



ANNUAL ASSURANCE REPORT ON COUNCIL-OWNED COMPANIES

FROM THE SHAREHOLDER TO THE AUDIT COMMITTEE

1. PURPOSE AND SCOPE

- 1.1 The purpose of this report from the Shareholder is to set out how it has been holding the Council's wholly-owned Companies ("**Council Companies**") to account, to provide assurance that there is sound system of internal control and risk management in place with regards to the Council's Companies, and that where there are gaps, these have been identified for action.
- 1.2 This annual report is presented as part of the Audit Committee's Terms of Reference.
- 1.3 The report covers: West Norfolk Housing Company Ltd (WNHC), West Norfolk Property Limited (WNPL) plus Alive West Norfolk (AWN).
- 1.4 The purpose of this report is not to scrutinise the business of the Council Companies; it is to set out the governance framework within which the Council Companies operate to provide assurance to the Audit Committee that there is a sound system of internal control and risk management in place.

2. WHOLLY OWNED COMPANIES

- 2.1 For the benefit of Audit Committee Members, a brief background is set out of each Council Company in order to provide relevant context.
- 2.2 West Norfolk Housing Company Ltd (WNHC):

- 2.2.1 WNHC was established for the purpose of holding and managing social housing in the area of King's Lynn and West Norfolk. WNHC is a Registered Provider of Social Housing and registered as such with the Regulator of Social Housing.
 - 2.2.2 WNHC currently own the freehold for 47 affordable homes purchased using loans with the Council of £3.2m secured against the properties and grant funding. These properties are currently valued at £5m.
 - 2.2.3 WNHC is due to acquire approximately 58 affordable homes in the next 6 months by way of a mixture of drawing down on loan facilities with the Council (once agreements are entered) and grant funding.
 - 2.2.4 The properties are managed on behalf of WHNC by a housing association - Broadland Housing Association - in respect of which there is a formal agreement in place.
 - 2.2.5 WNHC does not directly employ any staff but a number of Council officers undertake work for the company including those appointed as directors of the company under a Service Level Agreement (SLA) with the Council. The Council provides various support services to WNHC under the SLA.
- 2.3 West Norfolk Property Limited (WNPL)
- 2.3.1 West Norfolk Property Limited holds and manages properties to rent on a commercial basis, which are currently leased from the Council. The portfolio currently totals 78 properties, with further units expected from new schemes.
 - 2.3.2 WNPL's current pipeline of future properties consists of the private rented sector units on the Council's remaining housing development sites.

2.3.3 The properties are managed on behalf of WNPL by a property management company – Touchstone Property Management - in respect of which there is a formal agreement in place.

2.3.4 WNPL does not directly employ any staff but a number of Council officers undertake work for the company including those appointed as directors of the company under a Service Level Agreement (SLA) with the Council. The Council provides various support services to WNPL under the SLA.

2.4 Alive West Norfolk (AWN)

2.4.1 The Council established Alive West Norfolk (AWN) in 2018 as a company limited by guarantee. It has been trading as a Local Authority Controlled Company since July 2019, when AWN commenced provision of leisure and cultural services as part of a management agreement with the Council

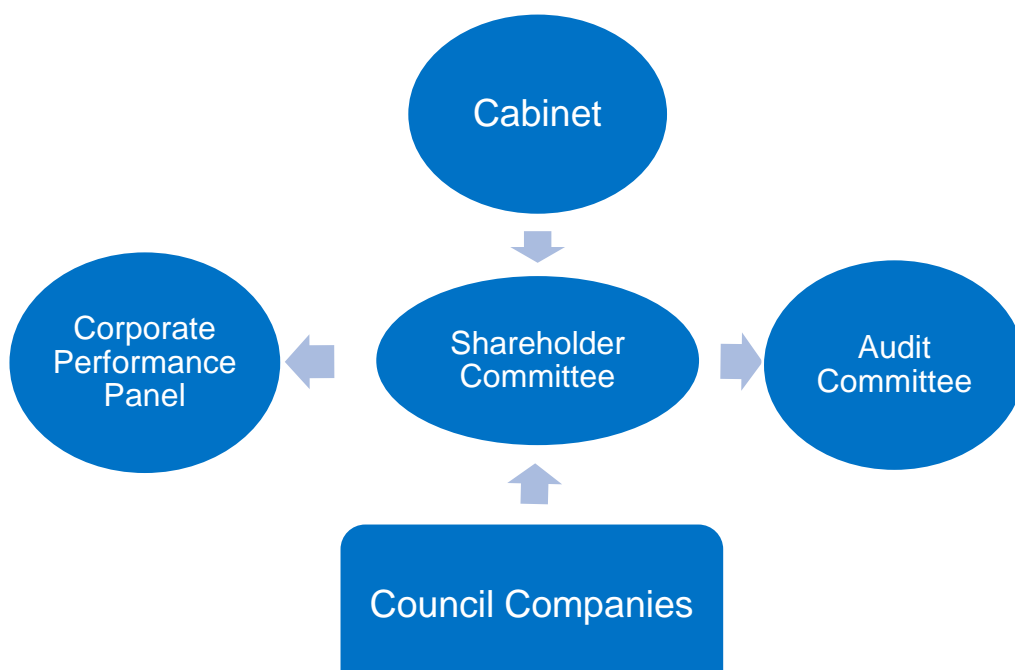
2.4.2 In July 2024, Cabinet resolved to transfer the leisure and cultural services from Alive West Norfolk (AWN) to an in-house function of the Council.

2.4.3 This transfer took effect from April 2025.

2.4.4 AWN has resolved to wind itself up, but is still navigating relevant due diligence before the company can be closed.

3. GOVERNANCE FRAMEWORK

3.1 Summary



3.2 Shareholder Governance Framework

- 3.2.1 The Council may establish companies which are wholly-owned by the Council (hereafter “Council Companies”). Council Companies are separate legal entities, governed by their own Boards and subject to company law.
- 3.2.2 Any company established by the Council in which the Council exercises the majority control – whether limited by shares or limited by guarantee – shall be considered a Council Company.
- 3.2.3 The Shareholder Function is an executive function. The Shareholder Function is exercised via a sub-committee of Cabinet known as the Shareholder Committee, with terms of reference approved by Cabinet and officer delegation set out in the Scheme of Delegation.

Shareholder role

- 3.2.4 The Terms of Reference for the Shareholder Committee are attached as Appendix 1, and include approving business plans, holding companies to account for delivery, approving governance documents and other reserved matters.

Accountability for the Shareholder

- 3.2.5 Scrutiny: As a sub-Committee of Cabinet, any item on the Shareholder Committee agenda can be called into the Policy Review and Development Panels. The Forward Work Programme for the Shareholder Committee appears in the agenda for review at each Panel meeting.
- 3.2.6 Audit: The Shareholder Committee's Terms of Reference specifies that Audit Committee is to receive assurance on internal control and risk management for each company. Audit Committee's Terms of Reference within the Council's Constitution state that they receive assurance that there is a sound system of control and risk management in place by means of an annual report from the Shareholder Committee for the wholly owned companies. Audit Committee also has authority to approve the Statement of Accounts which include the Group Accounts of the Companies.

Shareholder Committee Work programme

- 3.2.7 The most up-to-date Shareholder Committee Work Programme is attached as Appendix 2, which demonstrates the cyclical nature of the governance and internal control assurance processes for holding the Council Companies to account.

Governance Document Framework

- 3.2.8 WNPL and WNHC operate within a defined Governance Document Framework which sets out how it is managed, controlled, and overseen by the Council as Shareholder.
- 3.2.9 This framework ensures clarity of roles, transparency in decision-making, and compliance with both company law and public sector governance standards.
- 3.2.10 The key governance documents are:
- a. Shareholder Agreement: Defines the relationship between the Council (as Shareholder) and the Council Company. Sets out reserved matters, reporting requirements and decision-making rights retained by the Council.
 - b. Business Plan: Sets out the Council Company's strategic direction, financial forecasts and delivery priorities. Approved annually by the Board and Shareholder Committee to ensure alignment with Council's objectives.
 - c. Articles of Association The company's constitution, which sets out governance rules, director roles, quorum, voting rights and other statutory provisions under the Companies Act.
 - d. Service Level Agreements (SLAs) Formal agreements covering the provision of corporate and support services (e.g. Finance, Legal, ICT) by the Council to the company, including performance standards and cost recovery arrangements.
 - e. Scheme of Delegation Details the levels of authority within the Company, distinguishing decisions reserved for the Board, management or the Shareholder. Ensures accountability and clarity of decision-making.
 - f. Reserved Matters Specifies the key strategic or financial decisions that require formal Shareholder approval (e.g. borrowing, director appointments, major investments). Provides a control mechanism for the Council while allowing operational independence.

- g. Risk Register: Sets out how risks are identified, monitored, and mitigated. Integrates with the Council's corporate risk management arrangements and supports transparent reporting.
- h. Financial Protocols: Establish reporting cycles and audit requirements to ensure financial probity and consistency with the Council's group accounting standards.
- i. Internal Audit Programme: Delivered through the Council's Internal Audit function to provide independent assurance on financial controls, governance compliance, and risk management within the companies.
- j. Policies and Codes of Conduct Cover ethical behaviour, probity, conflicts of interest, whistleblowing, procurement, and data protection – ensuring companies adhere to the same standards as the Council.

3.2.11 The revised and updated SLA for WNHC is still to be reviewed and completed.

3.2.12 KPIs between the Shareholder and WNHC and WNPL need to be developed for inclusion in the Business Plans.

3.2.13 Otherwise, the Governance Document Framework for WNPL and WNHC is now well established and embedded.

Information Management

3.2.14 Robust information management arrangements are in place to ensure that records relating to the Council's Companies are stored securely, consistently and in line with good governance expectations. Agendas and minutes are recorded within Mod.Gov pursuant to the Companies utilising the Council's Democratic Services team via the SLAs in place to provide their secretariat function. This ensures an audit trail, transparency of Board decisions and structured retention of formal papers.

- 3.2.15 Governance documents are stored within a secure Microsoft Teams workspace established for each Company, acting as the central repository for operational and working-level documents. Access is controlled through permissions to ensure that only authorised officers and members have visibility of sensitive or commercially confidential information.
- 3.2.16 Together, these arrangements provide a clear and secure corporate memory for the Council Companies, support continuity of governance, enable efficient internal and external audit access and align with best practice on maintaining well-governed, transparent and securely managed company records.

The remainder of this report will now consist of a deep dive into each Council Company's governance framework

4. WEST NORFOLK HOUSING COMPANY LTD

4.1 Overview

The Shareholder has access to WNHC's minutes and agendas as part of the Shareholder Agreement. In this section the Shareholder will set out its assessment of the work of the WNHC Board with regards to the principles of good governance, internal control and risk management.

The Board has met 9 times since September 2024 and routinely engages together as the Board by email with the support of officers working under the SLA. The Board has also established an Audit and Risk sub-Committee.

WNHC is operating within a sound and maturing governance framework.

There is consistent Board-level attention to statutory duties, performance, financial control and risk management. Meeting structures are well-established, papers are comprehensive and discussions show clear challenge, accountability, and follow-up on agreed actions.

Key agenda items include:

- Audit and Accounts – including attendance of external auditors and presentation of findings;
- Operational and Financial Updates;
- Business Plan development;
- Risk Register Updates;
- Statutory/Governance Updates – covering compliance, training, indemnity, and policy adherence;
- Complaints and Tenant Assurance; and
- Work Plan and Forward Planning.

This consistent approach provides strong assurance that governance and internal control systems are embedded and functioning effectively

4.2 The Board

The Board is made up of five independent Directors, one officer Director and one elected member Director.

Key governance features of the Board include:

- Declarations of Interest are routinely recorded, ensuring transparency and compliance with the Companies Act 2006.

- A Combined Board Skills Matrix is maintained and is up to date as of May 2025 when the latest appointment to the Board was made. This Skills Matrix enables gaps to be identified to formulate direction for future appointments.
- Officer Support and Capacity - the Board has actively discussed and recognised the need for dedicated officer resource to support the Board with its work, particularly around the Company Secretary function. Officer support is provided via the SLAs and recharged to WNHC.
- Director Indemnity Insurance - Directors' insurance is obtained through the Council and the Council additionally provides an indemnity to each Board Member in respect of any losses incurred in undertaking Director duties which are not covered by the insurance policy. Appropriate caveats are in place to disclaim any such indemnity where there has been deliberate wrongdoing by the Board Member.
- New Appointments and Induction process - new Board members have been appointed following interview and skills assessment. An Induction Pack has been adopted for new Directors which includes:
 - Code of Conduct
 - Governance Handbook
 - Probity Policy
 - Board Terms of Reference
 - Roles and Responsibilities
 - Professional Boundaries
 - Board Effectiveness Policy
 - Board Membership and Removal Policy
 - Whistle Blowing Policy
 - Risk Management Policy
 - Gifts and Hospitality Policy

4.3 Risk Management and Assurance

Risk management is a well-established feature of the company's governance cycle, with the Risk Register presented and discussed as a standing item.

Effective Risk Oversight includes:

- Audit & Risk Committee Integration Risk discussions at committee level are fed back to the Board for visibility and assurance.
- Dynamic Risk Register New and emerging risks are captured (e.g. Local Government Reorganisation, pipeline delivery, funding dependencies, judicial reviews), and mitigations are updated regularly.
- Risk Movements and Downgrades Risks have been adjusted in line with control improvements or external changes.
- Governance Risks Skills matrix review and governance capacity issues addressed through Board appointments and officer support discussions.
- Financial and Delivery Risks Key risks around interest rate movements, funding agreements and cashflow are actively monitored with planned mitigations.

The Board's proactive engagement and regular review cycle indicate embedded risk governance and a culture of risk management.

4.4 Financial Management and Internal Controls

WNHC exhibits strong financial awareness, with extensive Board scrutiny of budgets, cashflow and investment decisions.

Ensors are appointed as the external financial auditor of WNHC's financial accounts.

Effective Financial Management includes:

- **Audit and Accounts Oversight:** External auditors, Ensors, attend meetings, providing assurance on financial statements and control effectiveness.

- **Budget and Forecasting:** The Board reviews annual budgets and medium-term (four-year) financial forecasts, with requests for enhanced reconciliation, variance analysis and narrative context.
- **Funding Arrangements and Heads of Terms:** The Board is in a negotiation process on loan facilities from the Council. The Board engages its own Solicitors and financial modelling consultants to advise it independently of the Council.
- **Cashflow Management:** Regular updates ensure liquidity risks are understood and mitigated. Scenario modelling and forward planning support decision-making.
- **Rent Setting:** Annual rent reviews are considered by the Board based on policy compliance and affordability.

This consistent attention to financial governance provides substantial assurance over the adequacy of internal financial control and stewardship.

4.5 Operational and Compliance Assurance

Operational updates are standing items, with the Board addressing day-to-day service delivery and compliance performance.

Examples include:

- Regulatory Compliance Fire Risk Assessments are obtained and actions monitored, upcoming changes to Social Housing regulation are monitored with regular assurance sought from Broadland Housing on compliance.
- Repairs and Maintenance Performance issues reviewed, improvement plans requested, and service provider.
- Contract Management Areas of improvement are identified within the arrangement with Broadland Housing.
- Complaints Handling WNHC is now fully compliant with the Housing Ombudsman Complaint Handling Code, and the Board has strengthened oversight by retaining direct involvement in Stage 2 reviews.

- Code of Governance WNHC have adopted the National Housing Federation's Code of Governance 2020 as recommended by the Regulator of Social Housing and approved by the WNHC Board.

4.6 Health and Safety Governance

Regular updates are provided to the Board. Health & Safety training for Board members was arranged via the Council's Corporate Health & Safety Team.

WNHC has approved adding Health & Safety to the SLA for expert support, ensuring technical assurance and policy compliance.

The Shareholder wishes to see the WNHC's approach to Health and Safety mature in line with the Council's risk management actions in place regarding Health and Safety.

4.7 Business Planning and Strategic Governance

The Board maintains oversight of long-term direction and portfolio growth through regular business plan updates.

Key examples:

- Business Plan Delivery cyclical assessment, planning and development of the Business Plan and Delivery Plans is in place.
- Development Pipeline Oversight of housing development schemes, including management of delays, cost impacts and funding dependencies.
- Section 106 Acquisitions Board consideration of opportunities balanced with prudence around financial and cashflow risks.
- Local Authority Housing Fund Delivery phasing, costs, and completion milestones actively tracked, with risk of delay recognised and mitigated.

- Strategic Policy Context The Board engages with wider housing and homelessness strategies, recognising WNHC's contribution to Council and regional objectives.

WNHC exists to address a delivery gap in the Council's Corporate Strategy and it is necessary that both the Council and WNHC regularly review WNHC's relevance and role in addressing that delivery gap. The direction of the Council's Corporate Strategy and the impact of Local Government Reorganisation will need to be conveyed to WNHC to enable it to strategically review its Business Plan.

4.8 Assurance Enhancement Shareholder Recommendations

- a. Engagement with the Council on future strategic direction and the Council's delivery gap against the Corporate Strategy to support development of WNHC's future Business Plan.
- b. The full suite of Governance documents between the Council and WNHC are due for a deep dive review.
- c. Continue to develop the Board make-up against the Skills Matrix.
- d. Adopt KPIs with the Shareholder to improve accountability of WNHC to the Shareholder.
- e. Continue strengthening officer governance capacity and officer support.
- f. Continue embedding health and safety assurance reporting and KPIs with the management company.
- g. Fully utilise the Internal Audit function of the Council within the agreed resource available to strategically audit key aspects of the business.

5 WEST NORFOLK PROPERTY LTD

5.1 Overview

The Shareholder has access to WNPL's minutes and agendas as part of the Shareholder Agreement. In this section the Shareholder will set out its assessment of the work of WNPL Board with regards to the principles of good governance, internal control and risk management.

The Board has met 6 times since September 2024 and routinely engages together as the Board by email with the support of officers working under the SLA.

WNPL is operating within a sound and maturing governance framework.

There is consistent Board-level attention to statutory duties, performance, financial control and risk management. Meeting structures are well-established, papers are comprehensive and discussions show clear challenge, accountability, and follow-up on agreed actions.

Key features:

- Governance processes are formalised and consistent.
- Adoption of a complete suite of Governance documents.
- Financial management and audit arrangements are transparent.
- Risk management is embedded and dynamic.
- Operational oversight and housing delivery monitoring are active.
- Decision-making is properly delegated and recorded.

This consistent approach provides strong assurance that governance and internal control systems are embedded and functioning effectively.

5.2 The Board

The Board is made up of two independent Directors, one officer Director and two elected member Director.

Key governance features of the Board include:

- Declarations of Interest are routinely recorded, ensuring transparency and compliance with the Companies Act 2006.
- A combined Board Skills Matrix is maintained and is up to date as of May 2025 when the latest appointment to the Board was made. This Skills Matrix enables gaps to be identified to formulate direction for future appointments.
- Officer Support and Capacity the Board has actively discussed and recognised the need for dedicated officer resource to support the Board with its work, to include the Company Secretary function. Officer support is provided via the SLAs and recharged to WNPL.
- WNPL's Induction Pack can be developed in line with the comprehensive pack adopted by WNHC.
- Director Indemnity Insurance Directors' insurance is obtained through the Council and the Council additionally provides an indemnity to each Board Member in respect of any losses incurred in undertaking Director duties which are not covered by the insurance policy. Appropriate caveats are in place to disclaim any such indemnity where there has been deliberate wrongdoing by the Board Member.

5.3 Governance Documents

Key corporate documents have been finalised or updated this year, including:

- Articles of Association
- Shareholder Agreement
- Scheme of Delegation

- Service Level Agreement (SLA) with the Council with KPI framework
- Probity Policy (Nolan Principles embedded)

Together, these provide a comprehensive constitutional and governance framework, reflecting mature corporate governance consistent with best practice for Local Authority Controlled Companies.

5.4 Risk Management and Assurance

The Risk Register is a standing item at every Board meeting. Risks are updated regularly, with clear rationale for rating changes. Risks are linked to operational and financial issues such as loan facility arrangements, housing delivery and legislative change.

Accountability is clear, with named officers presenting updates and tracking completion of mitigations. This provides substantial assurance of an embedded and responsive risk management process.

5.5 Financial Management and Internal Controls

Detailed Budgets and Cashflow Forecasts for 2025–2029 have been agreed, incorporating CPI-based service charge adjustments and rent increases.

Financial updates presented at each meeting include analysis of income, expenditure, profit position, and the impact of voids and repair costs. Underspends and overspends are transparently reported.

Shareholder capital requests are approved via formal Board resolution, with documentation provided to the Shareholder Committee. These arrangements evidence strong financial control and accountability.

5.6 Operational Oversight and Performance Management

Regular Stock Performance updates are provided to the Board which include detailed metrics on voids, repairs, and tenancy demand.

Performance against KPIs with the Property Management Company are regularly considered. Updates provided on housing delivery and the pipeline, including lease completion progress and cost management are provided.

The Board agreed to use in-house legal services where possible to reduce costs but supplemented with external legal advice where required. These arrangements provide reasonable to substantial assurance over operational control and delivery monitoring.

5.7 Health and Safety Governance

WNPL monitor compliance with Health and Safety matters such as gas and electrical safety via real time data provided by Touchstone Property Management. This is reported to the board quarterly.

There is scope for improvements on how health and safety reporting is interrogated, including via contract management and relevant training.

5.8 Business Planning and Strategic Governance

The Business Delivery Plan was developed approved by the Board.

It includes long-term financial forecasts, housing delivery assumptions, and links to the Council's housing objectives. Statutory impacts on tenancy management and company operations were considered during plan approval.

The Board maintains oversight of long-term direction and portfolio growth through regular business plan updates. WNPL exists to address a delivery gap in the Council's Corporate Strategy and it is necessary that both the Council and WNPL regularly review WNPL's relevance and role in addressing that delivery gap. The direction of the Council's Corporate Strategy and the impact of Local Government Reorganisation will need to be conveyed to WNPL to enable it to strategically review its Business Plan.

5.9 Assurance Enhancement Shareholder Recommendations

- a. Engagement with the Council on future strategic direction and the Council's delivery gap against the Corporate Strategy to support development of WNPL's future Business Plan.
- b. Continue to develop the Board make-up against the Skills Matrix.
- c. Adopt KPIs with the Shareholder to improve accountability of WNHC to the Shareholder.
- d. Continue strengthening officer governance capacity and officer support.
- e. Develop and embed health and safety assurance reporting and KPIs with the property management company.
- f. Develop and refine contract management of the property management company.
- g. Fully utilise the Internal Audit function of the Council within the agreed resource agreed to strategically audit key aspects of the business.

6 ALIVE WEST NORFOLK

Alive West Norfolk is currently progressing through an agreed winding-up process, with the intention to formally cease trading by December 2025 and submit the Companies House strike-off application (DS01) by March 2026, in line with the procedural framework outlined to the Board. The Board has considered clear administrative, governance and legal steps for this process, including director responsibilities, communication with stakeholders, asset and liability transfer and compliance with statutory notice requirements.

Given that the company is in the process of closure, a full governance and assurance review is not appropriate at this stage. However, assurance can be provided that AWN is operating within a compliant governance framework for winding up. Board oversight remains active through final meetings and decision-making is being conducted in accordance with the company's Articles of Association, ensuring that quorum and director composition requirements are maintained.

Key governance and compliance measures being followed include:

- Formal cessation of trading and settlement of accounts prior to dissolution.
- Board approval of closure timetable and confirmation of administrative responsibilities.
- Compliance with Companies House guidance for voluntary strike-off (DS01 process).
- Notification to all relevant parties, including shareholders, creditors, and statutory bodies (HMRC, DWP, pension trustees).
- Maintenance of transparency with the Shareholder Committee throughout the closure.

Accordingly, governance assurance for Alive West Norfolk is considered satisfactory for the purposes of winding up, with appropriate procedural compliance and director oversight evidenced through the Board's documented actions and approved timetable.