

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



Audit Committee

Agenda

Tuesday, 12th October, 2021
at 4.30 pm

in the

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

Also available to view on
<https://www.youtube.com/user/WestNorfolkBC>



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

4 October 2021

Dear Member

Audit Committee

You are invited to attend a meeting of the above-mentioned Committee which will be held on **Tuesday, 12th October, 2021 at 4.30 pm** in the **Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ** to discuss the business shown below.

Yours sincerely

Chief Executive

AGENDA

1. Apologies

2. Minutes (Pages 5 - 12)

To approve the minutes from the Audit Committee held on 26 July 2021.

3. Declarations of Interest

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

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

4. Urgent Business Under Standing Order 7

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

5. Members Present Pursuant to Standing Order 34

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

6. **Chair's Correspondence (if any)**
7. **Business Continuity Annual Update** (Pages 13 - 19)
8. **Revenue Outturn Report** (Pages 20 - 51)
9. **Member Major Projects Board Update** (Verbal Report)
10. **Committee Work Programme** (Pages 52 - 57)
To note the Committee's Work Programme.
11. **Cabinet Forward Decisions List** (Pages 58 - 61)

12. **Date of Next Meeting**

To note that the date of the next meeting of the Audit Committee will take place on 22 November 2021 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn.

13. **Insurance Claims** (Pages 62 - 66)

To consider passing the following resolution for the exempt element of the report if required.

That under section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for part of Agenda Item 13 on the grounds that it involves the likely disclosure of exempt information as defined by paragraph 3 of part 1 of Schedule 12A to the Act.

To:

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

Portfolio Holders:

Councillor S Dark, Leader
Councillor Mrs A Dickinson, Finance

Officers:

Alexa Baker, Monitoring Officer
Michelle Drewery, Assistant Director
Lorraine Gore, Chief Executive
Ged Greaves, Senior Policy and Performance Officer
Faye Haywood, Internal Audit Manager
Carl Holland, Financial Services Manager

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

AUDIT COMMITTEE

Minutes from the Meeting of the Audit Committee held on Monday, 26th July, 2021 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: Councillor J Lowe (Chair)
Councillors Mrs J Collingham, P Gidney, C Morley (Vice-Chair, J Rust, A Ryves and M Storey

Portfolio Holder:

Councillor Mrs A Dickinson, Finance

Officers:

Michelle Drewery, Assistant Director Resources/Management Team Representative

Ged Greaves, Senior Policy and Performance Officer (via Zoom)

Jo Stanton, Revenues and Benefits Manager (via Zoom)

Wendy Vincent, Democratic Services Officer

Observing:

Jamie Hay, Investigating Officer/Internal Auditor

Matthew Head, Auditor

A16 **APOLOGIES**

Apologies for absence were received from Councillors J Collop and C Manning and Amalia Valdez Herrera, Ernst and Young.

A17 **MINUTES**

The minutes of the Audit Committee held on 16 June 2021 were agreed as a correct record and signed by the Chair.

A18 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A19 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A20 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A21 **CHAIR'S CORRESPONDENCE**

There was no correspondence.

A22 **ANNUAL GOVERNANCE STATEMENT COVERING THE PREVIOUS FINANCIAL YEAR 2019/2020**

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The Senior Policy and Performance Officer presented the report which brought the council's draft Annual Governance Statement (AGS) 2019/2020 to the committee for review, challenge and an opportunity to input prior to the document being finalised and considered at a future committee meeting alongside the financial accounts.

The committee was reminded that the preparation and publication of the AGS was a statutory requirement and was a self-assessment reviewed by the External Auditors.

The Senior Policy and Performance provided an overview of the impact of Covid-19.

The committee's attention was drawn to key issues set out in the report.

Concern was expressed by Councillor Ryves that the Member Major Projects Board had only met twice. It was also important for the Board's future to declare whether its status was that of a Scrutiny Board or otherwise. Councillor Morley advised that this Governance Statement covered 2019/20 and that Councillors Ryves comment was pertinent to the 2020/21 report. In response, the Senior Policy and Performance Officer explained that due to Covid, work and projects had been reprioritised. It was noted that the next Member Major Projects Board was scheduled for 29 July 2021.

Councillor Rust referred to paragraph 5.1.3 and commented on the membership of the Town Deal Board and that Councillors were not able to get on the Board to ensure there was an open and transparent decision making process and Councillors did not receive any paperwork. The Assistant Director, Resources undertook to take the comments made back to the relevant officers.

With reference to the comments made regarding the Town Deal Board, Councillor Collingham added that she had raised it as Chair of the Regeneration and Development Panel and was informed that the Town Deal Board was part of the decision making process. Councillor Collingham explained that the recommendations from the Town Deal Board were taken through the democratic process and that her understanding was that Councillor Bambridge sat on the Board and it was imperative that the Town Deal Board was A-political. The Portfolio

Holder for Finance explained that some of the Town Deal proposals had not been included in the Capital Programme and had not been approved and it was therefore her understanding that the Capital Programme would need to be amended to include those proposals.

The Assistant Director, Resources provided clarification and explained that some of the projects under the Future High Streets Funding were in the Capital Programme and had been transferred to the Town Deal Fund proposals which would be required to go through the appropriate approval process to revise the Capital Programme for the Town Deal Fund proposals.

In relation to the Town Deal Board, Councillor Morley reminded Councillors that this was the AGS for 2019/2020 - the first Town Deal Board was held in January 2020, but the Terms of Reference were not agreed until August 2020 and added that the Annual Governance Statement for the forthcoming year would allow questions to be asked on the governance of the Town Deal Board. Councillor Morley has asked that 5.1.2 be amended to make the position clear.

Following questions on 9.3.9 in relation to wholly owned companies, the Senior Policy and Performance Officer provided an overview of the work which had been de-prioritised due to Covid and the current piece of work being undertaken which would come to fruition in the autumn 2021.

In response to questions and comments on the de-prioritisation of projects and the importance of maintaining open and transparency, the Assistant Director, Resources explained that the AGS is audited by Ernst Young as part of the audit process each year. Audit Committee are also able to feed into the Audit Plan to gain assurance on areas where they feel there are weaknesses which the committee sign off on an annual basis.

With regarding to the Member Major Projects Board, the Portfolio Holder for Finance explained the role of the Board was to scrutinise major projects and advised that following the meeting scheduled for 29 July 2021, an additional meeting would be called. The committee was informed that the major projects were being progressed, but in a different way and further commented that the new Administration had recognised the importance of the Member Major Projects Board.

The Chair thanked the Senior Policy and Performance Officer for presenting the draft Annual Governance Statement for 2019/2020.

RESOLVED: The Committee:

- 1) Reviewed the draft Annual Governance Statement 2020 (as attached) and determined that the work undertaken to review the governance arrangements was in place during the 2019/20 year was appropriate.

- 2) Determined that there were no additional actions to be taken to inform the final version of the document which will be brought to a future meeting of the Audit Committee.

A23

DRAFT STATEMENT OF ACCOUNTS 2019/2020

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The Assistant Director, Resources presented the draft Statement of Accounts 2019/2020 and explained that the audit of the final Statement of Accounts were awaiting completion by Ernst and Young and final accounts would be presented to the Audit Committee to sign off later in the year.

In response to questions regarding reserves, the Assistant Director, Resources explained that the CIPFA guidance was that the council should have adequate reserves and that the council's current policy in relation to the General Fund Reserve was that 5% of the budget was the minimum level requirement of reserve set out in the Financial Plan. The Assistant Director, Resources undertook to check if there was specific requirements within the CIPFA guidance.

Following questions regarding the payment to Eastlaw for the provision of legal services and monitoring to the council, the Assistant Director, Resources explained that the Statement of Accounts provided information on Eastlaw and it had been recommended by the External Auditor to extract the fee paid for the Monitoring Officer. Councillor Collingham stated that she wished it to be recorded that in her view the council to consider a regular post in legal services. For information, the Portfolio Holder for Finance advised that the current provision of the Monitoring Officer and legal services was under review.

Following a comment on the provision to a summary on a complex document been accessible to all, the Assistant Director, Resources explained that the council was required to produce the document by CIPFA who were looking at streamlining the accounts. The Assistant Director, Resources commented that she would see what could be done to produce a brief summary of key information.

The Chair thanked the Assistant Director, Resources for presenting the draft Statement of Accounts 2019/2020.

RESOLVED: That the committee noted the draft Statement of Accounts 2019/2020.

A24

QUARTERLY BUDGET MONITORING - MONITORING REPORT FEBRUARY 2021

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The Assistant Director, Resources presented the Budget 2020/21 Monitoring Report February 2021 circulated to all Members and reminded the committee they had requested this report was considered on a quarterly basis.

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

- ICT support (£104,000 remote working/virtual meetings) and how this figure was comprised which did not include staffing costs.
- Overall cost of Covid to date, loss of income to the council and Government funding.
- Impact on the leisure service during the Pandemic.
- Credit ratings.
- Outturn figures – report currently scheduled for Cabinet on 21 September 2021.
- Efficiencies – recruitment to vacant posts.
- Monthly Budget Monitoring Reports.
- Budget gap £3.4m anticipated in 2024/2025 which the council would need to address, financial position had improved as a result of additional covid funding, the budget gap had now reduced to £0.9m. It was noted the budget gap would need to be considered on an annual basis.
- Treasury Management Strategy – agreed by Council on an annual basis and available on the website.
- The council's investment portfolio/loans.

The Assistant Director, Resources explained that quarterly monitoring would continue at Audit Committee, but due to a variety of reasons, mostly outside of the Council's control, the year's outturn figure would not be available until September. These delays had also impacted on the timescales for both internal and external audit.

At the invitation of Chair, the Portfolio for Finance addressed the committee regarding the Treasury Management Strategy and advised that there was information on the council's intranet.

The Chair thanked the Assistant Director, Resources for presenting the February 2021 Budget Monitoring Report.

RESOLVED: The committee noted the February 2021 Monitoring Report.

A25

COUNCIL MEETINGS INTERIM ARRANGEMENTS - CABINET REPORT

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In presenting the report the Assistant Director, Resources explained that following the expiry of the powers granted by Section 78 of the Coronavirus Act 2020, from 7 May the council had reverted to face-to-face meetings for Members, supported by Democratic Services Officers in the room. The report considered the impact of the decision not to extend the facility of virtual meetings for councils and to recommend to Cabinet/Council, interim measures to enable the council to fulfil their statutory obligations in respect of council meetings whilst maintaining social distancing and COVID-19 safety measures at all times.

Councillor Collingham commented that the report would also be considered by the Regeneration and Development Panel on 27 July 2021 and she endorsed the proposed structure and added that the continuation of remote meetings - sifting meetings, etc on Teams and Zoom would reduce the cost of travel and reduce emissions. Councillor Collingham added that there were difficulties hearing in the Assembly Room and that the current audio system was not fit for purpose. Councillor Collingham also stated that she had envisaged holding meetings of the Regeneration and Development Panel in other locations - Downham Market and Hunstanton and did not know if the social distancing would allow it.

Councillor Rust stated that she supported the current arrangements but added that many Councillors stood for election on the understanding that they could attend evening meetings and having meetings during the day therefore placed some Councillors at a disadvantage to attend.

Councillor Collingham supported Councillor Rust on the comments made above.

Councillor Gidney concurred with the comments made by Councillor Collingham.

Councillor Storey commented that the distance between Councillors should be maintained to allow Councillors to spread out their documents on the table and added that evening meetings would help himself to attend.

Councillor Morley commented that the present sound system was not fit for purpose to enable decisions to be made and required improvement. Councillor Morley expressed his concerns regarding the Planning Committee and the difficulties experienced with officers presenting reports via Zoom. Councillor Morley also added that 4.30 pm was not a convenient time for himself or other Councillors who had parent responsibilities to attend meetings.

In response to the comments made above, the Assistant Director, Resources explained that if hybrid meetings continued this would provide a saving and that the current audio system was being looked at

and a new system would be installed and trialled during early August 2021.

The Chair commented that there was a need to recognise the requirements for the Planning Committee and that Councillors should be recognised their responsibility to ensure attendance at meetings at whatever time they are held.

The Chair thanked the Assistant Director, Resources for presenting the report.

RESOLVED: The committee supported the recommendations to Cabinet and Council as set out below:

- 1) That Cabinet agree with the recommendations for the interim arrangements for council meetings.
- 2) It is recommended that Council and Scrutiny Panel meetings continue to meet at their current start times.
- 3) Officers will attend meetings via Zoom to limit the number of people in the room at one time.
- 4) Members attending under Standing Order 34 do so via Zoom or in person.
- 5) That a further review of council meetings is conducted at the end of September 2021, when the impact of the relaxing of national covid measures are more widely known.

A26 **CABINET FORWARD DECISIONS LIST**

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RESOLVED: The committee noted the Cabinet Forward Decisions List.

A27 **COMMITTEE WORK PROGRAMME**

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The committee noted the work programme.

A28 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on 16 September 2021 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn.

A29 **EXCLUSION OF PRESS AND PUBLIC**

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

A30 **EXEMPT REPORT: RISK BASED VERIFICATION - CHANGES TO POLICY**

The Revenues and Benefits Manager presented the report and responded to comments and questions from the committee.

RESOLVED: The committee approved the ending of the Risk Based Verification from 1 August 2021 as it had now been superseded by more up to date processes and technology.

The meeting closed at 5.57 pm

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	12 October 2021		
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 11 March 2020 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 <ol style="list-style-type: none"> 1. review progress made and endorse the approach being taken to the Council's business continuity arrangements; and 2. confirm whether annual updates on the topic are required.
REASONS FOR RECOMMENDATIONS:
To ensure that members are kept informed about the Council's business continuity arrangements.

REPORT DETAIL**1.0 Background**

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

- deal with any emergency
- ensure that the impact of the emergency on the council's day-to-day activities is kept to a minimum, and

- ensure that, so far as possible, vital services for the community can be maintained at appropriate levels.
- 1.2 Business continuity management in the authority is based around a framework of documents as shown below:



- 1.3 The responsible officer for business continuity in this authority is an Executive Director, assisted by a group of officers from across the council – the Business Continuity Corporate Officer Group. Implementing business continuity is the responsibility of the Council's Management Team. However, all members of staff have a responsibility to be aware of the plans that affect their service area and their role following invocation of any business continuity plan.
- 1.4 Incidents are broadly of two types. An emerging incident where sufficient notice is given such as in the case of prolonged severe weather or an incident that happens without prior warning but requires immediate senior management attention. The initial Council response in those scenarios differs and is summarised in the flow chart in Appendix A.
- 1.5 A Significant Incident Team will usually be the first point of contact for an incident requiring immediate senior management attention. Such an incident may be an unexpected death or tragic event. Equally, it may be an event causing injuries, a fire in a council building or damage to a facility that could result in injury to staff and/or the public at large. It may also be an event that may attract significant or adverse media interest and is linked to the council's activities, this may include issues such as a lost child in the resort where the child hasn't been located within a 'reasonable' time and the search by our staff and police is escalated.

2.0 Current position

- 2.1 Critical activities are those services that protect life and safety, or are considered essential to support such activity and are considered critical to restore and deliver in the event of a disruption or emergency. The Council's critical activities are:
- Customer Information Centre – response to customer contacts
 - Corporate Communications – including website
 - CCTV responsive functions control room
 - Emergency Planning – response to recovery and incidents

- Homelessness
- ICT – to support other teams
- Incident Management Team – Executive Directors and support staff
- Personnel – for staff contact details (not normal business)
- Property Services – for building access/maintenance (not normal business)
- Electoral Services – if during a critical time
- Env Health – Food Safety / Health & Safety– if during an incident
- Env Health – Environmental Quality – if during an incident

2.2 A risk assessment has been undertaken to identify the potential threats to the critical activities. A ‘threat card’ is in place for each of the threats to guide the Incident Management Team in their consideration of response. The currently agreed threats to the critical activities are listed below. The threat cards were updated in October 2019 and include:

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

2.3 The Council’s business continuity policy was agreed in 2017 by the Chief Executive under delegated powers and is due to be reviewed.

3.0 Progress since last report in March 2020

3.1 Activities undertaken by the corporate officer group since March 2020 are shown below:

- IT Infrastructure Task and Finish Group with oversight of work to ensure the IT network is resilient should the King’s Court Work Area Recovery plan be invoked.
- High level ‘business impact assessment’ undertaken 1 October 2021 – this was a review of all business activity against a set of criteria to confirm in which order services should be recovered in the event of a disruption.
- Out of Hours Contact Card details revised and circulated.
- All critical and non-critical bronze plans reviewed in August 2021.
- METIS 19 tested the Work Area Recovery plan for King’s Court and considered the staff numbers, alternative sites and IT requirements in the event Kings Court is unavailable.
- A review was undertaken of the Significant Incident Team.
- The business continuity policy and strategy were reviewed but not finalised pending the senior management restructure and pandemic.

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.

- 3.2 The particular officers involved in leading and supporting the Council's Covid-19 operational activities and those arising from structures established by the Norfolk Resilience Forum are also involved in corporate business continuity arrangements.
- 3.3 Elements of the pandemic have been in the Council's Business Continuity plan (within the threat cards) although the scale and impact could not have been predicted. Business continuity is essentially about the management of risk and the pandemic is an example where severity is extremely high whereas the likelihood was very low. The world last experienced a pandemic in 1918 with the Spanish Flu. Accordingly, any significant investment in preparedness is unlikely to have been met with wholesale support.
- 3.4 An example would have been the equipping of officers with laptops versus the cost of desk-top PCs. The financial benefit and life expectancy of a PC is typically far greater than a laptop. The financial costs are particularly greater for laptops given the requirements for additional hardware such as dual display screens and docking equipment.
- 3.5 That said, with what we now know to be true, the likelihood of a pandemic occurring has changed as has the technology to support mobile and flexible working and that may change our emphasis on future investments and mitigation.
- 3.6 Awareness of the business continuity plans was used to help reallocate officer resources from non-critical activities to focus on the immediate Covid-19 response and relocation of staff to alternative work locations. This was important in the early stages of the pandemic in Spring to Summer 2020 to ensure staff could focus on community engagement, processing business grants, support to the vulnerable, corporate coordination, participation with activities lead by Norfolk Resilience Forum and preparations for later phases of the pandemic such as deployment of virtual meeting software, development of flexible working approaches and support to the vaccination programme.
- 3.7 Officers undertake periodic assessments of elements of our business continuity arrangements. METIS 18 was a table top exercise to help embed business continuity arrangements and raise awareness of our response mechanism. METIS 17 was a table top exercise to test the senior management response to extreme weather incidents (heavy snow disruption). Each METIS exercise culminates in a learning report to Management Team.
- 3.8 The Covid-19 pandemic is being treated as a live test environment (METIS 20) for our business continuity arrangements. As the Committee is aware, whilst the focus is on restoration of services and recovery, the pandemic and response is ongoing and resilience arrangements are ready to be stood up where required. As such, a formal review and learning exercise has not yet been undertaken although consideration will be given to this in due course.

4.0 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:
- Progressing actions agreed by Management Team following exercise Metis 19.

- Reviewing live incidents after the event and ensuring the lessons learnt are implemented in future planning.
- Planning for the review of METIS 20.
- Reviewing the Council's Incident Response Plan, which following the streamlining exercise, now contains all threat cards.
- Reviewing bronze level business continuity plans.

5.0 Conclusion

5.1 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.

6.0 Recommendation

6.1 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.

7.0 Corporate Priorities

7.1 Not applicable, statutory requirement.

8.0 Policy Implications

8.1 Policy last reviewed in 2017, review commended in 2019 but publication initially delayed to 2020 pending the senior management restructure and then by the ongoing requirements of the Covid-19 response.

9.0 Financial Implications

9.1 None in this update.

10. Personnel Implications

10.1 None in this update.

11.0 Statutory Considerations

11.1 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.

12.0 Equality Opportunity Considerations

12.1 None in this update.

13.0 Risk Management Implications

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

14.0 Environmental considerations

14.1 None in this update.

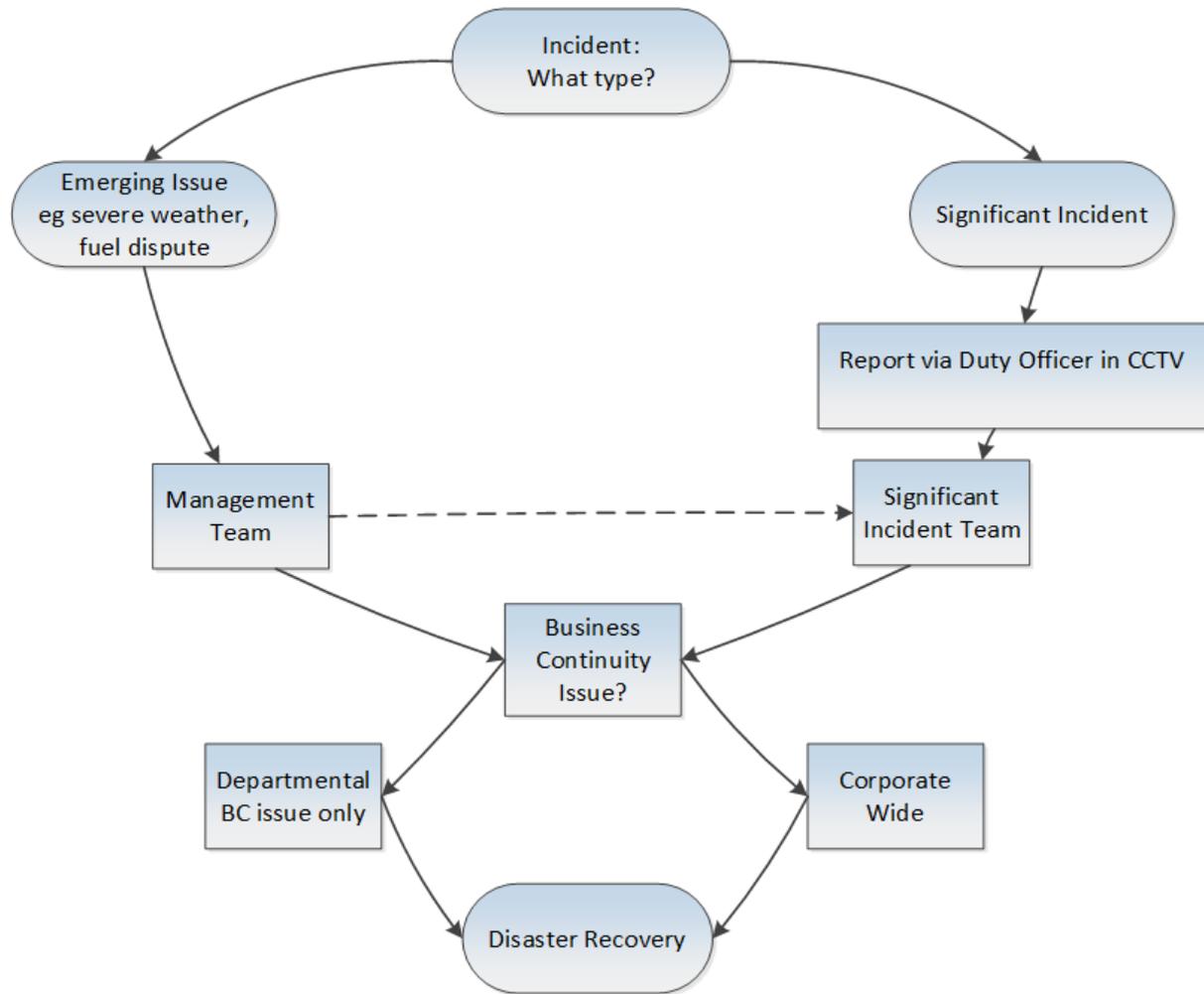
15.0 Declarations of Interest / Dispensations Granted

15.1 None in this update.

Background Papers

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

Appendix A Flowchart summarising overview of response to an incident



REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Mandatory/	(a) Be entirely within Cabinet's powers to decide	YES	
	Operational	(b) Need to be recommendations to Council	NO	
		(c) Be partly for recommendations to Council and partly within Cabinet's powers –	NO	
None				
Lead Member: Councillor Angie Dickinson E-mail: cllr.angie.dickinson@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Michelle Drewery E-mail: michelle.drewery@west-norfolk.gov.uk Direct Dial: 01553 616432		Other Officers consulted: Management Team. Service Managers.		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications (incl S.17) YES	Equal Opportunities Implications NO	Risk Management Implications YES

Cabinet Date: 21 September 2021

REVENUE OUTTURN 2020/2021

Summary

The report sets out in summary the revenue outturn for 2020/2021 for the Council. The report shows details of the major differences between actual costs/income compared to the revised estimates for 2020/2021 reported in February 2021 monitoring.

The accounts show the Borough's spend of £16,330,894 which is £7,866 less than the revised position following February's monitoring for 2020/2021. This includes a proposal to transfer £1,690,243 to reserves for continued operations in 2021/2022 and a drawdown of £1,083,135 from reserves to fund the budget. This is a reduction of £174,405 to the estimated drawdown of £1,257,540 as reported in February monitoring position, which means the unused amount will remain within the General Fund Reserve balance that will be carried forward to 2021/2022.

The Council's continuing strategy is to identify budget savings in year, as part of the monitoring process and at year end. Any savings are then transferred to the General Fund Reserve balance for use in future years.

Recommendation

It is recommended that Cabinet approves:

- 1. The draft revenue outturn position for 2020/2021 (section 2)**
- 2. Review and agree the amendments to the Earmarked Reserves Policy (Section 4)**

Reason for Decision

To approve the draft revenue outturn position for 2020/2021 for the Council.

1 Introduction

- 1.1 This report sets out the draft revenue outturn position for 2020/2021, the details of which, once finalised, will be used to form the Statement of Accounts.

The impact of COVID-19 on Local Authorities has been noted with the deadline for the publishing of draft accounts. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 has subsequently relaxed key reporting deadlines for local authorities as follows:

- Publish draft accounts by the first working day in August 2021 (previously 31 May);
- Public inspection period to start on or before the first working day of August 2021 (previously included first ten working days of June);
- Publish final audited accounts by 30 September 2021 (previously 31 July).

The Finance Services function has been working extremely hard to try and comply with the revised deadlines. However, COVID-19 and continuing strains on resources has continued to adversely impact the outputs.

Where an audit of accounts has not been concluded before 30 September 2021 an authority must publish (which must include publication on the authority's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the statement of accounts and the reasons for this.

The Council's external auditor Ernst & Young have advised that the external audit on the 2020/2021 financial accounts will take place during the period November/December 2021. However, it is anticipated that this timeframe will be impacted further due to the delay of the audit for the 2019/2020 Statement of Accounts which are due to be undertaken during October/November 2021. EY will need to sign off the financial statements for 2019/20 before they can commence the audit of the accounts for 2020/2021. Consequently, the draft accounts for 2020/2021 will be published and will remain on the Council's website until the external audit has concluded and the accounts are approved by the Audit Committee. Further updates on progress will be reported accordingly.

2 Outturn 2020/2021

2.1 The following table shows:

- the approved budget for 2020/2021 as approved by Council on 27 February 2020 (revised structure presented to Cabinet in September 2020)
- Revised budget as approved by Council on 25 February 2021
- February 2021 monitoring, (amended for budget reallocations)
- The draft outturn for 2020/2021
- The Surplus/Deficit column shows the variance comparing February 2021 monitoring position to the draft 2020/2021 outturn

The COVID grant reallocations column is for information purposes and shows how the covid emergency grant and the sales, fees and charges budgets have been reallocated across service areas and contribute to the variances.

	Approved by Council 27 Feb 2020 (revised as per new structure)	Revised Budget Approved by Council 25 Feb 2021	Feb-21 Monitoring & Budget Reallocations	Draft Outturn	(Surplus) / Deficit	Note	COVID Grant Reallocations incl in Feb Monitoring
	2020/21	2020/21	2020/21	2020/21	2020/21		2020/21
	£	£	£	£	£		£
Central Services	3,088,099	2,859,970	2,574,130	2,492,388	(81,742)	3.1	(13,080)
Community and Partnerships	278,730	617,400	1,138,630	1,467,021	328,391	3.2	(673,940)
Environment and Planning	1,694,480	2,175,770	1,550,500	1,222,048	(328,452)	3.3	(87,360)
Operations and Commercial	349,419	2,678,090	1,662,360	215,180	(1,447,180)	3.4	(1,030,420)
Programme and Projects Delivery	216,400	267,090	252,090	283,906	31,816	3.5	0
Property and Projects	(1,239,771)	(1,410,510)	(1,400,220)	(1,451,864)	(51,644)	3.6	(84,610)
Regeneration Housing & Place	856,961	795,200	665,680	397,038	(268,642)	3.7	0
Resources	10,208,442	8,109,660	6,036,790	6,172,551	135,761	3.8	(875,660)
Chief Executive	303,350	303,350	303,350	275,207	(28,143)	3.9	0
Culture and Leisure	1,891,840	4,075,040	1,588,610	1,436,066	(152,544)	3.10	(1,229,120)
Service Area Totals	17,647,950	20,471,060	14,371,920	12,509,541	(1,862,379)		(3,994,190)
Financing Adjustment	1,691,090	1,762,980	384,250	373,976	(10,274)	3.11	0
Internal Drainage Boards	2,809,170	2,819,160	2,819,160	2,819,158	(2)		0
Council Tax Support to Parishes	20,970	20,970	20,970	21,111	141		0
Subtotal	22,169,180	25,074,170	17,596,300	15,723,786	(1,872,514)		(3,994,190)
Reimbursement of lump sum Pension Payment	(5,277,000)	0	0	0	0		0
Pension Payment due 2020/2021	1,707,000	0	0	0	0		0

Contribution to/(from) Balances for Pension	(3,570,000)	0	0	0	0	0
Additional transfers to Reserves	0	0	0	1,690,243	1,690,243	2a
Contribution to / (from) Balances	(349,780)	(3,641,220)	(1,257,540)	(1,083,135)	174,405	
Borough spend for 2020/2021	18,249,400	21,432,950	16,338,760	16,330,894	(7,866)	(3,994,190)
<i>Funded by:</i>						
Central Government – COVID	0	(3,994,190)	0	0	0	3,994,190
Revenue Support Grant	(624,220)	(624,220)	(624,220)	(624,216)	4	0
Rural Service Delivery Grant	(470,700)	(470,700)	(470,700)	(462,830)	7,870	0
New Homes Bonus	(898,180)	(898,180)	(898,180)	(898,185)	(5)	0
Business Rates	(9,479,670)	(9,045,570)	(7,945,570)	(7,945,573)	(3)	0
Council Tax	(6,776,630)	(6,400,090)	(6,400,090)	(6,400,090)	0	0
	(18,249,400)	(21,432,950)	(16,338,760)	(16,330,894)	7,866	3,994,190

- 2.2 Over the year ending 31 March 2021, service managers have continued to look for opportunities to produce in year budget savings. These savings have been reported as part of the monthly monitoring process.
- 2.3 The budget approved by Council in February 2020 included a transfer from General Fund Reserve Balances of £3,919,780 which 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. There was also a revised budget approved by Council in February 2021 which amended the estimated transfer from General Fund balances to £1,257,540 which would be used to fund the budget for 2020/2021. The budgeted spend has since reduced further, resulting in a revised drawdown of £1,083,135, a net reduction of £174,405 overall. A breakdown on movements can be seen in Appendix 1a.
- 2.4 Service managers have reduced spend and activity during the year whilst the focus has been on the response to Covid. These favourable variances can be seen in more detail for each service area at section 3 of this report. As the country is now moving away from restrictions and services can resume business as usual activity, consideration has been given to funding required for works or activities that need to continue and require funding going forward. These additional amounts are proposed to be transferred to reserves and are set out in detail in Appendix 2a.
- 2.5 The 2020/2021 outturn is within the revised approved budget set by council in February 2021 and allows the Council to set aside funds for future demands in addition to carrying forward a General Fund Reserve balance that is higher than originally estimated. However, it should be noted that, due to ongoing nature of the pandemic, there will be ongoing economic impact on service delivery as well as the council's financial position throughout 2021/2022. The situation will be closely monitored and reported accordingly to inform on any decisions that may be required.

3. Major differences between the revised estimates and the actual costs

The following pages show the major differences between the revised estimates and the actual costs. Under each budget heading the format shows "Movements to be explained", which are outlined as major variances and explained in the narrative that follows.

Detailed transfers between reserves are presented in appendices 2a & 2b. Appendix 2a sets out proposed transfer to reserves for continued operations as mentioned in paragraph 2.4. Appendix 2b sets out grants and third-party contributions received in year where the balances are required to be transferred to reserves to fund future spend.

Two other categories which appear within the narrative that follows are “REFCUS” (Revenue Expenditure Funded from Capital Under Statute) and “Unsupported Borrowing”. Both of these items deal with accounting requirements that show capital items being recorded as revenue spending. There is no impact on the accounts of the Council or Council Tax as the charges are reversed out as part of the Financing Adjustment as shown in paragraph 3.11. Appendix 3 provides a further explanation.

Covid spend and loss of income

Appendix 4 shows the updated position at the year-end on Covid expenditure and loss of income as reported in previous monitoring reports during 2020/2021.

3.1 CENTRAL SERVICES – Surplus £81,742

Movements to be explained:		£
1	<p>Employee and Related Cost Savings These have arisen across a number of areas due to vacancies or minor differences in budget to actual costs as follows:</p> <ul style="list-style-type: none"> • Fixed term apprentice (£2,200) • Mayoral transport staff cost (£2,400) • CIC staff (£7,700) • Safety & Welfare (£4,529) • Communications (£5,400) 	(22,229)
2	<p>Supplies and Services Cost Savings Printing, Graphics and Communications; mainly due to restricted activity within the offices due to Covid and face to face meetings being replaced by use of Microsoft Teams (£66,800) Other variances have arisen due to reduced activity and use of supplies during the pandemic as follows:</p> <ul style="list-style-type: none"> • Safety & Welfare (£8,300) • Elections (£3,200) • CIC (£2,200) • Member Services (£2,400) • Internal Recharges (£3,200) • Other minor variances (£3,229) 	(89,329)
3	<p>Premises and Transport Cost Savings Minor variances due to reduced activity whilst lockdown restrictions in place from premises costs (£3,100) and transport costs (£3,352)</p>	(6,452)
4	<p>Loss in income Service Level Agreement loss of income from Alive West Norfolk £120,100, has been partly offset by sales, fees and charges grant claim of (87,528)</p>	32,572
5	<p>Other minor variances</p>	3,696
Surplus		(81,742)

3.2 COMMUNITY and PARTNERSHIPS – Deficit £328,391

Movements to be explained:		£
1	<p>Careline</p> <p>An unexpected grant was received during the year, alongside an underspend on contracted services. A further saving arose from a staff vacancy during the year.</p>	(88,949)
2	<p>Community Safety & Neighbourhood Nuisance</p> <p>Community Safety and Neighbourhood Nuisance – under budget due to no new projects initiated during the year as covid meant other priorities took over</p>	(18,909)
3	<p>Housing</p> <p>Cost of external legal fees was higher than anticipated. This is due to an ongoing legal dispute where the council shares 50% of the costs of this dispute with another district council. There were also unexpected costs relating to memberships and subscriptions</p>	20,381
4	<p>Housing Options</p> <p>Benefit income for temporary accommodation exceeded the budget by £335,000 in addition to a significant underspend on bed and breakfast accommodation of £25,500 – this budget is unpredictable and will depend on the availability of hostel accommodation. Variances have arisen where two posts were budgeted for, along with a corresponding budget for grant income to cover the cost of the posts. The salary budgets were then removed, but the grant budget remained creating an adverse variance of £74,000 in total. Transfers from reserves were not required as budgeted, creating a variance of £36,500. Covid expenditure of £667,990 is also included where emergency covid grant budget and income has been allocated against this spend. However, the spend had no budget allocated against it causing an adverse variance. Other minor variances make up the difference of £10783.</p>	428,773
5	<p>Community Transport</p> <p>Community Transport is under budget by £8,616 due to timing during the year of the new ferry supplier commencing their contract</p>	(8,616)
6	Minor Variances	(4,289)
	Deficit	328,391

3.3 ENVIRONMENT AND PLANNING – surplus £328,452

Movements to be explained:		£
1	<p>Licensing Original income was not anticipated to be as high as out-turn revealed. This was due to a mixture of uncertainty around both Brexit and Covid. It was assumed that numbers of licenses and therefore income would decrease, but a surge of licences later in the financial year saw income increase. There has also been a surge in the number of dog breeders seeking licences for their activity, due to new legislation. An extra £1,500 was received in this way.</p>	(27,542)
2	<p>Food Hygiene Original income was budgeted low due to the unknown impact of both Brexit and Covid but actuals have surpassed that which was anticipated. There have been savings on travel and associated costs due to fewer visits (due to Covid closures) and a reduction in the need for agency staff as well as some staffing savings due to vacant posts</p>	(54,716)
3	<p>Emergency Planning Savings have been made on travel costs; room hire for training exercises as well as the costs associated with training. No allowances have been paid to volunteers. This is due to lower activity due to covid restrictions in place</p>	(15,262)
4	<p>Pollution Monitoring Some of the units used in air quality monitoring are old and have had more repairs</p>	3,810
5	<p>Coastal Defence / Protection Repairs to the Hunstanton Promenade are difficult to predict and very much weather dependent. Repairs were less than anticipated during 2020/2021, creating a saving of £16,000, along with a reduction in the use of specialist consultants, creating another saving of £10,000</p>	(26,390)
6	<p>Development Control Planning income is always extremely volatile and subject to a number of external factors. Income during 2020/2021 exceeded expectations, due to the stamp duty holiday and the markets moving during breaks from lockdown. Planning Appeal fees were also less than the budget – again this very much depends on appeals raised during the year.</p>	(189,854)
7	<p>Planning Policy</p>	(30,566)

Movements to be explained:		£
	A vacant post for part of the year has resulted in some small salary savings and an extra neighbourhood planning grant which was unexpected was also received in year	
8	Street Naming & Numbering Street Naming and Numbering income was higher than expected, this is purely down to new estates and roads being named and numbered (£3,000). This was alongside recharges to third parties for street naming and numbering information required (£4,000)	(7,029)
9	Back Office Postage recharges were less than anticipated due to less staff in the office due to Covid, and therefore there has been an increase in the use of alternative method of other communication	12,502
10	Minor Variances	6,595
Surplus		(328,452)

3.4 OPERATIONS and COMMERCIAL – Surplus £ 1,447,180

Movements to be explained:		£
1	<p>Carparking King's Lynn and West Norfolk / Carparking Shared Services</p> <p>Government travel restrictions and national lockdown due to Covid led to a significant loss in car parking income. With retail shops closed and people working from home during 2020/2021, the car parks in Kings Lynn have been practically empty for significant periods during the year. However, £1,551,000 has been recovered through the Government Sales, Fees and Charges Scheme as well as savings on staff and increased income from resorts car parks</p>	(224,004)
2	<p>CCTV</p> <p>Additional income of £70,000 from the installation of CCTV in Swaffham, Saddlebow and Great Yarmouth and savings across the area on repairs and maintenance</p>	(125,880)
3	<p>Crematorium and Cemeteries</p> <p>£230,000 of extra income from Cremation fees at Mintlyn Crematorium was generated as a result of providing additional one-off services for a neighbouring county when their facility was closed due to fire and the slight increase in national death rates during the pandemic. Trading income has been reduced by £30,000 as Covid restrictions led to investment in making more services available online. Other minor variances make up the difference.</p>	(183,328)
4	<p>Parks, Sports & Open Spaces</p> <p>Numerous savings across the area on staffing related costs such as salaries - £96,000, Overtime - £40,000, seasonal wages - £40,000. There have also been savings on fuel of £41,000, £16,000 for special events and on materials. All of these savings are due to government's restrictions surrounding the pandemic. £66,000 which was not budgeted for, was received from a section 106 agreement to contribute to grounds maintenance. Other minor variances make up the difference.</p>	(331,739)
5	<p>Resort</p> <p>Shortfall on rent income of £30,000 due to Covid restrictions. The Sea Life Centre rent is not constant and will depend on visitor numbers. Due to covid restrictions, the Centre was closed and so losses in rental income occurred. The seasonal chalets were also closed.</p>	37,257

Movements to be explained:		£
6	<p>Refuse and Recycling Covid and lockdowns during 2020/2021 made a big impact on the Refuse and Recycling area where there has been a shortage of income from trade waste but a significant increase in household waste. The new Serco contract did not start until the end of March 2021. By not being able to run the brown bin service in March 2020, customers were granted an extra month on their contracts, which resulted in losses. However, the Refuse and Recycling area saw extra income from bulky waste collections and made savings by not running the food waste service. The food waste service therefore saved £138,000, with the rest of the refuse and recycling service creating a total deficit of £244,000, leaving a net deficit of £106,000.</p>	106,404
7	<p>Cleansing and Street Sweeping Expenditure has been lower than usual due to Covid restrictions and lockdowns, with savings made across the area</p>	(24,528)
8	<p>Depots New cables, cameras, flooring, and a cooling system for the Old Meadow Road office, along with increases in repairs costs for the end of the Kier contract, led to extra pressure on the budget</p>	59,006
9	<p>Public Conveniences Local resort areas have seen increases in visitor numbers due to Government overseas travel restrictions, which has resulted in extra pressure on public conveniences and water usage</p>	14,755
10	<p>Other Operations and Commercial Minor Variances</p>	6,209
11	<p>This is primarily funding received for the third (unbudgeted) claim against Sales, Fees and Charges Government support for income lost due to Covid – (£886,787). Of this, £133,367 relates to refuse and recycling, which was a claim for the loss of income from recycling, garden and trade waste, There were unsupported borrowings of £105,455 for new vehicles as a result of the Serco contract</p>	(781,332)
Surplus		(1,447,180)

3.5 PROGRAMME & PROJECTS DELIVERY - Deficit £31,816

Movements to be explained:		£
1	<p>Procurement Minor overspend on salary costs due to budget issues in 2020/21 that have been amended in 2021/22 - £7,000. Subscriptions and memberships higher than anticipated due to a joining fee for a Consultant Framework - £4,000</p>	11,027
2	<p>West Norfolk Housing Subsidiary Credit balance relates to an accrual for income from West Norfolk Housing company for utilities charges and running costs and other minor costs which were not budgeted for</p>	(12,361)
3	<p>Corporate Projects Timing issues relating to interest transfer to funds, with some small underspends on consultancy and room hire costs. Land rents income was higher than anticipated due to the inclusion of accruals for ground rents and insurance costs for both 2019/20 and 2020/21 financial years.</p>	33,150
	Deficit	31,816

3.6 PROPERTY and PROJECTS – Surplus £51,644

Movements to be explained:		£
1	Industrial Units Land rents received relating to the Hardwick Industrial Estate were greater than anticipated	(53,904)
2	General Properties The overspend relates to an increase in repairs required and increased costs in relation to electrical, heat and waste connections for temporary accommodation	13,320
3	KLIC Income from hire of meeting rooms was not as high as anticipated.	28,019
4	Offices Salary costs were higher than expected during the year, this was due to extra cleaning staff from the Town Hall, which the council were charged for. There has been high touch point daily cleaning in place, and so cleaners have been paid extra hours. AWN staff that would have been furloughed were utilised for some of these services, but differences in grades and salary rates contributed to the overspend.	62,691
5	Property Services Due to a number of vacancies during the year, there has been an underspend on salary costs	(76,116)
6	Street Lighting This underspend relates to the delay of purchase of new lighting columns	(5,101)
7	Shops & Offices This relates to REFCUS	(20,553)
	Surplus	(51,644)

3.7 Regeneration Housing and Place – Surplus £268,642

Movements to be explained:		£
1	<p>Conservation and Heritage</p> <p>A reduction in repairs to Greyfriars Tower (£12,000) during the pandemic which is offset by minor variances in repairs and utilities.</p>	(11,964)
2	<p>Economic Regeneration</p> <p>Business start-up initiatives were unable to be undertaken during the pandemic resulting in an underspend (£61,000), coupled with a travel underspend (£3,000). However, against this is a variance of £90,000 relating to expected grant income which has not been achieved. This is currently being investigated. There is also unbudgeted spend on professional fees of £35,500. There were some minor variances to repairs and salaries making up the difference overall.</p>	77,783
3	<p>Guildhall and Arts</p> <p>Costs of the Arts Initiatives of £54,000 exceeded the grant received for this project of £35,000. This was offset by a saving of £23,000 where contributions to the Arts Initiatives were not actioned as a result of government restrictions due to covid.</p>	(3,746)
4	<p>Housing Strategy</p> <p>Unbudgeted income of £297,000 was received for affordable housing which came from a variety of developers for contributions for distribution. However, during 2020/21 no funds were distributed as there were no appropriate opportunities that would have been beneficial for the council. The remaining underspend was a result of minor variances for transport and salaries due to Covid.</p>	(314,999)
5	<p>Museums</p> <p>The salary budget was increased to accommodate a new post. However, the post was not filled as soon as anticipated.</p>	(18,636)
6	<p>Regeneration Projects</p> <p>Minor variances on repairs, travel and transport, mainly due to Covid restrictions throughout 2020/2021</p>	(3,945)
7	<p>Tourism</p> <p>Savings of £45,000 are due to various tourism initiatives that could not take place due to local government restrictions in response to Covid. Hunstanton TIC was closed during lockdown resulting in a £32,000 underspend.</p>	6,865

These savings were offset by £83,000 of grants paid to businesses during the pandemic.	
Surplus	(268,642)

3.8 Resources – Deficit £135,761

Movements to be explained:		£
1	ICT SLA income gap for ICT support to AWN of £22,000 (SFC scheme funded 75% of 95% of budget), duplicate budget for internal recharges £71,000, mobile phones/telephones £19,500 and additional software and hardware costs not budgeted for £18,000.	130,815
2	Financial Services Shortfall in SLA for AWN after sales, fees and charges claim £35,000. This was offset by savings on salary costs £15,000, professional fees £9,000, postage costs of £7,000 and other minor variances £7,000 due to reduced activity during the pandemic.	(2,838)
3	Internal Audit & Fraud Salaries underspend £4,000, additional Single Person Discount Scheme funding received from NCC of £21,500 and £4,000 minor variances.	(29,258)
4	Corporate Insurance Premiums were lower than anticipated.	(37,934)
5	Corporate Management Team Minor variances	2,640
6	Cost Reduction Cost Reduction Savings of £476,000 were not achieved due to corporate decision to prioritise resources on Covid response. Therefore, no transfer to reserves against this budget was actioned. However, ongoing staff recharges of £58,000 have still been actioned contributing to favourable variance.	(533,985)
7	Interest Higher interest received on investments than anticipated due to higher balances held as a result of additional Government Grants to support the pandemic	(18,405)
8	Treasury Management The council has not actioned any borrowing arrangements in year resulting in savings on brokerage fees	(10,500)
9	Special Expenses & Taxation & Grants Minor Variances	(1,680)

Movements to be explained:		£
10	Revenues & Benefits Increase in postage costs £9,000, additional housing payments £17,300, overpayments/write offs/penalties not raised £51,000 whilst debt recovery paused, court costs income not achieved £212,000 due to reduced action, court costs £7,000, land registry fees £2,000, all offset by favourable variances of covid grant income £78,000, travel £5,000, salaries £16,000, professional fees £6,000 and other minor variances totalling £14,000	179,025
11	Corporate Costs & Provisions Covid emergency grant income was budgeted for and received but there was no expenditure budget relating to the spend of £308,000. Other costs include unbudgeted salary related costs of £20,500, additional audit fees incurred of £40,000 (2018/19 accounts), increase in subscription fees of £12,000, card transactions fees (relating to a cost reduction project) of £15,600 and other minor variances of £6,600. These are offset by favourable variances of bank charges £21,000, technical adjustment in relation to a loan settlement £100,000, reduction in stationery costs of £22,800 and unspent computer equipment budget of £10,000. Other minor variances make up the difference.	256,441
12	Corporate Initiatives One Vu Project - This is a Corporate Initiative to drive savings through joint working. However, due to Covid this has not been progressed during the year.	201,440
Deficit		135,761

3.9 Chief Executive – Surplus £28,143

Movements to be explained:		£
1	Legal Services Legal fees lower than budgeted as a result of reduced activity during lockdown restrictions	(42,799)
2	Income Income under budget from legal fees and court recoveries as no action taken whilst lockdown restrictions were in place.	18,510
3	Minor Variances	(3,854)
Surplus		(28,143)

3.10 Culture and Leisure – Surplus £152,544

Movements to be explained:		£
1	Utilities Savings from utilities across all venues due to additional lockdowns	(259,560)
2	Repairs and Maintenance Recharges from AWN Savings on repairs and maintenance recharges from Alive West Norfolk	(8,421)
3	Pavilions and Sports Grounds Additional costs for grounds maintenance of £11,254 - this was offset by savings from AWN recharges	11,254
4	Town Hall Complex Shortfall on income of £36,000 due to additional lockdowns. This was partly offset by savings on supplies and services of £23,000	13,196
5	Arts Centre Complex Shortfall in income of £33,000 due to additional lockdowns which was partly offset by savings on supplies and services of £13,000	19,570
6	Corn Exchange and Sports Facilities Shortfall in income of £131,000, mainly due to the management fee from AWN. Savings from unsupported borrowing due to delay in the replacement of capital equipment and capital works within the venues (£110,000). Borough Council funding to Alive West Norfolk of £968,000 which was offset by grants of £938,000	53,325
7	Community Centres Transfer to reserves for Kings Lynn Area Consultative Committee for future projects due to South Lynn Community Centre being used to relocate Borough Council staff	20,000
8	Minor Variances	(1,908)
Surplus		(152,544)

3.11 Financing Adjustment – Surplus £10,274

Usually interest receivable is allocated internally to various reserve balances but due to interest rates on the current account being nil, it was

recognised that it was not beneficial to undertake the work needed to do this.

4. Amendments to the Earmarked Reserves Policy

The Council's policy on earmarked reserves states that the maximum balance to be held in each policy area is:

Reserves Policy Area	Balance as at 31 March 2021 £'000	Current maximum balance to be held £'000	Proposed new maximum balance to be held £'000
Amenity Areas	265	300	300
Capital Programme Resources	6,776	10,000	9,000
West Norfolk Partnership	888	1,100	1,100
Insurance Reserve	216	300	300
Restructuring Reserve	334	1,000	1,000
Repairs and Renewals Reserve	900	2,500	2,000
Holding Accounts	2,167	2,600	2,600
Ring Fenced Reserves	3,091	2,500	3,200
Planning Reserves	205	1,000	800
Grants Reserves	3,932	3,200	4,200
Collection Fund Adjustment Reserve	4,523	4,000	4,600
Projects Reserve	357	1,500	800
Other Total	462	400	500
	24,116	30,400	30,400

It is proposed to amend the earmarked reserves policy balance as follows:

- Capital programme resources held in reserves to be reduced from £10,000,000 to £9,000,000
- Repairs and Renewals to be reduced from £2,500,000 to £2,000,000
- Ring-fenced reserves to increase from £2,500,000 to £3,200,000 due to increase in Community Infrastructure Levy funds
- Planning Reserve to be reduced from £1,000,000 to £800,000
- Grants Reserves to be increased from £3,200,000 to £4,200,000
- Collection Fund Adjustment Reserve to be increased from £4,000,000 to £4,600,000
- Projects Reserve to be reduced from £1,500,000 to £800,000
- Other miscellaneous reserves to increase from £400,000 to £500,000

5. General Fund Working Balance

The reduction in spend against the revised budget for 2020/2021 results in a revised balance of the General Fund Reserve as at 31 March 2021 of £8,998,382 (£10,081,517 as at 31 March 2020).

As per the Financial Plan 2020 - 2025 the Council is forecast to fund the budget by using General Fund Reserves balances over the next 4 years. Estimates are subject to change due to the ongoing financial implications of COVID on the council and any announcements on changes in Government funding.

6. Policy Implications

None

7. Statutory Considerations

As detailed above, the external audit of the accounts for 2020/2021 will not be completed by 30 September 2021. We are also in discussion with Ernst & Young, the council's external auditor, in respect of their timetable for completing the 2019/2020 audit. The audit of accounts for 2020/2021 will subsequently follow.

Ernst and Young LLP have been appointed as the Council's auditors for the period 2018/2019 to 2022/2023.

8. Consultations

Leader of Council
Management Team
Service Managers

9. Access to Information

Council Agenda/Minutes
Council Financial Plan 2020 – 2025
Monthly Monitoring Reports 2020/2021

Monitoring report budget adjustments 2020/2021

Appendix 1a

Month/Qtr	Detail	£
	2020-21 Approved Budget from General Fund	(349,780)
2020/21	Quarter 1	(5,123,980)
2020/21	Quarter 2	816,410
October 2020	Central Services	69,200
	Community and Partnerships	(22,350)
	Companies and Housing Delivery	36,100
	Environment and Planning	(138,820)
	Operations and Commercial	1,313,240
	Property and Projects	211,170
	Regeneration Housing & Place	71,040
	Resources	(383,640)
	Culture and Leisure	(2,153,160)
	Financing Adjustment	(71,890)
	Internal Drainage Boards	(9,990)
	Other Government Grants	2,095,230
January 2021	Central Services	84,200
	Community and Partnerships	328,000
	Operations and Commercial	487,200
	Property and Projects	51,000
	Regeneration Housing & Place	48,900
	Resources	24,000
	Chief Executive	14,030
	Culture and Leisure	(10,060)
February 2021	Central Services	210,160
	Community and Partnerships	23,010
	Companies and Housing Delivery	15,000
	Environment and Planning	(24,560)
	Operations and Commercial	(52,300)
	Property and Projects	(14,030)
	Regeneration Housing & Place	9,000

Month/Qtr	Detail	£
	Resources	127,570
	Chief Executive	4,000
	Culture and Leisure	1,223,000
	Financing Adjustment	(192,500)
	Internal Drainage Boards	28,060
Draft Outturn 2020/2021	Central Services	81,742
	Community and Partnerships	(328,391)
	Companies and Housing Delivery	(31,816)
	Environment and Planning	328,452
	Operations and Commercial	1,447,180
	Property and Projects	51,644
	Regeneration Housing & Place	268,642
	Resources	(135,761)
	Chief Executive	28,143
	Culture and Leisure	152,544
	Financing Adjustment	10,274
	Internal Drainage Boards	2
	Council Tax Support to Parishes	(141)
	Additional Transfer to Reserves	(1,690,243)
	Grants	(7,866)
Draft Outturn 2020/2021 amount to be transferred from General Fund Balance		(1,083,135)

Proposed Transfers to Reserves as at 31 March 2021**Appendix 2a**

As part of closing the accounts the opportunity has been taken to set up additional transfers to reserves:

The additional amounts proposed to be transferred to reserves are:

Service Head	Service	Description	Amount to Reserve £
Community & Partnerships	Financial Assistance	Themed fund not utilised in 2020/21 due to covid. This fund will be used in future years for either covid recovery grants or the Queens Platinum Jubilee	4,000
	Community Safety & Neighbourhood Nuisance	Financial Assistance not utilised during 2020/21 due to covid. To be used to fund schemes going forward	13,000
Community & Partnerships Total			17,000
Operations and Commercial	CCTV	Funding for software support licence to be used to bulk buy the software support required for licencing of the CCTV system	29,312
	CCTV	To be used to replace or refurbishment the current stock of cameras, several of which will need replacing during 2021/22	25,209
	Cemeteries and Crematorium	Balance to be moved to reserves for memorial safety testing that occurs once every five years	4,700
	Cemeteries and Crematorium	Due for cremator repairs which are ongoing and are needed. Funded by extra cremations for Boston	80,000
	Cemeteries and Crematorium	To finalise the memorial lawn extensions. Some prep work has been done, but risk of running out of sellable space if works not completed	20,000
	Parks, Sports Grounds & Open Spaces	Carried forward to be used for events that did not take place during 2020/21	3,000
	Parks, Sports Grounds & Open	Planned works delayed due to covid. Will be used for fountain	2,920

Service Head	Service	Description	Amount to Reserve £
	Spaces	plumbing refurbishment	
	Car Parking King's Lynn	This is the promotions budget not utilised during 2020/21 which will be used during 2021/22 for events including those relating to the Queens Platinum Jubilee	92,000
	Food Waste	To be used in 2021/22 to relaunch the food waste scheme	10,000
Operations & Commercial Total			267,141
Environment & Planning	Climate Change Strategy	To fund climate change actions in 2021/2022 once Climate Change Strategy approved	1,000,000
	Coastal Defence/Protection	To fund future years expenditure as part of the Coastal Management Plan	15,567
	Neighbourhood Planning	To fund future work on neighbourhood plans	9,320
Environment & Planning Total			1,024,887
Property & Projects	Office Accommodation	Sinking fund contributions to be transferred to reserves	31,599
Property & Projects Total			31,599
Regeneration	Tourism	Pilgrimage Trail Plaques could not be progressed during 2020/21. Plans have now been renewed and expanded	550
	Tourism	King's Lynn town centre pedestrian fingerposts need urgent care as upkeep could not take place during 2020/21 due to lockdowns and other priorities arising from covid	1,500
	Tourism	To be used to boost tourism in the area during 2021/22 and support local business's profiles after the impact of covid	8,226
	Tourism	Street Art project which will further support the Heritage Open Day street activities, which could not take place during 2020/21 due to covid	5,570

Service Head	Service	Description	Amount to Reserve £
Regeneration Total			15,846
Resources & Section 151	Corporate	To be used to fund small projects and initiatives	250,000
	Audit	Contribution to new service provision by Eastern Internal Audit Services	3,770
Resources & Section 151 Total			253,770
Leisure		To be used to fund the Summer School of Play	40,000
		To be used to fund the sports facilities and Playing Field Strategy during 2021/22	40,000
Leisure Total			80,000
Grand Total			1,690,243

Appendix 2b

The additional grants / third party contributions received in year, which have been transferred to reserves are:

Service Head	Service	Description	Amount to Reserve £
Central & Community			
Chief Executive	Assistant to Chief Executive	Contain Outbreak Management Fund (COMF) grant monies to be used to fund future spend	651,481
Central & Community Total			651,481
Community & Partnerships			
Housing Options	Rough Sleeper Fund	Funding to be used in future years	77,233
Housing Options	Homelessness Prevention	Balance of DCLG grant to fund future spend	278,862
Housing Options	Early Help Hub Co-Ordinator	Grant funding for post to be used in future years	9,045
Housing Options	Rough Sleeper Initiative	Grant funding to be used in future years	24,296
Community & Partnerships Total			389,436
Resources			
Revenues & Benefits	Covid 19 Grants	New Burdens Funding to be used in future years	228,800
Resources Total			228,800
Grand Total			1,269,717

- **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.

- **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Capital expenditure that does not result in a new or enhanced asset in the Authority's accounts. An example is Disabled Facilities Grants made to individuals. These are charged to the Income and Expenditure Account and reversed out as part of the Financing Adjustment.

- * **Minimum Revenue Provision (MRP)**

The Council is required to pay off an element of its underlying need to borrow (the Capital Financing Requirement) each year through a revenue charge (MRP).

A variety of options for MRP calculation are available to councils, so long as there is a prudent provision. The Council uses the Asset Life Method as set out below.

Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations which provides for a reduction in the borrowing need over approximately the asset's life.

Covid spend tables (to follow)

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Mandatory/	(a) Be entirely within Cabinet's powers to decide	YES	
None	Operational	(b) Need to be recommendations to Council	NO	
		(c) Be partly for recommendations to Council and partly within Cabinet's powers –	NO	
Lead Member: Councillor Angie Dickinson E-mail: clr.angie.dickinson@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Michelle Drewery E-mail: michelle.drewery@west-norfolk.gov.uk Direct Dial: 01553 616432		Other Officers consulted: Management Team. Service Managers.		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications (incl S.17) YES	Equal Opportunities Implications NO	Risk Management Implications YES
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)				

Cabinet Date: 21 September 2021

Covid spend and loss of income

Appendix 4 shows the updated position at the year-end on Covid expenditure and loss of income as reported in previous monitoring reports during 2020/2021.

Appendix 4

- Covid Expenditure and Loss of Income**

Expenditure due to COVID has resulted in additional expenditure of £2,636,292 to the council. These costs are summarised below and have been offset in full against Emergency Covid Funding received by Government:

Additional Expenditure	Total £
Homelessness	372,251
Car Parking Expenditure	444
Sports and Leisure (Includes AWN Support of £950k)	1,005,874
Crematorium Service Online Provision	3,031
Additional Provision of Refuse and Recycling Services	125,211
ICT Support (Remote Working/Virtual Meetings)	38,826
Corporate Costs (Covid Compliant Offices)	268,134
Shielding Support (Community Hub)	90,767
Lockdown Compliance and Reopening Support	156,748

Additional Expenditure	Total £
Public Health – Testing, contact tracing and outbreak	99,006
Cost Reduction Savings Target Not Met	476,000
Total Expenditure	2,636,292

The following summarises the loss of income due to COVID which is £3,488,884 in total:

Expected loss of income	Total £
Events and Bookings	66,694
Management Fee/Service Level Agreement (AWN)	589,071
Printing Services	21,120
Refuse and Recycling	304,762
Car Parking Fees	2,391,109
Licensing	78,505
Food Hygiene Courses	2,850
Health & Safety and Enforcement	9,772
Resorts and Markets	60,047
Total Income Loss	3,523,930

The Council received Sales, Fees and Charges grant income of £2,354,720 in total which partly offsets the loss of income. The scheme allowed for 75% of 95% of the loss to be claimed with the council required to absorb the first 5% of loss. Not all costs were eligible to be claimed.

The Council also received funding for Contained Outbreak Management Fund (COMF) in 2020/2021 of £966,845 of which £315,364 has been spent. The remaining balance of £651,481 is held within a ring-fenced reserve to be spent in 2021/2022. Details of expenditure are summarised below:

COMF Expenditure	Total £
Local Outbreak Control	99,006
Phase 1 Compliance	165,374
Phase 1 Enhanced Contact Tracing	7,775
Phase 1 High Risk Groups	27,044
Phase 2 Contain	16,165
Total Expenditure	315,364

AUDIT COMMITTEE WORK PROGRAMME 2021/2022

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
16 June 2021	Appointment of Vice Chair for the Municipal Year 2021/2022			To appoint a Vice Chair for the Municipal Year 2021/2022.
16 June 2021	Certification of Grant Claims and Annual Report for previous financial year	Annual		To receive the annual report from the previous financial year.
16 June 2021	Corporate Risk Register – Half Yearly Update	Update	G Greaves	To receive the half yearly update report
16 June 2021	Internal Audit Annual Report and Opinion covering the previous financial year	Annual	Audit Manager	To receive the annual report and opinion covering the previous financial year.
16 June 2021	Internal Audit Full Year Progress Report covering the previous financial year	Annual	Audit Manager	To receive the half-year progress report covering the previous financial year.
16 June 2021	Update on Audit Progress and Timetable	Update	Assistant Director	To receive an update.
16 June 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
16 June 2021	Work Programme 2021/2022			To identify any items for the work programme.

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Agenda Item 10

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
26 July 2021	Annual Governance Statement covering the previous financial year 2019/2020	Annual	G Greaves	To receive the draft Annual Governance Statement covering the previous financial year.
26 July 2021	Draft Statement of Accounts 2019/2020	Draft	M Drewery	To receive the draft statement of accounts.
26 July 2021	Quarterly Budget Monitoring	Quarterly	M Drewery	
26 July 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
26 July 2021	Work Programme 2021/2022			To identify any items for the work programme.
26 July 2021	<u>Exempt Report:</u> Risk Based Verification – Changes to Policy	EXEMPT	Jo Stanton	
16 September 2021 - Meeting Postponed to 12 October 2021				
12 October 2021	Business Continuity Update	Annual Update	G Greaves	To receive the annual update report.
12 October 2021	Insurance Claims		M Drewery	
12 October 2021	Revenue Outturn report		M Drewery	To receive the Revenue Outturn report.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
12 October 2021	Member Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
12 October 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
12 October 2021	Work Programme 2021/2022			To identify any items for the work programme.
22 November 2021	External Auditors' report and ISA 260 for the previous financial year (<i>in a Covid year</i>)	Annual	External Auditors	
22 November 2021	Statement of Accounts for previous financial year (<i>in a Covid year</i>)		M Drewery	
22 November 2021	Annual Governance Statement covering 2019/20		G Greaves	To receive the Annual Governance Statement covering the previous financial year.
22 November 2021	Annual Governance Statement covering the previous financial year 20/21	Annual	G Greaves	To receive the draft Annual Governance Statement covering the previous financial year.
22 November 2021	Corporate Risk Register – half yearly update	Update	G Greaves	The Committee to receive the half yearly update report.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
22 November 2021	Internal Audit Half Year Progress Report	Progress	Internal Audit Manager	To receive the half year progress report.
22 November 2021	Mid-Year Treasury Report	Mid-Year	M Drewery	The Committee to receive the mid-year report.
22 November 2021	Major Projects Risks (6 month review)	Review	M Henry	To receive a 6 month review.
22 November 2021	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
22 November 2021	Treasury Outturn Report 2019/20 and 2020/21		M Drewery	Training Session for Members will be held prior to consideration of this item
22 November 2021	Retender of External Auditor		M Drewery	
22 November 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
22 November 2021	Work Programme 2021/2022			To identify any items for the work programme.
28 February 2022	Draft Annual Governance Statement covering the current financial year	Annual – Draft	G Greaves	To receive the draft Annual Governance Statement for the current financial year.
28 February 2022	Quarterly Budget Monitoring Report	Monitoring – Quarterly	M Drewery	To receive the quarterly budget monitoring report.
28 February 2022	Strategic External Audit Plan for the following Financial Year	Strategic	External Auditors	External Auditors to present the strategic external audit plan.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
28 February 2022	Strategic Internal Audit Plan for the following Financial Year	Strategic	Internal Audit Manager	To receive the Strategic Internal Audit Plan for the following Financial Year.
28 February 2022	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
28 February 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
28 February 2022	Work Programme 2021/2022			To identify any items for the work programme.
14 March 2022	External Audit Plan	Annual	External Auditors – Ernst and Young	
14 March 2022	Internal Audit Plan	Annual	Internal Audit Manager	
11 April 2022	Insurance Claims		M Drewery	
11 April 2022	Major Projects Risks – (6 month review)	Review	M Henry	To receive a 6 month review report.
11 April 2022	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
11 April 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
11 April 2022	Work Programme 2022/2023			To identify any items for the work programme.

Potential Future Training Sessions

Alternatives for service delivery (services in house and those contracted out)
Companies and Structures
Corporate Risk Register

Forthcoming Items – Date to be Identified

Additional Audit Work – RIPA Desktop Inspection and GDPR legislation
General overview on the Council's various sources of funding
Housing Benefit Subsidy Report
Internal Audit Terms of Reference
Audit Committee Terms of Reference (revised draft from 17 December 2020)
Audit Committee Effectiveness Report 2020/2021 (2019/2020 report went to AC 27 July 2020)
Final Report of the Cross Party Working Group
Continuation of the Cross Party Working Group
Risk Management Policy and Strategy Review
Record Retention and Disposal Policy Review

FORWARD DECISIONS LIST

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
21 September 2021						
	Revenue Outturn 2020/2021	Key	Cabinet	Leader Asst Dir - M Drewery		Public
	Capital Programme and Resources 2020-2025 Outturn	Key	Cabinet	Finance Asst Dir - M Drewery		Public
	Re-Fit - Street Lighting	Non	Cabinet	Environment Asst Dir – S Ashworth		Public
57	Climate Change Strategy & Action Plan	Key	Council	Environment Asst Dir – S Ashworth		Public
	Norfolk Strategic Flood Risk Strategy	Key	Cabinet	Environment G Hall – Director		Public
	Appointment to Alive West Norfolk Board Vacancy	Non	Cabinet	Leader Chief Executive		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
16 November 2021	Gambling Act – Statement of Principles	Non	Council	Environment Assistant Director – S Ashworth		Public
	Enforcement Policy on Fly Tipping and Public Nuisance	Non	Council	Environment Assistant Directors – S Ashworth and J Greenhalgh		Public

	Lynnsport One	Key	Council	Project Delivery Asst Dir Companies & Housing Delivery – D Ousby		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	Review of Corporate Business Plan	Key	Council	Leader Chief Executive		Public
	Commercial Team Service Plan	Non	Cabinet	Environment Asst Dir – S Ashworth		Public
58	Review of Legal Services	Key	Council	Chief Executive		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	Pay Award 2021-22	Non	Cabinet	Leader Exec Dir – D Gates		Public
	Update to the Major Project Board terms of reference	Non	Cabinet	Leader Asst Dir Property & Projects – M Henry		Public
	CIL Report- application for grant for 3G and Coaching Academy	Non	Cabinet	Regeneration & Development Asst Dir S Ashworth		Public
	Lynnsport - 3G Pitch and coaching academy	Non	Cabinet	People & Communities Asst Dir – N Gromett		Public
	Balloon and Lantern Policy	Non	Cabinet	Corporate Services and Environment Asst – M Chisholm		Public
	Council's Insurance Tender	Key	Cabinet	Finance Asst Dir – M Drewery		Private - Contains exempt Information under

						para 3 – information relating to the business affairs of any person (including the authority)
	Members Allowances Independent Review	Non	Council	Finance Chief Executive		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
11 January 2022						
	Hackney Carriage and Private Hire Licensing Procedures and Conditions Review	Non	Council	Environment Assistant Director – S Ashworth		Public
	Review of Governance of Council Companies	Non	Cabinet	Leader Chief Executive		Public
	Guildhall Future Governance Options	Non	Council	Business, Culture and Heritage – G Middleton Asst Director – D Hall		Public
	Custom and Self Build Site – Stoke Ferry	Non	Cabinet	Regeneration and Development Assistant Director - D Hall		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
8 February 2022						

	Budget	Key	Council	Leader S151 Officer Asst Dir Resources		Public
	Capital Programme	Key	Council	Leader S151 Officer Asst Dir Resources		Public
	Treasury Management Strategy	Key	Council	Leader S151 Officer Asst Dir Resources		Public
	Capital Strategy	Key	Council	Leader S151 Officer Asst Dir Resources		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
15 March 2022						

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	12 October 2021		
TITLE:	Insurance Claim Analysis		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Cllr Dickinson, Finance Portfolio Holder		
REPORT AUTHOR:	Carl Holland, Financial Services Manager		
OPEN/EXEMPT	OPEN	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
To provide data in response to the request from Audit Committee for details of the Councils Insurance claim history.
KEY ISSUES:
The Borough Council insures many of its risks with an external provider. It also self-insures some risks through maintenance of an earmarked reserve. The attached report provides a summary of claims for each of the past five financial years and the current year to date.
OPTIONS CONSIDERED:
Not Applicable.
RECOMMENDATIONS:
The Audit Committee are invited to note the contents of the report and to feedback any comments to officers for further consideration.
REASONS FOR RECOMMENDATIONS:
The data is provided in support of the Audit Committee review of the Council's control and risk assurance framework.

REPORT DETAIL

1. Introduction

- 1.1. The Audit Committee included in its 2021/2022 Work Programme a request for data regarding the number and type of claims that the Borough Council is processing.
- 1.2. The Borough Council insures some of its risks with an external provider. It also self-insures some risks through maintenance of an earmarked reserve. This report provides a summary of claims for each of the past five financial years and the current year.

2. Monitoring Report

- 2.1. As part of its remit to consider adequacy of assurance over the Borough Council's risk management framework, the Committee asked for detail to be provided regarding the Borough Council's insurance claim activity. Below is an outline of the arrangements for monitoring adequacy of insurance cover and the volume and value of claims handled.
- 2.2. Insurance claims are administered within the Borough Council's Finance Team. Most claims are referred directly to the Council's insurers for assessment and payment. The Council has a policy of funding claims for theft from its revenue account or for more material incidents, from the earmarked reserve. Excess payments charged to revenue are :-
 - £2,517.00 for 2018/19,
 - £5,485.08 for 2019/20, and
 - £6219.00 for 2020/21.
- 2.3. Within Earmarked Reserves there are three reserves in place for self-insurance purposes, totalling £190k. These have not been used in the past three financial years to date and balances are as follows:-

- Theft Reserve	£76,479.63
- General Insurance Reserve	£106,877.48
- Excess Reserve	£6,722.24
- 2.4. The Borough Council maintain earmarked reserves for funding any (a) claim excess amounts and any claims below excess levels and (b) for claims relating to theft. In the first instance excess amounts are applied against service revenue budgets, rather than automatically funded from the reserve.
- 2.5. The insurance provision is currently being tendered for a three-year contract with an option to extend by two years. The current contract has operated for five years, including an extension of 2 years. The decision to award the new contract is to be presented to Cabinet on 16 November 2021.

- 2.6. Table A shows the number of claims that the Borough Council has processed in past 5 years and the current year to date. The claims are ranked by volume and type in total over the years shown. This shows that Public Liability and motor vehicle claims are the most common claim types.

*** Table A: Number of Claims by Type and Financial Year**

Coverage Type	16/17	17/18	18/19	19/20	20/21	*21/22	Total Claims
Public Liability	39	31	31	34	16	12	163
Motor	17	13	12	15	12	6	75
Property	2	3	3	2	1		11
Employers Liability		1	1		1		3
Computer		1					1
Miscellaneous					1		1
Grand Total	58	49	47	51	31	18	254

in this report show 2021/22 data as at 8 September 2021

- 2.7. The number of open claims are shown in table B, of which there are two that date back to prior to 2018/19 and are still actively being progressed by the Council's insurer.

Table B: Volume of Open Claims by Year and Type

Coverage Type	16/17	17/18	18/19	19/20	20/21	*21/22	Total
Motor		1	1	1	5	5	13
Property				1			1
Public Liability	1		2	6	7	10	26
Grand Total	1	1	3	8	12	15	40

- 2.8. Table C below shows the number of claims settled with a payment compared to those settled without payment. The insurers consider the merits of each case on behalf of the Council and determine whether the council are compensated, a third party is compensated, or the claim is settled without payment. The table shows that the 80% of public liability claims have been successfully settled without compensation. The other types are a mix of public claims and third party claims.

Table C: Number of Settled Claims split by Payment/No Payment

Settlement Type	With no payment	With payment	Grand Total	Claim settled with no payment %
Public Liability	109	28	137	80
Motor	15	47	62	24
Property	3	7	10	30
Employers Liability	1	0	1	100
Miscellaneous	1	0	1	100
Computer	0	1	1	0
Grand Total	129	83	212	61

2.9. Overall the data indicates that the Council predominantly process public liability claims, which are referred to the insurer and are effectively assessed for liability. The level of open claims weighted towards recent years, with progress still be made on open claims.

3. Issues for the Panel to Consider

3.1. The Audit Committee are invited to note the contents of the report and to feedback any comments.

4. Corporate Priorities

4.1. As well as insuring mandatory employee and motor risks, the Council is able to insure some of its Corporate Risks. Frequent and complex claims are promptly directed to its insurer in respect of claims for property, motor and professional indemnity. In doing so, this this supports the Council's ability to deliver the Corporate Plan.

5. Financial Implications

5.1. The Council is able to protect itself against a number of uncertain financial risks through its contribution to the insurance markets. Risk of loss and liability can emerge in respect of many of the Councils activities and assets, including its community and statutory functions, as well as its commercial, public and heritage assets. A competitive tender process is currently underway to ensure that the cost of insurance premiums are the most economically advantageous available to the Council.

6. Conclusion

6.1. The report is provided as information to the Audit Committee. The Council refers most claims to its insurer and both the insurer and officers in Financial Services monitor progression of the claims to address the claims and minimise the risk from liabilities and assets to the Council.

7. Background Papers

7.1. None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted