

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



Audit Committee

Agenda

Monday, 20th February, 2023
at 4.30 pm

in the

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

Available to view on:

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

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



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

10 February 2023

Dear Member

Audit Committee

You are invited to attend a meeting of the above-mentioned Committee which will be held on **Monday, 20th February, 2023 at 4.30 pm** in the **Council Chamber, Town Hall, Saturday Market Place, King's Lynn, PE30 5DQ** to discuss the business shown below.

Yours sincerely

Chief Executive

AGENDA

1. Apologies

2. Minutes (Pages 5 - 17)

To approve the minutes from the Audit Committee held on 21 November 2022.

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 be heard before a decision on that item is taken.

6. Chair's Correspondence (if any)

7. Corporate Risk Register (Pages 18 - 39)

8. Audit Committee Independent Person (Pages 40 - 43)

**9. Audit Committee Self-Assessment Questionnaire/Outcomes
(Pages 44 - 51)**

10. Mid-Year Treasury Report 2022/2023 (Pages 52 - 68)

11. Monthly Budget Monitoring Report for Period 7 (Pages 69 - 99)

12. Update on Audit Progress and Timetable

13. Cabinet Forward Decisions List (Pages 100 - 103)

14. Committee Work Programme (Pages 104 - 110)

To note the Committee's Work Programme.

15. Date of Next Meeting

To note that the date of the next meeting of the Audit Committee will take place on 13 March 2023 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn.

To:

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

Portfolio Holders:

Councillor Mrs A Dickinson - Portfolio Holder, Finance

Councillor S Dark - Leader

Officers:

Alexa Baker - Monitoring Officer
Ged Greaves - Corporate Performance Manager – Item 7
Faye Haywood - Internal Audit Manager – Items 8,9
Carl Holland - Financial Services Manager – Items 10,11
Michelle Drewery - Assistant Director, Resources/Management
Team Representative – Item 12

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

Minutes from the Meeting of the Audit Committee held on Monday, 21st November, 2022 at 4.00 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

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

Portfolio Holder:

Councillor S Dark, Leader (Zoom)

By Invitation:

Mark Hodgson, Ernst and Young (External Auditors)

Officers:

Michelle Drewery, Assistant Director Resources/Management Team Representative (Zoom)

Ged Greaves, Senior Policy and Performance Officer (Zoom)

Jamie Hay, Senior Internal Auditor

Faye Haywood, Internal Audit Manager

Carl Holland, Financial Services Manager

Wendy Vincent, Democratic Services Officer

A46 APOLOGIES

There were no apologies for absence.

A47 MINUTES

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The minutes of the meeting held on 26 September 2022 were agreed as a correct record and signed by the Chair.

A48 DECLARATIONS OF INTEREST

There were no declarations of interest.

A49 URGENT BUSINESS UNDER STANDING ORDER 7

There was no urgent business.

A50 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A51 **CHAIR'S CORRESPONDENCE**

There was no Chair's correspondence.

A52 **EXTERNAL AUDIT PLAN FOR 2020/2021**

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The Committee was informed that provisional Audit Plan for FY 2020/21 had been prepared before the 2019/20 audit had been concluded and it was noted that a date in February 2023 had been allocated to undertake this work.

M Hodgson, Ernst and Young presented the External Audit Plan for 2021/2022 and drew the Committee's attention to the following sections:

- Pages 5 to 8: No change in risk or focus highlighted in yellow.
- Pages 5 to 8: New risk and area of focus highlighted in red which were wholly in relation to the global Pandemic and impact on financial reporting.
- Page 9: Materiality level. Based on the draft statements on the council's website £1.43m was set at 2% of gross expenditure which was the maximum level allow with tolerable errors set at £718,000.
- Value for Money – there was a new code requirement for the audit year 2020/21 where EY would report by exception rather than provide a fully detailed conclusion. A commentary was provided on the underlying arrangements the Council had which supported reporting by exception.
- Pages 32 and 33: The Audit will focus on the consolidated Group Accounts for the Council with a limited scope on the interactions with its three subsidiaries, Alive West Norfolk, West Norfolk Housing and to a lesser extent Alive Management Ltd.

In response to questions regarding materiality from the Chair and Councillor Ryves, M Hodgson explained that gross expenditure was the standard metric used for public sector auditing for all the money which went through the comprehensive income and expenditure account which did take into account council tax received and elements of the collection fund accounting. EY chose gross expenditure rather than asset base as the council was a service based organisation. Members were informed that if the external auditors wished to vary the material level from the standard by increasing or reducing the

percentage a report would be brought back to the Audit Committee to explain the rationale for doing this.

Councillor Rust commented on performance materiality and scope for flexibility and concurred with the comments made by Councillor Ryves.

In response to questions from Councillor Morley, M Hodgson provided responses as set out below:

Risk Identification

What was the criteria for identifying risks?

In response, M Hodgson explained that risk identification related to the ability to issue an unqualified opinion on the true and fair impact on the financial statements. It was noted that KLIC would be value for money risks which had not been considered at this point in time but would be considered at the appropriate time during the audit process.

Resource Planning

In response to the comments made by Councillor Morley, M Hodgson advised that discussions had been held with the Assistant Director, Resources and officers and a date of March 2023 had been identified to conclude the 2019/2020 audit.

Cost

M Hodgson advised that the fee was set by the regulator and that EY had questioned the audit fee. It was noted that the audit would be an ISA compliant audit to issue an audit opinion which met all the requirements of international standards of auditing.

Following questions from Councillor Ryves regarding the Council's investment and repayment of the NWES loan, M Hodgson advised that it was the balance sheet as at the 31 March 2021 that EY was interested in and any information that followed that would be a post balance sheet event.

In response to further questions from Councillor Ryves on post balance sheet event in 2022 was the agreement to underwrite the funding application for the Guildhall, the Assistant Director, Resources explained that there were no transactions that had gone through the Council's account at this point in time but that EY would pick that up at the appropriate time during their audit.

Following further questions from Councillor Ryves on the KLIC lessons learnt and the role of the Member Major Projects Board (MMPB) the Assistant Director, Resources explained that Ernst Young would look at this as part of their remit in due course. The Committee was advised that for a period in 2020/2021 the MMPB had been paused whilst the

council responded to Covid and resources were diverted. It was noted that the Assistant Director, Resources would pick up the points raised directly with M Hodgson, Ernst Young.

In response to a question from the Chair regarding lessons learnt and the risk register, the Corporate Performance Manager explained that there was an entry in the Corporate Risk Register relating to major projects and outlined the work which was ongoing by and undertook to relay back the comments made by the Committee.

The Assistant Director, Resources and M Hodgson responded to questions from Councillor Morley regarding the pension fund.

In response to questions from Councillor Ryves in relation to audit fees, the Assistant Director, Resources explained that discussions had been held with M Hodgson to look at the preparation of estimated cost to date. The Committee was advised that the 2018/2019 Audit a budget cost of £100,000 had been allocated.. It was noted that a contingency had been built in the budget for 2019/2020 onwards.

The Chair thanked M Hodgson for attending and present the draft External Audit Plan for 2021/2022.

RESOLVED: The Committee noted the External Audit Plan for 2020/21.

A53

DRAFT ANNUAL GOVERNANCE STATEMENT 2021/2022

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The Corporate Performance Manager presented the report and explained that Members had considered different versions of the AGS over past committee meetings.

The Committee was reminded that the AGS was a self-assessment document and reviewed by the external auditors and written around the framework of the Council's Code of Governance (page 70).

The Corporate Performance Manager explained that the AGS was developed by drawing information from across the organisation, dialogue with senior officers, reading through the committee reports scheduled over the year, looking through external and internal communications and bringing in any ideas identified by the Audit Committee.

It was highlighted that the document was currently in draft format and on page 90 there was a highlighted area (yellow) where several important audit documents had not yet been concluded and would be included in the final version. There were two action plans – one drawn from the previous year AGS and those actions should have been

delivered in the financial year 2021/22 and an action plan that looked forward a year which included progress updates and further updates on the most current position would be included in the final version.

The Chair commented that this was useful as a preview to the final document and this was an opportunity for Members to identify anything that was missing or needed to be addressed.

Councillor Morley made a number of comments in relation to key performance indicators, corporate risk register, corporate business plan and the disconnection of documents and that a lot more work could be undertaken on governance. The Corporate Performance Manager noted the points made and would take on board the points made in the final version of the document. The Corporate Performance Manager invited Councillor Morley to discuss the above points outside of the meeting.

Councillor Rust commented that several important audit documents had not been included but the Committee was invited review the draft Annual Governance Statement 2022 (as attached) and determine that the work undertaken to review the governance arrangements in place during the 2021/22 year was appropriate and that there no additional actions the committee would like to be taken to inform the final version of the document. Councillor Rust stated that there were gaps and asked if there was a a list of the audit documents that had not been included and that the Committee was not able to make a decision without all of the relevant information. In response the Corporate Performance Manager explained that this was a challenge and some of the documents had not yet been prepared and gave an example of the Annual Audit Letter and that there was concern with slight timing misalignment.

The Chair added that the next meeting of the Audit Committee was February and there was a requirement for the AGS to be completed within the current financial year, was there a possibility that the Members could receive an interim statement together with the list of key points need to be added as a written interchange between Members or a sub-group of the Audit Committee to go through it as it was a key document. In response, the Corporate Performance Manager agreed the proposal set out by the Chair.

Councillor Ryves expressed concern on the apparent anomaly in paragraph 12 of the Council's Code of Governance areas of special interest, materiality and the ability for scrutiny of wholly companies not being very high. The Chair asked if some of these things were below the threshold of direct interest to the external auditor perhaps the Council ought to use these as prompts to help the Internal Audit Team set their plan and drill down at that level. The Internal Audit Manager explained that you would expect to find an element of auditing in the internal audit plan for wholly owned companies and that a paper had been presented to a recent Management Team meeting to understand

the arrangements that might be required, planning would commence in January 2023 and in March 2023 the Committee should see a risk assessment around those processes.

The Chair added that the comments made were recorded and included in the minutes.

In response to questions from Councillor Morley on the Statement of Accounts 2020/21 regarding West Norfolk Property Limited the Assistant Director, Resources explained that West Norfolk Property was dormant until November 2020 so there would be some part transactions to take account of and undertook to look at how this would impact upon the Statement of Accounts.

Following a further question from Councillor Morley on the AGS not being included in the Statement of Accounts 2020/21, the Assistant Director reminded the Members that the draft AGS was presented to the Committee on a number of occasions and when the final statement of accounts 19/20 were signed off in February/March, at that point the final AGS would come back to Committee and pick up any recommendations that came out of the audit process.

After a number of comments made by Members on the complex lengthy documents and the suggestion of considering individual groups to look at separate sections and report back to the Committee, the Chair undertook to discuss the points made with officers and the Committee on the most appropriate way forward.

The Chair thanked the Corporate Performance Manager for the report.

RESOLVED: The Chair would discuss the comments made with both the Committee and officers on the most appropriate way forward to review the draft AGS 2021/22 prior to the final version of the document being brought to a future meeting of the Committee.

A54

RATIONALISED CORPORATE RISK REGISTER

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In presenting the report, the Corporate Performance Manager explained that the document had been reviewed by Management Team and the output of that consideration had been circulated to the Committee but highlighted that this was work in progress and required further refinement which would be the subject of forthcoming risk reviews and captured in updates to the Audit Committee. It was reported that the number of risks had been reduced from 40 to 14 identified in new rationalised risk register and the route map was set out at Appendix B.

The Corporate Performance Manager advised that some risks had been amalgamated and gave an example of Risk 1 Financial sustainability, which pulled together earlier risks around cost management, income generation, the financial plan and the pension fund and reframed it into a broader risk for financial sustainability of the authority.

Members were informed that for other risks the scope had been expanded and gave an example of Risk 12 Council Owned Companies previously there had been a risk which had focussed on Alive West Norfolk and that it had been broadened out to encompass all of the Council's wholly owned companies.

The Corporate Performance Manager explained that the final area to be highlighted to the Committee was a newly created risk reflecting on the current environment that the Council and its communities were operating in – Risk 14 Cost of Living.

In conclusion, the Corporate Performance Manager reiterated that this was work in progress and required further refinement and linkages and strengthening to other management processes particularly around the managing of projects and programmes and that work was ongoing and which could be explored in future committee meetings.

The Assistant Director, Resources and the Corporate Performance Manager responded to questions and comments in relation to:

- Pension Fund and upfront payment option/triannual evaluation.
- Current rating of new Corporate Governance risk and reference to the Member Major Projects Board and Lessons Learnt.
- Priority given to considering areas of identified risks.

The Committee were invited to forward any areas where it was felt there were gaps in the corporate governance to the Assistant Director, Resources in order that they could be included into any plans going forward.

Following comments from the Committee, the Corporate Performance Manager undertook to explore an additional column to explain the gravity – external or internal force in advance of the next meeting.

RESOLVED: The Committee considered the proposed rationalised Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the corporate business plan.

A55

INTERNAL AUDIT HALF YEAR PROGRESS REPORT

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

The key issues were noted as set out in the report.

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

- Section 2 - Significant changes to the approved Internal Audit Plan.
- Section 3 - Progress made in delivering the agreed audit work.
- Section 4 - The outcomes arising from Internal Audit's work.
- Appendix 2 – Audit Report Executive Summaries 2021/22: Housing Standards, Waste Management Contract, Capital.

The Internal Audit Manager provided an overview of the findings within the Waste Management audit and Capital Programme audit due to them having received a limited assurance grading overall.

In response to questions from the Chair, the Internal Audit Manager explained that the recommendations within the report had been agreed by Management Team and a decision made on the timeframe and responsible officer. If the risks highlighted were resolved within the timeframe, a report would be received by the Audit Committee.

Councillor Rust commented that although the agenda comprised 223 pages, the content of the internal audit report was easy to understand and that it was pleasing to see that the previous comments of the Audit Committee regarding major projects had been taken into account.

Councillor Ryves congratulated the Internal Audit Team on the work undertaken which had taken the Committee's comments into account.

Councillor Morley commented on the housing standards audit report and potential risks and that he was pleased that his concerns regarding the capital programme had been reflected within the work.

The Chair thanked the Internal Manager for the detailed and informative report.

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

A56

BCKLWN INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

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The Internal Audit Manager presented the report which sought to provide an update on the status of all internal recommendations, highlighting management responses where they were over the agreed deadline for completion.

The Committee was informed that the current position in relation to the outstanding internal audit recommendations was shown within the report.

The Internal Audit Manager reported that considerable progress had been demonstrated with a total of 114 recommendations being closed from June 2022 – November 2022. The report now contained a total of 63 outstanding internal audit recommendations (4 high, 44 medium and 15 low). It was noted that the number included recommendations from audits during 2021/22 which had recently fallen overdue.

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

- Appendix 1 – details of the progress made to date in relation to the implementation of the agreed recommendations.
- Appendices 2, 3, 4 and 5 – details of any high and medium priority outstanding recommendations split by the year in which they were raised.

It was highlighted that progress on outstanding internal audit recommendations would continue to be reported to Management Team and the Audit Committee.

The Internal Audit Manager responded to questions and comments in relation to the number of historical outstanding recommendations.

In response to questions from Councillor Morley on the Service Level Agreement (SLA) with Alive West Norfolk, the Assistant Director, Resources explained that the Borough Council contributed to the management fee and that there were ongoing discussions and a meeting scheduled regarding the revised SLA. It was confirmed that the historic SLA was still compliant with requirements.

The Internal Audit Manager drew the Committee's attention to page 160 which detailed the audits undertaken for Alive West Norfolk.

The Chair thanked the Internal Audit Manager for the report.

RESOLVED: The Audit Committee received the Internal Audit Follow Up Outstanding Recommendations report.

A57

FRAUD AND CORRUPPTION HALF YEAR PROGRESS REPORT

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The Senior Internal Auditor presented the report and drew the Committee's attention to the following sections:

- Section 3 – Financial Investigation Provision.
- Section 4 – Completed fraud/corruption investigations (including data matching exercise).
- Section 5 – Overview of Fraud/Error Detection.
- Section 6 – Detailed Overview of Fraud/Error Detection.
- Section 9 – Other identified Errors.
- Section 10.3 – National Fraud Initiative
- Section 11.2 – Single Person Discount Project.
- Section 12 – Overall Data Matching Activities.
- Section 14 – Anti-Fraud and Corruption Culture.

The Committee was informed that an e-learning course was available to officers and that it was mandatory for managers to complete the training. It was noted that the e-learning would be made available to Members.

The Senior Internal Auditor responded to questions and comments in relation to:

- Covid Business Grants – recovery of fraudulent claims.
- Criteria for business grants.
- Reasons why any potential fraudulent claims may not be picked up.
- Reason why fraud and error were listed together. An overview of the process/ clarification was given for fraud and errors detected.
- Identifying potential fraudulent claims and work undertaken by National Fraud Initiative.
- Alleged fraud at local and national level.

In response to questions relating to comparative data with other local authorities, the Senior Internal Auditor explained that this was not currently undertaken but that it was something that could be explored after the current financial year once there was a full year's figures available.

Following questions from the Chair regarding the work required to satisfy the external auditors, the Senior Internal Auditor explained that there was an internal document entitled the Fraud Risk Register which was used by the Internal Audit Team to record fraud types and typical types of mitigation controls to reduce the risk of those fraud types.

The Chair thanked the Senior Internal Auditor for the report.

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

A58

BUDGET MONITORING UPDATE - PERIODS 4 AND 5

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Budget Monitoring Reports – July 2022 – Period 4 and August 2022 – Period 5

The Financial Services Manager presented the budget monitoring report and advised that the format had been revised following consultation with Management Team and the Portfolio Holder for Finance.

Period 4 - The Committee was advised that the item that had been raised in terms of forecasting any adverse events was vehicle and equipment cost of fuel had increased and provision of £50,000 increase in budget had been allocated and also identified £23,000 of budget errors in relation to business rates.

Period 5 – The Committee’s attention was drawn to the following sections of the report:

- Appendix A – Budget Monitoring Variances August 2022 (page 205) — £22,000 loss of rental income in respect of premise in South Gates area of the town which had been vacated and likely to be subject to development in the future.
- Section 2 (page 197) – close monitoring would continue on the cost of living and escalating inflation and the impact on rising utility costs, a report would be presented to Cabinet and Council on the Pay Award for officers of the Council and fees and charges would also continue to be monitored. The current position with regard to utilities (increase £450,000) and fees and charges was outlined.
- Capital Programme (p198) – the significant changes were outlined as set out in the report.

In conclusion, the Financial Services Manager advised that the original overall forecast was £527,000 at year end to be contributed back to reserves, but now that an increase of £450,000 additional spend and other additional items, the Council was unlikely to make that contribution to reserves which was the national trend.

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

- Pay Award of 4% and only 2.5% allocated in the budget. It was noted that a decision from full Council would be required to set out the options for financing the additional funds needed.
- Council's investments/benefits of short term investments.
- The Council's working capital.
- Minimum level of reserves for cash flow and managing future risks.

Following questions from Councillor Ryves, the Assistant Director Resources explained that budget monitoring reports were published on Mod Gov and that the latest published report was brought to the Audit Committee.

The Chair thanked the Financial Services Management for the two budget monitoring reports.

RESOLVED: The Committee received the Budget Monitoring Reports for July 2022 – Period 4 and August 2022 – Period 5.

A59 **CABINET FORWARD DECISIONS LIST**

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The Committee was invited to identify any items for the work programme.

A60 **WORK PROGRAMME 2022/2023**

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The Chair invited the Committee to submit any items for consideration.

The following items were identified for consideration:

- Understand risks relating to major projects.
- Identifying an effective way to reach the crux of the issue/resolution in the audit Committee.
- Scope to look at process/criteria Business Plans where external third parties were involved to eliminate the risks and ensure a standardised process that would be followed through.
- Audit the process of the Member Major Projects Board/risk registers.
- Gantt chart of the internal audit 2020/21.

The Senior Internal Auditor explained that there was currently an audit being undertaken on project management framework by internal audit.

A61 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on 20 February 2022 at 4.30 pm in the Council Chamber, Town Hall, King's Lynn.

The meeting closed at 6.42 pm

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	20 February 2023		
TITLE:	Corporate Risk Register monitoring report – December 2022		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Ged Greaves, Corporate Performance Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
This report presents an updated version of the register as at December 2022. It gives details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.
KEY ISSUES:
The risk register was reviewed in December 2022. Following that review, there are no proposals to revise the score for any of the risks. There are no proposals to add or remove risks. The format of the register has been revised in line with the risk maturity assessment and with feedback on the ordering of the columns. The current risk score is now on the right hand side of the register.
OPTIONS CONSIDERED:
Not applicable.
RECOMMENDATIONS:
Members are requested to consider: a) the Corporate Risk Register as at December 2022 and confirm agreement with Management Team's assessment of the risks to the corporate business plan.
REASONS FOR RECOMMENDATIONS:
In order to ensure the council meets its statutory obligations to ensure that it has 'effective arrangements in place for the management of risk'.

REPORT DETAIL

1. Introduction

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

2. Changes to the Corporate Risk Register

- 2.1 There continue to be pressures with inflation, interest rates and the cost of living. Many economies are now facing higher interest rates for the first time since the Global Financial Crisis of 2008. Food and energy prices caused by the war in Ukraine have driven inflation much higher, and a shortage of workers in the economy has made this worse.
- 2.2 The Bank of England on 20 January 2023 highlighted that "Rising living costs and interest rates are stretching household finances. The number of UK households who could struggle to afford mortgage payments is likely to increase over 2023".
- 2.3 In February 2023 the Bank of England raised interest rates from 3.5% by a further 0.5% owing to high underlying inflation, strong wage growth and broad unexpected resilience in the economy. That is a rise from 0.1% in November 2021 and the highest level for 14 years.

2.4 Inflation edged down from 10.7% in November 2022 to 10.5% in December 2022. Growth in the prices charged by services companies, considered a better measure of domestic inflationary pressure, accelerated.

2.5 The labour market remained buoyant and nominal wage growth rose to a near-record high. An overview of claimant rates is summarized below:

Area	Dec 2022	Dec 2021	Dec 2020	Dec 2019	Dec 2018
KLWN	2.7	3.2	5.0	2.3	1.1
East of England	3.0	3.6	5.3	2.2	1.7
Great Britain	3.7	4.4	6.2	2.9	2.3

2.6 Some economists believe the resilience is in part due to the recent fall in wholesale gas prices as well as government financial support for households and businesses with their energy bills.

2.7 However, monthly data from the Insolvency Service indicates a sharp rise in England and Wales in December 2022, as business costs soared, pandemic-related government support came to an end and the economic recovery lost momentum.

2.8 The LGA have highlighted concerns of a national homelessness crisis citing issues such as:

- Local Housing Allowance rates have been frozen since March 2020 meaning the private sector is becoming less and less feasible for households dependent on housing support.
- number of Section 21 'no fault' evictions increasing.
- the cost of living continuing to rise.
- more Ukrainian arrivals presenting as homeless.
- depleting social housing stock.
- an unaffordable and overly competitive private rented market.

2.9 These impacts have been considered within the corporate risk register and particularly relate to the following risks:

- SR1. Financial sustainability
- SR3. Facilitating and enabling growth
- SR4. Community issues
- SR8. Reputation management
- SR12. Council owned companies
- SR14. Cost of living

2.10 A Risk Maturity Assessment prepared by Internal Audit was considered at Audit Committee on 26 September 2022. A revised risk register template has been developed in response to the assessment, the changes are:

Risk topic	A column has been added to categorise each risk. The options are the same as those used on the Towns Fund monitoring returns and will assist with future reporting.
Risk response	This categorises how the risk will be treated ie. Avoid, Transfer, Mitigate, Accept. These are included within the current agreed risk management strategy.

Within risk appetite	A column has been added to clearly state whether the risk is within the risk appetite.
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2.11 As part of broader changes to programme and project management practices introduced by the Interim Projects Technical & Delivery Advisor, a common risk register template is proposed for use by the council for its own programme/project requirements and Towns Fund and future initiatives. This will help simplify updating and reporting practices. The template has been used for the corporate risk register.

2.12 Risk management training content is being developed for roll out to project managers and councillors.

3. Conclusion

3.1 The Corporate Risk Register continues to be actively monitored by Management Team on a periodic basis.

3.2 In this review, there are no proposals to revise risk scores.

3.2 Given the relatively recent move to the suite of strategic risks there are no proposals to change the focus of risks.

3.3 There are no proposals to transfer risks to directorate risk registers.

3.4 There are no proposed new entries to the risk register.

3.5 The register has been updated to reflect additional mitigation measures, actions and commentary on progress.

4 Corporate Priorities

4.1 The Corporate Risk Register is aligned with the previous Corporate Business Plan. Following the development of directorate plans, the register is aligned with the corporate business plan agreed in November 2021.

5 Policy Implications

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

6 Financial Implications

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

7 Personnel Implications

7.1 None.

8 Statutory Considerations

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

9 Equality Opportunity Considerations

9.1 None

10 Risk Management Implications

10.1 The council has in place a Risk Management Policy and Strategy.

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

11. Environmental Implications

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

12 Recommendations

12.1 Members are requested to:

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

13.0 Declarations of Interest / Dispensations Granted

13.1 None.

Background Papers

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

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

Risk name: 1 - Financial sustainability

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5)

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

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Existing Mitigation and Controls	Planned mitigating actions	Progress
<p><u>Cost management and income generation</u> 1. Actively involve staff and Members in designing the cost management programme. 2. Maintain open channels of communication on plans/ proposed changes. 3. Keep staff and members informed of how the budget reductions are being managed. 4. Budget monitoring reports. 5. Finance is a standing item on Management Team and Cabinet Briefings to align with the annual financial estimates cycle. 6. Cost management programme. <u>Financial Plan</u> 1. A review of the costs and provision of all services will continue with the aim of mitigating costs where possible and other opportunities to improve the financial position. 2. Attendance at consultation updates from LGA / DLUHC / CIPFA. 3. Budgets will be monitored/reported against estimates on a regular basis. 4. Balanced and funded budget to 2024/25. 5. Capital and property investment strategy and related monitoring process. 6. Planned and unplanned savings transferred to General Fund balance to adapt to reduction in central government funding. 7. Cabinet and Management Team away days to focus on financial management. 8. Budget presentations to council panels. 9. Approach to budget setting and workshop</p>	<p><u>Cost management and income generation</u> 1. Assistant Directors to develop project proposals for Cabinet consideration, Mar 22. Two proposals put forward. Fees and charges had a detailed review as part of budget process. 2. Cost management plan in development. Will be taken back to Management Team once estimated costs and timescales agreed with ADs. To agree plan for taking forward and implementing. <u>Financial Plan</u> 1. Revised Financial Plan being developed for Cabinet and Council approval, Feb 2023. 2. More detailed approach adopted to development of Financial Plan for 23/24 incorporating wider member engagement, Approach to budget setting and workshop themes (reviewing fees and charges, income generation, salaries, community benefit and staff engagement) including wider engagement with elected members. Outline timetable for this work. 3. Dates set for Non-domestic rate payer consultation, IDB meetings, member briefings and presentations, staff presentations ahead of Council Feb</p>	<p><u>Cost management and income generation.</u> Estimates timetable includes workshops with officers/members. Requirement to help address budget gap. Draft budget estimates timetable and programme considered by Management Team and Cabinet, May 2022, working through delivery of the plan. Some slippage on timescales due to other priorities. <u>Financial Plan</u> Clarity of the impact of the Fair Funding Review 2020 and Business Rates Retention awaited and remain a concern. Proposals to fund local government via business rates retention reforms remain a risk. Sector and Treasury Management advice in light of uncertainties such as inflation and economic impacts. Corporate financial model is being developed covering investment schemes. Financial Plan approved by Council in February 2022 which sets out Government Grants announced for 2022/23 with budget gap of £2.3m to address by 2025/26. Thematic work underway on budget setting. Projected outturn for 22/23 is estimating a drawdown from reserves impact on general fund balance going forward. Undertaking budget setting process to refresh the financial plan for the next 4 years. Announcement made on provisional local government financial settlement for 23/24. Expecting funded budget for year 1 and 2 of the financial plan with further work assessing year 3. Ongoing legacy costs arising from Covid-19 which are now unfunded by central Government. Impact of high level of inflation on operational costs. Bank rate increased from 0.1% to 3.5%. Improved return on investments, no current external borrowing but will need to factor interest rates into future planning. Pay award for 22/23 implemented - need to</p>

Existing Mitigation and Controls	Planned mitigating actions	Progress
<p>themes (reviewing fees and charges, income generation, salaries, community benefit and staff engagement) including wider engagement with elected members.</p> <p>10. Reviewing earmarked reserves to ensure we have sufficient funds to deliver corporate objectives.</p> <p><u>Pension Fund</u></p> <p>1. 3 year valuation and 30 year plan.</p> <p>2. Because from the Pension Fund's aspect the council's funding strategy is classed as being ongoing, and a very long time horizon (30+ years) and is a secure employer the Pension Fund can allow the Council to make stabilised contributions, which in effect smoothes the contribution profile so that it isn't subject to great peaks and troughs in contribution rates. The council can then budget with more certainty and consistency. One-off lump sum payments can also be paid at the start of the 3 year valuation period which secures savings for the Council. This can then be accounted for and budgeted for over the 3 year period.</p> <p><u>Business rates</u></p> <p>1. Reserves created for measurable risks and membership of the Norfolk Business Rates Pool.</p> <p>2. Continue to monitor potential areas of risk and work with LGA and business rates specialists where possible.</p> <p>3. Continue working with major businesses to reduce the possibility of closure.</p> <p>4. VOA has changed its appeal process - now check, challenge and appeal, which seems to have reduced the number of appeals coming through. although it is still early days with this new process so reserves have been maintained at existing levels. Appeals for the 2017 list are due to close in 2023 which will lead to a peak in</p>	<p>2023</p> <p><u>Pension Fund</u></p> <p>1. Actuary engaged to review the next 3 years, consider the impact of the McCloud judgement (age discrimination case) and effects of Covid-19. Outcome announced Dec 2022. Completed</p> <p>2. Attending briefings and workshops as required to understand the outcome of the review and then incorporate required changes into the financial plan going forward, Dec 2022. Completed</p> <p>3. To consider the upfront payment option, Feb 23</p> <p><u>Business rates</u></p> <p>1. Monitor Government position with business rates retention. Ongoing</p> <p>2. Provisional local government finance settlement announced Dec 2022 - ongoing monitoring of impact.</p> <p>3. Monitoring of new legislative programme and announcements. Ongoing.</p> <p>4. Attendance at relevant seminars and briefings. Ongoing.</p> <p>5. Consideration of entering Business Rates Pool in 23/24. Agreed and Completed</p> <p><u>Rapidly rising costs</u></p> <p>1. Review and monitoring of costs and programmes/projects. Ongoing.</p> <p>2. Seeking external funding for projects e.g. decarbonisation of buildings and vehicle fleet, Funding for Guildhall project.</p> <p>3. Implementation of Re:FIT and grant funded decarbonisation projects.</p> <p>4. Financial Plan to consider suitable</p>	<p>understand implications of pay award for 23/24 at earliest opportunity.</p> <p><u>Pension Fund</u></p> <p>Stabilisation payments have been made with 2022/23 being the final year of the current 3 year valuation period. For the next 3 years, stabilisation payments have been offered again. Also by paying a one-off lump sum payments savings will be secured and can also be budgeted for with certainty and at the same level for each of the three years. Position fully documented in the annual Statement of Accounts. Actuary provided indicative figures indicating there should not be any change to contribution rate - looking at implications for upfront lump sum payment as part of financial plan.</p> <p><u>Business rates</u></p> <p>The Norfolk Business Rates Pool was reinstated in 2022/23. Government has compensation scheme in place and has continued to provide financial support to businesses through reliefs and grants. Still awaiting announcements on business rates retention scheme going forward. However, revaluation will be implemented from 1 April 2023. Situation will continue to be closely monitored. Recognise that one small change could have a significant impact upon the financial plan. Continue to take prudent approach in the financial plan.</p> <p><u>Rapidly rising costs</u></p> <p>Impact across many risks. External forces driving inflation with continuation of Russian invasion of Ukraine and global movements in interest rates. Reprioritisation of Towns Fund projects to fit agreed funding envelope. Interest rate rises have increased investment returns but the opportunity costs of investing in projects has also increased. BofE forecasts higher than initially anticipated inflation and recession in 2023 to 2024. Treasury advisors have revised forecasts of interest rates from 1.75%. Since Dec 2021, numerous interest rate increases with forecast of more to come. Some supply issues to the Print Room but no major issues. Some signs of price stabilisation in some products e.g. timber. BofE forecasting contraction of economy, anticipated mid 2023 ongoing monitoring of prices and labour costs as demand/prices may</p>

Existing Mitigation and Controls	Planned mitigating actions	Progress
<p>numbers. 5. S31 grant provided to offset shortfall in income. 6. Business Rates revaluation being undertaken in 2023, grant anticipated to cover losses to the council.</p> <p><u>Rapidly rising costs</u></p> <ol style="list-style-type: none"> 1. Cost management and income generation activities. 2. Descoping elements of projects. 3. Phasing of projects. 4. Use of external funding for projects. 5. Installation of efficient heating and lighting systems. 6. Generation of electricity through solar PV. 7. Lobbying through LGA/DCN for funding settlement. 8. Revisit financial plan to account for cost increases. 9. Use of some earmarked reserves. 10. Ongoing monitoring of issues and advice from Treasury experts. 11. Robust contracts. 12. Provision of inflation within cost plan estimates for projects e.g. major housing projects. Towns Fund projects. 13. Hybrid working policy enables some employees and members to minimise travel costs. 14. Advantageous funding agreements with third parties e.g. New Anglia LEP. 	<p>inflationary increase going forward, Dec 2022 - to be agreed by Council Feb 23</p> <ol style="list-style-type: none"> 5. Allow for some earmarked reserves as part of closedown to cover additional costs that have materialised. Completed but ongoing monitoring. 6. Ongoing development of staff regarding future supply chain resilience e.g procurement and corporate projects ("grow our own" approach). 7. Further review of earmarked reserves to support funded budget position in financial plan. 	<p>begin to be more competitive. Providing longer term HR measures regarding training and development within internal workforce and supply chain. Potential impact of fuel costs for staff travelling for business purposes.</p>

Risk name: 3 - Facilitating and enabling growth

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5)

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

Existing Mitigation and Controls	Planned mitigating actions	Progress
<p><u>Local employment</u></p> <ol style="list-style-type: none"> 1. KLIC and related skills & training initiatives with partners and business sectors. 2. The release of Council owned employment land at Hardwick and Campbell's Meadows in KL and at St John's Business Estate in Downham Market. 3. Information packs on the local area and to aid recruitment are provided on request. 4. Maintain regular contact with Department for International Trade and market investment opportunities with them. 5. Effectively handle enquires received direct, whether from inside or outside the Borough. 6. Active involvement with New Anglia LEP. 7. Enterprise Zone development. 8. Use of external funds to de-risk developments. 9. Gas main diversion completed at Nar Ouse. 10. Towns Fund Youth and Retraining Pledge project. <p><u>Empty retail properties/town centre decline</u></p> <ol style="list-style-type: none"> 1. Continued support to businesses through hardship relief. 2. Active management of lettings and promotion of a positive image of the town to potential businesses. 3. Initiatives to promote the town to visitors, shoppers and businesses. 4. Town Centre Partnership/BID. 5. Transport and town centre studies. 6. Bids for external funding such as Town Fund, Levelling Up, etc. 	<p><u>Local employment</u></p> <ol style="list-style-type: none"> 1. Local Plan review - employment land (current allocated land is unviable due to need to raise levels). 2. Ongoing monitoring of Levelling Up proposals and support to increase the numbers of people to fulfill roles at all skill levels post-Covid/EU Transition, Mar 22 3. Apprenticeships/ training programmes encouraged within major housing contracts and sub-contractors, Mar 22. BCKLWN appointed 1 trainee. 4. Explore options for innovation centres, advanced manufacturing centres of excellence, etc through Government funding. 5. Shared Prosperity Fund and development of West Norfolk Investment Plan to improve workbased skills programme. Autumn 2022. 6. Consideration of Youth and Re-Training Pledge Project and broader role going forward. <p><u>Empty retail properties/town centre decline</u></p> <ol style="list-style-type: none"> 1. Actively identifying opportunities to repurpose vacant retail units including conversion to residential and creating flexible pop up retail opportunities for micro-businesses/niche retailers plus community based organisations, Mar 	<p><u>Local employment</u></p> <p>Land at Downham Market and NORA is actively marketed. The KLIC has a stable but high occupancy. A marketing plan for the Nar Ouse Business Park Enterprise Zone implemented. Nar Ouse site infrastructure & Phase 1 premises construction progressing. LEP financing helps to de-risk the development. Engagement with the BID. Early interest shown by several local companies seeking to expand. Ongoing uncertainty arising from macro-economic events may delay company investment decisions. Pre-Covid 19, unemployment rate was at a low level but has risen with economic impact of Covid 19 although the claimant rates has subsequently improved. H&M store opened Nov 2019 adding to the town centre offer but Covid-19 has led to store closures. Management restructure strengthened focus on regeneration. External funding being progressed via sources such as Towns Fund and Levelling Up. Economic recovery strategies at borough, county and LEP areas. New businesses enquiries being received and a role to open up new allocated employment land in Borough. Pressures upon resilient supply chains as labour rates elsewhere become more attractive and demand from significant construction projects in region. Local evidence of 20-25% vacancies within some employers. National data indicates more vacancies than labour supply. Rising cost of living placing pressures on households with low incomes with potential consequences for spending in the local economy. Inflation leading to rising business costs coupled with interest rate increases. Reviewed SPF evidence base and proposed to Govt in the WNIP a package of investments to help drive the economy and related outcomes. Employment rates remain high and the town's strong manufacturing base underpins its status as a centre for sub-</p>

Existing Mitigation and Controls	Planned mitigating actions	Progress
<p>7. Improvements to key access roads and junctions.</p> <p>8. Management capacity.</p> <p>9. Covid 19 response to reopening high street</p> <p>10. Payment plans for commercial tenants</p> <p>11. Change in use class Order E.</p> <p>12. Town Investment Plan.</p> <p>13. Brownfield land within town centres released for housing.</p> <p>14. Towns Fund approved business case for Public Realm improvements.</p> <p><u>5 year land supply, housing delivery and housing delivery test</u></p> <p>1. 5 year plan.</p> <p>2. Work on the LDF to ensure the Council can evidence that sufficient land is available.</p> <p>3. Also approve applications to boost the supply in the short-medium term.</p> <p><u>Housing market</u></p> <p>1. West Norfolk Housing Company to take over any surplus housing stock to rent out until the market picks up.</p> <p>2. NORA Phase 4 - 50% of development will be rented properties to be available late spring/summer 2022 (WNP Ltd).</p> <p>3. A viability review of the market will be carried out before the decision to commence each phase is taken.</p> <p>4. Additional due diligence from East of England Talent Bank.</p> <p><u>Strategic land and property acquisition</u></p> <p>1. Continue to identify, and acquire, property/land for future development/investment. Failure to do so leads to the risk of missed opportunities and associated loss of potential income.</p> <p>2. Officer Major Projects Board in place to assist in coordination and oversight of developments.</p> <p>3. Member Major Projects Board.</p>	<p>2022</p> <p>2. Developing business cases for MUCH, Guildhall and Riverfront.</p> <p>3. Explore alternative purposes for King's Lynn Town Centre - Town Investment Plan viewing the town centre as a multi-purpose destination rather than just retail.</p> <p>4. Development of the car parking strategy. Estimated completion date?</p> <p>5. Repurposing of vacant town centre units for purposes such as leisure. Ongoing.</p> <p>6. LUF submission for replacement of Oasis, Hunstanton. Autumn 2022.</p> <p>5 year land supply, housing delivery and housing delivery test</p> <p>1. Supporting the Local Plan review process, Nov 2022.</p> <p>2. Allocation of employment land?</p> <p><u>Housing market</u></p> <p>1. Monitor for potential signs that the increase in prices/labour force issues impacts upon the development sector and contingencies within contract sums. Mar 2023.</p> <p>2. Monitor for impact of end of Help to Buy scheme and its impact, Mar 2023</p> <p>3. The percentage of PRS delivered on major housing sites will be reviewed in the light of current market conditions. Ongoing.</p> <p>4. Monitor Help to Buy policy developments. Ongoing.</p> <p><u>Strategic land and property acquisition</u></p> <p>1. Consider the council's development role and related pipeline of land for future housing development. Ongoing.</p>	<p>regional employment. Annual Visitor Economy Report indicates sustained increase in GVA. Signs of decline of large national multiples and growth in independent businesses.</p> <p>Performance indicators highlight commercial property arrears and challenges faced by some tenants, town centre parking levels have recovered from Covid-19 lows.</p> <p>UKSPF and Rural England Prosperity Fund</p> <p>Also link to Risk SR9 - Organisational change.</p> <p><u>Empty retail properties/town centre decline</u></p> <p>National retail statistics indicate reductions in town centre footfall compounded by ongoing economic uncertainty, Covid-19 concerns and behavioural shift to online shopping. Range of national retailers and hospitality businesses reducing their town centre operations. Events programme and initiatives to promote the town recommenced. Opportunities to improve new housing delivery in the town centre.</p> <p>Town centre car parking remains below pre-Covid-19 levels. Some signs of churn within town centre premises and property market.</p> <p>Town Deal Repurposing project indicates that a few large King's Lynn town centre premises closed due to wider economic factors but businesses are churning. Market failure does not appear to be demonstrated in King's Lynn relative to other towns due its unique geopolitical and economic attributes. Project funding reallocated from Towns Fund but continuing to look at alternative funding options.</p> <p>Cost of living challenges may reduce household disposable income and impact upon some businesses. Risks around low consumer confidence could negatively impact retail and hospitality.</p> <p><u>5 year land supply, housing delivery and housing delivery test</u></p> <p>New housing delivery target of 95%, BCKLWN performance is 95% so no action plan will be required.</p> <p>Need to flag potential future issue due to Covid. This has affected delivery in the last 12 months which may cause a problem with the delivery test, if the Govt does not account for the pandemic.</p>

Existing Mitigation and Controls	Planned mitigating actions	Progress
<p>4. Land and property due diligence checks. <u>West Winch/North Runcton Strategic Growth Area</u></p> <ol style="list-style-type: none"> 1. Project and programme management approach. 2. Stakeholder engagement. 3. Commissioning technical expertise. 4. Communications and engagement support. 5. Norfolk County Council undertaking the design and planning permission for the road. 6. Successful bid approved by Norfolk Business Rate Pool. 7. Link with Officer Major Projects Board. 8. Project board established. 9. External legal and professional advice. 10. Periodic review of potential state aid issues. 11. SOBC bid in for DfT funding for the road. <p><u>Improvements to heritage buildings</u></p> <ol style="list-style-type: none"> 1. Identify and apply for relevant 3rd party funding. 2. Most large investment projects for historic buildings have already been completed in the past. 3. Ensure provision is made in the Capital and Property Investment Strategy and Financial Plan to enable the Council to meet any fund matching required by 3rd party funding. 4. HAZ Programme Manager in place (programme ends July 2022). 5. Towns Fund projects; Guildhall, Riverfront and Public Realm 6. Southgates masterplan. 	<p>2. To ensure that we maximise our own opportunities for example Boal Quay, and Puny Drain and deliver sites that we already have e.g. Enterprise Zone and development opportunities along the promenade if the Oasis sites releases land. Ongoing.</p> <p>3. Review the delegated decision (Capital and Local Property Investment Fund Strategy 2017 – 2021, Cabinet 21st January 2017) for property acquisition.</p> <p><u>West Winch/North Runcton Strategic Growth Area</u></p> <ol style="list-style-type: none"> 1. Ongoing stakeholder engagement, Mar 2022 2. Clarification of resources via Homes England. <p><u>Improvements to heritage buildings</u></p> <ol style="list-style-type: none"> 1. Development of Guildhall Towns Fund business case. Completed. 2. Development of Riverfront Towns Fund business case. Sept 2022. 	<p>National housing delivery figures published in November. Being assessed as part of Local Plan review process. Examination is anticipated Nov 2022.</p> <p><u>Housing market</u></p> <p>Exit strategy being developed by West Norfolk Property Company for private rented sector properties from major housing schemes. Link with the Accelerated Construction Programme. Seven additional sites being developed and brought forward faster than the original programme. Need to balance market absorption rate across the range of developments. Potential external impacts leading to drop in house prices and demand, supply side issues affecting the construction industry and rental values.</p> <p>The tenure type on the remaining properties has changed and there is no longer a market risk associated with these properties. In terms of market housing, BCKLWN is main housing developer in the borough. Rents have remained high. Low stock of high quality properties. Few new homes or affordable homes available. Market absorption - end of Help to Buy scheme Dec 2022, sales completion by end Mar 23. Stamp duty changes had minor effect on local housing market. 80% of open mkt sales via Help to Buy. NORA4 - open market sales completed. Inflation and interest rates reducing home buying demand with potential for impact upon private sector rental values.</p> <p>Rapid house price inflation and anecdotal evidence of shrinkage of the private rented sector at a time of high demand leading to increased requirements for upfront and larger rental deposits. Private rents becoming increasingly unaffordable for low income households. Emerged early in 2022 and has continued. Evidence, locally and nationally, of an exodus of private sector landlords resulting in more pressure upon existing stock and feeding into difficulties for families accessing private rented properties which exacerbates homelessness.</p> <p><u>Strategic land and property acquisition</u></p> <p>Cabinet has considered reports relating to the acquisition of specific property/investment opportunities in King's Lynn town centre and around the South Gates. Additional member led</p>

Existing Mitigation and Controls	Planned mitigating actions	Progress
		<p>governance via Member Major Projects Board. Work ongoing to broaden the range of development tools available to the council including taking options on development sites. Prudential Code changes prohibit investment for commercial returns.</p> <p><u>West Winch/North Runcton Strategic Growth Area</u> Project team meetings, meetings with partners, project management approach to scheme development and implementation, use of external support to provide technical support and capacity. Extensive stakeholder engagement with MPs, MHCLG, Homes England, etc. Bid submitted to the Norfolk Business Rates Pool to contribute towards outline planning for the site, an equalisation agreement and supplementary planning document. External professional advice sought upon issues such as state aid. Strategic Outline Business Case submitted by Norfolk County Council and awaiting decision. Extensive stakeholder engagement undertaken in 2022 and scheduled for 2023. New requirements for Biodiversity Net Gain to be clarified.</p> <p><u>Improvements to heritage buildings</u> The HAZ programme ended in March 2022 and no scheme related to heritage buildings has been completed. The opportunity through High Street HAZ was withdrawn as further opportunities did not materialise. Re-purposing work in the Town Investment Plan will not necessarily look at older at risk buildings. The preservation work on the Sommerfeld and Thomas warehouse (TIP) is the one of few projects to save historic assets. Activities related to the Guildhall and Riverfront are covered within approved Towns Fund business cases and earmarked for significant investment in addition to public realm improvements. This will help mitigate risks regarding heritage assets. Southgates masterplan work progressing and Levelling Up bid approved. Potential for recently announced Norfolk Devolution Deal contribution to growth in the borough.</p>

Risk name: 4 - Community issues

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5))

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

Existing Mitigation and Controls	Planned mitigating actions	Progress
<p><u>Community relations</u></p> <ol style="list-style-type: none">1. The Council works closely with partner agencies in the area to make sure that any issues are identified and effectively tackled as soon as possible.2. External funding bids with partners.3. Agreement with Shelter.4. PREVENT task group and workstreams.5. Prevent awareness training provided to employees. <p><u>Preventing homelessness</u></p> <ol style="list-style-type: none">1. Staff capacity.2. ICT development to support case management.3. Support commissioned from voluntary and community sectors.4. Partnership and network arrangements.5. Communications support.6. Accommodation options improved by Broad Street.7. Reduction in working age population.8. Strategic Housing Market Assessment identifies increasing prevalence of families sharing accommodation with families. <p><u>Conflicting aims (with partners)</u></p> <ol style="list-style-type: none">1. Clarify and agree with partners what the common targets are and how achievement of them will be recognised.2. Terms of Reference or SLA's are agreed for	<p><u>Community relations</u></p> <ol style="list-style-type: none">1. Housing availability for vulnerable residents. Ongoing. <p><u>Preventing homelessness</u></p> <ol style="list-style-type: none">1. Asylum seekers - potential placings under review, Mar 20222. Consider impact of proposed legislation on second homes (Review impact of second homes measures and exemptions within the Levelling Up Bill).3. Consideration to be given to re-examining social housing provision and exploration of measures to mitigate the reduction in private rented sector capacity. Refocus efforts on providing additional social and private rented housing. Now considering acquiring housing from third parties for both affordable and PRS given the acute need for both tenures. Ongoing.4. Refresh housing needs assessment, Spring 235. Identification of additional temporary accommodation with Freebridge.6. Measures with Freebridge to support quick void turn around.7. Reid Way - 7 new units to be developed.	<p><u>Community relations</u></p> <p>The Council is involved in proactive work through the West Norfolk Partnership. Council works closely with the police and Freebridge in Safer Neighbourhood action panels and the neighbourhood officers are now a formal part of the joint Operational Partnership Team. No evidence of EU transition related tensions as experienced in neighbouring councils. Our agreement with Shelter has allowed for a more effective response to issues of harassment and illegal eviction. Multi-agency response to Covid-19 with significant communication campaigns and support for vulnerable households. ASB represented on PREVENT task group and workstream. Engagement with embryonic Integrated Care System to encourage prevention and wider involvement of health. Continued support for asylum seekers. Potential impact upon homelessness response and perceptions of support. Potential challenges for refugee support related to host/sponsor relationships, desire to move on, etc. Work ongoing at county level.</p> <p><u>Preventing homelessness</u></p> <p>Key aspect to deal with anticipated increase in homelessness is capital and revenue funding announced in June 2020. Focus will be conversion of existing vacant residential and commercial units. Also funding offsite constructed modular units to be delivered by housing association partners on council owned land. Potential for those who were accommodated under Everyone In policy losing accommodation and being homeless again or rough sleeping. Plan agreed for all Norfolk authorities to work together to</p>

Existing Mitigation and Controls	Planned mitigating actions	Progress
<p>each group to define the aims and respective roles and focus on core services plus specific projects.</p> <p>3. Ensure active participation on relevant Boards/ Groups.</p> <p>4. West Norfolk Partnership. Is it running???</p> <p>5. Norfolk Resilience Forum response and recovery work.</p> <p>6. King's Lynn Town Deal Board and Local Assurance Framework.</p> <p>7. Hunstanton Advisory Group established.</p> <p>8. King's Lynn Town Deal Skills Forum.</p> <p>9. Shared Prosperity Fund stakeholder groups established.</p> <p>10. Norfolk Climate Change Partnership.</p> <p>11. Health and Wellbeing Partnership established and terms of reference agreed.</p> <p><u>Covid-19</u></p> <p>1. Business continuity arrangements including critical services and ""Loss of staff"" threat analysis and interventions such as enhanced cleaning regimes, staff rotas, building air-flow, etc.</p> <p>2. Emergency planning liaising with Norfolk Resilience Forum and structures.</p> <p>3. Insurance</p> <p>4. ICT network and capability to support flexible working (tele/video-conferences, working from home and alternative locations, Office 365, Teams, Zoom, Youtube).</p> <p>5. Digital and telephony access to services to minimise face to face interactions.</p> <p>6. Lobbying for government support.</p> <p>7. Covid 19 Recovery strategy.</p> <p>8. Monitoring data.</p> <p>9. Prioritisation of services and response.</p> <p>10. Government funding streams e.g Household Support Fund.</p>	<p>8. Financial help to access private rented sector.</p> <p>9. Winter preparedness plans.</p> <p><u>Conflicting aims (with partners)</u></p> <p>1. Local Assurance Framework review for Town Deal Board, August 2022. Completed.</p> <p>2. Ensure comms focusing on neutral and factual stance and related to implementation of Govt policy. Ongoing</p> <p>3. Work with Hanseatic Union to implement and provide measures to support refugees and support in a neutral way. Ongoing</p> <p>4. Internal comms to be mindful of potential for tensions should the Council be perceived to be biased. Ongoing.</p> <p>5. Consider contingency plan for potential loss of Fenland care and repair contract. Dec 2022.</p> <p><u>Covid-19</u></p> <p>1. Provide ongoing support and staff for multi-agency Covid-19 response, Mar 2022. NRF stepped down.</p> <p>2. Ongoing Covid-19 safe measures in workplace. Ongoing.</p> <p>3. Review of hybrid working policy. April 2023.</p> <p>4. Prepare to react if local need arises e.g. in winter 2022 (similar to invoking loss of staff threat card).</p>	<p>deliver a housing related support strategy - ""no homeless in Norfolk"". This will be based on a shared approach but with local delivery models to fit local accommodation solutions.</p> <p>Ongoing lobbying of Government departments for funding and achievement of a longer term funding 3 year contract that includes outreach for homeless people and support for their next steps in their accommodation journey. Marginally improved staffing. Ongoing lobbying of Government departments for funding and use of funding from Everyone In initiative Only 3 rough sleepers (16 Nov 22) reported to Government as part of annual snapshot survey. As at 15 Dec 22 - zero people rough sleeping. Evidence, locally and nationally, of an exodus of private sector landlords resulting in more pressure upon existing stock and feeding into difficulties for families accessing private rented properties which exacerbates homelessness. Performance indicators reported to CPP and Homelessness Task Group highlight growing challenges with homelessness presentations and spend on B&B.</p> <p>Current issues:</p> <p>1. Increased pressures arising from housing market changes related to changing lifestyles prompted by Covid-19 and home working compounded by a rapid change in private rental market capacity with landlords selling properties given buoyant house prices.</p> <p>2. Potential issue that housing availability and support may not be in place in the future for refugees that are seeking to move on from their current accommodation.</p> <p>3. Impact of refugee accommodation compounding and already stretched private rented sector market, increasing pressure on communities.</p> <p>4. Cost of living pressures increasing likelihood of loss of tenancies and increase in homelessness applications.</p> <p>5. Slow void turnaround time of social stock and low levels of existing social stock.</p> <p>Discussion with council owned housing companies; aware of nature and scale of issues. Exploring related crisis intervention and funding with partners.</p>

Existing Mitigation and Controls	Planned mitigating actions	Progress
<p>11. Environmental health officers supporting local Track and Trace response and advising businesses.</p> <p>12. Referral mechanism for staff Covid 19 testing.</p> <p>13. Ventilation survey and improvements.</p> <p>14. Staff and manager briefings on Covid-19, absence management, working practices.</p>		<p>Conflicting aims (with partners)</p> <p>Core membership and terms of reference for the West Norfolk Partnership have been refreshed in early 2017. Multi-agency Active Lives meeting in July 2018 considered Borough participation rates and agreement at West Norfolk Partnership to initial priorities. CAN - SLA focused on Universal Credit in rural areas; Freebridge SLA focused on anti-social behaviour. Health and Wellbeing Strategy sign off via E&C Panel and Cabinet Oct/Nov 2018. District council sub-group informing Health and Wellbeing Board proposals. Corporate business plan informed by consultation with policy development panel. Cross-council groups regarding housing advice (Shelter) and debt advice (Money Advice Hub). Community support service (Homelessness prevention outreach service) SLA and Rough Sleep Outreach Service SLA funded via central Govt and NCC. Covid-19 response delivered via multi-agency approach e.g. vaccination centre. Early engagement with developing Norfolk and Waveney Integrated Care System / Integrated Care Partnership. Collaborative work with members of Norfolk Climate Change Partnership and working towards a Norfolk-wide plan. Ongoing dialogue with Norfolk County Council regarding bids to Government funding streams e.g. Towns Fund, Levelling Up, Shared Prosperity Fund, etc. Further examples include Ukraine response with neighbouring councils despite differences in funding, liaison between organisations represented on the Town Deal Board, Business Rates Pooling and Hunstanton Advisory Board. Weekly risk meeting with NRF regarding response to fires in summer 2022. Drought and water monitoring via NRF and Environment Agency updates. Development work with the Health and Wellbeing Partnership. Fenland DC testing the market for the care and repair services contract. Risk that BCKLWN may not succeed.</p> <p><u>Covid-19</u></p> <p>National response scaled down as restrictions ended. Services in process of moving back to Kings Court. Hybrid</p>

Existing Mitigation and Controls	Planned mitigating actions	Progress
		<p>working model continues. Training for managers rolled out, signage and comms rolled out. CO2 monitors installed throughout Kings Court in targetted locations informed by ventilation survey. Staff absence management policy on Covid-19 revised as national guidance changed. Norfolk Resilience Forum structures stood down. Central government reporting scaled back and generally ceased. Vaccination programme refocused. Should the council need to respond again in the future relevant structures and responses would remain in place or be stood up. Over 50's vaccination plan for winter 2022. Ongoing monitoring of variants of concern at national level.</p>

Risk name: 9 - Organisational change

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5)

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

Existing Mitigation and Controls	Planned mitigating actions	Progress
<p><u>Capacity</u></p> <ol style="list-style-type: none"> 1. Use of agency and interim staff. 2. Improve staff resilience/ cross training. 3. Service and management restructures and related recruitment and development. 4. Absence management. 5. Use of apprentices. 6. Use of external support for Towns Fund business case development, subsidy control and independent appraisal. 7. Review of Planning resource and additional posts. 8. New Executive Director post. 9. Restarted management development programme. 10. Progression scheme for a range of specialist roles. 11. Apprenticeship opportunities to develop resources. <p><u>Channel shift/Digital services</u></p> <ol style="list-style-type: none"> 1. Engage with the operational staff and systems admin, who understand the back office system. <p><u>Pay pressures</u></p> <ol style="list-style-type: none"> 1. The Government's public sector pay restraint has had an impact on recruitment and retention for some Council services. Government starting to relax its previous public sector pay policy in certain areas which could have a further impact on our ability to recruit and retain suitably qualified and experienced staff in certain areas. This in turn could prompt the need to review local pay arrangements, with associated financial 	<p><u>Capacity</u></p> <ol style="list-style-type: none"> 1. Review recruitment issues. Ongoing and responsive to requirements and market conditions. 2. Considering progression schemes across service areas. Ongoing. <p><u>Channel shift/Digital services</u></p> <ol style="list-style-type: none"> 1. Migration to Office 365, Mar 23 2. Developing Microsoft Sharepoint InSite linked to the cloud, Mar 23 3. Engaging with staff re: developments to Insite to improve internal comms and document sharing, Mar 23. 4. Learning workshops for ICT staff on Sharepoint, Mar 23 5. Review of different methods of interaction with customers with different services, Mar 23. <p><u>Pay pressures</u></p> <ol style="list-style-type: none"> 1. Monitoring of national pay award. Ongoing. 2. Some roles requiring particular qualifications are being considered in advance of future recruitment, Mar 22 3. Appropriate allowances for pay to be made within the budget and financial plan. Ongoing. 4. Monitoring of recruitment challenges and introduction of progression related award. Ongoing 5. S151 Officer to review the financial implications and identify funding of the 	<p><u>Capacity</u></p> <p>Established training regime to enable colleagues to cover for each other's absences. Management restructure agreed April 2022 with additional Exec Director being recruited. UEA intern to support climate change footprint and policy development. Following end of national Covid-19 measures most services/operational delivery returning to normal levels however some services (frontline and back office) have backlogs and new Government initiatives may require additional capacity e.g. Ukraine response. Additional resources to focus on communications and enforcement of flytipping.</p> <p><u>Channel shift/Digital services</u></p> <p>Focus over 2021/22 has been on Covid-19 response to support flexible working. Work is concentrating on customer facing aspects initially to engage fully with the public and reduce the need for more staff intensive means of communication, such as telephone enquiries. Locality offices closed, moving customer contact to telephones/online which are more cost effective methods. Work is ongoing with Environmental Health to achieve full integration with IDOX. 97% satisfaction with digital services at year end 2019/20 increased to 99% in 2020/21. Covid-19 resulted in more customers using digital services. Number of digital and self-service transactions (web chats, online forms and Myaccount) benchmarked against pre-Covid 19 levels: , 38,642 (2019/20), 43,870 (2020/21) 40,371 (2021/22).</p> <p><u>Pay pressures</u></p> <p>Continue to closely monitor the Government's public sector pay policy and pay settlements agreed in the wider public sector/private sector. Provision for some movement in pay costs has been included in the financial plan. There is a</p>

Existing Mitigation and Controls	Planned mitigating actions	Progress
implications. Government policy for 2021 was a pay freeze in the public sector. 2. Ongoing monitoring of Government public sector pay policies.	proposals. Aug 22	timing risk related to determination of local pay award arrangements and national pay agreement.

Risk name: 14 - Cost of living

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5))

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

Existing Mitigation and Controls	Planned mitigating actions	Progress
1. Standing item on Management Team. 2. LGA cost of living hub https://www.local.gov.uk/our-support/safer-and-more-sustainable-communities/cost-living-hub/cost-living-external-resources 3. Corporate officer team established. 4. Promotion of fuel oil group buying scheme. 5. Promotion of Solar Together group buying scheme. 6. Promotion of national grants e.g. boiler upgrade scheme. 7. Externally funded projects to fully fund insulation in targetted properties. 8. "Beat your bills" events across the borough.	1. Promotion of Solar Together Scheme. Applications for 22/23 closed on 27 Sept 2022. 2. ""Beat your Bills events"". Held in Hunstanton, 30 Sept, Downham Market, 7 Oct and King's Lynn, 14 Oct 2022. 3. Officer Working Group. First working group held on 18 Oct 2022. Ongoing.	Corporate officer established lead by Assistant to Chief Exec. Promotion of schemes to reduce energy costs e.g. fuel oil buying and installation of solar PV and battery storage. ""Beat your bills"" events held across borough in Sept 2022. Collaboration with Norfolk Warm Homes to encourage targetted take up of fully funded insulation. Promotion of national boiler upgrade scheme via BCKLWN website. Information included employees and residents, customers. Help for businesses web-content under consideration. FAQs analysis undertaken, content developed and posted to the website.

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

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

APPENDIX 2 - After December 2022 review

LIKELIHOOD 37

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

IMPACT

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

APPENDIX 3 - Corporate risks in score order

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

APPENDIX 4 - Corporate risk removed from the register

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

AUDIT COMMITTEE REPORT

REPORT TO:	Audit Committee		
DATE:	20 February 2023		
TITLE:	Audit Committee Independent Persons		
TYPE OF REPORT:	Discussion		
PORTFOLIO(S):	All		
REPORT AUTHOR:	Faye Haywood, Internal Audit Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
This report outlines the proposal for appointing Independent Person's to the Audit Committee.
KEY ISSUES:
CIPFA position statement 2022, Audit Committees in Local Authorities and Police has been updated to stipulate the following; 'where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise. Furthermore in June 2022 the government announced plans to make it a statutory requirement for Audit Committees to appoint independent, non-voting persons to the committee.
OPTIONS CONSIDERED:
<i>To consider the appointment of an independent person/s to the Audit Committee</i>
RECOMMENDATIONS:
The Committee to discuss the report and if deemed necessary and appropriate, recommend to Council that steps are taken to appoint Independent Person's to the Audit Committee.
REASONS FOR RECOMMENDATIONS:
To ensure the Councils governance arrangements are in accordance with best practice.

Audit Committee – Independent Person’s

1. Summary

- 1.1 This report outlines the proposal for appointing Independent Person’s to the Audit Committee.

2. Background

- 2.1 The latest guidance from CIPFA (CIPFA position statement 2022, Audit Committees in Local Authorities and Police has been updated to stipulate the following; ‘where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.
- 2.2 The position statement represents CIPFA’s view on audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.
- 2.3 CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.
- 2.4 In addition to the above amendment to recognised guidance, in June 2022 the government announced plans to make it a statutory requirement for Audit Committees to appoint independent, non-voting persons to the committee. No subsequent announcements have been made so at this stage it is unclear how assurance over conformance will be obtained.

3. Current position

- 3.1 A total of two other district Councils in Norfolk have so far appointed independent persons to their Audit Committee. Breckland Council have had provision for an independent member for some time and have recently appointed a new independent person following the previous incumbent completing an extended term of just over four years.
- 3.2 Norwich City Council have also recently appointed an independent person.
- 3.3 Both Committees have reported that they have found the support from the

independent person to be invaluable.

- 3.4 Both Council's offer a modest committee attendance allowance together with reimbursement for travelling and subsistence expenses.
- 3.5 Independent persons are interviewed and appointed based on their ability to fulfil a person specification covering the Committee's requirements. This would involve ensuring that any individuals interviewed and subsequently appointed have the necessary skills and objectivity to carry out the role. An ideal appointment would be an individual that complements and enhances the skills and experience of the Committee.
- 3.6 The role requires interested individuals to have not been connected with the Council either as a previous employee or Councillor within the last 5 years or have any significant family ties with the Council that would cause a conflict in terms of remaining independent and objective.

4. Proposed action and process

- 4.1 It is recommended that the Committee discusses the merit of appointing an independent person's to the Audit Committee. This would be seen as a proactive action to ensure that the Committee is acting in accordance with the latest best practice from CIPFA and anticipating the potential for this to be a statutory requirement by the Government as part of local government audit reform.
- 4.2 If a decision is made to appoint Independent Person/s this must be approved by Council as this represents a structural change to the Committee.
- 4.3 If approval by Council is given, a person specification can then be advertised locally.
- 4.4 Once candidates have had an opportunity to express an interest, it is advised that an interview panel is set up comprising of members, with support from officers. Our proposal would be:
 - Interview Panel – Chair of Audit Committee with Portfolio Holder.
 - Advisors – Monitoring Officer, S151 Officer and Internal Audit Manager.
- 4.5 It is suggested that the Independent Person is appointed for a term of four years. Following this term, the Audit Committee can put a recommendation to Council regarding re-appointment.

5. Issues and Risks

- 5.1 The Council, may be unable to attract suitable individuals to this post due to the commitment required and timings of Audit Committee meetings and or,

competition from other Local Authorities who may be seeking similar skills and experience from a limited number of individuals locally. This will result in the Audit Committee not being able to benefit from effective arrangements that demonstrate best practice or benefit from the experience/skills and independence that a post holder of this nature could offer.

5.2 **Resource implications** – Independent individuals would be modestly remunerated and reimbursed for travel and subsistence expenses. These costs are expected to be minimal.

5.3 **Equality implications** – The Committee should consider whether candidates put forward for appointment could enhance the diversity of the Audit Committee, thus strengthening governance arrangements.

6. **Conclusion**

6.1 CIPFA has published strengthened guidance on audit committees emphasising the role that audit committees should have in ensuring accounts are prepared to a high standard, alongside broader changes including appointment of independent members. The government is considering making the guidance, committees and the independent member requirements statutory. This report has therefore been produced to facilitate a discussion with Audit Committee on whether the Council should make provision for independent members at Audit Committee within its constitution.

7. **Recommendations**

7.1 The Committee to discuss the report and if deemed necessary and appropriate, recommend to Council that steps are taken to appoint an Independent Person to the Audit Committee.

8. **Background papers**

None

AUDIT COMMITTEE REPORT

REPORT TO:	Audit Committee		
DATE:	20 February 2023		
TITLE:	Audit Committee Self-Assessment		
TYPE OF REPORT:	Discussion		
PORTFOLIO(S):	All		
REPORT AUTHOR:	Faye Haywood, Internal Audit Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT:
The Audit Committee carried out a self-assessment discussion on 26 September 2022 facilitated by the Internal Audit Manager. The results of the assessment are provided within this report. to allow the Committee to track progress made against agreed actions and to make any amendments based on the current position
RECOMMENDATIONS:
<p>a) That Members discuss the write up of the September 2022 self-assessment discussion as reflected within the checklist at Appendix 1 to this report to ensure that this is an accurate reflection of the discussion and actions required and update as appropriate.</p> <p>b) For the Audit Committee to review the areas of partial non-conformance identified during part and agree the suggested improvement actions to ensure that best practice is demonstrated.</p>

REASONS FOR RECOMMENDATIONS:
To ensure the Councils governance arrangements are in accordance with best practice.

1 SUMMARY

The Chartered Institute of Public Finance and Accountancy (CIPFA) document on “audit committee’s practical guidance for local authorities and police” sets out the guidance on the function and the operation of audit committees. It represents CIPFA’s view of best practice and incorporate the positions statements previously issued.

The Audit Committee used the CIPFA documentation to conduct a self-assessments exercise in September 2022. The results of the assessment are attached to this report for discussion.

2 BACKGROUND

- 2.1 In 2022 CIPFA updated its advice and guidance for Local Authority Audit Committee’s and a new Audit Committee self-assessment template is now available. The discussion held with Committee members in September 2022 was based on the 2018 self-assessment template. It is therefore suggested that another assessment is undertaken on the 2022 version following the May 2023 elections.
- 2.2 The CIPFA Audit Committee guidance states “the purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
- 2.3 The Section 151 Officer has overarching responsibility for discharging the requirements for sound financial management, and to be truly effective requires an audit committee to provide and support challenge.
- 2.4 Good audit committees are characterised by; balanced, objective, independent, knowledgeable and properly trained members, a membership that is supportive of good governance principles, a strong independently minded Chair, an unbiased attitude and the ability to challenge when required.
- 2.5 It is therefore good practice to complete a regular self-assessment exercise against the checklist, to be satisfied that the committee is performing effectively. In addition, the Public Sector Internal Audit Standards also call for the committee to assess their remit and effectiveness, in relation to Purpose, Authority and Responsibility. This is the first time the Audit Committee has undertaken a self-assessment exercise and as a result, actions have been

identified to ensure full compliance with best practice.

- 2.6 Part one of the 2018 assessment is a yes / no response and covers:
- Purpose and Governance;
 - Functions of the Committee;
 - Membership and Support; and
 - Effectiveness of the Committee.

3 CURRENT POSITION / FINDINGS

3.1 At the session facilitated by the Internal Audit Manager on 26 September 2022 the Committee members in attendance were asked to consider the answers to questions asked in part one of the assessment. Responses are provided at **Appendix 1** of this report for discussion and update where required.

3.2 The exercise has highlighted the following areas of partial or no conformance with best practice. It is suggested that the Committee considers progress against the agreed improvement recommendations.

Question 3 – When members of the committee were asked if the terms of reference clearly set out the purpose of the committee in accordance with CIPFA’s position statement. The response was highlighted as partly. Members of the Committee felt that the Terms of Reference should be reviewed by Cabinet and Full Council following Local Elections May 2023 to ensure required areas are covered.

Question 4 – Is the role and purpose of the audit committee understood and accepted across the authority? The answer given was partly. The committee feels there is a good level of understanding of their role. However, this could be further enhanced by offering training to all members. Another suggestion is to consider producing an annual report covering all work that the committee has been involved in over the course of the financial year and presenting this to Full Council.

Question 7 - Do the committee’s terms of reference explicitly address all the core area identified in CIPFA’s position statement. The answer given was partly. It was felt that all relevant points are covered with the exception of Value for Money. The External Auditors provide assurance over this through their work and due to delays in auditing the statement of accounts, an assessment and the results of such have not been presented to the Audit Committee for some time. Internal Audit does however continue to provide assurance over value for money and will do so as part of 2022/23 audit plan in the Procurement and Contract Management audit.

Question 8 – Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas? Committee members answered partly as they felt a self-assessment exercise should now be carried out annually.

Question 15 - Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory? Members of the Committee answered no. The Skills and Knowledge framework will be circulated to

Audit Committee members to allow training needs to be identified.

Question 18 – Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work? Committee members answered no to this question. As per the response provided to question 4, this could be achieved by producing an annual report of the Committee and seeking feedback from members.

3.3 The second part of the exercise requires practical examples to be highlighted to display strengths and weaknesses in the following key areas:

- Promoting the principles of good governance and their application to decision making;
- Contributing to the development of an effective Audit Committee;
- Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks;
- Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively;
- Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence;
- Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, controls and assurance arrangements;
- Supporting the development of robust arrangements for ensuring value for money;
- Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.

3.4 The Committee will carry out the second stage of the updated assessment during next year's annual exercise to score effectiveness once the above actions have been resolved.

4 CONCLUSION

4.1 In conclusion, the Audit Committee self-assessment has indicated that the Committee feels it is acting broadly in line with best practice and can demonstrate that it is adding value to the Council through its role and terms of reference. This exercise will be carried out annually and improvement actions tracked in the Audit Committee work plan to ensure completion.

Background Papers

Appendix 1 – BKLWN Self-Assessment Checklist September 2022

Self-assessment of good practice

This evaluation will support an assessment against recommended practice to inform and support the Audit Committee. This is a high-level review that incorporates the key principles set out in CIPFA’s Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principle’s then it is an indicator that the committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

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Good Practice Questions		Yes	Partly	No
Audit Committee purpose and governance				
1	Does the authority have a dedicated audit committee?	Yes		
2	Does the audit committee report directly to full authority?	Yes		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA’s position statement?		Yes*	
4	Is the role and purpose of the audit committee understood and accepted across the authority?		Yes*	
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Yes		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Yes		
Functions of the committee				
7	Do the committee’s terms of reference explicitly address all the core area identified in CIPFA’s position statement? <ul style="list-style-type: none"> - Good governance - Assurance framework - Internal audit - External audit - Financial reporting - Risk management - Value for money or best value - Counter fraud and corruption 		Yes*	
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?		Yes*	
9	Has the audit committee considered the wider areas identified in CIPFA’s position statement and whether it would be appropriate for the committee to undertake them?	Yes		

Appendix 1

10	Where coverage of core areas has been found to be limited, are plans in place to address this?	n/a	n/a	n/a
11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Yes		
Membership and support				
12	Has an effective audit committee structure and composition of the board been selected? This should include: - Separation from the executive - An appropriate mix of knowledge and skills among the membership - A size of committee that is not unwieldy - Where independent members are used, that they have been appointed using appropriate process	Yes		
13	Does the chair of the committee have appropriate knowledge and skills?	Yes		
14	Are arrangements in place to support the committee with briefings and training?	Yes		
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			No*
16	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	Yes		
17	Is adequate secretariat and administrative support to the committee provided?	Yes		
Effectiveness of the committee				
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			No*
19	Has the committee evaluated whether and how it is adding value to the organisation?	Yes		
20	Does the committee have an action plan to improve any areas of weakness?	Yes*		

*Question 3 – Partly Yes. The Committee feels that the Terms of Reference should be reviewed by Cabinet and Full Council following Local Elections May 2023 to ensure required areas are covered.

*Question 4 – Partly Yes. The committee feels there is a good level of understanding of their role. However this could be further enhanced by offering training to all members. Another suggestion is to consider producing an annual report covering all work that the committee has been involved in over the course of the financial year and presenting this to Full Council.

*Question 7 – Partly Yes. It is felt that all relevant points are covered with the exception of Value for Money. The External Auditors provide assurance over this through their work and due to delays in auditing the statement of accounts, an assessment and the results of such have

Appendix 1

not been presented to the Audit Committee for some time. Internal Audit does however continue to provide assurance over value for money and will do so as part of 2022/23 audit plan in the Procurement and Contract Management audit.

*Question 8 – A self-assessment exercise will now be carried out annually.

*Question 15 – The Skills and Knowledge framework will be circulated to Audit Committee members to allow training needs to be identified.

*Question 18 – as per question 4, this could be achieved by producing an annual report of the Committee and seeking feedback from members.

*Question 20 – The report on Committee self-assessment will be presented to the February 2023 meeting. Any actions arising will be tracked to completion.

REPORT TO:	AUDIT COMMITTEE		
DATE:	20 February 2023		
TITLE:	MID YEAR REVIEW TREASURY REPORT 2022/23		
TYPE OF REPORT:	Review		
PORTFOLIO(S):	Cllr A Dickinson E-mail: cllr.angie.dickinson@West-Norfolk.gov.uk		
REPORT AUTHOR:	Carl Holland E-mail: carl.holland@west-norfolk.gov.uk Direct Dial: 01553 616549		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

Date of meeting: 20 February 2023

MID YEAR TREASURY OUTTURN REPORT 2022/2023

Summary

The Council has formally adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021) and remains fully compliant with its requirements. One of the primary requirements of the Code is receipt by Council of a Mid-Year Review Report.

The Mid-Year Review Report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:

- A review of the Treasury Management Strategy;
- The Council's capital expenditure (prudential indicators);
- An economic update for the first six months of 2022/23.

Additional Supporting Information

Appendix 1 – Economic Outlook

Appendix 2 – Investments as of 30 October 2022

Appendix 3 – Borrowing as of 30 October 2022

Appendix 4 – Prudential Indicators

Recommendation

Audit Committee is asked to note the report and the treasury activity.

Reason for Recommendation

The Council has formally adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021) and remains fully compliant with its requirements. One of the primary requirements of the Code is, receipt by Audit Committee of a Mid-Year Review Report.

1. The Treasury Management Mid-Year Review 2022/23

1.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

1.2 The primary requirements of the Code are as follows:

1.2.1 Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.

1.2.2 Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

1.2.3 Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.

1.2.4 Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

1.2.5 Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee:

1.3 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2022/23 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2022/23;
- A review of the Council's borrowing strategy for 2022/23;
- A review of any debt rescheduling undertaken during 2022/23;
- A review of compliance with Treasury and Prudential Limits for 2022/23. Appendix 3.

2. Economic Update

2.1 An update reporting factors that could be influencing the economy at the mid-year point is included at Appendix 1. The UK Bank Rate has seen significant increase over the last year from 0.1% in December 2021 to 3.5% in December 2022. It is expected to continue increasing during 2023 and estimated to return to current levels (3.5%) in the final quarter of 2024. This has an impact on both interest paid on borrowing and our interest received on investments.

Bank Rate Forecast (Link Group 7 February 2023)

Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Sep 2025
4.25%	4.50%	4.50%	4.25%	4.00%	3.75%	3.25%	3.00%	2.75%	2.75%	2.50%

3. Treasury Management Strategy Statement and Annual Investment Strategy Update

3.1 The Treasury Management Strategy Statement, (TMSS), for 2022/23 was approved by this Council on 9 February 2022.

3.2 There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

4. The Council's Capital Position (Prudential Indicators)

4.1 This section of the report provides an update on:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

4.2 Prudential Indicator for Capital Expenditure

4.2.1 The table below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at full Council on 23 February 2022.

Capital Expenditure	2022/23 Original Estimate	2022/23 Actual as at 31 Oct 22	2022/23 Revised Estimate
	£'000	£'000	£'000
Major Projects	53,082	7,516	30,836
Community and Partnerships	2,481	1,077	2,511
Resources	383	99	383
Programme and Projects	67	101	301
Property and Projects	340	26	340
Operational and Commercial Services	2,897	244	2,920
Leisure and Community Facilities	1,016	119	1,046
Central Services	250	-	-
Total Excluding Exempt	60,517	9,181	38,338
Exempt Schemes	11,218	3,156	8,230
Total Including Exempt	71,735	12,337	46,568

4.3 Changes to the Financing of the Capital Programme

4.3.1 The table below shows how the capital expenditure is expected to be financed in the year. The borrowing requirement shown at the bottom of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by needing to replace maturing debt and other treasury requirements.

Financing Capital Expenditure	2022/23 Original Estimate	2022/23 Actual as at 31 Oct 22	2022/23 Revised Estimate
	£'000	£'000	£'000
Total Capital Expenditure	71,735	12,337	46,568
Capital Receipts	27,647	1741	27,225
Capital Grants	6,131	2448	6,226
Capital Reserves	2445	145	2,026
Revenue	3,042	232	3,027
Total financing	39,265	4,566	38,504
Borrowing requirement	32,470	7,771	8,064

4.4 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

4.5 The first table at paragraph 4.7 shows the CFR, which is the underlying need to borrow for a capital purpose (i.e. capital expenditure which has not been financed immediately through the use of capital receipts, capital grants or revenue contributions and is still to be financed). It also shows the expected debt position over the period, which is termed the Operational Boundary.

4.6 Prudential Indicator – Capital Financing Requirement

The council is on target to remain within the original forecast CFR.

4.7 Prudential Indicator – The Operational Boundary for External Debt

Capital Financing Requirement (CFR)	2022/23 Original Estimate	2022/23 Actual as at 31 Oct 22	2022/23 Revised Estimate
	£'000	£'000	£'000
Prudential Indicator – Capital Financing Requirement			
CFR	61,115	54,438	54,438
Prudential Indicator – the Operational Boundary for External Debt			
Borrowing	10,000	10,000	10,000
Total Debt (Year End Position)	51,115	44,438	44,438
External Debt for Commercial activities			
	£'000	£'000	£'000
Actual debt at 31 March £m	4,788	0	0
Percentage of total external debt %	9%	0%	0%

4.8 Limits to Borrowing Activity

4.9 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose.

Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

Operational Boundary	2022/23 Original Estimate	2022/23 Actual as at 31 Oct 22	2022/23 Revised Estimate
	£'000	£'000	£'000
Borrowing	61,000	55,000	55,000
Other Long-Term Liabilities	1,000	1,000	1,000
Commercial Activities	10,000	10,000	10,000
Total Debt (Year End Position)	72,000	66,000	66,000
CFR * (Year End Position)	61,115	54,438	54,438

- 4.10** A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003

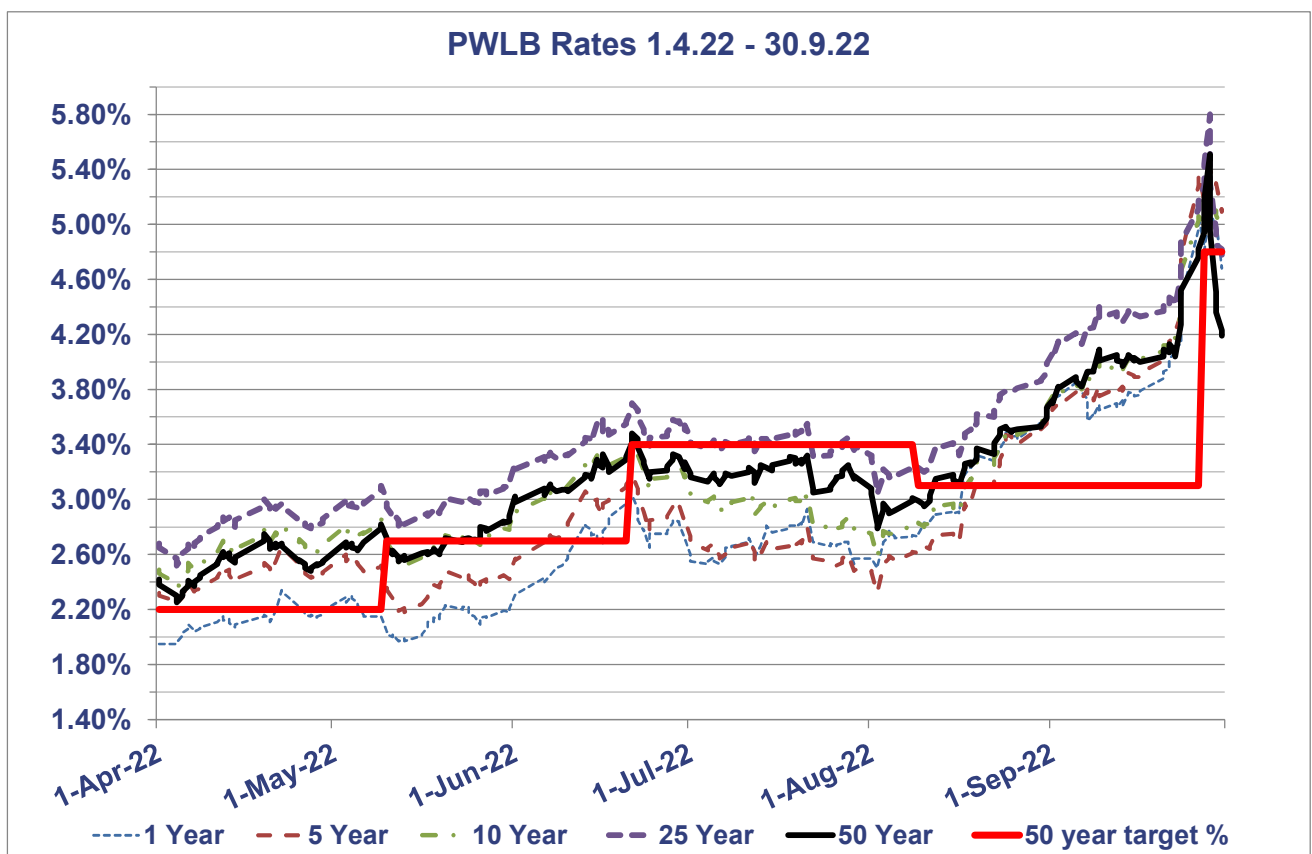
Authorised Boundary	2022/23 Original Estimate	2022/23 Actual as at 31 Oct 22	2022/23 Revised Estimate
	£'000	£'000	£'000
Borrowing	66,000	60,000	60,000
Other Long-Term Liabilities	1,000	1,000	1,000
Commercial Activities	10,000	10,000	10,000
Total Debt	77,000	71,000	71,000

5. Investment Portfolio 2022/23

- 5.1** In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and then to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 2.1, in terms of earning interest the level of interest rates has increased and the bank rate is expected to remain high in 2023. The Ukraine Invasion has been a significant determinant of inflation and the longevity of its impact may give rise to continued uncertainty to forecasts.
- 5.2** The Council held £31.770m of investments as at 31 Oct 22 (£34.615m at 31 March 2022)
- 5.3** A full list of investments held as at 31 October 2022 is in appendix 1:
- 5.4** The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first 7 months of 2022/23.
- 5.5** The Council's budgeted investment return for 2022/23 is £132,480, and performance for the year to date is £181,560 which is £49,080 above budget.

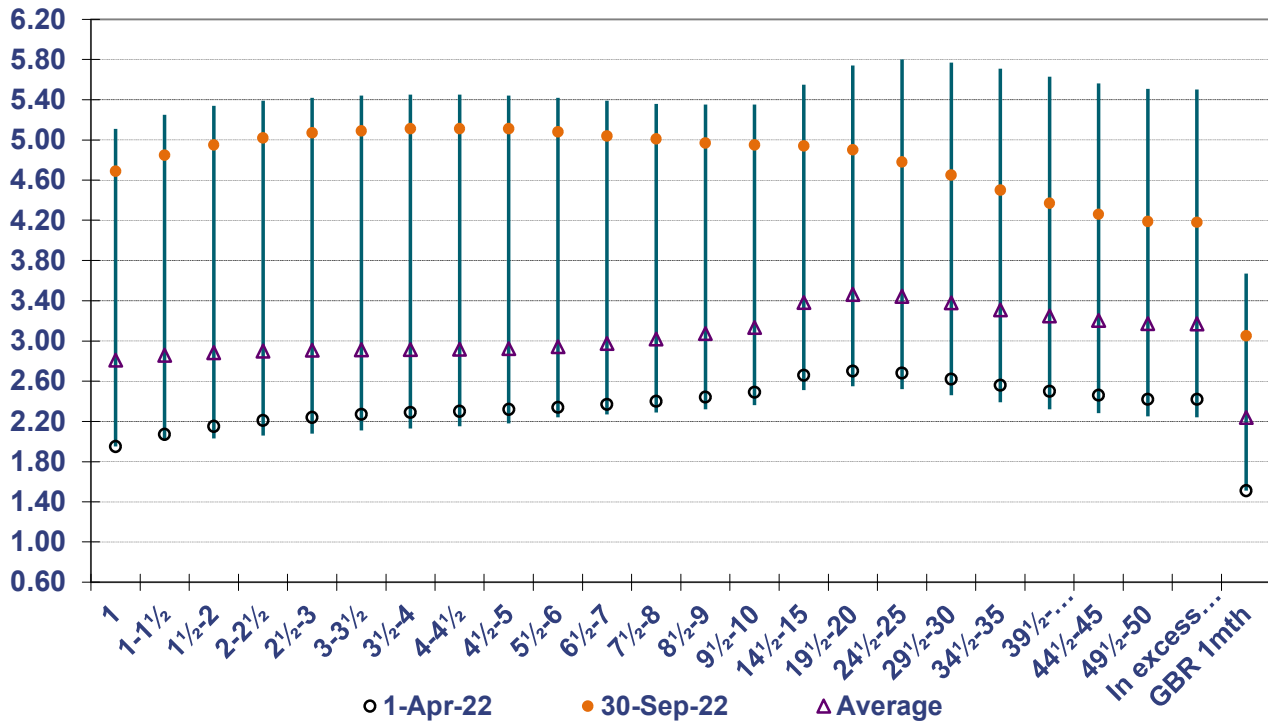
6. Borrowing

- 6.1 The Council's capital financing requirement (CFR) for 2022/23 is £55.569m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The table in paragraph 4.7 above shows the Council has borrowings of £10m and has utilised £45.569m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.
- 6.2 It is anticipated that further borrowing will not be undertaken during this financial year.
- 6.3 The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date. A full list of borrowing can be found in Appendix 2
- 6.4 Gilt yields and PWLB rates were on a rising trend between 1st April and 30th September.
- 6.5 The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% before increasing to 4.80% in September. (Please note, however, that we see PWLB rates trending downwards through 2023 and 2024.)



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

PWLB Certainty Rate Variations 1.4.22 to 30.9.22



7. Debt Rescheduling

Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year. However, now that the whole of the yield curve has shifted higher there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

8. Compliance with Treasury and Prudential Limits

8.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2022/23. The Assistant Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators

8.2 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

9. Annual Investment Strategy

9.1 The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Council on 25 February 2021. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

As shown by the interest rate forecasts in section 2, it is currently impossible to earn the level of interest rates commonly seen in previous decades. However, rates have improved during quarter 3 of 22/23 and are expected to improve further as Bank Rate continues to increase over the next two years.

Creditworthiness.

Following the Government's fiscal event on 23rd September, both S&P and Fitch have placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

CDS prices

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

10. Financial Implications

10.1 The financial implications of the borrowing and investment strategy are reflected in the financing adjustment figure included in the Financial Plan 2021/2026 approved at Council on 23 February 2022 and updated as reported in the Budget Monitoring reports.

11. Risk Management Implications

11.1 There are elements of risk in dealing with the treasury management function although the production and monitoring of such controls as prudential indicators and the treasury management strategy help to reduce the exposure of the Council to the market. The costs and returns on borrowing and investment are in themselves a reflection of risk as seen by the market forces.

12. Policy Implications

12.1 There are no changes in the Treasury Management policy at present.

13. Statutory Considerations

13.1 The Council must set prudential indicators and adopt a Treasury Management Strategy and Annual Investment Strategy.

14. Access to Information

The Budget 2021/2026 – The Financial Plan

Capital Programme 2021/2026

Treasury Management Strategy and Annual Investment Strategy 2022/2023

Budget Monitoring reports 2022/2023

Investment Portfolio Benchmarking Analysis

Capital Strategy 2022/2023

The second quarter of 2022/23 saw:

GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;

Signs of economic activity losing momentum as production fell due to rising energy prices;

CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;

The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;

Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;

Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.

The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.

There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.

The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households' bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.

The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.

However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.

Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.

During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.

Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23rd November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.

The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.

Since the fiscal event on 23rd September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable,

which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.

Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.

Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.

There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.

After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

Interest Rate Forecasts

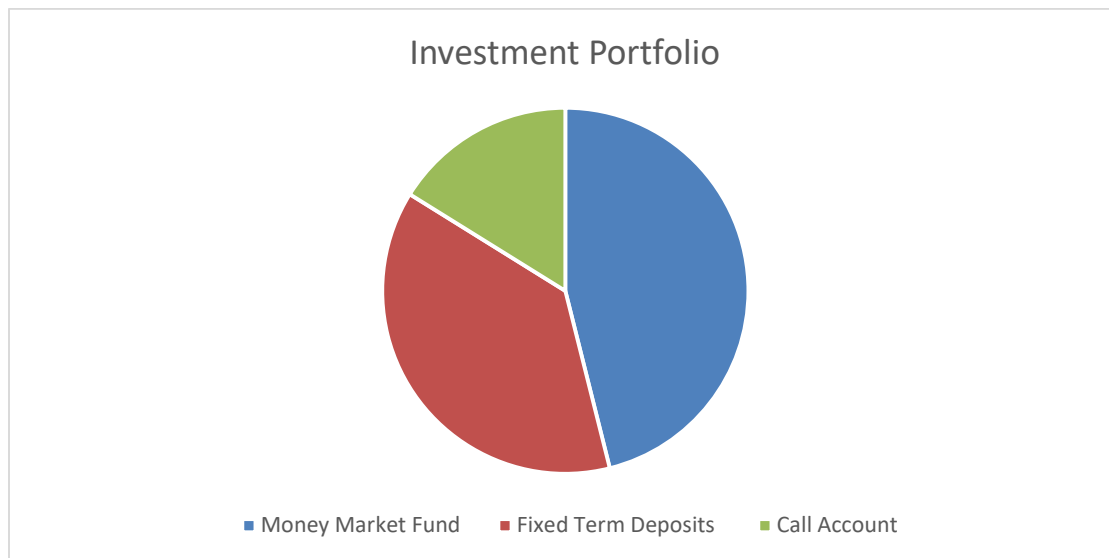
The Council's treasury advisor, Link Group, provided the following forecasts on 27th September 2022 (PWLB rates are certainty rates, gilt yields plus 80bps):

Link Group Interest Rate View 27.09.22		Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE		4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings		4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings		4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings		5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB		5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB		4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB		5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB		4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

As shown in the forecast table above, are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.



Institution	Principal £	Rate %
Aberdeen Liquidity – MMF	3,990,000	2.220%
BNP – MMF	3,900,000	2.150%
Barclays FIBCA	1,130,000	1.850%
Federated Hermes – MMF	3,990,000	2.168%
HSBC Sterling – MMF	2,760,000	2.249%
Total Money Market Fund Investment	15,770,000	
Lancashire County Council	4,000,000	2.100%
Landesbank Hessen-Thueringen Girozentrale (Helaba) Frankfurt	4,000,000	2.270%
North Lanarkshire Council	4,000,000	1.970%
Santander (95-day notice account)	4,000,000	1.000%
Total Other Investments	16,000,000	
Overall Investments	31,770,000	

*MMF – denotes Money Market Fund used for daily cash flow purposes.

Borrowing Portfolio as at 31 October 2022**APPENDIX 3**

Institution	Principal £	Start Date	End Date	Rate
Barclays	5,000,000	22/03/2007	21/03/2077	3.81%
Barclays	5,000,000	12/04/2007	14/04/2077	3.81%
Total Long Term	10,000,000			

Prudential Indicators:

APPENDIX 4

Net borrowing and the CFR	31/03/2022 Actual £m	31/10/2022 Actual £m
Borrowing	10.00	10.00
Investments	(34.62)	(31.77)
Net Position	(24.62)	(21.77)
Capital Financing Requirement	55.81	54.44
		(estimate for 2022/2023 year end)

In order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2022/2023. This essentially means that the Council is not borrowing to support revenue expenditure. The Council has complied with this prudential indicator.

The Council's Capital Position and Associated Prudential Indicators

The capital programme 2022/2023 was updated for rephrasing and amendments as part of the closedown of the accounts 2021/2022. The revised estimates to 31st October 2022 are shown in the table below.

Capital Expenditure	2022/23 Original Estimate	2022/23 Actual as at 31 Oct 22	2022/23 Revised Estimate
	£'000	£'000	£'000
Major Projects	53,082	7,516	30,836
Community and Partnerships	2,481	1,077	2,511
Resources	383	99	383
Programme and Projects	67	101	301
Property and Projects	340	26	340
Operational and Commercial Services	2,897	244	2,920
Leisure and Community Facilities	1,016	119	1,046
Central Services	250	-	-
Total Excluding Exempt	60,517	9,181	38,338
Exempt Schemes	11,218	3,156	8,230
Total Including Exempt	71,735	12,337	46,568

Budget Related Prudential Indicators – Revised

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Capital Expenditure	35,016	59,870	61,697	35,951
Ratio of financing costs to net revenue stream	5.01	0.05	0.69	1.53
(Equals net treasury cost ie cost of borrowing less the income from investments divided by the total of Government grant and total council tax)				
Capital Financing Requirement (CFR) as at 31 March	54,438	69,259	84,941	84,627

Authorised / Operational Limit for external debt

	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Authorised /Operational Limit for external debt	71,000	86,000	101,000	101,000
Operational Boundary for external debt	66,000	81,000	96,000	96,000

- The Authorised Limit represents the maximum limit beyond which borrowing is prohibited and needs to be set and revised by Members.
- The Operational Boundary for External Debt is a working practice limit that is set lower than the Authorised Limit. In effect the authorised limit includes a degree of contingency in case of circumstances arising that take the limit above the operational limit.

Interest Rate Exposures (Limit on fixed and variable rate borrowing)

	2022/23 Upper %	2023/24 Upper %	2024/25 Upper %	2025/26 Upper %
Limits on fixed interest rates based on net debt	100%	100%	100%	100%
Limits on variable interest rates based on net debt	40%	40%	40%	40%

Maturity Structure of fixed interest rate borrowing

	Lower	Upper	Portfolio Position as at 31 Oct 22
Under 12 months	0%	100%	0%
12 months to 2 years	0%	100%	0%
2 years to 5 years	0%	100%	0%
5 years to 10 years	0%	100%	0%
10 years and above	0%	100%	100.00%



The Budget 2022/2023

Monitoring Report

October 2022

Michelle Drewery
Assistant Director Resources
Section 151 Officer

The Budget 2022/2023

Monitoring Report – October 2022 – Period 7

Summary

The budget for 2022/2023 was presented to Cabinet on 9th February 2022 and approved by Council on 23rd February 2022 in accordance with the process for approving the financial plan 2021/2026.

There is continuing uncertainty as to the expected levels of inflation and its impact on the Council and the cost of living for individuals and businesses. Whilst the Government has removed all Covid response legislation relating to social and business restrictions from 24 February 2022, the lasting effects on the local economy, the council, its residents, and businesses remain uncertain. As the war in Ukraine continues it is putting further upward pressure on commodity and fuel prices, for residents, businesses, and the Council. The risk from inflationary factors is being monitored in terms of possible effects from increasing revenue costs to the Council's services, risk to recovery of monies collected by the Council and risk that could delay and increase the cost of capital projects. This budgetary control monitoring report has been prepared and provides a summarised update of any variances against the original budget for 2022/2023.

The council is currently estimating a drawdown from the General Fund Reserves of £337,230, an adverse movement of £864,220 against a budgeted transfer in of £526,990 decreasing the estimated balance as at 31st March 2023 to £8,646,530.

	Original Budget 2022/23 £	Forecast 31 October 2022 £	Variance Pd7 £	Variance Pd6 £
Borough Spend	21,028,070	21,892,290	864,220	554,550
Financing	(21,555,060)	(21,555,060)	0	0
Contributions to/(from) General Fund Balance	526,990	(337,230)	(864,220)	(554,550)

The Capital Programme 2021/2026 was updated at Council on 23rd February 2022. The current spend is £10,835,683 against a revised budget of £43,633,260. Major Projects comprises of 82% of the revised budget for the Capital Programme. The Council's Member Major Projects Board holds meetings throughout the year to monitor and receive updates for these projects. Officers of the Council are reviewing the impact on the timing and funding of programme reflecting specifically recovery from the pandemic and inflation. See section 3 of report for details of the Capital Programme.

If further information relating to any budget highlighted within this report is required, please do not hesitate to contact Carl Holland on Ext. 6549

1. Introduction

The report provides an assessment of the council's financial performance against its approved 2022/2023 budget, incorporating key financial risks, issues, and opportunities since 1 April 2022 for revenue and capital. The year-end forecasts are based on actual expenditure from 1 April 2022 to 31 October 2022.

The key sections of the report are laid out as follows:

- General Fund (Revenue) – Section 2 and Appendix A
- Capital – Section 3 and Appendix B
- Reserves – Section 4 and Appendix C
- Age Debtors Analysis – Section 5 and Appendix D
- Council Tax and Business Rates Collection– Section 6
- Treasury – Section 7

2. Revenue Budget 2022/2023

2.1 Budget Summary

2.1.1 A summary of the budget position as of 31 October 2022 is shown below. Note this has been restated following a restructure of service areas between that reported to Council on 23 February 2022 and 1 April 2022. A summary is shown in Appendix A of the movements.

P7 Forecast Outturn Position	Budget Agreed by Council 23 February 2022	Budgetary Control Monitoring Report October 2022/2023	Report Variance (Budget to October 2022)	Report Variance (Budget to September 2022)	Movement Pd6 to Pd7
Service	£	£	£	£	£
Central Services	3,186,180	3,205,570	19,390	7,250	12,140
Health Wellbeing and Public Protection	401,030	384,300	(16,730)	33,490	(50,220)
Programme and Project Delivery	234,530	216,980	(17,550)	2,290	(19,840)
Legal	486,440	462,630	(23,810)	(23,810)	0
Environment and Planning	1,630,900	1,501,180	(129,720)	16,910	(146,630)
Operations and Commercial	1,174,410	1,441,740	267,330	213,800	53,530
Property and Projects	(1,441,660)	(1,324,370)	117,290	192,720	(75,430)
Regeneration Housing & Place	867,590	906,030	38,440	2,790	35,650
Resources	7,982,060	8,059,220	77,160	26,190	50,970
Chief Executive	101,300	101,300	0	0	0
Leisure and Community Facilities	1,075,400	1,607,820	532,420	82,920	449,500
Financing Adjustment	2,320,670	2,320,670	0	0	0
Internal Drainage Boards	3,009,220	3,009,220	0	0	0
Borough Spend	21,028,070	21,892,290	864,220	554,550	309,670
Contributions to/(from) General Fund Balance	526,990	(337,230)	(864,220)	(554,550)	(309,670)
Borough Requirement	21,555,060	21,555,060	0	0	0
Revenue Support Grant	(647,530)	(647,530)	0	0	0

P7 Forecast Outturn Position	Budget Agreed by Council 23 February 2022	Budgetary Control Monitoring Report October 2022/2023	Report Variance (Budget to October 2022)	Report Variance (Budget to September 2022)	Movement Pd6 to Pd7
Rural Service Delivery Grant	(485,690)	(485,690)	0	0	0
New Homes Bonus	(589,610)	(589,610)	0	0	0
Other Government Grants	(629,760)	(629,760)	0	0	0
Business Rates Retention Additional Funding	(7,888,830)	(7,888,830)	0	0	0
Business Rates Renewable Energy	(2,811,280)	(2,811,280)	0	0	0
Contribution from Business Rate Reserves	(552,090)	(552,090)	0	0	0
Business Rates Pool – Council Share	(592,870)	(592,870)	0	0	0
Collection Fund	(25,000)	(25,000)	0	0	0
Council Tax	(7,332,400)	(7,332,400)	0	0	0
Total Funding	(21,555,060)	(21,555,060)	0	0	0
Funding Position	0	(0)	0	0	0

2.3 Turnover Savings

The Turnover Saving Target is the savings anticipated from a service's ability to hold a position vacant for a short time following an employee leaving. Savings in some posts cannot be achieved due to the critical need to have that post filled promptly to maintain timely service provision. As a result savings are offset by cost of temporary staff, overtime and costs of recruitment.

The budgeted turnover savings for 2022/2023 are (£550,000). Following the decision of the Council on 1 December 2022 to finalise its pay award to its employees, an estimate of its impact on employee costs has been included in this report. As at the 30 September the Council had 61 vacant posts of which 49 were in active recruitment phases. The remaining 12 were either being covered by agency staff or on hold pending decision to recruit or take other action. The table below shows these costs and savings. This calculation is based on an estimate for the impact of the cost of living pay award, assumes that the current level of vacant posts will remain similar for the remainder of the financial year and estimates the spend on other costs to the end of the year.

	Budget	Estimate Outturn	Variance
Salaries	18,888,680	17,539,304	(1,349,376)
Provision of Pay Award 2022/2023	457,180	1,178,360	721,180
Recruitment	3,640	149,860	146,220
Consultants Fees	13,260	18,220	4,960
Professional Fees	357,280	406,480	49,200
Agency Fees	279,290	291,226	11,936
Cost Total	19,999,330	19,583,450	(415,880)
Turnover Saving	(550,000)	0	550,000
Net Total	19,449,330	19,583,450	134,120

The costs above include the estimated costs of the:-

- The majority of the Cost of Living Pay award is currently included, with a drawdown of £134,120 from reserves made as approved by Council at its meeting 2 December 2022.
- Bio-diversity Task Group £37k agreed at Cabinet 15 March 2022
- Tourism Working Group £20k agreed at Regeneration and Development Panel 8 November 2022
- Resource costs to manage and deliver funds and grants in respect of the Rural England Prosperity Fund £80k

2.4 Opportunities/Risks

- 2.4.1** This report includes £461,450 additional forecast spend as a result of increasing costs for utilities. This reflects a review of usage volumes and increasing unit costs for around 60 sites and the increase in part is due to an increase in consumption, particularly for water, reflecting an increasing return to pre-pandemic consumption levels. The Council is eligible for protection against increases beyond the capped unit price, set by Government, for gas and electricity for the period 1 October 2022 and 31 March 2023. When setting the Electricity and Gas budgets for 2022/2023 the Council increased budgets by 10% and 12% respectively. The Council's purchase of gas is mitigated further through a future purchase model that means that future commitments are made at lower rates prevalent at the time. In relation to the heat pump project, we will have to wait until the winter to gauge how it is performing, the expectation is that there will be an increase in running costs over the short-medium term, but with gas prices projected to increase, the heat pumps are expected to be cheaper to run than the conventional gas-fired plant.
- 2.4.3** Vehicle fuel costs in July 2022 were 49.7% higher than at the same time in the previous year. It is not known at this stage if prices will remain at these high levels and therefore an estimated increase of 36% over 2021/22 actuals has been assumed at this point in time, to reflect a decrease in prices as the year progresses, which will be kept under review. This is an estimated increase of £50,000 above 2022/2023 budgeted spend.
- 2.4.4** In relation to fees and charges forecasts are based on actuals to date, the position shows that service income is back to pre-pandemic levels for budgeted income. There has been a change in demand where Town Centre Car Parking is below Pre-pandemic levels, but this reduction is offset by an increase in Resort Car Parking. This continues to be monitored along with a review in preparation of the 2022-2027 Financial Plan with consideration to the impact of inflation on service provision and asset maintenance costs.

3. Capital

- 3.1** The Capital Programme 2022/2023 original budget of £64,853,540 was approved at Council on 23 February 2022. This figure has been revised to £68,634,070, as reported to Cabinet at its meeting on 2 August 2022, to incorporate amounts rephased from the 2021/2022 Capital outturn. The Capital Budget has been significantly reviewed in the preparation of this report and the budget has been revised for 2022/2023 by £25,000,810 to £43,633,260. The reduction in budget has been re-profiled to future years. The below table reports the revised budget for 2022/2023, actual spend and the movements reprofiled to future years.

3.2 Capital Budget and Spend 2022/2023.

	Original Budget	Revised Budget Prior Period	Budget Movement Current Period	Revised Budget Current Period	Note	Spend to 31 October 2022	September Spend Percentage
	£	£	£	£		£	%
Major Projects	49,981,110	28,395,170	(144,570)	28,250,600	2	6,167,200	22
Community and Partnerships	2,480,680	2,510,680	0	2,510,680		1,076,797	43
Resources (S151 Officer)	383,460	383,460	0	383,460		99,040	26
Programme and Project Delivery	0	200,000	0	200,000		0	0
Property and Projects	309,330	309,330	30,500	339,830	1	25,581	8
Operational and Commercial Services	2,705,510	2,739,710	(7,500)	2,732,210	1,3	191,898	7
Leisure and Community Facilities	1,306,080	956,080	30,000	986,080	4	119,217	12
Central Services	250,000	250,000	(250,000)	0	5	0	0
Total	57,416,170	35,744,430	(341,570)	35,402,860		7,679,732	21
Exempt Corporate Schemes	11,217,900	8,230,400	0	8,230,400		3,155,950	38
Total Capital Programme	68,634,070	43,974,830	(341,570)	43,633,260		10,835,682	25

3.2.2 Notes to Capital Budget Revisions and Movement table

1 A movement of £30,500 has taken place between service areas, the budget for estate roads resurfacing sat incorrectly within the Operational and Commercial Services assistant director. This has now moved to its correct service area of Property and Projects. This has no overall effect on balances.

2 Major Projects - £55,720 has been added to the Major Projects in 2022/2023 for the delivery of UK Shared Prosperity Fund, £57,940 in 2023/24 and £233,570 in 2024/25 totalling £347,230. This is fully funded from a government grant

£75,080 for the development of the Purfleet floating restaurant has been removed, the development of this area will now be encompassed as part of the Towns Deal riverfront regeneration project.

The budget of £125,210, for development of the Chapel Street car park has been removed, whilst a strategic review of transport and car parking takes place.

3 Operational and Commercial Services - £23,000 has been added to 2022/2023 to fund the infrastructure works necessary at Heacham Beach North car park to enable the installation of power supply for Pay and Display car parking meters and CCTV. This is to be met from the car park reserve.

4 Leisure and Community Facilities - £30,000 has been added in 2022/2023 for the replacement of Athletics lighting at Lynnsport. This is funded from a CIL contribution.

5 Central Services - £250,000 has been removed from the capital programme for the purchase of Technology and Other Equipment (Flexible Working), this is now being used towards funding the pay award.

4. Reserves

4.1 The main reasons the Council holds reserves are to:

- Manage known financial risks
- Hold funding as one-off contributions to expenditure, allowing ongoing revenue budget reductions
- Manage timing difference between the receipt of funding and actual spend
- Hold ring-fenced funds such as specific grants

4.2 As reported to Council in February 2022, the budget set out an estimated contribution to the General Fund Reserve of £526,990. The position is now a drawdown from reserves of £337,230, because of the changes set out in this report. The revised impact on balances is detailed in the table below.

Projected Movements in General Fund Balances	2022/2023 £
Balance brought forward 1 April 2022	8,983,760
Estimated contribution to/(from) Balances	(337,230)
Projected General Fund Balance 31 March 2023	8,646,530

4.3 The projected balance for 2022/2023 remains above the minimum level of £1,128,410 required of the Council. However, it should be noted that the audit for the financial statements of 2019/2020 and 2020/2021 are not concluded and a possible outcome could result in a financial adjustment to the accounts which require further drawdown from the general fund balance

4.4 The General Fund Balance is held at a higher level than it might normally be, enabling provision for a planned and measured response to the reduction in grant funding that is estimated to occur in the medium term. Significant draws from the general funding balance remain necessary in future years of the medium-term financial plan in order to set a balanced budget.

4.5 The table below shows the reserves balances based on actual spending and budgeted spend in the year. The opening balance is as per the Revenue Outturn report reported to Cabinet at its meeting 2 August 2022. Following further accounting movements in compilation of the Council's draft Statement of Accounts for 2021/2022 published 1 August 2022, revisions to the maximum limits for some reserves held (Appendix C).

Reserves	Opening balance 1 April 2022	Budgeted movements (To)/From (Revenue)	Capital Transfers	In year movements (To)/From Revenue	Forecast Outturn Balance 31 March 2023
Ring Fenced Reserves					
Amenity Areas	(2,350)				(2,350)
Capital Programme Resources	(782,702)	(4,480)			(787,182)
Collection Fund Adjustment Reserve	(10,692,516)	0		552,090	(10,140,426)
Grants Reserves	(2,600,139)	5,850		(6,595)	(2,600,884)
Holding Accounts	(116,765)				(116,765)
Other	(166,064)				(166,064)
Planning Reserves	(436,079)	64,330			(371,749)
Repairs and Renewal Reserves	(608,782)	29,850		31,494	(547,438)
Ring Fenced Reserves	(3,622,807)	(2,395,620)		22,705	(5,995,722)
West Norfolk Partnership	(878,979)	227,500			(651,479)
Sub Total	(19,907,183)	(2,072,570)	0	599,693	(21,380,060)
Risk Management					
Capital Programme	(71,324)				(71,324)
Holding Accounts	(109,616)				(109,616)
Insurance	(225,661)	(10,000)			(235,661)
Planning Reserves	(25,410)				(25,410)
Ring Fenced Reserves	(50,000)				(50,000)
Sub Total	(482,010)	(10,000)	0	0	(492,010)
Service Delivery					
Capital Programme Resources	(4,716,049)	(346,360)	1,838,490	117,398	(3,106,521)
Climate Change Strategy	(1,246,482)	313,160			(933,322)
Grants Reserves	(2,015,842)	(37,000)			(2,052,842)
Holding Accounts	(1,878,538)	(20,000)			(1,898,538)
Ukrainian Community Support	(7,000)				(7,000)
Internal Audit Services	(3,770)				(3,770)
Planning Reserves	(86,249)	126,980			40,731
Project Reserves	(3,864,687)		114,000		(3,750,687)
Repairs and Renewal Reserves	(1,303,008)	(23,050)	477,410		(848,648)
Restructuring Reserve	(484,200)				(484,200)
Ring Fenced Reserves	(310,512)	(10,000)		12,960	(307,552)
Sub Total	(15,916,339)	3,730	2,429,900	130,358	(13,352,350)
Grand Total	(36,305,532)	(2,078,840)	2,429,900	730,051	(35,224,420)

4.6 Notes to Reserves budget revisions and movements

Ring Fenced Reserves

Collection Fund Adjustment Reserve – Increased contribution from reserve for NNDR £552,090 based on estimated outturn for 2021/2022.

Repair and Renewal Reserve - £11,494 District Direct Grant balance drawdown for Home Improvement Agency for Care and Repair. Contribution from reserve of £20,000 funding for Lily 5 carry forward from 2021-22 drawdown from reserves.

Ring Fenced Reserves – Contribution to reserves of (£3,651) from lottery West Norfolk Wins, Financial Assistance, Contribution from reserves for £26,356 Community Projects, Foodbank.

Service Delivery

Capital Programme Resources - £126,771 VAT overpayment to be repaid, (£1,000) Office Repair, Redecoration Contributions Quarter 1 and 2, (£8,372) Office Accommodation, Furniture Hire Contributions to reserves, Quarter 1 and Quarter 2.

Ring Fenced Reserves - £12,960 Community Safety & Nuisance, Cost of Norsonics (noise monitoring Equipment).

5. Age Debt Analysis

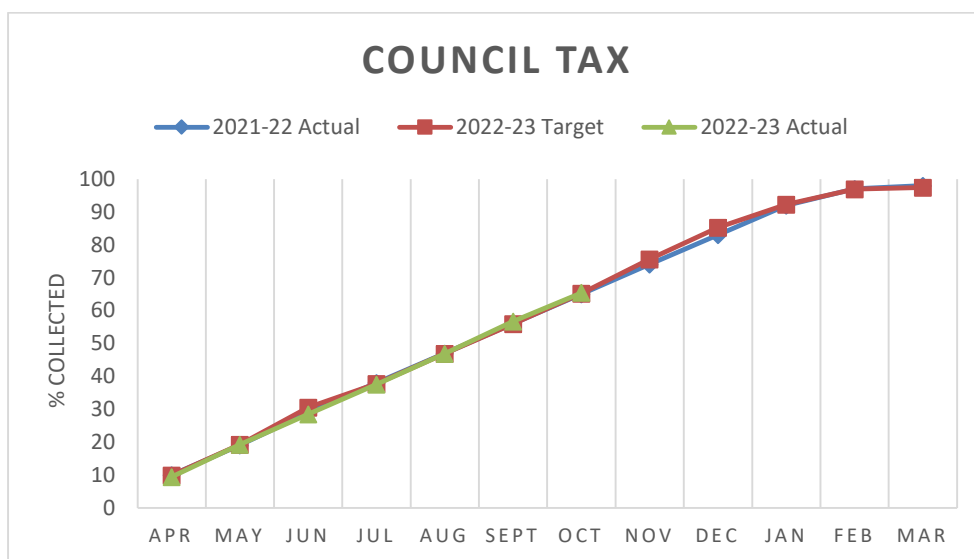
5.1 The effective management and collection of debt is an essential contributor to the councils' financial resources. In accordance with good accounting practice, the Council makes appropriate provision for bad debts. Debt recovery levels have been and continue to be affected by the Pandemic and inflation. Debt recovery activity will be kept under heightened review to ensure resources are focussed on reducing debt levels and further comparators for debt recovery action will be added to future Monitoring Reports.

5.2 The following information can be found in Appendix D

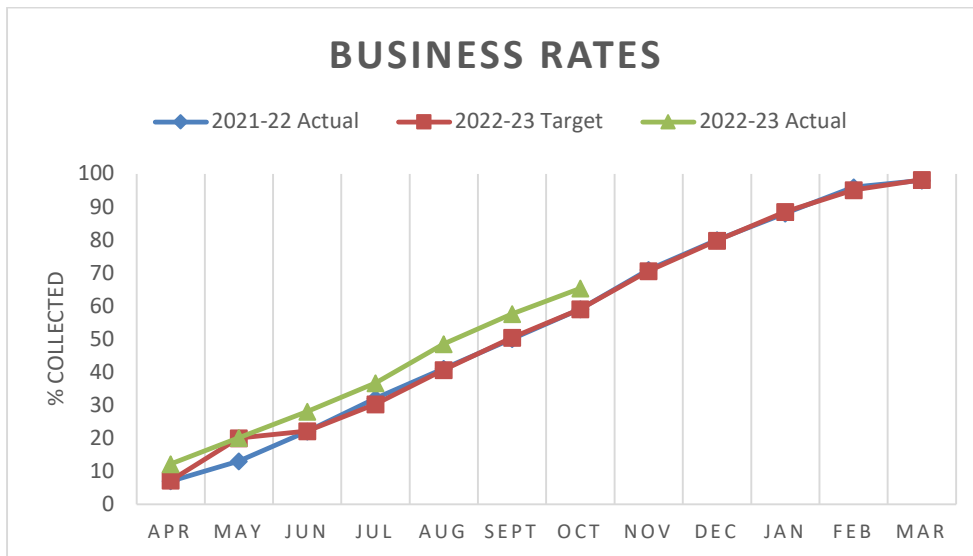
- Overdue Debtor Income by Customer Group
- Age debt movement between current and previous period
- Housing Benefit Recovery Payments

6. Council Tax and Business Rates

6.1 As of 31 October 2022 65.47% of council tax has been collected against the target of 65.14%. See Chart below with comparison to 2021/22 actuals. The pressures from the increased cost of living on individuals and business are increasingly apparent in customer contract activity but had not impacted collection rates at the end of September 2022.

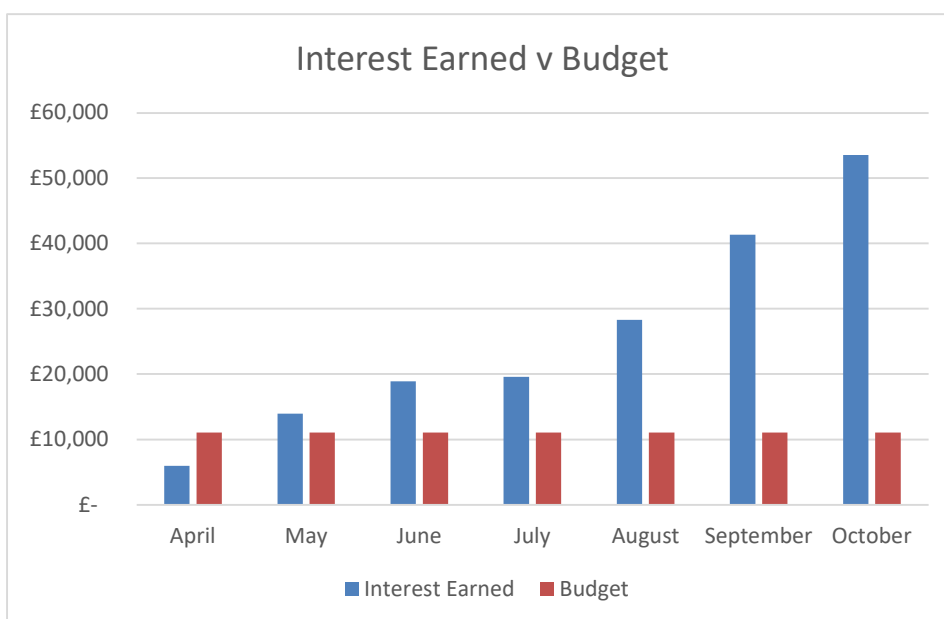


6.2 65.38% of business rates has been collected against the target of 59.01%, as of 31 October 2022. See chart below with comparison to 2021/22 actuals.



7. Treasury Management 2022/2023

- 7.1** The “Treasury Management Strategy Statement and Annual Investment Strategy 2022/2023” was approved by Council on 9 February 2022. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.
- 7.2** The budgeted ROI (Return on Investment) is £278,790, excluding capital loans it is £132,480. As of 31 October 2022, the forecasted position £178,160, again this is excluding capital loans. This is monitored along with the Bank of England interest rates and the budget revised as part of the estimate process and will form part of the half yearly Treasury Management report.
- 7.3** The graph below compares the average interest earned each month to the forecasted budget. The budget is shown on an even twelfth/straight-line basis.



- 7.4** The monitoring report includes prudential indicators, updates on movements in borrowing and investments during the period.

Prudential Indicators

Indicator	Original Limit 2022/2022	Actual Borrowing 31 August 2022
Operational Boundary (Limit of borrowing)	£77m	£10m
Short-term and variable rates borrowing limits	40%	0%

Loans

Institution	Principal £	Rate %
Short Term borrowing	0	
Total Short Term	0	
Barclays	5,000,000	3.810%
Barclays	5,000,000	3.810%
Total Long Term	10,000,000	
Total Borrowing	10,000,000	

Investments

Institution	Principal £	Rate %
Aberdeen Liquidity – MMF	3,990,000	2.220%
BNP – MMF	3,900,000	2.150%
Barclays FIBCA	1,130,000	1.850%
Federated Hermes – MMF	3,990,000	2.168%
HSBC Sterling – MMF	2,760,000	2.249%
Total Money Market Fund Investment	15,770,000	
Lancashire County Council	4,000,000	2.100%
Landesbank Hessen-Thuringen Girozentrale (Helaba) Frankfurt	4,000,000	2.270%
North Lanarkshire Council	4,000,000	1.970%
Santander (95-day notice account)	4,000,000	1.000%
Total Other Investments	16,000,000	
Overall Investments	31,770,000	

8. Conclusion

- 8.1** The primary objective of this report is to monitor service area performance against allocated budgets and to consider variances to the budget figure in the light of current circumstances.
- 8.2** Careful budgetary control throughout the year ensures that resources are applied as planned, fulfilling the goal to secure the long-term economic future of the borough. Budgetary control is applied in a consistent manner across all budgets, and individual decisions to be taken during the financial year are reviewed for impact on a case-by-case basis before they are taken, so that any identified impact can be considered and taken into account at the appropriate time.
- 8.3** The content of this budget monitoring report is designed to enable Councillors and Senior Officers to see the financial position of the Council as a whole, as required by the Local Government Act 2003.

Appendix A

Budget Monitoring Variances October 2022

Following changes to reporting tools in the current year, Budget Monitoring reviews are better able to focus attention on both prior year actuals and current year to date actuals. This has resulted in challenge to the level of budgets in current and future years leading to budgets being reduced or removed, which then better reflects both current spending and income needs

Amounts in (Brackets) are favourable and others are adverse movements.

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Central Services – deficit £19,390				
Adobe Licence Fee for Graphics not been budgeted for	2,250			Yes
Training income budget removed as delivery of training to other parties not generating levels of income	5,000			Yes
At Homes event has been postponed for the last 2 years due to covid, this will mean 2 events taking place this year. Increase in budget to cover the additional costs in year.		1,950		No
Print room business rates and Cleaning Contract not been budgeted for, following move to new premises from King's Court.		9,090		Yes
Miscellaneous		1,100		Yes
Total	7,250	12,140	19,390	
Health, Wellbeing and Public Protection – surplus £16,730				
Careline – Rent for industrial unit not budgeted for this year	1,620			Yes

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Financial Assistance – Cost of car parking passes for King's Lynn Festival staff. Expected to be the last year of funding this cost.	2,370			No
Community Safety and Neighbourhood Nuisance – as agreed at Cabinet – 16 th November 2021, a new revenue budget to be included for additional vehicle running costs and associated IT and ancillary costs associated with new Enforcement posts in relation to Clean Neighbourhoods, Fly-Tipping and Environmental Enforcement.	17,500			Yes
Re-allocation of budgeted employee costs to reflect recharges based on actual workload. increase is covered by reduction in Legal Services *	12,000	0		Yes
The Council's Lily support service is grant and council funded. Following successful bid for further funding the funding transitions from phase 4 to phase 5 resulting in a reduced cost to the Council by removing the old budget.		(50,220)		Yes

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Reduce income from Careline income target unachievable due to large numbers of cancellations		80,000		Yes
Removal of T/F to reserves budget due to increasing cancellations and decreasing income		(80,000)		Yes
Total	33,490	(50,220)	(16,730)	
Programme and Project Delivery – Surplus £17,550				
Increased costs from increased unit costs for gas and electricity consumption to capped limits.	2,290			Yes
Income from Boston BC for contribution to procurement services not budgeted for. Contracted up to and including 2024-25.		(19,840)		Yes
Total	2,290	(19,840)	(17,550)	
Legal Services – surplus £23,810				
Recharge of costs budgeted in Legal Services to reflect actual workload in other services. *	(23,810)			Yes
Total	(23,810)	0	0	
Environment and Planning – Surplus £129,720				
Rent of an industrial unit used by Emergency Planning not in budget for this year, has been in budget last two years but appears to have been removed in error	2,500			Yes

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Miscellaneous	(200)			No
Re-allocation of budgeted employee costs to reflect recharges based on actual workload. increase is covered by reduction in Legal Services *	11,810			Yes
Increased costs from increased unit costs for gas and electricity consumption to capped limits.	2,800			Yes
New document scanner required at a cost of approximately £5,000 in the Corporate Scanning team. Replacement of existing equipment expected to reduce current spend on maintenance and call out costs.		3,000		No
Planning income has increased over the course of 2022-23, due to a number of windfarm applications and large-scale builds. This amount is net of 20% transferred to Planning earmarked reserve.		(160,000)		Yes
Revised fees for technical support on pollution and prevention control.		8,870		Yes
Enforcement Income is forecasted to be lower than budget for Air Quality in year.		4,500		No
Street Naming & Numbering – grant from Royal Mail & Geoplace for maintenance of address data		(3,000)		No

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Total	16,910	(146,630)	(129,720)	
Operations and Commercial – deficit £267,330				
Adjustments to CCTV internal recharges to other service areas following review. Some areas have not had a CPI (Consumer Price Index) increase applied, have not been charged when should have been and an increase in cameras at some sites **	(32,800)			Yes
Correction of budget to £17,500 to cover cost of leasing two visitor Pontoons from the Kings Lynn Harbour Authority, budget was incorrect last year	5,000			Yes
Income budget removed for Sunday Market 'regular' tolls only casual market tolls paid for the Sunday Market	13,700			Yes
Vehicle fuel costs in July 2022 are 49.7% higher than at the same time in the previous year. It is not known at this stage if prices will remain at these high levels and therefore an estimated increase of 36% over 2021/22 actuals, which assumes that prices will reduce later in the year	50,000			Yes
Miscellaneous	340			No

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
New Crazy Golf at The Walks generating additional income for council, no budget originally. To be extended into future years.	(1,800)			Yes
Successful reclaim of VAT on non-BC Car Parks from HMRC	(126,780)			No
Waste collection (brown bins) – net impact of 1,400 tones less than budgeted following extremely hot summer.	56,600			Yes
Increased costs from increased unit costs for gas and electricity consumption to capped limits.	249,540			Yes
Reduced parking permit requirements from corporate clients, i.e. Freebridge and NHS Norfolk and Waveney CCG		19,590		Yes
Business Rates for depot at Old Meadow Road (Factory) whilst property vacant 2022-23		25,300		No
Cleaning of bunded fuel tank at depot as a result of a condition inspection – one off cost		5,890		Yes
Maintenance of the Forklift Trucks no budget provision previously made		4,340		Yes
Miscellaneous		(1,590)		Yes
Total	213,800	53,530	267,330	

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Property and Projects – deficit £117,290				
A realignment of budgets for Property Services. This comprises of budgets for postage, water bills, contract cleaning and minor adjustments to repairs and equipment budgets, to reflect the running costs of let premises.	(10,110)			Yes
A contribution to reserves is made each year for King's Court furniture hired by DWP who are tenants of the building, this is provided under the SLA. But had not been budgeted for	16,740			Yes
No budget provision for annual subscription for Property Services. To be corrected from next year	1,740			Yes
A loss of income for shops, offices and units is forecast for the first quarter due to vacant properties following loss of tenants, the properties are being marketed to be re let, will be reviewed	9,820			Yes
Miscellaneous	800			No
Increase in business rates for general properties in use by the Council.	23,180			Yes

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Reduction of travel budget in Property Services reflecting actuals. Amount of travel has reduced, compared to historic expectations	(7,080)			Yes
Miscellaneous		(1,980)		Yes
Increased costs from increased unit costs for gas and electricity consumption to capped limits.	157,630			Yes
Business Rates budget decreased as DWP have been paying the rates for the ground floor of the building at King's Court for over 3 years and budget is now up to date to reflect this		(65,900)		Yes
Priory Centre – Premises now let, impact on Business Rates and Lease Income		(22,270)		Yes
Further loss of income from shops, offices, and units due to vacant properties following loss of tenants.		19,820		Yes
Income for Legal Fees in relation to lease agreements		(5,100)		Yes
Total	192,720	(75,430)	117,290	
Regeneration, Housing and Place – deficit £88,440				
An increase in internal recharges for CCTV following review **	2,210			Yes
Estimated savings following reduced need by Economic development for room hire	(1,200)			Yes

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Increased costs from increased unit costs for gas and electricity consumption to capped limits.	1,780			Yes
Tourism – income removed for brochures, and leaflet. No longer doing West Norfolk Holiday Guide and Where to go in in West Norfolk leaflet. Costs now focused towards on-line presence.		35,250		Yes
Miscellaneous		400		Yes
Total	2,790	35,650	38,440	
Resources – deficit £77,160				
Adjustment following notification of current year's Housing Benefit Subsidies and Grant adjusted from estimated levels.	(35,060)			Yes
Removal of professional fees budget within Revenues and Benefits as no longer required	(1,000)			Yes
Miscellaneous	(4,650)			Yes
Welfare Reform – Professional Fees realigned following review	14,240			No
DWP Welfare Reform grant increased in line with actuals	27,770			Yes
Increased expenditure for software maintenance and for telephones to work through Microsoft Teams	3,050			Yes

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Loss of income from rental property, vacated with no immediate plans to remarket as pending redevelopment.	21,840			Yes
Increase in bank charges budget to match increased charges in year, similar spend last year. Charges on income from card transactions, recently retendered to reduce fees.		52,600		Yes
Mains electrical room batteries, to support uninterruptible power supply for IT not budgeted for in ICT hardware maintenance		10,000		Yes
Increased expenditure for cost of software maintenance subscriptions and licences.		5,000		No
Internal Audit Support costs charges at actual rate lower than budgeted.		(5,160)		Yes
Miscellaneous		(1,610)		No
Remove/reduce various staff travel budgets as no longer required due to reduced travel		(9,860)		No
Total	26,190	50,970	77,160	
Leisure and Community Facilities – deficit £532,420				
An increase in internal recharges for CCTV following review **	31,730			Yes

Movements	Movements previously reported £	Movements this period £	Cumulative Movements to date £	Impact on Financial Planning
Increased costs from increased unit costs for gas and electricity consumption to capped limits.	50,430			Yes
Miscellaneous	760	(500)		No
As a result of uncertainty around the level of support that AWN required in 2021/2022 a provision was made in the 2022/ 2023 budget to recover the grant but was in fact recovered in 2021/2022. The net effect is zero across the two accounting periods		450,000		No
Total	82,920	449,500	532,420	
Grand Total	554,550	309,670	864,220	
Impact on Financial Planning				
Yes	666,300	(161,130)	503,170	
No	(111,750)	472,800	361,050	

Notes

*Movement of staffing budget across service areas – net nil impact

**Adjustment in recharges for CCTV across service areas – a net impact of £1k increase across budgets60

APPENDIX B													
Cost Centre	Capital Programme 2021/2026	Original Budget 2022/2023	Actuals 2022/2023 P7	June Monitoring Amendments 2022/2023	July Monitoring Amendments 2022/2023	August Monitoring Amendments and Rephasing 2022/2023	September Monitoring Amendments 2022/2023	October Monitoring Amendments 2022/2023	Projected Outturn 2022/2023	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026	Total Project Spend
		£								£	£	£	£
	MAJOR PROJECTS												
	Enterprise Zone												
C8501	Project Mgmt / Marketing	38,970	1,796						38,970	35,000	35,000	0	108,970
C8502	Roads / Infrastructure	6,008,270	210,272						6,008,270	2,421,560	0	0	8,429,830
C8504	Premises		4,732						0				
	Total Enterprise Zone (AD Property and Projects)	6,047,240	216,801	0	0	0	0	0	6,047,240	2,456,560	35,000	0	8,538,800
	Major Housing Development												
C8161	Salter's Road - Contractor Cost	7,373,760	1,145,938			(4,766,890)			2,606,870	9,696,590	0	0	12,303,460
C8602	Alex'dra Rd Hun'ton BCKLWNCost	15,370	2,883						15,370	3,450,000	2,036,570	0	5,501,940
C8125	Phase 3-Lynnsport 1	6,080,900	110,810			(5,887,900)			193,000	11,253,880	6,988,410	1,630,840	20,066,130
C8123	Phase 1-Lynnsport 3	0	49,730						0	0	0	0	0
C8124	Phase 2 -Lynnsport 4 /5	174,530	8,982						174,530	0	0	0	174,530
C8142	Major Housing Management	8,000	2,379						8,000	8,000	2,510	0	18,510
C8164	MHP Unallocated Budget	102,290				(34,200)			68,090	0	0	0	68,090
C8431	Parkway - Gaywood	6,800,000	337,864			(6,000,000)			800,000	11,000,000	11,000,000	11,000,000	33,800,000
C8100	Nora Phase 4	9,716,820	3,536,716						9,716,820	604,500	0	0	10,321,320
C8102	Nora Phase 5	383,640	9,288						383,640	391,190	841,090	3,266,780	4,882,700
C5003	Hunstanton Regeneration Bus Station & NCC Library	4,573,130	10,708			(3,823,130)			750,000	9,000,000	1,181,380	0	10,931,380
C5003	Hunstanton Regeneration Bus Station & NCC Library - AHG	(388,490)	(405,948)						(388,490)				(388,490)
	Net Hunstanton Regeneration Bus Station & NCC Library	4,184,640	(395,240)	0	0	(3,823,130)	0	0	361,510	9,000,000	1,181,380	0	10,542,890
C5004	Hunstanton Regeneration Southend Road Car Park	4,082,770	518,804			(500,000)			3,582,770	3,220,040	0	0	6,802,810
C5004	Hunstanton Regeneration Southend Road Car Park - AHG		125,106						0				0
	Net Hunstanton Regeneration Southend Road Car Park	4,082,770	643,910	0	0	(500,000)	0	0	3,582,770	3,220,040	0	0	6,802,810
	Total Major Housing Development (AD Companies and Hou	38,922,720	5,453,259	0	0	(21,012,120)	0	0	17,910,600	48,624,200	22,049,960	15,897,620	104,482,380
	Other Major Projects												
	Towns Fund												
C9062	Town Centre Repurposing	0	0						0	0	0	0	0
C9064	Town Centre Public Realm	216,570	6,301						216,570	0	0	0	216,570
C9061	St Georges Guildhall Complex	321,060	1,533						321,060	795,830	1,899,800	9,079,790	12,096,480
C9063	Active and Clean Connectivity	1,136,860	32,691			(992,860)			144,000	2,706,350	2,272,600	825,350	5,948,300
C9066	Riverfront Regeneration	300,000	77,084						300,000	1,000,000	2,100,000	778,940	4,178,940
C9067/C8435	Multi User Community Hub	977,680	237,135			(227,680)			750,000	721,000	6,429,000	0	7,900,000
C9065	Programme Management	84,430	59,345						84,430	92,000	95,000	89,600	361,030
	Total Towns Fund	3,036,600	414,089	0	0	(1,220,540)	0	0	1,816,060	5,315,180	12,796,400	10,773,680	30,701,320
C0808	Purfleet Floating Restaurant	75,080							0	0	0	0	0
C8174	Chapel Street	272,910	14,090						14,090	0	0	0	14,090
C8174	Chapel Street	32,370							0	0	0	0	0
C8174	Chapel Street Third Party Cot'n (Historic England)	(26,680)							(26,680)	0	0	0	(26,680)
C8174	Chapel Street Business Rates Pool Contribution	(139,300)							(139,300)	0	0	0	(139,300)
	Chapel Street Net Spend	139,300	14,090	0	0	0	0	0	(151,890)	0	0	0	(151,890)

Cost Centre	Capital Programme 2021/2026	Original Budget 2022/2023	Actuals 2022/2023 P7	June Monitoring Amendments 2022/2023	July Monitoring Amendments 2022/2023	August Monitoring Amendments and Rephasing 2022/2023	September Monitoring Amendments 2022/2023	October Monitoring Amendments 2022/2023	Projected Outturn 2022/2023	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026	Total Project Spend
		£								£	£	£	£
C8170	Nelson Quay Redevelopment	100,000							100,000	0	0	0	100,000
C8203	NORA Remediation	216,480							216,480	545,890	0	0	762,370
C8172	South Quay Somerfield Thomas Silo	517,530	60,961						517,530	0	0	0	517,530
C8172	South Quay Business Rates Pool Contribution	(258,760)							(258,760)	0	0	0	(258,760)
	South Quay Somerfield Thomas Silo Met Spend	258,770	60,961	0	0	0	0	0	258,770	0	0	0	258,770
C8175	South Quay Stage 3	120,000							120,000	0	0	0	120,000
C0950	Factory Unit 1 - New Depot Site	192,310	3,611						192,310	0	0	0	192,310
C1422	Air Source Heat Pump Project - Enterprise Works	0				296,720			296,720	0	0	0	296,720
	Total for AD Property and Projects	1,101,940	78,663	0	0	296,720	0	(366,270)	1,032,390	545,890	0	0	1,578,280
									0				
C1421	Decarbonisation Re:Fit 2	942,730	914,458						942,730	0	0	0	942,730
C1421	Decarbonisation Re:Fit 2 Grant	(942,730)	(942,734)						(942,730)	0	0	0	(942,730)
	Total for AD Planning	0	(28,276)	0	0	0	0	0	0	0	0	0	0
C8173	Southgate Regen Area Business Rate Pool Contrib	540,560	12,400						540,560	0	0	0	540,560
C8173	Southgate Regen Area Net Spend	(270,280)							(270,280)	0	0	0	(270,280)
		270,280	12,400	0	0	0	0	0	270,280	0	0	0	270,280
TBC	UK Shared Prosperity Fund									57,940	233,570		347,230
TBC	Rural England Prosperity Fund								0	374,110	1,122,350		1,496,460
C0102	ICI/Active Travel Hub (KLIC2)	141,320	20,265						141,320				141,320
C0102	ICI/Active Travel Hub - NSF Contribution	(175,000)							(175,000)				(175,000)
		(33,680)	20,265	0	0	0	0	0	(33,680)	0	0	0	(33,680)
	Total for AD Regeneration	236,600	32,665	0	0	0	0	55,720	292,320	432,050	1,355,920	0	2,080,290
C1420	Re:Fit Project	636,010							636,010	0	0	0	636,010
C0329	L/Sport New 3G Pitch	350,000							350,000	0	0	0	350,000
	Total for AD Leisure and Community Facilities	986,010	0	0	0	0	0	0	986,010	0	0	0	986,010
	Total Major Projects	50,331,110	6,167,200	0	0	(21,935,940)	0	(310,550)	28,084,620	57,373,880	36,237,280	26,671,300	148,367,080
	OPERATIONAL SCHEMES												
	AD Community and Partnerships												
C1201	Disabled Facilities Grant	618,200	269,760						618,200	618,200	618,200	618,200	2,472,800
C1202	Adapt Grant	1,445,840	622,084						1,445,840	1,381,800	1,381,800	1,381,800	5,591,240
		2,064,040	891,845	0	0	0	0	0	2,064,040	2,000,000	2,000,000	2,000,000	8,064,040
	Preventative Works												
C1203	Home Repair Assistance Load	0							0	0	0	0	0
C1204	Emergency Repair Grant	0	500						0	0	0	0	0
C1206	Careline Grant	25,000	3,435						25,000	25,000	25,000	25,000	100,000
C1207	Safe and Secure Grant	0	29,005						0	0	0	0	0
C1209	Discretionary Adaptation Assistance	0							0	0	0	0	0
C1212	Low Level Prevention Fund	125,000	109,410						125,000	125,000	125,000	125,000	500,000
	Preventative Works Total	150,000	142,349	0	0	0	0	0	150,000	150,000	150,000	150,000	600,000
	Total Private Sector Housing Assistance	2,214,040	1,034,194	0	0	0	0	0	2,214,040	2,150,000	2,150,000	2,150,000	8,664,040

Cost Centre	Capital Programme 2021/2026	Original Budget 2022/2023	Actuals 2022/2023 P7	June Monitoring Amendments 2022/2023	July Monitoring Amendments 2022/2023	August Monitoring Amendments and Rephasing 2022/2023	September Monitoring Amendments 2022/2023	October Monitoring Amendments 2022/2023	Projected Outturn 2022/2023	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026	Total Project Spend
		£								£	£	£	£
C1710	Careline-Replacement Alarm Uni	60,000							60,000	60,000	60,000	60,000	240,000
C1709	Careline - Replacement Vehicles	56,850							56,850	0	0	0	56,850
C8303	Community Projects	78,890	42,603						78,890	50,000	50,000	50,000	228,890
	Community Projects - Members	70,900							70,900	55,000	55,000	55,000	235,900
TBC	Community Safety Vehicle	0		30,000					30,000	0	0	0	30,000
	Total for AD Community & Partnerships	2,480,680	1,076,797	30,000	0	0	0	0	2,510,680	2,315,000	2,315,000	2,315,000	9,455,680
	AD Resources (S151 Officer)												
C9001	ICT Development Programme	356,180	93,570						356,180	150,000	150,000	150,000	806,180
C9009	Standard Desktop Refresh	27,280	5,470						27,280	0	300,000	150,000	477,280
	Total for AD Resources (S151 Officer)	383,460	99,040	0	0	0	0	0	383,460	150,000	450,000	300,000	1,283,460
	AD Programme and Projects												
C0610	Heacham Toilets South Beach	67,200	100,501			34,200			101,400	0	0	0	101,400
C0610	Heacham Toilets South Beach - Contribution	(47,500)	(10,000)						(47,500)	0	0	0	(47,500)
TBC	Downham Market Public Conveniences	0	0			200,000			200,000	0	0	0	200,000
	Total for AD Programme and Projects	19,700	90,501	0	0	234,200	0	0	253,900	0	0	0	253,900
	AD Property and Projects												
C1413	Princess Theatre Roof Replacement	246,600	3,155						246,600	0	0	0	246,600
C1409	Sewage Treatment Works Refurb/Connect Public Sewer	28,000							28,000	0	0	0	28,000
C1510	Kings Court Flat Roof	34,730	22,426						34,730	0	0	0	34,730
C1401	Estate Roads - Resurfacing	30,500							30,500	0	0	0	30,500
	Total for AD Property and Projects	339,830	25,581	0	0	0	0	0	339,830	0	0	0	339,830
	AD Operational and Commercial Services												
	Car Parks												
C0901	Resurfacing (various car parks)	361,800							361,800	0	0	0	361,800
C0905	Car Parks P&D Machine Replace	240,000							240,000	0	0	0	240,000
C0912	Car Pk MS Barrier Ticket Mach	38,130							38,130	0	0	0	38,130
C0913	Car Prk MS Lighting + Controls	192,000							192,000	0	0	0	192,000
C0914	Mintlyn Crem - Extend Car Park	140,000							140,000	0	0	0	140,000
TBC	Heacham North Beach P&D Infrastructure							23,000	23,000	0	0	0	23,000
C0906	Decrim Car Park Fiesta Vans	49,150							49,150	0	0	0	49,150
C0906	Car Park Fiesta Vans Third Party Contributions	(49,150)							(49,150)	0	0	0	(49,150)
	Car Park Fiesta Vans Net Spend	0	0	0	0	0	0	0	0	0	0	0	0
	CCTV												
C1802	CCTV Control Room Upgrade	271,050							271,050	0	0	0	271,050
C1805	CCTV Kettlewell Gadens	24,840							24,840	0	0	0	24,840
C1807	CCTV Multistorey	9,890							9,890	0	0	0	9,890
C1809	CCTV Crem	7,730							7,730	0	0	0	7,730
C0705	Christmas Lights Replacement	187,550							187,550	0	0	0	187,550
C1712	Emerg Plan - Replace Radios	0							0	30,000	0	0	30,000
C1605	Gayton Road Cemetery Extension	0							0	145,800	0	0	145,800
C0702	Parking/Gladstone Server Upgrade	12,030							12,030	0	0	0	12,030
C0935	Digital Signge Installation - NTP	43,000							43,000				43,000
C0935	Third Party Contribution	(43,000)	(43,000)						(43,000)				(43,000)

Cost Centre	Capital Programme 2021/2026	Original Budget 2022/2023	Actuals 2022/2023 P7	June Monitoring Amendments 2022/2023	July Monitoring Amendments 2022/2023	August Monitoring Amendments and Rephasing 2022/2023	September Monitoring Amendments 2022/2023	October Monitoring Amendments 2022/2023	Projected Outturn 2022/2023	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026	Total Project Spend
		£								£	£	£	£
C0936	Public Realm/Town Deal/High Street	45,120	9,256						45,120				45,120
C0925	NSF Events Equipment	135,000							135,000	0	0	0	135,000
C0925	NSF Third Party Contribution	(100,000)	(100,000)						(100,000)	0	0	0	(100,000)
	<u>Refuse and Recycling</u>												
C2101	Refuse - Black Bins	25,000	35,881						25,000	25,000	25,000	0	75,000
C2103	Brown Bins/Compost	25,000	21,758						25,000	25,000	25,000	0	75,000
C2104	Green Bins/Recycling	25,000	25,434						25,000	25,000	25,000	0	75,000
C2105	Trade Bins	25,000	6,300						25,000	25,000	25,000	0	75,000
C2106	Refuse Vehicles	18,010							18,010	0	0	0	18,010
C0701	Replacement Play Area Equipment	40,000	12,511						40,000	20,000	20,000	20,000	100,000
C0706	Play Area Equipment - King's Lynn (KLAC)	8,000							8,000	0	0	0	8,000
C0707	Replacement Dog Bins	21,000	0						21,000	0	0	0	21,000
C0708	Downham Market Play Equipment	100,000	98,707						100,000	0	0	0	100,000
C0708	Downham Market Play Equipment Contribution	(50,000)	0						(50,000)	0	0	0	(50,000)
C0605	Resort Replacement Play Area Equipment	28,000							28,000	0	0	0	28,000
C0602	Resort - Beach Safety Signage	15,000							15,000	0	0	0	15,000
C0606	Resort - Visitor Digital Sign	50,000							50,000	0	0	0	50,000
C8302	Tourist Signs A47	21,000							21,000	0	0	0	21,000
C1704	Grounds Maintenance Equipment	43,500	34,550						43,500	95,000	0	0	138,500
C1701	Grounds Maintenance Vehicles	254,120							254,120	40,500	29,680	0	324,300
C1705	Public Cleansing Vehicles	441,540							441,540	358,090	0	0	799,630
	Total for AD Operations and Commercial	2,655,310	101,397	0	0	0	0	23,000	2,678,310	789,390	149,680	20,000	3,637,380
	<u>AD Leisure and Community Facilities</u>												
	<u>Corn Exchange</u>												
C0214	Corn Exchange -Internal Dec	10,000	3,684						10,000	0	0	0	10,000
C0215	Corn Exchange -Refurbish Seating	15,000	7,802						15,000	15,000	15,000	15,000	60,000
C0219	Corn Exchange - Replace Speakers	100,000	71,446						100,000	0	0	0	100,000
C0221	Corn Exchange - Light Desk & Lights	0							0	50,000	0	0	50,000
C0223	Corn Exchange - Mobile Elevat Wrk Platf	0							0	15,000	0	0	15,000
	<u>Downham Market Leisure Centre</u>												
C0403	DMLC - Replacement Spin Bikes	23,000							23,000	0	0	0	23,000
C0406	DMLC - Replace Heat/Cool AHU Dance Studio	25,000							25,000	0	0	0	25,000
C0407	DMLC - Fitness Room Flooring	30,000							30,000	0	0	0	30,000
C0411	DMLC - HallDance Studio Reseal	22,250							22,250	0	0	0	22,250
TBC	DMLC - Fitness Equipment	60,000							60,000	0	0	0	60,000
	<u>Lynnsport</u>												
C0301	Lynnsport - Fitness Equipment	108,000							108,000	0	0	0	108,000
C0306	L/Sport - Floor Surface Reseal	40,000							40,000	0	0	0	40,000
C0312	L/Sport Fire Alarm Upgrade	15,000							15,000	0	0	0	15,000
C0323	L/sport Boilers & Plant	35,000							35,000	0	0	0	35,000
C0351	L/Sport Athletics Cage replacement and athletics lighting upgra	67,900	36,286					30,000	97,900	0	0	0	97,900
C0324	L/Sport Toilets & Changing Room	32,480							32,480	0	0	0	32,480
C0327	L/Sport Spin Bikes	17,000							17,000	0	0	0	17,000
TBC	L/Sport Spin Room	10,000							10,000	0	0	0	10,000
TBC	L/Sport Spin Room - CIL Funding	(10,000)							(10,000)	0	0	0	(10,000)
C0331	L/Sport Female Changing Room Sauna	0							0	10,000	0	0	10,000
C0350	L/Sport Wellness Studio	150,000							150,000	0	0	0	150,000
C0350	L/Sport Wellness Studio - CIL Funding	(50,000)							(50,000)	0	0	0	(50,000)

Cost Centre	Capital Programme 2021/2026	Original Budget 2022/2023	Actuals 2022/2023 P7	June Monitoring Amendments 2022/2023	July Monitoring Amendments 2022/2023	August Monitoring Amendments and Rephasing 2022/2023	September Monitoring Amendments 2022/2023	October Monitoring Amendments 2022/2023	Projected Outturn 2022/2023	Budget 2023/2024	Budget 2024/2025	Budget 2025/2026	Total Project Spend
		£								£	£	£	£
TBC	L/Sport Spin Ventilation	35,000							35,000	0	0	0	35,000
TBC	L/Sport Fitness Flooring	40,000							40,000	0	0	0	40,000
	<u>St James Pool</u>												
C0502	St James - Floor/Surface Replace	25,000							25,000	0	0	0	25,000
C0505	St James Fitness Equipment	30,000							30,000	0	0	0	30,000
C0506	St James Pool Covers	11,000							11,000	0	0	0	11,000
C0510	St James Spin Bikes	20,000							20,000	0	0	0	20,000
C0514	St James Replacement Plant	9,450							9,450	0	0	0	9,450
	<u>Oasis</u>												
C1009	Oasis Fire Doors	15,000							15,000	0	0	0	15,000
TBC	Oasis Fitness Equipment	50,000							50,000	0	0	0	50,000
TBC	Oasis Fitness Flooring	20,000							20,000	0	0	0	20,000
	Total for AD Leisure and Community Facilities	956,080	119,217	0	0	0	0	30,000	986,080	90,000	15,000	15,000	1,106,080
	<u>AD Central Services</u>												
TBC	Technology and Other Equipment (Flexible Working)	250,000						(250,000)	0	0	0	0	0
	Total AD Central Services	250,000	0	0	0	0	0	(250,000)	0	0	0	0	0
	Total Operational Schemes	7,085,060	1,512,533	30,000	0	234,200	0	(197,000)	7,152,260	3,344,390	2,929,680	2,650,000	16,076,330
	Total Capital Programme (Non Exempt)	57,416,170	7,679,732	30,000	0	(21,701,740)	0	(507,550)	35,236,880	60,718,270	39,166,960	29,321,300	164,443,410
	<u>Exempt Schemes</u>												
	<u>AD Property and Projects</u>												
C5000	4&5 Southgate Area Land Assembly Acquisition	660,000							660,000	0	0	0	660,000
C5002	EZ Development of Spec Units 1	3,377,100	3,155,950						3,377,100	0	0	0	3,377,100
C5002	EZ Development of Spec Units 2	4,000,000							4,000,000	2,628,630	0	0	6,628,630
C5008	Smaller Housing Plots Development - Jarvie Close, Sedgford	50,000							50,000	0	0	0	50,000
C5011	Smaller Housing Plots Development - Sutton Estate, Burnham	17,000							17,000	0	0	0	17,000
C5012	Hotel Inv, Hunstanton	2,987,500			(2,987,500)	0	0	0	0	0	0	0	0
	Total for AD Property & Projects	11,091,600	3,155,950	0	(2,987,500)	0	0	0	8,104,100	2,628,630	0	0	10,732,730
	<u>AD Operations & Commercial</u>												
C5013	Refuse Vehicles	126,300							126,300	0	0	0	126,300
	Total for AD Operations & Commercial	126,300	0	0	0	0	0	0	126,300	0	0	0	126,300
	Total Commercially Sensitive Schemes (Exempt)	11,217,900	3,155,950	0	(2,987,500)	0	0	0	8,230,400	2,628,630	0	0	10,859,030
	TOTAL CAPITAL PROGRAMME	68,634,070	10,835,682	30,000	(2,987,500)	(21,701,740)	0	(507,550)	43,467,280	63,346,900	39,166,960	29,321,300	175,302,440

Appendix C - Limits and Purposes for Earmarked Reserves

Reserves Policy Area	Balances 1 April 2022 £'000	Maximum limits for 2020/2021 £'000	Current maximum balance to be held £'000	Proposed new maximum balance to be held £'000
Amenity Areas	2	300	300	300
Capital Programme Resources	5,570	9,000	9,000	9,000
Educational Skills Attainment	879	1,100	1,100	1,100
Insurance Reserve	226	300	300	300
Restructuring Reserve	484	1,000	1,000	1,000
Repairs and Renewals Reserve	1,912	2,000	2,000	2,000
Holding Accounts	2,105	2,600	2,600	2,600
Ring Fenced Reserves	3,983	3,200	4,200	4,200
Climate Change Strategy	1,246	0	1,100	1,250
Planning Reserves	548	800	800	800
Grants Reserves	4,616	4,200	4,800	4,800
Collection Fund Adjustment Reserve	10,693	17,000	8,000	11,500
Projects Reserve	3,865	800	4,200	4,200
Other Total	177	3,500	1,000	500
	36,306	45,800	40,400	43,550

Amendments to limits are required for the following:-

Climate Change Strategy reserve is increased by £0.15m as a result of an additional allocation from the 2021/2022 outturn report agreed at Cabinet 2 August 2022.

Collection Fund Adjustment Reserve is increased £3.5m following a further allocation of Section 31 grant to offset the Business Rates discount provided by Central Government to businesses in continuation of support recovery from the Covid Pandemic. This is a statutory reserve and therefore the limit needs to adhere to the levels necessarily held in compliance with regulations for Collection Fund Accounting.

Other Reserves limit is reduced by £0.5m following a continued monitoring of reserves purposes and levels held beyond contractual commitments and for managing risks.

Purpose of Reserve

Amenity Areas Reserve – used to maintain amenity land on housing and other sites.

Capital Programme Resources Reserve – used to fund the Capital Programme including replacement of vehicles and personal computers. It has been established by annual contributions from the revenue budget and is a combination of various specific capital reserves.

Education Skills Attainment – tackles problems affecting residents of West Norfolk in a joint initiative between public, private and voluntary sector organisations.

Insurance Reserve – was established to fund expenditure required as necessary by our Insurance Company and also to meet areas of risk management expenditure.

Restructuring Reserve – meets any future in-year costs arising through service reviews and changes in staffing structure.

Repairs and Renewals Reserve – are maintained to help equalise the impact on the revenue accounts of programmed repairs. Annual contributions help to maintain the levels of the funds.

Holding Accounts – there are a number of reserves included under this heading, the main reserves include: housing reserves, Homelessness Projects, reserves for cleansing and refuse/recycling, Legal Commissioning Reserve, Elections Reserve.

Ring Fenced Reserve - can only be used for specific purposes. Included are Section 106 Funds, the Building Control account and Trust Funds that are administered by the Council on behalf of trustees.

Climate Change Strategy - allow implementation of smaller schemes; help fund preparation for larger capital scheme funding bids and also fund feasibility reports on potential options in support of the Council's Emissions Reduction Strategy and Action Plan.

Planning Reserve – used to enable the Council to fulfil its planning role.

Grants Reserves - money received from external bodies for specific tasks.

Collection Fund Adjustment Reserve – this reserve holds the accounting adjustments necessary for the Council's NNDR Safety Net and Levy payments.

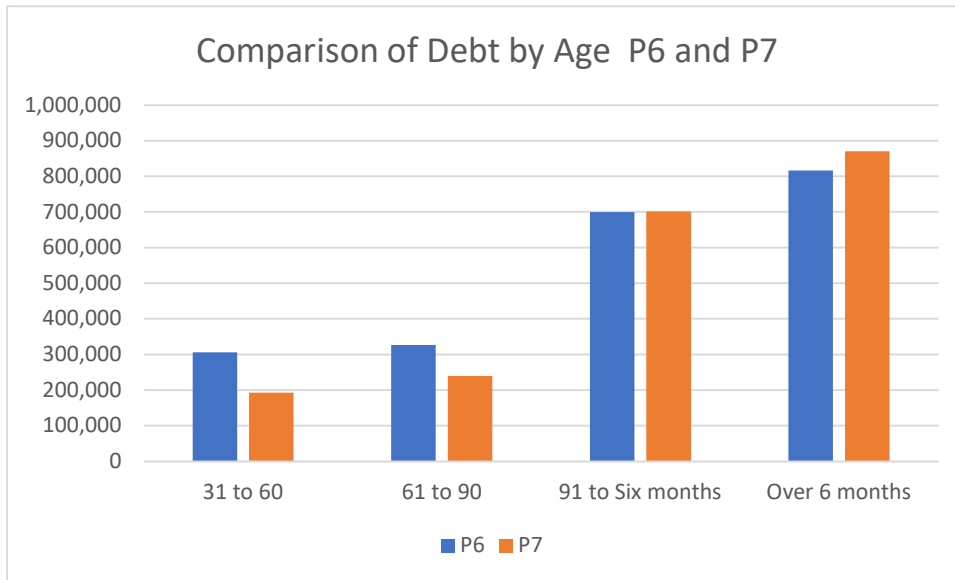
Project Reserves – to be used for implementation costs on future projects.

Other – other varying uncertain risk for which funding has been set-a-side.

Appendix D – Age Debt Analysis – Period 7

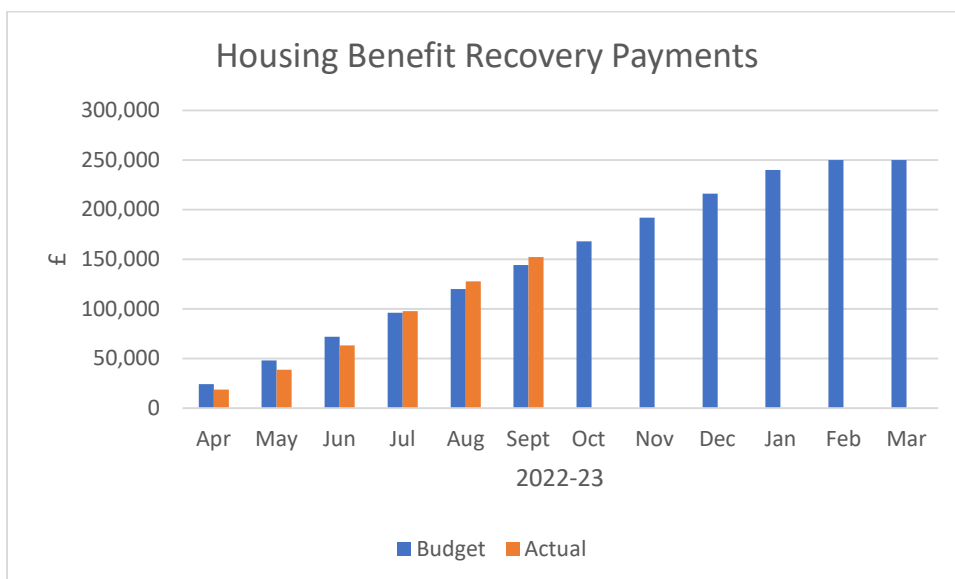
Data for performance reporting continues to be developed in conjunction with a review of the corporate policy on debt recovery.

The table below shows the level of overdue debt for each age category between period 6 and 7.



Debt recovery activity is under heightened review to ensure resources are focussed on reducing debt levels and further comparators for debt recovery action will be added to future Monitoring Reports.

In relation to Housing benefits overpayment recovery the target as of 30 September 2022 is £144,000 and £152,305 has been raised in invoices. See table below showing monthly against budget for 2022/23.



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
7 March 2023						
	Review of Unreasonable complaints Policy	Non	Council	Leader Monitoring Officer		Public
	LGA Model Code of Conduct	Non	Council	Leader Asst Dir – A Baker		Public
	Notice of Motion 16/22 – Peer Review	Non	Cabinet	Leader Chief Executive		Public
	Governance Review Task Group	Non	Cabinet	Leader Chief Executive		Public
	Members Allowances Scheme 2021-25	Non	Council	Finance Chief Executive		Public
100	Freedom of the Borough - amendments	Non	Council	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
18 April 2023	West Winch Collaboration Agreement	Non	Cabinet	Development and Regeneration Exec Dir – G Hall		Public
	Custom and Self Build Site – Stoke Ferry	Non	Cabinet	Regeneration and Development Assistant Director - D Hall		Public
	Asset Management – Land and Property	Key	Cabinet	Property Asst Dir Property and Projects		Private - Contains exempt Information under para 3 – information relating to the business affairs of

						any person (including the authority)
	Southend Road Hunstanton	Key	Cabinet	Development and Regeneration Asst Dir – D Ousby		Public
	Southgates Regeneration Area Development Brief and Next Steps	Key	Council	Development and Regeneration Asst Dir – D Hall		Public
	Towns Fund Local Assurance Framework	Non	Cabinet	Business Culture & Heritage Asst Director – D Hall		Public
	Alive West Norfolk Fees and Charges	Non	Cabinet	People and Communities Alive West Norfolk		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
20 June 2023						
	Assets of Community Value	Non	Council	Leader? Monitoring Officer		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
1 August 2023						

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
26 September 2023						

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
31 October 2023						

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
5 December 2023						

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 January 2024						

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
6 February 2024						

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
5 March 2024						

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
23 April 2024						

Items to be scheduled

	Notice of Motion 7-21 – Councillor Kemp – Equalities	Non	Council	Leader Asst Dir B Box		Public
	Procurement Strategy	Non	Cabinet	Finance Asst Dir – D Ousby		Public
	Review of Planning Scheme of Delegation (summer 23)	Non	Council	Development and Regeneration Asst Dir – S Ashworth		Public
	Lynnsport One (summer 23)	Key	Council	Regeneration & Development Asst Dir Companies & Housing Delivery – D Ousby		Public

AUDIT COMMITTEE WORK PROGRAMME 2022/2023

Note: Statement of Accounts 2019/2020, 2020/2021, 2021/2022: Please note that the current dates scheduled on the work programme are dependent on external factors (the external auditors) and it is therefore possible these dates could slip.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
20 June 2022	Appointment of Vice Chair for the Municipal Year 2022/2023			To appoint a Vice Chair for the Municipal Year 2022/2023.
20 June 2022	Corporate Risk Register	Monitoring	G Greaves	To note the report on changes to the risk register since the last report
20 June 2022	Fraud & Error Full Year Progress Report covering the year 2021/22	Annual	J Hay	To receive the full year progress report covering the previous financial year.
20 June 2022	Internal Audit Annual Report and Opinion covering the previous financial year	Annual	F Haywood	To receive the annual report and opinion covering the previous financial year.
20 June 2022	Internal Audit Full Year Progress Report covering the previous financial year	Annual	F Haywood	To receive the full year progress report covering the previous financial year.
20 June 2022	Update on Audit Progress & Timetable	Update	M Drewery	To note progress on audit of financial statements
20 June 2022	Budget Monitoring – February 2022 Report	Monitoring Quarterly	C Holland	To note the latest financial position since the last report

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
20 June 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
20 June 2022	Work Programme 2022/2023			To identify any items for the work programme.
13 July 2022	MEETING CANCELLED			
7 September 2022	Revenue Outturn Report 2021/2022	Annual	C Holland	To receive the Revenue Outturn Report from the previous year
7 September 2022	Capital Outturn Report 2021/2022	Annual	C Holland	To receive the Capital Outturn Report from the previous year.
7 September 2022	Treasury Outturn Report 2021/2022	Annual	C Holland	
7 September 2022	Budget Monitoring Report June 2022/2023		C Holland	
7 September 2022	Update on Audit Progress & Timetable	Update	M Drewery	To receive a verbal update
7 September 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
7 September 2022	Work Programme 2022/2023			To identify any items for the work programme.

Informal Session prior to 26 September Formal Meeting

Audit Committee Self- Assessment Questionnaire

Training Session on Draft Statement of Accounts for 2020/2021 – 20 September pm

26 September 2022	DRAFT Statement of Accounts for 2020/2021	Annual	C Holland	Estimated date for Committee to receive DRAFT financial statements for 2020/2021 - TRAINING SESSION TO BE CONFIRMED 20 SEPTEMBER 2022 PM
26 September 2022	DRAFT Annual Governance Statement 2020/2021	Annual	G Greaves	To receive and note the draft AGS for the 2020/2021 year
26 September 2022	Business Continuity Annual Update	Annual	D Robson	
26 September 2022	Audit Committee Terms of Reference		F Haywood	Review Audit Committee Terms of Reference for approval
26 September 2022	Risk Management Maturity Assessment		F Haywood	To provide the results of the Internal Audit Risk Management Maturity Assessment with actions and a progress report.
26 September 2022	Update on Audit Progress & Timetable	Update	C Holland	To note progress on audit of financial statements
26 September 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
26 September 2022	Work Programme 2022/2023			To identify any items for the work programme.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
21 November 2022	External Audit Plan for 2021/2022		External Auditors	TBC
21 November 2022	DRAFT Annual Governance Statement 2021/2022	Annual	G Greaves	To receive and note the draft AGS for the 2021/2022 year
21 November 2022	Rationalised Corporate Risk Register		G Greaves	
21 November 2022	Internal Audit Half Year Progress Report	Mid-Year	F Haywood	To receive the mid-year progress report.
21 November 2022	Fraud & Corruption Half Year Progress Report	Annual	J Hay	To receive the mid-year progress report
21 November 2022	BCKLWN Internal Audit Follow up of Recommendations Report	Follow Up	F Haywood	
21 November 2022	Budget Monitoring Update (Q6)		C Holland	To note the latest financial position since the last report
21 November 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
21 November 2022	Work Programme 2022/2023			To identify any items for the work programme.
DATE OF	TITLE	TYPE OF	LEAD	OBJECTIVES AND DESIRED

MEETING		REPORT	OFFICER	OUTCOMES
20 February 2023	Corporate Risk Register	Monitoring	G Greaves	To note the report on changes to the risk register since the last report
20 February 2023	Audit Committee Independent Person		F Haywood	
20 February 2023	Audit Committee Self-Assessment Questionnaire/ Outcomes		F Haywood	
20 February 2023	Mid-Year Treasury Report 2022/2023	Mid-Year	C Holland	To receive the mid-year report
20 February 2023	Monthly Budget Monitoring Report for Period 7	Monitoring	C Holland	
20 February 2023	Update on Audit Progress & Timetable	Update	M Drewery	To note progress on audit of financial statements
20 February 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
20 February 2023	Work Programme 2022/2023			To identify any items for the work programme.
13 March 2023	Strategic External Audit Plan for following financial year	Annual	External Auditors	External Auditors to present strategic external audit plan
13 March 2023	Strategic Internal Audit Plan for following financial year	Annual	F Haywood	To receive strategic internal audit plan for following financial year
DATE OF	TITLE	TYPE	OF LEAD	OBJECTIVES AND DESIRED

MEETING		REPORT	OFFICER	OUTCOMES
13 March 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
13 March 2023	Work Programme 2022/2023			
17 April 2023	External Auditors Report (ISA260) for 2019/20	Annual	External Auditors	TBC
17 April 2023	Statement of Accounts for 2019/20	Annual	C Holland	TBC
17 April 2023	Annual Governance Statement 2019/20	Annual	G Greaves	TBC
17 April 2023	External Auditors Report (ISA260) for 2019/20	Annual	External Auditors	TBC
17 April 2023	Annual Certification Report - Housing Benefit Subsidy Claim for previous financial year	Annual	J Stanton	To receive the annual report covering the previous financial year
17 April 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
17 April 2023	Work Programme 2022/2023			To identify any items for the work programme.

Potential Future Training Sessions

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

Annual Governance Statement 2022

Reserves

Corporate Risk Register

Potential Future Agenda Items

Understand risks relating to major projects.

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

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

Audit the process of the Member Major Projects Board/risk registers.

Gantt chart of the internal audit 2020/21.

Audit Committee Self- Assessment Questionnaire