

# Borough Council of Kings Lynn & West Norfolk

Auditor's Annual Report  
Year ended 31 March 2025  
**13 April 2026**



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Audit Committee  
Borough Council of King's Lynn & West Norfolk  
Kings Court, Chapel Street  
King's Lynn  
Norfolk  
PE30 1EX

13 April 2026

Dear Audit Committee Members

**2024/25 Auditor's Annual Report**

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for the Borough Council of Kings Lynn and West Norfolk. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our Value for Money findings for audit year 2024/25.

This report is intended to draw to the attention of the Members of the Borough Council of Kings Lynn and West Norfolk, any relevant issues arising from our work up to the date of issuing the report. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 15 June 2026.

The [EY UK 2025 Transparency Report | EY – UK](#) for EY UK provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as of 30 June 2025.

Yours faithfully

David Riglar

Partner, For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies from 2023/24 audits - PSAA](#))

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Borough Council of King’s & West Norfolk in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Borough Council of King’s & West Norfolk those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Borough Council of King’s & West Norfolk for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary

# Executive Summary

## Purpose

The Auditor's Annual Report summarises the year's audit work, including value for money commentary and confirmation of the financial statement opinion. It also references any use by the auditor of their additional powers and duties under the Local Audit and Accountability Act 2014. In line with the NAO Code of Audit Practice 2024 ("the 2024 Code") and Auditor Guidance Note 03 (AGN 03), this report provides an overview to Borough Council of Kings Lynn & West Norfolk and the public, detailing current recommendations and a review of prior years' actions, including our assessment of whether they have been satisfactorily implemented.

Auditors must issue their draft annual report to those charged with governance by 30 November each year, reflecting the audit position and value for money assessment at that time, even if the 2024/25 audit is ongoing. We issued a draft Auditor's Annual Report to the S151 and Audit Committee Chair on 24 November 2025 reflecting the audit position and value for money assessment at that time. Given the current timescales in local audit, with most 2024/25 audits still in progress during November 2025, we have agreed that the requirement to issue the draft by 30 November is met by sending it to the Section 151 officer and the Chair of the Audit Committee. As our audit work is now complete and the Audit Results Report has been issued, this is the final version for the Committee.

## Responsibilities of the appointed auditor

We have undertaken our 2024/25 audit work in accordance with the Audit Plan that we issued on 29 April 2025. We have complied with the 2024 Code, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- whether the financial statements give a true and fair view of the financial position of the Council and its expenditure and income for the year; and
- have been prepared properly in accordance with the relevant accounting and reporting framework.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Borough Council of Kings Lynn & West Norfolk;
- the use of additional powers and duties, for example making written recommendations under Section 24 and Schedule 7 of the Act or making a report in the public interest; and
- if we identify a significant weakness in the Borough Council of Kings Lynn & West Norfolk's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

## Responsibilities of the Council

The Council is responsible for the preparation of the financial statement, including the narrative statement and governance statement, in accordance with the CIPFA Code and for having internal controls in place to ensure these financial statements are free from material error. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Executive Summary (cont'd)

## 2024/25 conclusions

<p><b>Financial statements</b></p>	<p>As reported in our 11 February 2025 Audit Results Report we issued a disclaimer of opinion on the Council's 2020/21, 2021/22, 2022/23 and 2023/24 Statement of Accounts under the arrangements to reset and recover local government audit.</p> <p>In 2024/25, we have started to audit the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, we have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances.</p> <p>As a result of the disclaimer of opinion on the 2023/24 Statement of Accounts, we do not have assurance over brought forward balances from 2023/24 where we did not gain assurance (the opening balances). This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 Statement of Accounts. Taken together with the requirement to conclude our work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2024/25 Statement of Accounts are free from material and pervasive misstatement of the Statement of Accounts.</p> <p>We therefore issued a disclaimed 2024/25 audit opinion on 26 February 2026.</p>
<p><b>Going concern</b></p>	<p>Where a disclaimer of opinion is issued on the Statement of Accounts, we do not conclude on whether the use of the going concern basis of accounting is appropriate.</p>
<p><b>Consistency of the other information published with the financial statements</b></p>	<p>Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.</p>
<p><b>Value for money (VFM)</b></p>	<p>We identified one matter that we reported by exception on the Council's VFM arrangements in relation to financial reporting arrangements. Further detail on this weakness and our VFM commentary is in Section 03.</p>
<p><b>Consistency of the annual governance statement</b></p>	<p>The Annual Governance Statement was consistent with our understanding of the Borough Council of King's Lynn and West Norfolk.</p>

# Executive Summary (cont'd)

## 2024/25 conclusions (cont'd)

<b>Additional powers and duties</b>	We have had no reason to use our auditor powers.
<b>Whole of Government Accounts</b>	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.
<b>Certificate</b>	We will issue our certificate once we have completed our audit responsibilities, including Whole of Government Accounts procedures.

# Executive Summary (cont'd)

## Value for money scope

Under the 2024 Code, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

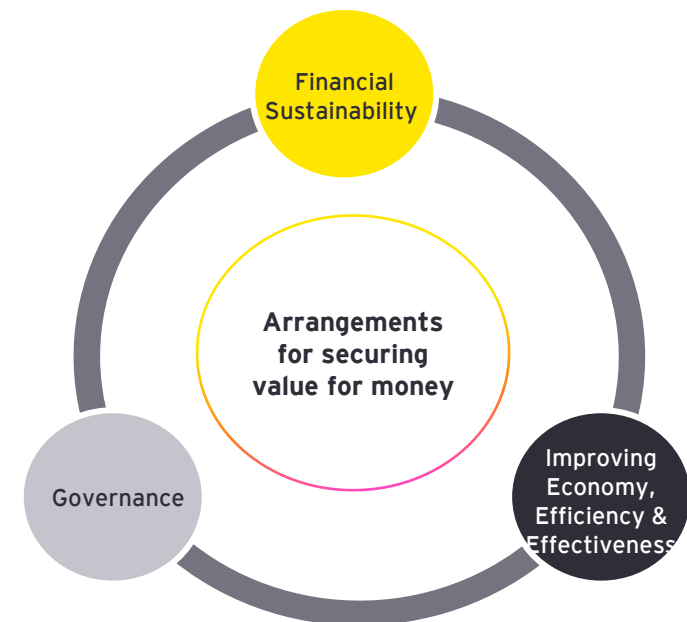
We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's report on the financial statements.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Management and Key Officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.



# Executive Summary (cont'd)

## Reporting

Our commentary for 2024/25 is presented in Section 03. This section provides a summary of our understanding of the arrangements at the Council, as determined from our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2024/25 and up to the date of issuing this Auditor's Annual Report.

In compliance with the 2024 Code, we are required to provide commentary against the three specified reporting criteria. The table below outlines these criteria, indicates whether a significant risk of weakness was identified during our planning procedures, and details our current conclusions regarding any significant weaknesses within your arrangements.

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
<b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks	One significant risk identified - financial reporting arrangements	One significant weakness identified - financial reporting arrangements
<b>Improving economy, efficiency and effectiveness:</b> How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

# Executive Summary (cont'd)

## Independence

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

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2025

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2025:

[EY UK 2025 Transparency Report | EY - UK](#)



# 02

# Audit of financial statements

# Audit of financial statements

## Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

Our audit of the 2024/25 financial statements is complete. We will report our findings in our Audit Results Report to the February 2026 Audit Committee.

Financial statement risks	
Risk area	Conclusion
<p>Significant risk:</p> <p>Council and Group Statement of Accounts:</p> <p>Misstatement due to fraud or error</p>	<p>We completed our audit procedures on this risk area.</p> <p>We did not identify any instances of inappropriate judgements or estimates being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p>
<p>Significant risk:</p> <p>Council Statement of Accounts:</p> <p>Inappropriate capitalisation of revenue expenditure</p>	<p>We completed our audit procedures on this risk area.</p> <p>Our work did not identify any material weaknesses in controls or evidence of material management override concerning the capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.</p>
<p>Significant risk:</p> <p>Group Statement of Accounts:</p> <p>Revenue recognition</p>	<p>We were unable to complete our procedures over revenue recognition in the Group.</p> <p>Our planned audit procedures relied upon obtaining assurances and reviewing the work of the group's subsidiary auditors over income balances consolidated from the group's corporate subsidiaries.</p> <p>We prepared and discussed our group audit instructions with the auditors of the group corporate subsidiaries, but due to delays in their audits of the subsidiaries we were unable to gain the required assurance from them over income balances.</p>
<p>Significant risk:</p> <p>Council Statement of Accounts:</p> <p>Capital accounting entries</p>	<p>We were unable to complete our procedures over capital accounting entries.</p> <p>We commenced our audit procedures over capital accounting entries and identified a significant number of audit queries relating to the agreement of the balances in the draft financial statements to the Council's general ledger and other capital entries in the draft financial statements.</p> <p>Officers were unable to adequately respond to our audit queries and did not provide support for the differences we identified, and we therefore were unable to complete our procedures over this risk.</p>

# Audit of financial statements

Financial statement risks	
Risk area	Conclusion
<p>Significant risk:</p> <p>Council Statement of Accounts:</p> <p>Valuation of Land and Buildings</p>	<p>We completed our audit procedures on this risk area.</p> <p>We did not identify any issues from our review of the work performed by the valuer over the Council's assets, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.</p> <p>We did not identify any issues regarding useful economic lives as a result of the most recent valuation. All assets were appropriately revalued within the Council's five-year rolling programme, and testing confirmed that accounting entries were correctly processed in the financial statements.</p> <p>Our and our internal valuers testing of a sample of assets did not identify any valuation misstatements.</p>
<p>Significant risk:</p> <p>Council and Group Statement of Accounts:</p> <p>Valuation of Investment Properties</p>	<p>We were unable to conclude our planned procedures in relation to Council and Group's Valuation of Investment Properties.</p> <p>We commenced our audit procedures on Investment Property valuations and employed our internal experts to test a sample of asset valuations.</p> <p>We were unable to test the Council's industrial assets as we noted some potential duplication of the assets being valued and officers were unable to provide a breakdown of these assets and therefore, we were unable to undertake our audit procedures over these assets.</p> <p>The sample of assets tested by the audit team were retail assets and we commenced testing on these assets, requesting leases to support the assets valuations. Officers were also unable to provide leases to support our sample of retail assets and therefore we were unable to conclude our work on these assets.</p> <p>Our testing over other Investment property assets identified one misstatement relating to the valuation of one Investment Property of £0.4 million and we also reported one observation regarding the valuation methodology employed by the Council's valuer relating to the use of yields.</p>
<p>Significant risk:</p> <p>Council Statement of Accounts:</p> <p>Pension Valuation</p>	<p>We completed our audit procedures on this risk area.</p> <p>We identified the following misstatements:</p> <ul style="list-style-type: none"> <li>• Misstatements relating to the recognition of the asset ceiling under IFRIC 14 totalling £31.6 million.</li> <li>• Misstatement relating to prepayment of contributions of £1.8 million.</li> <li>• Disclosure misstatements as the Pension note did not reflect the requirements of the CIPFA code of practice.</li> <li>• We identified that the prior period balances are misstated as no asset ceiling had been applied to the pension asset in prior periods.</li> </ul>

# Audit of financial statements

Financial statement risks	
Risk area	Conclusion
<p>Other Risk: Council Statement of Accounts: Implementation of IFRS 16 Leases</p>	<p>We were unable to complete our procedures over IFRS 16 leases.</p> <p>We performed procedures to gain an understanding of the Council's implementation of IFRS 16, including its processes, controls, and related policies. We commenced our review and testing of the Council's lease working papers but identified a number of issues with the underlying working papers and disclosures in the financial statements.</p> <p>Officers could not provide updated working papers and financial statement corrections in a timely manner to allow completion of this audit work, and we therefore were unable to complete our procedures over this risk.</p>
<p>Other Risk: Group Statement of Accounts: Group Accounts</p>	<p>We were unable to complete our procedures over the Group Accounts.</p> <p>Our planned audit procedures relied upon obtaining assurances and reviewing the work of the group's subsidiary auditors.</p> <p>We prepared and discussed our group audit instructions with the auditors of the group's corporate subsidiaries, but due to delays in their audits of the subsidiaries we have been unable to gain the required assurance from them over consolidated subsidiary balances.</p>

# Audit of financial statements

## Financial Statement reporting assessment

Management, and the Audit Committee, as the Council's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. The table over-page sets out our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures.

Where we have been unable to undertake all planned procedures, this is likely to extend the timetable to recover assurance on the Council's financial statements.

In addition, the illustrative timescale for the process of re-building assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that and what still needs to be done to successfully rebuild assurance is set out on page 18. The timetable set out in LARRIG 01 assumes that disclaimers for 2022/23 and all prior open audit years were issued by the statutory backstop date of 13 December 2024.

# Audit of financial statements

## Financial Statement reporting assessment

Area	Status			Explanation
	R	A	G	
Timeliness of the draft financial statements	Requires Improvement			The financial statements were not published by the 30 June 2025 deadline set out in the Accounts and Audit Regulations. This was due to incomplete accounting entries relating to the valuation of Property, Plant & Equipment and Pensions. The required Notice of Delay was issued and the Statement of Accounts were subsequently published on 14 July 2025.
Quality and completeness of the draft financial statements	Requires Improvement			On initial review we identified a number of non-material internal inconsistencies, disclosure, typographical and arithmetic errors in the draft Financial Statements and have identified areas where they financial statements do not reflect the disclosure requirements of the CIPFA code of practice.
Delivery of working papers in accordance with agreed client assistance schedule	Ineffective			<p>Approximately 40% of working papers were not provided to the agreed timetable. The most significant of these were working papers relating to Debtors, Creditors, Grants, Leases, PPE and Investment Properties.</p> <p>As a result of delays in receiving working papers, we were not able to undertake planned early quality checks across all working papers and we were also required to reallocate work and consequently the audit has not progressed inline with the project plan.</p> <p>This has impacted our ability to complete all planned audit procedures, see appendix A and B for further details of procedures not completed.</p>
Quality of working papers and supporting evidence	Ineffective			<p>Our review of the working papers, identified a number of issues which required us to raise additional requests to officers for clarification and additional supporting documentation. For example, Debtors and Creditors working papers did not meet the requirements set out in our working paper request as included significant opening balances and gross balances and therefore did not provide a list of year end outstanding debtors and creditors.</p> <p>We experienced delays in the provision of additional supporting evidence from the Council and in a number of areas the quality of evidence provided to support accounting balances and transactions has either not been readily available or has not been to the quality required to allow us to conclude work first time, resulting in a significant number of requests for clarification and further evidence.</p> <p>This has impacted our ability to complete all planned audit procedures, see appendix A and B for further details of procedures not completed.</p>

# Audit of financial statements

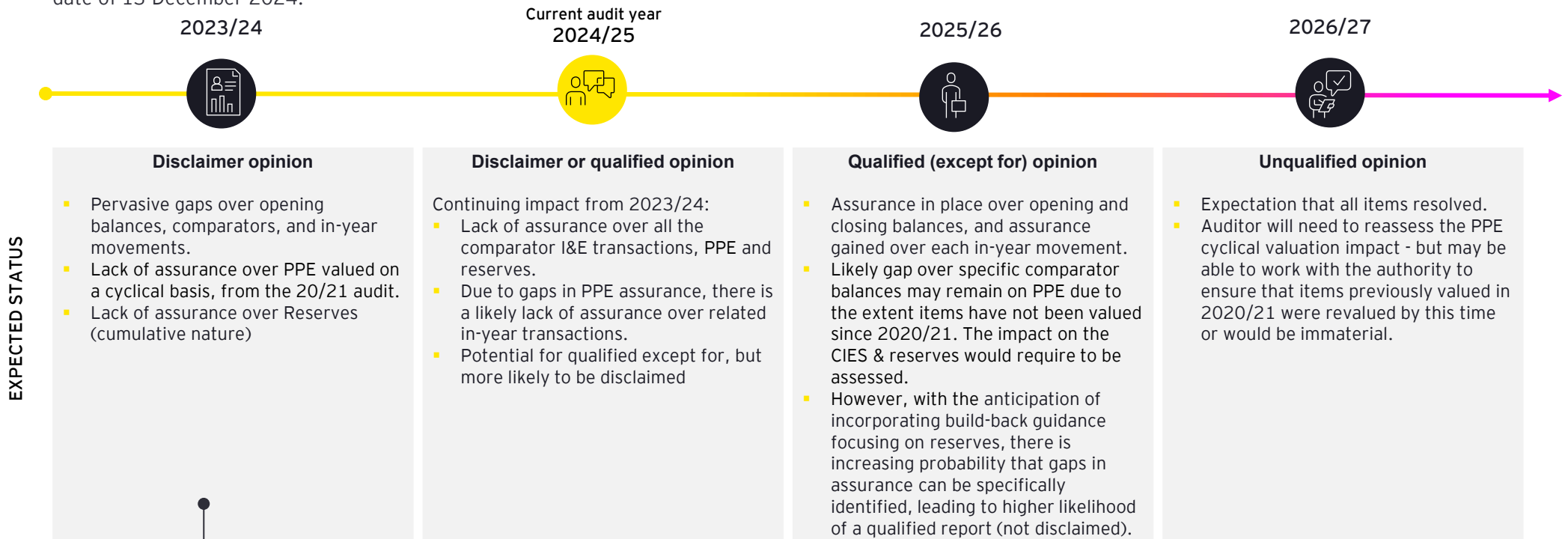
## Financial Statement reporting assessment

Area	Status			Explanation
	R	A	G	
Timeliness and quality of evidence supporting key accounting estimates	Requires improvement			We experienced delays in the provision of supporting evidence relating to the valuation of Property, Plant and Equipment and Investment Property assets, this resulted in delays to the audit process.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement			Overall, we did not encounter significant issues with access to the finance team, but the overall capacity of the finance team to support the audit has resulted in delays to the audit process. We did encounter some issues accessing and receiving responses/supporting evidence from officers outside of the finance team which again resulted in delays to the audit process.
Volume and value of identified misstatements	Requires improvement			We have identified a number of audit misstatements through our audit procedures.
Volume of misstatements in disclosure	Requires improvement			We identified a number of disclosure misstatements through our audit procedures.

# Audit of financial statements

## Progress to full assurance

Set out below is the illustrative timescale for the process of re-building assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that and what still needs to be done to successfully rebuild assurance. The timetable set out in LARRIG 01 assumes that disclaimers for 2022/23 and all prior open audit years were issued by the statutory backstop date of 13 December 2024.



### CURRENT AUDIT STATUS OF BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

- The Council's progress is behind the expected timescales set out in LARRIG 01.
- This is because no or limited procedures were completed in 2020/21, 2021/22, 2022/23 or 2023/24 - being multiple years as opposed to the single year of the LARRIG example.
- We have not able to complete all planned procedures on a number of areas of the 2024/25 financial statements as detailed in Appendix B, therefore extending the period over which we will need to rebuild audit assurances.
- This means it is unlikely that audit assurances can be rebuilt to enable an unqualified opinion by 2026/27.



# 03

# Value for Money commentary

# Value for Money




## The Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

## Our responsibilities

Under the revised NAO Code we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period. Our summary is below:

	Significant risk identified	Significant weakness identified
 <p><b>Financial sustainability</b> How the Council plans and manages its resources to ensure it can continue to deliver its services.</p>	<ul style="list-style-type: none"> <li>No significant risk identified</li> </ul>	<ul style="list-style-type: none"> <li>No significant weakness identified.</li> </ul>
 <p><b>Governance</b> How the Council ensures that it makes informed decisions and properly manages its risks.</p>	<ul style="list-style-type: none"> <li>One significant risk identified: The Council's ability to publish its Statement of Accounts by the target date required by the Accounts and Audit Regulations 2015 and its ability to effectively support an audit of its financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>One significant weakness in arrangement identified.</li> </ul>
 <p><b>Improving economy, efficiency and effectiveness</b> How the Council uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<ul style="list-style-type: none"> <li>No significant risk identified</li> </ul>	<ul style="list-style-type: none"> <li>No significant weakness identified.</li> </ul>



# VFM commentary: Financial Sustainability

## Financial sustainability: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Financial Sustainability sub-criteria set out in AGN03:

- How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the body plans to bridge its funding gaps and identifies achievable savings;
- How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

## Significant risks identified during planning procedures

Within our Audit Planning Report, we identified no risks of a significant weakness in the Council's arrangements for financial sustainability. In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years. The Council's underlying arrangements in relation to financial sustainability are not significantly different in 2024/25.

## Overview of our conclusions

Based on the work performed, the Council had proper arrangements in place in 2024/25 to plan and manage its resources to ensure it can continue to deliver its services.



# Financial Sustainability considerations

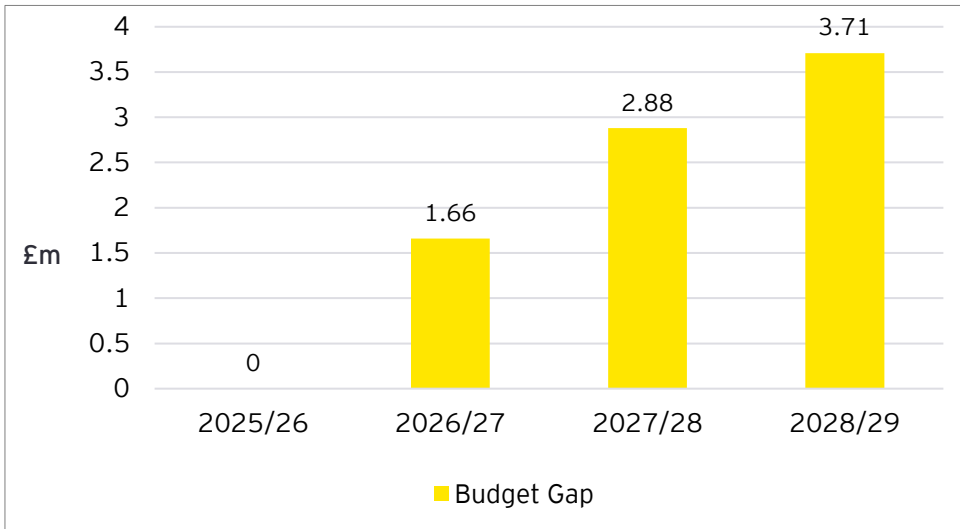
## Medium Term Financial Strategy (MTFS)

The Council medium term financial strategy for 2024 to 2029 was approved at Cabinet and the full Council on the 4 and 27 February 2025 respectively. The Council approved the 2024/25 budget as part of the medium-term financial strategy.

Over the medium term, the Council faces a growing budget gap from 2026/27 of £1.66 million to £3.71 million in 2028/29. While the budget for the immediate years has been balanced through strategic use of General Fund (GF) reserves, projections indicate that these reserves will be increasingly drawn upon to cover shortfalls. This approach, while effective in the short term, introduces risks to the sustainability of reserve balances in future years.

Key drivers of the budget gap includes - operational and financial risks (rising costs, inflationary pressures and uncertainties in government funding); capital programme (housing developments and regeneration initiatives); and turnover savings and staffing (by managing vacancies, ongoing pay awards and recruitment challenges). The Council's financial strategy acknowledges these risks and outlines plans to mitigate them, including targeted savings, income generation, and careful monitoring of reserves. However, if underlying pressures persist or intensify, the depletion of reserves could compromise financial resilience in the latter years of the medium-term strategy. Whilst, the Council has managed to balance its budget in the short term, the medium-term outlook is characterised by a structural gap that will require ongoing vigilance, proactive savings measures, and potentially difficult decisions on service priorities to ensure long-term sustainability.

## The Council's MTFS outlines the budget gap to 2028/29





# Financial Sustainability considerations

## Budget Monitoring

The Council sets a timetable for the annual budget process, including updates to the Corporate Leadership Team, sessions with Councillors, and consultations with stakeholders such as businesses and the voluntary sector. This process informs the Medium-Term Financial Strategy, which projects the next four years' finances based on prudent assumptions about inflation, funding uncertainties, and income levels, including Government support, and culminates in Cabinet and Council approval each February.

The Council's spending for the financial year 2024/25 was £26.66 million, which was £0.65 million higher than the revised budget in December 2024. The budget was revised during the year to recognise the savings achieved towards the salary efficiency target early in the year. At year end the Council was required to contribute £1.67 million from General Fund balance to balance its outturn position.

During the year, the Council has continued to look for opportunities to produce in-year savings. These savings have been reported as part of the quarterly monitoring process and where possible built into the Medium-Term Financial Strategy approved by the Council on 27 February 2025.

As of the first quarter of 2025/26, the Council forecasted a £0.66 million transfer to the General Fund Reserve as the Council received additional income from government grants and Council tax of £0.35 million and £0.16 million, respectively. In addition, significant savings of £0.15 million were delivered in Environment and Planning, Programme and Project Delivery and Operations and Commercial directorates.

## Summary of the Council's 2024/25 Outturn

	Original Budget £m	Revised Budget £m	Outturn 2024/25 £m	(Underspend) /Overspend £m
Cost of Services	23.27	22.35	23.23	0.88
Financing Requirements	0.15	0.15	(0.09)	(0.24)
Internal Drainage Board	3.50	3.50	3.51	0.01
<b>Borough Spend</b>	<b>26.93</b>	<b>26.00</b>	<b>26.66</b>	<b>0.65</b>
Contributions to/(from) Reserves	(2.19)	(1.27)	(1.67)	(0.39)
Borough Requirement	24.73	24.73	24.98	0.25
<b>Revenue Generated</b>	<b>24.73</b>	<b>24.73</b>	<b>24.98</b>	<b>0.25</b>



# Financial Sustainability considerations

## Savings plans

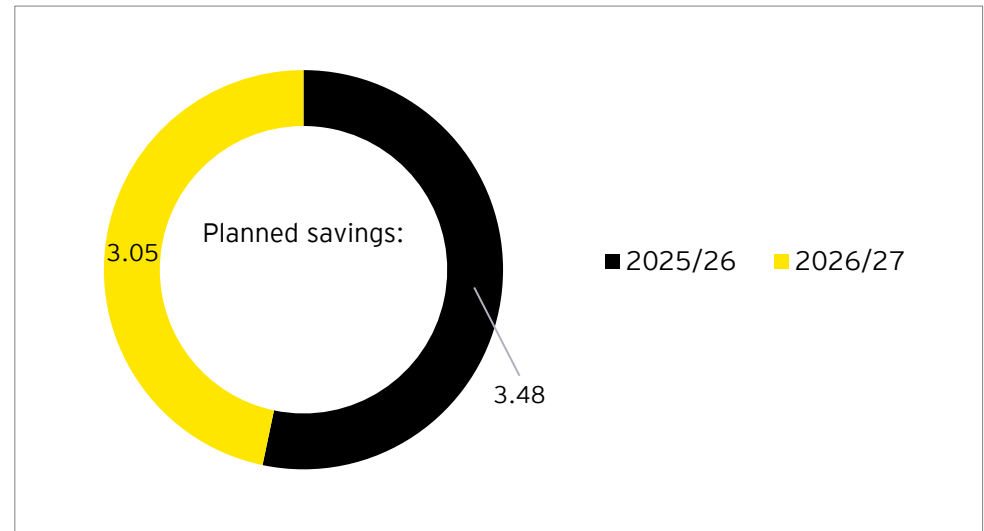
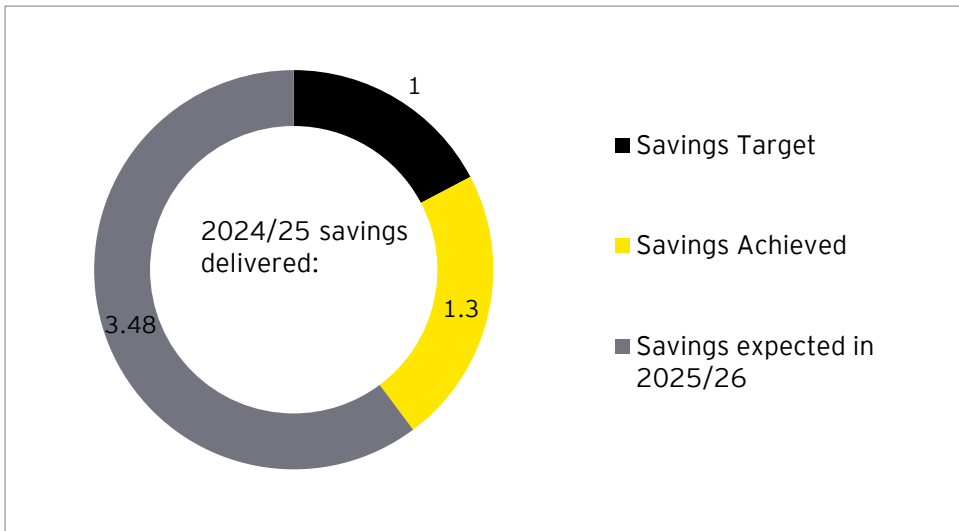
The Council has faced significant financial pressures due to inflation, rising costs, and uncertainty in local government funding. To address this, the Council has adopted a strategy of identifying and delivering savings both in-year and as part of its Medium-Term Financial Strategy (MTFS). Savings are achieved through - efficiency improvements, income generation, cost reductions and transformation projects.

The Council's savings plan focuses on achieving financial sustainability by reducing reliance on reserves and aligning expenditure with income. Key elements include targeted turnover savings from staff vacancies, operational efficiencies, and income generation. For 2024/25, the Council planned for £1.00 million of savings, achieving £1.30 million, exceeding the target. These savings were primarily realized through vacancy management and staff turnover, partially offset by costs for temporary staff, overtime, and recruitment. This result marks an improvement over the previous year, when the Council fell £0.03 million short of its savings target.

For 2025/26 and 2026/27, the Council has set planned savings and efficiency targets of £3.48 million and £3.05 million respectively, supported by a transformation program and ongoing service reviews. These savings are to be delivered through a combination of operational efficiencies, income generation, and service reviews, supporting a balanced budget and reducing reliance on reserves. Delivery of these savings will be closely monitored throughout the year to ensure targets are met and financial sustainability is maintained.

This proactive approach ensures the Council can maintain a balanced budget and respond effectively to future financial challenges.

**The Council delivered £1.296 million of savings in 2024/25 and expect to deliver £6.53 million in 2025/26 and 2026/27.**





# Financial Sustainability considerations

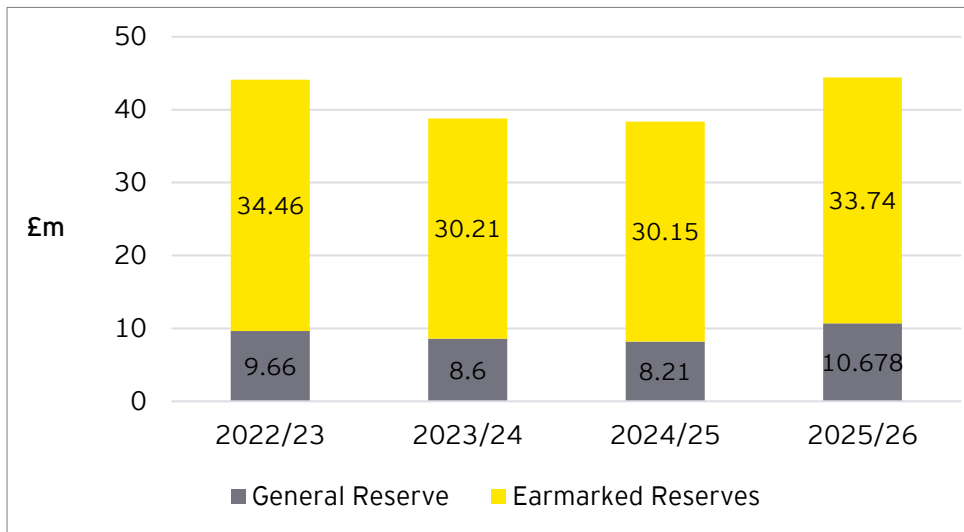
## Reserves position

The medium-term financial strategy recognises that in previous years the Council has held its General Fund working balance higher than usual to provide for time to properly assess the impact of service reviews to offset the reductions in the formula grant. The financial strategy requires a drawdown from balances from 2026/27 onwards to 'balance the budget' of £8.24 million for years up to and including 2028/29.

The use of reserves and demands on them are regularly monitored by the Council. Any adjustments that could be made without raising a level of risk to the financial standing of the Council are reviewed and reported regularly. Moreover, the Council has presented savings plans in the medium-term financial strategy to mitigate the size of any budget gap. Cabinet reviewed the Earmarked Reserves balances in July 2025 as part of the 2024/25 outturn report.

The General Fund reserves opening balance for 2024/25 was £8.60 million, following movements in the financial year, the balance on the General Fund reserves increased to £8.74 million and Earmarked reserves were at £30.15 million. The Council approved and recommended that £0.53 million be transferred from the General Fund Reserve to Earmarked Reserves to fund work for future economic plans and to meet a statutory planning requirement of the Council. As a result of the transfers, the General Fund Reserves at 31 March 2025 was £8.21 million.

## The Council's unallocated General Reserve decreased by £0.39 million in 2024/25





# VFM commentary: Governance

## Governance: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Governance sub-criteria set out in AGN03:

- How the body monitors and assesses risk and how the body gains assurance over the effective operations of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer and member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

## Significant risks identified during planning procedures

Within our Audit Planning Report, we identified as an area of focus the Council's ability to meet financial reporting duties for publishing draft Statement of Accounts, specifically the Council's arrangements for producing reliable and timely financial reporting that supports the delivery of strategic priorities, as the 2023/24 draft statement of accounts was published after the statutory deadline. Following completion of our VFM planning procedures we have identified this as a risk of significant weakness in the Council's governance arrangements. In prior years, we identified a significant weakness relating to the Council's ability to meet financial reporting duties.



# VFM commentary: Governance

## Overview of our conclusions

Based on the work performed, we have identified a significant weakness in the arrangements that we have reported by exception in our audit opinion.

The Council has faced ongoing operational and resourcing difficulties over several years impacting the timeliness of accounts preparation and the audit of historic financial statements with the 2019/20 accounts being concluded in January 2024. This has had a significant knock-on impact for subsequent years financial statements. These delays have impacted on the ability of the Council to publish its 2024/25 Statement of accounts by the deadlines outlined in the Accounts and Audit Regulations 2015. They were published on 14 July 2025, deadline 30 June 2025. The main reasons for delay in publication was due to the Council not being assured that balances relating to Property, Plant and Equipment, Investment Properties and Pensions were materially correct, they therefore made the decision not to publish a set of accounts that were potentially materially misstated by the deadline.

Through the course of our audit of the 2024/25 financial statements we have identified a significant number of areas where we are not able to complete audit procedures due to working papers and supporting evidence not being provided in line with the agreed timetables and not meeting the expected quality requirements.

The findings above are evidence of weaknesses in proper arrangements for supporting its statutory reporting requirements, it's ability to support an audit, and effective processes and systems for accurate and timely management and financial information - Governance 'How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed.'

We have made a number of recommendations relating to these findings:

**Recommendation: The Council should continue to enhance its approach for supporting the audit process in the following areas:**

Ensure sufficient capacity of skilled finance professionals with the necessary technical knowledge and experience to support the audit.

### **Improve Quality of Audit Working Papers**

Continue to implement robust processes to produce high-quality financial statements supported by complete, accurate, and well-referenced working papers.

Ensure all responses to audit queries are timely, address the questions raised and include appropriate supporting evidence.

### **Enhance Responsiveness and Communication**

Adhere to agreed turnaround times for audit queries (3 days) and sample evidence (5 days).

Establish clear escalation protocols for delays or unresolved issues.

Continue regular communication between audit leads and the Finance Team to monitor progress and resolve issues promptly.



# Governance considerations

## Annual Governance Statement

We reviewed the framework for the preparation of the Annual Governance Statement (AGS). The process, as designed, is adequate to enable the Council to report on the design and operation of arrangements that ensure sound governance, effective resource and risk management, and robust internal controls.

## Risk Management

On 21 June 2022, the Risk Management Policy and Risk Management Strategy was reviewed and approved by the Cabinet. The policy and strategy are reviewed at least every three years.

On 7 July 2025, the Audit Committee recommended to adopt the revised format for the Council's Corporate Risk register. This was a result of a review undertaken to revise the Council's Corporate Risk Register and to identify areas to strengthen the Council's risk management framework. The review responds to the recent audit recommendations, sector guidance (Local Government Information Unit (LGIU) and Association of Local Risk Managers (ALARM)), and the implementation of and functionality of the new Pentana risk management system. The Corporate Risk Register is updated on a three-monthly cycle by the Senior Corporate Governance and Risk Officer in consultation with Assistant Directors and the executive team and includes any identified risks. The risk register is then reviewed and updated by each Assistant Director and reported to Corporate Leadership Team and Audit Committee.

On 22 September 2025, the Audit Committee reviewed the Q1 2025/26 Corporate Risk Management Report using the updated risk register. In Q1, the Council identified two new risks pertaining to the H&S Compliance of Property Assets and Hunstanton sea defences. In addition, the Council divided the risk related to the Devolution and the Local Government Reorganisation into two separate risks to allow for both to be evaluated individually.



# Governance considerations

## Internal audit arrangements, including arrangements to prevent fraud

Internal Audit set out the Strategic Audit Plan for the next four years and the Annual Audit Plan for the forthcoming year at the 17 March 2025 Audit Committee. These are agreed with Corporate Leadership Team and followed by approval at Audit Committee each year. The Senior Internal Auditor presents regular updates on delivery of the audit plan and implementation of recommendations to the Corporate Leadership Team and Audit Committee during the year.

For 2024/25, the overall opinion in relation to the framework of governance, risk management and control within the Council was 'reasonable assurance'.

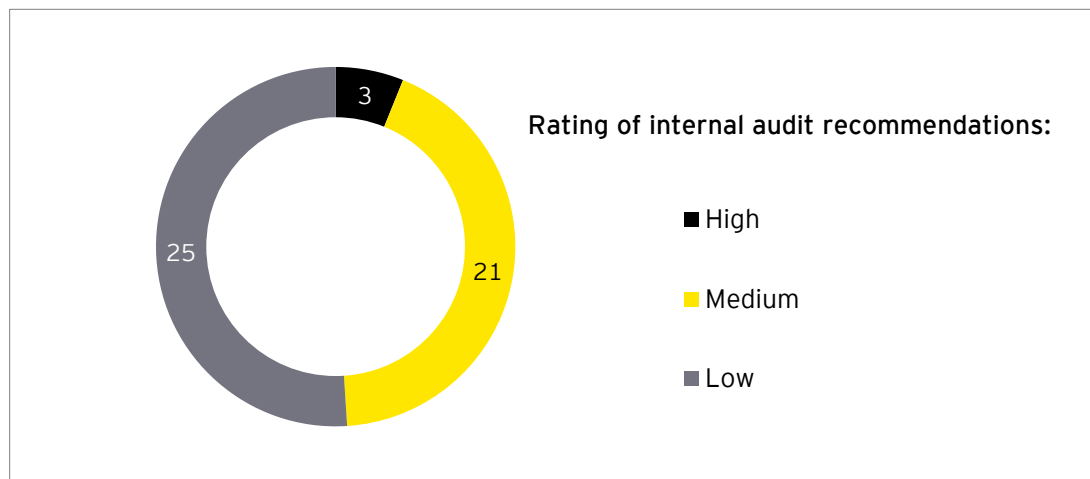
Of the original 24 audits, one was combined (key controls and income), five were deferred and one was a position statement. One 'limited assurance' assurance conclusion was given regarding Contract Management. The Council has taken appropriate steps to improve arrangements with further actions being taken through the Transformation Project.

Internal audit reported in its Annual Progress report in July 2025 that 49 recommendations raised remained outstanding comprising of 3 'high', 21 medium and 25 'low' recommendations. In their report, Internal Audit note that considerable effort was being made by the Council to implement the outstanding recommendations.

The Internal Audit function includes provision for a Fraud Officer who carries out various functions in relation to fraud and error prevention and detection including National Fraud Initiative exercises, debt tracing activities, and Norfolk Fraud Hub which carries out data matching across Norfolk authorities and shares best practice and emerging new threats/risks. A report on findings is presented to Audit Committee twice a year.

The offence of failing to prevent fraud, as introduced by the Economic Crime and Corporate Transparency Act 2023, became effective on 1 September 2025. The Home Office has published statutory guidance (most recently updated in October 2025) which organisations must consider. This guidance outlines the core principles for establishing, reviewing, or enhancing anti-fraud procedures. The Council should review the existing fraud policy and procedures against the latest Home Office guidance. If this review has not yet taken place, it should be prioritised to ensure compliance with the Act and to mitigate the risk of enforcement action.

## Internal audit's follow up of recommendations noted that around 49 are outstanding of 3 July 2025





# Governance considerations

## Reporting Arrangements

We reported a significant weakness in our Completion Report for years ended 31 March 2020, 31 March 2021, 31 March 2022, 31 March 2023, and 31 March 2024 as the Council was unable to publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015.

The Council has faced ongoing operational and resourcing difficulties over several years impacting the timeliness of Statement of Accounts preparation and the audit of historic Statement of Accounts with the 2019/20 accounts being concluded in January 2024. This had a knock-on impact for subsequent years Statement of accounts.

The Council was unable to publish its 2023/24 statement of accounts by the target dates required by the Accounts and Audit Regulations 2015. The draft financial statements were published 31 October 2024; the statutory requirement is to publish financial statements by 31 May 2024.

For 2024/25, the Council was unable to published their unaudited Statement of Accounts by the statutory deadline of 30 June 2025. The did however correctly published a notice of delay explaining the reasons and expected publication date. The delay on the finalisation of the 2024/25 was due to incomplete valuations for property, plant and equipment and pensions at the time of statutory date. On 14 July 2025, the Council was able to published their accounts and a notice of inspection was posted.

For the Local Government Reorganisation, the Council endorsed the three-unitary model for Norfolk's local government reorganisation, submitting its interim plan to the Minister in March 2025 and the final proposal in September 2025. The Council continues to progress in line with the reorganisation timeline and maintains effective working arrangements with neighbouring councils.



# VFM commentary: Improving economy, efficiency and effectiveness

## Improving economy, efficiency and effectiveness: Our audit procedures

Our audit procedures include:

- How financial and performance information has been used to assess performance to identify areas for improvement;
- How the body evaluates the service it provides to assess performance and identify areas for improvement;
- How the body ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess where it is meeting its objectives; and
- Where the body commissions or procures services, how it assesses whether it is realising the expected benefits.

## Significant risks identified during planning procedures

Within our Audit Planning Report, we identified no risks of a significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness. In prior years, no significant weaknesses were identified. The Council's underlying arrangements in relation to improving economy, efficiency and effectiveness are not significantly different in 2024/25.

## Overview of our conclusions

Based on the work performed, the Council had proper arrangements in place in 2024/25 in how it uses information about its costs and performance to improve the way it manages and delivers its services.



# Improving economy, efficiency and effectiveness considerations

## Financial and performance information

Budget Monitoring information is reported to the Corporate Leadership Team and Finance Portfolio holder and all Councillors at least quarterly and to Cabinet.

Performance data is reported to Corporate Leadership Team and Corporate Performance Panel on a quarterly basis. Feedback from all parties is provided and considered for prioritisation and action.

The Corporate Leadership Team have responsibility for taking action to meet performance expectations and be accountable for corrective action.

## Procurement and contract management

The Council has 'Financial Regulations', 'Contract Standing Orders' and a 'Procurement Strategy' that follow relevant legislation and are updated regularly.

The Council has an in-house procurement team that maintains the Council's Contracts Register and support services in market testing and contract extensions to ensure compliance with legislation.

Key contracts are managed by the service and performance reported to Corporate Leadership Team, Portfolio Holder, and Cabinet. Additionally key performance indicators are in place and monitored by the Council's Corporate Performance Panel.

In 2024/25, Internal Audit provided an opinion of limited assurance regarding Contract Management. In the report, Internal Audit considered the number of recommendations that were still outstanding at the date of the opinion and commented that the Council has taken appropriate action to improve the arrangements, with further action being taken through the Transformation Project.



# Improving economy, efficiency and effectiveness considerations

## Partnership working

There are numerous partnership and joint working arrangements in which the Council is involved, Managers within services are responsible for managing contracts and Service Level Agreements.

The Council has a number of owned companies, the Council has positions on the company boards and reports back to Council via the Shareholder Committee and Corporate Leadership Team.

The Shareholder Committee is a Cabinet sub-committee responsible for exercising the Council's shareholder role in its wholly owned companies. It comprises three Cabinet Members, meets at least four times a year, and is supported by senior officers. Its key duties include approving business plans, monitoring company performance, overseeing shareholder agreements, and reviewing governance arrangements. Decisions outside the Council's policy or budget framework are referred to Full Council. All decisions are subject to scrutiny and annual review.

The Council consolidated four subsidiaries into its financial statements; the Council has positions on the company boards of these subsidiaries and reports back to Council via the Shareholder Committee and Corporate Leadership Team.

The four subsidiaries are as follows:

- **West Norfolk Housing Company Ltd (WNHC)** - The company was set up by the Council and incorporated on 12 September 2016. The company's principal activity is the provision of social housing for the Council.
- **West Norfolk Property Ltd (WNPL)** - The company was incorporated on 12 April 2018, and the Council holds 100% of the allotted ordinary shares of the company. The company's principal activity is for the management of private rental of residential properties.
- **Alive Management Ltd (AML)** - Alive Management Ltd (AML) was established to provide leisure services but ceased trading in 2022 and meets the criteria for strike-off. On 26 March 2025, the AML Board initiated the winding-up process, and on 15 April 2025, the Shareholders Committee approved the strike-off.
- **Alive West Norfolk Ltd (AWN)** - The company was established in 2018 as a Local Authority Controlled Company and has faced persistent financial and operational challenges. Despite aspirations set at its inception, AWN has required increasing Council subsidies, with costs rising due to factors like higher utility prices, the impact of COVID-19, and aging facilities. As of 1 April 2025, the operations of Alive West Norfolk was transferred back to the control of the Council.



# Improving economy, efficiency and effectiveness considerations

## Partnership working

At its meeting on 24 June 2024, the Audit Committee received position statements from the Internal Auditors regarding the Council's two subsidiaries, WNHC and WNPL. These statements were evaluated against the Local Partnership's Local Authority Company Review Guidance, and the Internal Auditors identified a series of actions required to strengthen governance and operational effectiveness within both companies.

At the 7 July 2025 Audit Committee meeting Internal Audit reported that progress against these actions remained incomplete, with two recommendations partially implemented and three not implemented. Recognizing the critical importance of these actions for compliance, purpose fulfilment, and effective oversight, the Shareholder's Committee convened on 11 September 2025 to review progress.

At the 17 November 2025 Audit Committee, it was reported that the subsidiaries had now made good progress against the actions, although some recommendations remained outstanding. The Committee noted improvements in governance arrangements and confirmed that the Council continues to implement measures aimed at enhancing governance within the subsidiaries.

The Council has numerous projects with partners including St George Guildhall & Creative Hub and The Southend Road Housing Development (Hunstanton Flats).

The St George's Guildhall and Creative Hub is one of several projects approved by the King's Lynn Town Board under the Towns Fund Programme to support economic growth in the area which was approved by Cabinet in August 2021. The project has progressed through key development stages and following Cabinet's decision in July 2024 to advance the full RIBA Stage 4 Major Scheme, the project has now reached construction readiness, positioning the Council to begin delivery.

The total project cost is estimated at £30.5 million, reflecting the fully developed RIBA Stage 4 design. The Council expects £14.5 million of contributions from the Town Deal, the Council, Norfolk & Norwich Festival, and the Shared Prosperity Fund and other funding streams. The remaining £16.0 million is proposed to be financed through Council borrowing, consistent with the Capital Strategy and Treasury Management Strategy. The project is financed through internal and additional external borrowing with indicative repayment modelling and interest rate scenarios included within the project's financial strategy.

The Council acknowledges that borrowing introduces a managed financial risk; however, this is offset by the long-term economic and cultural benefits of the Major Scheme. Once operational under the Charitable Incorporated Organisation (CIO), the site is expected to generate surpluses and attract ongoing fundraising, including major grant applications. Any additional external funding or philanthropic contributions secured during delivery will be used to reduce the Council's borrowing requirement and long-term financing costs.

These financing arrangements have been incorporated into the Council's 2025-2030 Medium Term Financial Strategy, currently in development for the FY27 budget cycle. The capital programme has also been updated to ensure all project costs are fully reflected in the Council's forward financial position ahead of local government reorganisation.



# Improving economy, efficiency and effectiveness considerations

## Partnership working

The Southend Road Housing Development, commonly referred to as the Hunstanton Flats, is a Council-led scheme to deliver 32 residential units with a total project value of £7 million. The development comprises a mix of one, two and three-bedroom properties, with 20% designated as affordable housing. The scheme was designed to broaden local housing options, supporting first-time buyers, downsizers, and small families and to help meet demand in a market significantly influenced by tourism and second-home ownership.

Planning permission was granted in April 2021, and construction commenced in May 2022. Although the development has progressed as planned, the Council faced challenges during the marketing phase as no units had been sold after 18 months largely due to restrictions which required flats to be occupied as main residences only, preventing their purchase as second homes or holiday lets. Councillors reported that these restrictions deterred mortgage lenders, who viewed the resale constraints as reducing marketability.

In May 2025, the Council voted to remove the occupancy restrictions, thereby opening the properties to second-home and holiday-let purchasers with a new agent being appointed, and the units are now being actively remarketed.

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