/decrease in inventories	(55)
6,121	Movement in pension liability	2,410
21,028	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	13,860
(3,173)	Other non-cash items charged to the net surplus or deficit on the provision of services	(2,624)
42,093	Total	31,827

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

31-Mar-20		31-Mar-21
£000		£000
1,831	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(21,675)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(13,558)
(2,941)	Any other items for which the cash effects are investing or financing cash flows	(5,164)
(22,785)		(18,722)

40 Cash Flow from Investing Activities

31-Mar-20		31-Mar-21
£000		£000
(24,361)	Purchase of property, plant and equipment, investment property and intangible assets	(12,531)
0	Purchase of short-term and long-term investments	(8,000)
(1,372)	Other payments for investing activities	(1,107)
21,675	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13,558
169	Proceeds from short-term and long-term investments	0
3,334	Other receipts from investing activities	4,832
(555)	Net cash flows from investing activities	(3,248)

41 Cash Flow from Financing Activities

31-Mar-20		31-Mar-21
£000		£000
9,000	Cash receipts of short- and long-term borrowing	0
0	Other receipts from financing activities	686
0	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	0
(6,000)	Repayments of short- and long-term borrowing	(6,000)
(2,914)	Other payments for financing activities	1,568
86	Net cash flows from financing activities	(3,746)

Collection Fund Notes

The Collection Fund is an agent's statement reflecting the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and central government. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and NNDR. The administrative costs associated with the collection process are charged to the General Fund. We have 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 and proceeds are shared with precepting partners.

Council tax Collection Fund surpluses declared by the billing authority 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. Our council tax precepting bodies are the Office of the Police and Crime Commissioner for Norfolk (OPCCN) and Norfolk County Council (NCC).

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

The Business Rates Retention scheme allows us to retain a proportion of our total NNDR growth realised in the year. In 2019/2020 we participated in a Norfolk-wide pilot of the 75% Business Rate Retention Scheme and returned to the standard Business Rates Retention scheme in 2020/2021. We remained a part of the Norfolk Business Rates Pool during 2020/2021. The proportionate shares for distributing the business rates income for 2020/2021 were 40% to us, 10% to NCC and 50% to central government.

NNDR surpluses declared by the billing authority 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 government has now allowed deficits in relation to exceptional balances arising for 2020/2021 to be spread over three years and more information is below.

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

Impact of Covid-19 on the Collection Fund

The NNDR Collection Fund shows a large deficit for 2020/2021 due to the impact of Covid-19. The forecast for the business rates income for 2020/2021 was completed in January 2020 and calculated the shares of the business rates income to be paid to our preceptors and central government during the year (as shown in Note C1). There is no statutory basis to amend these payments once they are set.

In March 2020 the government announced a series of measures to assist businesses during the Covid-19 pandemic. These included a 100% discount for 2020/2021 for qualifying retail businesses and a 100% discount for qualifying nurseries and early years providers. We awarded £0.100m in Nursery Discount and £21.980m in Expanded Retail Discount for 2020/2021 – over a third of our Gross Rates Payable for the year. These reliefs reduced the amount of business rates we could collect, but we still had to pay the original shares to our preceptors. This caused a deficit

Collection Fund Notes

on the Collection Fund. The government will fully compensate billing authorities for the cost of the reliefs through a s31 grant.

The government also established a council tax Covid-19 Hardship Fund for 2020/2021, to further reduce the council tax liability for working age people in receipt of council tax support by up to £150. We were awarded £1.036m and our 2020/2021 scheme cost £0.480m. The grant was paid to the General Fund and a statutory transfer made to the Collection Fund to compensate for the reduction in collectible council tax. The remaining balance of £0.556m will be used to provide a similar scheme in 2021/2022.

As a further measure to assist local authorities with the impact of the pandemic, the government introduced a scheme to phase the repayment over three years of deficits on the Collection Fund for 'exceptional amounts' due to Covid-19. This excludes any amounts brought forward from previous years, and the impact of the Covid-19 grants, but includes losses on in-year collection. We reported an exceptional balance of £0.336m on the Council Tax Collection Fund, and no exceptional balance on the NNDR Collection Fund due to growth within the business rates base during the year.

Collection Fund Notes

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.

2019/21				2020/21		
£'000	£'000	£'000		£'000	£'000	£'000
			Income			
46,365		46,365	Non-domestic ratepayers	27,477		27,477
	93,565	93,565	Council Tax		97,292	97,292
46,365	93,565	139,930	Total Income	27,477	97,292	124,769
			Expenditure			
			Apportionment of Previous Year Surplus (Deficit)			
(173)	0	(173)	Central Government	333	0	333
(138)	313	175	Borough Council of King's Lynn & West Norfolk	662	424	1,086
(35)	2,290	2,255	Norfolk County Council	550	3,050	3,600
0	397	397	OPCCN	0	567	567
		0	Precepts, Demands and Shares			
10,984	0	10,984	Central Government	21,998	0	21,998
21,152	6,442	27,594	Borough Council King's Lynn & West Norfolk	20,294	6,777	27,071
14,280	69,717	83,997	Norfolk County Council	4,400	73,630	78,030
0	12,952	12,952	OPCCN	0	13,674	13,674
0	3,250	3,250	Parish/Special Expenses	0	3,411	3,411
		0	Charges to Collection Fund			
224	0	224	Cost of Collection Allowance	223	0	223
(2,133)	0	(2,133)	Non-Domestic Rates Provision for Appeals	(839)	0	(839)
68	147	215	Bad Debt Provisions	184	147	331
136	268	404	Write-offs of uncollectable amounts	69	268	337
44,365	95,776	140,141	Total Expenditure	47,874	101,948	149,822
2,000	(2,211)	(211)	(Deficit)/Surplus arising during the year	(20,397)	(4,656)	(25,053)
(550)	3,284	2,734	(Deficit)/Surplus brought forward 1st April 2020	1,450	1,073	2,523
1,450	1,073	2,523	(Deficit)/Surplus carried forward 31 March 2021	(18,947)	(3,583)	(22,530)

Collection Fund Notes

C1 Income from Business Ratepayers

We collect NNDR for our area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate standard or small business multiplier set nationally by central government. In previous financial years the total amount due, less certain allowances, was paid to a central pool administered by central government and redistributed to local authorities based on a standard amount per head of the local adult population.

In 2013/2014, the Business Rates Retention scheme was introduced, aiming to give councils a greater incentive to grow businesses but also increasing 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, the NNDR income is distributed between central and local government, with local authorities retaining a proportion of the total collectible rates.

Central government set a baseline level for each council identifying the expected level of retained business rates, and a system of top ups or tariffs to ensure that all authorities receive their baseline amount. Tariffs due from authorities who are not in a Pool are payable to central government and used to finance the top ups to those authorities who do not achieve their targeted baseline funding. Tariffs for those in a Pool are payable to the Pool lead. As we were part of the Norfolk Business Rates Pool in 2020/2021 we paid a tariff to the value of £11.4m to Norfolk County Council as the lead authority.

The total business rates income for 2020/2021 was estimated in January 2020 at £48.419m, with shares payable of £22.3m to Central Government, £4.9m to Norfolk County Council and £21.2m (including Renewable Energy Contributions) to ourselves.

Additional growth above the agreed baseline is calculated after the year end and split between us and the Business Rates Pool. Growth of £4.1m above the baseline was achieved of which 50% is retained by us and 50% distributed in accordance with the Norfolk Pool Governance Agreement. The growth for 2020/2021 was higher than expected due to a number of self-catering properties moving into the Business Rates list following the introduction of the government's Covid-19 measures. The local Power Station was also brought back online from November 2019 and their rateable value increased from £85,000 to £1,800,000. This resulted in a large adjustment to the business rates list during 2020/2021 backdated to November 2019.

For 2020/2021, the total non-domestic rateable value at the year-end is £123.3m (£119.3m in 2019/2020). The national multipliers for 2020/2021 were 49.9p for qualifying Small Businesses, and a standard multiplier of 51.2p for all other businesses (49.1p and 50.4p respectively in 2019/2020) (Business Rates Information Letter 2/2020).

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

2019/20	Contribution to the NNDR Pool	2020/21
£'000		£'000
58,295	Gross non-domestic rates payable	61,130
(12,166)	Less Allowances and other adjustments	(33,765)
236		112
46,365	Net Contribution to NNDR pool	27,477

We are required to make a provision for refunds and losses as a consequence of successful appeals made in respect of rateable values. Appeals are charged and provided for in the

Collection Fund Notes

proportion of the precepting shares. The total provision for 2020/2021 has been calculated as £2.36m.

2019/20	Non-Domestic Rates Appeals Provision	2020/21
£'000		£'000
	In Year Appeals	
725	Balance at 1 April	717
(205)	Adjustment in Year inc Settled Appeals	(510)
197	Adjustment in year	(8)
717	Balance at 31 March	199
	Back Dated Appeals	
4,606	Balance at 1 April	2,481
(134)	Adjustment in Year inc Settled Appeals	(1,036)
(1,991)	Adjustment in year	716
2,481	Balance at 31 March	2,161
3,198	NNDR Appeals Provision	2,360

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. Due to previous Collection Fund surpluses we do not include any losses in collection, however we also do not factor in any allowance for future growth. The taxbase was steadily increasing during 2019/2020 and this growth offset any losses in collection.

Collection Fund Notes

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	58,540		51,498
MOD Dwellings						482
Total Taxbase						51,980

*Entitled to a disabled relief reduction

The council set a precept of £6,776,630 representing a Band D Council Tax charge of £130.37 for its services. In addition, Special Expenses under section 34(1) of the Local Government Finance Act 1992, totalling £725,790 and Parish Precepts totalling £2,685,454 were levied, averaging £65.63 for a Band D property. The total precept for the year was £10,187,874.

Norfolk County Council set a precept of £73,629,765 representing a Band D charge of £1,461.51 and the Norfolk Police and Crime Commissioner set a precept of £13,674,300 representing a Band D charge of £263.07. The total average Band D Council Tax charge for 2020/2021 is £1,875.58. Reductions are made under the Council Tax Support Scheme regulations for people on lower incomes

Collection Fund Notes

C3 Share of Balance

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

Collection Fund Balance Sheet						
31-Mar-20				31-Mar-21		
Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
£'000	£'000	£'000		£'000	£'000	£'000
4,238	(651)	3,587	Cash held by KLWNBC	(16,998)	(6,088)	(23,086)
1,208	4,493	5,701	Debtors	1,272	5,751	7,023
(518)	(1,549)	(2,067)	Receipts in Advance	(128)	(1,764)	(1,892)
(399)	(1,220)	(1,619)	Impairment Provision	(583)	(1,550)	(2,133)
(3,199)	0	(3,199)	Appeals Provision	(2,360)	0	(2,360)
(1,450)	(1,073)	(2,523)	Fund Surplus	18,951	3,651	22,602
136	0	136	EZ & Renewable Energy	(42)	0	(42)
(16)	0	(16)	Transitional Protection Payment	(112)	0	(112)
0	0	0	Total	0	0	0

Collection Fund Notes

C4 The Collection Fund balance as at 31 March 2021 is a deficit of £22.6m (2019/2020 £2.5m Surplus). This amount is shared as follows:

31-Mar-20				31-Mar-21		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
312	0	312	Borough Council	(9,450)	0	(9,450)
517	809	1,326	Norfolk County Council	(1,918)	(2,757)	(4,675)
0	150	150	OPCCN	0	(513)	(513)
621	114	735	Central Government	(7,583)	(381)	(7,964)
1,450	1,073	2,523		(18,951)	(3,651)	(22,602)

The Council Tax Collection Fund is showing a deficit due to a miscalculation of the previous year's surplus in the income estimate completed in January 2020. This resulted in an over-estimate of the surplus to be distributed during the year. The deficit resulting from this over-estimate will be recovered during 2021/2022. There is also a small amount attributable to the exceptional balance for 2020/2021 due to Covid-19.

The NDR Collection Fund is showing a deficit due to the Covid-19 reliefs. These were announced in March 2020 so were not included in the figures used to estimate the business rates income and shares in January 2020. Central government has provided a s31 grant to cover the full cost of these reliefs and the shortfall will be recovered in 2021/2022.

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Collection Fund Notes

The share of the balances above in our accounts is shown below:

Collection Fund Representation of Debtor, Creditor & Appeals balances in BCKLWN Accounts						
31-Mar-20				31-Mar-21		
NNDR	Council Tax	Total		NNDR	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
513	470	983	Debtors	509	596	1,105
(220)	(162)	(382)	Receipts in Advance	(51)	(183)	(234)
(170)	(128)	(298)	Impairment Provision	(233)	(160)	(393)
(1,359)	0	(1,359)	Appeals Provision	(944)	0	(944)
(1,462)	585	(877)	Creditors - Local Government	1,738	5,454	7,192
(1,057)	0	(1,057)	Creditors - Central Government	8,531	0	8,531
(483)	66	(417)	Fund Surplus to Collection Fund Adj A/c	7,448	381	7,829
(4,238)	831	(3,407)	TOTAL	16,998	6,088	23,086

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General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. 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 2020/21 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.

Accounting Policies

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 2020/21. 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:

Accounting Policies

- 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

Accounting Policies

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

Accounting Policies

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.

Accounting 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.

Accounting Policies

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

Accounting Policies

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:

Accounting Policies

- 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.

Accounting Policies

- 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.

Accounting Policies

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.

Accounting Policies

- 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.

Accounting Policies

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.

Accounting Policies

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:

Accounting Policies

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 "NMAS" 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 NMAS. 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.

Accounting Policies

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

Accounting Policies

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

2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016 & previous years
1.5%	10%	10%	50%	70%	100%

Council Tax – Costs Outstanding

2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016 & previous years
20%	50%	50%	75%	90%	100%

NNDR

2020/2021	2019/2020	2018/2019	2017/2018 & previous years
25%	50%	100%	100%

Accounting Policies

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

1 Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Council is involved with a number of companies and organisations whose assets and liabilities are not included in the Council's single entity statements. In these cases the Council's interest does not extend to a relationship that could be classified as a subsidiary, associate or joint venture. None of these companies are included in the group accounts. For further information on these Joint Arrangements please see note 12.

The Council does have interests in three companies that are classified as a subsidiary, all of which have been considered for consolidation. Three of these are considered to be material to the financial statements. These include Alive Management Ltd, Alive West Norfolk, West Norfolk Housing Company. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Alive Management Ltd.

The following pages include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts

Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with the entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Associates – where the Council exercises a significant influence and has a participating interest. No material entities meet these criteria to be included in the group.
- Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.
- No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Alive Management Ltd	Subsidiary	Consolidated
Alive West Norfolk Ltd	Subsidiary	Consolidated
West Norfolk Housing Company Ltd	Subsidiary	Consolidated
West Norfolk Property Ltd	Subsidiary	Not Commenced Trading

Group Accounts

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

Group Accounts

The Company was incorporated on 12th April 2018. The Company as at the 31 March 2019 has not commenced trading. The Borough Council of Kings Lynn & West Norfolk holds 100% of the allotted ordinary shares in West Norfolk Property Ltd.

Group Accounts

Group Movement in Reserves Statement

Movements in Reserves during 2020/21	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	(38,752)	(842)	(39,594)	(110,880)	0	(110,880)	(150,474)
Group (Surplus)/Deficit	(5,967)	596	(5,371)		0	0	(5,371)
Other Comprehensive Expenditure and Income			0	19,328		19,328	19,328
Total Comprehensive Expenditure and Income	(5,967)	596	(5,371)	19,328	0	19,328	13,957
Adjustments between Accounting Basis and Funding Basis under Regulations	(14,326)	0	(14,326)	14,326	0	14,326	0
Transfer to/from Earmarked Reserves	974	0	974	(974)		(974)	0
Increase / Decrease in Year 2020/21	(19,319)	596	(18,723)	32,680	0	32,680	13,957
Balance at 31 March 2021 carried forward	(58,071)	(246)	(58,317)	(78,200)	0	(78,200)	(136,517)

Group Accounts

Movements in Reserves during 2019/2020	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2019	(39,334)	(16)	(39,350)	(84,796)	0	(84,796)	(124,146)
Group (Surplus)/Deficit	12,224	(826)	11,398		0	0	11,398
Other Comprehensive Expenditure and Income			0	(37,725)		(37,725)	(37,725)
Total Comprehensive Expenditure and Income	12,224	(826)	11,398	(37,725)	0	(37,725)	(26,327)
Adjustments between Accounting Basis and Funding Basis under Regulations	(11,641)	0	(11,641)	11,641	0	11,641	0
Transfer to/from Earmarked Reserves							
Increase / Decrease in Year 2019/2020	582	(826)	(243)	(26,084)	0	(26,084)	(26,327)
Balance at 31 March 2020 carried forward	(38,752)	(842)	(39,592)	(110,880)	0	(110,880)	(150,473)

Group Accounts

Group Comprehensive Income and Expenditure Statement

2019/20 (Restated)				2020/21		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£'000	£'000	£'000		£'000	£'000	£'000
			Services			
4,077	(329)	3,748	Central Services	3,121	(1,107)	2,014
3,831	(2,051)	1,780	Community and Partnerships	3,444	(1,615)	1,829
4,187	(2,568)	1,619	Environment and Planning	2,777	(2,291)	486
16,210	(14,061)	2,149	Operations and Commercial	10,911	(9,967)	944
275	(20)	255	Programme and Projects Delivery	309	0	309
1,974	(1,378)	596	Property and Projects	555	(372)	183
6,872	(1,884)	4,988	Regeneration Housing & Place	1,205	(496)	709
41,652	(33,661)	7,991	Resources	41,726	(34,778)	6,948
374	(14)	360	Chief Executive	286	(7)	279
3,652	(1,171)	2,481	Culture and Leisure	3,816	(208)	3,608
			Group			
362	(389)	(27)	Alive Management Ltd	0	0	0
191	(190)	1	West Norfolk Housing Company Ltd	679	(1,002)	(323)
4,336	(4,188)	148	Alive West Norfolk Ltd	2,934	(2,015)	919
87,993	(61,904)	26,089	Cost of Services	71,763	(53,858)	17,905
		11,204	Other Operating (Income)			2,109
		188	Financing and Investment (Income)			(2,524)
		(26,081)	Taxation and Non-Specific Grant Income			(22,861)
		11,400	(Surplus)\Deficit on Provision of Services			(5,371)
		(18,027)	(Surplus) on Revaluation of PPE			(1,196)
		(19,698)	Re-measurement of the net defined benefit liability			20,523
		(37,725)	Other Comprehensive (Income)			19,327
		(26,325)	Total Comprehensive (Income)/Expenditure			13,956

Group Accounts

Group Balance Sheet

31-Mar-20		31-Mar-21
£'000		£'000
146,949	Property, Plant and Equipment	151,370
17,975	Heritage Assets	17,975
28,126	Investment Property	30,360
1,200	Intangible Assets	989
0	Long Term Investments	0
1,949	Long Term Receivables	2,686
196,199	Long Term Assets	203,380
8,181	Short Term Investments	16,038
141	Inventories	158
9,147	Short Term Receivables	18,862
13,386	Cash and Cash Equivalents	24,183
9,754	Assets Held for Sale	2,770
40,609	Current Assets	62,011
(1,359)	Provisions	(944)
(6,126)	Short Term Borrowing	0
(14,705)	Short Term Payables	(40,891)
(81)	Current Tax Liability	(10)
(22,272)	Current Liabilities	(41,845)
(13)	Grants Receipts in Advance	(13)
(10,000)	Long Term Borrowing	(10,000)
(236)	Other Long Term Liabilities	(270)
(53,814)	Pension Liabilities	(76,747)
(64,063)	Long Term Liabilities	(87,030)
150,473	Net Assets	136,516
(39,592)	Usable Reserves	(58,316)
(110,880)	Unusable Reserves	(78,200)
(150,473)	Total Reserves	(136,516)

Group Accounts

Group Cash Flow Statement

2019/20		Note	2020/21
£'000			£'000
(11,518)	Net Surplus or (Deficit) on the Provision of Services	CIES	5,371
42,662	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements		32,538
(22,786)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		(18,722)
8,358	Net Cash flows from Operating Activities		19,187
(554)	Investing Activities		(3,248)
86	Financing Activities		(3,746)
7,890	Net Increase or Decrease in Cash and Cash Equivalents		12,193
5,496	Cash and Cash Equivalents at the beginning of the Reporting Period		11,990
13,386	Cash and Cash Equivalents at the End of the Reporting Period		24,183

Group Accounts

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.

Group Accounts

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.

2019/20	Adjustment for capital purposes	Net Change for the pension adjustment	Transfer to/(from) Earmarked Reserves	Adjustment for Investment Properties	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
2019/20 Services						
Central Services	8	588	(228)	0	0	368
Community and Partnerships	59	587	404	0	0	1,050
Environment and Planning	15	716	788	0	0	1,519
Operations and Commercial	1,408	1,157	235	0	0	2,800
Programme and Projects Delivery	0	54	0	0	0	54
Property and Projects	455	205	38	0	0	698
Regeneration Housing & Place	5,373	106	301	0	0	5,780
Resources	3,039	1,203	(5,769)	0	(133)	(1,660)
Chief Executive	0	11	0	0	0	11
Culture and Leisure	1,565	49	20	0	0	1,634
Net Cost of Services	11,922	4,676	(4,211)	0	(133)	12,254
Other Income and Expenditure	905	1,079	858	0	(400)	2,442
Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES	12,827	5,755	(3,353)	0	(533)	14,696

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



FINAL DRAFT

Annual Governance Statement 2021

For the 2020/21 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. The code will be reviewed in 2024/25 or sooner if guidance requires.
- 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 2021 and remains in place to date.

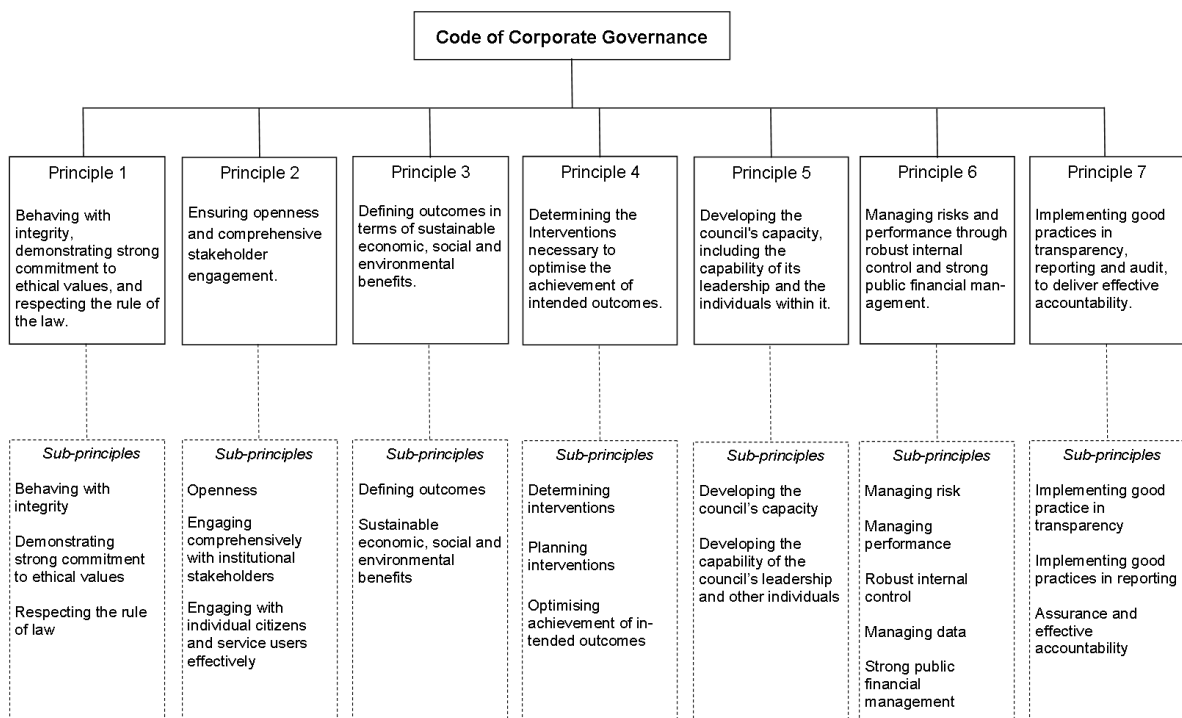
3. Key principles of our governance framework

- 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:

CIPFA¹/ SOLACE²: Delivering Good Governance in Local Government Framework 2016



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



¹ CIPFA: [The Chartered Institute of Public Finance and Accountancy](#)

² SOLACE: [Society of Local Authority Chief Executives and Senior Managers](#)

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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 2020/21 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

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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 regularly 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 2020/21.
- 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 2020/21 compared with 52 complaints in 2017/18, 46 complaints in 2018/19 and 23 complaints in 2019/20.
- 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:

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- Anti-Fraud and Anti-Corruption Strategy
- [Data Protection Policy](#)
- [Data Quality Policy & Strategy](#)
- Disciplinary / Grievance procedures
- 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
- ICT Security Policy
- ICT Service Desk Policy
- Information Risk Policy
- Members Code of Conduct
- Members Code of Good Practice for 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.

4.1.22 To enhance support for elected member, a dedicated email inbox was introduced in September 2020. This provides a mechanism for members to raise queries and for officers to corporately coordinate responses. The account is: Member.Enquiries@West-Norfolk.gov.uk

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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 2020/21.
- 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 Policy.
- 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.
- 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](#). The council’s Audit Manager is shared with Fenland District Council but notice was received that the shared service could no longer continue. Following an exploration of options, Cabinet on 16 March 2021 agreed to become part of Eastern Internal Audit Services for the provision of Internal Audit Services, from 1 June 2021.
- 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). This included a compulsory e-learning module in autumn 2020.
- 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 2020/21 to support this corporate work.

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- 4.3.9 A new compulsory Data Protection e-learning course was rolled out in 2020/21. The aim of this course was to provide all employees with an awareness of Data Protection and the key compliance obligations that the Council has as an organisation.
- 4.3.10 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.
- 4.3.11 Job descriptions and person specifications refer to specific requirements to discharge duties regarding specific legislation.
- 4.3.12 The council is also compliant with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015).
- 4.3.13 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.
- 4.3.14 Committee reports provide a record of advice provided by officers and are supplemented by specialist external reports where required.
- 4.3.15 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 2020/21.
- 4.3.16 The following policies, strategies and governance documents were approved in 2020/21:

Document	Approval	Date
Covid-19 Recovery Strategy	Cabinet	30 June 2020
Anti-Money Laundering Policy	Cabinet	30 June 2020
Community Infrastructure Levy proposed governance and spending arrangements	Cabinet	19 August 2020
Housing Delivery Test – Action Plan	Cabinet	22 September 2020
Climate Change Policy	Cabinet	22 September 2020
Statement of Licensing Policy	Cabinet	17 November 2020
Council Tax Support Scheme 2021/22	Cabinet	5 January 2021
Norfolk Strategic Planning Framework Update 2021	Cabinet	16 March 2021
Creation of CIL Spending Panel	Cabinet	16 March 2021

- 4.3.16 The council remained 'Payment Card Industry (PCI) Compliant' in 2020/21; 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

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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 2020/21 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 11 data breaches in 2020/21 (4 in 2018/19, 6 in 2019/20); 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.
- 4.3.21 The list of Cabinet responsibilities was amended in November 2020 and the scheme of delegation was correspondingly revised.
- 4.3.22 Statutory guidance issued in May 2019 by MHCLG resulted in the development of a protocol to assist Panel Members of the Policy Review and Development Committees and the Cabinet by defining the relationship between the Executive and Scrutiny and the role of Cabinet Members in the Scrutiny process. The protocol was agreed by Cabinet in September 2020.
- 4.3.23 In September 2020, Cabinet agreed revised Standing Orders and Articles within the council's Constitution.
- 4.3.24 Following work undertaken by a CIL Governance and Spending Task Group and Regeneration and Development Panel, in August 2020, Cabinet agreed a scheme for allocating funds collected through the Community Infrastructure Levy and for a Spending Panel.
- 4.3.25 To reflect legislation enabling local authority meetings to be conducted remotely, Cabinet agreed amendments to Standing Orders in June 2020. This was in response to Covid-19.

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

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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.
- 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.

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- 5.2.5 Engagement approaches are specifically designed for their purpose and audience rather than rigidly adhering to a standardised approach. A number of consultation activities engaged a wide variety of stakeholders in 2020/21 including:

Consultation	Date	Purpose
Invest West Norfolk Business Insight survey	June 2020	To understand the challenges to businesses across west Norfolk, and what support they might need to respond to Covid-19.
Council Tax Support Scheme	Sept – Nov 2020	To seek views upon the draft Council Tax Support Scheme for working age people.
Potential custom build opportunities	July 2020	To gauge demand for a site in the west Norfolk village, Stoke Ferry.
Vision King's Lynn	June and Sept 2020	To inform activities and improvements in King's Lynn town centre, including the Town Investment Plan.
Public Space Protection Orders	Aug 2020	To inform three Public Spaces Protection Orders (PSPO) which restrict alcohol consumption in areas of King's Lynn, Hunstanton and Downham Market.
King's Lynn Walking and Cycling Survey	Oct 2020	To inform a plan that will make it easier for those on bike and foot to get around the area.
Business Impact Survey	Feb 2021	To help the Borough Council of King's Lynn & West Norfolk and other agencies focus their economic response and recovery efforts on current and emerging issues.

- 5.2.6 The West Norfolk Wins Lottery has been running for three years with 64 local good causes and over 462 players participating every week. So far, since the first draw, £73,248 has been raised for good causes, and £30,902 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 [Norfolk Resilience Forum](#) (a group of public services, emergency services, utility companies, armed forces and key voluntary groups) has continued with its response to Covid-19 and monitoring the impact of EU transition and the Council has been an active contributor to the core groups and sub-groups.

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- 5.2.10 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.
- 5.2.11 The council, as a responsible authority³, is a member of [Norfolk Community Safety Partnership](#) with a district based multi-agency Operational Partnership Team and [Norfolk Community Safety Scrutiny Sub Panel](#).
- 5.2.12 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 Committee](#). At a more local level, the council coordinates a multi-agency group focused on increasing activity levels.
- 5.2.13 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.
- 5.2.14 In regard to 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.
- 5.2.15 Considering 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.
- 5.2.16 Regarding 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

³ Crime and Disorder Act 1998

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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.

5.2.17 Regeneration is a corporate priority and, given the Enterprise Zone and other regeneration interests, the council actively engages with the NALEP Steering Group.

5.2.18 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.

5.2.19 The establishment of a [Town Deal Board](#) is a requirement of the funding and is responsible for:

- developing and agree an evidence based Town Investment Plan
- developing a clear programme of interventions
- Coordinating resources and influencing stakeholders

5.2.20 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 2020/21.

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 2021/22.

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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 2020-24 sets out the council's vision and provides the basis for investment, service planning and other decisions.
- 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 began to move 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 2020/21 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

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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 campaigns such as Covid-19 and Census 2021, 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 During 2020/21, 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 2020/21 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 2020/21 resulted in:
- The successful launch of web chat, allowing Council Information Centre advisors to manage 'multiple' chats at the same time – 8,024 chats were completed in 2020/21 compared with 3,652 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 in 2020/21 indicated:
- 77% of customers think our digital services are excellent (66% in 2019/20)

- 99% were overall satisfied (97% in 2019/20)

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 2020-24 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.
- 6.1.2 The [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 [A Covid-19 recovery strategy](#) was agreed in June 2020 setting out the immediate focus of the council's work.
- 6.1.6 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. In response to Covid-19, a recovery strategy was developed with [an action plan](#) and a revised indicator suite reported to Corporate Performance Panel.
- 6.1.7 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.
- 6.1.8 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.

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- 6.1.9 The [corporate risk register](#) is routinely updated and considers risks to the achievement of the corporate business plan. The risk reports to Management Team and Audit Committee detail actions relating to “high risks”.
- 6.1.10 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. 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. Unfortunately, due to the closure of schools in response to Covid-19 and the ongoing impact of the pandemic on schools, this project has been significantly scaled back during 2020/21. A review of the priority needs in this area will be undertaken during 2021/22.

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

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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.

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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 The council's shift towards digital services progressed well during 2020/21 with improved take up of My Account, use of online integrated forms and the online help function. The Revenues and Benefits customer portal 'MyRevenues' allows customers to self-serve via the council's website, accessing real time data about their council tax, business rates accounts and benefit claims. This has continued to be popular during 2020/2021 particularly with the impact of covid-19. 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.

7.3.3 The total number of MyRevenues users has increased by 65% during 2020/2021 to 13,313 users. High levels of take up demonstrate the ease of use and benefit that being able to access information and 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.

7.3.4 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.

7.3.5 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;

7.3.6 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

7.3.7 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.

7.3.8 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.

7.3.9 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, the council's Information and Advice Services contract is held by two VCSEs, and these contracts will remain in place until 2022, and then may be subject to a new tender process.

7.3.10 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.

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

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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, strategic housing and the response to Covid-19.
- 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.
- 8.1.8 There were signs of capacity challenges related to additional pressures on functions such as communications, planning, regeneration, property and legal services. These related to additional demands from the Covid-19 response and recovery activities, customer activity, increasing governance activities, staff turnover and related recruitment challenges.

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.

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- 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, Zoom and YouTube.
 - Telephony via the Microsoft Teams software
 - 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

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of Investigatory Powers Act 2000 for senior officers, event management training and briefings on the council's Incident Response Plan. This programme has largely been on hold during 2020/21 due to Covid-19 but priority training has continued to be delivered.

- 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. Plans for further management training during 2020/21 were put on hold due to the pandemic but will be recommenced once the council has progressed to an appropriate stage of its recovery plan.
- 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 various Covid-19 meetings under 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 and significant additional support has been given to ICT training for councillors during the 2020/21 year to continue to support the digital agenda and virtual meetings. Feedback forms following any training undertaken continue to be used to develop training in areas where further needs have been identified.
- 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. Prior to Covid-19 there have been 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 periodically reviewed with updates reported to Management Team and Audit Committee.
- 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 and 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 2020/21 where the local and national focus has moved between response and recovery as the pandemic continued to impact on the country.
- 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. These arrangements have continued to be a focus of Audit Committee during 2020/21.
- 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

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- 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 was refreshed to align with the new corporate business plan and recovery strategy.
- 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.
- 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

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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 2019/20 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

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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 supported by the procurement of specialist external advice and training.
- 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.
- 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. Given national concerns regarding the impact of EU transition upon data sharing an audit was undertaken of ICT systems and data sharing arrangements. There were no significant issues identified although this continues to be monitored as the EU's data adequacy judgement is time limited.
- 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.

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9.4.4 A new Data Protection e-learning course was launched in Autumn 2020 and was 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 and published on the intranet for all staff and councillors to view. An annual budget briefing is provided by the Assistant Director Resources and open to all staff.

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. As per 9.1.3 for managing risk, all committee reports contain a section on financial implications for consideration.

9.5.6 The council had a cost reduction programme which was 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.

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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. Performance monitoring of the Covid-19 recovery strategy has included a suite of monthly indicators that are reported to Corporate Performance Panel.

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.

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Information	Purpose	Frequency
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.
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 2020/21 to reflect a new protocol for scrutiny and the executive and the use of virtual meetings. 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,

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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 2020/21 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 2020/21 conformed to the requirements outlined in the CIPFA Statement on the Role of the Head of Internal Audit.

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- 10.3.11 During 2020/21, 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. For 2021/22, new arrangements will be established following Fenland's termination of the shared arrangement.
- 10.3.12 The council's external auditor during 2020/21 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 2020/21 to the members of the Audit Committee in key areas. Examples include risk management and the annual accounts.
- 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 on 16 June 2021. 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. Work to review the governance framework in which these companies operate commenced in 2019/20 and will be supported by external specialist advice and training to be tendered in 2021.
- 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 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.
- 10.3.20 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 continued into 2020/21.
- 10.3.21 A follow up review of the KLIC Lessons Learnt review was completed by Internal Audit during 2020-21. The follow up review was very positive with 34 of the 35 recommendations being completed. Considerable progress has been made in how

the council manages its major projects and all aspects of risk, control and governance has improved over the last two years.

- 10.3.22 A Major Projects Member Board was established in 2019/20 to provide additional oversight of the operation of the Major Projects Officer Board. The Board met on 31 July 2020 with other scheduled meetings affected by Covid-19.

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 2020/21 which was considered by Audit

Committee on 16 June 2021. The report states in the Audit Manager's opinion, that:

- Adequate assurance can be gained in respect of the overall systems of internal control operating within the council.
- Risk management systems and corporate governance arrangements are satisfactory.
- The Audit Manager has also completed a review of the effectiveness of the Audit Committee itself and concluded that the committee is performing effectively and the council is meeting its requirements under the Accounts and Audit Regulations 2015.
- During 2020/21, Internal Audit has issued nine internal audit reports. There were no instances of 'limited' or 'no assurance' reports being issued.

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. The external audits of the accounts are delayed and that the AGS in respect of each year shall be updated with the outcomes of each audit, when the respective audits are progressed.

11.5 A member/officer protocol is in place and forms part of the council's constitution.

- 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.

11.6 To summarise this section: a review of the council's overall governance arrangements for the 2020/21 year has been undertaken; the review highlighted no issues 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

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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 resolved⁴ to set up a wholly owned local authority company the main purpose of which is to help meet the council's statutory housing duties, by holding property that will be purchased and / or leased from the council in order to create and provide affordable housing. The company became a registered provider of social housing in 2018. It operates on a not for profit basis. The council has appointed members and officers to serve as company directors. The company reports to Cabinet.

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

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

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

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

12.5 [West Norfolk Wins](#) (local lottery)

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. The Gambling Commission also requires the council to undertake an annual independent security audit.

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

⁴ 2 August 2016

executive directors and officers involved in capital funded property projects. The monthly board meetings consider project briefs, business cases, project progress, risk and reports to Management Team.

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

12.7 King’s Lynn Town Deal Board

12.7.1 The council’s role is to organise the Board, and make the governance and decision making structures of the [Town Deal Board public](#). The Government has set out specific requirements about who the Board must include. They are:

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

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

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

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

13.1 Embedding the new risk management framework

Roll out briefings on the revised risk management framework. Align risk register with new corporate business plan and prepare 6 monthly risk updates to Management Team and Audit Committee.

13.2 Governance framework for the council’s companies

Review the governance framework of the council’s wholly owned companies and provide company director training for directors appointed to its companies.

13.3 To embed arrangements for record management and processing

Assurance work regarding GDPR.

13.4 Assurance work regarding the Annual Governance Statement

To implement the Internal Audit review of the council’s approach to develop the annual governance statement.

13.5 Review of the performance management framework

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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, councillors, customers. The first wave in late 2019/20 had minimal impact on the governance arrangements 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 ongoing and scale of the subsequent response to later waves and national measures in 2020/21 resulted in a rapid move to virtual meetings, increased flexible working arrangements, redeployment of staff, reductions in some services due to social distancing, related Covid 19 safe working practices and national guidance, the furloughing of staff within key service providers, additional support for the homeless and rough sleepers and little scope for policy development.

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- 14.3 Alongside partners on the Norfolk Resilience Forum, 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 were operational. The majority of staff were required to work from home, where possible, which has proven to have worked effectively, with no significant disruption to critical services or information security breaches. Other teams, such as those in enforcement, were refocused to support the provision of Covid-19 safe activities across the borough.
- 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 Financial Service team's workload, for example, has 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 Small Business and Retail, Hospitality and Leisure Grants totaling £38.650m
 - Paid 130 Discretionary Grant applications totaling £951k
 - Paid nearly 11,000 mandatory and discretionary Local Restrictions Support Grants and lockdown payments totaling just over £21million
 - Paid 45 Christmas Support payments totaling £45,000 to wet-led pubs to support them over the Christmas 2020 period
 - Paid 225 £500 payments to support low income residents who have had to self-isolate as they have tested positive for Covid-19, or are a close contact of someone who has tested positive,
 - Implemented government changes to housing benefit, increasing the incomes of over 1,600 residents
 - Awarded £470k 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 council's 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 continue to have significant impacts upon the authority in 2021/22 and will require a review of corporate priorities and the Covid-19 recovery strategy, the financial plan, working practices and subject to legislation the operation of virtual meetings.

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- 14.6 As referred to in 8.1.8 there were signs that the response to Covid-19 and ongoing recovery activities were creating capacity challenges and these pressures were faced by the sector as a whole.
- 14.7 To offset the additional financial pressures being faced by Local Government, the Government has provided the following support:
- Additional grant funding - funding has been provided in five tranches during 2019/20, 2020/21 and 2021/22
 - Sales, fees and charges scheme - compensation for reductions in income in 2020/21 and the first three months of 2021/22
 - Council Tax and Business Rates Losses - to fund 75% of irrecoverable losses in council tax and business rates
 - Local Council Tax Support Grant - a new grant for 2021/22 to compensate authorities for the expected additional cost of Local Council Tax Support schemes in 2021/2
 - National Leisure Recovery Scheme - to support leisure facilities It is unclear at this stage whether this funding will be sufficient to offset all of the financial pressures and Local Government continues to lobby for further funding to be made available
- 14.8 Despite the breadth and pace of the response, Covid 19 has not led to any significant weakness in the Council underlying governance arrangements in 2020/21.
- 14.9 It is essential that the Council focuses on the likely impact that the crisis, and its aftermath, will have on income levels both now and potentially into the future. The council is aware of issues that could affect its financial position such as reduced income streams arising from commercial investments, properties and services, delays and arrears in payments for chargeable services and ongoing Covid 19 related additional costs such as PPE, sanitising materials and reduced income due to limitations on the use of buildings. The Council is working with political leaders, local MPs and council networks to continue lobbying the government to minimise the impact for the borough financially and the impact to our community.

15. EU Transition

- 15.1 Following the exit of the United Kingdom (UK) from the European Union (EU) on 31 January 2020, the UK and the EU entered a transition period for the negotiation of the future relationship. This transition period ended on 31 December 2020 and a trade deal was reached. The UK left the EU on 31 January 2020 but has benefited from continued membership of the single market and customs union over the last year. The end of the transition period has brought about widespread changes for British businesses and citizens, as a new chapter in the country's relationship with its neighbours begins. The Norfolk Resilience Forum operated an EU Exit Group to concentrate on relevant preparations represented by the council's Brexit Lead Officer.
- 15.2 Whilst there has been no legal cliff edge in January 2020 as most EU rules and laws have or will be converted into UK law, there are other changes for councils including new responsibilities for regulatory services, possible changes in data governance and proposals for new UK migration rules which have a bearing on staff recruitment processes. The Cabinet Office has also taken the opportunity of EU Exit to review EU procurement law and is seeking greater local flexibilities in these processes. In line with Government guidance the council, working with the Norfolk Resilience Forum,

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has provided information about the EU Settlement Scheme for EU citizens living in the area.

- 15.3 Work has been undertaken at a national level to ensure a legal framework is in place to regulate businesses in respect of the supply of food and consumer goods. The council's Environmental Health Officers remain conversant with legal changes to support local business and ensure compliance. An additional burden will fall to the Environmental Health – Commercial team. For example, officers are required to issue Export Health Certificates to allow shellfish exporters to sell consignments export to the EU.
- 15.4 Public Procurement Rules Reforms are being undertaken by the Government Cabinet Office with the aim to establish a new, more simplistic, UK procurement law based on Government Procurement Agreement (GPA) as set by the World Trade Organisation (WTO). The UK public sector remains and will continue to remain under any new UK procurement law, bound by the GPA.

16. Action Plans

- 16.1 In the Annual Governance Statement for 2019/20, an action plan for 2020/21 was set out to deal with governance issues identified during the review for that year and is attached at Appendix A.
- 16.2 The action plan for 2021/22 is attached at Appendix B.

17. Assurance summary

- 17.1 From the review undertaken, the assessment and ongoing monitoring work completed⁵ 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.
- 17.2 No system of internal control could provide absolute assurances against material misstatement or loss; this statement is intended to provide reasonable assurance. We are satisfied that an on-going process for identifying, evaluating and managing key risks exists. These risks are reflected in the audit plan, the Corporate Risk Register and are the subject of separate reports during the course of the year.
- 17.3 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

Lorraine Gore
Chief Executive

Cllr Ian Devereux
Chair of the Audit Committee

⁵ By the Audit Committee during 2019/20

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Date:

Date:

Date:

Annual Governance Statement

Appendix A - Action plan for the 2020/21 year

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Item	Action	Responsible Officer	Target Date	Update – October 2022	
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	Delayed by Covid -19 response. Reviews now being undertaken 3 times per year. Latest review scheduled to be reported to Audit Committee in November 2022.
2	Governance framework for the council's companies.	Review the governance framework of the council's wholly owned companies.	Chief Executive	March 2021	Tendering exercise undertaken in summer 2021. Report received from Anthony Collins Solicitors July 2022 and under consideration by Cabinet. Review was delayed pending publication of relevant guidance by CIPFA in May 2022.
3	Assurance work regarding GDPR.	To embed arrangements for record management and processing.	Chief Executive	March 2021	Creation and publication of the data breach incident form and a Quick Guide on handling information requests during July 2020. E-learning staff training modules on Data Protection were also rolled out on the Learning Hub during the year.
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	The AGS incorporates recommendations and advice from Internal Audit and Audit Committee and the document for 2021/22 has been reduced in size.
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	Training covered within the tender but implementation of this delayed pending the outcome of the review.
6	Update address gazetteer.	To ensure the address gazetteer is update in preparation for Census	Assistant Director –	January 2021	GeoPlace provided the ONS with address data for all LAs and we didn't receive any queries from ONS

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Item		Action	Responsible Officer	Target Date	Update – October 2022
		2021.	Environment & Planning		in relation to our address data as part of the Census 2021 process
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	The approval of a Covid-19 recovery strategy was accompanied by a new suite of monthly performance indicators that were reported to Corporate Performance Panel on a quarterly basis.
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	The new financial system went live in April 2020 just as the initial Covid restrictions were put in place. A number of issues emerged on the system which took time and resource to resolve. Training has been focussed on specific areas and is now being more widely delivered (with a training development programme being devised and modules to support it). Other system development work is being considered as part of an improvement plan.
9	Digital exclusion strategy/policy.	Develop a digital exclusion policy/strategy.	Executive Director	March 2021	The Covid-19 response resulted in a delay of all new policy development.
10	Develop revised media protocols.	To develop revised social media protocols.	Assistant Director – Central Services	March 2021	The Covid-19 response resulted in a delay of all new policy development. Rescheduled to December 2023 to link with the review of practices after the forthcoming borough elections.
11	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	The Public Services Network is currently being reviewed and we are awaiting the outcome of any revisions from the Cabinet Office. In the meantime, we will continue to undertake ICT health checks / security penetration tests.
12	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	This work was postponed, relevant procedural and guidance documentation in existence for individual service areas across the organisation. The aim was to publish an

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Item		Action	Responsible Officer	Target Date	Update – October 2022
					overarching policy document that brings together and updates where appropriate, a collection of existing policies and approaches formulated over time. However what is in place currently meets requirements.
13	Implementation of new waste collection service.	<p>To implement:</p> <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	<p>Food waste processing contract – this contract is delivering the required services fully to the expectations of the contract.</p> <p>Garden waste Processing Contract – this contract is fully meeting the standards of delivery required to meet the expectations of the specification</p> <p>Waste and related services contract – this contract is higher risk classification with main functional elements being delivered. There is very limited evidence of the delivery of value added optional items which are predicated by offers from the contractor at the time of the bid. The three councils continue to pursue the full delivery of the contract benefits.</p>
14	Norfolk Fraud Hub	To support joint working with DWP and participate in the Norfolk Counter Fraud Hub.	Assistant Director - Resources	March 2021	Some FraudHub members are currently having difficulties in resourcing fraud areas. The lead sponsor, Norfolk County Council, has recently agreed to a further 2 financial years funding of the FraudHub. However, there has been no recent meeting held with the Norfolk FraudHub Steering Group. This is due to the impact from the pandemic and other workstreams continuing as a result of it. Funding has been agreed through the lead sponsor to continue with the Single Person Discount (SPD) review project for the current

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Item		Action	Responsible Officer	Target Date	Update – October 2022
					financial year 2022/2023. DWP joint working has now resumed following the Covid-19 pandemic and the redeployment of many of the DWP investigation Team. Contact has recently been received on a case for joint working purposes.
15	Payment Card Industry (PCI) compliance.	To respond to issues identified during the 2019 PCI audit.	Assistant Director - Resources	March 2021	All issues identified by the 2019 audit were resolved and have been signed off by the assessor.
16	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	Both a Member Major Project Board (MMPB) and Officer Major Project Board (OMPB) established following the KLIC Lessons Learnt Review.
17	Equalities training programme	Development of a training programme to support the equalities policy.	Assistant Director – Central Services	March 2021	The Covid-19 response resulted in a delay of all new policy development. Programme development and delivery rescheduled to March 2023.
18	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	The Covid-19 response resulted in a delay of all new policy development.
19	English Devolution and Local Recovery White Paper	To consider the white paper on English Devolution and Local Recovery.	Chief Executive	March 2021	The White Paper was revised and The Levelling Up and Regeneration Bill was published on 11 May 2022. Two bids submitted for Levelling Up funding for the geographic borough; one by BCKLWN and another by Norfolk County Council.
20	Service level agreements	To review service level agreements covering: <ul style="list-style-type: none"> • Alive West Norfolk 	Assistant to the	March 2021	This work was delayed, decision taken to follow the principles of the previous leisure arrangement service level agreements in the

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Item		Action	Responsible Officer	Target Date	Update – October 2022
		<ul style="list-style-type: none"> EastLaw 	Chief Executive		interim.
		To review service level agreements covering: <ul style="list-style-type: none"> Norfolk Museum Service 	Assistant Director - Regeneration, Housing and Place	March 2021	Aspects reviewed but not the SLA in the round – needs to be completed and included in the AGS action plan for 2022/23.

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Appendix B - Action plan for the 2021/22 year

Item		Action	Responsible Officer	Target Date	Update – September 2022
1	Internal Audit	Agreement with Eastern Internal Audit Services for the provision of Internal Audit Services	Assistant Director - Resources	June 2021	Interim arrangement in place until final agreement signed in November 2021. New arrangements implemented and working well.
2	Waste contract monitoring systems	Implementation of new systems related to: Waste collection contract Garden waste contract	Waste & Recycling Manager	Mar 2022	April 2022 updated software system for waste management became live and is working as expected.
3	Care and Repair contract monitoring systems	Implementation of new systems relating to Care and Repair contract	Assistant Director –	Mar 2022	Process developed and includes a performance measure for each contract. New monitoring role created to support the system administration and to be recruited to in autumn 2022.
4 278	High Street Heritage Action Zone	High Street Heritage Action Zone, HAZ Project officer recruitment and programme management	Assistant Director – Regeneration, Housing and Place	Mar 2022	High Street HAZ programme did not proceed as Heritage England withdrew the funding offer. The HAZ programme is in the process of being formally closed.
5	Housing Delivery Test – Action Plan	Implementation of actions falling within 2021/22	Assistant Director - Environment & Planning	Mar 2022	The latest HDT was formally announced in January 2022, and was passed (96%), therefore no further action was required.
6	Community Infrastructure Levy	12 month review of Community Infrastructure Levy proposed governance and spending arrangements	Assistant Director - Environment & Planning	November 2022	Revised governance arrangements were agreed by Cabinet on 2 August 2022 and will be implemented for future applications in 2023.
7	Public Services Network (PSN) compliance	Ensure PSN compliance during 2021/22 including progressing any actions identified as a result of the 2020 audit.	Assistant Director - Resources	March 2022	PSN compliance across Local Authorities is being reviewed by Central Government currently. However, we still retain the major element of an ICT health check and are in the process of bringing in National Cyber Security

Group Accounts

Item		Action	Responsible Officer	Target Date	Update – September 2022
					Centre approved CHECK assessors for 2022.
8	Governance framework for the council's wholly owned companies.	Review the governance framework of the council's wholly owned companies.	Chief Executive	March 2022	Report received from Anthony Collins Solicitors July 2022 and under consideration by Cabinet. Review was delayed pending publication of relevant guidance by CIPFA in May 2022. Listed on the Forward Plan for Oct 2022.
9	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	See line 8 above. Will follow from Cabinet's decisions.
10 279	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 2022	Ongoing. Amendments made to the AGS for 2021 and 2022.
11	Embedding of the new financial ledger.	To implement and embed the operational processes of the new financial ledger software.	Assistant Director - Resources	March 2022	The new financial system went live in April 2020 just as the initial Covid restrictions were put in place. A number of issues emerged on the system which took time and resource to resolve. Training has been focussed on specific areas and is now being more widely delivered (with a training development programme being devised and modules to support it). Other system development work is being considered as part of an improvement plan.
12	Norfolk Fraud Hub	To support joint working with DWP and participate in the Norfolk Counter Fraud Hub.	Assistant Director - Resources	March 2022	Some FraudHub members are currently having difficulties in resourcing fraud areas. The lead sponsor, Norfolk County Council, has recently agreed to a further 2 financial years funding of the FraudHub. However, there has been no recent meeting held with the Norfolk FraudHub Steering Group. This is due to the impact from the pandemic and other workstreams continuing as a result of it. Funding has been agreed through the lead sponsor to continue with the Single Person Discount

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Item		Action	Responsible Officer	Target Date	Update – September 2022
					(SPD) review project for the current financial year 2022/2023. DWP joint working has now resumed following the Covid-19 pandemic and the redeployment of many of the DWP investigation Team. Contact has recently been received on a case for joint working purposes.
13	English Devolution and Local Recovery White Paper	To consider the white paper on English Devolution and Local Recovery.	Chief Executive	March 2022	White Paper revised and The Levelling Up and Regeneration Bill was published on 11 May 2022. Two bids submitted for Levelling Up funding for the geographic borough; one by BCKLWN and another by Norfolk County Council.
14	Develop revised media protocols.	To develop revised social media protocols.	Assistant Director – Central Services	March 2022	Rescheduled to December 2023 to link with the review of practices after the forthcoming borough elections.
15	Equalities training programme	Development of a training programme to support the equalities policy.	Assistant Director – Central Services	March 2022	Programme development and delivery rescheduled to March 2023.
16	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	This work was delayed, decision taken to follow the principles of the previous leisure arrangement service level agreements in the interim.
		To review service level agreements covering: <ul style="list-style-type: none"> • Norfolk Museum Service 	Assistant Director - Regeneration, Housing and Place	March 2021	Aspects reviewed but not the SLA in the round – needs to be completed and included in the AGS action plan for 2022/23.

Annual Governance Statement

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) 	<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 	<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 	<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)

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<ul style="list-style-type: none"> • 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"> • 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"> • 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"> • Website • Weekly CEO/Leader meetings
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Appendix D – Governance is also embedded in our Joint , Contracted in and/or out 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 Climate Change Partnership
- 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
- 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
- North Norfolk and Breckland district councils – waste and recycling contract procurement

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- 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

- Alive West Norfolk - Leisure, culture and sports development services
- Bedford Borough Council – Payroll processing
- Eastlaw – Legal services
- 284 • Gatherwell Limited - West Norfolk Wins lottery
- 4 • Serco - Waste and recycling collection
- Lovell Partnerships Ltd - Major Housing Contract
- 17 contractors - Care and Repair aids and adaptations work
- Herefordshire Housing Ltd - Careline alarm monitoring contract (expired March 2021)
- Lifeline 24 Ltd - Careline alarm monitoring contract (1 April 2021)
- Greenworld Sales Ltd - Garden waste composting (April 2021)
- Eastern Internal Audit Services - Internal Audit Management (June 2021)

Shared services

- Internal Audit Manager – Fenland District Council (expired June 2021)

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 District Council (ended March 2021) and Fenland District Council

Annual Governance Statement

- 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

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	mitigating actions to reduce the risk.
Data Protection Act 2018	The Data Protection Act 2019 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 287	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

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	affordable over the medium term (five years). The MTF5 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.

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	Contains the difference between financial instruments measured at fair value and the balances required to comply with equipment

Glossary

Adjustment Account	
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-to-day 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.

Glossary

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

2021-2022

Borough Council of
King's Lynn &
West Norfolk



DRAFT STATEMENT OF ACCOUNTS 2021-2022



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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 (tbc).

The certification of the DRAFT Statement of Accounts is pending final audit sign off and approval by the Audit Committee

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

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

(tbc)

Michelle Drewery
Assistant Director – Resources (S151 Officer)
(Date

tbc)

Statement of Responsibilities

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 2022.

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

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

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

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

In accordance with the Accounts and Audit (England) Regulations 2015, I certify that Draft Statement of Accounts presents a true and fair view of the financial position of the Borough Council of King's Lynn and West Norfolk as of 31 March 2022, and its income and expenditure for the year then ended.



Michelle Drewery
Assistant Director - Resources (S151 Officer)
1 August 2022 (date of draft accounts published)

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 2021/2022.

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 2022. 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.

Narrative Statement

2 Introduction to West Norfolk

West Norfolk covers an area of about 550 square miles from Brancaster on the Northern Coast to

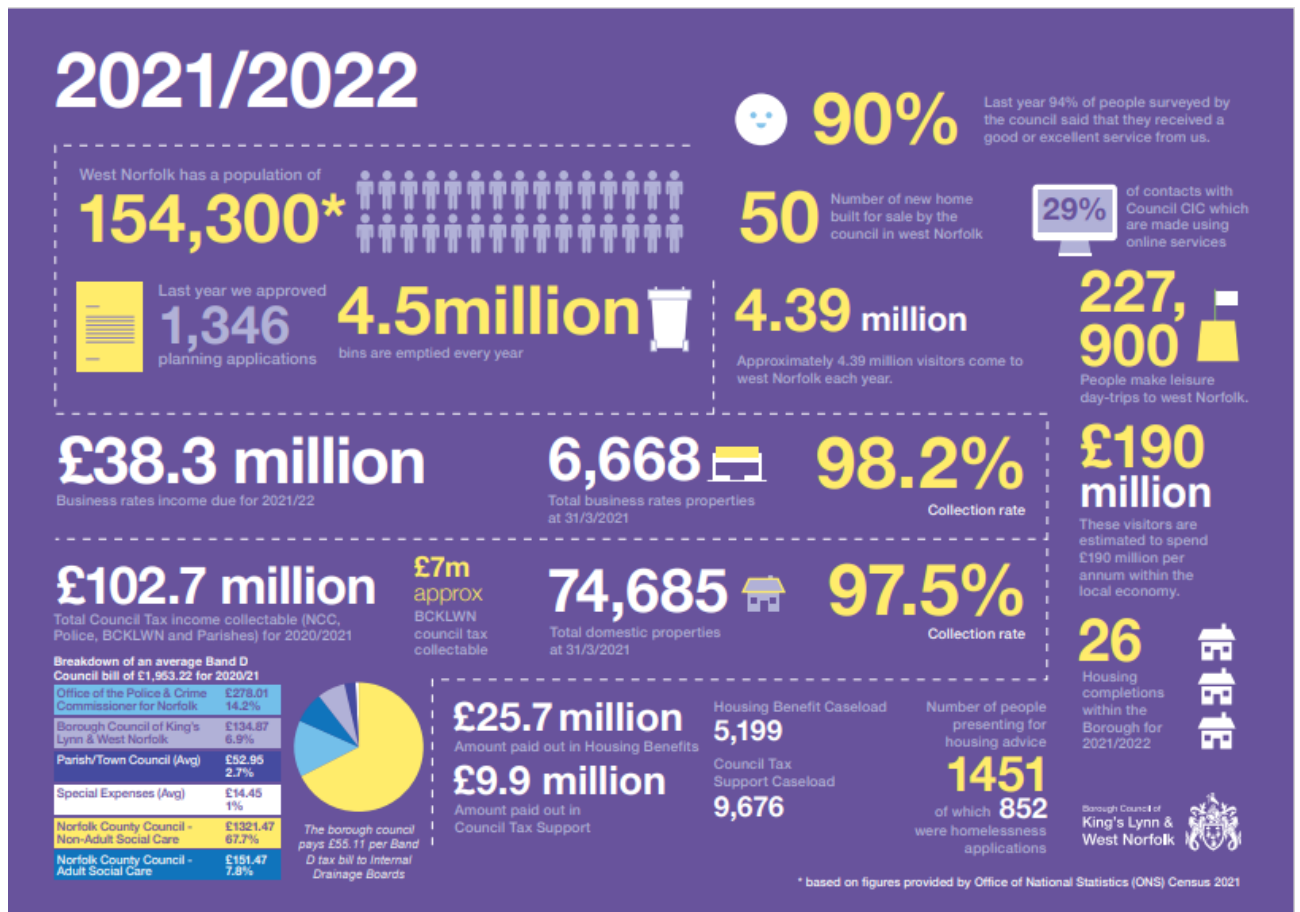


beyond Downham Market in the South.

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, the area is a major tourist attraction.

Narrative Statement



Local Economy

As at 31 March 2022 the borough is home to 6,668 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 has a 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 227,900 people making leisure day trips and 4.39 million visitors come to west Norfolk each year. These visitors are estimated to spend nearly £190 million per annum within the local economy. When the value of indirect spending (purchases of supplies and services by businesses in receipt of visitor

Narrative Statement

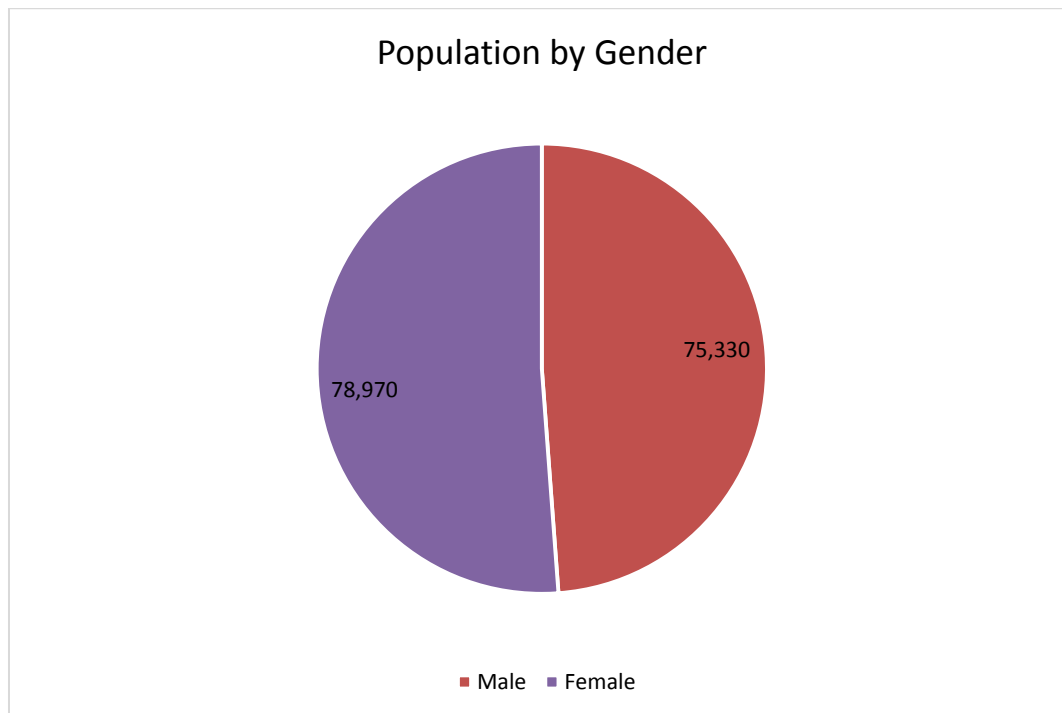
spending) and induced spending (spending by those employed in businesses in receipt of visitor spending) are taken into account the overall value of the visitor economy is estimated to be £577 million annually. This in turn is estimated to support 11,286 jobs (8,382 full time equivalent jobs) which is estimated to represent around 19.5% of all employment in the local economy (figures taken from The Economic Impact of Tourism – 2019 results, produced by Destination Research).

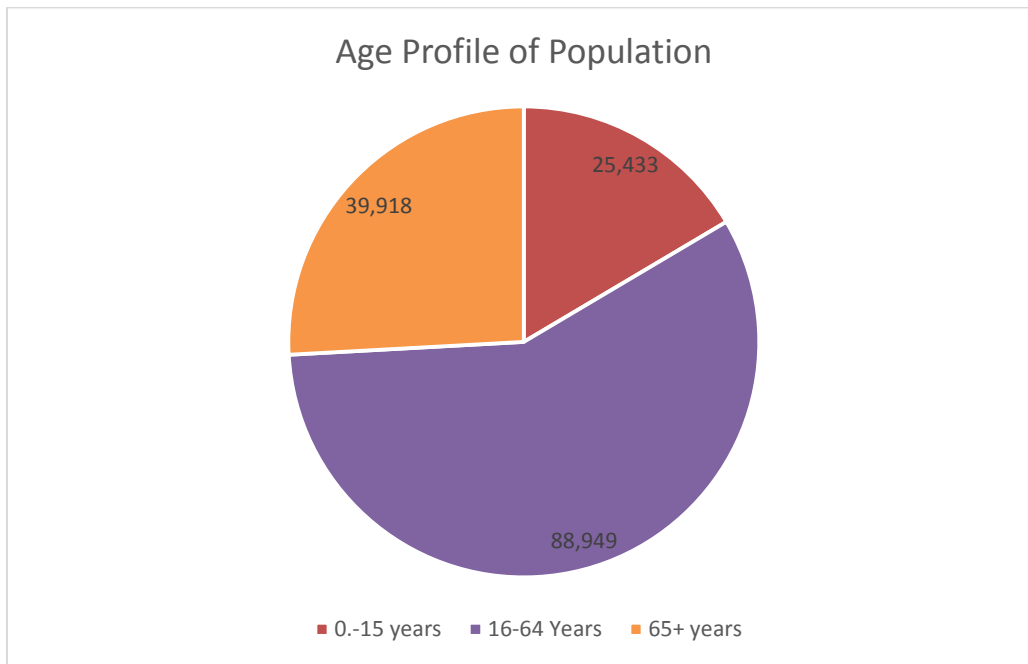
The recovery from the COVID-19 outbreak continued significantly into 2021/22. Many business sectors started to recover but of course the situation remains patchy at both a sector and individual business level, depending on particular circumstances. A significant amount of investment and changes to employment and service models have been required enabling business to adapt to the longer lasting changes from the Pandemic. In the final quarter of 2021/22, the threat of increasing inflation became a rapid reality as pressures on global food, fuel and energy supplies increased. On a positive note, it is clear that many 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 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 154,300 (Office of National Statistics (ONS) 2021).





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

Narrative Statement

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 of 31 March 2022 the political make-up of the Council was as follows:

- Conservative Group – 29 Councillors
- Independent Group – 16 Councillors
- Labour – 9 Councillors
- Independent – 1 Councillor

Councillor Stuart Dark was appointed as Leader of the Council on 20th May 2021. This position was previously held by Councillor Brian Long.

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.

The responsibilities as of 31 March 2022 are set out below:

- Leader of the Council
- Deputy Leader and Portfolio Holder for Business, Culture and Heritage
- Portfolio Holder for Corporate Services
- Portfolio Holder for Development and Regeneration
- Portfolio Holder for Environment
- Portfolio Holder for Finance
- Portfolio Holder for People and Communities
- Portfolio Holder for Property

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

Narrative Statement

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

EXTENDED MANAGEMENT TEAM May 2021

Chief Executive **Lorraine Gore**

Executive Director **Debbie Gates**

Executive Director **Geoff Hall**

Becky Box
Assistant Director
Central Services

- Personnel
- Corporate Policy
- Communications
- Customer Information Centre
- Democratic Services (including elections and civics)

Management Team representative for Corporate Performance Panel

Mark Whitmore
Assistant Director
Community and Partnerships

- Key Partnerships including West Norfolk Partnership
- Community Safety
- ~~Neighbourhood Nuisance~~
- Housing Standards
- Housing Options
- Housing Allocations
- Care and Repair Agency
- Caroline Community Service
- Financial Assistance/ West Norfolk Wins

Management Team representative for KLACC

Neil Gromett
Managing Director
Alive West Norfolk

- Operation of Leisure/ Arts facilities
- Community ~~Centres~~ and Sports Pavilions
- Leisure/ Sports Development
- Operations

Michelle Drewery
Assistant Director
Resources (S151 Officer)

- Financial Services
- Revenues and Benefits
- Internal Audit Service
- ICT

Management Team representative for Audit Committee

Duncan Hall
Assistant Director
Regeneration, Housing and Place

- Strategic Housing
- Strategic Regeneration and Economic Development
- Business Development
- LEP Liaison
- Tourism and Place Marketing
- Culture
- Heritage Buildings
- Heritage Action Zone
- Future High Streets and Towns Funds
- Funding Bids
- Coordination of Green Issues

Management Team representative for Regeneration and Development Panel

Matthew Henry
Assistant Director
Property and Projects

- Property Services
- Office Accommodation
- Major Projects (including delivery of Regeneration Projects)
- Major Projects Officer Board

Management Team representative for Major Projects Member Board

Stuart Ashworth
Assistant Director
Environment and Planning

- Planning Control
- Planning Enforcement
- Planning Policy and Strategic Housing Delivery
- Food Safety
- Health and Safety
- Licensing
- Environmental Management
- Flood and Water Management
- Emergency Planning
- Planning Technical Support

Management Team representative for Planning Committee

Martin Chisholm
Assistant Director
Operations and Commercial

- Car Parking
- Town Centre/Markets
- CCTV
- Crematorium
- Resort Services
- Events
- Refuse and Recycling
- Public Open Space (Streets and Grounds)

Management Team representative for Environment and Community Panel

David Ousby
Assistant Director
~~Programme and Project Delivery~~

- Major Housing Project
- Major Contracts Advice
- Procurement Team
- West Norfolk Property Ltd
- West Norfolk Housing Ltd

Management Team representative for West Norfolk Housing and West Norfolk Property

Honor Howell
Assistant to the Chief Executive

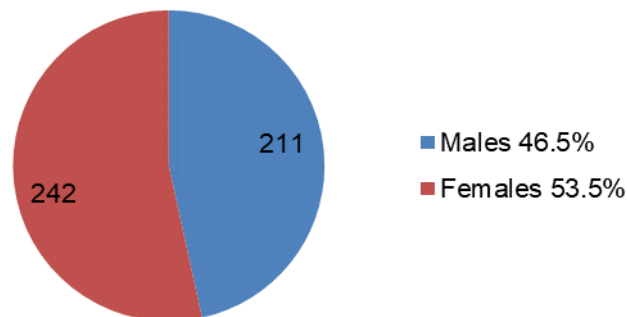
- Corporate Business Plan
- Performance and Efficiency (including Performance Indicators)
- Annual Governance Statement
- Corporate Complaints

Client for the wholly owned council companies and for the legal service

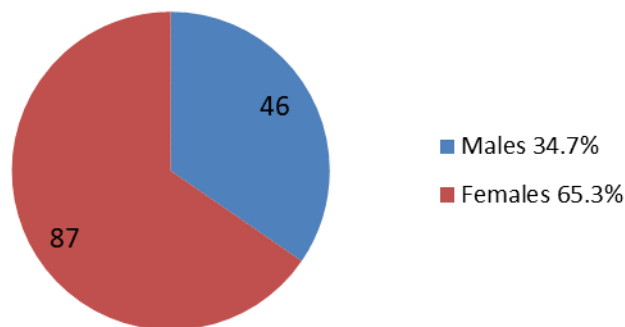
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Narrative Statement

The Council's permanent establishment is currently 479 posts of which 352 are full time and 217 are part time, giving an establishment FTE of 446.71. As at 31st March 2022 the headcount (ie number of people in post) is 453.



In addition, the Council's wholly owned local Council leisure company, Alive West Norfolk Ltd had a permanent establishment of 141 of which 79 are full time and 62 are part time, giving an establishment FTE of 111.18. As at 31st March 2022 the headcount (ie number of people in post) is 133.



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 current 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 full year performance update on the corporate business plan for 2021/22 was provided to Corporate Performance Panel on 16 June 2022.

Narrative Statement

The plan is summarised on the next page.

Narrative Statement

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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Narrative Statement

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 2021 Monitoring of £21,467.800 and a transfer of £255,390 to its General Fund balance, to give a Budget Requirement of £21,721,190.

The outturn position for the year shows expenditure of £20,290,979 with a transfer to the General Fund Balance of £287,748, thereby meeting the Budget Requirement of £20,578,724. The movement of the General Fund balance is detailed below. The outturn position is incorporated within the Comprehensive Income and Expenditure Statement, surplus on provision of services.

	Original Budget 2021/22	Revised Budget February 2021/22	Actual Outturn 2021/22
	£'000	£'000	£'000
Balance brought forward	(8,696)	(8,696)	(8,696)
Expenditure in the year	21,468	19,507	20,291
Budget Requirement	21,723	20,508	20,579
(Surplus)/ deficit for year	(255)	(1,001)	(288)
Balance carried forward	(8,951)	(8,825)	(8,984)

The revenue outturn for 2021/22 is detailed below. The Revenue Outturn was reported to Cabinet on 2 August 2022.

Narrative Statement

Revenue Outturn	Revised Estimate	Actual Outturn	(Surplus) / Deficit
	2021/22	2021/22	2021/22
	£	£	£
Service Areas			
Central Services	2,710,070	2,652,225	(57,845)
Health Wellbeing and Public Protection	2,028,330	1,831,664	(196,666)
Companies and Housing Delivery	341,770	100,691	(241,079)
Environment and Planning	1,057,150	1,268,631	211,481
Operations and Commercial	866,200	1,719,152	852,952
Property and Projects	(1,435,010)	(1,584,380)	(149,370)
Regeneration Housing & Place	780,810	684,481	(96,329)
Resources	7,573,010	8,609,594	1,036,584
Chief Executive	86,880	82,733	(4,147)
Legal Services	321,000	376,681	55,681
Leisure and Community Facilities	2,279,880	1,376,770	(903,110)
Service Area Totals	16,610,090	17,118,242	508,152
Financing Adjustment	(9,490)	269,880	279,370
Internal Drainage Boards	2,885,400	2,881,639	(3,761)
Council Tax Support to Parishes	21,210	21,218	8
Subtotal	19,507,210	20,290,979	783,769
Contribution to / (from) Balances	1,001,220	287,745	(713,475)
Borough spend for 2020/2021	20,508,430	20,578,724	70,294

The Borough Council element of the full council tax bill in 2021/2022 for a Band D property is £134.87 out of a total of £1,953.22 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 2021/2022 the Borough Council's charge forms a very small part of the bill (6.91%) collected from every council taxpayer.

Narrative Statement

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Narrative Statement

Our Key achievements during 2021/2022 include:

TO BE UPDATED

Our programme of work for 2021/22 had a focus on helping business and individual to recover from the impact of the pandemic. It was also pivotal in allocating funding to local businesses, providing support and assistance to the most vulnerable in our communities.

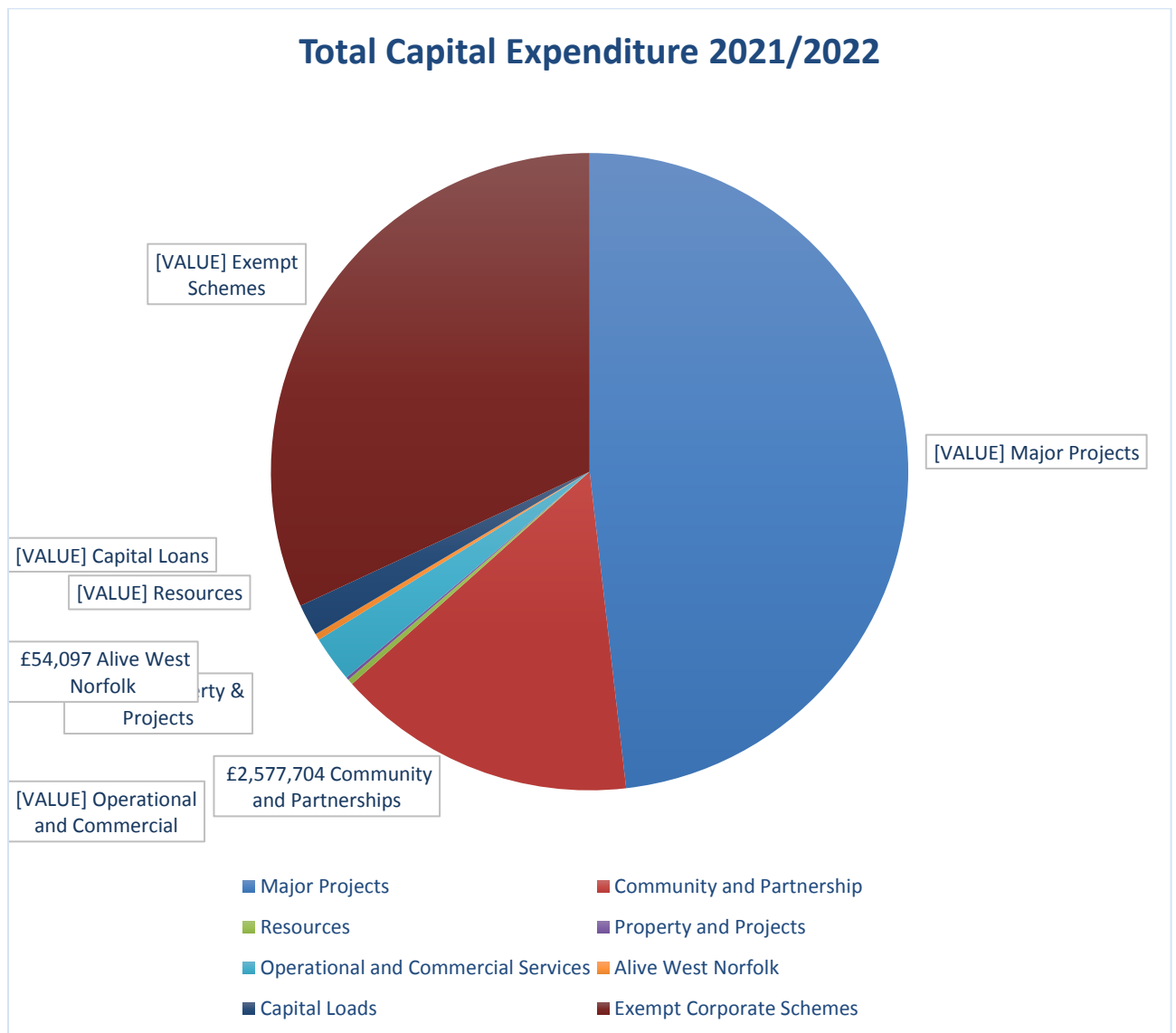
Narrative Statement

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 £16.9m on capital schemes. The areas of expenditure included



Narrative Statement

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

	Budget 2021/2022	Outturn 2021/2022	Rephasing (to)/from 2022/2023	Variance (Under) /Over
Capital Programme	£	£	£	£
Major Projects	11,281,820	8,156,094	(3,626,530)	500,804
Operational Projects:				
Community and Partnerships	2,694,810	2,577,704	(108,830)	(8,276)
Resources (S151 Officer)	131,250	47,786	(83,460)	(4)
Property and Projects	66,000	24,663	(41,330)	(7)
Operational and Commercial Services	555,630	396,331	(148,120)	(11,179)
Alive West Norfolk	90,900	54,097	(35,350)	(1,453)
Capital Loans	0	272,699	0	272,699
	3,538,590	3,373,280	(417,090)	251,780
Capital Programme Outturn	14,820,410	11,529,374	(4,043,620)	752,584
Exempt Corporate Schemes	7,492,750	5,402,621	(1,970,400)	(119,729)

7 Current Economic Climate, Outlook and Risk

In February 2022 the Council set out a Financial Plan for 2021/2026. While the Department for Levelling-Up, Housing and Communities programs its review of funding reforms, the Spending Review 2021 again saw a one-year settlement for 2022/2023, This again posed significant and continuing 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. The Government plans are also for a full reset of the business rates system and an announcement on the outcome of the review into relative needs and resources, i.e. the Fair Funding Review. The Financial Plan for 2020/2025 was approved by Council on 25 February 2021.

The Financial Plan 2021/2026 showed that the Council could present a funded budget for each year of the medium-term financial plan where a contribution from General Fund balances was required which was set to increase sharply from 2023/24. The plan still highlighted significant uncertainty from March 2023 onwards due to the uncertain levels of inflation relating to energy and fuel costs and the subsequent impact to other supplies, materials and services required by the Council.

When the budget was approved, the council still envisaged uncertainty around the pace of recovery from the Covid 19 Pandemic. The Council has still continued to prioritise its provision of resources and support to rough sleepers and the most vulnerable across the borough and to administer business rates relief and grants to businesses. During the year concerns emerged of growing inflation and the Government's Office for Budget Responsibility made forecasts of inflation up to 10% for 2022/23, widely impacting the cost of living for individuals and businesses. The councils Financial Plan is based on assumptions for continuing growth in the local. 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's continuing strategy is to identify budget savings in year, as part of the monitoring

Narrative Statement

process and at year end. Any savings are then transferred to the General Fund Reserve balance for use in future years. As a result the Council has actively proposed as part of the 2021/22 Outturn report how anticipated inflation and its effect on cost of and demand for services provision can to a degree be supported from earmarked reserves.

The council continues to focus on emerging pressures and risk in its monthly budget monitoring process and is reported to Council and Audit Committee throughout the year.

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 to 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. 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.

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.

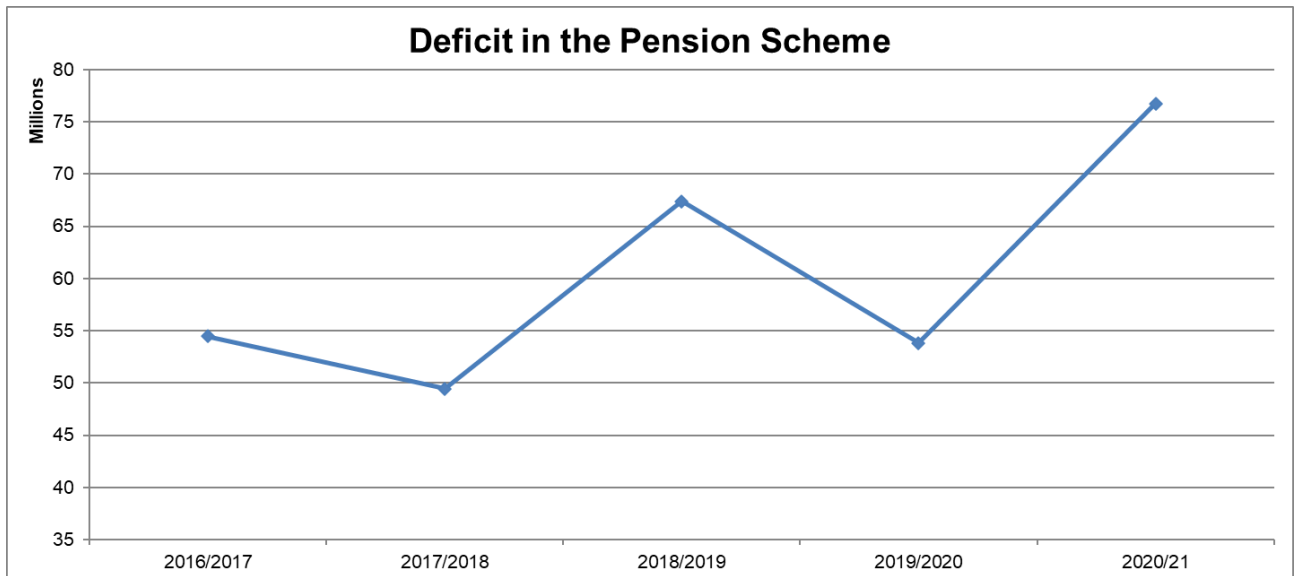
Details of the Council's external borrowing can be found in the Financial Instruments note to the accounts.

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 2021/2022 and the estimated assets and liabilities of the scheme as at 31 March 2022. The pension fund deficit shown in the balance sheet as at 31 March 2022 stands at £54.9million. 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

Narrative Statement

assessed by the scheme actuary. The deficit position of the scheme over the last 5 years is shown below.



**CORE FINANCIAL STATEMENTS
BOROUGH COUNCIL KING'S LYNN
AND WEST NORFOLK
2021/2022**

CORE FINANCIAL STATEMENTS

Movement in Reserves Statement (MIRS)

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.

2021/22	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2021		(8,696)	(36,112)	(12,871)	(392)	(58,071)	(78,200)	(136,271)
(Surplus) on Provision of Services	CIES	(6,740)	0	0	0	(6,740)	0	(6,740)
Other Comprehensive (Income)/(Expenditure)	CIES	0	0	0	0	0	(25,022)	(25,022)
Total Comprehensive income and expenditure	CIES	(6,740)	0	0	0	(6,740)	(25,022)	(31,762)
Adjustments between accounting basis, and funding basis under regulations	7	6,130	0	7,924	(335)	13,719	(13,719)	0
Transfer to\from Earmarked Reserves		322	(193)	0	0	129	(129)	0
Total Increase\decrease) during the year		(288)	(193)	7,924	(335)	7,108	(38,870)	(31,762)
Balance as at 31 March 2022		(8,984)	(36,305)	(4,947)	(727)	(50,963)	(117,070)	(168,033)

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.

CORE FINANCIAL STATEMENTS

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 2020/21

2020/21	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2020		(10,082)	(22,124)	(6,153)	(392)	(38,751)	(110,880)	(149,631)
Deficit on Provision of Services	CIES	(5,967)	0	0	0	(5,967)	0	(5,967)
Other Comprehensive Income	CIES		0	0	0		19,327	19,327
Total Comprehensive income and expenditure	CIES	(5,967)	0	0	0	(5,967)	19,327	13,360
Adjustments between accounting basis, and funding basis under regulations	7	(7,608)		(6,718)	0	(14,326)	14,326	0
Transfer to/from Earmarked Reserves		14,961	(13,988)			973	(973)	0
Total Increase/(decrease) during the year		1,386	(13,988)	(6,718)	0	(19,320)	32,680	13,360
Balance as at 31 March 2021		(8,696)	(36,112)	(12,871)	(392)	(58,071)	(78,200)	(136,271)

CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES)

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.

2020/21 (Restated)					2021/22		
Gross Spend	Gross Income	Net Spend			Gross Spend	Gross Income	Net Spend
£'000	£'000	£'000		Note	£'000	£'000	£'000
			Services				
2,678	(144)	2,534	Central Services		3,306	(264)	3,042
4,776	(2,998)	1,778	Health Wellbeing and Public Protection		6,503	(1,784)	4,719
316	(8)	308	Companies and Housing Delivery		439	(246)	193
3,137	(3,110)	27	Environment and Planning		4,020	(3,303)	717
15,537	(14,438)	1,099	Operations and Commercial		18,215	(16,892)	1,323
1,687	(2,752)	(1,065)	Property and Projects		1,802	(2,868)	(1,066)
2,196	(880)	1,316	Regeneration Housing & Place		2,257	(943)	1,314
42,180	(35,298)	6,882	Resources		38,586	(29,410)	9,176
446	(967)	(521)	Chief Executive		523	(453)	70
513	(266)	247	Legal Services		637	(260)	377
3,870	(424)	3,446	Leisure and Community Facilities		3,200	(613)	2,587
77,336	(61,285)	16,051	Cost of Services		79,488	(57,036)	22,452
		1,744	Other Operating (Income)	9			1,680
		(901)	Financing and Investment (Income)	10			1,493
		(22,861)	Taxation and Non-Specific Grant Income	11			(32,365)
		(5,967)	(Surplus)\Deficit on Provision of Services				(6,740)
		(1,196)	(Surplus)/Deficit on Revaluation Non Current Assets				2,683
		20,523	Re-measurement of the net defined benefit liability	20			(27,705)
		19,327	Other Comprehensive (Income)				(25,022)
		13,360	Total Comprehensive (Income)/Expenditure				(31,762)

CORE FINANCIAL STATEMENTS

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'.

2021			2022
£'000			£'000
148,503	Property, Plant and Equipment	27	164,676
17,975	Heritage Assets	26	15,292
30,360	Investment Property	24	30,360
989	Intangible Assets	25	625
4,842	Long Term Receivables	31	4,899
	Capital Programmes		0
202,669	Total Long term Assets		215,852
16,038	Short Term Investments	36	20,000
134	Inventories		155
18,402	Short Term Receivables	36	11,068
24,068	Cash and Cash Equivalents	14	23,187
2,770	Assets Held for Sale	29	2,770
61,412	Total Current Assets		57,180
(944)	Provisions	34	(829)
0	Short Term Borrowing	36	0
(39,883)	Short Term Payables	32	(38,137)
(40,827)	Total Current Liabilities		(38,966)
(13)	Grants Receipts in Advance	35	(915)
(10,000)	Long Term Borrowing	36	(10,000)
(224)	Other Long Term Liabilities		(213)
(76,747)	Pension Liabilities	20	(54,905)
(86,984)	Total Long Term Liabilities		(66,033)
136,270	Net Assets		168,033
	Reserves		
(58,070)	Usable Reserves	MIRS	(50,963)
(78,200)	Unusable Reserves	13	(117,070)
(136,270)	Total Reserves		(168,033)

Notes to Core Financial Statements

I certify that the draft statement of accounts gives a true and fair view of the financial position of the Council as of 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

Michelle Drewery

Assistant Director - Resources (S151 Officer)

(Date)

Notes to Core Financial Statements

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.

2020/21		Note	2021/22
£'000			£'000
5,967	Net Surplus or (Deficit) on the Provision of Services	CIES	6,740
31,827	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements	39	5,692
(18,722)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	39	(11,861)
19,072	Net Cash flows from Operating Activities		571
(3,248)	Investing Activities	40	(9,079)
(3,746)	Financing Activities	41	7,627
12,078	Net Increase or Decrease in Cash and Cash Equivalents		(881)
11,990	Cash and Cash Equivalents at the beginning of the Reporting Period		24,068
24,068	Cash and Cash Equivalents at the End of the Reporting Period	14	23,187

Notes to Core Financial Statements

1 Expenditure and Funding Analysis (EFA)

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.

2020/21 (Restated)				2021/22		
Net Expenditure Charged to General Fund	Adjustment between Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Charged to General Fund	Adjustment between Funding and Accounting Basis	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
			Services			
1,759	775	2,534	Central Services	2,651	391	3,042
183	1,595	1,778	Health Wellbeing and Public Protection	1,832	2,887	4,719
286	22	308	Companies and Housing Delivery	102	91	193
(135)	162	27	Environment and Planning	1,268	(551)	717
1,026	73	1,099	Operations and Commercial	1,720	(397)	1,323
(3,515)	2,450	(1,065)	Property and Projects	(1,587)	521	(1,066)
246	1,070	1,316	Regeneration Housing & Place	684	630	1,314
6,543	339	6,882	Resources	8,609	567	9,176
89	(610)	(521)	Chief Executive	83	(13)	70
227	20	247	Legal Services	377	-	377
2,067	1,379	3,446	Leisure and Community Facilities	1,378	1,209	2,587
8,776	7,275	16,051	Cost of Services	17,117	5,335	22,452
(22,351)	333	(22,018)	Other Income and Expenditure	(17,727)	(11,465)	(29,192)
(13,575)	7,608	(5,967)	(Surplus)/Deficit on Provision of Services	(610)	(6,130)	(6,740)
(10,082)			Opening General Fund Balance as at 1 April 2021	(8,696)		
(13,575)			(Surplus)/Deficit on General Fund in year	(610)		
14,961			Transfer to Earmarked Reserves	322		
(8,696)			Closing General Fund Balance as at 31 March 2021	(8,984)		

Notes to Core Financial Statements

1a Note to the Expenditure and Funding Analysis

The note below provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CIES).

2021/22	Adjustment for capital purposes	Net Change for the pension adjustment	Adjustment for Investment Properties	Transfer to/(from) Earmarked Reserves	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
2021/22 Services						
Central Services	(2)	473	0	(72)	(8)	391
Health Wellbeing and Public Protection	2,504	577	0	(187)	(7)	2,887
Companies and Housing Delivery	0	95	0	(4)	0	91
Environment and Planning	7	672	0	(1,217)	(13)	(551)
Operations and Commercial	(50)	1,117	0	(1,453)	(11)	(397)
Property and Projects	134	199	249	(79)	18	521
Regeneration Housing & Place	480	103	0	56	(9)	630
Resources	1,103	1,019	0	(1,529)	(26)	567
Chief Executive	39	31	0	(68)	(15)	(13)
Legal Services	0	0	0	0	0	0
Leisure and Community Facilities	1,401	0		(192)		1,209
Net Cost of Services	5,616	4,286	249	(4,745)	(71)	5,335
Other Income and Expenditure	(11,970)	1,577	(249)	4,745	(5,568)	(11,465)
Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES	(6,354)	5,863	0	0	(5,639)	(6,130)

Notes to Core Financial Statements

2020/21	Adjustment for capital purposes	Net Change for the pension adjustment	Adjustment for Investment Properties	Transfer to/(from) Earmarked Reserves	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
2020/21 Services						
Central Services	8	150	0	617	0	775
Health Wellbeing and Public Protection	1,787	168	0	(295)	(65)	1,595
Companies and Housing Delivery	0	22	0	0	0	22
Environment and Planning	7	155	0	0	0	162
Operations and Commercial	(284)	357	0	0	0	73
Property and Projects	107	61	2,282	0	0	2,450
Regeneration Housing & Place	434	28	0	608	0	1,070
Resources	177	426	0	(312)	48	339
Chief Executive	0	7	0	(617)	0	(610)
Legal Services	0	20	0	0	0	20
Leisure and Community Facilities	1,379	0		0		1,379
Net Cost of Services	3,615	1,394	2,282	1	(17)	7,275
Other Income and Expenditure	(7,157)	1,250	(2,282)	(1)	8,523	333
Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES	(3,542)	2,644	0	0	8,506	7,608

Notes to Core Financial Statements

1b Expenditure and Income Analysed by Nature

The Council's expenditure and income incurred in the provision of services as shown in the Comprehensive Income and Expenditure Statement is analysed as follows:

2020/21		2021/22
£'000	Nature of Income or Expenditure	£'000
(19,911)	Fees, Charges & Other Service Income	(25,135)
(266)	Interest and Investment Income	(226)
(6,777)	Income from Council Tax	(7,020)
(12,766)	Income from Retained Business Rates	(24,828)
(60,157)	Government Grants and Contributions	(48,802)
(99,877)	Total Income	(106,011)
19,556	Employee Expenses	23,054
58,733	Other Service Expenses	58,186
13,590	Business Rates Tariff and Levy	13,488
(929)	Support Service Recharges	(857)
5,852	Depreciation, Amortisation and Impairment	7,441
2,406	Interest Payments	2,717
(3,390)	Precepts & Levies	(3,487)
(2,208)	Net (Gains) and Losses on Fair Value Adjustments on Investment Property	0
300	(Gains) / Losses on Disposal of Non-Current Assets	(1,270)
93,910	Total Expenditure	99,272
(5,967)	(Surplus) / Deficit on the Provision of Services	(6,739)

2 Restatements – Prior Period Adjustments

There are no prior period adjustments within the Statement of Accounts for 2021/22.

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.

Notes to Core Financial Statements

- 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 1 August 2022. 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 2022, 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 2022.

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.

Notes to Core Financial Statements

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.	The net book value of the Council's property, plant and equipment assets is £164.6m as at 31 March 2022. Of this, (tbc) 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 (tbc) 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 (tbc) and the value of the asset decrease.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate would increase employer liability by 10% and cost £24.4 million; a 0.5% increase in the salary increase rate would lead to an increase of 2% in employer liability and cost £2.8 million and a 0.5% increase in the pension increase rate would increase employer liability by 8% and cost £21.0 million.

Notes to Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2022, the Council had a balance of sundry receivables of £xxk (£6,706k 31 March 2021). A review of significant balances suggested that an allowance for doubtful debts of 30% £xxk (£2,012k 2020/2021) was appropriate. The allowance in doubtful debts is currently retained at £xxk which represents 29% of the balance as at 31 March 2022.	<p>2021/22 was an exceptional year due to the Covid19 pandemic. The balance of sundry receivables is higher due to the Council temporarily pausing activity on chasing debt during the year. From 2021/22, debt recovery has resumed.</p> <p>The actual level of provision is £xxk 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 £xxk.</p>
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 2022. 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 2022 .	If the average success rate of NNDR appeals was to increase by 1% the Council would have to increase its NNDR appeals provision by an immaterial sum.

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

Notes to Core Financial Statements

7 MIRS – 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.

2020/21						2021/22			
General Fund	Capital Receipts	Capital Grants	Unsuable Reserves		Note	General Fund	Capital Receipts	Capital Grants	Unsuable Reserves
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
				Adjustments primarily involving the Capital Adjustment Account:					
				Reversal of items debited or credited to the CIES:					
(3,225)			3,225	Charges for Depreciation and Impairment of Non-Current Assets	13b	(3,858)			3,858
0			0	Revaluation Losses on Property, Plant and Equipment					0
2,208			(2,208)	Movements in the Market Value of Investment Properties					0
629			(629)	Reverse Impairments in the year from Revaluation Increase	13b				0
(334)			334	Amortisation of Intangible Assets	13b				0
(2,294)			2,294	Revenue Expenditure Funded from Capital under Statute	13b	(3,509)			3,509
(13,861)			13,861	Amounts of Non-current Assets written off on disposal or sale					0
0			0	Soft Loans – Adjustments					0
0			0	Capital Grants and Contributions Applied					0
				Insertion of items not Debited/(Credited) to the CIES					
374			(374)	Statutory Provision for the Financing of Capital Investment	13b	398			(398)
1,074			(1,074)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	13b	1,450			(1,450)
0			0	Capital Expenditure charged against the General Fund					0
11			(11)	Principal repayment of finance Leases where the Council is the lessee	13b	11			(11)

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Notes to Core Financial Statements

General Fund	Capital Receipts	Capital Grants	Unsuable Reserves		Note	General Fund	Capital Receipts	Capital Grants	Unsuable Reserves
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
				Adjustments primarily involving the Capital Grants Unapplied Account:					
5,164			(5,164)	Capital grants and contributions unapplied credited to the CIES	13b	10,674		(10,674)	
		0	0	Application of grants to capital financing transferred to the CAA				10,339	(10,339)
				Adjustments primarily involving the Capital Receipts Reserve:					
13,558	(13,558)			Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES		1,187	(1,187)		
	6,840		(6,840)	Capital Receipts applied	13b		9,111		(9,111)
				Transfer (from)/to the Deferred Capital Receipts upon receipt of cash					
				Adjustments Involving the Financial Instruments Adjustment Account:					
66			(66)	Amount by which Finance Costs Charged to the CIES are different from Finance Costs Chargeable in the Year (in accordance with statutory requirements)	13c				0
				Adjustments primarily involving the Pensions Reserve:					
(6,578)			6,578	Reversal of items relating to retirement benefits debited or credited to the CIES	13d	(10,243)			10,243
4,168			(4,168)	Employer's pensions contributions and direct payments to pensioners payable in the year	13d	4,380			(4,380)
				Adjustments primarily involving the Collection Fund Adjustments Accounts:					
(8,523)			8,523	Amount by which council tax & business rates income credited to the CIES is different from statutory requirements	13e	5,568			(5,568)
				Adjustments primarily involving the Accumulated Absences Accounts:					
(45)			45	Amount by which officer remuneration charged to the CIES on an accruals basis is different from statutory requirements.	13f	72			(72)
(7,608)	(6,718)	-	14,326			6,130	7,924	(335)	(13,719)

Notes to Core Financial Statements

8 MIRS – 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 2021/2022.

	Balance as at 31 March 2020	Transfer Out 2020/21	Transfer In 2020/21	Balance as at 31 March 2021	Transfer Out 2021/22	Transfer In 2021/22	Balance as at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Amenity Areas Reserve	(263)	0	(2)	(265)	265	(2)	(2)
Capital Programme Resources Reserve	(6,440)	354	(523)	(6,609)	1,945	(909)	(5,573)
West Norfolk Partnership	(892)	0	5	(887)	8	0	(879)
Insurance Reserve	(205)	0	(11)	(216)	0	(10)	(226)
Restructuring Reserve	(334)	0	0	(334)	0	(150)	(484)
Repairs and Renewals Reserve	(862)	4	(179)	(1,037)	104	(979)	(1,912)
Holding Accounts	(2,129)	529	(53)	(1,653)	647	(1,098)	(2,104)
Ring Fenced Reserve	(2,398)	319	(1,029)	(3,108)	525	(1,400)	(3,983)
Planning Reserve	(394)	22	(124)	(496)	4	(56)	(548)
Grants Reserves	(3,180)	2,848	(4,227)	(4,559)	1,158	(1,216)	(4,617)
Collection Fund Adjustments	(4,523)	80	(10,722)	(15,166)	7,812	(3,339)	(10,693)
Climate Change Strategy	0	0	(1,000)	(1,000)	4	(250)	(1,246)
Project / Other Reserves	(502)	0	(280)	(782)	23	(3,279)	(4,038)
Total	(22,122)	4,156	(18,145)	(36,112)	12,495	(12,688)	(36,305)

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.

Notes to Core Financial Statements

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.

Climate Change Strategy - - allow implementation of smaller schemes; help fund preparation for larger capital scheme funding bids and also fund feasibility reports on potential options in support of the Council's Emissions Reduction Strategy and Action Plan.

Notes to Core Financial Statements

9 CIES – Other Operating Expenditure

2020/21		2021/22
£'000		£'000
2,114	Parish Council Precepts	21
0	Levies	2,882
0	Payments to the Government Housing Capital Receipts Pool	0
(370)	Net (Gains) on the Disposal of Non-current Assets	(1,223)
1,744		1,680

10 CIES – Financing and Investment Income and Expenditure

2021/22		2021/22
£'000		£'000
142	Interest Payable and similar charges	176
1,250	Net Interest on the net defined Benefit Liability (Asset)	1,577
(11)	Interest (Receivable) and similar income	(11)
0	Net (Gains) and Losses on Fair Value Adjustments on Investment Properties	0
(2,282)	Net (Income) from Investment Properties)	(249)
(901)		1,493

11 CIES – Taxation and Non-Specific Grant Income and Expenditure

2020/21		2021/22
£'000		£'000
(6,720)	Council Tax (Income)	(7,020)
(10,768)	Non-domestic Rates (Income and Expenditure)	(11,411)
(462)	Non-ringfenced Government Grants (Income)	(486)
(4,911)	Government Grants and Contributions	(13,448)
(22,861)		(32,365)

12 CIES – Material Item of Income and Expenditure 2021/22

In 2021/2022 an increase in the defined benefits Pension obligation of £8,943k and an increase in the fair value of Assets of £12,899k has resulted in an increased in the authority's Pensions liabilities of £21,842k. Therefore, the net pension liability at 31 March 2022 is £54,905k (£76,747k 2020/21)

In 2021/2022 the council received £25,697k from the Department of Works and Pensions towards the cost of Housing Benefits payments. During the same period, the council spent £26,419k on Housing Benefits payments.

13 Balance Sheet – Unusable Reserves

Usable Reserves

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

Unusable Reserves

2020/21		2021/22
£'000		£'000
(78,754)	Revaluation Reserve	(76,071)
(84,560)	Capital Adjustment Account	(98,632)
164	Financial Instruments Adjustment Account	164
76,747	Pensions Reserve	54,905
7,942	Collection Fund Adjustment Account	2,374
262	Accumulating Compensated Absences Adjustment Account	190
(78,199)		(117,070)

13a 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:

Notes to Core Financial Statements

- 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.

2020/21		2021/22
£'000		£'000
(83,714)	Balance at 1 April	(78,754)
(1,196)	In Year surplus on revaluation of non-current assets	2,683
870	Difference between Fair Value Depreciation and Historical Cost Depreciation	0
5,286	Accumulated Gains on non-current assets disposed	0
(78,754)		(76,071)

13b 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.

Notes to Core Financial Statements

2020/21		2021/22
£'000		£'000
(80,842)	Balance at 1 April	(84,560)
	Reversal of items debited or credited to CIES	
3,225	Depreciation, impairment and amortisation	3,858
(629)	Impairment/Revaluation charged to CIES	0
334	Amortisation of intangible assets	0
(2,208)	Movement in market value of Investment Properties	0
2,294	Revenue expenditure funded from capital under statute	3,509
7,768	Non-current assets written out on disposal - Assets held for Sale	0
6,092	Non-current assets written out on disposal - PPE	0
181	Soft Loans - Principal repaid	0
	Transfers between revenue and capital resources	
(374)	Minimum Revenue Provision	(398)
(11)	Principal repayment of Finance Leases where the Council is the Lessee	(11)
(1,074)	Additional provision relating to internal repayment of prudential borrowing	(1,450)
	Capital Financing applied in year	
(7,021)	Use of Capital Receipts Reserve to finance new capital expenditure	(9,112)
0	Capital grants and contributions credited to the CIES that have been applied to Capital Financing	0
(5,164)	Application of grants to capital financing from Capital Grants Unapplied Account	(10,339)
(974)	Capital expenditure charged against Earmarked Reserves	(129)
	Other adjustments	
(2)	Reverse impairments in year from Revaluation Reserve	0
(6,155)	Adjusting amounts written off from the Revaluation Reserve	0
(84,560)		(98,632)

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

13c 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.

Notes to Core Financial Statements

2020/21		2021/22
£'000		£'000
230	Balance at 1 April	164
(66)	In year fair value adjustment of private sector housing loans	0
164		164

13d 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.

2020/21		2021/22
£'000		£'000
53,814	Balance at 1 April	76,747
20,523	Actuarial (Gains)/Losses on Pensions Assets and Liabilities	(27,705)
6,578	Reversal of items relating to Retirement Benefits on the Provision of Services in the CIES	10,243
(4,168)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(4,380)
76,747		54,905

13e Collection Fund Adjustment Account

Notes to Core Financial Statements

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 Taxpayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2020/21		2021/22
£'000		£'000
	Council Tax	
(114)	Balance at 1 April	381
495	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	(396)
381	Balance at 31 March	(15)
	Non-Domestic Rates	
(467)	Balance at 1 April	7,561
8,028	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(5,172)
7,561		2,389
7,942	Total	2,374

13f 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.

2020/21		2021/22
£'000		£'000
213	Balance at 1 April	262
(213)	Settlement or cancellation of accrual made at the end of the preceding year	(262)
262	Amounts accrued at the end of the current year	190
262		190

14 Cash and Cash Equivalents

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

Notes to Core Financial Statements

2020/21		2021/22
£'000		£'000
8	Cash held by Officers	8
7,823	Bank Current Accounts	2,315
16,237	Short Term Deposits	20,864
24,068	Cash and Cash equivalents at the end of the reporting period	23,187

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.

2020/21		2021/22
£'000	Charge for Services	£'000
57	Grass Cutting Service	62
141	Care and Repair Service	50
768	Car Park Management Services	871
86	CCTV Services	83
1,052		1,066

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 2021/2022.

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.

Notes to Core Financial Statements

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:

2020/21		2021/22
£'000		£'000
215	Expenditure	6,233
(2,051)	Receipts	(1,856)
(1,836)		4,377

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 2022.

17 Members' Allowances

The Council paid £460,000 in 2021/22 (£440,000 in 2020/21) in members' allowances to members of the Council during the year.

Notes to Core Financial Statements

18 Officers' Remuneration

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

2021/22	Salary, Fees and Allowance	Taxable Expenses	Pension Contributio ns	Total
	£	£	£	£
Chief Executive	136,136	3,297	18,146	157,579
Executive Director	99,843	3,108	13,978	116,929
Executive Director	103,486	328	14,488	118,302
Assistant Director Finance Services (Section 151 Officer)	80,046	1,239	11,206	92,491

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 £280,149 in 2021/22 (£177,736 in 2020/2021.)

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 £58,341. The hours worked in 2021/22 for this council were 1,601 hours resulting in the council's share of salary at £47,654.04. 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.

Notes to Core Financial Statements

2020/21	Salary, Fees and Allowance	Taxable Expenses	Pension Contributio ns	Total
	£	£	£	£
Chief Executive	117,266	3,759	17,462	138,487
Executive Director	95,621	6,390	13,387	115,398
Executive Director	98,040	2,940	13,726	114,706
Executive Director*	5,485	848	1,716	8,049
Assistant Director Finance Services (Section 151 Officer)	74,313	1,239	10,404	85,956

*left in April 2020 – no replacement as part of agreed restructure arrangements.

Notes to Core Financial Statements

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:

2020/21 Number of Employees	Remuneration band	2021/22 Number of Employees
8	£50,000-£54,999	8
4	£55,000-£59,999	2
2	£60,000-£64,999	3
1	£65,000-£69,999	4
3	£70,000-£74,999	3
3	£75,000-£79,999	1
0	£80,000-£84,999	2
0	£85,000-£89,999	0
21	Total of Employees	23

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	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £000s	2021/22 £000s
Up to £20,000	0	0	1	0	1	0	13	0
£20,001-£40,000	0	0	0	0	0	0	0	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	0	0	0	0	0
Total	0	0	1	0	1	0	13	0

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

Notes to Core Financial Statements

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 and Reserve positions at the end of 2020/21 and 2021/22.

2020/21		2021/22
£'000		£'000
	Gross Liabilities	
(189,459)	Opening balance as at 1 April	(244,852)
(4,360)	[I] Interest Cost	(4,930)
(50,534)	[II] Actuarial losses / (gains) from changes in financial assumptions	17,500
(5,328)	[III] Current Service Cost	(8,666)
(1,002)	[IV] Contributions by scheme participants	(1,051)
5,616	[IV] Benefits paid	5,880
215	[IV] Estimated unfunded benefits paid	210
(244,852)	Closing balance at 31 March	(235,909)

2020/21		2021/22
£'000		£'000
135,645	Opening fair value of scheme assets balance as at 1 April	168,105
3,110	[I] The return on plan assets (Excluding amount included in net interest expense)	3,353
30,011	[II] Actuarial losses / (gains) from changes in financial assumptions	10,205
3,953	[III] Contributions by the employer	4,170
215	[III] Contributions for unfunded (Discretionary benefits)	210
1,002	[IV] Contributions by employees into the scheme	1,051
(5,616)	[IV] Benefits paid	(5,880)
(215)	[IV] Unfunded (Discretionary benefits)	(210)
168,105	Closing Balance at 31 March	181,004
(76,747)	TOTAL NET LIABILITIES	(54,905)

Notes to Core Financial Statements

Net Movement		Net Movement
2019/20		2021/22
-		-
4,168	General Fund Charge - Employer Contributions	4,380
(1,160)	[III] Other items to net cost of services	(4,286)
(1,250)	[I] Interest cost minus return on plan assets to financing income & expenditure	(1,577)
1,758	Charge to Surplus/(Deficit) upon Provision of Services	(1,483)
(20,523)	[II] Actuarial Gains/(Losses) to other income & expenditure	27,705
(18,765)	(Charge)/Surplus to Comprehensive Income & Expenditure Account for the Year	26,222
(4,168)	Less General Fund Charge - Employer Contributions	(4,380)
(22,933)	TOTAL MOVEMENT IN PENSION RESERVE FAVOURABLE/ (UNFAVOURABLE)	21,842

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.

Notes to Core Financial Statements

Asset Category	Period Ended 31 March 2022			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000		£'000
Equity Securities:				
Consumer	0	0	0	0.0%
Manufacturing	0	0	0	0.0%
Energy and Utilities	0	0	0	0.0%
Financial Institutions	0	0	0	0.0%
Health and Care	0	0	0	0.0%
Information Technology	0	0	0	0.0%
Other	0	0	0	0.0%
Debt Securities:				
Corporate Bonds (investment grade)	0	0	0	0.0%
Corporate Bonds (Non-investment grade)	0	0	0	0.0%
UK Government	1,827	0	1,827	1.0%
Other	0	0	0	0.0%
Private Equity:				
All	0	14,605	14,605	8.1%
			0	
Real Estate:				
UK Property	0	16,531	16,531	9.1%
Overseas Property	0	2,548	2,548	1.4%
Investment Funds and Unit Trusts:				
Equities	76,144	0	76,144	42.1%
Bonds	52,285	0	52,285	28.9%
Hedge Funds	0	0	0	0.0%
Commodities	0	0	0	0.0%
Infrastructure	0	14,461	14,461	8.0%
Other	0	0	0	0.0%
			0	0.0%
Derivatives:				
Inflation	0	0	0	0.0%
Interest Rate	0	0	0	0.0%
Foreign Exchange	40	0	40	0.0%
Other	0	0	0	0.0%
			0	0.0%
Cash and Cash Equivalents:				
All	2,563	0	2,563	1.4%
Totals	132,859	48,145	181,004	100.0%

Notes to Core Financial Statements

Asset Category	Period Ended 31 March 2021			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Equity Securities:				
Consumer	0	0	0	0.0%
Manufacturing	0	0	0	0.0%
Energy and Utilities	0	0	0	0.0%
Financial Institutions	0	0	0	0.0%
Health and Care	0	0	0	0.0%
Information Technology	0	0	0	0.0%
Other	0	0	0	0.0%
Debt Securities:				
Corporate Bonds (investment grade)	0	0	0	0.0%
Corporate Bonds (Non-investment grade)	0	0	0	0.0%
UK Government	1,913	0	1,913	1.1%
Other	0	0	0	0.0%
Private Equity:				
All	0	10,666	10,666	6.3%
			0	
Real Estate:				
UK Property	0	13,368	13,368	8.0%
Overseas Property	0	3,400	3,400	2.0%
Investment Funds and Unit Trusts:				
Equities	74,916	0	74,916	44.6%
Bonds	49,907	0	49,907	29.7%
Hedge Funds	0	0	0	0.0%
Commodities	0	0	0	0.0%
Infrastructure	0	10,632	10,632	6.3%
Other	0	618.8	618.8	0.4%
			0	0.0%
Derivatives:				
Inflation	0	0	0	0.0%
Interest Rate	0	0	0	0.0%
Foreign Exchange	62.1	0	62.1	0.0%
Other	0	0	0	0.0%
			0	0.0%
Cash and Cash Equivalents:				
All	2622.1	0	2,622	1.6%
Totals	129,421	38,684	168,105	100.0%

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 2022.

The principal assumptions used by the actuary have been:

Notes to Core Financial Statements

2020/21	Local Government Pension Scheme	2021/22
	Mortality Assumptions:	
	Longevity at 65 for Current Pensioners:	
21.9yrs	Men	21.7yrs
24.3yrs	Women	24.1yrs
	Longevity at 65 for Future Pensioners:	
23.2yrs	Men	24.1yrs
26.2yrs	Women	26.0yrs
3.55%	Rate of increase in Salaries	3.90%
2.85%	Rate of increase in Pensions	3.20%
2.00%	Rate for discounting Scheme liabilities	2.70%

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)
0.1% decrease in Real Discount Rate	2.0%	4,573
1 year increase in member life expectancy	4.0%	9,436
0.1% increase in the salary increase rate	0.0%	526
0.1% increase in the Pension increase rate(CPI)	2.0%	4,009

Notes to Core Financial Statements

Scheme History

	2016/2017	2017/2018	2018/2019	2019/2020	2020/21	2021/22
Obligations:	£'000	£'000	£'000	£'000	£'000	£'000
Present Value of Defined Benefit	(188,079)	(190,516)	(213,843)	(189,459)	(244,852)	(235,909)
Fair Value of Assets in the Local Government Pensions Scheme	133,619	141,083	146,445	135,645	168,105	181,004
Deficit in the Scheme	(54,460)	(49,433)	(67,398)	(53,814)	(76,747)	(54,905)

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.

2020/21		2021/22
£'000		£'000
39	Fees payable with regard to External Audit Services carried out by the appointed auditor for the year.	39
0	Additional and other Audit fees charged during the year.	0
42	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	22
81	Total	61

Additional costs are expected for 2020/21 once the audit is concluded but are not currently known.

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 2021/2022 is shown in note 17. During 2021/2022, works and services to the value of £1,644,927 (£1,499,701 in 2020/2021) were commissioned from companies in which 15 Members and 3 officers (13 Members and 3 officers in 2020/2021) had an interest. Contracts were entered into in full compliance with the Council's standing orders. In addition, grants totalling £901,468 (£1,571,151 in 2020/2021) were made to organisations in which

12 Members and 4 officers had an interest (11 Members and 3 officers in 2020/2021). 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 2021/2022 the transactions between the Council and Freebridge Community Housing was expenditure of £21,296 (£22,727 in 2020/2021) and income of £882,164 (£481,931 in 2020/2021).

West Norfolk Housing Company Ltd

West Norfolk Housing Company Ltd was set up by the Council and incorporated on 12th September 2016. During 2021/2022 the transactions between the Council and West Norfolk Housing Company Ltd was expenditure of £213,036 (£475,434 in 2020/21) and income of £380,322 (£317,457 in 2020/21).

The current year's transactions are detailed in the Group Accounts pages 111 to 120.

West Norfolk Property Ltd

West Norfolk Property Ltd was set up by the Council and incorporated on 12th April 2018. There were £169,303 in the financial year 2021/22 (£54,321 in 2020/21)

The current year's transactions are detailed in the Group Accounts pages 111 to 12019.

Alive West Norfolk

Alive West Norfolk Ltd was set up by the Council and incorporated on 1st February 2019. During 2021/2022 the transactions between the Council and Alive West Norfolk was expenditure of £860,154 (£879,415 in 2020/2021) and income of £918,552 (£92,766 in 2020/2021).

The current year's transactions are detailed in the Group Accounts pages 111 to 12019.

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:

2020/21		2021/22
£'000	Finance Lease - Council as a Lessee	£'000
3,338	Other Land and Buildings	3,338
3,338	Total	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:

2020/21		2021/22
£'000	Finance Lease (NPV)	£'000
	Finance Lease Liabilities (Net present value of minimum lease payments):	
2	Current	2
151	Non- Current	149
220	Finance Costs payable in future years	213
373		364

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

Minimum Lease Payments	Finance Lease Liabilities	Financial Costs		Minimum Lease Payments	Finance Lease Liabilities	Financial Costs
2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
£'000	£'000	£'000		£'000	£'000	£'000
9	2	7	Not later than one year	9	2	7
34	8	26	Later than one year and not later than five years	34	8	26
328	141	187	Later than five years	319	139	181
371	151	220	Total	362	149	213

The Council has sub-let some of the accommodation held under these finance leases. At 31 March 2022 the minimum payments expected to be received under non-cancellable sub-leases was £11,628 (£53,738 at 31 March 2021).

Notes to Core Financial Statements

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.

2020/21		2021/22
£'000	Operating Lease Payments	£'000
102	Not later than one year	99
377	Later than one year and not later than five years	371
4,235	Later than five years	4,140
4,714	Total	4,610

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:

2020/21		2021/22
£'000	Minimum Lease Payments	£'000
0	Corporate and Democratic Services	0
12	Cultural and Related Services	7
146	Highways and Transport Services	111
158	Total	118

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 West Norfolk to fulfil contractual obligations with the Council. See Note 22 for more details.

2020/21		2021/22
£'000	Future minimum lease payments	£'000
2,309	Not later than one year	2,112
6,354	Later than one year and not later than five years	6,144
59,642	Later than five years	59,238
68,305	Total	67,493

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 2021/2022 £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:

2020/21		2021/22
£'000		£'000
(1,768)	Rental Income from Investment Property	(2,612)
235	Direct Operating Expenses/(Income) Arising from Investment Property	570
(1,533)	Direct cost of Investment Properties	(2,042)
207	Other Net Operating Costs	7
(1,326)	Net (Gain)	(2,035)

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.

2020/21		2021/22
£'000		£'000
28,126	Balance at Start of the Year	30,360
	Net Gains / (Losses) on Revaluation	
	- Write Out of Impairments on Revaluations	-
28,126	Net Gains / (Losses) from Movements in the Market Value of Investment Properties	30,360
26	Additions	-
2,208	Impairment /(Valuation)	-
	- Disposals	-
	- Derecognition	-
	- Reclassifications	-
30,360	Balance at Year End	30,360

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

Notes to Core Financial Statements

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 – Level 2

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 2020/21. .

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:

2021/22	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant un-observable inputs (level 3)	Fair Value as at 31/03/2021
	£'000	£'000	£'000	£'000
Recurring Fair Value Measurements Industrial Units	0	20,273	0	20,273
Commercial Units	0	9,477	0	9,477
Land	0	532	0	532
Other	0	78	0	78
Total	0	30,360	0	30,360

2020/21	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant un-observable inputs (level 3)	Fair Value as at 31/03/2021
	£'000	£'000	£'000	£'000
Recurring Fair Value Measurements Industrial Units	0	20,273	0	20,273
Commercial Units	0	9,477	0	9,477
Land	0	532	0	532
Other	0	78	0	78
Total	0	30,360	0	30,360

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.

Notes to Core Financial Statements

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 £377k charged to revenue in 2021/22 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 £6k charged to revenue for 2021/22 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:

	2021/22		
	Software Licenses	Housing Nomination Rights	Total
	£'000	£'000	£'000
Balances at start of the year			
Gross Carrying Amount	2,732	303	3,035
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,783)	(212)	(1,995)
Net Carrying Amount at Start of Year	898	91	989
Additions:			
Purchases	19	0	19
Amortisation for the Period	(377)	(6)	(383)
Net Carrying Amount at End of Year	559	85	625
Comprising:			
Gross Carrying Amounts	2,751	303	3,054
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(2,160)	(218)	(2,378)
	540	85	625

Notes to Core Financial Statements

	2020/21		
	Software Licenses	Housing Nomination Rights	Total
	£'000	£'000	£'000
Balances at start of the year			
Gross Carrying Amount	2,609	303	2,912
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,455)	(206)	(1,661)
Net Carrying Amount at Start of Year	1,103	97	1,200
Additions:			
Purchases	123	0	123
Amortisation for the Period	(328)	(6)	(334)
Net Carrying Amount at End of Year	898	91	989
Comprising:			
Gross Carrying Amounts	2,732	303	3,035
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,783)	(212)	(1,995)
	898	91	989

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 2021	237	6,580	6,292	21	4,845	17,975
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

Net Book Value	Public Art Collections £'000	Civic Regalia £'000	Museum Collections £'000	Historic Buildings £'000	Archives £'000	Total £'000
At 31 March 2021	237	6,580	6,292	21	4,845	17,975
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

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

Notes to Core Financial Statements

2021-22	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance at start of year	237	6,580	6,292	79	4,845	18,033
Additions	0	0	0	0	0	0
Revaluation Increase/ (Decrease)	0	(2,683)	0	0	0	(2,683)
Recognised in the CIES	0	0	0	0	0	0
	237	3,897	6,292	79	4,845	15,350
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(58)	0	(58)
Impairments recognised to CIES	0	0	0		0	0
Balance at end of year	0	0	0	(58)	0	(58)
NBV AS AT 31 MARCH 2021	237	3,897	6,292	21	4,845	15,292

2020-21	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance at start of year	237	6,580	6,292	79	4,845	18,033
Additions	0	0	0	0	0	0
Revaluation Increase/ (Decrease)	0	0	0	0	0	0
Recognised in the CIES	0	0	0	0	0	0
	237	6,580	6,292	79	4,845	18,033
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(58)	0	(58)
Impairments recognised to CIES	0	0	0		0	0
Balance at end of year	0	0	0	(58)	0	(58)
NBV AS AT 31 MARCH 2021	237	6,580	6,292	21	4,845	17,975

27 Property, Plant and Equipment

Movements on Balance

Movements in 2021/22	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost Valuation:						
At 1 April 2021	130,881	23,799	1,442	146	22,184	178,452
Adjustments to opening balance	1	(1)	(1)	1	2	2
Additions	3,411	3,741	0	0	12,496	19,648
Revaluation Increases/Decreases to Revaluation Reserve	-	0	0	0	0	0
Revaluation Decreases to Surplus/Deficit	-	0	0	0	0	0
Revalued Assets- no net increase (impairment reversals)	0	0	0	0	0	0
Revalued Assets- depreciation reversals	0	0	0	0	0	0
Revalued Assets - Reversal of Loss	0	0	0	0	0	0
Derecognition - Disposals	-	0	0	0	-	0
Derecognition - Other	0	0	0	0	0	0
Derecognition - Other-Revaluation Reserve	0	0	0	0	0	0
Reclassification and Transfers	0	0	0	0	0	0
Balance as at 31 March 2022	134,293	27,539	1,441	147	34,682	198,102
Accumulated Depreciation and Impairment:						
At 1 April 2021	(7,839)	(18,030)	(304)	(93)	(3,683)	(29,949)
Adjustment to opening balance						0
Depreciation Charge	(2,255)	(1,172)	(48)	0	0	(3,475)
Depreciation written out to the Revaluation Reserve						0
At 31 March 2022	(10,094)	(19,202)	(352)	(93)	(3,683)	(33,424)
Net Book Value at 31 March 2022	124,199	8,337	1,089	54	30,999	164,678
Net Book Value at 31 March 2021	123,042	5,769	1,138	53	18,501	148,503

Notes to Core Financial Statements

Movements in 2020/21	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost Valuation:						
At 1 April 2020	128,576	21,623	1,443	130	20,066	171,838
Adjustments to opening balance	1	(1)	(1)	1	2	2
Additions	1,438	2,177	0	15	8,177	11,807
Revaluation Increases/Decreases to Revaluation Reserve	952	0	0	0	0	952
Revaluation Decreases to Surplus/Deficit	(54)	0	0	0	0	(54)
Revalued Assets- no net increase (impairment reversals)	0	0	0	0	0	0
Revalued Assets- depreciation reversals	0	0	0	0	0	0
Revalued Assets - Reversal of Loss	0	0	0	0	0	0
Derecognition - Disposals	(32)	0	0	0	(6,061)	(6,093)
Derecognition - Other	0	0	0	0	0	0
Derecognition - Other-Revaluation Reserve	0	0	0	0	0	0
Reclassification and Transfers	0	0	0	0	0	0
Balance as at 31 March 2021	130,881	23,799	1,442	146	22,184	178,452
Accumulated Depreciation and Impairment:						
At 1 April 2020	(5,613)	(17,097)	(256)	(93)	(3,683)	(26,742)
Adjustment to opening balance						0
Depreciation Charge	(2,244)	(933)	(48)	0	0	(3,225)
Depreciation written out to the Revaluation Reserve	18					18
Depreciation written out to the Surplus/Deficit on the CIES						0
Derecognition - disposals						0
Derecognition - Other						0
Reclassification and Transfers						0
At 31 March 2021	(7,839)	(18,030)	(304)	(93)	(3,683)	(29,949)
Net Book Value at 31 March 2021	123,042	5,769	1,138	53	18,501	148,503
Net Book Value at 31 March 2020	122,963	4,526	1,187	37	16,383	145,096

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

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

Notes to Core Financial Statements

Revaluations

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

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

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

	Other land and buildings £'000	Vehicle, plant & equipment £'000	Infrastructur e assets £'000	Community assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	3,411	8,337	1,089	54	30,999	43,890
Valued at fair value as at:						
31-Mar-22	0	0	0	0	0	0
31-Mar-21	4,952	0	0	0	0	4,952
31-Mar-20	63,969	0	0	0	0	63,969
31-Mar-19	39,772	0	0	0	0	39,772
31-Mar-18	9,188	0	0	0	0	9,188
Prior to 2018	2,907	0	0	0	0	2,907
Gross Book Value	124,199	8,337	1,089	54	30,999	164,678

28 Capital: Expenditure, Financing and Commitments

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.

Notes to Core Financial Statements

2020/21		2021/22
£'000		£'000
38,377	Opening Capital Financing Requirement	43,732
	Capital Investment:	
11,807	Property, plant and equipment	19,648
559	Assets held for sale	0
26	Investment Properties	0
123	Intangible assets	19
0	Heritage Assets	0
2,294	Revenue expenditure funded from Capital under Statute (Net)	3,509
	Sources of Finance:	
(7,021)	Capital Receipts	(9,112)
0	Government grants and other contributions	0
	Sums set aside from revenue:	
(974)	Direct revenue contributions	(129)
(1,074)	Revenue contributions for prudential borrowing schemes	(1,450)
(374)	MRP	(398)
(11)	Principal repayment of Finance Leases where the Council is the Lessee	(11)
43,732	Closing Capital Financing Requirement	55,808
	Explanation of movements in year:	
5,355	Increase in underlying need to borrowing (unsupported by Government Financial A	12,076
(5,355)	Increase/(Decrease) in Capital Financing Requirement	12,076

Capital Commitments

On 31 March 2022 the Council has entered into a number of contracts and the major commitments are:

	Commitment Contractual	Commitment Non-Contractual
	31-Mar-22	31-Mar-22
	£'000	£'000
Conservation and Heritage	0	100
Enterprise Zone and Industrial Development	2,022	0
Hunstanton Bus Station	6,775	0
Major Housing Development	1,217	0
Sports Facilities	0	36
Vehicles	0	165
Other	0	196
Total	10,014	497

29 Assets Held for Sale

2020/21		2021/22
£'000		£'000
9,754	Balance Outstanding at Start of the Year	2,770
559	Additions	-
225	Other movements	-
0	Assets newly classified as Held for Sale	0
(7,768)	Assets sold	-
2,770	Balance at End of Year	2,770

30 Short Term Receivables

31-Mar-21		31-Mar-22
£'000		£'000
1,543	Central Government bodies	2,006
7,274	Local Authorities	2,754
261	NHS Bodies	0
11,959	Other entities and individuals	9,082
21,037	Sub Total	13,842
(2,635)	Allowance for doubtful debt (other entities and individuals)	(2,774)
18,402	Total	11,068

31 Long Term Receivables

31-Mar-21		31-Mar-22
£'000		£'000
4,732	Other entities and individuals	4,788
137	Finance Lease	137
4,869	Sub Total	4,925
(27)	Allowance for doubtful debt (other entities and individuals)	(26)
4,842	Total	4,899

32 Short Term Payables

31-Mar-21		31-Mar-22
£'000		£'000
(24,627)	Central Government bodies	(21,795)
(3,281)	Local Authorities	(2,000)
(2)	NHS Bodies	0
(11,973)	Other entities and individuals	(14,342)
(39,883)	Total	(38,137)

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. On 31 March 2022, the Council had no material contingent liabilities.

34 Provisions

31-Mar-21	Business Rates Appeals Provision	31-Mar-22
£'000		£'000
(1,360)	Balance at the 1 April	(944)
(203)	Additional provisions made in year	(287)
619	Provision unwound in year	402
(944)	Balance at the 31 March	(829)

The total provision applied for NNDR based on appeals lodged as at 31 March 2022 is £2.1m (£2.4m 2020/21). The above table reflects the Council's share of the provision at the value of £0.8m (£0.9m 2020/21). This is based on 40% share in 2021/22.

The Council applied the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/2022:

35 Grant Income

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:

2020/21		2021/22
£'000	Taxation and Specific Government Grant Income:	£'000
(624)	Revenue support grant	(628)
(898)	New Homes Bonus	(838)
(463)	Rural Services Delivery Grant	(486)
(1,985)	Sub-Total	(1,952)
(11,520)	Section 31 Small Business Relief Grant Credited to NNDR Income	(7,524)
(3,147)	Capital Grants and Contributions	(8,053)
(16,652)	Total Taxation and Specific Non-Service Government Grant Income	(17,529)
	Other Revenue Grant Income:	
(204)	Business Rates cost of collection - MHCLG	0
(30,090)	Department for Works and Pensions - Housing Benefit Unit	(26,048)
(337)	Discretionary Housing Payments - DWP	(259)
(1,739)	Disabled Facilities - Better Care Fund	(1,783)
(371)	Homelessness Prevention MHCLG/NCC	(408)
(158)	Local Council Tax Support Administration - MHCLG	(169)
0	Policy and Partnerships - NCC	0
(208)	Rough Sleeping Grant - NCC	(196)
(180)	Lily Phase 4 - NCC	(382)
(79)	Welfare Reform Funding - DWP	(89)
0	Heritage Lottery Fund	0
(4,218)	Covid 19 Grants	(4,191)
(2,355)	Covid 19 Sales, Fees and Charges Grant	(114)
(918)	Other	(1,300)
(40,857)	Total Grant Income to Services	(34,939)
(57,509)	Total Grant Income to General Fund	(52,468)
	Contributions	
(1,702)	Waste Collection Credits – NCC	(1,839)
(168)	Other	(459)
(1,870)	Total Contributions	(2,298)
(59,379)	TOTAL GRANTS AND CONTRIBUTIONS TO GENERAL FUND	(54,766)

36 Financial Instruments

31-Mar-21		31-Mar-22
£'000		£'000
	Financial Assets	
	Non-Current	
4,842	Debtors	4,899
	Current	
16,038	Investments	20,000
18,402	Debtors	11,068
39,282		35,967
	Financial Liabilities	
	Non-Current	
(10,000)	Borrowings	(10,000)
(224)	Creditors	(213)
	Current	
0	Borrowings	0
(39,883)	Creditors	(38,137)
(50,107)		(48,350)

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 were 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, 2020/21 and 2021/22.

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:

Notes to Core Financial Statements

31-Mar-21	Title of Soft Loan	31-Mar-22
£'000		£'000
903	Opening Balance	968
-	- Loans repaid	(3)
65	Impairment losses	95
968	Balance carried forward	1,060
1,113	Nominal Value Carried Forward	1,111

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 and 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.

Notes to Core Financial Statements

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:

2020/21		2021/22
£'000		£'000
	Surplus or Deficit on the Provision of Services	
	Interest revenue:	
(266)	Financial assets measured at amortised cost	(11)
(266)	Total Interest Revenue	(11)
397	Interest payable	176
397	Total Interest Payable	176
	Other Comprehensive Income and Expenditure	
	Interest revenue:	
0	Financial assets measured at amortised cost	0
0	Total Interest Revenue	0
0	Interest payable	0
0	Total Interest Payable	0

Fair Value

The Fair Values of Financial Assets and Financial Liabilities

Notes to Core Financial Statements

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-21		Financial Liabilities	31-Mar-22	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
0	0	PWLB debt		
(10,000)	(16,159)	Non-PWLB debt	(10,000)	(14,659)
0	0	Short term borrowing	0	0
(39,883)	(39,883)	Short term creditors	(38,137)	(38,137)
(13)	(13)	Long term creditors	(915)	(915)
(224)	(224)	Long term finance lease liability	(213)	(213)
(50,120)	(56,279)	Total Liabilities	(49,265)	(53,924)

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.

31-Mar-21		Financial Assets	31-Mar-22	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
16,237	16,237	Money market funds < 1 year	20,864	20,864
7,831	7,831	Cash	2,323	2,323
16,000	16,000	Short term investments	20,000	20,000
18,402	18,402	Short term debtors	11,068	11,068
4,842	4,842	Long term debtors	4,899	4,899
63,312	63,312	Total Assets	59,154	59,154

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

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

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

37 Nature and Extent of Risks Arising from Financial Statements

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

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

Overall procedures for managing risk

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

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

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

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

Credit Risk

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

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

Credit Risk Management Practices

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

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

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

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

Income Recovery

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

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

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

Notes to Core Financial Statements

2020/21				2021/22		
Debt Outstanding	Allowance in Accounts	Net Liability		Debt Outstanding	Allowance in Accounts	Net Liability
£'000	£'000	£'000		£'000	£'000	£'000
3,491	(98)	3,393	0 to 3 months	281	(4)	277
644	(96)	548	4 to 6 months	270	(5)	265
779	(156)	623	7 to 12 months	611	(25)	586
0	0	0	Over one year	895	(95)	800
4,914	(350)	4,564	Total	2,057	(129)	1,928

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	Lifetime Expected Credit Losses – Simplified Approach	Total
	£'000	£'000	£'000
Opening balance as at 1 April 2021	0	116	116
b/fwd rounding difference	0	0	0
New financial assets originated	0	TBC	TBC
Repayments in year	0	TBC	TBC
Accrued Interest		TBC	TBC
Other changes: Impairment	0	0	
As at 31 March 2022	0	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.

Market risk

Notes to Core Financial Statements

The maturity analysis of financial liabilities is as follows:

31-Mar-21		31-Mar-22
£'000		£'000
181	Less than 1 year	188
86	Between 1 and 2 years	765
198	Between 2 and 5 years	1,134
10,189	More than 5 years	19,072
10,654	Total	21,159

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 2022, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Notes to Core Financial Statements

31-Mar-21		31-Mar-22
£'000		£'000
0	Increase in interest payable on variable rate borrowings	0
0	Increase in interest receivable on variable rate investments	0
3,885	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	3,369
0	Impact on Surplus or Deficit on the Provision of Services	0
3,885		3,369

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.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2024, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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

Date		General Fund	Earmarked reserves
31-Mar-22	Balances	£8.9m	£36.3m
31-Mar-23	Balances	£9.4m	£30.4m

This remains above our minimum level of General Fund balances as set by our S151 Officer of set at 5% of budget requirement (£1.077m 2022/2023; £0.979m 2023/2024).

The Earmarked Reserves contained a one-off Tax Income Guarantee from Government of £11m received in 2021/22 this was repaid in 2021/22 in relation to both the Council Tax and Business Rates Collection funds. The 2021/2022 outturn report included an increased contribution to earmarked reserves of £2.8m to prepare for known inflationary pressures and fund recovery of budgets which are not recovering to Pre-pandemic levels.

The Council has undertaken an assessment of our liquidity position and cash flow forecasting through to March 2023 which demonstrates a positive cash position across the whole period without the need for borrowing. Currently the Council has long-term borrowing of £10.0m. These loans are not required to be repaid in the period covered by the current Medium Term Financial plan. Our budget and medium-term plan was set in the context of additional Covid-19 cost and income pressures continuing into 2021-22 and beyond.

Notes to Core Financial Statements

Therefore, taking account of all the above factors, we expect our 2022/23 outturn to result in a contribution to our general fund balance of £525k. The General Fund balance would then have a predicted balance of £9.38m at 31 March 2023.

The Council has undertaken cash flow modelling through to March 2024 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with headroom of £43 million.

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

39 Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31-Mar-21		31-Mar-22
£000		£000
266	Interest received	49
(524)	Interest paid	(176)
0	Dividends received	0
(258)	Total	(127)

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

Notes to Core Financial Statements

31-Mar-21		31-Mar-22
£000		£000
3,225	Depreciation	3,858
(629)	Impairment and downward valuations	0
334	Amortisation	0
0	Increase/(decrease) in impairment for bad debts	0
25,135	Increase/(decrease) in creditors	(6,684)
(9,829)	(Increase)/decrease in debtors	2,604
(55)	(Increase)/decrease in inventories	(21)
2,410	Movement in pension liability	5,863
13,860	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0
(2,624)	Other non-cash items charged to the net surplus or deficit on the provision of services	72
31,827	Total	5,692

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

31-Mar-21		31-Mar-22
£000		£000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(13,558)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,187)
(5,164)	Any other items for which the cash effects are investing or financing cash flows	(10,674)
(18,722)		(11,861)

40 Cash Flow from Investing Activities

31-Mar-21		31-Mar-22
£000		£000
(12,531)	Purchase of property, plant and equipment, investment property and intangible assets	(18,798)
(8,000)	Purchase of short-term and long-term investments	(4,000)
(1,107)	Other payments for investing activities	1,189
13,558	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,187
0	Proceeds from short-term and long-term investments	0
4,832	Other receipts from investing activities	11,343
(3,248)	Net cash flows from investing activities	(9,079)

41 Cash Flow from Financing Activities

31-Mar-21		31-Mar-22
£000		£000
0	Cash receipts of short- and long-term borrowing	0
686	Other receipts from financing activities	686
0	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	0
(6,000)	Repayments of short- and long-term borrowing	0
1,568	Other payments for financing activities	6,941
(3,746)	Net cash flows from financing activities	7,627

Collection Fund Notes

The Collection Fund is an agent's statement reflecting the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (known as NNDR or business rates) and its distribution to local government bodies and central government. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and NNDR. The administrative costs associated with the collection process are charged to the General Fund. We have 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 and proceeds are shared with precepting partners.

Council tax Collection Fund surpluses declared by the billing authority 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. Our council tax precepting bodies are the Office of the Police and Crime Commissioner for Norfolk (OPCCN) and Norfolk County Council (NCC).

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

The Business Rates Retention scheme allows us to retain a proportion of our total business rates growth realised in the year. In 2019/2020 we participated in a Norfolk-wide pilot of the 75% Business Rate Retention Scheme and returned to the standard Business Rates Retention scheme in 2020/2021 remaining part of the Norfolk Business Rates Pool. Due to economic uncertainty the Norfolk Business Rates Pool was not set up in 2021/2022 so we operated the Rates Retention scheme as an individual authority. The proportionate shares for distributing the business rates income for 2021/2022 are 40% to us, 10% to NCC and 50% to central government.

Business rates surpluses declared by the billing authority 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 government has now allowed deficits in relation to exceptional balances arising for 2020/2021 to be spread over three years and more information is below. We are now in year two of the deficit spreading scheme.

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

Impact of Covid-19 on the Collection Fund

The business rates Collection Fund again shows a deficit for 2021/2022. This is due to the timing of the announcements of further Covid-19 reliefs by the government coming after the business rates income forecast for the year has been completed. Once the business rates income and preceptor shares (as shown in Note C1) are set there is no statutory basis to allow them to be amended. Instead, the cost of the reliefs is met by government through a s31 grant.

In March 2021 the government announced a continuation of the 100% Nursery discount and Retail discount until June 2021, reducing to 66% from July 2021. In December 2021 they announced the Covid-19 Additional Relief Fund. The combined total of these reliefs is £11.788m, funded through a s31 grant.

Collection Fund Notes

The government also established a council tax Covid-19 Hardship Fund in 2020/2021, which we used to reduce the council tax liability for working age people in receipt of council tax support. We had £0.556m of funding left and used this to continue with the scheme in 2021/2022. The grant was paid to the General Fund and a statutory transfer made to the Collection Fund to compensate for the reduction in collectible council tax.

As a further measure to assist local authorities with the impact of the pandemic, the government introduced a scheme to phase the repayment over three years (from 2020/2021 to 2022/2023) of deficits on the Collection Fund for 'exceptional amounts' due to Covid-19. This excludes any amounts brought forward from previous years, and the impact of the Covid-19 grants, but includes losses on in-year collection. We reported an exceptional balance of £0.336m on the Council Tax Collection Fund, and no exceptional balance on the NNDR Collection Fund due to growth within the business rates base during the year.

Collection Fund Notes

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.

2020/21				2021/22		
£'000	£'000	£'000		£'000	£'000	£'000
			Income			
27,477		27,477	Non-domestic ratepayers	37,207	0	37,207
	97,292	97,292	Council Tax	0	103,015	103,015
27,477	97,292	124,769	Total Income	37,207	103,015	140,222
			Expenditure			
			Apportionment of Previous Year Surplus (Deficit)			
333	0	333	Central Government	(9,622)	0	(9,622)
662	424	1,086	Borough Council of King's Lynn & West Norfolk	(7,720)	(322)	(8,042)
550	3,050	3,600	Norfolk County Council	(1,951)	(2,326)	(4,277)
0	567	567	OPCCN	0	(432)	(432)
			Precepts, Demands and Shares			
21,998	0	21,998	Central Government	20,647	0	20,647
20,294	6,777	27,071	Borough Council King's Lynn & West Norfolk	19,263	7,020	26,283
4,400	73,630	78,030	Norfolk County Council	4,130	76,663	80,793
0	13,674	13,674	OPCCN	0	14,470	14,470
0	3,411	3,411	Parish/Special Expenses	0	3,508	3,508
			Charges to Collection Fund			
223	0	223	Cost of Collection Allowance	227	0	227
(839)	0	(839)	Non-Domestic Rates Provision for Appeals	(288)	0	(288)
184	147	331	Bad Debt Provisions	64	642	706
69	268	337	Write-offs of uncollectable amounts	0	0	0
47,874	101,948	149,822	Total Expenditure	24,750	99,223	123,973
(20,397)	(4,656)	(25,053)	(Deficit)/Surplus arising during the year	12,457	3,792	16,249
1,450	1,073	2,523	(Deficit)/Surplus brought forward 1st April 2021	(18,947)	(3,583)	(22,530)
(18,947)	(3,583)	(22,530)	(Deficit)/Surplus carried forward 31 March 2022	(6,490)	209	(6,281)

Collection Fund Notes

C1 Income from Business Ratepayers

We collect NNDR for our area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate standard or small business multiplier set nationally by central government. In previous financial years the total amount due, less certain allowances, was paid to a central pool administered by central government and redistributed to local authorities based on a standard amount per head of the local adult population.

In 2013/2014, the Business Rates Retention scheme was introduced, aiming to give councils a greater incentive to grow businesses but also increasing 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, the NNDR income is distributed between central and local government, with local authorities retaining a proportion of the total collectible rates.

Central government set a baseline level for each council identifying the expected level of retained business rates, and a system of top ups or tariffs to ensure that all authorities receive their baseline amount. Tariffs due from authorities who are not in a Pool are payable to central government and used to finance the top ups to those authorities who do not achieve their targeted baseline funding. Tariffs for those in a Pool are payable to the Pool lead. As we were part of the Norfolk Business Rates Pool in 2021/2022, we paid a tariff to the value of £11.4m to Norfolk County Council as the lead authority.

The total business rates income for 2021/2022 was estimated in January 2020 at £48.419m, with shares payable of £22.3m to Central Government, £4.9m to Norfolk County Council and £21.2m (including Renewable Energy Contributions) to ourselves.

Additional growth above the agreed baseline is calculated after the year end and split between us and the Business Rates Pool. Growth of £4.1m above the baseline was achieved of which 50% is retained by us and 50% distributed in accordance with the Norfolk Pool Governance Agreement. The growth for 2021/2022 was higher than expected due to a number of self-catering properties moving into the Business Rates list following the introduction of the government's Covid-19 measures. The local Power Station was also brought back online from November 2019 and their rateable value increased from £85,000 to £1,800,000. This resulted in a large adjustment to the business rates list during 2021/2022 backdated to November 2019.

For 2021/2022, the total non-domestic rateable value at the year-end is £123.3m (£119.3m in 2020/2021). The national multipliers for 2021/2022 were 49.9p for qualifying Small Businesses, and a standard multiplier of 51.2p for all other businesses (49.1p and 50.4p respectively in 2020/2021) (Business Rates Information Letter 2/2020).

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

2020/21	Contribution to the NNDR Pool	2021/22
£'000		£'000
61,130	Gross non-domestic rates payable	61,213
(33,765)	Less Allowances and other adjustments	(23,935)
112		(71)
27,477	Net Contribution to NNDR pool	37,207

We are required to make a provision for refunds and losses as a consequence of successful appeals made in respect of rateable values. Appeals are charged and provided for in the proportion of the precepting shares. The total provision for 2021/2022 has been calculated as £2.36m.

Collection Fund Notes

2020/21	Non-Domestic Rates Appeals Provision	2021/22
£'000		£'000
	In Year Appeals	
717	Balance at 1 April	199
(510)	Adjustment in Year inc Settled Appeals	(172)
(8)	Adjustment in year	0
199	Balance at 31 March	27
	Back Dated Appeals	
2,481	Balance at 1 April	2,161
(1,036)	Adjustment in Year inc Settled Appeals	(835)
716	Adjustment in year	718
2,161	Balance at 31 March	2,044
2,360	NNDR Appeals Provision	2,071

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. Due to previous Collection Fund surpluses, we do not include any losses in collection, however we also do not factor in any allowance for future growth. The tax base was steadily increasing during 2020/2021 and this growth offset any losses in collection.

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	24,331	23,009	15,747	6/9	10,498
B	£40,001-£52,000	17,664	17,196	14,277	7/9	11,104
C	£52,001-£68,000	13,656	13,319	11,734	8/9	10,431
D	£68,001-£88,000	9,673	9,395	8,589	9/9	8,589
E	£88,001-£120,000	5,040	4,892	4,554	11/9	5,567
F	£120,001-£160,000	2,567	2,508	2,388	13/9	3,449
G	£160,001-£320,000	1,116	1,090	1,029	15/9	1,714
H	More than £320,000	110	109	98	18/9	196
Total		74,157	71,518	58,465		51,574
MOD Dwellings						474
Total Taxbase						52,048

*Entitled to a disabled relief reduction

Collection Fund Notes

The council set a precept of £6,776,630 representing a Band D Council Tax charge of £130.37 for its services. In addition, Special Expenses under section 34(1) of the Local Government Finance Act 1992, totalling £725,790 and Parish Precepts totalling £2,685,454 were levied, averaging £65.63 for a Band D property. The total precept for the year was £10,187,874.

Norfolk County Council set a precept of £73,629,765 representing a Band D charge of £1,461.51 and the Norfolk Police and Crime Commissioner set a precept of £13,674,300 representing a Band D charge of £263.07. The total average Band D Council Tax charge for 2021/2022 is £1,875.58. Reductions are made under the Council Tax Support Scheme regulations for people on lower incomes

Collection Fund Notes

C3 Share of Balance

The balance of the Collection Fund of 31 March 2022 stands at £6.3 deficit (2020/21 £22.5m deficit). This amount is shared as follows:

Collection Fund Balance Sheet						
31-Mar-21				31-Mar-22		
Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
£'000	£'000	£'000		£'000	£'000	£'000
(16,998)	(6,088)	(23,086)	Cash held by KLWNBC	(4,055)	(2,568)	(6,623)
1,272	5,751	7,023	Debtors	1,310	6,174	7,484
(128)	(1,764)	(1,892)	Receipts in Advance	(573)	(1,618)	(2,191)
(583)	(1,550)	(2,133)	Impairment Provision	(647)	(1,847)	(2,494)
(2,360)	0	(2,360)	Appeals Provision	(2,071)	0	(2,071)
18,951	3,651	22,602	Fund Surplus	6,494	(141)	6,353
(42)	0	(42)	EZ & Renewable Energy	(228)	0	(228)
(112)	0	(112)	Transitional Protection Payment	(230)	0	(230)
0	0	0	Total	0	0	0

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Collection Fund Notes

C4 The Collection Fund balance as of 31 March 2022 is a surplus of (£6.3m) (2020/2021 £22.6m deficit). This amount is shared as follows:

31-Mar-21				31-Mar-22		
NNDR	Council Tax	Total		NNDR	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
(9,450)	0	(9,450)	Borough Council	3,246	0	3,246
(1,918)	(2,757)	(4,675)	Norfolk County Council	650	(106)	544
0	(513)	(513)	OPCCN	0	(20)	(20)
(7,583)	(381)	(7,964)	Central Government	2,598	(15)	2,583
(18,951)	(3,651)	(22,602)		6,494	(141)	6,353

The Council Tax Collection Fund is showing a deficit due to a miscalculation of the previous year's surplus in the income estimate completed in January 2020. This resulted in an over-estimate of the surplus to be distributed during the year. The deficit resulting from this over-estimate will be recovered during 2021/2022. There is also a small amount attributable to the exceptional balance for 2021/2022 due to Covid-19.

The NDR Collection Fund is showing a deficit due to the Covid-19 reliefs. These were announced in March 2020 so were not included in the figures used to estimate the business rates income and shares in January 2020. Central government has provided a s31 grant to cover the full cost of these reliefs and the shortfall will be recovered in 2021/2022.

Collection Fund Notes

The share of the balances above in our accounts is shown below:

Collection Fund Representation of Debtor, Creditor & Appeals balances in BCKLWN Accounts						
31-Mar-21				31-Mar-22		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
509	596	1,105	Debtors	524	639	1,163
(51)	(183)	(234)	Receipts in Advance	(229)	(167)	(396)
(233)	(160)	(393)	Impairment Provision	(259)	(191)	(450)
(944)	0	(944)	Appeals Provision	(828)	0	(828)
1,738	5,454	7,192	Creditors - Local Government	452	1,936	2,388
8,531	0	8,531	Creditors - Central Government	2,250	366	2,616
7,448	381	7,829	Fund Surplus to Collection Fund Adj A/c	2,145	(15)	2,130
16,998	6,088	23,086	TOTAL	4,055	2,568	6,623

General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. 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 2021/22 and the Service Reporting Code of Practice 2021/22 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.

Accounting Policies

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 2021/22. 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 events can be identified:

Accounting Policies

- 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

Accounting Policies

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

Accounting Policies

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

Accounting Policies

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 pension's 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:

Accounting Policies

- 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

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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.

Accounting Policies

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 of 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 accrual's 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.

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- 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 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.

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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.

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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:

Accounting Policies

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 valuer's 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 "NMAS" 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 NMAS. 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.

Accounting Policies

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

Accounting Policies

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 2020/2021, 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

2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017 & previous years
1.5%	10%	10%	50%	70%	100%

Council Tax – Costs Outstanding

2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017 & previous years
20%	50%	50%	75%	90%	100%

NNDR

2021/2022	2020/2021	2019/2020	2018/2019 & previous years
25%	50%	100%	100%

Accounting Policies

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

1 Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Council is involved with a number of companies and organisations whose assets and liabilities are not included in the Council's single entity statements. In these cases the Council's interest does not extend to a relationship that could be classified as a subsidiary, associate or joint venture. None of these companies are included in the group accounts. For further information on these Joint Arrangements please see note 12.

The Council does have interests in three companies that are classified as a subsidiary, all of which have been considered for consolidation. Three of these are considered to be material to the financial statements. These include Alive Management Ltd, Alive West Norfolk, West Norfolk Housing Company. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Alive Management Ltd.

The following pages include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts

Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with the entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Associates – where the Council exercises a significant influence and has a participating interest. No material entities meet these criteria to be included in the group.
- Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.
- No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Alive Management Ltd	Subsidiary	Consolidated
Alive West Norfolk Ltd	Subsidiary	Consolidated
West Norfolk Housing Company Ltd	Subsidiary	Consolidated
West Norfolk Property Ltd	Subsidiary	Consolidated

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 changed 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 become more substantial, and the Company is 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 started trading in November 2020. The Borough Council of Kings Lynn & West Norfolk holds 100% of the allotted ordinary shares in West Norfolk Property Ltd. The company is now consolidated within the Group Accounts of the council.

Group Accounts

Group Movement in Reserves Statement

Movements in Reserves during 2021/22	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	(58,071)	(246)	(58,317)	(78,200)	0	(78,200)	(136,517)
Group (Surplus)/Deficit	(6,740)	(139)	(6,879)	0	0	0	(6,879)
Prior Year Adjustment (Surplus)/Deficit	0	16	16	0	0	0	0
Other Comprehensive Expenditure and Income			0	(25,022)		(25,022)	(25,022)
Total Comprehensive Expenditure and Income	(6,740)	(123)	(6,863)	(25,022)	0	(25,022)	(31,901)
Adjustments between Accounting Basis and Funding Basis under Regulations	13,719	0	13,719	(13,719)	0	(13,719)	0
Transfer to/from Earmarked Reserves	129	0	129	(129)		(129)	0
Increase / Decrease in Year 2021/22	7,108	(123)	6,985	(38,870)	0	(38,870)	(31,901)
Balance at 31 March 2022 carried forward	(50,963)	(369)	(51,332)	(117,070)	0	(117,070)	(168,418)

Group Accounts

Movements in Reserves during 2019/2020	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	(38,752)	(842)	(39,594)	(110,880)	0	(110,880)	(150,474)
Group (Surplus)/Deficit	(5,967)	596	(5,371)		0	0	(5,371)
Other Comprehensive Expenditure and Income			0	19,328		19,328	19,328
Total Comprehensive Expenditure and Income	(5,967)	596	(5,371)	19,328	0	19,328	13,957
Adjustments between Accounting Basis and Funding Basis under Regulations	(14,326)	0	(14,326)	14,326	0	14,326	0
Transfer to/from Earmarked Reserves	974	0	974	(974)		(974)	0
Increase / Decrease in Year 2020/21	(19,319)	596	(18,723)	32,680	0	32,680	13,957
Balance at 31 March 2021 carried forward	(58,071)	(246)	(58,317)	(78,200)	0	(78,200)	(136,517)

Group Accounts

Group Comprehensive Income and Expenditure Statement

2020/21 Restated				2021/22		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£'000	£'000	£'000		£'000	£'000	£'000
			Services			
3,121	(1,107)	2,014	Central Services	3,306	(95)	3,211
3,444	(1,615)	1,829	Health Wellbeing and Public Protection	6,503	(1,784)	4,719
2,777	(2,291)	486	Companies and Housing Delivery	439	(52)	387
10,911	(9,967)	944	Environment and Planning	4,020	(3,303)	717
309	0	309	Operations and Commercial	18,215	(16,861)	1,354
555	(372)	183	Property and Projects	1,802	(2,840)	(1,038)
1,205	(496)	709	Regeneration Housing & Place	2,257	(943)	1,314
41,726	(34,778)	6,948	Resources	38,586	(29,240)	9,346
286	(7)	279	Chief Executive	523	(453)	70
3,816	(208)	3,608	Legal Services	637	(260)	377
			Leisure and Community Facilities	3,428	(1,149)	2,279
			Group			
0	0	0	West Norfolk Property	30	(266)	(236)
679	(1,002)	(323)	West Norfolk Housing Company Ltd	437	(676)	(239)
2,934	(2,015)	919	Alive West Norfolk Ltd	6,199	(6,257)	(58)
71,763	(53,858)	17,905	Cost of Services	86,382	(64,179)	22,203
		2,109	Other Operating (Income)			1,680
		(2,524)	Financing and Investment (Income)			1,603
		(22,861)	Taxation and Non-Specific Grant Income			(32,365)
		(5,371)	(Surplus)/Deficit on Provision of Services			(6,879)
		(1,196)	(Surplus) on Revaluation of PPE			2,683
		20,523	Re-measurement of the net defined benefit liability			(27,705)
		19,327	Other Comprehensive (Income)			(25,022)
		13,956	Total Comprehensive (Income)/Expenditure			(31,901)

Group Accounts

Group Balance Sheet

31-Mar-21		31-Mar-22
£'000		£'000
151,370	Property, Plant and Equipment	164,676
17,975	Heritage Assets	15,292
30,360	Investment Property	33,490
989	Intangible Assets	625
0	Long Term Investments	0
2,686	Long Term Receivables	2,496
203,380	Long Term Assets	216,579
16,038	Short Term Investments	20,000
158	Inventories	196
18,862	Short Term Receivables	10,100
24,183	Cash and Cash Equivalents	25,668
2,770	Assets Held for Sale	2,770
62,011	Current Assets	58,734
(944)	Provisions	(829)
0	Short Term Borrowing	0
(40,891)	Short Term Payables	(39,675)
(10)	Current Tax Liability	(263)
(41,845)	Current Liabilities	(40,767)
(13)	Grants Receipts in Advance	(915)
(10,000)	Long Term Borrowing	(10,000)
(270)	Other Long Term Liabilities	(324)
(76,747)	Pension Liabilities	(54,905)
(87,030)	Long Term Liabilities	(66,144)
136,516	Net Assets	168,402
(58,301)	Usable Reserves	(51,332)
(78,200)	Unusable Reserves	(117,070)
(136,501)	Total Reserves	(168,402)

Group Accounts

Group Cash Flow Statement

2020/21		Note	2021/22
£'000			£'000
5,371	Net Surplus or (Deficit) on the Provision of Services	CIES	6,879
32,538	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements		7,886
(18,722)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		(11,939)
19,187	Net Cash flows from Operating Activities		2,826
(3,248)	Investing Activities		(9,241)
(3,746)	Financing Activities		7,900
12,193	Net Increase or Decrease in Cash and Cash Equivalents		1,485
11,990	Cash and Cash Equivalents at the beginning of the Reporting Period		24,183
24,183	Cash and Cash Equivalents at the End of the Reporting Period		25,668

Group Accounts

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.

Group Accounts

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.

The contribution rate was reviewed at the scheme's last valuation date, 31 March 2019.

Borough Council of
King's Lynn &
West Norfolk



DRAFT

Annual Governance Statement 2022

For the 2021/22 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. The code will be reviewed in 2024/25 or sooner if guidance requires.
- 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 2022 and remains in place to date.

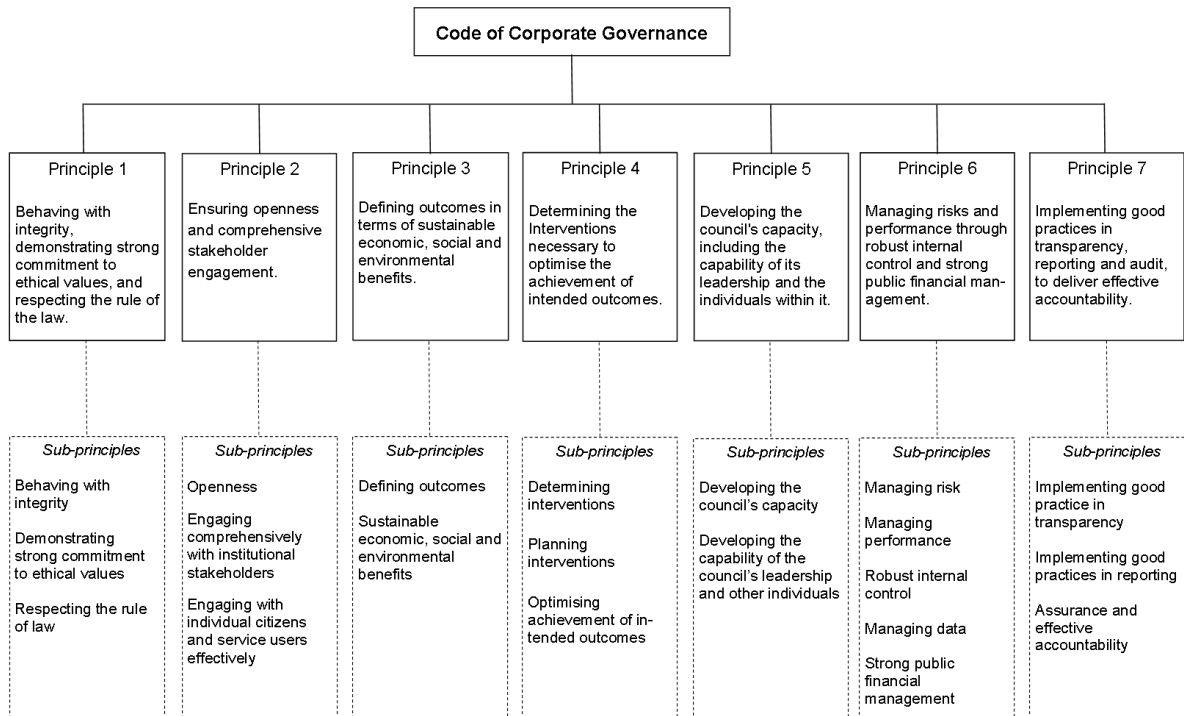
3. Key principles of our governance framework

- 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:

CIPFA¹/ SOLACE²: Delivering Good Governance in Local Government Framework 2016



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



¹ CIPFA: [The Chartered Institute of Public Finance and Accountancy](#)

² SOLACE: [Society of Local Authority Chief Executives and Senior Managers](#)

- 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 2021/22 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.
- 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 The Monitoring Officer is provided through the council's arrangements with [Eastlaw](#) for the provision of legal services and provides advice on legal compliance. A review of legal services in 2022 resulted in a decision to bring services inhouse and a Monitoring Officer has been recruited.
- 4.1.6 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.
- 4.1.7 The council's [Standards Committee](#) met five times during 2021/22.
- 4.1.8 Several registers are in place covering interests and gifts/hospitality.
- 4.1.9 A [whistleblowing policy](#) is in place and provides protection for individuals raising concerns.

- 4.1.10 A complaints policy is in place and 55 complaints regarding behaviour/conduct were recorded in 2021/22 compared with 52 complaints in 2017/18, 46 complaints in 2018/19, 23 complaints in 2019/20 and 23 in 2020/21.
- 4.1.11 The council has in place key documents which communicate the standards of behaviour required of members and all council staff (officers). Relevant policies are published on the council's intranet or on the personnel system CIPHR and where required published on the council's website.
- 4.1.12 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.
- 4.1.13 The [Performance Management Framework](#) also describes how staff performance, including conduct, is managed. All employees have detailed job descriptions and person specifications.
- 4.1.14 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.
- 4.1.15 To enhance support for elected member, a dedicated email inbox was introduced in September 2020. This provides a mechanism for members to raise queries and for officers to corporately coordinate responses. The account is: Member.Enquiries@West-Norfolk.gov.uk

4.2 Demonstrating strong commitment to ethical values.

- 4.2.1 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.
- 4.2.2 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.
- 4.2.3 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.
- 4.2.4 There were no identified cases of corruption or misuse of power in 2021/22.
- 4.2.5 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.
- 4.2.6 Other related policies include the Disciplinary and Dismissal Procedure, Anti-Fraud and Anti-Corruption Policy.
- 4.2.7 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.

- 4.2.8 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 statutory officers – Head of Paid Service, Monitoring Officer and Section 151 officer monitor and ensure adherence.
- 4.3.2 The Council has enhanced its financial management capacity in 2021/22 with the appointment of a deputy S151 officer and a project accountant.
- 4.3.3 Initiatives are reviewed by regular meetings of the [Management Team](#) in order to ensure compliance and that spend is legal.
- 4.3.4 Statutory compliance is tested through the work programme of [Internal Audit](#). The work programme is agreed by Management Team and reported to [Audit Committee](#). From June 2021, the council's Audit Manager is provided by Eastern Internal Audit Services.
- 4.3.5 Job descriptions and person specifications refer to specific requirements to discharge duties regarding specific legislation.
- 4.3.6 The council is also compliant with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015).
- 4.3.7 The following policies, strategies and governance documents were approved in 2021/22:

Document	Approval	Date
Norfolk Green Infrastructure (GI) and Recreational impact Avoidance and Mitigation Strategy (RAMS)	Cabinet	15 Jun 2021
Anti-Fraud and Anti-Corruption Policy and Strategy	Cabinet	15 Jun 2021
Councillor Community Grant Scheme	Cabinet	3 Aug 2021
King's Lynn Town Deal Heads of Terms	Cabinet	24 Aug 2021
Climate Change Strategy	Cabinet	21 Sep 2021
Norfolk Flood Risk Strategy	Cabinet	21 Sep 2021
Corporate Business Plan 2021-23	Cabinet	16 Nov 2021
Members Major Projects Board Terms of Reference	Cabinet	16 Nov 2021
Statement of Principles, Gambling Act 2005	Cabinet	16 Nov 2021
Capital Strategy and Treasury Management Strategy	Council	9 Feb 2022

- 4.3.8 The council remained 'Payment Card Industry (PCI) Compliant' in 2021/22.
- 4.3.9 There were 20 data breaches in 2021/22 (11 in 2020/21, 6 in 2019/20 and 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.
- 4.3.10 Each service manager is required to submit an annual data quality sign off sheet.
- 4.3.11 The list of Cabinet responsibilities was amended in June 2021 and the scheme of delegation was correspondingly revised.

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 and prior scrutiny by policy review and development panels.
- 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.
- 5.1.8 Following the expiry of the powers granted by Section 78 of the Coronavirus Act 2020, Cabinet agreed interim meeting arrangements in August 2021 and reviewed in October 2021.
- 5.1.9 Decision making protocols are set out in the Constitution.
- 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.

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. Cabinet bolstered the Communications Service with two additional staff in August 2021.

5.2.3 Engagement is developed on a bespoke basis. A number of consultation activities engaged a wide variety of stakeholders in 2021/22 including:

Consultation	Date	Purpose
Rail to river improvements planned for King's Lynn	Jan 2022	Plans to improve a route connecting rail to river in King's Lynn have been unveiled (Rail to River – Vision King's Lynn (visionkingslynn.co.uk) - and the public are being invited to help to shape the artwork on the route.
Neighbourhood planning referendum in Castle Acre	Jan 2022	A referendum on the area's Neighbourhood Planning Referendum.
Young people and local business surveys to shape the future of King's Lynn.	Oct 2021	<p>Opportunity for 16-25's, to share their views on what they'd like to see in the town, what is missing, plus their thoughts on career opportunities in King's Lynn.</p> <p>A survey is running especially for business owners, people thinking of setting up on their own, or individuals who are looking to take a hobby to the next stage to share their thoughts on pop-up spaces for the town</p>
Representations sought on Local Plan ahead of formal examination	July 2021	Representations from anyone interested in the development of the borough through to 2036 are being sought on the Borough Council of King's Lynn & West Norfolk's Local Plan Review Draft.
Opportunities Downham Market	May 2021	Consultation, engagement and communications around plans, investment and potential improvements for the town.

5.2.4 [Norfolk Resilience Forum](#) (a group of public services, emergency services, utility companies, armed forces and key voluntary groups) has continued with its response to Covid-19 and the Council has been an active contributor to the core groups and sub-groups.

5.2.5 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, for example 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.

- 5.2.6 The council, as a responsible authority³, is a member of Norfolk Community Safety Partnership with a district based multi-agency Operational Partnership Team and [Norfolk Community Safety Scrutiny Sub Panel](#).
- 5.2.7 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 Committee](#). At a more local level, the council coordinates a multi-agency group focused on increasing activity levels.
- 5.2.8 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. The Norfolk Climate Change Partnership is chaired by the council's Chief Executive.
- 5.2.9 A joint waste collection service with neighbouring councils in North Norfolk District Council and Breckland District Council commenced on 1 April 2021 and is delivered by Serco.
- 5.2.10 Regeneration is a corporate priority and, given the Enterprise Zone and other regeneration interests, the council actively engages with the NALEP Steering Group.
- 5.2.11 King's Lynn was awarded £25m from the Government's Towns Fund and the investment is directed by a [Town Deal Board](#) responsible for:
- developing and agree an evidence based Town Investment Plan
 - developing a clear programme of interventions
 - coordinating resources and influencing stakeholders
- 5.2.12 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. 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.
- 5.2.13 Other partnerships are of a contractual nature, such as the delivery of leisure services via [Alive West Norfolk](#) and these are listed in Appendix D.
- 5.2.14 The council has established 3 wholly owned companies which are detailed in section 12 of the Annual Governance Statement. A governance review has been

³ Crime and Disorder Act 1998

commissioned in September 2021 and is due to report in 2022 pending the publication of guidance by CIPFA.

5.3 Engaging with individual citizens and service users effectively.

- 5.3.1 Following a change in Council leader, the Corporate Business Plan was revised in November 2021 and continues to set out the council's vision and provides the basis for investment, service planning and other decisions.
- 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 usual business planning process. The council has moved between response and recovery as the virus impacted upon the country. [A Covid 19 recovery strategy](#) was initially developed but later affected by changes to national and local responses required by the Norfolk Resilience Forum.
- 5.3.4 Impacts on equality are required for all reports and equality impact assessments are considered where required by the Equality Policy.
- 5.3.5 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 tackling social isolation evident in [Care and Repair](#) and [Lily](#).
- 5.3.6 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.
- 5.3.7 Members of the public are also able to [ask questions](#) on a topic or service within the council's control at full council meetings.
- 5.3.8 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.
- 5.3.9 The council uses a variety of corporate communication 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 campaigns such as Covid-19, Census 2021 and to support tourism. Results all methods of communication are fed back into the organisation. The council also monitors feedback from residents and service users through compliments and complaints received.
- 5.3.10 During 2021/22, the council continued to be an active partner in the [Wash East Coastal Management Strategy Stakeholder Forum](#). 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.
- 5.3.11 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.

5.3.12 Our digital transformation work in 2021/22 resulted in:

- The successful launch of web chat, allowing Council Information Centre advisors to manage 'multiple' chats at the same time; 7,217 were completed in 2021/22 compared with 8,024 chats (2020/21) and 3,652 (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.

5.3.13 Customer feedback from contact with the Council Information Centre in 2021/22 indicated:

	2019/20	2020/21	2021/22
% of customers who think our digital services are excellent	66	77	70
% of customers who were overall satisfied	97	99	97

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 2021-23 outlines six priorities:

- 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

6.1.2 The 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.

6.1.3 The plan is underpinned by directorate plans and the performance management framework.

6.1.4 Progress against the Covid-19 recovery strategy indicators was monitored quarterly by Management Team and reported to Corporate Performance Panel.

6.1.5 The council's Management Team 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.

6.1.6 The corporate risk register is routinely updated and considers risks to the achievement of the corporate business plan. Reports are considered by Management Team and Audit Committee.

6.1.7 Budget reports are provided on the intranet. All budget holders are involved in the budget setting process.

6.2 Sustainable economic, social and environmental benefits.

6.2.1 Discussions regarding capital investment 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 and Member Major Projects Board.

6.2.2 Briefings, portfolio updates, sifting meetings and meetings between the Chief Executive and council leadership are examples of the range of dialogue to support decision making. .

6.2.3 Reports to committees and Management Team provide a record of decision making and related background information.

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 to prioritise competing demands within the confines of a balanced budget.

7.1.3 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.

7.1.4 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.

7.1.5 [Contract Standing Orders](#) reflect best practice in order to obtain best value and to guard against corruption, discrimination and breaches of public procurement regulations.

7.1.6 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.

7.1.7 The 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.

7.1.8 Corporate contract support is provided by the procurement team who also actively manage a number of centralised contracts.

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, directorate plans and strategies. Key performance indicators are identified by service managers, directors and portfolio holders and provide the basis of quarterly reports to Corporate Performance Panel.
- 7.2.4 The Medium Term Financial Plan is aligned with the corporate business plan. Annual budget setting guidance is issued to service managers to inform service planning. Monthly budget monitoring reports provide an indication of progress.
- 7.2.5 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 The council's shift towards digital services progressed well during 2021/22 with improved take up of My Account, use of online integrated forms and the online help function. The Revenues and Benefits customer portal 'MyRevenues' allows customers to self-serve via the council's website, accessing real time data about their council tax, business rates accounts and benefit claims, and completing integrated forms.
- 7.3.2 The website is fully responsive and works well across a wide range of devices.
- 7.3.3 The total number of MyRevenues users has increased by a further 33% during 2021/2022 to 17,695 users, driven in part by the pandemic and the various support schemes made available online to individuals and businesses. High levels of take up demonstrate the ease of use and benefit that being able to access information and complete forms at a time convenient to the customer has enabled. Many Revenues and Benefit forms integrate directly with our back office system, and use of these forms continues to increase.
- 7.3.4 The council continues to encourage take up of digital services by providing self-service facilities at the King's Court offices.
- 7.3.5 The council's financial ledger underpins its internal system of financial control and system development continued into 2021/22. 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.

- 7.3.6 Financial management processes and procedures are set out in the council's financial regulations.
- 7.3.7 Contract Standing Orders encourage services to consider social value particularly in larger value contracts where social value issues such as 'use of local apprenticeships' and 'use of local sub-contractors' are used as award criteria.
- 7.3.8 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.
- 7.3.9 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.

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. 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 Reviews often draw upon benchmarking information and research into notable practice at other local authorities to inform option development.
- 8.1.4 Examples of benefits from collaborative working are evident in waste management, parking enforcement, community safety, cultural and regeneration activities, strategic housing, climate change and the response to Covid-19.

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 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.
- 8.2.3 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 political leaders have been with the council for many years and that relationship has provided a strong foundation for broader leadership of the organisation.

- 8.2.4 The scheme of delegation, Standing Orders and financial regulations are reviewed periodically and typically triggered by legal and organisational changes such as restructures.
- 8.2.5 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 Microsoft Teams, Zoom and YouTube.
 - Telephony via the Microsoft Teams software.
 - Implementing appropriate human resource policies and ensuring that they are working effectively e.g. trial of absence management approach.
- 8.2.6 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 various Covid-19 meetings under the Norfolk Resilience Forum.
- 8.2.7 Member development needs are identified through use of a periodic questionnaire and are also identified during the year as matters arise.
- 8.2.8 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 briefings are run throughout the year. The Audit Committee has received specific briefings / training throughout the year.
- 8.2.9 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.

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 periodically reviewed with updates reported to Management Team and Audit Committee.
- 9.1.2 All committee reports contain a section on risk.
- 9.1.3 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.
- 9.1.4 The council's Covid-19 incident response continued throughout 2021/22 where the local and national focus has moved between response and recovery and national measures were introduced and then rescinded..

- 9.1.5 The [Major Projects Member Board](#) continued throughout the year to provide assurance that the council's major projects programme is run in accordance with the Major Projects (Officer) Board Terms of Reference.
- 9.1.6 The council's internal audit team have 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 a Performance Management Framework aligned with the corporate business plan. Performance targets and actions are cascaded through directorate, service, team meetings and 1:1s.
- 9.2.2 A data quality assessment takes place at year end supported by checks through the year.
- 9.2.2 Through reviews by external auditors, external agencies, Internal Audit 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.

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 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.
- 9.3.4 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. A referral system is in place between the council and the Department for Work and Pensions if housing benefit fraud is suspected.
- 9.3.5 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. 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.

- 9.3.6 During 2018/19, the council began to explore ways to enhance the oversight of its wholly owned companies. This work continued into 2020/21 and, whilst delayed by Covid 19 and awaited CIPFA guidance, will ultimately strengthen oversight of company performance and business plans.
- 9.3.7 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.
- 9.3.8 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.
- 9.3.9 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 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. Given national concerns regarding the impact of EU transition upon data sharing an audit was undertaken of ICT systems and data sharing arrangements. There were no significant issues identified although this continues to be monitored as the EU's data adequacy judgement is time limited.
- 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 was launched in Autumn 2020 and was compulsory for all staff to complete.

9.5 *Strong public financial management.*

- 9.5.1 CIPFA describe 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.
- 9.5.2 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.

- 9.5.3 Budget monitoring reports are provided and published on the intranet for all staff and councillors to view. An annual budget briefing is provided by the Assistant Director Resources and open to all staff.
- 9.5.4 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. As per 9.1.2 for managing risk, all committee reports contain a section on financial implications for consideration.

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.
- 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.
- 10.1.4 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.

Audit report

Information	Purpose	Frequency
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.

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.

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 2021/22 year, the council worked in partnership with Norfolk County Council to support the King's Lynn Town Deal Board, development of the Town Investment Plan and related projects.
- 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.
- 10.3.9 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 2021/22 conformed to the requirements outlined in the CIPFA Statement on the Role of the Head of Internal Audit.
- 10.3.10 The Head of Internal Audit is provided via Eastern Internal Audit Services following Fenland District Council's termination of the previous shared arrangement.
- 10.3.11 The council's external auditor during 2021/22 was EY.
- 10.3.12 A standalone Audit Committee is in place providing increased opportunity for effective assurance about the adequacy of financial and operational management and reporting.
- 10.3.13 Training has been provided during 2021/22 to the members of the Audit Committee in key areas. An example is for the annual accounts.
- 10.3.14 A Member Major Projects Board provides additional oversight of the operation of the Officer Major Projects Board. The Board met through 2021/22 and has reviewed its terms of reference.

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 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.
- A member/officer protocol is in place and forms part of the council's constitution.
- 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 2021/22 which was considered by Audit Committee on 20 June 2022. The report states in the Audit Manager's opinion, that:
"The overall opinion in relation to the framework of governance, risk management and control at Borough Council of King's Lynn and West Norfolk is reasonable."

11.3 The Audit Manager's Annual Report and Opinion 2021/22 presented to Audit Committee on 20 June 2022 stated:

Overall, in 2021/22 a total of 15 Internal Audit assurance audit have been carried out. A total of 14 of these have resulted in a positive assurance grading. As stated within the opinion statement, Internal Audit recommends that the two high, and one medium recommendation raised from the Limited Alive West Norfolk (AWN) audit report are highlighted within the Council's Annual Governance Statement until they are complete. The recommendations are summarised as follows:

- A suite of new SLA's and agreed set of KPI's should be developed for the relevant Service Areas included in the previous SLA. These need to be developed at the earliest possible opportunity and reported to the AWN Board and Council if required.
- Responsible officers from finance and AWN to consider the SLA fees and charges going forward, including any additional costs with a view to amending these to the appropriate values. Budgets should be amended and reflect actual, and agreed, costs rather than expected costs.
- When the Management Agreement is next due for review, consider if it is appropriate for member involvement in decisions of AWN.

In addition to the above-mentioned actions, we recommend that any outstanding medium recommendations from previous limited assurance reports and any high priority recommendations raised that remain unresolved are reflected in the Council's AGS until they have been verified as complete. The following recommendations apply:

Planning Control 2020/21 – Limited Opinion Medium Recommendation

- Fees and charges on the website need to be amended to show the correct costs for each area of the service to the customer.
-

Alive West Norfolk 2019/20 – Substantial Opinion High Recommendation

- Retention schedules need to be introduced for AWN once records and retention processes have been agreed.

Child Protection 2019/20 – Substantial Opinion High Recommendation

Property Services to follow the risk assessment procedures set out within the Safeguarding Policy for “High” and “Medium” risk rated tenants and provide the relevant safeguarding information within the Tenant Information Pack.

The council may also wish to disclose that it is committed to reducing the significant number of outstanding internal audit recommendations. This will ensure that good governance can be demonstrated by mitigating the risks that have been identified by internal audit work in a timely manner.

11.4 The Audit Committee has also completed a self-review of the effectiveness of the Audit Committee in November 2022 and the results were reported to Audit Committee in February 2023 to approve the resulting actions for improvement.

- 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 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. The external audit of the 2021/22 Statement of Accounts have not been started whilst awaiting the audit of previous years' Statement of Accounts, namely 2019/20 and

2020/21. The Annual Governance Statements for each financial year will be signed off and published alongside the Statement of Accounts.

12. Areas of special interest in terms of governance

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

12.1.1 A wholly owned council company (Alive West Norfolk) has been established that is responsible for the delivery of leisure and cultural services across the borough.

12.2 Legal arrangements

12.2.1 The council's legal service continued to be delivered via a delegated agreement on an annual, rolling basis, with [Eastlaw](#) (the in-house legal team at North Norfolk District Council). Cabinet agreed on 15 March 2022 to bring the service in-house.

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

12.3.1 In August 2016, Cabinet resolved⁴ to set up a wholly owned local authority company the main purpose of which is to help meet the council's statutory housing duties, by holding property that will be purchased and / or leased from the council in order to create and provide affordable housing. The company became a registered provider of social housing in 2018. It operates on a not for profit basis. The council has appointed members and officers to serve as company directors. The company reports to Cabinet.

12.3.2 WNHC is helping to secure investment in new affordable homes in the borough to meet identified need.

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. The Gambling Commission also requires the council to undertake an annual independent security audit.

⁴ 2 August 2016

12.6 King's Lynn Town Deal Board

12.6.1 The council's role is to organise the Board and make the governance and decision making structures of the Town Deal Board public. The Government has set out specific requirements about who the Board must include. The council is represented on the Board by two cabinet members.

12.6.2 A Local Assurance Framework sets out the process for decision making. Over the course of 2022/23, a number of business cases to progress elements of the Town Investment Plan will be considered for approval by the Town Deal Board prior to submission to the government. The business cases are required to meet Treasury Green Book standards and require related due diligence. This work will involve the council in various ways including potential land, property and asset matters, scrutiny and oversight, consideration of financial matters and monitoring/evaluation.

13. **Known changes in the 2022/23 year**

13.1 Embedding the new risk management framework

The policy and strategy are due to be refreshed and the register will be aligned with the corporate business plan and rationalised. Reviews will be increased from two to three times per year. Related training for members and officers required to promote the policy and the application of the strategy.

13.2 Governance framework for the council's companies

Complete the review of 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 Ongoing development of the financial ledger

To further embed and develop the financial ledger software's operational and reporting processes.

13.5 Preventing Fraud and Corruption

To support joint working with Department of Work and Pensions and participate in the Norfolk Counter Fraud Hub.

13.6 Member development needs

Delivery of member induction programme and identification of development needs.

13.7 Bringing Legal Services in-house

To transfer the function from Eastlaw including related staff recruitment and data transfer.

13.8 Outstanding medium recommendations from previous limited assurance reports and any high priority recommendations

To progress the following recommendations:

- Planning Control 2020/21 – Limited Opinion Medium Recommendation
- Alive West Norfolk 2019/20 – Substantial Opinion High Recommendation
- Child Protection 2019/20 – Substantial Opinion High Recommendation

13.9 Town Deal Board governance

To support the effective governance of the Town Deal Board, Local Assurance Framework, business case development and ongoing monitoring/evaluation.

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, councillors and customers. The first wave in late 2019/20 had minimal impact on the governance arrangements however, the ongoing scale of the subsequent response to later waves and national measures into 2021/22 resulted in a rapid move to virtual meetings, increased flexible working arrangements, redeployment of staff, reductions in some services due to social distancing, related Covid 19 safe working practices and national guidance and reduced scope for policy development.
- 14.2 Alongside partners on the Norfolk Resilience Forum, 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 were operational. The majority of staff were required to work from home, where possible, which has proven to have worked effectively, with no significant disruption to critical services or information security breaches. Other teams, such as those in enforcement, were refocused to support the provision of Covid-19 safe activities across the borough and the vaccination programmes.
- 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.
- 14.4 Despite the breadth and pace of the response, Covid-19 has not led to any significant weakness in the Council underlying governance arrangements in 2021/22.
- 14.5 Although the national restrictions were gradually removed in the latter part of 2021/22, it is essential that the council focuses on the likely impact that the crisis, and its aftermath, will have on income levels both now and potentially into the future. The council is aware of issues that could affect its financial position such as reduced income streams arising from commercial investments, properties and services, delays and arrears in payments for chargeable services and ongoing Covid-19 related additional costs to support safe working practices such as PPE and sanitizing materials.

15. Ukraine Crisis

- 15.1 The invasion of Ukraine by Russia on 24 February 2022 triggered a humanitarian crisis. Councils prepared to assist and help new arrivals from Ukraine settle in the UK and to support communities who wish to offer assistance to those fleeing the devastating conflict. Council support will be central in helping families settle into their communities and access public services.
- 15.2 The Government launched a Homes for Ukraine Scheme in March 2022. A broad range of support has been developed and summarized on the Council's [website](#).

16. Cost of living crisis

- 16.1 Inflation has emerged as a significant issue in many economies and has been exacerbated by Covid-19, the war in Ukraine and rising interest rates. The Bank of England is forecasting a UK recession in 2023.
- 16.2 The fall in 'real' disposable incomes has an impact upon council services and the community it serves. In addition to national measures, the council will develop a local response in 2022/23.

17. Action Plans

- 17.1 In the Annual Governance Statement for 2020/21, an action plan for 2021/22 was set out to deal with governance issues identified during the review for that year and is attached at Appendix A.
- 17.2 The action plan for 2022/23 is attached at Appendix B.

18. Assurance summary

- 18.1 From the review undertaken, the assessment and ongoing monitoring work completed⁵ 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.
- 18.2 No system of internal control could provide absolute assurances against material misstatement or loss; this statement is intended to provide reasonable assurance. We are satisfied that an on-going process for identifying, evaluating and managing key risks exists. These risks are reflected in the audit plan, the Corporate Risk Register and are the subject of separate reports during the course of the year.
- 18.3 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 Alistair Beales Leader of
the Council
Date:

Lorraine Gore
Chief Executive
Date:

Cllr Alun Ryves
Chair of the Audit Committee
Date:

⁵ By the Audit Committee during 2019/20

Annual Governance Statement

Appendix A - Action plan for the 2021/22 year

Item	Action	Responsible Officer	Target Date	Update – October 2022	
1	Internal Audit	Agreement with Eastern Internal Audit Services for the provision of Internal Audit Services	Assistant Director - Resources	June 2021	Interim arrangement in place until final agreement signed in November 2021. New arrangements implemented and working well.
2	Waste contract monitoring systems	Implementation of new systems related to: Waste collection contract Garden waste contract	Waste & Recycling Manager	Mar 2022	April 2022 updated software system for waste management became live and is working as expected.
3 443	Care and Repair contract monitoring systems	Implementation of new systems relating to Care and Repair contract	Assistant Director –	Mar 2022	Process developed and includes a performance measure for each contract. New monitoring role created to support the system administration and to be recruited to in autumn 2022.
4	High Street Heritage Action Zone	High Street Heritage Action Zone, HAZ Project officer recruitment and programme management	Assistant Director – Regeneration, Housing and Place	Mar 2022	High Street HAZ programme did not proceed as Heritage England withdrew the funding offer. The HAZ programme is in the process of being formally closed.
5	Housing Delivery Test – Action Plan	Implementation of actions falling within 2021/22	Assistant Director - Environment & Planning	Mar 2022	The latest HDT was formally announced in January 2022, and was passed (96%), therefore no further action was required.
6	Community Infrastructure Levy	12 month review of Community Infrastructure Levy proposed governance and spending arrangements	Assistant Director - Environment & Planning	November 2022	Revised governance arrangements were agreed by Cabinet on 2 August 2022 and will be implemented for future applications in 2023.
7	Public Services Network (PSN)	Ensure PSN compliance during 2021/22 including progressing any	Assistant Director -	March 2022	PSN compliance across Local Authorities is being reviewed by Central Government currently. However, we

Audit report

Item		Action	Responsible Officer	Target Date	Update – October 2022
	compliance	actions identified as a result of the 2020 audit.	Resources		still retain the major element of an ICT health check and are in the process of bringing in National Cyber Security Centre approved CHECK assessors for 2022.
8	Governance framework for the council's companies.	Review the governance framework of the council's wholly owned companies.	Chief Executive	March 2022	Report received from Anthony Collins Solicitors July 2022 and under consideration by Cabinet. Review was delayed pending publication of relevant guidance by CIPFA in May 2022. Company governance review action plan to be considered by Cabinet on 15 November 2022.
9	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	See line 8 above. Will follow from Cabinet's decisions.
10 444	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 2022	Ongoing. Amendments made to the AGS for 2021 and 2022.
11	Embedding of the new financial ledger.	To implement and embed the operational processes of the new financial ledger software.	Assistant Director - Resources	March 2022	The new financial system went live in April 2020 just as the initial Covid restrictions were put in place. A number of issues emerged on the system which took time and resource to resolve. Training has been focussed on specific areas and is now being more widely delivered (with a training development programme being devised and modules to support it). Other system development work is being considered as part of an improvement plan.
12	Norfolk Fraud Hub	To support joint working with DWP and participate in the Norfolk Counter Fraud Hub.	Assistant Director - Resources	March 2022	Some FraudHub members are currently having difficulties in resourcing fraud areas. The lead sponsor, Norfolk County Council, has recently agreed to a further 2 financial years funding of the FraudHub. However, there has been no recent meeting held with the Norfolk FraudHub Steering Group. This is due to the impact from

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Item		Action	Responsible Officer	Target Date	Update – October 2022
					<p>the pandemic and other workstreams continuing as a result of it. Funding has been agreed through the lead sponsor to continue with the Single Person Discount (SPD) review project for the current financial year 2022/2023.</p> <p>DWP joint working has now resumed following the Covid-19 pandemic and the redeployment of many of the DWP investigation Team. Contact has recently been received on a case for joint working purposes.</p>
13	English Devolution and Local Recovery White Paper	To consider the white paper on English Devolution and Local Recovery.	Chief Executive	March 2022	White Paper revised and The Levelling Up and Regeneration Bill was published on 11 May 2022. Two bids submitted for Levelling Up funding for the geographic borough; one by BCKLWN and another by Norfolk County Council.
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14	Develop revised media protocols.	To develop revised social media protocols.	Assistant Director – Central Services	March 2022	Rescheduled to December 2023 to link with the review of practices after the forthcoming borough elections.
15	Equalities training programme	Development of a training programme to support the equalities policy.	Assistant Director – Central Services	March 2022	Programme development and delivery rescheduled to March 2023.
16	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	Ongoing and included within the company governance review action plan to be considered by Cabinet on 15 November 2022.
		To review service level agreements covering: <ul style="list-style-type: none"> • Norfolk Museum Service 	Assistant Director - Regeneration, Housing and Place	March 2021	Aspects reviewed but not the SLA in the round – needs to be completed and included in the AGS action plan for 2022/23.

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Appendix B - Action plan for the 2022/23 year

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Item	Action	Responsible Officer	Target Date	Update – October 2022	
1	Executive and Scrutiny Protocol	12 month review of protocol.	Assistant Director - Legal Services & Licensing	Mar 2023	Ongoing.
2	Community Infrastructure Levy	12 month review of Community Infrastructure Levy proposed governance and spending arrangements	Assistant Director - Environment & Planning	Nov 2022	Revised governance arrangements were agreed by Cabinet on 2 August 2022 and will be implemented for future applications in 2023.
3	Public Services Network (PSN) compliance	Ensure PSN compliance during 2021/22 including progressing any actions identified as a result of the 2020 audit.	Assistant Director – Resources	Mar 2023	PSN compliance across Local Authorities is being reviewed by Central Government currently. However, we still retain the major element of an ICT health check and are in the process of bringing in National Cyber Security Centre approved CHECK assessors for 2022.
4	Governance framework for the council's companies.	Review the governance framework of the council's wholly owned companies.	Chief Executive	Mar 2023	Report received from Anthony Collins Solicitors July 2022. Review was delayed pending publication of relevant guidance by CIPFA in May 2022. Company governance review action plan to be considered by Cabinet on 15 November 2022.
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	Mar 2023	See line 4 above.
6	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	Mar 2023	Ongoing. Amendments made to the AGS for 2021 and 2022. The length of the draft AGS 2022 is comparably shorter than previous documents.
7	Ongoing development of the new financial ledger.	To enhance and develop the operational processes of the new financial ledger software.	Assistant Director - Resources	Mar 2023	The new financial system went live in April 2020 just as the initial Covid restrictions were put in place. A number of issues emerged on the system

Audit report

Item	Action	Responsible Officer	Target Date	Update – October 2022	
				which took time and resource to resolve. Training has been focussed on specific areas and is now being more widely delivered (with a training development programme being devised and modules to support it). Other system development work is being considered as part of an improvement plan.	
8	Norfolk Fraud Hub	To support joint working with DWP and participate in the Norfolk Counter Fraud Hub.	Assistant Director – Resources	Mar 2023	<p>Some FraudHub members are currently having difficulties in resourcing fraud areas. The lead sponsor, Norfolk County Council, has recently agreed to a further 2 financial years funding of the FraudHub. However, there has been no recent meeting held with the Norfolk FraudHub Steering Group. This is due to the impact from the pandemic and other workstreams continuing as a result of it. Funding has been agreed through the lead sponsor to continue with the Single Person Discount (SPD) review project for the current financial year 2022/2023.</p> <p>DWP joint working has now resumed following the Covid-19 pandemic and the redeployment of many of the DWP investigation Team. Contact has recently been received on a case for joint working purposes.</p>
9	Develop revised media protocols.	To develop revised social media protocols.	Assistant Director – Central Services	Mar 2023	Rescheduled to December 2023 to link with the review of practices after the forthcoming borough elections.
10	Equalities training programme	Development of a training programme to support the equalities policy.	Assistant Director – Central Services	Mar 2023	Programme development and delivery rescheduled to March 2023.
11	Legal Services	To transfer the function from	Assistant Director -	Mar	Assistant Director for Legal & Licensing appointed.

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Item	Action	Responsible Officer	Target Date	Update – October 2022	
	Eastlaw including related staff recruitment and data transfer.	Legal Services & Licensing ; Assistant to the Chief Executive	2023	Recruitment commenced.	
12	Town Deal	To enhance the Local Assurance Framework and governance related to the King's Lynn Town Deal Board.	Assistant Directors: Regeneration, Housing and Place; Legal Services & Licensing; Resources.	Mar 2023	Engagement with panels and Cabinet on draft business cases. Compliance with DLUHC annual assurance requirements. LAF reviewed by Cabinet on 10 August 2022. Internal Audit review of Towns Fund management and Governance Arrangements undertaken in September 2022. Ongoing advice from Monitoring Officer to Town Deal Board on governance matters including conflicts of interest matters.
13	Risk management training	Provision of training for officers and members to embed the refreshed risk management framework.	Assistant to the Chief Executive	Mar 2023	Cabinet agreed a refreshed policy and strategy on 26 September 2022. Training approach to be developed and implemented.
14	Outstanding medium recommendations from previous limited assurance reports and any high priority recommendations	To progress the following recommendations: <ul style="list-style-type: none"> • Planning Control 2020/21 – Limited Opinion Medium Recommendation • Alive West Norfolk 2019/20 – Substantial Opinion High Recommendation • Property Services- Child Protection 2019/20 – Substantial Opinion High Recommendation 	Assistant Director - Environment & Planning Senior Information Risk Officer Assistant Director – Property and Projects	Mar 23 Mar 23 Mar 23	All necessary actions have been completed.
15	Cost of living crisis	Development of a local response to the cost of living crisis.	Assistant to the Chief Executive	Mar 23	Officer working group being established. Council Tax Energy Rebate distributed including a discretionary payment for vulnerable people. Promotion of Solar Together Norfolk to encourage

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Item	Action	Responsible Officer	Target Date	Update – October 2022
				residents to install solar PV/batteries as a way of reducing energy bills in the longer term in addition to reducing carbon emissions. “Beat your Bills” events held across the borough.

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Annual Governance Statement

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 Protection Policy • Data Quality Policy & Strategy • Efficiency Plan • Employment rules • Equality policy • Financial Plan • Financial procedure rules and standing orders (within Constitution) • Financial regulations • Health, Safety & Welfare Policy • ICT policies • Information Governance Policies • Information Risk Policy • Medium Term Financial Strategy • Member/Officer protocol • Members' allowances scheme (Constitution) • Members' code of conduct (Constitution) • Members Code of Good Practice for Planning • Officers' code of conduct (Constitution) • Pay policy statement • Procedure rules (contracts, 	<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 • Disciplinary / Grievance procedures • 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 	<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 • Fraud Response Plan • 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) 	<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)

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<ul style="list-style-type: none"> employment, meetings) (Constitution) • Procurement regulations • Procurement strategy • Protocol on member / officer relations (Constitution) • Prudential Code • Record Retention and Disposal Policy • Risk Management Policy & 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"> • 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"> • Quarterly Performance Reports • Record of decisions • Register of Disclosable Pecuniary 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"> • Website • Weekly CEO/Leader meetings
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Annual Governance Statement

Appendix D – Governance is also embedded in our Joint , Contracted in and/or out 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
- King’s Lynn Town Deal Board
- Lily
- New Anglia LEP
- Norfolk Arts Forum Executive
- Norfolk Business Rates Pool
- Norfolk Climate Change Partnership
- 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
- 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

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- North Norfolk and Breckland district councils – waste and recycling contract procurement
- 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

- Alive West Norfolk - Leisure, culture and sports development services
- 454 • Bedford Borough Council – Payroll processing
- 454 • Eastlaw – Legal services
- Gatherwell Limited - West Norfolk Wins lottery
- Serco - Waste and recycling collection
- Lovell Partnerships Ltd - Major Housing Contract
- 17 contractors - Care and Repair aids and adaptations work
- Herefordshire Housing Ltd - Careline alarm monitoring contract (expired March 2021)
- Lifeline 24 Ltd - Careline alarm monitoring contract (1 April 2021)
- Greenworld Sales Ltd - Garden waste composting (April 2021)
- Eastern Internal Audit Services - Internal Audit Management (June 2021)

Shared services

- Internal Audit Manager – Fenland District Council (expired June 2021)

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

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- CCTV - Breckland, Norfolk County Council and Great Yarmouth
- Management of Disabled Facilities Grants – Breckland District Council (ended March 2021) and Fenland District Council
- Strategic housing – Breckland District Council
- Careline Services – North Norfolk District Council
- Procurement – Boston Borough Council

Annual Governance Statement

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 2019 and associated General Data

Annual Governance Statement

	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.

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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 458	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.

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	Contains the difference between financial instruments measured at fair value and the balances required to comply with equipment

Glossary

Adjustment Account	
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-to-day expenses – principally employees, running expenses of buildings and equipment and capital financing charges.
Revenue Support	A grant paid by Central Government to aid Local Authority expenditure

Glossary

Grant	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**



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Borough Council of
King's Lynn &
West Norfolk



STATEMENT OF ACCOUNTS

2022-2023



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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 (tbc).

The certification of the DRAFT Statement of Accounts is pending final audit sign off and approval by the Audit Committee

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

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

(tbc)



Michelle Drewery
Assistant Director – Resources (S151 Officer)
(Date tbc)

Statement of Responsibilities

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 2023.

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

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

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

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

In accordance with the Accounts and Audit (England) Regulations 2015, I certify that Draft Statement of Accounts presents a true and fair view of the financial position of the Borough Council of King's Lynn and West Norfolk as of 31 March 2023, and its income and expenditure for the year then ended.

Michelle Drewery
Assistant Director - Resources (S151 Officer)
2024 (date of draft accounts published)

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 2022/2023.

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 2023. 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.

Narrative Statement

2 Introduction to West Norfolk

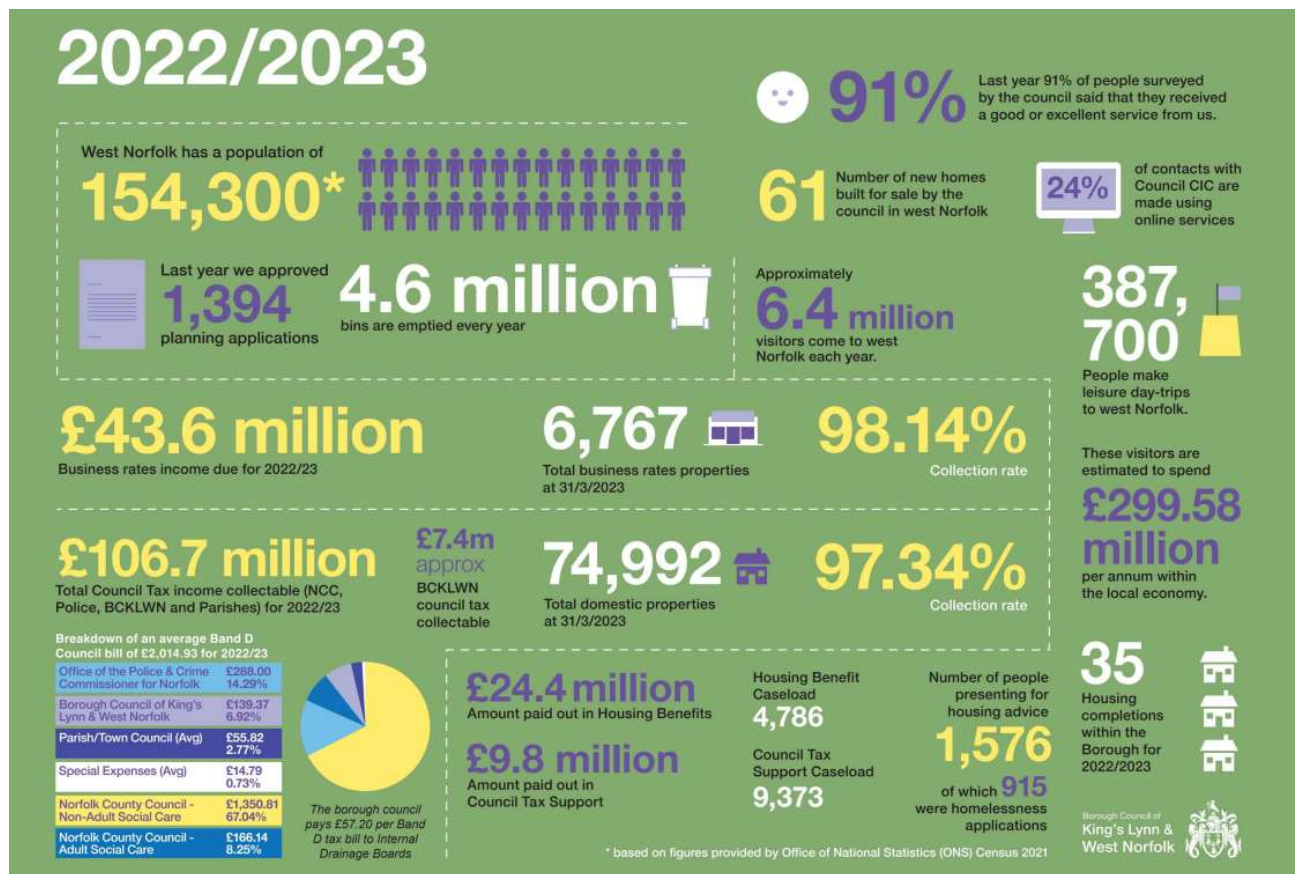
West Norfolk covers an area of about 550 square miles from Brancaster on the Northern Coast to beyond Downham Market in the South.



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, the area is a major tourist attraction.

Narrative Statement



Local Economy

As at 31 March 2023 the borough is home to 6,767 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 has a 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.

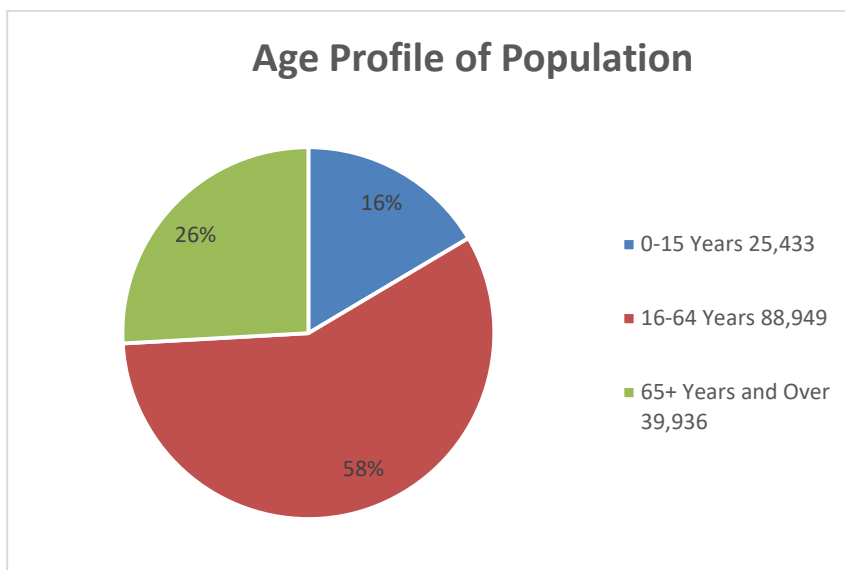
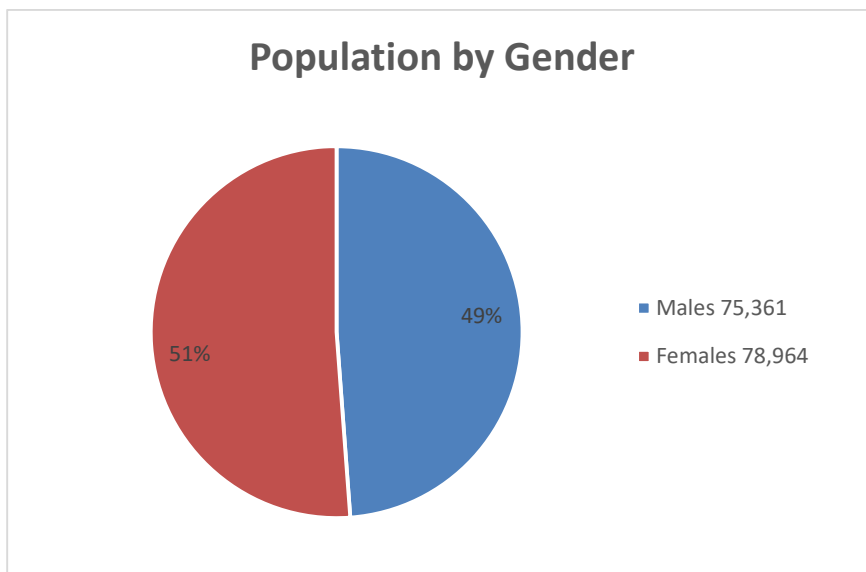
It is estimated that the total number of visitors to west Norfolk comprises approximately 387,700 people making leisure day trips and 6.4 million visitors come to west Norfolk each year. These visitors are estimated to spend nearly £299 million per annum within the local economy. (figures taken from The Economic Impact of Tourism – 2019 results, produced by Destination Research).

Narrative Statement

The impact of high inflation during 2022/2023 means that picture is likely to be 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 support businesses and individuals in the borough in during the emergence of the cost of living pressures and the affordability for this work to continue will be kept under review during the period of high inflation.

Population

The population of West Norfolk was estimated at 154,325 (Office of National Statistics (ONS) 2021).



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 of 31 March 2023, the political make-up of the Council was as follows:

- Conservative Group – 29 Councillors
- Independent Group – 16 Councillors
- Labour – 9 Councillors
- Independent – 1 Councillor

Councillor Stuart Dark was re-appointed as Leader of the Council on 12th May 2022, and has held the position since 20th May 2021.

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.

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."

Narrative Statement

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 is a total of nine Assistant Directors reporting into the Corporate Management Team.

EXTENDED MANAGEMENT TEAM May 2021

Chief Executive **Lorraine Gore**

Executive Director **Debbie Gates**

Executive Director **Geoff Hall**

Becky Box
Assistant Director
Central Services

- Personnel
- Corporate Policy
- Communications
- Customer Information Centre
- Democratic Services (including elections and civics)

Management Team representative for Corporate Performance Panel

Mark Whitmore
Assistant Director
Community and Partnerships

- Key Partnerships including West Norfolk Partnership
- Community Safety
- ~~Neighbourhood Nuisance~~
- Housing Standards
- Housing Options
- Housing Allocations
- Care and Repair Agency
- Careline Community Service
- Financial Assistance/ West Norfolk Wins

Management Team representative for KLACC

Neil Gromett
Managing Director
Alive West Norfolk

- Operation of Leisure/ Arts facilities
- Community ~~Centres~~ and Sports Pavilions
- Leisure/ Sports Development
- Operations

Michelle Drewery
Assistant Director
Resources (S151 Officer)

- Financial Services
- Revenues and Benefits
- Internal Audit Service
- ICT

Management Team representative for Audit Committee

Duncan Hall
Assistant Director
Regeneration, Housing and Place

- Strategic Housing
- Strategic Regeneration and Economic Development
- Business Development
- LEP Liaison
- Tourism and Place Marketing
- Culture
- Heritage Buildings
- Heritage Action Zone
- Future High Streets and Towns Funds
- Funding Bids
- Coordination of Green Issues

Management Team representative for Regeneration and Development Panel

Matthew Henry
Assistant Director
Property and Projects

- Property Services
- Office Accommodation
- Major Projects (including delivery of Regeneration Projects)
- Major Projects Officer Board

Management Team representative for Major Projects Member Board

Stuart Ashworth
Assistant Director
Environment and Planning

- Planning Control
- Planning Enforcement
- Planning Policy and Strategic Housing Delivery
- Food Safety
- Health and Safety
- Licensing
- Environmental Management
- Flood and Water Management
- Emergency Planning
- Planning Technical Support

Management Team representative for Planning Committee

Martin Chisholm
Assistant Director
Operations and Commercial

- Car Parking
- Town Centre/Markets
- CCTV
- Crematorium
- Resort Services
- Events
- Refuse and Recycling
- Public Open Space (Streets and Grounds)

Management Team representative for Environment and Community Panel

David Ousby
Assistant Director
Programme and Project Delivery

- Major Housing Project
- Major Contracts Advice
- Procurement Team
- West Norfolk Property Ltd
- West Norfolk Housing Ltd

Management Team representative for West Norfolk Housing and West Norfolk Property

Honor Howell
Assistant to the Chief Executive

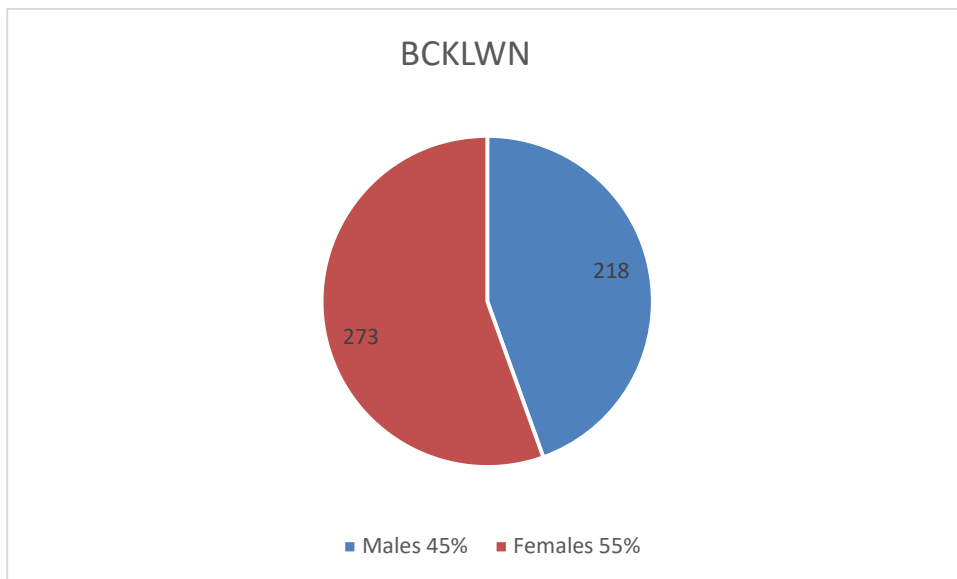
- Corporate Business Plan
- Performance and Efficiency (including Performance Indicators)
- Annual Governance Statement
- Corporate Complaints

Client for the wholly owned council companies and for the legal service

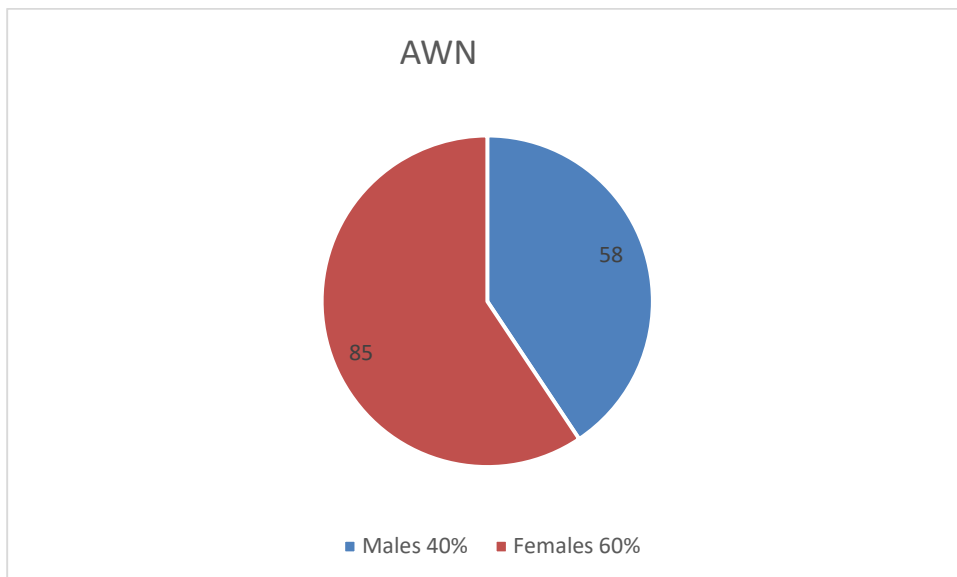
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Narrative Statement

The Council's permanent establishment is currently 513 posts of which 397 are full time and 116 are part time, giving an establishment FTE of 480.7. As at 31st March 2023 the headcount (ie number of people in post) is 491.



In addition, the Council's wholly owned local Council leisure company, Alive West Norfolk Ltd had a permanent establishment of 146 of which 81 are full time and 65 are part time, giving an establishment FTE of 117.5. As at 31st March 2023 the headcount (ie number of people in post) is 143.



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 current plan extends to 2024. The plan includes 6 priorities supported by 19 objectives.

Narrative Statement

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 full year performance update on the corporate business plan for 2021/22 was provided to Corporate Performance Panel on 16 June 2022.

The plan is summarised on the next page.

Narrative Statement

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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Narrative Statement

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 January 2023 Monitoring of £21,555,060 and a transfer of £830,754 to its General Fund balance, to give a Budget Requirement of £20,724,306.

The outturn position for the year shows expenditure of £20,537k with a transfer to the General Fund Balance of £1,064k increased Government Grant of £46k; thereby meeting the Budget Requirement of £21,601k. The movement of the General Fund balance is detailed below. The outturn position is incorporated within the Comprehensive Income and Expenditure Statement, surplus on provision of services.

	Original Budget 2022/23	Revised Budget January 2022/23	Actual Outturn 2022/23
	£'000	£'000	£'000
Balance brought forward	(8,593)	(8,593)	(8,593)
Expenditure in the year	21,029	20,724	20,579
Changes since Cabinet			(48)
Budget Requirement	21,555	21,555	21,601
(Surplus)/ deficit for year	(526)	(831)	(1,070)
Balance carried forward	(9,119)	(8,825)	(9,663)

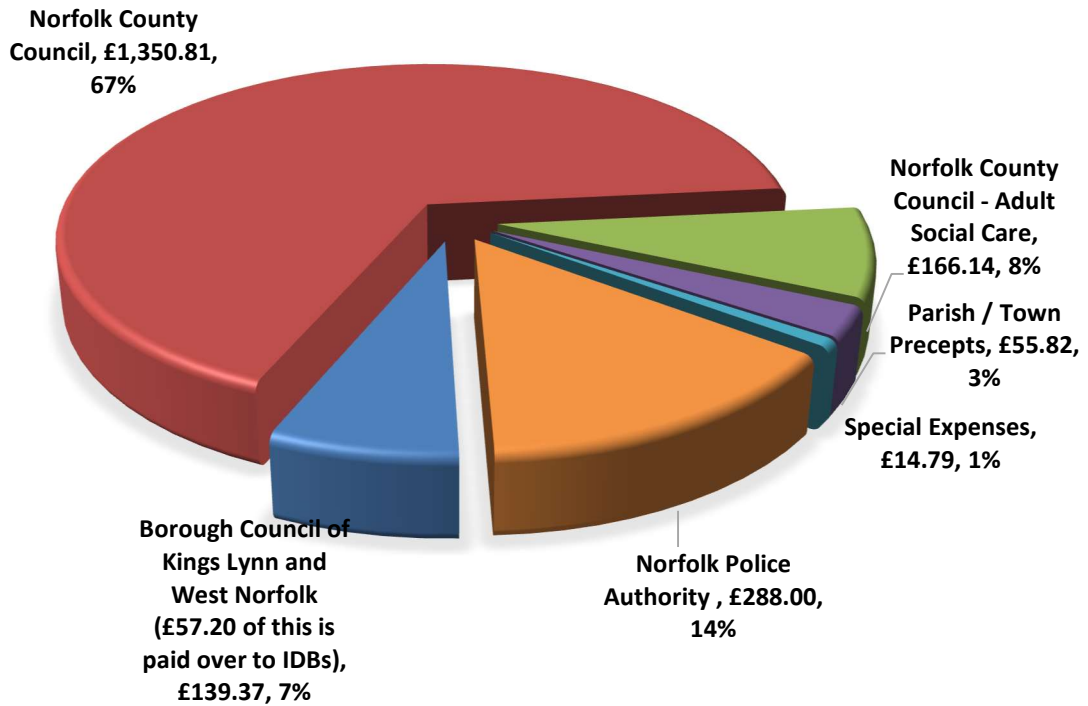
Narrative Statement

The revenue outturn for 2022/23 is detailed below. The Revenue Outturn was reported to Cabinet on 1 August 2023.

Revenue Outturn	Revised Estimate	Actual Outturn	(Surplus) / Deficit
	2022/23	2022/23	2022/23
	£	£	£
Service Areas			
Central Services	3,275,940	2,652,225	(623,715)
Health Wellbeing and Public Protection	406,920	1,831,664	1,424,744
Companies and Housing Delivery	(32,080)	100,691	132,771
Environment and Planning	1,137,440	1,268,631	131,191
Operations and Commercial	1,567,968	1,719,152	151,184
Property and Projects	(1,473,830)	(1,584,380)	(110,550)
Regeneration Housing & Place	896,150	684,481	(211,669)
Resources	8,072,058	8,609,594	537,536
Chief Executive	101,300	82,733	(18,567)
Legal Services	515,050	376,681	(138,369)
Leisure and Community Facilities	1,499,440	1,376,770	(122,670)
Service Area Totals	15,966,356	17,118,242	1,151,886
Financing Adjustment	1,748,730	269,880	(1,478,850)
Internal Drainage Boards	3,009,220	2,881,639	(127,581)
Council Tax Support to Parishes	0	21,218	21,218
Subtotal	20,724,306	20,290,979	(433,327)
Contribution to / (from) Balances	830,754	287,745	(543,009)
Borough spend for 2022/2023	21,555,060	20,578,724	(976,336)

The Borough Council element of the full council tax bill in 2022/2023 for a Band D property is £139.37 out of a total of £2,014.93 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 2022/2023 the Borough Council's charge forms a very small part of the bill (6.92%) collected from every council taxpayer.

BREAKDOWN OF AN AVERAGE BAND D COUNCIL TAX BILL OF £2,014.93 FOR 2022/2023



Narrative Statement

Our Key achievements during 2022/2023 include:

A fantastic service with high levels of customer satisfaction has resulted in the borough council's Handyperson Prevention Service winning a prestigious award.

The service won the Handyperson of the Year Award, given by the Foundations National Healthy Housing Awards for the second year running, which recognises excellence in supporting people to live independently.

A member of the team was also awarded Housing Occupational Therapist of the Year Award.

Prosperity Funding for West Norfolk – more than £3m of investment for projects to support communities and businesses is planned by the Borough Council.

The UK Shared Prosperity Fund and Rural England Fund will provide funding over the next two years to support projects that build pride in place, develop skills, enhance employment opportunities, increase productivity, or improve community services.

New funding scheme of £50,000 introduced to help communities install life-saving defibrillators across West Norfolk

A £100,000 council funded scheme provided a superb new play area on Howdale Park in Downham Market

6,000 new trees planted near Lynnsport in King's Lynn. The first large scale planting programme to tackle climate change and offset carbon dioxide emissions

The borough council was recognised for its support to the armed forces community by, achieving the Silver Award in the Armed Forces Covenant employer recognition scheme

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Parkway Scheme approved – 226 much needed new homes have been approved on the Parkway site in Gaywood.

The highly sustainable scheme will help to address local housing needs as well as meeting government requirements for the borough to bring forward new developments.

King's Lynn to receive £24m Levelling Up Funding – Government funding has been awarded to a key project aimed at improving transport and travel links in the Southgate's area of King's Lynn.

Narrative Statement

Performance

We collected and treated 10,078 tons of garden waste and 2,283 tons of commercial waste in 2022/23.

In 2022/23 we received 2,021 planning applications

We paid 98% of supplier's invoices with 30 days

We have 28,380 brown bins in use of composting

We had 1,389,615 unique website visitors

In 2022/23 we achieved 94.36% rent on our industrial units and had 12.18% of rent arrears

99 Councillor Community Grants were awarded

In 2022/23 we collect 98% of Business Rates and 97.34% of Council Tax against target

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Narrative Statement

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

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

Capital Programme	Budget 2022/2023	Outturn 2022/2023	Rephasing (to)/from 2022/2023	Variance (Under) /Over
	£	£	£	£
Major Projects	11,281,820	8,156,094	(3,626,530)	500,804
Operational Projects:				
Community and Partnerships	2,694,810	2,577,704	(108,830)	(8,276)
Resources (S151 Officer)	131,250	47,786	(83,460)	(4)
Property and Projects	66,000	24,663	(41,330)	(7)
Operational and Commercial Services	555,630	396,331	(148,120)	(11,179)
Alive West Norfolk	90,900	54,097	(35,350)	(1,453)
Capital Loans	0	272,699	0	272,699
	3,538,590	3,373,280	(417,090)	251,780
Capital Programme Outturn	14,820,410	11,529,374	(4,043,620)	752,584
Exempt Corporate Schemes	7,492,750	5,402,621	(1,970,400)	(119,729)

7 Current Economic Climate, Outlook and Risk

In a statement made on 12 December 2022 by the Secretary of State for Leveling-up, Housing and Communities (DLUHC) the intention to publish a two-year settlement was made. However, this came with the confirmation that the Review of Relative Needs and Resources and a reset to Business Rates growth will not be implemented in the next two years. This review has been expected for consultation and implementation from 2020/2021. The Spending Review 2022 sees a two-year settlement for 2023/2024, allowing the Department for Levelling-Up, Housing and Communities to program its review of funding reforms. The aim of these reforms is to move councils to be more self-financing and reduce reliance on central government grants and also to ensure that funding allocations are based on an up-to-date assessment of needs and resources. Along with the phasing out of Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG) and changes to the distribution of New Homes Bonus, there were also plans for a full reset of the business rates system and an announcement on the outcome of the review into relative needs and resources.

The Financial Plan for 2022/2027 was approved by Council on 23 February 2023.

Narrative Statement

The Financial Plan 2022/2027 showed that the Council could present a funded budget for three years through the use of General Fund and Earmarked Reserves, but there is a budget gap in 2026/2027. The current general fund balances would be required to support the budget in the event of income levels are not achieved and/or delayed, whilst further costs reduction are made.

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 behaviors 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.

There remains significant uncertainty and risk from 2025/2026. As well as the impact from the inflation on the council's finances, the council still awaits confirmation of the outcome of the Funding and Business Rates reforms proposed by Government. This is not likely until 2025/2026 at the earliest to follow the next planned General Election. There is concern that the re-set of the Business Rates baseline may mean that the Council does not retain all the growth currently included in the Financial Plan. The Funding Review will determine the starting point for resource allocations under any new Business Rates Retention scheme. This Council will continue to make strong representations for fair and transparent funding arrangements for local government, which take account of the particular pressures of rural authorities, and in the case of West Norfolk, the funding arrangements to address the flood and drainage responsibilities met through the internal drainage boards. The impact of these could mean the general fund depletes earlier than 2026/2027.

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. 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.

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 2022/2023 and the estimated assets and liabilities of the scheme as at 31 March 2023. The pension fund surplus shown in the balance sheet as at 31 March 2023 stands at £11.071million. This is the surplus at the date of the balance sheet and is subject to future changes in asset valuations and contributions. The scheme may 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. It should be noted that the deficit position of the scheme was £53.600 million in 2021/22 and positive movement of £64.771 million in year in essence due the Actuarial remeasurement due to changes in financial assumptions.

**CORE FINANCIAL STATEMENTS
BOROUGH COUNCIL KING'S LYNN
AND WEST NORFOLK
2022/2023**

CORE FINANCIAL STATEMENTS

Movement in Reserves Statement (MIRS)

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.

2022/23	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2022		(8,593)	(36,894)	(4,947)	(1,227)	(51,661)	(122,075)	(173,736)
(Surplus) on Provision of Services	CIES	(11,944)	0	0	0	(11,944)	0	(11,944)
Other Comprehensive (Income)/(Expenditure)	CIES	0	0	0	0	0	(75,329)	(75,329)
Total Comprehensive income and expenditure	CIES	(11,944)	0	0	0	(11,944)	(75,329)	(87,273)
Adjustments between accounting basis, and funding basis under regulations	7	13,312	0	77	(534)	12,855	(12,855)	0
Transfer to/from Earmarked Reserves		(2,438)	2,438	0	0	0	0	0
Total Increase\decrease) during the year		(1,070)	2,438	77	(534)	911	(88,184)	(87,273)
Balance as at 31 March 2023		(9,663)	(34,456)	(4,870)	(1,761)	(50,750)	(210,259)	(261,009)

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.

CORE FINANCIAL STATEMENTS

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 2021/22

2021/22	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2021		(8,696)	(36,112)	(12,871)	(892)	(58,571)	(83,205)	(141,776)
Deficit on Provision of Services	CIES	(6,938)	0	0	0	(6,938)	0	(6,938)
Other Comprehensive Income	CIES	0	0	0	0	0	(25,022)	(25,022)
Total Comprehensive income and expenditure	CIES	(6,938)	0	0	0	(6,938)	(25,022)	(31,960)
Adjustments between accounting basis, and funding basis under regulations	7	6,130	0	7,924	(335)	13,719	(13,719)	0
Transfer to/from Earmarked Reserves		911	(782)	0	0	129	(129)	0
Total Increase/(decrease) during the year		103	(782)	7,924	(335)	6,910	(38,870)	(31,960)
Balance as at 31 March 2022		(8,593)	(36,894)	(4,947)	(1,227)	(51,661)	(122,075)	(173,736)

CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES)

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.

2021/22 (Restated)					2022/23		
Gross Spend	Gross Income	Net Spend			Gross Spend	Gross Income	Net Spend
£'000	£'000	£'000		Note	£'000	£'000	£'000
			Services				
3,306	(264)	3,042	Central Services		3,593	(104)	3,489
6,521	(1,814)	4,707	Health Wellbeing and Public Protection		7,240	(2,045)	5,195
441	(246)	195	Companies and Housing Delivery		402	(303)	99
3,943	(3,303)	640	Environment and Planning		5,529	(4,102)	1,427
18,200	(16,892)	1,308	Operations and Commercial		19,519	(17,556)	1,963
1,771	(2,868)	(1,097)	Property and Projects		1,816	(2,958)	(1,142)
2,257	(943)	1,314	Regeneration Housing & Place		1,385	(1,735)	(350)
38,667	(30,303)	8,364	Resources		38,843	(28,910)	9,933
441	(453)	(12)	Chief Executive		336	0	336
796	(260)	536	Legal Services		1,270	(433)	837
3,195	(613)	2,582	Leisure and Community Facilities		3,838	(591)	3,247
79,538	(57,959)	21,579	Cost of Services		83,771	(58,737)	25,034
		1,680	Other Operating (Income)	9			(850)
		1,493	Financing and Investment (Income)	10			(10,249)
		(31,690)	Taxation and Non-Specific Grant Income	11			(25,879)
		(6,938)	(Surplus)\Deficit on Provision of Services				(11,944)
		2,683	(Surplus)/Deficit on Revaluation Non Current Assets				(1,866)
		(27,705)	Re-measurement of the net defined benefit liability	20			(73,463)
		(25,022)	Other Comprehensive (Income)				(75,329)
		(31,960)	Total Comprehensive (Income)/Expenditure				(87,273)

CORE FINANCIAL STATEMENTS

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'.

2021/22			2022/23
£'000			£'000
172,664	Property, Plant and Equipment	27	176,373
15,292	Heritage Assets	26	15,264
30,360	Investment Property	24	49,916
125	Intangible Assets	25	366
4,899	Long Term Receivables	31	4,903
0	Pension Assets		13,120
223,340	Total Long term Assets		259,942
20,000	Short Term Investments	36	12,000
156	Inventories		132
11,026	Short Term Receivables	36	12,220
23,188	Cash and Cash Equivalents	14	15,638
825	Assets held for sale	29	500
55,195	Total Current Assets		40,490
(829)	Provisions	34	(811)
0	Short Term Borrowing	36	(10,000)
(37,937)	Short Term Payables	32	(26,822)
(38,766)	Total Current Liabilities		(37,633)
(915)	Grants Receipts in Advance	35	(1,588)
(10,000)	Long Term Borrowing	36	0
(213)	Other Long Term Liabilities		(202)
(54,905)	Pension Liabilities	20	0
(66,033)	Total Long Term Liabilities		(1,790)
173,736	Net Assets		261,009
	Reserves		
(51,661)	Usable Reserves	MIRS	(50,750)
(122,075)	Unusable Reserves	13	(210,259)
(173,736)	Total Reserves		(261,009)

Notes to Core Financial Statements

I certify that the draft statement of accounts gives a true and fair view of the financial position of the Council as of 31 March 2023 and its income and expenditure for the year ended 31 March 2023.



Michelle Drewery

Assistant Director - Resources (S151 Officer)

(Date)

Notes to Core Financial Statements

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.

2021/22		Note	2022/23
£'000			£'000
5,967	Net Surplus or (Deficit) on the Provision of Services	CIES	11,944
31,827	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements	39	(18,780)
(19,602)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	39	(16,123)
18,192	Net Cash flows from Operating Activities		(22,959)
(3,248)	Investing Activities	40	4,596
(3,746)	Financing Activities	41	10,813
11,198	Net Increase or Decrease in Cash and Cash Equivalents		(7,550)
11,990	Cash and Cash Equivalents at the beginning of the Reporting Period		23,188
23,188	Cash and Cash Equivalents at the End of the Reporting Period	14	15,638

Notes to Core Financial Statements

1 Expenditure and Funding Analysis (EFA)

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.

2021/22 (Restated)			2022/23		
Net Expenditure Charged to General Fund	Adjustment between Funding and Accounting Basis	Net Expenditure in the CIES	Net Expenditure Charged to General Fund	Adjustment between Funding and Accounting Basis	Net Expenditure in the CIES
£'000	£'000	£'000	£'000	£'000	£'000
Services					
2,651	391	3,042			
			3,002	487	3,489
1,833	2,874	4,707	2,077	3,118	5,195
104	91	195	25	74	99
944	(304)	640	1,250	177	1,427
1,705	(397)	1,308	1,655	308	1,963
(1,618)	521	(1,097)	(1,541)	399	(1,142)
684	630	1,314	205	(555)	(350)
8,374	(10)	8,364	7,461	2,472	9,933
1	(13)	(12)	5	331	336
782	(246)	536	624	213	837
1,373	1,209	2,582	1,894	1,353	3,247
16,833	4,746	21,579	16,657	8,377	25,034
(17,641)	(10,876)	(28,517)	(15,289)	(21,689)	(36,978)
(808)	(6,130)	(6,938)	1,368	(13,312)	(11,944)
(8,593)			(8,593)		
(808)			1,368		
911			(2,438)		
(8,490)			(9,663)		

Notes to Core Financial Statements

1a Note to the Expenditure and Funding Analysis

The note below provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CIES).

2022/23	Adjustment for capital purposes	Net Change for the pension adjustment	Adjustment for Investment Properties	Transfer to/(from) Earmarked Reserves	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
2022/23 Services						
Central Services	8	426	0	56	(3)	487
Health Wellbeing and Public Protection	2,414	530	0	181	(7)	3,118
Companies and Housing Delivery	0	78	0	(4)	0	74
Environment and Planning	7	496	0	(324)	(2)	177
Operations and Commercial	413	1,040	0	(1,144)	(1)	308
Property and Projects	193	176	249	(215)	(4)	399
Regeneration Housing & Place	(662)	112	0	(5)	0	(555)
Resources	1,896	921	0	(334)	(11)	2,472
Chief Executive	0	40	0	295	(4)	331
Legal Services	0	69	0	140	4	213
Leisure and Community Facilities	1,404	0		(51)		1,353
Net Cost of Services	5,673	3,888	249	(1,405)	(28)	8,377
Other Income and Expenditure	(20,710)	1,539	(249)	1,405	(3,674)	(21,689)
Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES	(15,037)	5,427	0	0	(3,702)	(13,312)

Notes to Core Financial Statements

2021/22	Adjustment for capital purposes	Net Change for the pension adjustment	Adjustment for Investment Properties	Transfer to/(from) Earmarked Reserves	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
2021/22 Services						
Central Services	(2)	473	0	(72)	(8)	391
Health Wellbeing and Public Protection	2,504	577	0	(200)	(7)	2,874
Companies and Housing Delivery	0	95	0	(4)	0	91
Environment and Planning	7	672	0	(970)	(13)	(304)
Operations and Commercial	(50)	1,117	0	(1,453)	(11)	(397)
Property and Projects	134	199	249	(79)	18	521
Regeneration Housing & Place	480	103	0	56	(9)	630
Resources	1,103	1,019	0	(2,106)	(26)	(10)
Chief Executive	39	31	0	(68)	(15)	(13)
Legal Services	0	0	0	(246)	0	(246)
Leisure and Community Facilities	1,401	0		(192)		1,209
Net Cost of Services	5,616	4,286	249	(5,334)	(71)	4,746
Other Income and Expenditure	(11,970)	1,577	(249)	5,334	(5,568)	(10,876)
Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES	(6,354)	5,863	0	0	(5,639)	(6,130)

Notes to Core Financial Statements

1b Expenditure and Income Analysed by Nature

The Council's expenditure and income incurred in the provision of services as shown in the Comprehensive Income and Expenditure Statement is analysed as follows:

2021/22		2022/23
£'000	Nature of Income or Expenditure	£'000
(25,143)	Fees, Charges & Other Service Income	(27,135)
(226)	Interest and Investment Income	(761)
(7,020)	Income from Council Tax	(7,332)
(24,828)	Income from Retained Business Rates	(24,432)
(50,313)	Government Grants and Contributions	(59,838)
(107,530)	Total Income	(119,498)
23,054	Employee Expenses	24,910
58,236	Other Service Expenses	67,619
13,488	Business Rates Tariff and Levy	13,057
(857)	Support Service Recharges	(1,150)
7,441	Depreciation, Amortisation and Impairment	7,286
2,717	Interest Payments	2,695
(3,487)	Precepts & Levies	(2,936)
0	Net (Gains) and Losses on Fair Value Adjustments on Investment Property	(11,238)
0	(Gains) / Losses on Disposal of Non-Current Assets	7,311
100,592	Total Expenditure	107,554
(6,938)	(Surplus) / Deficit on the Provision of Services	(11,944)

2 Restatements – Prior Period Adjustments

There are no prior period adjustments within the Statement of Accounts for 2022/23.

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,

Notes to Core Financial Statements

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 2023.
- 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 1 August 2022. 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 2023, 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 2023.

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:

Notes to Core Financial Statements

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.	The Balance Sheet shows the net book value of the Council's assets as at 31 March 2023. Much of this relates to land which is not subject to depreciation and is considered to have an infinite life. Vehicle, plant and equipment assets have asset lives between 5 and 15 years. For buildings, the asset life is up to 99 years unless the asset has major components which are depreciated separately.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate would increase employer liability by 2% and cost £2.9 million; a 0.1% increase in the salary increase rate would lead to an increase of 0% in employer liability and cost £0.4 million and a 0.1% increase in the pension increase rate would increase employer liability by 1% and cost £2.55 million.
Arrears	At 31 March 2023, the Council had a balance of sundry receivables of £10,391k (£9,078k 31 March 2022). A review of significant balances suggested that an allowance for doubtful debts of in accordance with the data declared in accounting principles within this document continues to be appropriate.	The actual level of provision is 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.
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 2023. 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 2023.	If the average success rate of NNDR appeals was to increase by 1% the Council would have to increase its NNDR appeals provision.

Notes to Core Financial Statements

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

Notes to Core Financial Statements

7 MIRS – 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.

2021/22						2022/23			
General Fund	Capital Receipts	Capital Grants	Unsuable Reserves		Note	General Fund	Capital Receipts	Capital Grants	Unsuable Reserves
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
				Adjustments primarily involving the Capital Adjustment Account:					
				Reversal of items debited or credited to the CIES:					
(3,858)			3,858	Charges for Depreciation and Impairment of Non-Current Assets	13b	(3,849)			3,849
			0	Revaluation Losses on Property, Plant and Equipment					0
			0	Movements in the Market Value of Investment Properties		11,238			(11,238)
			0	Reverse Impairments in the year from Revaluation Increase	13b				0
			0	Amortisation of Intangible Assets	13b	334			(334)
(3,509)			3,509	Revenue Expenditure Funded from Capital under Statute	13b	(3,556)			3,556
			0	Amounts of Non-current Assets written off on disposal or sale		(7,311)			7,311
			0	Soft Loans – Adjustments					0
			0	Capital Grants and Contributions Applied					0
				Insertion of items not Debited/(Credited) to the CIES					
398			(398)	Statutory Provision for the Financing of Capital Investment	13b	807			(807)
1,450			(1,450)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	13b				0
			0	Capital Expenditure charged against the General Fund		1,251			(1,251)
11			(11)	Principal repayment of finance Leases where the Council is the lessee	13b	11			(11)

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Notes to Core Financial Statements

General Fund £'000	Capital Receipts £'000	Capital Grants £'000	Unsuable Reserves £'000		Note	General Fund £'000	Capital Receipts £'000	Capital Grants £'000	Unsuable Reserves £'000
				Adjustments primarily involving the Capital Grants Unapplied Account:					
10,674		(10,674)		Capital grants and contributions unapplied credited to the CIES	13b	4,933		(4,933)	
		10,339	(10,339)	Application of grants to capital financing transferred to the CAA				4,399	(4,399)
				Adjustments primarily involving the Capital Receipts Reserve:					
1,187	(1,187)			Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES		11,190	(11,190)		
	9,111		(9,111)	Capital Receipts applied	13b		11,267		(11,267)
				Transfer (from)/to the Deferred Capital Receipts upon receipt of cash					
				Adjustments Involving the Financial Instruments Adjustment Account:					
			0	Amount by which Finance Costs Charged to the CIES are different from Finance Costs Chargeable in the Year (in accordance with statutory requirements)	13c				0
				Adjustments primarily involving the Pensions Reserve:					
(10,243)			10,243	Reversal of items relating to retirement benefits debited or credited to the CIES	13d	(10,136)			10,136
4,380			(4,380)	Employer's pensions contributions and direct payments to pensioners payable in the year	13d	4,698			(4,698)
				Adjustments primarily involving the Collection Fund Adjustments Accounts:					
5,568			(5,568)	Amount by which council tax & business rates income credited to the CIES is different from statutory requirements	13e	3,674			(3,674)
				Adjustments primarily involving the Accumulated Absences Accounts:					
72			(72)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from statutory requirements.	13f	28			(28)
6,130	7,924	(335)	(13,719)			13,312	77	(534)	(12,855)

Notes to Core Financial Statements

8 MIRS – 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 2022/2023.

	Balance as at 31 March 2021	Transfer Out 2021/22	Transfer In 2021/22	Balance as at 31 March 2022	Transfer Out 2022/23	Transfer In 2022/23	Balance as at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Amenity Areas Reserve	(265)	263	0	(2)	0	(34)	(36)
Capital Programme Resources Reserve	(6,609)	1,945	(909)	(5,573)	731	(1,032)	(5,874)
Insurance Reserve	(216)	0	(10)	(226)	34	(20)	(212)
Restructuring Reserve	(334)	0	(150)	(484)	184	0	(300)
Repairs and Renewals Reserve	(1,037)	104	(979)	(1,912)	245	(388)	(2,055)
Holding Accounts	(1,653)	647	(1,098)	(2,104)	95	(1,563)	(3,572)
Ring Fenced Reserve	(3,995)	533	(1,400)	(4,862)	1,453	(1,504)	(4,913)
Planning Reserve	(496)	4	(56)	(548)	109	(4)	(443)
Grants Reserves	(4,559)	1,158	(1,131)	(4,532)	489	(630)	(4,673)
Collection Fund Adjustments	(15,166)	7,812	(3,339)	(10,693)	4,140	(272)	(6,825)
Climate Change Strategy	(1,000)	4	(250)	(1,246)	152	0	(1,094)
Project / Other Reserves	(782)	23	(3,954)	(4,713)	272	(18)	(4,459)
Total	(36,112)	12,493	(13,276)	(36,895)	7,904	(5,465)	(34,456)

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.

Notes to Core Financial Statements

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.

Climate Change Strategy - - allow implementation of smaller schemes; help fund preparation for larger capital scheme funding bids and also fund feasibility reports on potential options in support of the Council's Emissions Reduction Strategy and Action Plan.

Notes to Core Financial Statements

9 CIES – Other Operating Expenditure

2021/22		2022/23
£'000		£'000
21	Parish Council Precepts	0
2,882	Levies	3,016
0	Payments to the Government Housing Capital Receipts Pool	0
(1,223)	Net (Gains) on the Disposal of Non-current Assets	(3,866)
1,680		(850)

10 CIES – Financing and Investment Income and Expenditure

2021/22		2022/23
£'000		£'000
176	Interest Payable and similar charges	413
1,577	Net Interest on the net defined Benefit Liability (Asset)	1,539
(11)	Interest (Receivable) and similar income	(782)
0	Net (Gains) and Losses on Fair Value Adjustments on Investment Properties	(11,238)
(249)	Net (Income) from Investment Properties	(181)
1,493		(10,249)

11 CIES – Taxation and Non-Specific Grant Income and Expenditure

2021/22		2022/23
£'000		£'000
(7,020)	Council Tax (Income)	(7,332)
(10,736)	Non-domestic Rates (Income and Expenditure)	(6,718)
(486)	Non-ringfenced Government Grants (Income)	(486)
(13,448)	Government Grants and Contributions	(11,343)
(31,690)		(25,879)

12 CIES – Material Item of Income and Expenditure 2022/23

In 2022/2023 a decrease in the defined benefits Pension obligation of £65m independently provided to the Council, by an actuary appointed by the County Council, has resulted in the net pension liability at 31 March 2023 is £166m (£236m 2021/22)

In 2022/2023 the council received £24,569k from the Department of Works and Pensions towards the cost of Housing Benefits payments. During the same period, the council spent £25,154 on Housing Benefits payments.

13 Balance Sheet – Unusable Reserves

Usable Reserves

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

Unusable Reserves

2021/22		2022/23
£'000		£'000
(74,309)	Revaluation Reserve	(82,330)
(105,437)	Capital Adjustment Account	(113,872)
164	Financial Instruments Adjustment Account	164
54,905	Pensions Reserve	(13,120)
2,412	Collection Fund Adjustment Account	(1,263)
190	Accumulating Compensated Absences Adjustment Account	162
(122,075)		(210,259)

13a 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:

Notes to Core Financial Statements

- 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.

2021/22		2022/23
£'000		£'000
(76,992)	Balance at 1 April	(74,309)
2,683	In Year surplus on revaluation of non-current assets	(1,866)
0	Difference between Fair Value Depreciation and Historical Cost Depreciation	(870)
0	Accumulated Gains on non-current assets disposed	(5,285)
(74,309)		(82,330)

13b 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.

Notes to Core Financial Statements

2021/22		2022/23
£'000		£'000
(91,365)	Balance at 1 April	(105,437)
	Reversal of items debited or credited to CIES	
3,858	Depreciation, impairment and amortisation	3,454
0	Impairment/Revaluation charged to CIES	(120)
0	Amortisation of intangible assets	181
0	Movement in market value of Investment Properties	(11,238)
3,509	Revenue expenditure funded from capital under statute	3,556
0	Non-current assets written out on disposal - Assets held for Sale	0
0	Non-current assets written out on disposal - PPE	7,311
0	Soft Loans - Principal repaid	0
	Transfers between revenue and capital resources	
(398)	Minimum Revenue Provision	(398)
(11)	Principal repayment of Finance Leases where the Council is the Lessee	(11)
(1,450)	Additional provision relating to internal repayment of prudential borrowing	(1,251)
	Capital Financing applied in year	
(9,112)	Use of Capital Receipts Reserve to finance new capital expenditure	(11,266)
0	Capital grants and contributions credited to the CIES that have been applied to Capital Financing	0
(10,339)	Application of grants to capital financing from Capital Grants Unapplied Account	(4,399)
(129)	Capital expenditure charged against Earmarked Reserves	(409)
	Other adjustments	
0	Reverse impairments in year from Revaluation Reserve	0
0	Adjusting amounts written off from the Revaluation Reserve	6,155
(105,437)		(113,872)

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

13c 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

Notes to Core Financial Statements

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.

2021/22		2022/23
£'000		£'000
164	Balance at 1 April	164
0	In year fair value adjustment of private sector housing loans	0
164		164

13d 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.

2021/22		2022/23
£'000		£'000
76,747	Balance at 1 April	54,905
(27,705)	Actuarial (Gains)/Losses on Pensions Assets and Liabilities	(73,463)
10,243	Reversal of items relating to Retirement Benefits on the Provision of Services in the CIES	10,136
(4,380)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(4,698)
54,905		(13,120)

Notes to Core Financial Statements

13e 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 Taxpayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22		2022/23
£'000		£'000
	Council Tax	
419	Balance at 1 April	23
(396)	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	0
23	Balance at 31 March	23
	Non-Domestic Rates	
7,561	Balance at 1 April	2,389
(5,172)	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(3,675)
2,389		(1,286)
2,412	Total	(1,263)

13f 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.

2021/22		2022/23
£'000		£'000
262	Balance at 1 April	190
(262)	Settlement or cancellation of accrual made at the end of the preceding year	(190)
190	Amounts accrued at the end of the current year	162
190		162

Notes to Core Financial Statements

14 Cash and Cash Equivalents

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

2021/22		2022/23
£'000		£'000
	8 Cash held by Officers	8
2,317	Bank Current Accounts	622
20,863	Short Term Deposits	15,008
23,188	Cash and Cash equivalents at the end of the reporting period	15,638

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.

2021/22		2022/23
£'000	Charge for Services	£'000
62	Grass Cutting Service	48
50	Care and Repair Service	157
871	Car Park Management Services	848
83	CCTV Services	100
1,066		1,153

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 2022/2023.

Notes to Core Financial Statements

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:

2021/22		2022/23
£'000		£'000
6,233	Expenditure	7,049
(1,856)	Receipts	(8,289)
4,377		(1,240)

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 2023.

17 Members’ Allowances

The Council paid £507,000 in 2022/23 (£460,000 in 2021/22) in members’ allowances to members of the Council during the year.

Notes to Core Financial Statements

18 Officers' Remuneration

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

2022/23	Salary, Fees and Allowance £	Taxable Expenses £	Pension Contributions £	Total £
Chief Executive	119,718	3,486	16,719	139,923
Executive Director	100,431	-	14,390	114,821
Executive Director	97,350	3,614	8,678	109,642
Executive Director - Partial Year from 27/2/2023	9,682	-	1,356	11,038
Assistant Director Finance Services (Section 151 Officer)	82,630	1,239	11,568	95,437
Monitoring Officer - Partial Year from 02/05/2022	66,539	-	9,315	75,854

There were no bonus payments to report.

The Council's legal monitoring officer requirements were fulfilled by East Law (part of North Norfolk District Council) as part of a service level agreement. The Council paid East Law £14,567 in 2022/23 (£265,582 in 2021/22.) From 2 May 2022 the monitoring officer was employed directly by the Council.

Notes to Core Financial Statements

2021/22	Salary, Fees and Allowance	Taxable Expenses	Pension Contributions	Total
	£	£	£	£
Chief Executive	136,136	3,297	18,146	157,579
Executive Director	99,843	3,108	13,978	116,929
Executive Director	103,486	328	14,488	118,302
Assistant Director Finance Services (Section 151 Officer)	80,046	1,239	11,206	92,491

Notes to Core Financial Statements

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:

2021/22 Number of Employees	Remuneration band	2022/23 Number of Employees
8	£50,000-£54,999	11
2	£55,000-£59,999	6
3	£60,000-£64,999	3
4	£65,000-£69,999	4
3	£70,000-£74,999	1
1	£75,000-£79,999	3
2	£80,000-£84,999	2
0	£85,000-£89,999	1
23	Total of Employees	31

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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
							£000s	£000s
Up to £20,000	0	0	0	0	0	0	0	0
£20,001-£40,000	0	0	0	0	0	0	0	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	0	0	0	0	0
Total	0	0	0	0	0	0	0	0

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.

Notes to Core Financial Statements

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 and Reserve positions at the end of 2021/22 and 2022/23.

2021/22		2022/23
£'000		£'000
	Gross Liabilities	
(244,852)	Opening balance as at 1 April	(235,909)
(4,930)	[I] Interest Cost	(6,442)
17,500	[II] Actuarial losses / (gains) from changes in financial assumptions	79,704
(8,666)	[III] Current Service Cost	(8,597)
(1,051)	[IV] Contributions by scheme participants	(1,181)
5,880	[IV] Benefits paid	5,646
210	[IV] Estimated unfunded benefits paid	205
(235,909)	Closing balance at 31 March	(166,574)

2021/22		2022/23
£'000		£'000
168,105	Opening fair value of scheme assets balance as at 1 April	181,004
3,353	[I] The return on plan assets (Excluding amount included in net interest expense)	4,903
10,205	[II] Actuarial losses / (gains) from changes in financial assumptions	(6,241)
4,170	[III] Contributions by the employer	4,493
210	[III] Contributions for unfunded (Discretionary benefits)	205
1,051	[IV] Contributions by employees into the scheme	1,181
(5,880)	[IV] Benefits paid	(5,646)
(210)	[IV] Unfunded (Discretionary benefits)	(205)
181,004	Closing Balance at 31 March	179,694
(54,905)	TOTAL NET (LIABILITIES) / ASSETS	13,120

Notes to Core Financial Statements

Net Movement		Net Movement
2021/22		2022/23
4,380	General Fund Charge - Employer Contributions	4,698
(4,286)	[III] Other items to net cost of services	(3,954)
(1,577)	[I] Interest cost minus return on plan assets to financing income & expenditure	(1,499)
(1,483)	Charge to Surplus/(Deficit) upon Provision of Services	(755)
29,010	[II] Actuarial Gains/(Losses) to other income & expenditure	70,124
27,527	(Charge)/Surplus to Comprehensive Income & Expenditure Account for the Year	69,369
(4,380)	Less General Fund Charge - Employer Contributions	(4,698)
23,147	TOTAL MOVEMENT IN PENSION RESERVE FAVOURABLE/ (UNFAVOURABLE)	64,671

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.

Notes to Core Financial Statements

Asset Category	Period Ended 31 March 2023			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Equity Securities:				
Consumer	0	0	0	0.0%
Manufacturing	0	0	0	0.0%
Energy and Utilities	0	0	0	0.0%
Financial Institutions	0	0	0	0.0%
Health and Care	0	0	0	0.0%
Information Technology	0	0	0	0.0%
Other	0	0	0	0.0%
Debt Securities:				
Corporate Bonds (investment grade)	0	0	0	0.0%
Corporate Bonds (Non-investment grade)	0	0	0	0.0%
UK Government	1,565	0	1,565	0.9%
Other	0	0	0	0.0%
Private Equity:				
All	0	17,398	17,398	9.6%
Real Estate:				
UK Property	0	15,759	15,759	8.7%
Overseas Property	0	2,707	2,707	1.5%
Investment Funds and Unit Trusts:				
Equities	86,599	0	86,599	47.6%
Bonds	35,125	0	35,125	19.3%
Hedge Funds	0	0	0	0.0%
Commodities	0	0	0	0.0%
Infrastructure	0	20,456	20,456	11.2%
Other	0	0	0	0.0%
Derivatives:				
Inflation	0	0	0	0.0%
Interest Rate	0	0	0	0.0%
Foreign Exchange	(552)	0	(552)	-0.3%
Other	0	0	0	0.0%
Cash and Cash Equivalents:				
All	3,040	0	3,040	1.7%
Totals	125,777	56,320	182,097	100.0%

Notes to Core Financial Statements

Asset Category	Period Ended 31 March 2022			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Equity Securities:				
Consumer	0	0	0	0.0%
Manufacturing	0	0	0	0.0%
Energy and Utilities	0	0	0	0.0%
Financial Institutions	0	0	0	0.0%
Health and Care	0	0	0	0.0%
Information Technology	0	0	0	0.0%
Other	0	0	0	0.0%
Debt Securities:				
Corporate Bonds (investment grade)	0	0	0	0.0%
Corporate Bonds (Non-investment grade)	0	0	0	0.0%
UK Government	1,841	0	1,841	1.0%
Other	0	0	0	0.0%
Private Equity:				
All	0	14,710	14,710	8.1%
Real Estate:				
UK Property	0	16,651	16,651	9.1%
Overseas Property	0	2,566	2,566	1.4%
Investment Funds and Unit Trusts:				
Equities	76,693	0	76,693	42.1%
Bonds	52,662	0	52,662	28.9%
Hedge Funds	0	0	0	0.0%
Commodities	0	0	0	0.0%
Infrastructure	0	14,565	14,565	8.0%
Other	0	0	0	0.0%
Derivatives:				
Inflation	0	0	0	0.0%
Interest Rate	0	0	0	0.0%
Foreign Exchange	40	0	40	0.0%
Other	0	0	0	0.0%
Cash and Cash Equivalents:				
All	2,582	0	2,582	1.4%
Totals	133,818	48,492	182,310	100.0%

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

Notes to Core Financial Statements

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 2023.

The principal assumptions used by the actuary have been:

2021/22	Local Government Pension Scheme	2022/23
	Mortality Assumptions:	
	Longevity at 65 for Current Pensioners:	
21.7yrs	Men	21.9yrs
24.1yrs	Women	24.1yrs
	Longevity at 65 for Future Pensioners:	
24.1yrs	Men	22.2yrs
26.0yrs	Women	26.0yrs
3.90%	Rate of increase in Salaries	2.95%
3.20%	Rate of increase in Pensions	3.65%
2.70%	Rate for discounting Scheme liabilities	4.65%

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)
0.1% decrease in Real Discount Rate	2.0%	2,925
1 year increase in member life expectancy	4.0%	6,841
0.1% increase in the salary increase rate	0.0%	412
0.1% increase in the Pension increase rate(CPI)	1.0%	2,554

Scheme History

	2017/2018	2018/2019	2019/2020	2020/21	2021/22	2022/23
Obligations:	£'000	£'000	£'000	£'000	£'000	£'000
Present Value of Defined Benefit	(190,516)	(213,843)	(189,459)	(244,852)	(235,909)	(166,574)
Fair Value of Assets in the Local Government Pensions Scheme	141,083	146,445	135,645	168,105	181,004	179,694
Deficit in the Scheme	(49,433)	(67,398)	(53,814)	(76,747)	(54,905)	13,120

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £166,574,000 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 £179,694,000, resulting in a positive overall balance of £13,120,000. The statutory arrangements for funding the any potential mean that the financial position of the Council remains healthy. A deficit on the local government scheme would 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.

2021/22		2022/23
£'000		£'000
39	Fees payable with regard to External Audit Services carried out by the appointed auditor for the year.	39
0	Additional and other Audit fees charged during the year.	50
22	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	33
61	Total	122

Additional costs are expected for 2021/22 once the audit is concluded but are not currently known.

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 2022/2023 is shown in note 17. During 2022/2023, works and services to the value of £1,644,927 were commissioned from companies in which 15 Members and 3 officers had an interest. Contracts were entered into in full compliance with the Council's standing orders. In addition, grants totalling £901,468 were made to organisations in which 12 Members and 4 officers had an interest. 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 2022/2023 the transactions between the Council and Freebridge Community Housing was expenditure of £21,296 and income of £882,164.

West Norfolk Housing Company Ltd

West Norfolk Housing Company Ltd was set up by the Council and incorporated on 12th September 2016. During 2021/2023 the transactions between the Council and West Norfolk Housing Company Ltd was expenditure of £213,036 and income of £380,322.

The current year's transactions are detailed in the Group Accounts pages 109 to 117.

West Norfolk Property Ltd

West Norfolk Property Ltd was set up by the Council and incorporated on 12th April 2018. There were £169,303 in the financial year 2021/22.

The current year's transactions are detailed in the Group Accounts pages 111 to 11719.

Alive West Norfolk

Alive West Norfolk Ltd was set up by the Council and incorporated on 1st February 2019. During 2021/2023 the transactions between the Council and Alive West Norfolk was expenditure of £860,154 and income of £918,552.

The current year's transactions are detailed in the Group Accounts pages 111 to 11719.

Notes to Core Financial Statements

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:

2021/22		2022/23
£'000	Finance Lease - Council as a Lessee	£'000
3,338	Other Land and Buildings	4,784
3,338	Total	4,784

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:

2021/22		2022/23
£'000	Finance Lease (NPV)	£'000
	Finance Lease Liabilities (Net present value of minimum lease payments):	
2	Current	2
149	Non- Current	146
213	Finance Costs payable in future years	207
364		355

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

Minimum Lease Payments	Finance Lease Liabilities	Financial Costs		Minimum Lease Payments	Finance Lease Liabilities	Financial Costs
2021/22	2021/22	2021/22		2022/23	2022/23	2022/23
£'000	£'000	£'000		£'000	£'000	£'000
9	2	7	Not later than one year	9	2	7
34	8	26	Later than one year and not later than five years	34	8	26
319	139	181	Later than five years	310	136	174
362	149	213	Total	353	146	207

The Council has sub-let some of the accommodation held under these finance leases. At 31 March 2023 the minimum payments expected to be received under non-cancellable sub-leases was £1,436.

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.

Notes to Core Financial Statements

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.

2021/22		2022/23
£'000	Operating Lease Payments	£'000
99	Not later than one year	95
371	Later than one year and not later than five years	367
4,140	Later than five years	4,048
4,610	Total	4,510

The expenditure charged to the Operations and Commercial in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2021/22		2022/23
£'000	Minimum Lease Payments	£'000
0	Corporate and Democratic Services	0
7	Cultural and Related Services	18
111	Highways and Transport Services	136
118	Total	154

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 West Norfolk to fulfil contractual obligations with the Council. See Note 22 for more details.

2021/22		2022/23
£'000	Future minimum lease payments	£'000
2,112	Not later than one year	2,333
6,144	Later than one year and not later than five years	6,508
59,238	Later than five years	48,432
67,493	Total	57,273

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 2022/2023 £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:

2021/22		2022/23
£'000		£'000
(2,605)	Rental Income from Investment Property	(2,813)
657	Direct Operating Expenses/(Income) Arising from Investment Property	699
(1,948)	Direct cost of Investment Properties	(2,114)
7	Other Net Operating Costs	(4)
(1,941)	Net (Gain)	(2,118)

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.

2021/22		2022/23
£'000		£'000
32,017	Balance at Start of the Year	35,597
3,235	Net Gains / (Losses) on Revaluation	7,652
-	- Write Out of Impairments on Revaluations	-
35,252	Net Gains / (Losses) from Movements in the Market Value of Investment Properties	43,249
-	- Additions	-
-	- Impairment /(Valuation)	-
-	- Disposals	-
-	- Derecognition	-
344	Reclassifications	6,667
35,597	Balance at Year End	49,916

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.

Notes to Core Financial Statements

Significant Observable Inputs – Level 2

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.

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:

2022/23	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant un-observable inputs (level 3)	Fair Value as at 31/03/2023
	£'000	£'000	£'000	£'000
Recurring Fair Value Measurements Industrial Units	0	28,611	0	28,611
Commercial Units	0	11,012	0	11,012
Land	0	1,288	0	1,288
Other	0	9,005	0	9,005
Total	0	49,916	0	49,916

2021/22	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant un-observable inputs (level 3)	Fair Value as at 31/03/2022
	£'000	£'000	£'000	£'000
Recurring Fair Value Measurements Industrial Units	0	23,017	0	23,017
Commercial Units	0	9,776	0	9,776
Land	0	2,804	0	2,804
Other	0	0	0	0
Total	0	35,597	0	35,597

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.

Notes to Core Financial Statements

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 £377k charged to revenue in 2022/23 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 £6k charged to revenue for 2022/23 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:

	2022/23		
	Software Licenses	Housing Nomination Rights	Total
	£'000	£'000	£'000
Balances at start of the year			
Gross Carrying Amount	2,252	303	2,555
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,836)	(219)	(2,054)
Net Carrying Amount at Start of Year	365	84	449
Additions:			
Purchases	38	0	38
Amortisation for the Period	(115)	(6)	(121)
Net Carrying Amount at End of Year	326	78	366
Comprising:			
Gross Carrying Amounts	2,290	303	2,593
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,951)	(225)	(2,175)
	288	78	366

Notes to Core Financial Statements

	2021/22		
	Software Licenses	Housing Nomination Rights	Total
	£'000	£'000	£'000
Balances at start of the year			
Gross Carrying Amount	2,232	303	2,535
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,616)	(212)	(1,828)
Net Carrying Amount at Start of Year	566	91	656
Additions:			
Purchases	19	0	19
Amortisation for the Period	(220)	(6)	(226)
Net Carrying Amount at End of Year	365	84	449
Comprising:			
Gross Carrying Amounts	2,252	303	2,555
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,836)	(219)	(2,054)
	365	84	449

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 2023	170	4,403	6,292	0	4,399	15,264
At 31 March 2022	170	4,403	6,292	0	4,399	15,264
At 31 March 2021	237	6,580	6,292	21	4,845	17,975
At 31 March 2020	237	6,580	6,292	0	4,845	17,954
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

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

Notes to Core Financial Statements

2022-23	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance at start of year	170	4,403	6,292	79	4,399	15,343
Additions	0	0	0	0	0	0
Revaluation Increase/ (Decrease)	0	0	0	0	0	0
Recognised in the CIES	0	0	0	0	0	0
	170	4,403	6,292	79	4,399	15,343
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(79)	0	(79)
Impairments recognised to date	0	0	0	0	0	0
Balance at end of year	0	0	0	(79)	0	(79)
NBV AS AT 31 MARCH 2023	170	4,403	6,292	0	4,399	15,264

2021-22	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance at start of year	237	6,580	6,292	79	4,845	18,033
Additions	0	0	0	0	0	0
Revaluation Increase/ (Decrease)	(67)	(2,177)	0	0	(446)	(2,690)
Recognised in the CIES	0	0	0	0	0	0
	170	4,403	6,292	79	4,399	15,343
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(79)	0	(79)
Impairments recognised to date	0	0	0	0	0	0
Balance at end of year	0	0	0	(79)	0	(79)
NBV AS AT 31 MARCH 2022	170	4,403	6,292	0	4,399	15,264

27 Property, Plant and Equipment

Movements on Balance

Movements in 2022/23	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost Valuation:						
At 1 April 2022	139,856	27,078	1,360	169	42,834	211,298
Adjustments to opening balance	308	0	0	0	507	815
Additions	1,992	1,086	0	0	18,118	21,196
Revaluation Increases/Decreases to Revaluation Reserve	182	0	0	0	0	182
Revaluation Decreases to Surplus/Deficit	(33)	0	0	0	0	(33)
Revalued Assets- no net increase (impairment reversals)	0	0	0	0	0	0
Revalued Assets- depreciation reversals	0	0	0	0	0	0
Revalued Assets - Reversal of Loss	0	0	0	0	0	0
Derecognition - Disposals	-	0	0	0	(12,501)	(12,501)
Derecognition - Other	0	0	0	0	0	0
Derecognition - Other-Revaluation Reserve	0	0	0	0	0	0
Reclassification and Transfers	(4,464)	0	0	0	(2,203)	(6,667)
Balance as at 31 March 2023	137,840	28,164	1,360	169	46,756	214,290
Accumulated Depreciation and Impairment:						
At 1 April 2022	(10,825)	(19,430)	(272)	(93)	(3,683)	(34,303)
Adjustment to opening balance						0
Depreciation Charge	(2,164)	(1,405)	(45)	(0)	0	(3,614)
Depreciation written out to the Revaluation Reserve	-	0	0	0	0	0
At 31 March 2023	(12,989)	(20,835)	(317)	(93)	(3,683)	(37,917)
Net Book Value at 31 March 2023	124,852	7,329	1,043	76	43,073	176,373
Net Book Value at 31 March 2022	129,031	7,648	1,088	76	39,151	176,994

Notes to Core Financial Statements

Movements in 2021/22	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost Valuation:						
At 1 April 2021	127,751	23,399	1,360	145	36,995	189,652
Adjustments to opening balance	0	0	0	0	0	0
Additions	9,813	3,679	0	0	6,065	19,556
Revaluation Increases/Decreases to Revaluation Reserve	3,002	0	0	24	0	3,027
Revaluation Decreases to Surplus/Deficit	(253)	0	0	0	0	(253)
Revalued Assets- no net increase (impairment reversals)	0	0	0	0	0	0
Revalued Assets- depreciation reversals	0	0	0	0	0	0
Revalued Assets - Reversal of Loss	0	0	0	0	0	0
Derecognition - Disposals	(114)	0	0	0	(225)	(339)
Derecognition - Other	0	0	0	0	0	0
Derecognition - Other-Revaluation Reserve	0	0	0	0	0	0
Reclassification and Transfers	(344)	0	0	0	0	(344)
Balance as at 31 March 2022	139,856	27,078	1,360	169	42,834	211,298
Accumulated Depreciation and Impairment:						
At 1 April 2021	(8,569)	(18,294)	(224)	(93)	(3,683)	(30,864)
Adjustment to opening balance						
Depreciation Charge	(2,255)	(1,137)	(48)	(0)	0	(3,440)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the CIES	0	0	0	0	0	0
Derecognition - disposals	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0
Reclassification and Transfers	0	0	0	0	0	0
At 31 March 2022	(10,825)	(19,430)	(272)	(93)	(3,683)	(34,304)
Net Book Value at 31 March 2022	129,031	7,648	1,088	76	39,151	176,994
Net Book Value at 31 March 2021	119,182	5,105	1,136	52	33,312	158,788

Notes to Core Financial Statements

Revaluations

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

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

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

	Other land and buildings	Vehicle, plant & equipment	Infrastructure assets	Community assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	7,329	1,043	76	48,924	57,372
Valued at fair value as at:						
31-Mar-23	8,247	0	0	0	0	8,247
31-Mar-22	8,611	0	0	0	0	8,611
31-Mar-21	2,680	0	0	0	0	2,680
31-Mar-20	59,925	0	0	0	0	59,925
31-Mar-19	38,570	0	0	0	0	38,570
Prior to 2016	6,819	0	0	0	0	6,819
Gross Book Value	124,852	7,329	1,043	76	48,924	182,224

28 Capital: Expenditure, Financing and Commitments

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.

Notes to Core Financial Statements

2021/22		2022/23
£'000		£'000
41,855	Opening Capital Financing Requirement	43,864
	Capital Investment:	
19,648	Property, plant and equipment	21,196
0	Assets held for sale	0
0	Investment Properties	0
19	Intangible assets	38
0	Heritage Assets	0
3,509	Revenue expenditure funded from Capital under Statute	3,464
272	Capital Loan	649
	Sources of Finance:	
(9,112)	Capital Receipts	(11,266)
(10,339)	Government grants and other contributions	(4,399)
	Sums set aside from revenue:	
(129)	Direct revenue contributions	(409)
(1,450)	Revenue contributions for prudential borrowing schemes	(1,251)
(398)	MRP	(398)
(11)	Principal repayment of Finance Leases where the Council is the Lessee	(11)
43,864	Closing Capital Financing Requirement	51,477
	Explanation of movements in year:	
(2,009)	Increase in underlying need to borrowing (unsupported by Government Financial	7,613
(2,009)	Increase/(Decrease) in Capital Financing Requirement	7,613

Capital Commitments

On 31 March 2023 the Council has entered into a number of contracts and the major commitments are:

	Commitment Contractual	Commitment Non-Contractual
	31-Mar-23	31-Mar-23
	£'000	£'000
Community and Partnerships	25	
Major Housing Development	34,738	
Sports Facilities	358	
Vehicles	175	
Other	3	
Total	35,299	0

29 Assets Held for Sale

2021/22		2022/23
£'000		£'000
575	Balance Outstanding at Start of the Year	575
0	Additions	-
0	Other movements	-
0	Assets newly classified as Held for Sale	0
0	Assets sold	(75)
575	Balance at End of Year	500

30 Short Term Receivables

31-Mar-22		31-Mar-23
£'000		£'000
2,006	Central Government bodies	541
2,754	Local Authorities	1,672
0	NHS Bodies	0
9,078	Other entities and individuals	12,422
13,838	Sub Total	14,635
(2,812)	Allowance for doubtful debt (other entities and individuals)	(2,415)
11,026	Total	12,220

31 Long Term Receivables

31-Mar-22		31-Mar-23
£'000		£'000
4,788	Other entities and individuals	4,792
137	Finance Lease	137
4,925	Sub Total	4,929
(26)	Allowance for doubtful debt (other entities and individuals)	(26)
4,899	Total	4,903

32 Short Term Payables

31-Mar-22		31-Mar-23
£'000		£'000
(21,795)	Central Government bodies	(16,318)
(2,000)	Local Authorities	(2,001)
0	NHS Bodies	0
(14,142)	Other entities and individuals	(8,503)
(37,937)	Total	(26,822)

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. On 31 March 2023, the Council had no material contingent liabilities.

34 Provisions

31-Mar-22	Business Rates Appeals Provision	31-Mar-23
£'000		£'000
(944)	Balance at the 1 April	(829)
(287)	Additional provisions made in year	635
402	Provision unwound in year	(617)
(829)	Balance at the 31 March	(811)

Notes to Core Financial Statements

35 Grant Income

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:

2021/22		2022/23
£'000	Taxation and Specific Government Grant Income:	£'000
(628)	Revenue support grant	(648)
(838)	New Homes Bonus	(590)
(486)	Rural Services Delivery Grant	(486)
	Lower Tier Grant/Service Grant	(676)
(1,952)	Sub-Total	(2,400)
(7,524)	Section 31 Small Business Relief Grant Credited to NNDR Income	(5,031)
(8,053)	Capital Grants and Contributions	(4,398)
(17,529)	Total Taxation and Specific Non-Service Government Grant Income	(11,829)
	Other Revenue Grant Income:	
0	Business Rates cost of collection - MHCLG	0
(26,048)	Department for Works and Pensions - Housing Benefit Unit	(24,895)
(259)	Discretionary Housing Payments - DWP	(183)
(1,783)	Disabled Facilities - Better Care Fund	(1,783)
(408)	Homelessness Prevention MHCLG/NCC	(555)
(169)	Local Council Tax Support Administration - MHCLG	(164)
0	Policy and Partnerships - NCC	0
(196)	Rough Sleeping Grant - NCC	(225)
(382)	Lily Phase 4 - NCC	(388)
(89)	Welfare Reform Funding - DWP	(52)
0	Heritage Lottery Fund	0
(4,191)	Covid 19 Grants	0
(114)	Covid 19 Sales, Fees and Charges Grant	0
(1,300)	Other	(2,132)
(34,939)	Total Grant Income to Services	(30,377)
(52,468)	Total Grant Income to General Fund	(42,206)
	Contributions	
(1,839)	Waste Collection Credits – NCC	(1,733)
(459)	Other	(672)
(2,298)	Total Contributions	(2,405)
(54,766)	TOTAL GRANTS AND CONTRIBUTIONS TO GENERAL FUND	(44,611)

36 Financial Instruments

31-Mar-22		31-Mar-23
£'000		£'000
	Financial Assets	
	Non-Current	
4,899	Debtors	4,903
	Current	
20,000	Investments	12,000
11,026	Debtors	12,220
35,925		29,123
	Financial Liabilities	
	Non-Current	
(10,000)	Borrowings	0
(213)	Creditors	(202)
	Current	
0	Borrowings	(10,000)
(37,937)	Creditors	(26,822)
(48,150)		(37,024)

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 were 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, 2020/21, 2021/22 and 2022/23.

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

Notes to Core Financial Statements

managed by a transfer to or from the Financial Instruments Adjustment Account. The detailed soft loans information is as follows:

31-Mar-22	Title of Soft Loan	31-Mar-23
£'000		£'000
968	Opening Balance	1,060
(3)	- Loans repaid	(3)
95	Impairment losses	95
1,060	Balance carried forward	1,152
1,111	Nominal Value Carried Forward	1,111

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 and 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

Notes to Core Financial Statements

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:

2021/22		2022/23
£'000		£'000
	Surplus or Deficit on the Provision of Services	
	Interest revenue:	
(266)	Financial assets measured at amortised cost	(782)
(266)	Total Interest Revenue	(782)
397	Interest payable	413
397	Total Interest Payable	413
	Other Comprehensive Income and Expenditure	
	Interest revenue:	
0	Financial assets measured at amortised cost	0
0	Total Interest Revenue	0
0	Interest payable	0
0	Total Interest Payable	0

Notes to Core Financial Statements

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-22		Financial Liabilities	31-Mar-23	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
0	0	PWLB debt		
(10,000)	(14,659)	Non-PWLB debt	0	0
0	0	Short term borrowing	(10,000)	(8,986)
(37,937)	(37,937)	Short term creditors	(26,822)	(26,822)
(915)	(915)	Long term creditors	(1,588)	(1,588)
(213)	(213)	Long term finance lease liability	(202)	(202)
(49,065)	(53,724)	Total Liabilities	(38,612)	(37,598)

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.

Notes to Core Financial Statements

31-Mar-22		Financial Assets	31-Mar-23	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
20,863	20,863	Money market funds < 1 year	15,008	15,008
2,325	2,325	Cash	630	630
20,000	20,000	Short term investments	12,000	12,000
11,026	11,026	Short term debtors	12,220	12,220
4,899	4,899	Long term debtors	4,903	4,903
59,113	59,113	Total Assets	44,761	44,761

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

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

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

37 Nature and Extent of Risks Arising from Financial Statements

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

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

Overall procedures for managing risk

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

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;

- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing.
 - Its maximum and minimum exposures to the maturity structure of its debt.
 - Its management of interest rate exposure.
 - Its maximum annual exposures to investments maturing beyond a year.
 - by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

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

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, contained within the Council's Treasury Management Strategy approved at Council ahead of each Financial Year.

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.

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 promptly and reflect the value and type of debt. Following on from this if the debt remains unpaid it may be passed for escalated 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.

Notes to Core Financial Statements

2021/22		2022/23	
Debt Outstanding		Debt Outstanding	
£'000		£'000	
281	0 to 3 months	1,663	
270	4 to 6 months	234	
611	7 to 12 months	264	
895	Over one year	534	
2,057	Total	2,695	

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	Lifetime Expected Credit Losses – Simplified Approach	Total
	£'000	£'000	£'000
Opening balance as at 1 April 2022	0	615	615
b/fwd rounding difference	0	0	0
New financial assets originated	0	0	0
Repayments in year	0	(883)	(883)
Accrued Interest		0	0
Other changes: Impairment	0	268	268
As at 31 March 2023	0	0	0

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.

Notes to Core Financial Statements

Market risk

The maturity analysis of financial liabilities is as follows:

31-Mar-22		31-Mar-23
£'000		£'000
10,000	Less than 1 year	10,000
0	Between 1 and 2 years	0
0	Between 2 and 5 years	0
0	More than 5 years	0
10,000	Total	10,000

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 2023, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Notes to Core Financial Statements

31-Mar-22		31-Mar-23
£'000		£'000
0	Increase in interest payable on variable rate borrowings	0
0	Increase in interest receivable on variable rate investments	0
3,363	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	1,596
0	Impact on Surplus or Deficit on the Provision of Services	0
3,363		1,596

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.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2024, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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

Date		General Fund	Earmarked reserves
31-Mar-22	Balances	£8.6m	£36.9m
31-Mar-23	Balances	£9.7m	£34.4m

This remains above our minimum level of General Fund balances as set by our S151 Officer of set at 5% of budget requirement (£1.077m 2022/2023; £0.979m 2023/2024).

The Earmarked Reserves contained a one-off Tax Income Guarantee from Government of £11m received in 2021/22 this was repaid in 2021/22 in relation to both the Council Tax and Business Rates Collection funds. The 2022/2023 outturn report included an increased contribution to earmarked reserves of £2.8m to prepare for known inflationary pressures and fund recovery of budgets which are not recovering to Pre-pandemic levels.

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. Currently the Council has long-term borrowing of £10.0m. These loans are not required to be repaid in the period covered by the current Medium Term Financial plan. 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 the Accounts were signed 22 January

Notes to Core Financial Statements

2024, 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.

Following assessment of the 2023/2024 outturn, the General Fund will have a predicted balance of £6.36m at 31 March 2024

The Council has undertaken cash flow modelling through to March 2024 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with headroom of £43 million.

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

39 Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31-Mar-22		31-Mar-23
£000		£000
49	Interest received	782
(176)	Interest paid	(413)
0	Dividends received	0
(127)	Total	369

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

Notes to Core Financial Statements

31-Mar-22		31-Mar-23
£000		£000
3,858	Depreciation	3,454
0	Impairment and downward valuations	(8,962)
0	Amortisation	181
0	Increase/(decrease) in impairment for bad debts	
(6,884)	Increase/(decrease) in creditors	(22,291)
2,646	(Increase)/decrease in debtors	(1,652)
(22)	(Increase)/decrease in inventories	24
5,863	Movement in pension liability	5,438
0	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	12,826
34	Other non-cash items charged to the net surplus or deficit on the provision of services	(7,798)
5,495	Total	(18,780)

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

31-Mar-22		31-Mar-23
£000		£000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(1,187)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(11,190)
(10,674)	Any other items for which the cash effects are investing or financing cash flows	(4,933)
(11,861)		(16,123)

40 Cash Flow from Investing Activities

31-Mar-22		31-Mar-23
£000		£000
(18,798)	Purchase of property, plant and equipment, investment property and intangible assets	(19,256)
(4,000)	Purchase of short-term and long-term investments	8,000
1,189	Other payments for investing activities	(557)
1,187	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	11,190
0	Proceeds from short-term and long-term investments	0
11,343	Other receipts from investing activities	5,219
(9,079)	Net cash flows from investing activities	4,596

41 Cash Flow from Financing Activities

31-Mar-22		31-Mar-23
£000		£000
0	Cash receipts of short- and long-term borrowing	0
686	Other receipts from financing activities	686
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	0
6,941	Other payments for financing activities	10,127
7,627	Net cash flows from financing activities	10,813

Collection Fund Notes

The Collection Fund is an agent's statement reflecting the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (known as NNDR or business rates) and its distribution to local government bodies and central government. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and NNDR. The administrative costs associated with the collection process are charged to the General Fund. We have 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 and proceeds are shared with precepting partners.

Council tax Collection Fund surpluses declared by the billing authority 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. Our council tax precepting bodies are the Office of the Police and Crime Commissioner for Norfolk (OPCCN) and Norfolk County Council (NCC).

In 2013/2014, the local government finance regime was revised with the introduction of the Business Rates Retention scheme. The main aim of the scheme is to give councils a greater incentive to grow their businesses rates base. It does, however, also increase the financial risk due to non-collection, appeals and the volatility of the business rates base.

The Business Rates Retention scheme allows us to retain a proportion of our total business rates growth realised in the year. . Due to economic uncertainty the Norfolk Business Rates Pool was not set up in 2021/2023 so we operated the Rates Retention scheme as an individual authority. The Pool was reformed for 2023/2023 and we rejoined from April 2023. The proportionate shares for distributing the business rates income for 2023/2023 are 40% to us, 10% to NCC and 50% to central government.

Business rates surpluses declared by the billing authority 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 our accounts. The Collection Fund balance sheet meanwhile is incorporated into our consolidated balance sheet.

Collection Fund Notes

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.

2021/22				2022/23		
Business	Council Tax	Total		Business	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Income			
(37,207)	0	(37,207)	Non-domestic ratepayers	(44,197)	0	(44,197)
0	(103,015)	(103,015)	Council Tax	0	(106,307)	(106,307)
(37,207)	(103,015)	(140,222)	Total Income	(44,197)	(106,307)	(150,504)
			Expenditure			
			Apportionment of Previous Year Surplus (Deficit)			
(9,622)	0	(9,622)	Central Government	(3,546)	0	(3,546)
(7,720)	(322)	(8,042)	Borough Council of King's Lynn & West Norfolk	(2,837)	54	(2,783)
(1,951)	(2,326)	(4,277)	Norfolk County Council	(709)	395	(314)
0	(432)	(432)	OPCCN	0	75	75
			Precepts, Demands and Shares			
20,647	0	20,647	Central Government	19,178	0	19,178
19,263	7,020	26,283	Borough Council King's Lynn & West Norfolk	18,278	7,332	25,610
4,130	76,663	80,793	Norfolk County Council	3,836	79,808	83,644
0	14,470	14,470	OPCCN	0	15,152	15,152
0	3,508	3,508	Parish/Special Expenses	0	3,715	3,715
			Charges to Collection Fund			
227	0	227	Cost of Collection Allowance	239	0	239
(288)	0	(288)	Non-Domestic Rates Provision for Appeals	(44)	0	(44)
64	642	706	Bad Debt Provisions	166	71	237
0	0	0	Write-offs of uncollectable amounts	0	0	0
0	0	0	Transitional Protection Payments	6	0	6
24,750	99,223	123,973	Total Expenditure	34,567	106,602	141,169
(12,457)	(3,792)	(16,249)	(Deficit)/Surplus arising during the year	(9,630)	295	(9,335)
18,947	3,583	22,530	(Deficit)/Surplus brought forward 1st April 2022	6,490	(209)	6,281
6,490	(209)	6,281	(Deficit)/Surplus carried forward 31 March 2023	(3,140)	86	(3,054)

Collection Fund Notes

C1 Income from Business Ratepayers

We collect business rates for our area based on the rateable values provided by the Valuation Office Agency (VOA) multiplied by either the standard or small business multiplier set nationally by central government. Until 2013 the total amount due, less certain allowances, was paid to a central pool administered by central government and redistributed to local authorities based on a standard amount per head of the local adult population.

In 2013/2014, the Business Rates Retention scheme was introduced, aiming to give councils a greater incentive to grow their business rates base but also increasing the financial risk due to volatility and non-collection of rates and the impact of changes and appeals. Instead of paying business rates to the central pool, the income is distributed between central and local government, with local authorities retaining a proportion of the total collectable rates.

Central government set a baseline level for each council identifying the expected level of retained business rates, and a system of top ups or tariffs to ensure that all authorities receive their baseline funding amount. Tariffs due from authorities who are not in a Pool are payable to central government and used to finance the top ups to those authorities who do not achieve their targeted baseline funding. Tariffs for those in a Pool are payable to the Pool lead. As we were part of the Norfolk Business Rates Pool in 2022/2023, we paid a tariff to Norfolk County Council as the lead authority.

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

2021/22	Contribution to the NNDR Pool	2022/23
£'000		£'000
61,213	Gross non-domestic rates payable	61,682
(24,006)	Less Allowances and other adjustments	(17,485)
37,207	Net Contribution to NNDR pool	44,197

We are required to make a provision for refunds and losses as a consequence of successful appeals made in respect of rateable values. Appeals are charged and provided for in the proportion of the precepting shares. The total provision for 2022/2023 has been calculated as £1.72m.

Collection Fund Notes

2021/22	Non-Domestic Rates Appeals Provision	2022/23
£'000		£'000
	In Year Appeals	
199	Balance at 1 April	27
(172)	Adjustment in Year inc Settled Appeals	(2)
0	Adjustment in year	0
27	Balance at 31 March	25
	Back Dated Appeals	
2,161	Balance at 1 April	2,044
(835)	Adjustment in Year inc Settled Appeals	(1,586)
718	Adjustment in year	1,240
2,044	Balance at 31 March	1,698
2,071	NNDR Appeals Provision	1,723

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. Due to previous Collection Fund surpluses, we do not include any losses in collection, however we also do not factor in any allowance for future growth. The tax base was steadily increasing during 2022/2023 and this growth offset any losses in collection.

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*	*			67	5/9	37
A	Up to £40,000	24,456	23,170	20,774	6/9	13,850
B	£40,001-£52,000	17,697	17,267	15,890	7/9	12,359
C	£52,001-£68,000	13,680	13,346	12,446	8/9	11,063
D	£68,001-£88,000	9,734	9,462	8,948	9/9	8,948
E	£88,001-£120,000	5,142	5,019	4,764	11/9	5,823
F	£120,001-£160,000	2,601	2,545	2,441	13/9	3,525
G	£160,001-£320,000	1,129	1,105	1,051	15/9	1,752
H	More than £320,000	111	110	99	18/9	198
Total		74,550	72,024	66,480		57,555
	Less Reduction for Council Tax Support MOD Dwellings					(5,370)
	Total Taxbase					52,611

*Entitled to a disabled relief reduction

Collection Fund Notes

For 2022/2023 we set a precept of £7,332,395 representing a Band D Council Tax charge of £139.37 for our services. In addition, Special Expenses under section 34(1) of the Local Government Finance Act 1992, totalling £778,270 and Parish Precepts totalling £2,936,470 were levied, averaging £70.61 for a Band D property. The total precept for 2022/2023 was £11,047,135.

Norfolk County Council set a precept of £79,807,498 representing a Band D charge of £1,516.95 and the Norfolk Police and Crime Commissioner set a precept of £15,151,824 representing a Band D charge of £288.00. The total average Band D Council Tax charge for 2022/2023 is £2,014.93. Reductions are made under the Council Tax Support Scheme regulations for people on lower incomes.

Collection Fund Notes

C3 Share of Balance

The balance of the Collection Fund of 31 March 2023 stands at £3.1m surplus (2021/22 £6.3m deficit). This amount is shared as follows:

Collection Fund Balance Sheet						
31-Mar-22				31-Mar-23		
Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
£'000	£'000	£'000		£'000	£'000	£'000
(4,055)	(2,568)	(6,623)	Cash held by KLWNBC	4,837	10,969	15,806
1,310	6,174	7,484	Debtors	1,445	(6,795)	(5,350)
(573)	(1,618)	(2,191)	Receipts in Advance	(503)	(2,140)	(2,643)
(647)	(1,847)	(2,494)	Impairment Provision	(863)	(2,121)	(2,984)
(2,071)	0	(2,071)	Appeals Provision	(1,723)	0	(1,723)
6,494	(141)	6,353	Fund (Surplus)/Deficit	(3,140)	87	(3,053)
(228)	0	(228)	EZ & Renewable Energy	(47)	0	(47)
(230)	0	(230)	Transitional Protection Payment	(6)	0	(6)
0	0	0	Total	0	0	0

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Collection Fund Notes

C4 The Collection Fund balance as of 31 March 2023 is a deficit of (£3.1m) (2021/22 £6.3m surplus). This amount is shared as follows:

31-Mar-22				31-Mar-23		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
3,246	0	3,246	Borough Council	(1,256)	9	(1,247)
650	(106)	544	Norfolk County Council	(313)	66	(247)
0	(20)	(20)	OPCCN	0	12	12
2,598	(15)	2,583	Central Government	(1,571)	0	(1,571)
6,494	(141)	6,353		(3,140)	87	(3,053)

The Council Tax Collection Fund is showing a small deficit due to a slightly higher than expected level of bad debt.

The NDR Collection Fund is showing a surplus due to the release of appeals provision at the end of the 2017 Rating List. The actual number of checks, challenges and appeals was much lower than anticipated, and the successful appeals requiring repayment are less than the amount provided for. As no further appeals can be made after March 2023 a substantial amount of provision can be released, leaving a balance to cover any residual outstanding appeals.

Collection Fund Notes

The share of the balances above in our accounts is shown below:

Collection Fund Representation of Debtor, Creditor & Appeals balances in BCKLWN Accounts						
31-Mar-22				31-Mar-23		
NDR	Council Tax	Total		NDR	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
524	639	1,163	Debtors	578	702	1,280
(229)	(167)	(396)	Receipts in Advance	(201)	(221)	(422)
(259)	(191)	(450)	Impairment Provision	(345)	(219)	(564)
(828)	0	(828)	Appeals Provision	(689)	0	(689)
452	1,936	2,388	Creditors - Local Government	(478)	1,973	1,495
2,250	366	2,616	Creditors - Central Government	(2,395)	375	(2,020)
2,145	(15)	2,130	Fund Surplus to Collection Fund Adj A/c	(1,287)	9	(1,278)
4,055	2,568	6,623	TOTAL	(4,818)	2,619	(2,199)

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General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2023. 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 2021/22 and the Service Reporting Code of Practice 2021/22 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.

Accounting Policies

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 2022/23. 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 events 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

Accounting Policies

- 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.

Accounting Policies

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

Accounting Policies

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.

Accounting Policies

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

Accounting Policies

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 pension's 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

Accounting Policies

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

Accounting Policies

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 of 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 accrual's 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

Accounting Policies

- 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.

Accounting Policies

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.

Accounting Policies

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 valuer's 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 "NMAS" 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 NMAS. 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.

Accounting Policies

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.

Accounting Policies

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 2020/2021, 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

2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017 & previous years
1.5%	10%	10%	50%	70%	100%

Council Tax – Costs Outstanding

2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017 & previous years
20%	50%	50%	75%	90%	100%

NNDR

2021/2022	2020/2021	2019/2020	2018/2019 & previous years
25%	50%	100%	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

Accounting Policies

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

1 Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Council is involved with a number of companies and organisations whose assets and liabilities are not included in the Council's single entity statements. In these cases the Council's interest does not extend to a relationship that could be classified as a subsidiary, associate or joint venture. None of these companies are included in the group accounts. For further information on these Joint Arrangements please see note 12.

The Council does have interests in three companies that are classified as a subsidiary, all of which have been considered for consolidation. Three of these are considered to be material to the financial statements. These include Alive Management Ltd, Alive West Norfolk, West Norfolk Housing Company. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Alive Management Ltd.

The following pages include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts

Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with the entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Associates – where the Council exercises a significant influence and has a participating interest. No material entities meet these criteria to be included in the group.
- Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.
- No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Alive Management Ltd	Subsidiary	Consolidated
Alive West Norfolk Ltd	Subsidiary	Consolidated
West Norfolk Housing Company Ltd	Subsidiary	Consolidated
West Norfolk Property Ltd	Subsidiary	Consolidated

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 changed 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 become more substantial, and the Company is 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 started trading in November 2020. The Borough Council of Kings Lynn & West Norfolk holds 100% of the allotted ordinary shares in West Norfolk Property Ltd. The company is now consolidated within the Group Accounts of the council.

Group Accounts

Group Movement in Reserves Statement

Movements in Reserves during 2022/23	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	(51,661)	(369)	(52,030)	(122,075)	0	(122,075)	(174,105)
Group (Surplus)/Deficit	(11,944)	(362)	(12,306)	0	0	0	(12,306)
Prior Year Adjustment (Surplus)/Deficit	0	0	0	0	0	0	0
Other Comprehensive Expenditure and Income			0	(75,329)		(75,329)	(75,329)
Total Comprehensive Expenditure and Income	(11,944)	(362)	(12,306)	(75,329)	0	(75,329)	(87,635)
Adjustments between Accounting Basis and Funding Basis under Regulations	12,855	0	12,855	(12,855)	0	(12,855)	0
Transfer to/from Earmarked Reserves	0	0	0	0		0	0
Increase / Decrease in Year 2022/23	911	(362)	549	(88,184)	0	(88,184)	(87,635)
Balance at 31 March 2023 carried forward	(50,750)	(731)	(51,481)	(210,259)	0	(210,259)	(261,740)

Group Accounts

Movements in Reserves during 2021/22	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	(58,571)	(246)	(58,817)	(83,205)	0	(83,205)	(142,022)
Group (Surplus)/Deficit	(6,938)	(139)	(7,077)	0	0	0	(7,077)
Prior Year Adjustment (Surplus)/Deficit	0	16	16	0	0	0	16
Other Comprehensive Expenditure and Income			0	(25,022)		(25,022)	(25,022)
Total Comprehensive Expenditure and Income	(6,938)	(123)	(7,061)	(25,022)	0	(25,022)	(32,083)
Adjustments between Accounting Basis and Funding Basis under Regulations	13,719	0	13,719	(13,719)	0	(13,719)	0
Transfer to/from Earmarked Reserves	129	0	129	(129)		(129)	0
Increase / Decrease in Year 2021/22	6,910	(123)	6,787	(38,870)	0	(38,870)	(32,083)
Balance at 31 March 2022 carried forward	(51,661)	(369)	(52,030)	(122,075)	0	(122,075)	(174,105)

Group Accounts

Group Comprehensive Income and Expenditure Statement

2021/22 Restated				2022/23		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£'000	£'000	£'000		£'000	£'000	£'000
			Services			
3,306	(95)	3,211	Central Services	3,593	27	3,620
6,521	(1,814)	4,707	Health Wellbeing and Public Protection	7,181	(2,042)	5,139
441	(52)	389	Companies and Housing Delivery	402	24	426
3,943	(3,303)	640	Environment and Planning	5,529	(4,085)	1,444
18,200	(16,861)	1,339	Operations and Commercial	19,519	(17,525)	1,994
1,771	(2,840)	(1,069)	Property and Projects	1,816	(2,930)	(1,114)
2,257	(943)	1,314	Regeneration Housing & Place	1,354	(1,735)	(381)
38,667	(30,133)	8,534	Resources	38,843	(28,358)	10,485
441	(453)	(12)	Chief Executive	336	0	336
796	(260)	536	Legal Services	1,270	(433)	837
3,423	(1,149)	2,274	Leisure and Community Facilities	2,962	(456)	2,506
			Group			
30	(266)	(236)	West Norfolk Property	221	(671)	(450)
437	(676)	(239)	West Norfolk Housing Company Ltd	805	(1,467)	(662)
6,199	(6,257)	(58)	Alive West Norfolk Ltd	7,508	(7,196)	312
86,432	(65,102)	21,330	Cost of Services	91,339	(66,847)	24,492
		1,680	Other Operating (Income)			(850)
		1,603	Financing and Investment (Income)			(10,069)
		(31,690)	Taxation and Non-Specific Grant Income			(25,879)
		(7,077)	(Surplus)/Deficit on Provision of Services			(12,306)
		2,683	(Surplus) on Revaluation of PPE			(1,866)
		(27,705)	Re-measurement of the net defined benefit liability			(73,463)
		(25,022)	Other Comprehensive (Income)			(75,329)
		(32,099)	Total Comprehensive (Income)/Expenditure			(87,635)

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Group Accounts

Group Balance Sheet

31-Mar-22			31-Mar-23
£'000		Note	£'000
172,664	Property, Plant and Equipment	27	180,444
15,292	Heritage Assets	26	15,292
33,490	Investment Property	24	30,360
125	Intangible Assets	25	(220)
0	Long Term Investments	36	4,903
2,496	Long Term Receivables	31	0
0	Pension Assets		13,120
224,067	Long Term Assets		243,899
20,000	Short Term Investments	36	16,000
197	Inventories		187
10,058	Short Term Receivables	30	6,840
25,669	Cash and Cash Equivalents	14	15,624
825	Assets Held for Sale	29	825
56,749	Current Assets		39,476
(829)	Provisions	34	(811)
0	Short Term Borrowing	36	0
(39,475)	Short Term Payables	32	(28,528)
(263)	Current Tax Liability		(76)
(40,567)	Current Liabilities		(29,415)
(915)	Grants Receipts in Advance	35	(1,588)
(10,000)	Long Term Borrowing	36	(10,000)
(324)	Other Long Term Liabilities		(427)
(54,905)	Pension Liabilities	20	0
(66,144)	Long Term Liabilities		(12,015)
174,105	Net Assets		241,945
(52,030)	Usable Reserves	MIR	(51,481)
(122,075)	Unusable Reserves	13	(210,259)
(174,105)	Total Reserves		(261,740)

Group Accounts

Group Cash Flow Statement

2021/22		Note	2022/23
£'000			£'000
7,077	Net Surplus or (Deficit) on the Provision of Services	CIES	12,306
7,886	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements		(19,668)
(12,136)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		(16,123)
2,827	Net Cash flows from Operating Activities		(23,485)
(9,241)	Investing Activities		4,596
7,900	Financing Activities		10,813
1,486	Net Increase or Decrease in Cash and Cash Equivalents		(8,076)
24,183	Cash and Cash Equivalents at the beginning of the Reporting Period		25,669
25,669	Cash and Cash Equivalents at the End of the Reporting Period		17,593

Group Accounts

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.

Group Accounts

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.

The contribution rate was reviewed at the scheme's last valuation date, 31 March 2019.

2021/22	Adjustment for capital purposes	Net Change for the pension adjustment	Adjustment for Investment Properties	Transfer to/(from) Earmarked Reserves	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
2021/22 Services						
Central Services	(2)	473	0	(72)	(8)	391
Health Wellbeing and Public Protection	2,504	577	0	(200)	(7)	2,874
Companies and Housing Delivery	0	95	0	(4)	0	91
Environment and Planning	7	672	0	(970)	(13)	(304)
Operations and Commercial	(50)	1,117	0	(1,453)	(11)	(397)
Property and Projects	134	199	249	(79)	18	521
Regeneration Housing & Place	480	103	0	56	(9)	630
Resources	1,103	1,019	0	(2,106)	(26)	(10)
Chief Executive	39	31	0	(68)	(15)	(13)
Legal Services	0	0	0	(246)	0	(246)
Leisure and Community Facilities	1,401	0		(192)		1,209
Net Cost of Services	5,616	4,286	249	(5,334)	(71)	4,746
Other Income and Expenditure	(11,970)	1,577	(249)	5,334	(5,568)	(10,876)
Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES	(6,354)	5,863	0	0	(5,639)	(6,130)



DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23



Approval of the Annual Governance Statement

We recognise the importance of having a sound Governance Framework in place with effective and well understood processes and internal controls to enable the Council to deliver its services and its Corporate Strategy.

The underlying financial environment continues to pose significant challenges for the Council. Within this overall context, the role of good governance remains critical to public trust and confidence in decision making and the use of public funds.

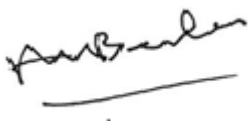
This Annual Governance Statement provides the opportunity for an honest reflection on whether our Governance Framework is fit for purpose and provides the platform on which the Council will hold itself accountable for continuous improvement.

The Review of Effectiveness confirms that during 2022/2023 there was overall assurance against the Council's Governance Framework however there are specific areas of weakness identified for prioritised and targeted improvement alongside an Action Plan for wider improvements.

We are grateful to the Councillors and officers of the Council for all their efforts to ensure that the Council is well run, transparent in its decision making and delivers the 'golden thread' which supports the effective management and leadership of the Council.

We approve this Annual Governance Statement.

Signed:



Cllr Alistair Beales
Leader of the Council
Date: 13.09.24



Lorraine Gore
Chief Executive
Date: 13.09.24

1. Introduction

Good governance is integral for ensuring focussed, lawful, and transparent decision making and leadership in local authorities. It is important that actions and decisions are undertaken in the correct way, for the right people in a timely, inclusive, open, honest, and accountable manner. Having a framework of well understood rules, systems and appropriate access to information is crucial to supporting good governance. Weakness in governance can have far reaching implications and it is important that these are identified and minimised to support good governance.

The Borough Council of King's Lynn & West Norfolk ("the Council") strives to meet the highest standards of corporate governance to help ensure it meets its objectives. Members and officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. Governance comprises the systems and processes, cultures, and values by which the organisation is directed and controlled and through which it is accountable to, engages with, where appropriate, and leads its communities. It ensures that appropriate mechanisms for control are in place and that risks and opportunities are managed effectively.

2. Scope of Responsibility

The Council's responsibilities are to:

- Ensure its business is conducted in accordance with the law and proper standards;
- Safeguard and properly account for public money;
- Use public money economically, efficiently, and effectively; and
- Meet its 'best value duty' to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council has a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*. The Code was reviewed by Audit Committee during 2018/19 and shall be reviewed and refreshed in 2024/25.

The Annual Governance Statement ("AGS") reports publicly on the extent to which the Council has complied with its governance duties and how the Council has deployed effective governance during the 2022/23 financial year against the Code. It includes a review of effectiveness of its governance arrangements, including systems of internal controls, and sets out proposed changes going forwards to secure continuous improvement.

The Council recognises its responsibility for ensuring a sound system of governance is in place to support the delivery of the Council's Corporate Business Plan and ensure good governance within the Council.

3. The Governance Framework

The Governance Framework comprises the systems, policies, procedures, culture, values, and operations by which the Council is directed and controlled, and its activities through which it accounts to, engages with and, where appropriate, leads its communities. It enables the Council 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.

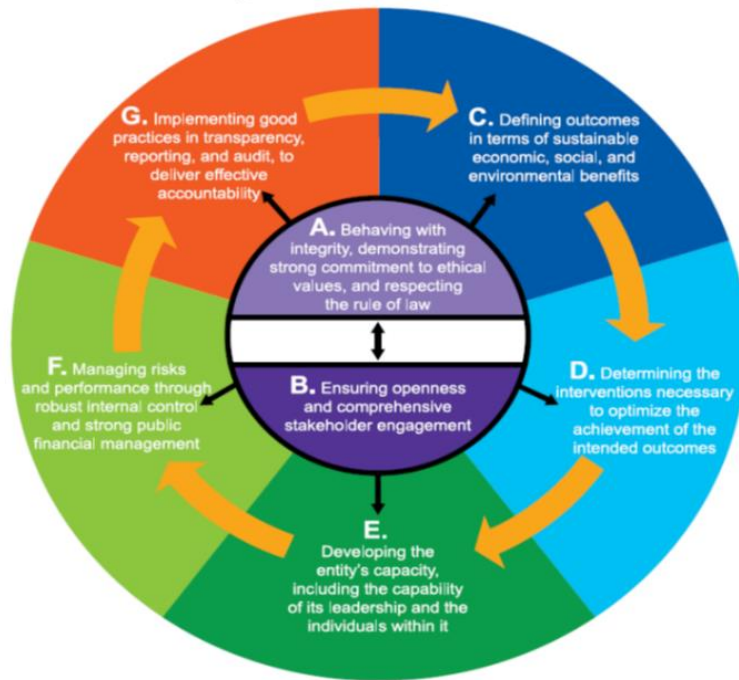
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system 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 outcomes;
- evaluate the likelihood and potential impact of those risks being realised; and
- manage them efficiently, effectively, and economically.

The Council’s Governance Framework is made up of the many systems, policies, procedures, and operations we have in place, including the Code of Corporate Governance, to help realise the principles within the CIPFA/SOLACE: Delivering Good Governance in Local Government Framework 2016:

<u>A</u>	Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law
<u>B</u>	Ensuring Openness and Comprehensive Stakeholder Engagement
<u>C</u>	Defining Outcomes in Terms of Sustainable Economic, Social, and Environmental Benefits
<u>D</u>	Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes
<u>E</u>	Developing the Entity’s Capacity, Including the Capability of its Leadership and Individuals Within It
<u>F</u>	Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management
<u>G</u>	Implementing Good Practices in Transparency, Reporting, and Audit to Deliver Effective Accountability

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



4. How the Council Works

For a summary of how the Council works and details of some of the key areas of the Governance Framework, please refer to Schedule 2.

5. Review of Effectiveness

The Council has responsibility for conducting a review of the effectiveness of its Governance Framework including the system of internal control. This review is conducted with reference to the Council's Code of Corporate Governance and aligned with the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*.

The Review of Effectiveness is carried by firstly undertaking an 'at a glance' summary throughout the 2022/23 period, and then secondly undertaking a deeper dive into specific areas of the Governance Framework.

5.1 Summary Against the Principles

Principle A: Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law

What Went Well:

- ✓ A new Councillor Code of Conduct was adopted by Full Council after consideration by the Standards Committee. The Code is based on the Local Government Association's Model Code of Conduct, with amendments based on what Members considered works well for West Norfolk

- ✓ Creation and adoption of a 'Declaring an Interest and Managing Any Conflicts Flowchart' which now appears in every Council agenda to support Members in complying with the Code of Conduct and demonstrating transparency to the public
- ✓ Passing the Local Government Association's 'Debate Not Hate' Motion at Full Council
- ✓ Recruiting an internal Monitoring Officer and building an in-house legal team to replace the external provision arrangements

Areas for Improvement:

- ✓ Comprehensive review of the Constitution required via a Constitution Informal Working Group
- ✓ Report to Standards Committee with a summary and trends of Code of Conduct complaints

Principle B: Ensuring Openness and Comprehensive Stakeholder Engagement

What Went Well

- ✓ Adopting the Local Assurance Framework, working in conjunction with Norfolk County Council and the King's Lynn Town Deal Board, to determine the governance framework within which the Town Deal Projects will be delivered
- ✓ Establishing the Hunstanton Advisory Group to support engagement with the Hunstanton local community with regards to emerging funding streams (note the Area for Improvement on decision making)
- ✓ Extensive community and stakeholder engagement on the development of the Southgates Masterplan.
- ✓ Business and voluntary sector engagement undertaken on the Budget proposals

Areas for Improvement:

- ✓ Ensure that decisions to support the creation of new stakeholder groups involving Members and officers are treated as an executive decision where this falls into an executive function, with consultation with affected Members and officers

Principle C: Defining Outcomes in Terms of Sustainable Economic, Social, and Environmental Benefits

What Went Well

- ✓ As part of the RE:FIT programme, the Council implemented a wide range of decarbonisation measures across its estate in 2022/23. The Chief Executive chaired the Norfolk Climate Change Partnership, and the Council also provided the partnership's secretariat and hosted its website.
- ✓ The work of the Tourism Informal Working Group by the Regeneration & Development Panel to assist with the formation of a high-level strategy and action plan for Tourism in West Norfolk and address the tourism Notices of Motion that had been moved at Full Council
- ✓ Identified projects to fund
- ✓ Business cases for the Towns Fund were endorsed by Cabinet including Guildhall, Riverfront Regeneration, Active Clean Connectivity and the Multi-Use Community Hub
- ✓ West Norfolk Investment Plan, Shared Prosperity Funding 2022-24 and Rural England Prosperity Funding 2023-25 were agreed

Areas for Improvement:

- ✓ Strategies for data collection to inform the defining of outcomes and decision making
- ✓ Ensuring there are mechanisms in place to share the work undertaken in Task Groups and Informal Working Groups with all relevant officers and service areas across the Council

Principle D: Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes

What Went Well

- ✓ Cabinet approved a 'Governance Action Plan' for improving the governance arrangements of the Council's wholly owned companies, including the creation of a Shareholder Committee to carry out the Shareholder function
- ✓ The removal of the 'Town Centre Re-purposing' project and the 'Gyratory' from the Towns Fund Projects to reflect changes in external factors impacting on the value of the interventions and to re-prioritise resources on delivery of the remaining six Town Fund Projects
- ✓ Extensive openness, transparency and engagement around the business cases for the four lead Town Deal Projects
- ✓ Reviewed and revised the performance monitoring process
- ✓ Increased engagement with officers and members around budget setting workstreams, including base budget assumptions, budget development sessions and modelling against Corporate Business Plan/themed areas, e.g. utilities, fees and charges
- ✓ 'Invest to Save' £3m established within the Budget
- ✓ Following consultation, approval to increase Council Tax Support Scheme from 75% to 84%

Areas for Improvement:

- ✓ Analyse and determine the internal capacity and resources available for new projects before committing at an early stage
- ✓ Develop a Fees and Charges Policy
- ✓ Determine how the Invest to Save fund will operate
- ✓ Progress the loan facility arrangements for WNPL and WNHC
- ✓ Earlier engagement on the Memorandum of Understanding for the Norfolk Business Rates Pooling Arrangements
- ✓ Implement the Governance Action Plan for the Council companies

Principle E: Developing the Entity's Capacity, Including the Capability of its Leadership and Individuals Within It

What Went Well

- ✓ Creation of an additional Executive Director role focussed on the delivery of projects and regeneration
- ✓ Recommencement of the Level 5 Diploma in Leadership and Management for selected officers, as well as apprenticeship schemes to develop staff capabilities
- ✓ Developing a revised Member Induction pack for the May 2023 elections, including recorded videos, particularly focussed on new intake Members and a training programme for Members

- ✓ Development of a new Corporate Governance team

Areas for Improvement:

- ✓ Develop a mechanism to promote personal, organisational, and system-wide development through shared learning, including lessons learnt from governance weaknesses both internally and externally
- ✓ Introduce an annual Project Maturity assessment following the assessment undertaken this year
- ✓ Mandatory training required for all officers on Procurement and Contract Management

Principle F: Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management

What Went Well

- ✓ The Treasury Management Strategy incorporates the prudential indicators which apply to the Capital Strategy and Capital Programme and financial thresholds which the Council operates within
- ✓ The Internal Audit Plan enabled review of the Council's key financial controls and recommended improvements to the control environment and reported to the Senior Leadership team and Audit Committee.
- ✓ The risk register was rationalised during Autumn 2022 to create a strategically themed risk register
- ✓ The Risk Management Policy and Risk Management Strategy were revised and adopted by Full Council
- ✓ A review was undertaken on earmarked reserves to align reserves to committed plans resulting in a new reserve to be used to invest in schemes that would produce a positive return to the council.

Areas for Improvement:

- ✓ Undertake a deep dive review of the capital programme for 23/24
- ✓ Further work to be undertaken of earmarked reserves to support closing budget gap
- ✓ Develop a Cost Management Income Generation Plan
- ✓ Review special expense costs and recharges
- ✓ External Audits of Local government accounts have been delayed across England. Future plans for the Council's financial management will need to incorporate a strategy on meeting the demands necessitated by this external backlog;
- ✓ Develop a strategy for better integrating risk management into service area decision making
- ✓ Complete all of the leases for the properties leased to West Norfolk Property Ltd (WNPL).

Principle G: Implementing Good Practices in Transparency, Reporting, and Audit to Deliver Effective Accountability

What Went Well

- ✓ Extending our call-in arrangements to include Officer Delegated Executive Decisions to demonstrate that 'executive decisions' taken by officers are subject to the same scrutiny as those taken by Cabinet Members, thereby supporting accountability and openness
- ✓ A motion calling for a Local Government Association Peer review was passed at Full Council
- ✓ Introduction of Member briefing session on the proposed budget before the scrutiny meeting to enable the digestion of the material before scrutiny takes place

- ✓ Commencement of Project highlight reports being produced for all Major Projects quarterly and published within the Member Major Project Board agendas
- ✓ Five internal audits were returned with 'substantial assurance' and seven with 'reasonable assurance'
- ✓ Risk based audit planning was introduced as part of the Strategic Internal Audit Planning process.
- ✓ A three lines of assurance model was introduced for the top 5 corporate risks to the council within the Annual Internal Audit Opinion.

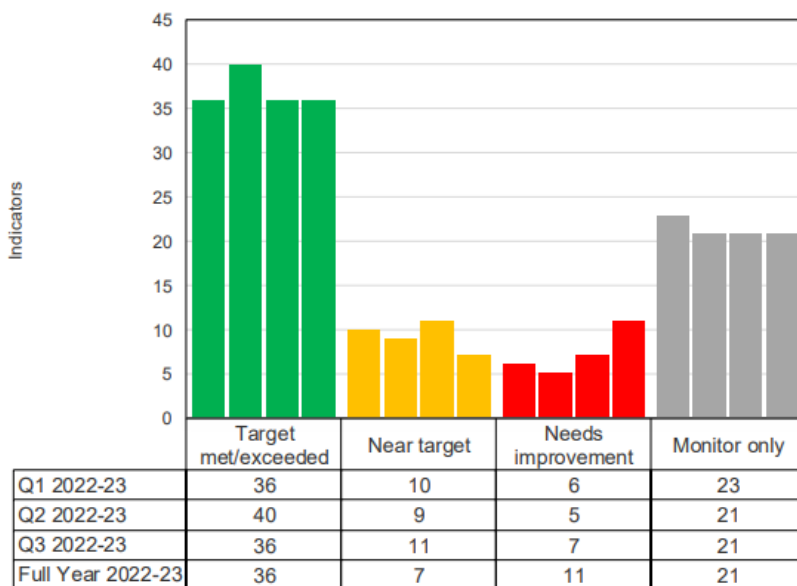
Areas for Improvement:

- ✓ Bringing compliance with all audit recommendations up to date, in particular those following a limited assurance
- ✓ One 'limited assurance' audit returned: Procurement and Contract Management (see below for more detail)
- ✓ Guidance required for officers on operational decisions, executive delegated decisions and when a Cabinet decision is required
- ✓ Improve decision making around Alive West Norfolk's fees and charges via escalation to the Shareholder Committee
- ✓ Pursue an independent person on Audit Committee
- ✓ Decisions on inflationary increases to Members Allowances that could be made within a range, rather than tracking a single percentage, are to be taken by Members, not operationally by officers

5.2 Review Against the areas of the Governance Framework

5.2.1 Performance Monitoring

Corporate monitoring is in place which flows from the Corporate Business Plan down through to each service area and there are a series of corporate monitoring requirements which are regularly reported on to the Corporate Performance Panel (CPP). Overall, many services across the council perform well and this is reflected in the Performance Monitoring Report for 2022/2023 which demonstrates the council's effective delivery of services and support for the community. The 2022/23 monitoring report shows that:



5.2.2 The Corporate Performance Panel (CPP)

Number of call-in's of executive decisions

There was one call-in during 22/23 of the following decision:

1. Council Tax Support Scheme 2023/24: Draft Scheme for Working Age Customers for Consultation

5.2.3 Monitoring Officer

Introduction

This section provides a summary of the key areas of work and focus of the Monitoring Officer during 22/23.

An internal Monitoring Officer was appointed from May 2022 onwards and an internal legal team was recruited to take over the responsibility of the legal provision from April 2023 onwards, which was still delegated to North Norfolk District Council during 22/23.

This year was dominated by governance around the key decisions on the Towns Fund Projects and governance relating to the Towns Board. A significant and necessary piece of work was conducted on corporate governance surrounding the Council's wholly owned companies. A new Councillor Code of Conduct was adopted and resource was spent preparing for the May 2023 elections.

This work was undertaken in challenging circumstances, in terms of the transitional period between the outgoing external legal services provider and building a new internal legal team. In addition, the legacy of the unprecedented amount of 'Councillor on Councillor' formal complaints in 21/22 (9), was still playing a large role in the time spent by the Monitoring Officer on a day-to-day basis.

Constitution

A deep dive into 'call-in' arrangements was undertaken, (call-in is a process whereby an executive decision can be called into the CPP for scrutiny). Notwithstanding the Centre for Governance and Scrutiny's position that only officer 'key decisions' should be called in (this Council's Constitution prohibits officers taking key decisions in any event), it was recommended to Members that changes should be made to permit the call-in of published Officer Delegated Executive Decisions.

The Monitoring Officer considers that it was not good governance that a decision could be taken by a Cabinet Member and called in, but if the same decision was taken by an officer, then it could not be called in. There is no distinction in the Council's Constitution that separates delegated executive decisions taken by Cabinet Members and those taken by officers. This imbalance in accountability, in the context of the political landscape during 22/23, was not supporting good governance, hence it was addressed by way of a Constitutional change. The Administration were supportive of this open and transparent approach to scrutiny of executive decisions.

Standards and Code of Conduct Complaints

- a) Code of Conduct

The Standards Committee were consulted on three occasions with regards to a new Code of Conduct based on the Local Government Association's (LGA) Model Code of Conduct and their associated guidance, including

guidance on complaint handling. The Standards Committee adopted 'Guidance on Member Code of Conduct Complaints Handling' and Full Council adopted the revised Councillor Code of Conduct. The final version of the Code of Conduct made a number of amendments to the LGA Model Code to reflect local circumstances, for example on the Council's companies, and to reflect Members' views.

b) Complaints

There were 30 Code of Conduct complaints in 22/23:

Borough Councillor complaints	13
Parish complaints	17

In relation to the Borough Councillor complaints:

Councillor on Councillor complaints	3
Officer on Councillor complaints	1

A Standards Committee hearing was held during 22/23 to determine three complaints in relation to the same matter.

c) Declarations of Interest

Declarations of Interest were a key theme of complaints against Borough Councillors in 22/23. A new Flowchart on 'Declaring an Interest and Managing Any Conflicts Flowchart' was therefore prepared for insertion into every Council agenda to raise the profile and promote the importance of declaring and managing interest.

Corporate Complaints

A corporate complaints process is in place so that any member of the public who is aggrieved with the way that the Council has provided a service to them or any complaint they have in connection with the Council's functions or the way that they have been treated can make a corporate complaint. Between 1 April 2022 and 31 March 2023 the council received 49 corporate complaints. Decisions on 2 complaints made against the Council to the Local Government and Social Care Ombudsman (LGSCO) were issued. The LGSCO upheld 1 of the 2 complaints.

22/23 Datasheet - Complaints Decided :

Invalid / Incomplete	2
Advice given	0
Referred	3
Closed after initial enquiries	4
Not Upheld	1
Upheld	1
Total	11
Uphold rate %	50%
LGSCO Average Uphold rate %	59%

Wholly Owned Companies

The Monitoring Officer led on a corporate governance 'healthcheck' review of the Council's wholly owned companies, which culminated in the decision of Cabinet on 15 November 2022 to approve the creation of a

Shareholder Committee to exercise the Shareholder function and the approval of a Corporate Governance Action Plan to bring governance in line with best practice. Resource is now required to implement that Action Plan.

Whistleblowing

There was one whistleblowing complaint received in 22/23 which was not progressed to an investigation after an initial response was provided to the complainant.

A review of the Whistleblowing policy is scheduled for 23/24.

Towns Fund Governance

- a) An elevated proportion of resource and support was provided during 22/23 to Members, officers and the Towns Board in relation to governance matters. The concept of a Towns Board, with the private sector and public sector coming together to make decisions about the Town Fund programme but without the Town Board holding any legal status, with the Council remaining the Accountable Body, was a new concept around which the governance had to be created and adapted. Much of this work took place during 20/21 and 21/22 however there was continuing work during 22/23 in terms of revising the Terms of Reference and adopting a new Local Assurance process.
- b) Between April and September 2022 there were 4 Cabinet decisions approving the respective business cases of the 4 largest Town Fund Projects, one decision regarding the re-prioritisation of the Towns Fund programme, an additional decision about the Guildhall Major Project and a decision approving a new Local Assurance Framework (LAF) (a framework for how the governance arrangements between the Council, Town Board and Norfolk County Council operates.)
- c) This was an unprecedented and concentrated strain on resources, requiring 5 special Cabinet meetings during that time period (which did also include other urgent decisions) and 3 special meetings of the Regeneration & Development Panel. The result, however, has been a very open, transparent, and accountable programme, with increased engagement with both the public and Members. Whilst it presented significant resource challenges at the time, the extent and application of the governance framework was commensurate with the proportionate significance of the Town Deal Projects to the Council's Capital Programme. Following these decisions there was a significant drop in governance issues being raised with regards to the Town Deal Board and the Projects.
- d) One complaint was investigated and reported on during 2022/23 under the King's Lynn Towns Board's Code of Conduct regarding failure to declare full interests, which concluded that the allegation was not considered a breach of the Nolan Principles.

Annual Governance Statement (AGS)

The AGS for 2022/23 has been prepared alongside the 2023/24. Whilst this still captures the same content as if it had been undertaken contemporaneously, it was not undertaken and published with the draft Statement of Accounts for 2022/23. This was due to a permanent removal of the previous resource supporting the AGS work. The Monitoring Officer intended for the proposed Corporate Governance team to pick up the AGS work into 2023, however other significant bespoke workstreams drew down on the resource. As the Monitoring Officer had identified that she wished to undertake an overhaul of the format and content of the AGS, this was streamlined into a project alongside the production of the 2023/24 AGS.

Overall Assurance

There were no other significant governance failings that are known other than those covered within this report. The Governance Framework otherwise operated within expected parameters.

The Governance Framework has been tested during 2022/23 and has shown to be effective. Whilst there are undoubtedly areas for improvement, not least the commencement of a full review of the Constitution and the Procurement and Contract Management Transformation, the work during 2022/23 has raised the profile and the importance of the Governance Framework.

5.2.4 Chief Finance Officer

In accordance with the 'Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government' (published in April 2016), the Section 151 Officer/Assistant Director, Resources, is a professionally qualified Accountant, and is a member of the Council's Senior Leadership Team (SLT), and reports to the Executive Director, Central Services and to SLT (including the Chief Executive) and the Portfolio Holder for Finance (Cabinet Member) on key strategic finance matters.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and are contained in the Financial Regulations, which form part of the Council's Constitution. Monthly budget monitoring takes place and quarterly reporting to Cabinet and during 2022/23 budget monitoring to SLT was reviewed and is now a quarterly item at the SLT meetings.

The Council's annual budget is subject of extensive updating, scrutiny, and consultation throughout the budget setting process, this includes the Council's General Fund, Capital, and wholly owned company's budgets.

During 2022/23, the Council continued to be impacted by rising costs due to inflation and pay pressures. The impact of inflation is most evident in the Capital Programme, utilities, insurance premiums, and Operation services. Monthly budget monitoring and quarterly reporting enabled Cabinet and Council to remain informed of budget pressures and favourable movements.

The Government's fair funding review, which will affect how funding is allocated and redistributed between local authorities, continues to be delayed. This review is also likely to include a reset of the business rates system. Reset of the system and the establishment of new funding formulae is likely to result in the Council losing a degree of financial advantage under the current system, which derives from the fact that actual Business Rates income is above the baseline in the system. Whilst this continues to create uncertainty for financial planning, the Council takes a cautious approach to estimating reliance on Government funding.

The Council has a large and ambitious Capital Programme, and the realisation of capital receipts and external funding will be important in ensuring affordability and delivery of the programme. The Council recognises the importance of ensuring that capital assets continue to be of long-term use especially against a rapidly changing operational and technological backdrop. Enhancing the management of the Council's existing asset base and looking beyond the traditional medium-term financial planning horizon is a priority. Major capital projects are delivered by dedicated project managers within the Council, with leadership and oversight provided by the SLT.

Whilst the Council faces significant cost pressures, rapidly rising interest rates have provided the Council with additional income from its treasury management activities. Existing loans are all at fixed rates and therefore not susceptible to market increases. During the year, the Council constantly receives advice from its Treasury Advisors regarding the creditworthiness of financial institutions and lending on the local authority market.

Security of the Council's cash is the over-riding consideration in setting its Treasury Management Policy Statement.

5.2.5 Head of Internal Audit

Annual Opinion

Based on the findings of the audit reviews carried out throughout 2022/23 and other sources of assurance available, it is the opinion of the Head of Internal Audit that **Reasonable Assurance** may be given on the Council's risk, governance, and control environment during 2022/2023.

Summary of Audits Undertaken

A total of 13 assurance audits were considered as part of the Annual Opinion, 12 of which received a positive assurance grading. In addition, two Position Statements (advisory work) were carried out for Project Management and Climate Sustainability providing suggested improvements for management to address. It was encouraging to note that of those 12 mentioned above, 5 audits resulted in a Substantial assurance grading:

- Corporate Health and Safety
- Anti-Social Behaviour and Community Safety
- Key Controls and Assurance
- Economic Growth
- Software Licenses

One audit "**Procurement and Contract Management**" resulted in a Limited assurance grading. A total of 13 recommendations were raised (one high, seven medium and five low), which are set out below in the Procurement and Contract Management section.

Outstanding Limited Assurance Recommendations from Previous Years

In addition to the above-mentioned actions, the outstanding high and medium recommendations from limited assurance reports in previous financial years are reflected below:

2021/22 Alive West Norfolk

- 2 High and 1 Medium priority recommendations are outstanding

2021/22 Waste Management

- 1 Medium priority recommendation is outstanding

2021/22 Capital Programme

- 4 High priority recommendations are outstanding

Outstanding Audit Recommendations

There are a total of 55 outstanding high (7) and medium (48) recommendations across all audits.

5.2.6 Anti-Fraud & Anti Corruption

Where people commit fraud against the Council, they take money away from the services on which the public depend, and damage citizens' trust in the government.

A total of 5,293 investigations (including data matching exercise referrals) were completed with a total of **543** cases of fraud/error were identified to the total value of **£402,920.06**.

Compared to 2021/22 the results for 2022/23 have seen a significant increase in volume detection from 201 cases to 543 (**271.50%**), this is largely due to the backlog of data matches which accrued during 2020/21 and 2021/22 because of the covid-19 pandemic. The position has now been recovered.

A further 28 requests were received across the organisation for assistance with debtor/absconder tracing with **11** successful traces made to the value of **£20,266.83**.

5.2.7 Information Governance

Senior Information Risk Owner (SIRO) Annual Report

The following paragraphs represents the SIRO Annual Report. The main purpose of such reporting and management is to provide accountability and greater assurance that information risks are addressed.

Designated Posts

During 2022/23, Eastlaw hosted by North Norfolk District Council, were contracted to provide the Information Governance function for the Council. There were no in-house provisions in place other than the SIRO and Deputy SIRO. Eastlaw provided the Data Protection Officer and Deputy Data Protection Officer.

Personal Data Breaches

The Data Protection Officer has investigated **22** potential personal data breaches. 1 data breach by the council was reported to the Information Commissioners Office (ICO). The ICO has taken no action against the Council but following legal action by the complainant, the council apologised and paid compensation.

Freedom of Information Act (FOI) & Environmental Information Regulations (EIR)

Eastlaw received **548** FOI requests and EIR requests in total. The following issue was highlighted during the year:

- Response times were not recorded by Eastlaw so it is unknown what percentage of requests were completed within the statutory 20-working day target.

5.2.8 Policy Framework

A full review of the policy framework is planned for 2023/24 to ascertain a full master list of all policies, strategies, protocols and plans across the Council, to include details of their lifecycles so that updates and reviews to policies are not missed. This work will also consider whether an exhaustive list of 'non-executive' policies should be determined as the Corporate Policies that are the responsibility of Full Council, and then separate out service specific policies and delegate these as executive policies. Currently all policies must be approved by Full Council. Work should also be undertaken to link and group policies, to ensure there are no conflicts and that appropriate account is taken of connected policies.

The following policies were approved in 2022/23:

- Memorials Safety Policy
- Risk Management Policy
- Treasury Management Policy
- Unreasonable Complaints Policy
- Planning Scheme of Delegation
- Contaminated Land Strategy
- 2022/23 Pay Award
- West Winch Growth Area Masterplan
- Council Tax Support Scheme 2023/24
- Hunstanton Multiuser Hub and Transport Interchange
- LGA Model Code of Conduct
- Members Allowances Scheme 2021-2025

5.2.9 Risk Management

Given the wide range of activities undertaken by the council, we face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, corporate governance, and damage to reputation. Effective risk management assists the Council to manage uncertainty and enable better performance against the Corporate Business Plan

The Council's Risk Management Policy and Strategy was approved during 2023/24 and sets out the framework, arrangements, and responsibilities in respect of how risks relating to the delivery of key outcomes and priorities are identified and managed. The Strategy assists officers to apply sound risk management principles and practices across their areas of responsibility recognising employees, Members and those who act on behalf of the Council have a role to play in effective management of risk.

A risk management overview briefing was included in the Member Induction Programme linked to the borough elections in May 2023 and a further training session was provided for Audit Committee.

During the period June 2022 to November 2022 an exercise was undertaken to review the layout and content of the Corporate Risk Register, resulting in an updated "rationalised Corporate Risk Register" being produced and this was effective from November 2022 onwards. Work was also carried out to introduce a Risk Register for the Towns Deal Board which was completed and presented to the Towns Deal Board from January 2023 onwards.

The Corporate Risk Register was presented to Audit Committee in June 2022, November 2022, and February 2023.

5.2.10 Procurement and Contract Management

Areas of Focus

During 2022/23, the Procurement and Contract Management team focussed on a report of spend analysis, procurement compliance, to create wider awareness of the regulations and Contract Standing Orders and how the procurement team can support purchasing departments in gaining best value and meeting our service obligations, through application of best practice in both procurement exercises and contract management.

The procurement team carried out 30 tenders across the Council and the Council's companies. There were 23 exemptions from Contract Standing Orders, which in part relate to the very short timescales on progressing the Town Deal projects and overall programme.

Limited Assurance Audit

An audit of the Procurement and Contract Management service returned a 'limited assurance'. The following recommendations were made:

- High – update Contract Standing Orders
- Medium – increase service areas' engagement with the Procurement Team to ensure all data on procured contracts is captured, introduce mandatory e-learning for all officers, utilise the financial software to its fullest extent to build in checks and balances and support analysis of spend, require utilisation of KPIs and performance management in contracts, prepare guidance and training for Contract Management, create a system for capturing and actioning all Procurement Policy Notes issued by the Cabinet Office and improve arrangements around the Exemptions Register.

Actions against the audit recommendations will be absorbed into a planned Procurement and Contract Management Transformation Project (see below).

Non-Compliant Spend (CSOs)

Non-compliance refers to a compliant procurement method under Contract Standing Orders not being identified by the Procurement and Contract Management team as having been used. Contract Standing Orders are an internal control designed to support best value being achieved and act as a protection against fraud & corruption. They are an essential part of the Governance Framework.

The non-compliant figures are provided with a caveat. They are based on:

- The top 200 contracts throughout the year based on revenue spend (excluding non-influenceable contracts). This equates to £15,628,412.65 of £19,770,678.71 – or 79.04% of total spend
- The top 70 contracts throughout the year based on capital spend (excluding non-influenceable contracts). This equates to £21,268,253.86 of £21,748,270.27 – or 97.79% of total spend

Additionally, non-compliant spend has been treated as contracts that the Procurement and Contract Management team are not aware of. Due to resource constraints, only the top 21 non-compliant revenue contracts have been fully verified as non-compliant which equates to £1,198,157.25 of spend. The capital non-compliant spend has been fully verified. It is possible that valid procurement methods have been used for some or all of the remainder of the revenue contracts, for example via the use of a framework, but the service

area did not inform the Procurement team of this. Accordingly, either way, this points to a breakdown in a fully compliant procedure. Resource would need to be identified to carry out a full verification.

The non-compliant spend figures are:

- Revenue – £2,434,724.70 of £15,628,412.65 spend – equating to 15.58% as non-compliant
- Capital – £463,048.63 of £21,748,270.27 spend – equating to 2.13% as non-compliant

The audit requirement for mandatory training for all officers is the primary action required to mitigate this governance failing. Reducing these figures will be a primary object of the Procurement and Contract Management Transformation (see below).

Procurement and Contract Management Transformation

The Procurement and Contract Management team is going to be focussed on various pieces of work being brought together into one Transformation Project:

- Service area transformation - to align the Procurement and Contract Management function with best practice and improve its integration with the rest of the Council and the Council companies
- Responding to the new procurement regime being introduced by the Procurement Act, which is yet to receive Royal Assent, ensuring all new requirements are incorporated and adopted by the Council before the commencement date of the new regime
- A new Procurement Strategy
- Addressing the limited assurance audit recommendations from 2022/23

5.2.11 Equality, Diversity and Inclusion

During 2022/23, as workloads returned to normal following the pandemic, support has been provided to assist managers undertaking equality impact assessments (EIA) as part of the approval process for new policies and services. A key focus during the year has also been on the equality related needs of employees, particular those whose health and wellbeing has been significantly impacted by the pandemic, often due to lack of access to medical services or treatment which has impacted on their ability to undertake normal day to day duties or work-related tasks. Reports on employment monitoring and the gender pay gap have been completed to deadline with relevant information published on the Council's website.

Work has commenced on a review of the existing Equality Policy, to ensure this remains current and consistent with best practice when compared to other district authorities. The need to review the membership of the Equality Working Group has also been identified, to make sure that all areas of the Council are appropriately represented on the group. Steps to gather a central record of completed EIAs has also commenced, with a view to introducing a structured approach to monitoring and evaluating any impacts identified in the assessments.

Plans have also been made to include equality, diversity and inclusion training in the training and induction programme for Elected Members following the May 2023 local elections. This dedicated diversity training also responded to a motion in September 2022 at Full Council requesting such training to be provided.

5.2.12 Personnel Services

A key focus for the service during 2022/23 has been continued support for employment related issues arising from the pandemic. Temporary working arrangements put in place during 2020/21 have been reviewed and adapted to reflect changes as services return to normal operations. The impact of the pandemic on sickness absence, particularly long-term absence for employees unable to access NHS treatment, has required particular focus and sickness absence procedures have been reviewed to ensure these remain fit for purpose. The delivery of training and development activities has also adapted, moving from solely online delivery back to face-to-face delivery where appropriate.

Recruitment and retention trends have been closely monitored as following low levels of turnover during the pandemic figures increased back to pre-pandemic levels. A review of recruitment advertising style/approach has been undertaken to maximise the effectiveness of adverts, particularly in areas which are hard to recruit. Increased use of progression schemes and reviews of existing progression schemes, such as that in place for Planning, will assist in making our posts attractive to potential candidates. Ongoing support for apprentices, including our corporate apprentice scheme, have proven successful and two additional corporate apprentices have been recruited using funding from the training budget that was not used during the pandemic. A review of apprentice rates of pay has been undertaken to ensure apprentices are appropriately rewarded for the valuable contribution they make as they progress through their training programmes.

Management Development activities have also recommenced, with delivery of two Level 5 Diploma in Management and Leadership programmes commencing during the year and plans put in place for a Level 7 Strategic Management and Leadership Practice to commence early in the 2023/24 year.

5.2.13 Information Technology and Data

The Council has in place key documents which communicate the standards of behaviour required of members and all council staff (officers).

- ICT Asset Management Policy
- ICT Computer Usage Policy
- ICT Corporate Email Policy
- ICT Corporate Internet Policy
- ICT Security Policy
- ICT Service Desk Policy

The ICT related policies are reviewed annually and refreshed when appropriate to ensure they are in line with the latest ICT technology advancements and information security guidelines. Information security is vital for public confidence and the efficient conduct of business.

ICT Security is paramount, and the Council's ICT has to be compliant with a set of controls outlined by the cabinet office - Public Services Network. There has been a 2022/23 audit of the ICT function, the recommendations from which will be actioned going forwards into 2023/24.

Additionally, our website is subject to a government digital service (GDS) website accessibility audit which involves a comprehensive review of our digital products and services, ensuring that they conform with current legislation and that they are accessible to all users, including those with specific access needs.

Other arrangements are in place to ensure compliance with relevant policies and to ensure that expenditure is legal is the ICT Development Group; a group which for the 2022/23 year consisted of the Portfolio Holder, a second Cabinet Member, an additional Member, the Executive Director for Resources, 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.

Wholly Owned Companies

The Council has three wholly owned local authority companies:

- Alive West Norfolk (Sports and Leisure)
- West Norfolk Housing Company Ltd (WNHC); and
- West Norfolk Property Limited (WNPL).

A full review of the governance 'health check' of the Council companies reported to Cabinet, via the CPP, on 15 November 2022.

The governance 'health check' included a review of the role of elected Members on the Board of Directors, recommended the removal of Statutory Officers from positions in the Company, setting up a Shareholder Committee as a sub-committee of Cabinet to undertake the Shareholder function, appointing a Company Secretary to fulfil governance work for the companies together with the update/adoption of governance documents such as Shareholder Agreements, to regularise the role of the Board and the role of the Shareholder. Service Level Agreements that accurately capture the services the Council provide to the companies are also to be reviewed and adopted.

The first meeting of the Shareholder Committee was held in March 2023. The focus for 2023/24 will be implementing the Action Plan approved by Cabinet to bring the governance of the companies in line with best practice and to embed the role and work of the Shareholder Committee until it has a forward work programme fit for assuring sound governance arrangements of the companies.

During the West Norfolk Property external audit, an issue with the date was discovered on some of the leases for the properties which posed a potential risk to the council. This has since been resolved.

Furthermore, the robustness of the leases between the council and West Norfolk Property are currently in the process of being reviewed to ensure they sufficiently outline what each party is responsible for.

Place, Funding and Projects

During this year, increased focus was directed on programme and project governance. The programme team for the £25m (£37m with match funding) King's Lynn Town Deal was strengthened through the addition of two experienced 0.5 FTEs secondments from other teams within the Council. At the start of the 2022 calendar year, a Project Accountant role was created within the Finance team, to advise upon project appraisals, monitor financial aspects of the Capital Programme and the revenue impact, and work closely with the multi-disciplinary teams dealing with projects and interventions within the Council's major funding programmes. This role gained traction during the year and the reporting of financial information improved through various iterations, with input from Senior Officers and the Town Deal Board. The additional post and resultant work brought about increased assurance to the Council and Town Deal Board around project and programme financial governance.

Project Management Governance

In the Autumn, a temporary Project Delivery & Technical Adviser was brought in to review the Council's project governance and resource arrangements. The adviser was in post for 6 months until the end of March 2023. A 'project maturity assessment' process was undertaken by the Adviser in conjunction with teams within the Place Directorate, covering 9 criteria. The work undertaken has led to an improvement plan being put in place, a key part of which was to establish a small Programme Management Office (PMO) to principally support the major capital projects / programmes, to provide project oversight, alignment, and control. Various changes were also made during this time to the proposed operating model for projects and the governance arrangements.

The strengthened resource, the impact from the Technical Adviser role and agreed establishment of a PMO is judged to have had a positive impact on governance arrangements within project and programme governance in 2022/23, particularly around project reporting. Regular Project Highlight Reports are now produced and published to the Member Major Projects Board for openness, engagement and accountability to Members and the public.

The improvement plan and other aspects to be strengthened further will be worked on during 2023/24.

Towns Fund Project Management

The development of the projects within the Town Deal has been overseen by the King's Lynn Town Board. The Council is the Accountable Body for this funding. The Town Deal Board has its own Code of Conduct in place.

A comprehensive update report on the Town Deal programme was agreed by Cabinet in August 2021 and at that time, Cabinet had agreed the projects that would be taken through the Business Case process. Member briefings were given on all Town Deal projects in February 2022 and on the governance arrangements / process in March 2022.

During the 2022/23 year, the council and its strategic partner, Norfolk County Council, developed the 7 Town Deal projects agreed in the Heads of Terms agreement with Government, to full business case stage, in accordance with the HM Treasury Green Book appraisal process¹.

Project Progress

As of April 2022, two Business Cases had been completed, submitted to Government and agreed to commence; these were the Boost skills project (formerly known as the King's Lynn Youth Re-training Pledge) and the Rail to River project (formerly known as the Public Realm project).

Through the detailed feasibility work that was progressed between August 2021 and April 2022, project viability for the remaining 5 projects was tested further and project scopes were refined, taking into consideration current day costs, demand and views gathered through further consultation and engagement. As a result of this work the Programme Board and the Town Deal Board agreed in March 2022 that a reprioritisation review of the remaining 5 projects was required in order to determine where funding should be directed/reallocated, while ensuring the original TIP vision and priorities could be achieved. A 'project prioritisation review' was therefore undertaken in the early part of the year under review and was externally led, to ensure that it was robust, objective and evidence based.

¹ The Treasury Green Book appraisal is a rigorous way of conducting an appraisal, consisting of 5 key dimensions: the Strategic Case, Economic Case, Commercial Case, Financial Case and Management Case.

The reprioritisation process resulted in the Town Centre Repurposing project being removed from the Town Deal programme, with many of its outputs and outcomes able to be picked up by the Multi-User Community Hub project. The change in Town Deal funding allocation to projects reflected those which were considered a higher priority for funding due to their ability to deliver, their alignment with the original TIP and agreed Town Deal, their strategic importance, their impact in terms of outputs and outcomes; and allowed for cost inflation, contingency and other factors.

Cabinet agreed in June 2022 that the Town Centre Repurposing project should remain a project to be pursued by the Borough Council outside of the Town Deal programme, leaving 6 projects being taken forward within the King's Lynn Town Deal programme. Cabinet agreed an updated Local Assurance Framework in August 2022.

Town Deal Board Governance

During 2022-23, governance arrangements already in place, continued; this included a Programme Board, chaired by the Chief Executive (to October 2022, then the Projects & Technical Adviser and latterly the new Executive Director for Place) which receive monthly updates and information on progress; this board is in place to ensure that the approved Local Assurance Framework is being complied with. The King's Lynn Town Deal Board have met regularly throughout the year, to ensure programme oversight and management.

Monitoring & Evaluation returns to the Department for Levelling Up, Housing and Communities (DLUHC) were completed fully and submitted on time, with input from the Town Deal Board and Programme Board officers.

An Internal Audit of the Towns Fund took place with an initial consultation review undertaken and presented to the Corporate Performance Panel in October 2022 outlining some areas for consideration for improvements to be made around the governance arrangements in place based upon the Central Government Towns Fund Guidance and Prospectus. These included:

- Considering the inclusion of representatives from local parish councils which lay within the Town Deal boundary.
- Considering expanding the number and range of local businesses represented on the Town Deal Board (including at least one more business with experience in clean growth).
- Reviewing the Town Deal Board Terms of Reference to include embedding arrangements in local plans, undertaking Environmental Impact Assessments, complying with the Equalities Act, ensuring local communities are involved in shaping design and decision making at each phase of development, ensuring diversity in its engagement with local communities and businesses.

All 5 remaining project business cases were scrutinised, agreed by Town Deal Board and Cabinet, and submitted to Government between August and October 2022. All were agreed, and the full amount of £25m was granted to the Borough Council as per the Heads of Terms.

A report was submitted to cabinet in August 2022 which resulted in the approval of amendments to the Local Assurance Framework to make the governance processes more streamlined and fit for purpose.

King's Lynn was also identified as a priority area for Levelling Up, across a range of government programmes, including Towns Fund, Rural England Prosperity Fund and UK Shared Prosperity Funding. In 2022, Norfolk County Council submitted a successful bid for Levelling Up funding for the Southgate's Masterplan and was awarded £24m for a project which will deliver active travel, heritage and sustainability improvements as well as strengthening the identity of King's Lynn and offer benefits for residents and visitors.

Work is progressing on the Hunstanton Masterplan. A Levelling Up bid was submitted in 2022 for a replacement for the Oasis Leisure Centre, situated on the southern seafront at Hunstanton. Unfortunately, the bid was not successful, so further work is in progress to establish clear plans for the future operation of this

facility. The Council is also working in partnership with Norfolk County Council on the development of a transport hub in Hunstanton.

The Hunstanton Advisory Group as set up in 2022/23 in response to the levelling up agenda and to create a local consultation body made up of the private and public sector, to be consulted with whenever opportunities for funding in Hunstanton arise.

The Council's Local Plan was submitted in 2022. In January 2023, the Planning Inspectors announced the adjournment of the Local Plan Examination to allow the Council the opportunity to undertake further work to justify the spatial strategy and distribution of housing in the Local Plan Review. Work is progressing to address the points raised by the Inspector.

External Assurance

Governance of the Council is monitored by external organisations as well as the internal governance monitoring and controls in place.

External Auditors

On an annual basis our accounts and not just our financial positions, but many other areas flowing through the Council will be audited by an external company which is appointed through a rotation system. External Audit report to the Audit Committee and any reporting that they wish to flag in terms of concerns will come back into the Council.

The Council's Auditors, EY, independently audit the Council and provide an opinion on the truth and fairness of the financial statements, the Council's use of resources and providing value for money in the way services are delivered. In reaching an opinion, EY take account of statutory requirements, national standards, their own audit work, and the reports of Internal Audit.

Throughout 2022/2023 the external auditors and the Assistant Director – Resources (Section 151) provided regular updates and assurance to the Council's Audit Committee regarding the efforts to complete the audit of the 2019/2020 statement of accounts.

The Council and its external auditors are working collectively to address the backlog, which applies to numerous English local authorities. Government have consulted on nationwide plans to address the backlog and as such the work that the Council and its external auditors undertakes to catch-up, needs to comply with guidance and legislation as will be determined by central government and its regulatory partners.

Delays to sign off the Accounts does mean that the Accounts remain liable to further amendment in respect of significant events after the balance sheet date. Late audits also delay the assurance that can be placed on them, and further costs can be incurred. The Council has published draft accounts on its website for 2020/21 and 2021/2022.

Local Government and Social Care Ombudsman

The Local Government and Social Care Ombudsmen handles complaints that are dealt with internally where the complainant remains dissatisfied with the response they have had from the Council and the decision notices produced by the Ombudsmen is publicly reported, with any findings reported back through the Council's democratic process.

Details of complaints received during 2022/23 are dealt with at section 5.2.3 above.

Local Government Association

The Local Government Association has a Peer Challenge process and is a source of guidance and advice for the Council. Following a motion to Full Council in December 2022, and proposals approved by Cabinet in March 2023 an LGA Corporate Peer Challenge has been arranged for 2023/24.

Department for Levelling Up Communities and Housing (DLUHC)

The Central Government Department with ultimate regulatory oversight for Local Government is the Department of Levelling Up Communities and Housing. Where systemic failures occur in the governance of a Council, the DLUHC have the powers to step in, intervene and appoint various people into the organisation to return the Council to a position of good governance.

6. Significant Governance Issues

This section summarises the significant governance issues identified during the year and the actions to be taken to address them.

Issue 1: Delays to auditing the Council's Statement of Accounts

- Progress reports have been presented to the Council's Audit Committee throughout the year. The Council's external auditors have also attended the Audit Committee to address concerns. Additional resources have been applied to support the outstanding audits and closure of the annual accounts.

Issue 2: Continued uncertainty of Government funding

- The Council has estimated a Medium-Term Financial Strategy, taking a cautious approach towards assumed government grants for future years. The Council will develop a Cost Management and Income Generation Plan in order to close the budget gap estimated in future years to reduce reliance on funding from the General Fund Reserve.

Issue 3: Failure to complete the written leases for properties leased to West Norfolk Property Limited

- The Council and WNPL both need to instruct for these leases to be completed as a matter of urgency.

Issue 4: Levels of non-compliant spend

- The Procurement and Contract Management Transformation project will be targeting the reduction of non-compliant spend through mandatory training and improvement of systems to make procurement more accessible for officers.

Issue 5: Procurement and Contract Management Transformation

- Procurement and Contract Management received a limited assurance in 22/23. A Transformation project is to be commenced with external support from the East of England Local Government Association

(EELGA) to deliver an improved function and raise the understanding and engagement with procurement across the Council.

Schedule 1

Governance Action Plan

Actions reported in 2021/22

Item	AGS Action	Issues/Challenges Identified	Progress 2022/23
1	12-month review of the Executive and Scrutiny Protocol	Any issues?	Update needed
2	12-month review of Community Infrastructure Levy (CIL) proposed governance and spending arrangements		Revised governance arrangements were agreed by Cabinet on 2 August 2022 and will be implemented for future applications in 2023.
3	Ensure Public Services Network (PSN) compliance during 2021/22 including progressing any actions identified because of the 2020 audit.	PSN compliance across Local Authorities is being reviewed by Central Government currently.	We still retain the major element of an ICT health check and are in the process of bringing in National Cyber Security Centre approved CHECK assessors.
4	Review the governance framework of the council's wholly owned companies.	Review was delayed pending publication of relevant guidance by CIPFA in May 2022.	Report received from Anthony Collins Solicitors July 2022 and under consideration by Cabinet. Listed on the Forward Plan for October 2022,
5	To provide company director training for	Review was delayed pending publication of relevant guidance by CIPFA in May 2022.	Report received from Anthony Collins Solicitors July 2022 and under

	directors appointed to its companies.		consideration by Cabinet. Listed on the Forward Plan for October 2022,
6	To support the Internal Audit review of the council's approach to developing the annual governance statement.	There have been capacity issues whilst in the process of setting up the new in-house Corporate Governance Team.	Ongoing. Amendments made to the AGS for 2021 and 2022. The length of the draft AGS 2022 is comparably shorter than previous documents.
7	To enhance and develop the operational processes of the new financial ledger software.	The new financial management system went live in April 2020 just as the initial Covid restrictions were put in place. Several issues emerged on the system which took time and resource to resolve.	Training has been focussed on specific areas and is now being more widely delivered (with a training development programme being devised and modules to support it). Other system development work is being considered as part of an improvement plan.
8	To support joint working with Department for Work & Pensions and participate in the Norfolk Counter Fraud Hub.	Some FraudHub members are currently having difficulties in resourcing fraud areas. The lead sponsor, Norfolk County Council, has recently agreed to a further 2 financial years funding of the FraudHub. However, there has been no recent meeting held with the Norfolk FraudHub Steering Group. This is due to the impact from the pandemic and other workstreams continuing as a result of it.	Funding has been agreed through the lead sponsor to continue with the Single Person Discount (SPD) review project for the current financial year 2022/2023. DWP joint working has now resumed following the Covid-19 pandemic and the redeployment of many of the DWP investigation Team. Contact has recently been received on a case for joint working purposes.
9	To develop revised social media protocols.	Rescheduled to December 2023 to link with the review of practices after the forthcoming borough elections.	Postponed to December 2023.
10	Development of a training programme to support the equalities policy.	Programme development and delivery rescheduled to March 2023.	Progress has been delayed due to the need update the Equality Policy. Once an assessment of changes required to the policy has been undertaken a training programme will be developed to support current best practice.
11	To transfer the function from Eastlaw including related staff recruitment and data transfer.	Any issues?	Assistant Director for Legal & Licensing appointed. Update needed on recruitment and data transfer.
12	To enhance the Local Assurance Framework and governance related to the King's Lynn Town Deal Board.		Engagement with panels and Cabinet on draft business cases. Compliance with DLUHC annual assurance requirements. LAF reviewed by Cabinet on 10 August 2022. Internal Audit review of Towns Fund management and Governance Arrangements undertaken in September 2022. Ongoing advice from

			Monitoring Officer to Town Deal Board on governance matters including conflicts of interest matters.
13	Provision of training for officers and members to embed the refreshed risk management framework.		Cabinet agreed a refreshed policy and strategy on 26 September 2022. Training approach to be developed and implemented.
14	To progress the following recommendations: <ul style="list-style-type: none"> • Planning Control 2020/21 – Limited Opinion Medium Recommendation • Alive West Norfolk 2019/20 – Substantial Opinion High Recommendation • Property Services- Child Protection 2019/20 – Substantial Opinion High Recommendation 		Update needed
15	Development of a local response to the cost-of-living crisis.		Officer working group being established. Council Tax Energy Rebate distributed including a discretionary payment for vulnerable people. Promotion of Solar Together Norfolk to encourage residents to install solar PV/batteries as a way of reducing energy bills in the longer term in addition to reducing carbon emissions. “Beat your Bills” events held across the borough.

New Actions identified in 2022/23

AGS Action	Issues/Challenges Identified	Context to Action
Undertake a review of the Council’s equality policy, benchmarking with current best practice within local authorities	The Equality Policy was last updated in 2018. Whilst the current policy remains consistent with legislative requirements it is also important to ensure that it continues to reflect current thinking and best practice in a local authority context.	The Assistant Director Central Services and corporate policy team will review the format and content of the current equality policy, to ensure it remains current and reflective of best practice, including benchmarking content/style with that of other authorities. This will ensure the Policy remains appropriate and fit for purpose considering recent developments in equalities.
Undertake a review of the process and paperwork used to	EIA procedures have not been reviewed or updated form some time and we need to ensure that our	EIAs are a valuable tool in demonstrating the Council’s compliance with the requirements of

complete Equality Impact Assessments	processes continue to reflect best practice.	the Public Sector Equality Duty. It is important for the processes we follow to be robust, well embedded and used effectively. The corporate policy team will undertake this review and build any proposed changes/improvements into the work plan for equalities going forward.
Undertake a review of the terms of reference and membership of the Corporate Equality Working Group	The terms of reference for the group need to be refreshed in line with proposed changes to the Equality Policy and the group membership needs to be updated to reflect changes within the Council's organisational structure, to ensure all services are appropriately represented.	The Assistant Director Central Services, in consultation with Senior Leadership Team, will review the Terms of Reference and Membership of the group to ensure these remain fit for purpose and relevant to the needs of the Council.
Source and delivery equality training for Elected Members	It is some time since training was delivered to Elected Members. The new member induction training programme/refresher training programme for returning Members, which will be delivered following the local elections in May 2023, provide the idea opportunity to address this training need.	The Assistant Director Central Services will work with Democratic Services to ensure that this training is included in the member training programme. The Assistant Director Central Services will identify and work with a training provider to ensure the training is tailored to meet the needs of Elected Members.
Project Management	A project management software solution would help to align project governance, project delivery and project management office processes, improve efficiency and provide opportunity for automated and improved reporting.	Scope, tender and implement project management software.
Procurement and Contract Management	Limited Assurance Audit Opinion.	Agreed recommendations to be progressed to action.
Procurement and Contract Management	Preparation required for new legislative requirements.	EELGA diagnostic exercise, workshops, and training to be arranged.
Implement Cost Management and Income Generation Action Plan	Short-term and below inflation funding settlements from Central Government lead to an increasing gap between expenditure and income for future years as stated in the Medium Term Financial Strategy.	The Cost Management and Income Generation Action Plan will enable opportunities to be considered to better position the Council to close the budget gap. Although it is unlikely to fully close the gap.
Improve quality of working papers that explain the calculation of notes in the Statement of Accounts to support	The lapsed time and changes in finance and external audit staff between drafting of the accounts and the performance of the external audit result in knowledge gaps and re-	Effective instructions within and quality checking of working papers improves the ability of independent reviewers to understand the working, particularly when delays are encountered to audit timescales.

review by external audit.	working of audit tests. Increasing the need to effective working papers.	
Review the membership of the Equality Working Group.	There is a need to ensure that all areas of the Council are appropriately represented on the group.	Ensuring all areas are appropriately represented will allow for a consistent approach across the council.

Schedule 2: How the Council Works

Governance Model

The Council operates under 'executive' arrangements, meaning it has a 'Leader' and a 'Cabinet'. The majority of functions are executive, meaning that the responsibility for decision making flows through the Leader and Cabinet through to officers. Examples of executive functions are waste collection, noise complaints and regeneration projects. The remainder of the functions are retained as 'non-executive' and are the responsibility of the Council's Full Council. This includes functions such as setting the budget, the Council's Constitution and the policy framework.

Full Council

Full Council consists of 55 elected Members, called Councillors. They are elected by the voters, in elections held every 4 years, in areas which constitute Borough Wards. We have 35 Borough Wards in West Norfolk.

Councillors can be part of a political Group. During 22/23 the political group make up of the Council had some minor revisions during the year, the latest make up as of 31st March 2023 was:

- Conservative Group: 29
- Independent Group: 14
- Labour: 9
- Independent Members in no Group: 3

The Full Council meets approximately every six to eight weeks.

Cabinet

The Cabinet is made up of the Leader (Cllr Stuart Dark) of the Council and 7 other Cabinet Members. The portfolios of the Cabinet Members during 22/23, as at 31 March 2023 were:

- Cllr Graham Middleton, Deputy Leader – Business, Culture and Heritage
- Cllr Paul Kunes, Environment
- Cllr Sam Sandell, People and Communities
- Cllr Richard Blunt, Development and Regeneration
- Cllr Angie Dickinson, Finance
- Cllr Adrian Lawrence, Property
- Cllr Brian Long, Corporate Services

The Leader's portfolio covers:

- Overall responsibility for setting the Vision for Council and supporting Strategy;
- Overall responsibility for the submission to Council of Policy;
- Overarching responsibility for Cabinet portfolios;
- Developing and managing external Strategic relationships;
- Public Emergencies, Emergency Planning and Emergency Management;
- Democratic arrangements;
- Communication strategy and implementation;
- All staffing related matters;
- Health and Safety as an Employer;
- Equal opportunities strategies and policies;
- Performance issues. KPIs and data quality;
- Civics;
- Legal – Data Protection and Freedom of Information;
- Skills;
- Safeguarding; and
- Any executive functions not covered by another portfolio.

Overview and Scrutiny

The counter-weight to the Leader and Cabinet executive arrangements governance model is the overview and scrutiny function. Scrutiny Committees are in place to scrutinise executive decisions before or after they are made to help develop policy and review the effectiveness of adopted policies. Within the Council, these responsibilities are split across 3 panels, and these are collectively referred to as the "Policy Review and Development Panels":

- CPP (including 'call-ins' of executive decisions)
- Regeneration Development Panel
- Environment and Community Panel

Audit Committee

The Audit Committee provides assurance to the Council on the adequacy and effectiveness of governance arrangements, risk management framework, internal control environment reviews and approves the Council's annual Statement of Accounts. It receives updates on the Risk Management processes in place, the effectiveness of the Council's counter fraud and corruption activities, approves the Annual and Strategic

Internal Audit Plans and receives progress updates against the Annual Internal Audit Plan and the Annual Audit Opinion.

Constitution

The Council's Constitution sets out how the Council procedurally operates, its organisational structure, how the public can participate, how decisions are made and the roles and responsibilities within the Council to ensure that decisions are made in an efficient yet transparent manner and accountable to local people. It specifies the roles and responsibilities of the executive and non-executive, setting delegation arrangements and protocols for effective communication and governance.

The Constitution includes the Council's Financial Regulations, the Councillor Code of Conduct, Contract Standing Orders, the Member/Officer Protocol, and the Members Allowances Scheme.

Budget and Financial Management

The Council's budget is set by the Council each year, usually in February. The budget includes the revenue and capital expenditure, income, and savings plans. It is developed in consultation with service managers and is aligned with the Council's strategic objectives:

- Financial Monitoring Reports are prepared at least quarterly and presented to Audit Committee. All Councillors all receive a copy of the report which provides an update on the Council's financial position against the budget. They highlight any variances, emerging risks, and propose corrective actions where necessary.
- The Medium-Term Financial Strategy is a rolling plan that covers a five-year period (updated position for current financial year and the next 4 years). It provides a framework for future financial planning, identifying potential budget gaps and setting out strategies to manage resources effectively to help ensure long-term financial sustainability and resilience.
- The Annual Statement of Accounts is a statutory report that provides a comprehensive summary of the Council's financial position over the financial year. It includes the balance sheet, income and expenditure account, and other key financial statements. The accounts are prepared in accordance with the CIPFA Code of Practice and are subject to external audit.
- Treasury Management Reports are provided to the Audit Committee half yearly, detailing the Council's borrowing and investment activities. These reports ensure that the Council's treasury management strategy is being implemented effectively and that risks are being managed.
- The Capital Strategy is a key policy that sets out the Council's approach to capital investment over the medium to long term. It is aligned with the Council's corporate priorities and provides a framework for decision making regarding capital expenditure and financing. The Capital Strategy is reviewed annually alongside the Capital Programme as part of the budget-setting process.

Corporate Business Plan

The Corporate Business Plan was reviewed and updated for the period 2021-2023 because of a change in the leadership of the executive. The plan represents the remaining period of the current administration term up to the Local Government elections due in May 2023. The key priorities set out within the Corporate Business Plan are outlined in "The Golden Thread" section below.

Code of Conduct

In accordance with the Localism Act 2011, the Council has adopted a Code of Conduct for Councillors. The Code supports the Council’s duty to promote and maintain high standards of conduct and is based on the ‘Seven principles of public life’ and the Local Government Association’s Model Code of Conduct. The Code of Conduct was reviewed and a new version adopted during 2022/23.

A Code of Conduct for Officers is also in place to set out the standards expected of employees and to promote the highest standards of conduct from all employees who work in local government. A copy of this Code is made available to every employee of the Council.

Observance of these Codes helps to maintain and improve standards and ensure openness and transparency with regards to any issues of potential bias and/or conflicts of interest.

Registers of Members interested are kept in respect of all Borough Councillors and Parish Councillors within West Norfolk. A Gifts & Hospitality Register is also maintained.

The Golden Thread



Corporate Business Plan 2021 -2023

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



Directorate Service Plans

Central Services
 Environment & Planning
 Health, Wellbeing & Public Protection
 Operations & Commercial
 Programme & Project Delivery
 Property & Projects
 Regeneration, Housing & Place
 Resources
 Legal and Licensing



Corporate Governance

Constitution
 Corporate Risk Register
 Statutory Officers
 Key Performance Indicators, Performance monitoring and Performance Management Scheme
 Annual Governance Statement
 Internal Audit
 External Audit
 Medium Term Financial Plan
 Town Deal Board Governance
 Shareholder Committee



Performance Management Scheme

Personal objectives and targets
 Personal development and training opportunities
 Appraisals, 1-2-1s and Team Meetings

Project Management

The Council has a Capital Programme of £205,154,120 for the period 2022/23 to 2026/27. The Council monitors ongoing ‘Major Projects’ through the Officer Major Projects Board and the Member Major Projects Board. Project Highlight Reports for all Major Projects are produced quarterly and published for openness and

transparency through the Member Major Projects Board. The Council has set up a Project Management Office to support the co-ordination of delivery of the Major Projects.

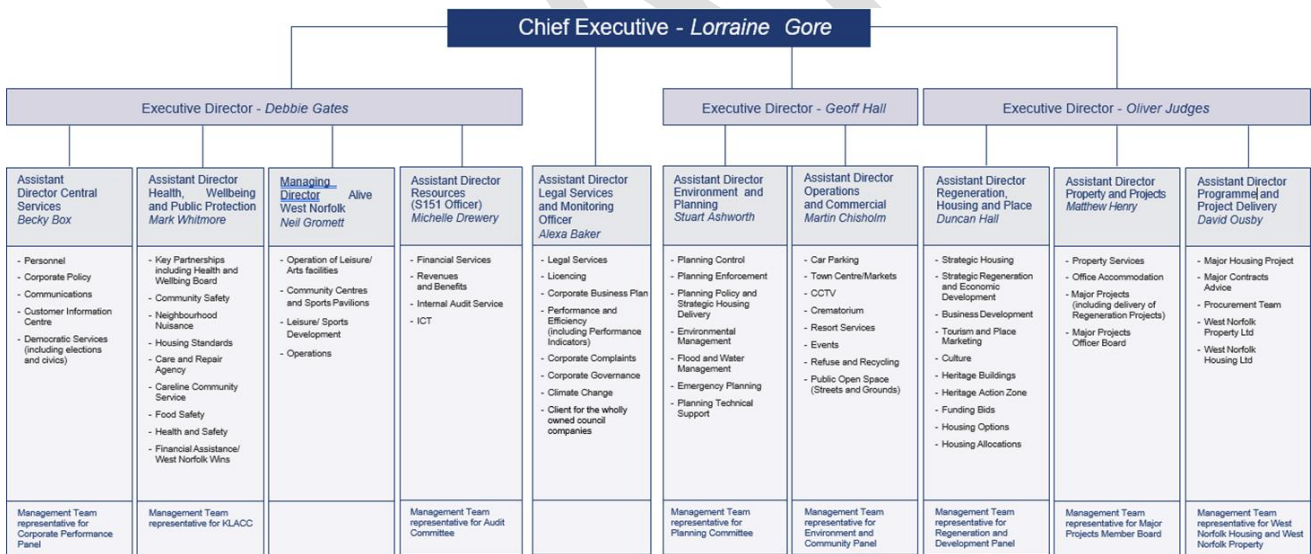
King’s Lynn has a Towns Fund Deal with Central Government. The Council is the Accountable Body for the Towns Fund. Governance arrangements are in place to support the King’s Lynn Town Deal Board, which includes a Local Assurance Framework, Terms of Reference, and their own Code of Conduct.

Statutory Officer Meetings

The Council has a Chief Executive (Head of Paid Service), a Monitoring Officer, and a Section 151 Officer – the three statutory officers of the Council. During 2022/23 ‘Statutory Officer Meetings’ were scheduled monthly. This provides a platform for the three officers to share intelligence related to areas of governance, assurance, budgets, risk, and organisational decision making.

Management Team and Senior Leadership Team

The current management structure of the Council was introduced in January 2020 and supports a collective and accountable leadership, enabling colleagues throughout the organisation to deliver the priorities, projects and actions set out by the Council’s political administration. The structure is headed by a Chief Executive (Head of Paid Service), supported by 3 Executive Directors (in February 2023 the Council introduced a new Executive Director for Place), who together form the Management Team (“MT”). The Senior Leadership Team (“SLT”) is made up of the Management Team plus the 9 Assistant Directors and the Managing Director of Alive West Norfolk :



Key Roles

The key roles of those responsible for developing and maintaining the Governance Framework are:

The Council	<p>Approval of the Corporate Business Plan.</p> <p>Approves the Constitution (including the Financial Regulations and Member Code of Conduct)</p> <p>Approves policy framework and sets the budget.</p>
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Cabinet	<p>The executive decision-making body of the Council.</p> <p>Cabinet is made up of the Leader of the Council and Cabinet Members with responsibility for different portfolios.</p>
Audit Committee	<p>Provides assurance to the Council on the adequacy and effectiveness of governance arrangements, risk management framework and internal control environment.</p> <p>Approves the Annual Statement of Accounts and Annual Governance Statement.</p>
Standards Committee	<p>Promotes high standards of Member conduct.</p>
Corporate Performance Panel	<p>Fulfils the statutory overview and scrutiny functions, as the counter-weight to the 'Leader and Cabinet' model.</p> <p>Its functions also extend to policy review and development.</p>
Management Team (Chief Executive and Executive Directors) and Senior Leadership Team (CE, EDs and ADs)	<p>Provide strategic oversight on:</p> <ul style="list-style-type: none"> • the Corporate Business Plan and emerging issues • key policy items • internal control issues, including risk management • performance management • compliance, including governance • value for money; and • financial management <p>Accountability for developing and maintaining of the Council's performance and risk frameworks.</p>
Chief Executive (Head of Paid Service)	<p>It is the role of the Chief Executive, also known as the Head of Paid Service, to ensure that all the authority's functions are properly co-ordinated as well as organising staff and appointing appropriate management.</p> <p>The Chief Executive has overall accountability for the governance framework and operation of the organisation and staffing.</p>
Assistant Director, Resources (S151 Officer)	<p>Leads and directs the financial strategy of the Council and ensures the Council controls and manages its money well, being suitably qualified and experienced, and ensures the Financial Services Team is fit for purpose.</p> <p>Assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.</p> <p>Contributes to the effective corporate management and governance of the Council.</p>
Assistant Director for Legal and Licensing (Monitoring Officer)	<p>The Monitoring Officer ensures that the Council observes its Constitution and operates legally.</p> <p>Key duties include:</p> <ul style="list-style-type: none"> • Reporting on matters they believe to be illegal or amount to maladministration; • Responsible for matters relating to the Conduct of Councillors (Borough and Parish); and • Responsible for maintaining and advising on the operation of the council's Constitution.

	<p>Overall responsibility for the maintenance and operation of the Whistleblowing Policy.</p>
Internal Audit	<p>Provides independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.</p> <p>Delivers an annual programme of risk-based audit activity, including counter-fraud and investigation activity.</p> <p>Contributes to the effective corporate management and governance of the Council.</p> <p>Makes recommendations for improvements in the management of risk.</p>
External Audit	<p>Audits / reviews and reports on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion).</p>
Assistant Directors, Heads of Service and Managers	<p>Through the relevant service areas, implement the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues.</p> <p>Responsible for implementing the Council's governance, risk, and control framework. Contribute to the effective corporate management and governance of the Council.</p>

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.

Glossary

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.

Glossary

Revenue Support Grant	A grant paid by Central Government to aid Local Authority expenditure generally.
Soft Loans	Loans made at less than market value rates are classified as soft loans.
Trading Operations	Services which are operated partly or wholly on commercial lines, e.g. markets.
Transferred Debt	The amounts in the Authority's Balance Sheet which are still owed to or by other bodies to repay the debt outstanding on assets transferred to or from those authorities. (See Transferred Services).
Transferred Services	Those services which were once administered by one Authority but which, for a variety of reasons, have been transferred into the control of another Authority. It is sometimes necessary for the original Authority to continue to repay loans and this expenditure, together with associated costs is then recovered from the Authority to which the services have been transferred. (See Transferred Debt).
Unsupported Borrowing	A form of capital finance funded by revenue either by increased income or a reduction in costs. There is no Government grant to support this form of funding.

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Chief Executive

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Borough Council of
King's Lynn &
West Norfolk



AUDIT COMMITTEE WORK PROGRAMME 2024/2025

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
24 June 2024	Appointment of Vice Chair for the Municipal Year 2024/2025			To appoint a Vice Chair for the Municipal Year 2024/2025.
24 June 2024	Risk Register Update		G Greaves	To report progress and update on the Risk Register.
24 June 2024	Annual Internal Audit Progress Report		T Sharman J Hay	To report progress made against the Annual Internal Audit Plan 2023/24.
24 June 2024	Audit Committee Self-Assessment Review Report		T Sharman/ J Hay	To report on the outcomes from the Audit Committee Self-Assessment Review for 2023/24.
24 June 2024	Annual Internal Audit Follow-up Progress Report		J Hay	To report progress made against outstanding Recommendations made through Internal Audits as at the end of the 2023/24 fiscal year.
24 June 2024	Annual Internal Audit Opinion		T Sharman	To provide the annual internal audit assurance opinion of governance, control processes and risk management across the organisation.
24 June 2024	Annual Fraud & Error Progress Report		J Hay	To give an update on the counter fraud and corruption position as at the end of the 2023/24 fiscal year.
24 June 2024	Audit Committee Annual Report from Chair (TBC)		Councillor Ryves	To report on the effectiveness of the role of the Audit Committee for 2023/24.
24 June 2024	Exempt Report: Housing	Annual	J Stanton	To receive the annual report.

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Agenda Item 13

	Benefit Subsidy Claim – Annual Certification Report			
24 June 2024	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
24 June 2024	Work Programme 2024/2025			To identify any items for the work programme.
3 rd October 2024	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
3 rd October 2024	Work Programme 2024/2025			To identify any items for the work programme.
3 rd October 2024	Value for Money Assessment Report		David Riglar - E&Y	
3 rd October 2024	Annual Governance Statement 22-23 and 23-24		J Hay A Baker	
3 rd October 2024	Audit Terms of Reference		J Hay	
3 rd October 2024	Treasury Management Outturn		M Drewery	
18 November 2024	Business Continuity Annual Update		D Robson	
18 November 2024	Half Year Internal Audit Progress Report		T Sharman	To report the half-year progress made against the Annual Internal Audit Plan 2024/25.
18 November 2024	Recommendation Follow-Up Report		J Hay	To report the 2024/25 half-year progress made against outstanding Recommendations made through Internal Audits.

18 November 2024	Half Year Fraud & Error Progress Report		J Hay	To give a 2024/25 half-year update on the counter fraud and corruption position.
18 th November 2024	Treasury Management Report		L Mafuko	To present and update on the treasury management position for period to 30 th September 2024
18 th November 2024	Statement of Accounts and Annual Governance Statements		M Drewery/ L Mafuko	To present the financial statements and annual governance statements for 2020/21, 2021/22 and 2022/23 for approval.
18 th November 2024	Cabinet Forward Decisions List			
18 th November 2024	Work Programme 2024/2025			
20 th January 2025	Statement of Accounts & Annual Governance Statements		M Drewery/ L Mafuko	To present the financial statements and annual governance statements for 2023/2024 for approval.
20 th January 2025	Training Needs Analysis Results		T Sharman	To provide results from Self Assessment and Training Needs Analysis
20 January 2025	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
20 January 2025	Work Programme 2024/2025			To identify any items for the work programme.
17 March 2025	Cabinet Forward Decisions			To identify any items to be considered

	List			by the Audit Committee.
17 March 2025	Work Programme 2043/2025			To identify any items for the work programme.

Potential Future Training Sessions

Draft Statement of Accounts for 2023/24

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

Reserves.

Business Continuity- Annual Update- November 2025

Internal Audit- Global Audit Standards and Training- Update on new global audit standard and CIPFA document for public sector – T Sharman

Potential/Future Agenda Items

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

Council Owned Companies- following shareholders meeting, to consider if further discussion needs by the Committee.

Control of Climate Change Activities- risk of strategy and to discuss with Corporate Performance Panel