

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



# **Audit Committee**

## **Agenda**

**Monday, 18th September, 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>



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

8 September 2023

Dear Member

**Audit Committee**

You are invited to attend a meeting of the above-mentioned Committee which will be held on **Monday, 18th September, 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 4 - 17)**

To approve the minutes from the Audit and Risk Committee held on 7 August 2023.

**3. Declarations of Interest (Page 18)**

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. Update on Audit of Accounts Progress (Pages 19 - 23)**

**8. Annual Treasury Outturn Report 2022/2023 (Pages 24 - 43)**

**9. Treasury Management Quarterly Monitoring Report Q1 2023/2024  
(Pages 44 - 56)**

**10. Budget Monitoring Report June 2023 (Pages 57 - 80)**

**11. Cabinet Forward Decisions List (Pages 81 - 85)**

**12. Committee Work Programme (Pages 86 - 91)**

To note the Committee's Work Programme.

**13. Date of Next Meeting**

To note that the date of the next meeting of the Audit Committee will take place on 27 November 2023.

To:

**Audit Committee:** Councillors S Bearshaw, R Coates, S Dark, T de Winton, P Devulapalli, S Everett (Vice-Chair), B Jones, A Ryves (Chair) and D Sayers

**Portfolio Holder:**

Councillor C Morley, Finance

**Officers:**

Alexa Baker, Monitoring Officer

Michelle Drewery, Assistant Director – Resources/Management Team Representative

Lorraine Gore, Chief Executive

Carl Holland, Financial Services Manager

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

**Minutes from the Meeting of the Audit Committee held on Monday, 7th August, 2023 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ**

**PRESENT:** Councillor A Ryves (Chair)  
Councillors S Bearshaw, R Coates, T de Winton, P Devulapalli,  
S Everett and B Jones

**Portfolio Holder:**  
Councillor C Morley, Finance

**Officers:**  
Michelle Drewery, Assistant Director – Resources and Management  
Team Representative  
Ged Greaves, Corporate Performance Manager  
Faye Haywood, Internal Audit Manager  
Jamie Hay, Senior Internal Auditor  
Jo Stanton, Revenues and Benefits Manager  
Wendy Vincent, Democratic Services Officer

A91 **APPOINTMENT OF VICE-CHAIR FOR THE MUNICIPAL YEAR 2023/2024**

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**RESOLVED:** That Councillor S Everett be appointed Vice-Chair for the Municipal Year 2023/2024.

A92 **APOLOGIES**

Apologies for absence were received from Councillors S Dark and D Sayers.

A93 **MINUTES**

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The minutes from the meeting held on 17 April 2023 were agreed as a correct record and signed by the Chair.

A94 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

**A95 URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

**A96 MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Councillors present under Standing Order 34.

**A97 CHAIN'S CORRESPONDENCE (IF ANY)**

There was no Chair's correspondence.

**A98 CORPORATE RISK REGISTER UPDATE (MAY 2023)**

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The Corporate Performance Manager provided a brief overview of the Council's risk management framework and approach. Members were reminded that a briefing session had been held on 4 August 2020 for the Committee which had also been recorded and available to view on Mod Gov.

In presenting the report it was explained that the Corporate Risk Register reflected the significant risks and the delivery of the Corporate Business Plan. The Committee was informed that the Corporate Risk Register was reviewed on a 4 monthly cycle. The latest version was reviewed in May 2023. The Corporate Performance Manager advised that during August 2023 a full review would be undertaken by the Senior Management Team.

It was noted that the new Corporate Business Plan would be finalised in late Autumn 2023 and at the same time an in-depth review of the Corporate Risk Register would be undertaken. The Committee's attention was drawn to the appendices attached to the report which had been developed over a number of years. The current Committee may wish to revise these to accommodate their requirements.

The Corporate Performance Manager explained that one to one meetings had been held with Service Managers to develop the Corporate Risk Register, a composite report was then considered and moderated by the Council's Senior Leadership Team prior to a final version being received by the Audit Committee.

With regard to the report being presented, the Corporate Performance Manager explained that there were no new risks, no deletions and no changes to the scores.

The Corporate Performance Manager explained that given the strategic nature of the risks there was a significant amount of mitigation work

required to have an impact on some of the risk scores and a number of the risks were heavily influenced by external factors beyond the direct control of the local authority. It may be that the Council will see the risk scores maintained for a number of months, possibly years under the circumstances.

In conclusion, the Corporate Performance Manager explained that the updates to the risk register was for information only.

The Chair thanked the Corporate Performance Manager for the report and invited questions and comments from the Committee, a summary of which is set out below.

Councillor Bearshaw commented that the format of the risk register was difficult to read and referred to pages 39, 40 – 41 which sets out the current position for each risk, there were quite a lot risks in place for a long time, a lot of mitigation in place and wondered if the format may include the following - unmitigated, current and target score which would make it easier to see the up to date position. Councillor Bearshaw asked if a bowtie analysis would give a picture of the current position and be easier to understand.

In response, the Corporate Performance Manager stated that the comments were useful and referred to Appendix 5 – New Risk Summary Report which was a new summarised version of the Risk Register requested by the former Audit Committee. With regard to the bowtie analysis, this had not been undertaken by the Council before but if Members allowed sufficient time for the suggestion to be worked on, an example could be brought back to a future meeting.

The Chair added that Councillor Bearshaw could assist the Corporate Performance Manager with the proposal outlined above. Councillor Bearshaw undertook to contact the Corporate Performance Manager.

Councillor Jones expressed concern on the extended support for Windows 7 and the cost incurred and asked if all the legacy system relating to Citrix had now been replaced. In response, the Assistant Director, Resources undertook to email a response to the Committee.

In response to comments and questions from Councillor de Winton on the high level of red risks and when the Committee could expect to see a reduced number, at the invitation of the Chair the Portfolio Holder for Finance addressed the Committee and outlined the external factors which the Borough Council had no control over and the difficulties/challenges faced in reducing the number of red areas in the Risk Register.

The Chair, Councillor Ryves commented that there was a lot of information to take in and asked when the Audit Committee could expect to see the following audit reports:

- Role of West Norfolk Housing Company.
- Waste Management Contract.
- Car Parking.

In response, the Senior Internal Auditor advised that the Waste Management Contract and the Housing Companies was scheduled on work plan for the current financial year. With regard to car parking audit had previously been undertaken and was included in the three year rolling programme.

The Corporate Performance Manager reminded Members that an overview of the risk management process was include in the Members' Induction Programme.

In conclusion, the Committee was informed that the Corporate Risk Register continued to be actively monitoring by Management Team on a periodic basis.

**RESOLVED:** The Committee considered the Corporate Risk Register as at May 2023 and confirm agreement with Management Team's assessment of the risks to the corporate business plan.

A99

### **YEAR END INTERNAL AUDIT OPINION**

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The Internal Audit Manager presented the report and explained that it summarised the work undertaken by the Internal Audit Team.

The Committee's attention was drawn to Section 2.2 of the report and explained that the overall opinion in relation to the framework of governance, risk management and control at the Borough Council was reasonable which was a positive message. It was highlighted that one audit on Procurement and Contract Management had resulted in a Limited assurance grade. Five audits had received the high assurance grading of Substantial.

The Internal Audit Manager provided an overview of the work undertaken by the Internal Audit Team as set out in section 3.3 and the Follow up management actions set out in section 3.4 and Issues for inclusion in the Annual Governance Statement set out at section 3.5 of the report.

The Committee's attention was also drawn to section 5 of the report and the performance indicators set out on page 51 and the Appendices.

The Chair thanked the Internal Audit Manager for the report and invited comments and questions from the Committee, a summary of which is set out below.

In response to a question from Councillor Bearshaw, the Internal Audit Manager confirmed that the three year programme was currently on track and provided an overview on how the annual work programme was put together and that reports would be presented during the year. The Committee was advised that the annual work programme could be amended if required and that the main areas were covered on a three yearly basis.

In response to questions from the Chair, Councillor Ryves on the performance indicator outcomes set out at 5.2.1 – performance indicator outcomes and the percentage of Internal Audit recommendations adopted by Management was 90% and was the 10% being side stepped, the Internal Audit Manager explained that the reason for the target of 90% as a service was suggested controlled improvements for management. The Internal Audit Manager added that on the whole, Internal Audit would want to suggest improvements to management which were pragmatic and that management would be happy to take forward. However, it was noted that there would be occasions when Internal Audit would be unwilling to accept a risk and the service area would be more willing to accept risk and this was the professional judgement of Internal Audit. Members were advised that where those situations occurred any rejected recommendations would come back to the Audit Committee for discussion.

The Senior Internal Auditor explained that the result of 99.17% there were 129 recommendations in the last financial year and one recommendation was not accepted.

Following a question from Councillor de Winton on what happened if a recommendation was not accepted, the Internal Audit Manager explained that this would be discussed with the Audit Committee and advised that there were none to report in the current progress report. However, any rejections would be highlighted to the Audit Committee who could then ask questions and request the relevant officer to attend the Committee or alternatively the Committee could determine to refer the matter to Cabinet.

Following a supplementary question from Councillor de Winton on the values given to the recommendations, the Internal Audit Manager explained that there were three ratings for each recommendation – high, medium and low and that if a low rating recommendation was rejected that would be less of a concern.

In response to a question from the Chair, Councillor Ryves on page 54 and the following audits receiving limited assurance – Alive West Norfolk, Capital Programme and Waste Management, the Audit Manager explained that the Capital Programme would be included in the annual work plan, waste management would be considered during 2023/2024 and Alive West Norfolk would be discussed later in the



agenda as there were outstanding recommendations but highlighted that the annual programme could change.

At the invitation of the Chair, the Portfolio Holder for Finance commented that he had attended a recent webinar and that future auditing arrangements would focus more on value for money and asked if this would be translated into the Council's own Internal Audit Team. In response, the Internal Audit Manager advised that value for money was already a consideration in the work undertaken by the Internal Audit Team.

**RESOLVED:** The Audit Committee received and approved the Annual Internal Audit Opinion report 2022/23.

## A100 INTERNAL AUDIT PROGRESS REPORT

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The Internal Audit Manager explained that the Committee received a six monthly update report.

The report provided an Executive Summary which covered the period 11 November 2022 to 24 July 2023 and provided the opportunity to illustrate the work undertaken and to highlight the significant risks. A further report would be presented to the Committee at the November 2023 meeting.

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

- 2.1 – Significant changes to the approved Internal Audit Plan.
- 4.3 – Period covered by the report – 101 reports finalised from the 2023/2023 Internal Audit Plan and assurances given.
- 4.6 – Position Statement: KLWN2203 Project Management Framework, KLWN2216 Climate Sustainability.
- Appendix 1 – Progress in completing the Agreed Audit Plan.
- Appendix 2 – Audit Report Executive Summaries 2022/23.

In conclusion, the Internal Audit Manager suggested that if the Committee wished to focus on one area it could be procurement.

The Chair, Councillor Ryves thanked the Internal Audit Manager for the report and invited comments and questions from the Committee, a summary of which is set out below.

The Internal Audit Manager responded to questions from the Chair on the position statement and advised that only the Audit Committee was aware of the position statement but if there was a suggestion for all Councillors to have access to the position statements this could be considered.

At the invitation of the Chair, the Portfolio Holder for Finance asked for clarification on what the position statement meant and what were the next steps. The Internal Audit Manager outlined the purpose of a position statement and was used within Internal Audit as it demonstrates good practice as used elsewhere. It was noted that deadlines were given to accepted recommendations but there was no formality for the Internal Audit Team to provide the Audit Committee with the outstanding recommendations list and added that the Internal Audit Team would need time to develop this process and come back and provide an assurance piece of work that gave assurance for that grading over the process. In conclusion, the Internal Audit Manager explained that it was the decision of the Audit Committee if it wished to put more governance around the process.

Following a question from Councillor de Winton on the current position with audit following Covid and what may be needed to catch up, the Internal Audit Manager explained that that the approach had been changed to look at recommendations in other Councils and explained that if a concern was raised it should be considered in the work plan then adjustments could be made but added that in her opinion she was confident that a strategic approach was being taken at the Borough Council.

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

A101

### **INTERNAL AUDIT FOLLOW UP RECOMMENDATIONS REPORT**

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The Internal Audit Manager explained that the report sought to provide an update on the status of all internal audit recommendations highlighting management responses where any were over the agreed deadline for completion and not yet implemented.

The Internal Audit Manager explained that this was a fairly new report for the Committee and explained that before a report was presented on high level audit recommendations not completed, but not to this degree and that the report represented an improvement and enhancement of the process. The Audit Committee now saw everything that was significant and open at the Council. It was explained that where Internal Audit had started to list the recommendations, there was a higher number and was now pleased to report that 83 had been closed down since the process started which represented a good improvement but needed to keep the pressure on to reduce the number further.

The Internal Audit Manager explained that relevant officers would be requested to submit evidence to the Internal Audit Team to sign off an

outstanding recommendation. The report would be presented to the Committee on a twice yearly basis, but the Internal Audit Manager added that it may need to be presented on a more regular basis but this would have a resource implication.

The Chair invited questions and comments from the Committee, a summary of which is set out below.

In response to questions from Councillor Bearshaw on resolving recommendations, the Internal Audit Manager drew the Committee's attention to Appendix 1 – Status of Agreed Internal Audit Recommendation which could relate to software, developments in service areas, resource, etc. It was explained that the manager's comments provided an idea of what the delays were about. The recommendations would start a discussion for improvement and provide an enhanced control framework.

In response to a question from Councillor Devulapalli on the Service Level Agreement not being signed for Alive West Norfolk, governance, etc, the Internal Audit Manager explained that there were a number of reports and gave an example, of outstanding recommendations were done and a different review to be carried out in a different year some were still open. The Committee's attention was drawn to page 101 any recommendations raised by the Internal Audit Team and details were provided on appendices relating to the 2 high, 1 medium and 3 low risks. It was noted that the low risks were not reported to the Committee.

The Chair, Councillor Ryves commented that a representative from Alive West Norfolk be invited to attend the Audit Committee. The Internal Audit Manager suggested that the Committee tackled the older recommendations first. Councillor de Winton added that these comments and questions should be directed to the Portfolio Holder to address the issues to resolve the recommendations. Councillor Bearshaw concurred with the comments made by Councillor de Winton.

Following a further comment from the Chair, Councillor Ryves on the frequency the report was presented to the Committee, the Internal Audit Manager received it twice yearly and that whilst there were a number of outstanding recommendations there might be a need for the Committee to receive the report more regularly but advised that would mean additional work for officers to obtain updates. The Chair added that it may be useful for the Committee to be kept informed of progress to determine if this was an item to be placed on the work plan.

The Senior Internal Auditor explained that a review on the overdue recommendations agreed had been undertaken in October 2022 and there were 70 low, 67 medium and 2 high overdue.. It was highlighted that when the review was undertaken in May 2023, there were 6 high,

28 medium and 18 low overdue which provided an update on the number of recommendations signed off.

Councillor de Winton commented that it was important for the Audit Committee to be aware of any difficulties resolving outstanding recommendations. The Internal Audit Manager thanked the Committee for their support.

Following a question on information being available on car parking enforcement, the Internal Audit Manager advised that there was no update available but would request the information from the officer and circulate to the Audit Committee.

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

## A102 **ANNUAL FRAUD PROGRESS UPDATE 2022/2023**

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The Senior Internal Audit explained that the report was aimed to provide the following in respect of the period April 2022 to March 2023 for areas such as Council Tax, Council Tax Reduction Scheme, Business Rates, Housing Waiting List, Duplicate invoices, False payments, Debtor Tracing activities and Internal Fraud where it arose:

- Progress towards the Anti-Fraud and Anti-Corruption Key Performance Indicators assigned to the Internal Audit Department.
- Statistical information in respect of fraud and error detection for applications and claims received by the Council deemed to have been false, incorrect, or where a relevant change in circumstances has failed to be declared resulting in a financial gain or where an error has been identified and amended.
- Statistical information in respect of traced debts where the Internal Audit Team have been contacted for assistance.
- Statistical information in respect of fraud and error detection for grants retrospectively identified as having been paid to customers/businesses who were not eligible.
- Statistical information in respect of data matching activities undertaken through the National Fraud Initiative (NFI) and Norfolk Fraud Hub.
- A look forward to 2023/24 anti-fraud and anti-corruption related activities.

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

- Figure 1: Fraud and Error Comparison.
- Figure 2: KPI Total Investigations 2022/2023

- Figure 3: Detailed overview of Fraud and Error detected 2022/2023.
- Figure 4: 2022/2023 Identified Fraud/Errors.
- Figure 5: 2022/2023 Debtor/Absconders.
- Figure 6: Project Return on Investment for First 3 Years.
- Figure 7: 2022/2023 Overall Data Matching Processing Progress.
- Section 3: KPI – Financial Investigation Provision.

The Senior Internal Auditor outlined the joint working cases undertaken with other organisations.

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

- Section 5: Overview of Fraud/Error Detection.
- Section 8: Comparison Data to Previous Years and other Local Authorities.
- Section 11: Single Person Discount Project.
- Section 12: Overall Data Matching Activities.
- Section 13: Covid-19 Business Grants.
- Section 14: Other Schemes.
- Section 15: Anti-Fraud and Anti-Corruption Culture
- Section 16: Projects/Future Pipeline of Activities.

The Chair thanked the Senior Internal Auditor for the report and invited questions and comments from the Committee, a summary of which is set out below.

The Senior Internal Auditor responded to questions from Councillor Jones on the different types of data matching exercises undertaken by the Council which went through the National Fraud Initiative which was Cabinet Office led and undertaken on an annual and bi-annual basis which was fed into 300 million figures nationally based on set data specifications.

Councillor Bearshaw asked if there was a reason for the increase in fraud over the last 3 years. In response, the Senior Internal Auditor explained that compared to the 2021/2022 the results for 2022/2023 had seen a significant increase in volume detection which was largely due to the backlog of data matches which accrued during 2020/2021 and 2021/2022 because of the covid-19 pandemic. The position had now been recovered as set out in Figure 4 of the report.

Following further questions from Councillor Bearshaw on the workload increase and staff resource available, the Revenues and Benefits Manager explained that as part of the Norfolk County Council Funding the Borough Council had negotiated funding to support 1 FTE Inspection Officer (additional resource in addition to the current staff level) within the Revenues Department which the Internal Audit Fraud

Service was able to access to assist with the processing of changes/amendments to Council Tax and Business Rates accounts.

Following further comments from the Committee, the Assistant Director, Resources explained that the Council was in the process of recruiting an apprentice to the team to receive training and who would undertake lower administrative tasks in order to free up capacity for officers to carry out high level investigations and progress would be reported back to the Audit Committee.

In response to questions from Councillor de Winton on a financial investment for in-house financial investigator, it was noted that only Norfolk County Council had the in-house provision for a financial investigator across all Norfolk Councils. The Senior Internal Auditor explained that research had been undertaken to look at the available options outside of the Council to buy in the required skills. It was highlighted that the Council was in discussions with outside organisations but currently indicated they were not able to assist at the current time.

In response to further questions from Councillor de Winton on the monies under the Council's guardianship/scale as set out below:

- What was the percentage of leakage?
- How did the Borough Council compare to other local councils of a similar size?
- What was deemed nationally to be an acceptable level of leakage?

The Revenues and Benefits Manager explained that in relation to the Single Persons Discount error there was an error of £200,000 equating to 0.177% from a collectable amount of £112.5m - the Council paid over £80m in business grants and an error identified of £138,000 was very low.

Following further questions from Councillor de Winton on Section 8 and comparison data to other local authorities, the Senior Internal Auditor explained that in his personal opinion Anglia Revenues Partnership was the flagship of fraud investigation in the way there were set up in this area.

Councillor Devulapalli commented it would be useful to have a glossary to explain the acronyms used in the report.

The Senior Internal Auditor explained that fraud awareness e-learning packages had been rolled out to officers in November 2022 and would form part of the Members Induction training following the May elections.

It was noted that the Senior Internal Auditor continued to be a member of the Cabinet Office's Fraud Hub user group.

Following questions from Councillor Coates on debt tracing activities and how much the cost was to recover the debt even if no monies were recovered, the Senior Internal Auditor undertook to circulate the amounts paid back against the traced debts to the Committee. Also that the relevant systems and access and training was being delivered across the organisation and this will continue with a view to reducing the administration and involvement of the Internal Audit service.

At the invitation of the Chair, the Portfolio Holder for Finance commented that as the Borough Council collected taxes including the Police, could pressure be placed upon the police authority to support the Borough Council more. In response, the Senior Internal Auditor explained that the Borough Council had not approached the policy authority for funding but was a valid point to take up.

The Senior Internal Auditor responded to questions from the Chair on the level error identified as there had been no fraud criminal prosecutions.

In response to further questions on the return of investment was measured, the Senior Internal Auditor referred to Figure 1 -The overall fraud and error over the previous 3 years and what was set out in return on investment in Figure 6 was the project on the Single Persons Discount which was funded through Norfolk County Council and was specific to that project and showed that over that period of time had identified the majority of fraud and error set out in Figure 1.

Following a further question from the Chair on return on investment, the cost of the work and income coming back in, the Senior Internal Auditor undertook to email details of the calculation to the Committee.

The Chair referred to 7.2 the total value of £20,266.83 of debt traced and passed back to the relevant departments for recording purposes, which had included one case where an initial advice charge of £2,000 and potential for additional costs to be incurred, the Senior Internal Auditor explained that that was an unusual case and undertook to email the confidential details to the Committee.

The Chair invited the Portfolio Holder for Finance to address the Committee. Councillor Morley commented that it would be useful to have a summary of amount collected and amount of fraud and errors detected and would be useful to know was how much identified, against what, the cost and who was paying for it. The Chair stated this was a point well made.

In response to questions from the Chair on internal audit generating income and providing assistance on a paid basis, the Senior Internal Auditor explained that income generated related to the prevention of Social Housing Fraud Act offences which was tenancy frauds for housing associations on an ad hoc basis when the Council was

approached. The Senior Internal Auditor added that the Council had to be particular with its resources and the main income was generated from in-house work. If there was an additional workload it would be necessary to consider how it would affect the fraud resource but also potentially the internal audit plan resource to deliver the work.

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

A103 **MEETING START TIMES**

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The Chair invited the Committee to consider the start time of future meetings.

**RESOLVED:** Future meetings of the Committee to commence at 4.30 pm.

A104 **CABINET FORWARD DECISIONS LIST**

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The Committee noted the Cabinet Forward Decisions List.

The Chair, Councillor Ryves invited the Committee to forward any items for consideration.

A105 **COMMITTEE WORK PROGRAMME**

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The Chair, Councillor Ryves invited the Committee for forward any items for consideration.

A106 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on 18 September 2023 at 4.30 pm in the Council Chamber, Town Hall, King's Lynn.

A107 **EXCLUSION OF PRESS AND PUBLIC**

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**RESOLVED:** That under Section 100(A)(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely



disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

A108 **ANNUAL CERTIFICATION REPORT - HOUSING BENEFIT SUBSIDY CLAIM FOR 2020/2021**

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

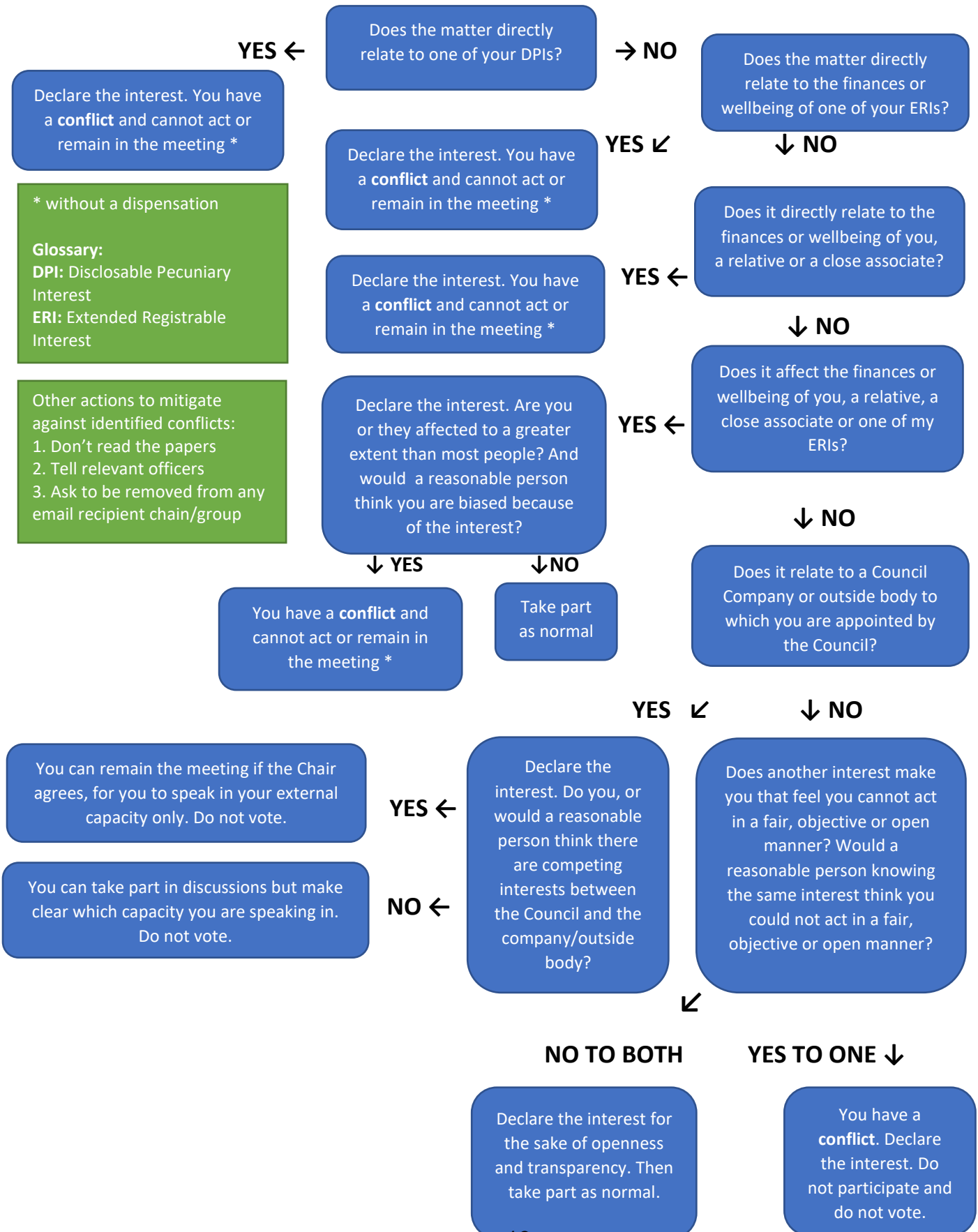
**RESOLVED:** The Audit Committee noted the contents of the report.

**The meeting closed at 6.28 pm**

**DECLARING AN INTEREST AND MANAGING ANY CONFLICTS FLOWCHART**



**START**



REPORT TO:	<b>AUDIT COMMITTEE</b>		
DATE:	18 September 2023		
TITLE:	<b>Update on Audit of Accounts Progress</b>		
TYPE OF REPORT:	For Information		
PORTFOLIO(S):	Cllr C Morley, Portfolio Holder for Finance		
REPORT AUTHOR:	Michelle Drewery, Assistant Director Resources		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

<b>PURPOSE OF REPORT/SUMMARY:</b>
To update members on the External Audit of the Borough Council's Statements of Account and provide an update on action proposed by the Government Department for Levelling-up, Housing and Communities.
<b>RECOMMENDATIONS:</b>
That members of the Audit Committee note the contents of the report.
<b>REASONS FOR RECOMMENDATIONS:</b>
To ensure Audit Committee are informed on latest developments and progress with the External Audit Partner.

## 1. Introduction

- 1.1 This report provides context to the outstanding audits of the Borough Council's statements of accounts since and including 2019/2020. There is also an update from the Department for Levelling-up, Housing and Communities (DLUHC) at section 2.
- 1.2 The Council finds itself in a position where the audit of its accounts has not been completed since 2019/2020. A report by the National Audit Office published in January 2023, reported that at 30 November 2022 there were 45 audits outstanding from 2019/2020.
- 1.3 In June 2019 the then known Ministry of Housing, Communities and Local Government, commissioned a review of the effectiveness of local audit and the transparency of local authority financial reporting. The review, published in September 2020, is known as the [Redmond Review](#), more detail is provided in section 6. The timing of that review indicates that there were issues with the local audit market before the impact of the pandemic, namely the growing regulatory demands on audit partners for additional diligence in their review of all systems supporting the production of an authority's accounts. The additional work placed upon authorities to respond to the pandemic and associated accounting and reporting requirements, further compounded issues that were already prevalent in audits of the local government sector.

## 2. The Accounts and Audit (Amendment) Regulations 2021

2.1 The Accounts and Audit Regulations 2015 (“the 2015 Regulations”) set out detailed requirements for local authorities in relation to its annual audit and accounting processes. From the outset of the pandemic in 2020 the Government have extended the deadlines for producing a draft set of accounts and for those accounts to be audited.

2.2 The following table sets out the date the council published draft accounts in comparison to the required date:

	<b>Due date</b>	<b>Published date</b>
<b>2022/2023</b>	31/05/2023	Pending
<b>2021/2022</b>	31/07/2022	01/08/2022
<b>2020/2021</b>	31/08/2022	05/11/2021
<b>2019/2020</b>	31/08/2022	16/10/2020
<b>2018/2019</b>	31/05/2019	18/06/2019
<b>2017/2018</b>	31/05/2018	31/05/2018
<b>2016/2017</b>	31/05/2017	31/05/2017

2.3 The deadline for publication of draft accounts for 2022/2023 has been recently consulted upon by DLUHC. The outcome from this was announced on 3 April 2023 and the deadline remains 31 May 2023. For recent years the deadlines can be summarised as follows:

	<b>Draft Accounts</b>	<b>Audited Accounts</b>
<b>2018/2019</b>	31-May	30-Sep
<b>2019/2020</b>	31-Aug	30-Nov
<b>2020/2021</b>	31-Jul	30-Sep
<b>2021/2022</b>	31-Jul	30-Nov
<b>2022/2023</b>	31-May	30-Nov

The percentage of District and Borough authorities that met these publication dates for draft accounts in 2021/2022 was 63% (72% in 2020/2021) from a total of 181.

2.4 The Table below shows recent data on (A) the number of audit opinions that remained outstanding and (B) the proportion of audits that were completed by the audit deadline.

	<b>(A) Outstanding Audits as 30 November 2022</b>	<b>(B) Proportion completed by due date</b>
<b>2015/2016</b>	1	97%
<b>2016/2017</b>	1	95%
<b>2017/2018</b>	3	87%
<b>2018/2019</b>	10	57%
<b>2019/2020</b>	45	45%
<b>2020/2021</b>	161	9%
<b>2021/2022</b>	*N/A	12%

Despite the obvious difficulty for local authorities to meet the less stringent deadline of the past 3 years, the deadline has been reduced by 2 months for the financial year 2022/2023 to reinstate the original statutory deadline of 31 May.

- 2.5 The Council has received a letter from EY, that has been sent to its clients advising that it will not be able to meet the deadline for auditing 2022/2023 accounts. Instead, they are focussing their resources on the backlog of audits.

### **3. Update from DLUHC (July 2023)**

- 3.1 Lee Rowley, the parliamentary under-secretary of state for local government and building safety, outlined proposals in a letter to Clive Betts, chair of the Levelling Up, Housing and Communities (LUHC) Committee inquiry into financial reporting and audit in local authorities. The proposals include setting statutory deadlines and issuing qualifications and disclaimers of opinion in the short term.

- 3.2 Working together, the National Audit Office (NAO) and DLUHC intend to set a series of statutory deadlines for accounts preparers and auditors to clear the backlog of delayed audits for financial years 2015/16 to present.

- 3.3 It should be noted that it has been highlighted that in order to achieve these deadlines, it may result in qualifications and disclaimers of opinion in the short term for a number of local bodies.

- 3.4 DLUHC confirm that the proposals have been agreed in principle with key partners across the local audit system. The National Audit Office (NAO) is considering whether to develop a replacement Code of Audit Practice to give effect to the changes. Legislative change may also be needed to address any knock-on effects of the proposals which may impact the audit of opening balances within the accounts for future years. Under these proposals, section 151 officers will be expected to work with Audit Committee members (or equivalent) to approve the final accounts by the statutory deadline in order for the audit opinion to be issued at the same time.

- 3.5 The proposed deadlines being considered for audit completion are set out as follows but it should be noted that these are not yet confirmed:

Financial Years	Deadline
2015/16 – 2019/20	31/12/2023
2020/21 – 2021/22	31/03/2024
2022/2023	30/09/2024
2023/2024	31/03/2025
2024/2025	30/09/2025

### **4. Statement of Accounts 2019/20 and Subsequent Years Update**

- 4.1 Following the completion of the Statement of Accounts for 2018/19 in January 2021, there were a number of amendments required to the published draft Statement of Accounts for 2019/2020. This led to a delay in providing the auditors with the

necessary information on which to progress the audit thereby leading to a pause in the audit timetable.

- 4.2 EY have been working with the finance team to progress the audit at various stages throughout the financial year but it is not yet concluded. It is fair to say there have been resourcing issues in terms of capacity as well as timing on both sides, resulting in difficult progress on both sides and a failure to align resources.
- 4.3 The remaining work on the Audit of the Statement of Accounts for 2019/2020 has recommenced in April 2023 and continued over the summer of 2023. A particularly difficult time for the Finance Team to accommodate additional demand from the 2019/2020 audit whilst resources should be allocated to the drafting of the 2022/2023 Statement of Accounts for which, as mentioned in paragraph 2.2, the deadline had been brought forward two months.
- 4.4 The auditors in early 2022 had outlined a timetable to commence the other audits in quarter 1 and quarter 2 of 2023/2024. They have since withdrawn any further commitment beyond the current planned activity around the 2019/2020 audit.
- 4.5 It should be noted that the ongoing nature of the audit process continues to significantly impact resources in the finance team as well as other teams across the council.
- 4.6 The changing timescales for completion of the audit are regularly revised in the Audit Committee work programme which is reported separately to the Committee.
- 4.7 The Council's Statutory officers have written to the auditors outlining the concerns resulting from limited engagement and frequent changes in external audit personnel. The letter also asks the auditor to engage in the development of a plan to realistically address the backlog of audits.
- 4.8 The Council's Finance Team has been through a period of transition from a new Financial Management System and turnover in senior management. It is recognised that these circumstances bring opportunities for enhancing processes. Examples include:
  - Review of Budget Monitoring and implementation of revised format for reporting and enhanced automation of output to budget managers.
  - Identification and maintenance of monthly reconciliation and controls checklist.
  - Review and classification of earmarked reserves.
  - Timetable for reporting to Officer and Member Major Project Boards.

## **5. Financial Implications**

- 5.1 There will be additional costs to the current audit as a result of the delays set out in the report. These costs are not known at this time. Further updates will be reported as information becomes available.
- 5.2 The review of effectiveness of External Audit and transparency in financial reporting in Local Authorities recommend a review of the current fee structure. New fees are expected to be approximately 150% greater than previous ones, as auditors face

higher requirements placed upon them and to ensure all audit fees cover the full cost of a quality audit. The Government has responded to this by offering a Local Audit Grant to LA Bodies to help meet the anticipated rise in Audit fees. The Council has been allocated £20,359 of this grant for 2021/22.

- 5.3 As of April 2021, PSAA introduced a scale fee variation process. This is where PSAA sets the fee scale on an annual basis and publishes the scale fee for each individual audited body. If the auditor subsequently considers that additional work is required that is not provided for in the scale fee for an individual body, a fee variation proposal can be submitted to PSAA. This is set out in the legal framework for audit fees and variations, in the Local Audit (Appointing Person) Regulations 2015 ('the Regulations'). Regulation 17(2) provides for the auditor to propose to PSAA (as the Appointing Person) that fees should be varied where the work involved in a particular audit was substantially more or less than envisaged by the appropriate scale.
- 5.4 The latest scale fee as published by PSAA is for 2021/2022 and is £39,494. It is expected that a fee variation will be proposed in respect of 2019/2020 and subsequent years. Further updates will be reported as information becomes available.

## **6. Any other Implications/Risks**

- 6.1 Other implications and risks are set out in the report.

## **7. Equal Opportunity Considerations**

- 7.1 None

## **8. Background Papers**

[Secretary of State for Levelling-up Letter to Local Audit Inquiry July 2023](#)

[The Accounts & Audit Regulations 2015](#)

[The Accounts & Audit Regulations \(Amendment\) 2021](#)

[NAO: Timeliness of Local Auditor Reporting](#)

[List of auditor appointments and scale fees – PSAA](#)

[PSAA fee variation process – PSAA](#)

[The Redmond Review: Oversight of Local Audit and the Transparency of Local Authority Financial Reporting](#)

## Agenda Item 8

-REPORT TO:	<b>AUDIT COMMITTEE</b>		
DATE:	18 September 2023		
TITLE:	<b>ANNUAL TREASURY OUTTURN REPORT 2022/2023</b>		
TYPE OF REPORT:	Recommendation		
PORTFOLIO(S):	Cllr Chris Morley E-mail: <a href="mailto:cllr.chris.morley@west-norfolk.gov.uk">cllr.chris.morley@west-norfolk.gov.uk</a>		
REPORT AUTHOR:	Carl Holland E-mail: <a href="mailto:carl.holland@west-norfolk.gov.uk">carl.holland@west-norfolk.gov.uk</a> Direct Dial: 01553 616549		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

**Date of meeting: 18 September 2023**

### **ANNUAL TREASURY OUTTURN REPORT 2022/2023**

#### **Summary**

The Council has formally adopted the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (2017) and remains fully compliant with its requirements.

This Annual Treasury Outturn Report looks backwards at 2022/2023 and covers:

1. The 2022/2023 Treasury Outturn
2. Compliance with Treasury Limits
3. Outturn Summary

Additional supporting information:

- Appendix 1 – Economic Outlook
- Appendix 2 - Investments as at 31 March 2023
- Appendix 3 - Borrowing as at 31 March 2023
- Appendix 4 - Prudential Indicators

The Council's Treasury Policy Statement 2023/2024 and annual Treasury Strategy Statement 2023/2024 were approved by Council on the 23 February 2023.

#### **Recommendations**

The Audit Committee is asked to note the annual treasury outturn position for 2022/2023.

#### **Reason for the Decision**

The Council must make an annual review of its Treasury operation for the previous year, as part of the CIPFA code of Practice.



## 1. The Annual Treasury Management Review 2022/2023

- 1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/2023. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 1.2 During 2022/2023 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year (Council 23 February 2022)
  - a mid-year, (minimum), treasury update report (Audit Committee 20 February 2023)
  - an annual review following the end of the year describing the activity compared to the strategy, (this report)
- 1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 1.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the full Council. Member training on treasury management issues was last undertaken in January 2020 and will be provided in 2023. This training was provided by Link, the council's external treasury management advisors, in order to support members' scrutiny role.

## 2. Executive Summary

- 2.1 During 2022/2023, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

<b>Prudential and treasury indicators</b>	<b>2021/2022 Actual £'000</b>	<b>2022/2023 Actual £'000</b>
Capital expenditure	23,448	25,347
Capital Financing Requirement	42,779	50,391
Gross borrowing	10,000	10,000
External debt *	10,094	10,094
Investments *	34,647	27,113
Net borrowing/(investments)	(24,553)	(17,019)

\* Both the External debt and Investments figures shown in the table above include interest accruals. Whereas elsewhere in the report the amounts shown are the principal amounts only.

2.2 Other prudential and treasury indicators follow below in the main body of this report. The Assistant Director Resources confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit, (the authorised limit), was not breached.

**3. Introduction and Background**

- 3.1 This report covers the following:-
- Capital activity during the year i.e. capital expenditure and financing (section 4 below);
  - Impact of this activity on the Council’s underlying indebtedness, i.e. the Capital Financing Requirement (section 5 below);
  - The actual prudential and treasury indicators;
  - Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances (section 6 below);
  - Summary of interest rate movements in the year;
  - Detailed debt activity; and
  - Detailed investment activity

**4. The Council’s Capital Expenditure and Financing**

4.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council’s borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

4.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	2021/2022 Actual £’000	2022/2023 Actual £’000
Capital expenditure	23,448	25,347
Financed in year	19,579	16,074
Unfinanced capital expenditure	3,869	9,273

**5. The Council’s Overall borrowing Need**

5.1 The Council’s underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council’s indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2022/2023 unfinanced capital expenditure (see above table), and prior years’ net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

- 5.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.
- 5.3 Reducing the CFR – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
- 5.4 The total CFR can also be reduced by:
- the application of additional capital financing resources, (such as unapplied capital receipts); or
  - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 5.5 The Council's 2022/2023 MRP Policy, (as required by Department for Levelling Up, Housing and Communities Guidance), was approved as part of the Treasury Management Strategy Report for 2022/2023 on 23 February 2022.
- 5.6 The Council's CFR for the year is shown below and represents a key prudential indicator. It includes leasing schemes that are on the balance sheet, as these increase the Council's borrowing need.

<b>CFR (£m): General Fund</b>	<b>31 March 2021/2022 Actual £'000</b>	<b>31 March 2022/2023 Actual £'000</b>
Opening Balance	40,770	42,779
Add unfinanced capital expenditure (as above 4.2)	3,869	9,273
Less MPR/VRP	(1,860)	(1,661)
<b>Closing Balance</b>	<b>42,779</b>	<b>50,391</b>

- 5.7 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.
- 5.7.1 **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2022/23) plus the estimates of any additional capital financing requirement for the current (2023/24) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2022 Actual £'000	31 March 2023 Actual £'000
Gross borrowing position	10,000	10,000
CFR	42,779	50,391
(Under) / over funding of CFR	32,779	40,391

- 5.8 **The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/2023 the Council has maintained gross borrowing within its authorised limit.
- 5.9 **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.
- 5.10 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

	2022/2023 £'000
Authorised limit	71,000
Maximum gross borrowing position during the year	10,000
Operational boundary	66,000
Average gross borrowing position	10,000
Financing costs as a proportion of net revenue stream	0.78%

## 6 Treasury Position as at 31 March 2023

- 6.1 The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2022/2023 the Council's treasury, (excluding borrowing by finance leases), position was as follows:

DEBT PORTFOLIO	31 March 2022 Principal £'000	Rate/ Return	31 March 2023 Principal £'000	Rate/ Return
Fixed rate funding:				
- Market (Maturity Loan)	10,000	3.81%	10,000	3.81%
- Local Authorities (Maturity Loans)	-	-	-	-
<b>Total debt</b>	<b>10,000</b>	<b>3.81%</b>	<b>10,000</b>	<b>3.81%</b>
<b>CFR</b>	<b>42,779</b>		<b>50,391</b>	
<b>Over / (under) borrowing</b>	<b>(32,779)</b>		<b>(40,391)</b>	
<b>Total investments</b>	<b>34,615</b>	<b>0.43%</b>	<b>27,000</b>	<b>3.44%</b>
<b>Net of debt and investments</b>	<b>24,615</b>		<b>17,000</b>	

6.2 The maturity structure of the debt portfolio was as follows:

	31 March 2022 Actual £'000	31 March 2023 Actual £'000
Under 12 months	-	-
12 months and within 24 months	-	-
2 years and within 50 years	-	-
Over 50 years	10,000	10,000

6.3 As at the 31 March 2023 the council did not have any temporary loans. There are two market loans with Barclays of £5m each and these mature in 2077.

6.4 The £27,000,000 investments at the year-end comprised of; £4,000,000 Call Accounts / Instant Access Accounts, £11,000,000 Money Market Funds, £8,000,000 Local Authorities and £4,000,000 other short-term investments.

6.5 Full details for both the borrowing and the investments can be found in Appendices 1 and 2.

INVESTMENT PORTFOLIO	Actual 31 March 2022 £000	Actual 31 March 2022 %	Actual 31 March 2023 £000	Actual 31 March 2023 %
<b>Treasury investments</b>				
Call Accounts / Instant Access Accounts	8,000	23%	4,000	15%
Money Market Funds	10,615	31%	11,000	41%
Local authorities	4,000	12%	8,000	30%
Other Short Term Fixed Investments	12,000	35%	4,000	15%
<b>TOTAL TREASURY INVESTMENTS</b>	<b>34,615</b>	<b>100%</b>	<b>27,000</b>	<b>100%</b>

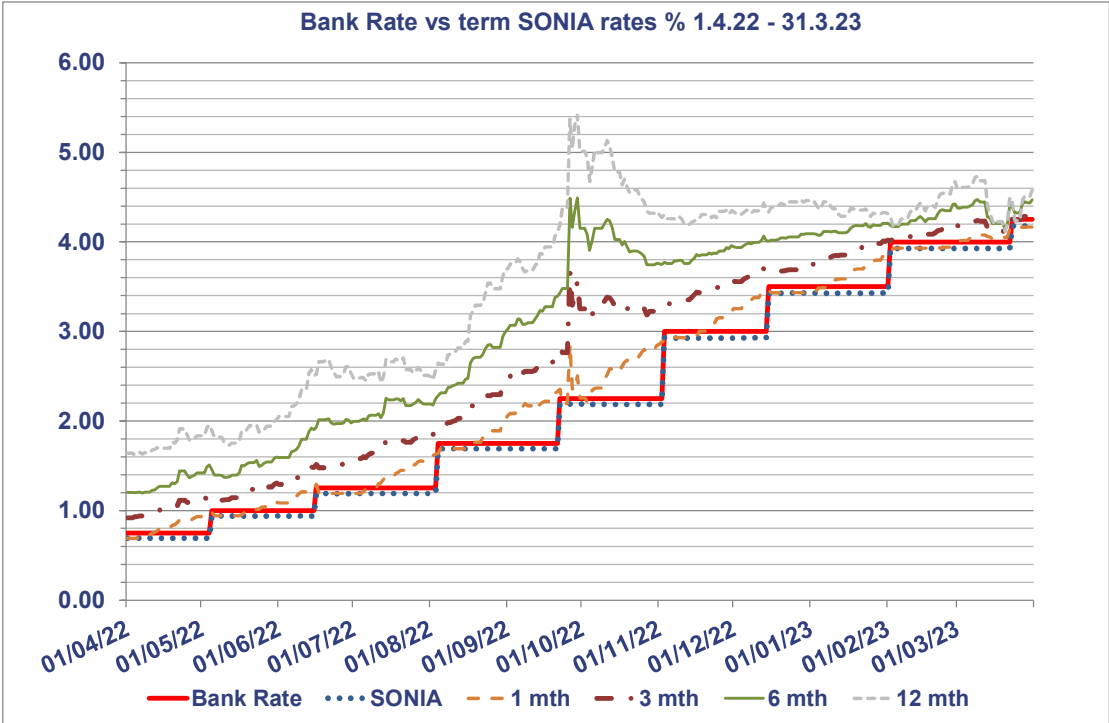
6.6 The maturity structure of the treasury investment portfolio was as follows:

	31 March 2022 Actual £000	31 March 2023 Actual £000
Treasury Investments:		
Longer than 1 year	0	0
Up to 1 year	34,615	27,000
<b>Total</b>	<b>34,615</b>	<b>27,000</b>

**7 The Strategy for 2022/2023**

**7.1 Investment strategy and control of interest rate risk**

Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/3/2023						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
<b>High</b>	4.25	4.18	4.17	4.30	4.49	5.41
<b>High Date</b>	23/03/2023	31/03/2023	31/03/2023	31/03/2023	29/09/2022	29/09/2022
<b>Low</b>	0.75	0.69	0.69	0.92	1.20	1.62
<b>Low Date</b>	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
<b>Average</b>	2.30	2.24	2.41	2.72	3.11	3.53
<b>Spread</b>	3.50	3.49	3.48	3.38	3.29	3.79

- 7.2 Investment returns picked up throughout the course of 2022/2023 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for.

Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/2024.

The sea-change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.

Through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.

The Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Great Financial Crisis of 2008/2009. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

### 7.3 **Borrowing strategy and control of interest rate risk**

- 7.4 During 2022/2023, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council’s reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

- 7.5 A cost of carry generally remained in place during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. As the cost of carry dissipated, the Council sought to avoid taking on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<3 years) as appropriate.

- 7.6 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

7.7 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Assistant Director of Resources therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks :-

- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

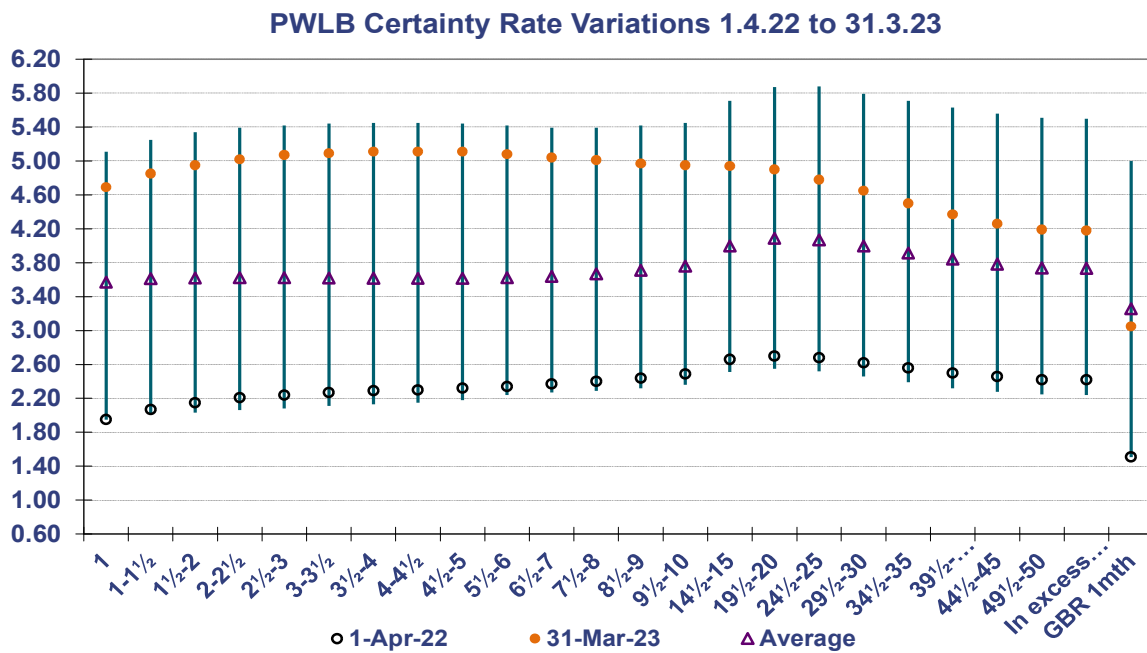
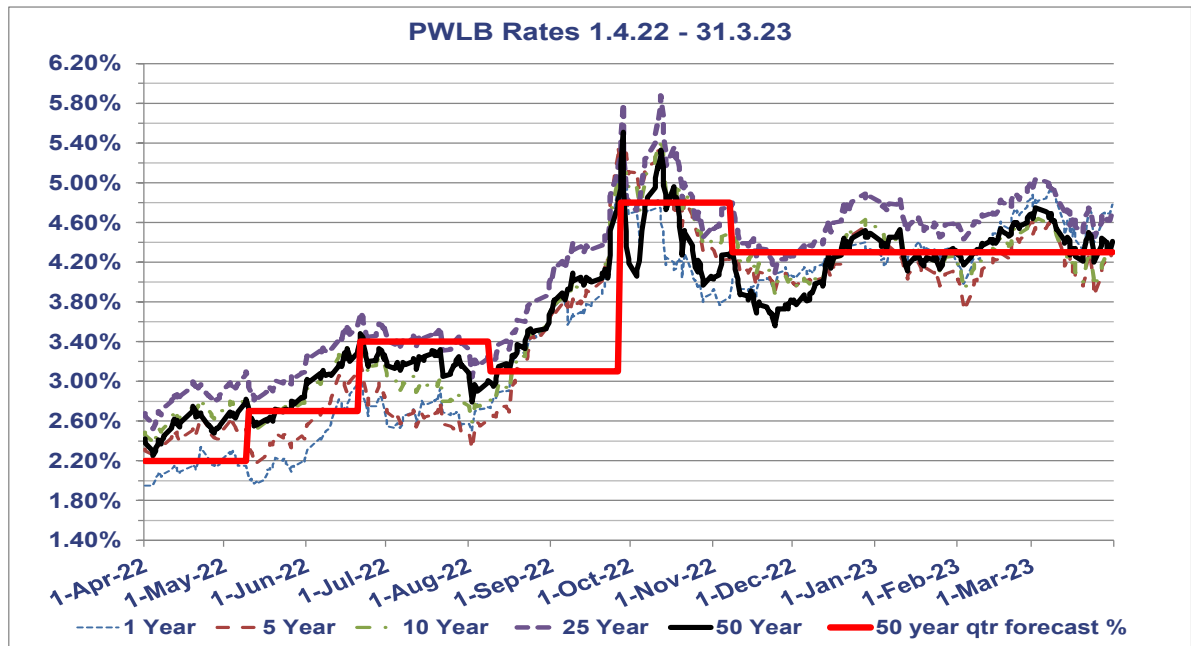
7.8 Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/2023 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

Forecasts at the time of approval of the treasury management strategy report for 2022/2023 were as follows: -

Link Group Interest Rate View	7.2.22											
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
<b>BANK RATE</b>	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month ave earnings	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month ave earnings	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month ave earnings	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40



## PWLB Rates 2022/2023



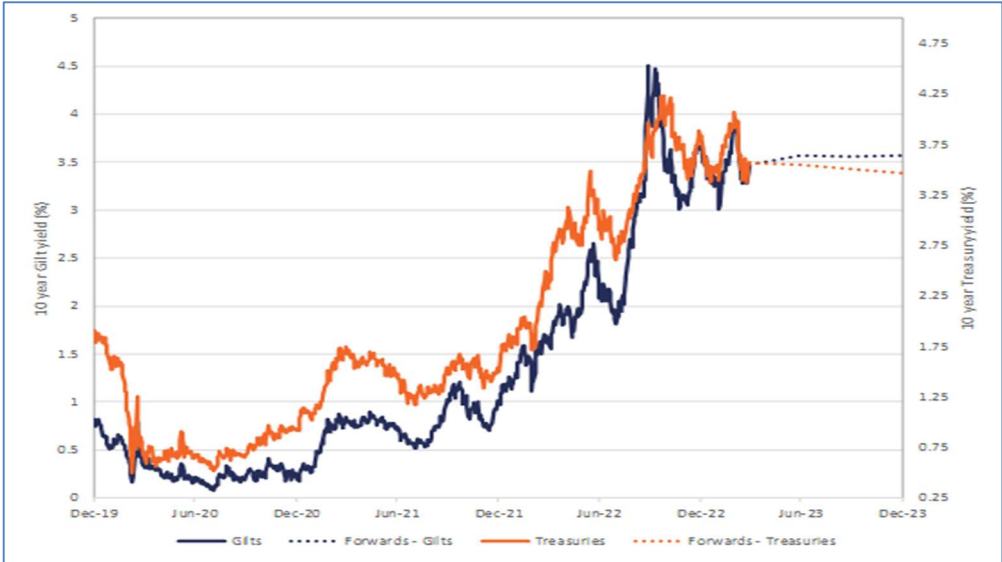
### High/low/average PWLB rates for 2022/2023

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
<b>High</b>	5.11%	5.44%	5.45%	5.88%	5.51%
<b>Date</b>	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
<b>Average</b>	3.57%	3.62%	3.76%	4.07%	3.74%
<b>Spread</b>	3.16%	3.26%	3.09%	3.36%	3.26%

7.9 PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

**Graph of UK gilt yields v. US treasury yields**



7.10 Gilt yields have been on a continual rise since the start of 2021, peaking in the autumn of 2022. Currently, yields are broadly range bound between 3% and 4.25%.

7.11 At the close of the day on 31 March 2023, all gilt yields from 1 to 50 years were between 3.64% and 4.18%, with the 1 year being the highest and 6-7.5 years being the lowest yield.

Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

- 7.12 There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England's 2% target.

As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

The Bank of England is also embarking on a process of Quantitative Tightening, but the scale and pace of this has already been affected by the Truss/Kwarteng "fiscal experiment" in the autumn of 2022 and more recently by the financial market unease with some US (e.g., Silicon Valley Bank) and European banks (e.g., Credit Suisse). The gradual reduction of the Bank's original £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

## **8 Borrowing Outturn**

- 8.1 No borrowing was undertaken during the year.

### **8.2 Borrowing in advance of need**

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

### **8.3 Rescheduling**

There was no rescheduling during the year.

## **9 Investment Outturn**

- 9.1 Investment Policy – the Council's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 7 February 2023. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

- 9.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

9.3 **Resources** – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised as follows:

<b>Balance Sheet Resources</b>	<b>31 March 2022 £'000</b>	<b>31 March 2023 £'000</b>
Balances	9,386	* 7,507
Earmarked reserves	36,221	36,894
Provisions	727	*1,201
Usable capital receipts	4,947	4,870
<b>Total</b>	<b>51,281</b>	<b>50,472</b>

\*The figures are provisional until the Council produces and publishes its draft Statement of Accounts for 2022/2023.

#### 9.4 **Investments held by the Council**

- The average balance of investments for the year was £29.625m (2021/2022 £38.345).
- The average rate of return for the year on investments was 2.317% (2021/2022 0.180%).
- Total investment income was £781,512 (2021/2022 £226,320) compared to an original budget of £278,790 (2021/2022 £164,780).

#### 10 **Background Information**

- Monthly budget monitoring reports
- Treasury Policy Statement 2023/2024 and Annual Treasury Strategy (Council 7 February 2023)

## Appendix 1 – Economic Outlook

The Following is provided by the Council’s Treasury Advisers, The Link Group, April 2023.

### The Economy and Interest Rates

#### UK Economy

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators’ misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
<b>Bank Rate</b>	4.25%	3%	4.75%-5%
<b>GDP</b>	0.1%q/q Q4 (4.1%y/y)	+0.1%q/q Q4 (1.9%y/y)	2.6% Q4 Annualised
<b>Inflation</b>	10.4%y/y (Feb)	6.9%y/y (Mar)	6.0%y/y (Feb)
<b>Unemployment Rate</b>	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen’s passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force

shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated in line with developed economies generally.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE

is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

USA. The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates. Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%.

In addition, the Fed is expected to continue to run down its balance sheet once the on-going concerns about some elements of niche banking provision are in the rear-view mirror.

As for inflation, it is currently at c6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.

EU. Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

**APPENDIX 2 - Investments as at 31 March 2023:**

<b>Treasury Investments</b>	<b>Principal</b>	<b>Start Date</b>	<b>End Date</b>	<b>Rate %</b>
Aberdeen Liquidity – Money Market Fund	£3,000,000	N/A	N/A	4.109
HSBC Sterling – Money Market Fund	£4,000,000	N/A	N/A	4.109
LGIM Sterling – Money Market Fund	£4,000,000	N/A	N/A	4.138
Handelsbanken	£4,000,000	N/A	N/A	3.800
<b>Total Liquid Accounts</b>	<b>£15,000,000</b>			
Lancashire County Council	£4,000,000	31/08/2022	30/08/2023	2.100
North Lanarkshire Council	£4,000,000	06/09/2022	12/04/2023	1.97
SMBC Bank International	£4,000,000	16/02/2023	17/0/2023	4.060
<b>Total Fixed Term Investments</b>	<b>£12,000,000</b>			
<b>Total Treasury Investments</b>	<b>£27,000,000</b>			



**APPENDIX 3 - Borrowing as at 31 March 2023:**

<b>Start Date</b>	<b>End Date</b>	<b>Loan No</b>	<b>Value £</b>	<b>Institution</b>	<b>Rate %</b>	<b>Term</b>
<b>Total Short Term</b>			<b>£0</b>			
22.03.07	21.03.77	5888	£5,000,000	Barclays – fixed rate loan	3.81	Long Term - fixed.
12.04.07	11.04.77	5887	£5,000,000	Barclays – fixed rate loan	3.81	Long Term - fixed.
<b>Total Long Term</b>			<b>£10,000,000</b>			
<b>Total Borrowing</b>			<b>£10,000,000</b>			

## APPENDIX 4: Prudential Indicators

PRUDENTIAL INDICATOR	2021/2022 Actual £000's	2022/2023 Actual £000's
<b>Capital Expenditure</b>	23,448	25,347
<b>Ratio of financing costs to net revenue stream</b>	3.13%	0.78%
<b>Net borrowing</b>		
brought forward 1 April	10,000	10,000
carried forward 31 March	10,000	10,000
Change in year - increase/(decrease)	-	-
<b>Net Investment</b>		
brought forward 1 April	(27,240)	(34,615)
carried forward 31 March	(34,615)	(27,000)
Change in year - increase/(decrease)	7,375	(7,615)

### Capital Financing Requirement

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2022/2023 unfinanced capital expenditure, and prior years' net unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

CFR (£m): General Fund	31 March 2021/2022 Actual £'000	31 March 2022/2023 Actual £'000
Opening Balance	40,770	42,779
Add unfinanced capital expenditure (as above 4.2)	3,869	9,273
Less MPR/VRP	(1,860)	(1,661)
<b>Closing Balance</b>	<b>42,779</b>	<b>50,391</b>

### Net borrowing and the CFR

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 table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

CFR	31 March 2022 Actual £'000	31 March 2023 Actual £'000
Borrowing	10,000	10,000
Investments	(34,615)	(27,000)
<b>Net Position</b>	<b>(24,615)</b>	<b>(17,000)</b>
<b>Closing CFR</b>	<b>42,779</b>	<b>50,391</b>

### Actual financing costs as a proportion of net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream (Council Tax and Government Grant).

	2022/2023 £'000
Authorised limit	71,000
Maximum gross borrowing position during the year	10,000
Operational boundary	66,000
Average gross borrowing position	10,000
Financing costs as a proportion of net revenue stream	0.78%

TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2021/2022 £'000	2022/2023 £'000
<b>Authorised limit for external debt -</b>		
Borrowing	77,000	71,000
<b>Operational boundary for external debt -</b>		
Borrowing	72,000	66,000
<b>Upper limit for fixed interest rate exposure</b>		
Net principal re fixed rate borrowing /investments	77,000	71,000
<b>Upper limit for variable rate exposure</b>		
Net principal re variable rate borrowing / investments	30,800	28,400

Maturity structure of fixed rate borrowing during 2022/2023	upper limit	lower limit	Actual
under 12 months	100%	0%	0%
12 months and within 24 months	100%	0%	0%
24 months and within 5 years	100%	0%	0%
5 years and within 10 years	100%	0%	0%
10 years and above	100%	0%	100%

REPORT TO:	<b>AUDIT COMMITTEE</b>		
DATE:	18 September 2023		
TITLE:	<b>QUARTER 1 TREASURY REPORT 2023/24</b>		
TYPE OF REPORT:	Review		
PORTFOLIO(S):	Cllr Chris Morley E-mail: <a href="mailto:cllr.chris.morley@west-norfolk.gov.uk">cllr.chris.morley@west-norfolk.gov.uk</a>		
REPORT AUTHOR:	Carl Holland E-mail: <a href="mailto:carl.holland@west-norfolk.gov.uk">carl.holland@west-norfolk.gov.uk</a> Direct Dial: 01553 616549		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

**Date of meeting: 18 September 2023**

**QUARTER ONE TREASURY REPORT 2023/2024**

**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 quarterly Review Report.

The Quarterly 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 three months of 2023/24.

**Additional Supporting Information**

Appendix 1 – Economic Update

Appendix 2 – Interest Rate forecasts

Appendix 3 – Prudential and Treasury Indications for 2023-24

Appendix 4 – Investment Portfolio

Appendix 5 – Approved countries for investment

**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 Quarterly Review Report.

## **1. The Treasury Management Quarterly Review 2023/24**

**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 2021).

**1.2** The primary requirements of the Code are as follows:

- a) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- b) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- c) 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.
- d) 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.
- e) 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 quarterly 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 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of any debt rescheduling undertaken during 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

## **2. Economic Update**

**2.1** Appendix 1 details the economic outlook from the Council Treasury Management Advisers. Some comments to note include:-

**2.1.1** The Bank of England continues to combat inflation though Base Rate hikes. Core inflation continues to be higher than the BoE target rate of 2%, but the rate of inflation is slowing. CPI inflation fell from 10.1% to 8.7% in April, before remaining at 8.7% in May. Core CPI inflation (CPI inflation with volatile elements removed – food & fuel) rose in both April and May, reaching a new 31-year high of 7.1%. A key assumption is that inflation will drop to the 2.0% target only if the Bank triggers a recession by raising rates to at least 5.5% and keeps rates there until at least mid-2024.

**2.1.2** As at 26 June 2023 Link are forecasting that the Bank rate won't drop to below 3% until Sept 2025, compared to their forecast as at 27 March 2023 when they forecast that it would be March 2025".

### **3. Annual Investment Strategy**

**3.1** The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 7 February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- a) Security of capital
- b) Liquidity
- c) Yield

**3.2** The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit 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.

**3.3** As shown by the interest rate forecasts in Appendix 2, investment rates have improved dramatically during the first quarter of 2023/24 and are expected to improve further as the Bank Rate continues to increase over the next few months.

#### **3.4 Creditworthiness**

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

#### **3.5 Investment counterparty criteria**

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

#### **3.6 Investment balances**

The average level of funds available for investment purposes during the quarter was £23.6m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The funds in investment as at 30 June 2023 are shown in Appendix 4, whilst appendix 5 shows the Countries approved for investment with at that time based on credit ratings.

**3.7** The annual budgeted return on investment for 2023/24 is £1,013,880 (£253,470 to quarter 1). The performance for return on investments is £38,304 below budget at £215,166 against the forecast budget of £253,470), this is a reflection on the value invested.

#### **3.8 Approved limits**

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30<sup>th</sup> June 2023.

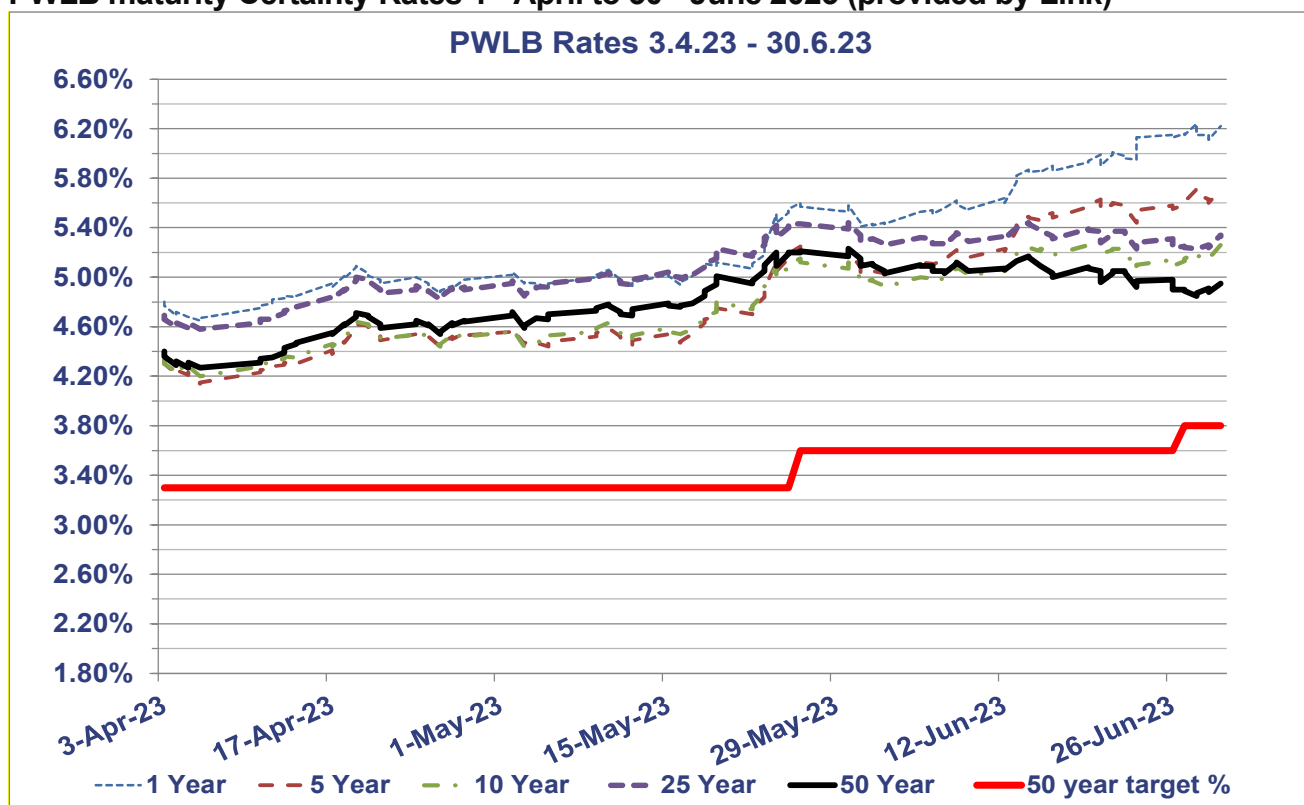
## 4. Borrowing

4.1 No additional borrowing was undertaken during the quarter ended 30<sup>th</sup> June 2023.

4.2 The Public Works Loan Board PWLB lending facility is operated by the UK Debt Management Office (DMO) on behalf of HM Treasury. The facility provides loans to local authorities, and other specified bodies, from the National Loans Fund, operating within a policy framework set by HM Treasury.

4.3 The 50-year PWLB Certainty Rate target for new long-term borrowing started 2023/24 at 3.30% before increasing to a peak of 3.80% in June. As can be seen, with rates elevated across the whole of the curve, it is advised to not borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.

**PWLB maturity Certainty Rates 1<sup>st</sup> April to 30<sup>th</sup> June 2023 (provided by Link)**



## 5. Debt rescheduling

5.1 Debt rescheduling opportunities are not required on the Council's current loan of £10m at 3.81%. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.

## **6. Compliance with Treasury and Prudential Limits**

- 6.1** The Prudential and Treasury Management Indicators are shown in Appendix 3. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30<sup>th</sup> June 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The Assistant Director Resources reports that the Capital programme is reviewed monthly for material variation. Monitoring is currently focussed on reprofiling the budget 2023/2024 and forecast spend for the year and subsequent years likely to smooth to more consistent level across each year. This will be reflected in the "Quarter 2 – Treasury Monitoring Report". As a result, no difficulties are envisaged for the current or future years in complying with the prudential indicators.



## Appendix 1 Economic Update

The Following is provided by the Council's Treasury Advisers, The Link Group as at end of quarter 1 2023/2024.

### The Economy and Interest Rates UK Economy

The first quarter of 2023/24 saw:

- A 0.2% m/m rise in real GDP in April, partly due to fewer strikes;
- CPI inflation falling from 10.1% to 8.7% in April, before remaining at 8.7% in May. This was the highest reading in the G7;
- Core CPI inflation rise in both April and May, reaching a new 31-year high of 7.1%;
- A tighter labour market in April, as the 3myy growth of average earnings rose from 6.1% to 6.5%;
- Interest rates rise by a further 75bps over the quarter, taking Bank Rate from 4.25% to 5.00%;
- 10-year gilt yields nearing the "mini-Budget" peaks, as inflation surprised to the upside.

The economy has weathered the drag from higher inflation better than was widely expected. The 0.2% m/m rise in real GDP in April, following March's 0.3% m/m contraction will further raise hopes that the economy will escape a recession this year. Some of the strength in April was due to fewer strikes by train workers and teachers in that month. Moreover, some of the falls in activity in other areas in April were probably temporary too. Strikes by junior doctors and civil servants contributed to the fall in health output (0.9% m/m) and the meagre 0.1% m/m increase in public administration.

The fall in the composite Purchasing Managers Index (PMI) from 54.0 in May to a three-month low of 52.8 in June (>50 points to expansion in the economy, <50 points to contraction) was worse than the consensus forecast of 53.6. Both the services and manufacturing PMIs fell. The decline in the services PMI was bigger (from 55.2 to 53.7), but it remains consistent with services activity expanding by an annualised 2%. The fall in the manufacturing PMI was smaller (from 47.1 to 46.2), but it is consistent with the annual rate of manufacturing output falling from -0.8% in April to around -5.0%. At face value, the composite PMI points to the 0.1% q/q rise in GDP in Q1 2023 being followed by a 0.2% q/q gain in Q2 2023.

Meanwhile, the 0.3% m/m rise in retail sales volumes in May was far better than the consensus forecast of a 0.2% m/m decline and followed the robust 0.5% m/m rise in April. Some of the rise was due to the warmer weather. Indeed, the largest move was a 2.7% m/m jump in non-store sales, due to people stocking up on outdoor-related goods. But department stores also managed to squeeze out a 0.6% m/m rise in sales and the household goods sub-sector enjoyed a reasonable performance too. Overall, the figures were far better than analysts had expected. In addition, the GfK measure of consumer confidence rebounded from -27 to a 17-month high of -24 in June.

The recent resilience of the economy has been due to a confluence of factors including the continued rebound in activity after the pandemic, households spending some of their pandemic savings, and the tight labour market and government handouts both

supporting household incomes. That said, as government support fades, real household incomes are unlikely to grow rapidly. Furthermore, higher interest rates will mean GDP is likely to contract later this year. Our central assumption is that inflation will drop to the 2.0% target only if the Bank triggers a recession by raising rates from 5.00% now to at least 5.5% and keeps rates there until at least mid-2024. Our colleagues at Capital Economics estimate that around 60% of the drag on real activity from the rise in rates has yet to bite, and the drag on the quarterly rate of real GDP growth over the next year may be about 0.2ppts bigger than over the past year.

The labour market became tighter over the quarter and wage growth reaccelerated. Labour demand was stronger than the consensus had expected. The three-month change in employment rose from +182,000 in March to +250,000 in April. Meanwhile, labour supply continued to recover as the size of the labour force grew by 303,000 in the three months to April. That was supported by a further 140,000 decline in inactivity as people returned to work from retirement and caring responsibilities (while inactivity due to long-term sick continued to rise). But it was not enough to offset the big rise in employment, which meant the unemployment rate fell from 3.9% to 3.8%

The tighter labour market supported wage growth in April, although the 9.7% rise in the National Living Wage on 1st April (compared to the 6.6% increase in April last year) probably had a lot to do with it too. The 3myy rate of average earnings growth reaccelerated from 6.1% to 6.5% (consensus 6.1%) and UK wage growth remains much faster than in the US and the Euro-zone. In addition, regular private sector wage growth increased from 7.1% 3myy to 7.6%, which left it well above the Bank's forecast for it to fall below 7.0%. Overall, the loosening in the labour market appears to have stalled in April and regular private sector wage growth was well above the Bank's forecast.

CPI inflation stayed at 8.7% in May (consensus 8.4%) and, perhaps more worryingly, core CPI inflation rose again, from 6.8% to a new 31-year high of 7.1%. The rise in core inflation built on the leap from 6.2% in March to 6.8% and means it is accelerating in the UK while it is slowing in the US and the Euro-zone (both fell to 5.3%). A further decline in fuel inflation, from -8.9% to -13.1%, and the second fall in food inflation in as many months, from 19.3% to 18.7%, explained why overall CPI inflation didn't rise. And the scheduled fall in the average annual utility price from £2,500 to £2,074 on 1st July means overall CPI inflation will probably ease in the coming months. But the problem is that the recent surge in core inflation and the reacceleration in wage growth shows that domestic inflationary pressures are still strengthening.

This suggests the Bank may have more work to do than the Fed or ECB. Indeed, the Bank of England sounded somewhat hawkish in the June meeting. This came through most in the MPC's decision to step up the pace of hiking from the 25bps at the previous two meetings. The 7-2 vote, with only two members voting to leave rates unchanged at 4.50%, revealed support for stepping up the fight against high inflation.

That said, the Bank has not committed to raising rates again or suggested that 50bps rises are now the norm. What it did say was that "the scale of the recent upside surprises in official estimates of wage growth and services CPI inflation suggested a 0.5 percentage point increase in interest rates was required at this particular meeting". Moreover, the Committee did not strengthen its forward guidance that any further rate hikes would be conditional on the data. However, it looks highly probable, given the on-going strength of inflation and employment data, that the Bank will need to raise rates to at least 5.5% and to keep rates at their peak until the mid-point of 2024. We

still think it is only a matter of time before the rise in rates weakens the economy sufficiently to push it into recession. That is why instead of rising to between 6.00%-6.25%, as is currently priced in by markets, we think rates are more likely to peak between 5.50-6.00%. Our forecast is also for rates to be cut in the second half of 2024, and we expect rates to then fall further than markets are pricing in.

Growing evidence that UK price pressures are becoming increasingly domestically generated has driven up market interest rate expectations and at one point pushed the 10-year gilt yield up to 4.49% in late June, very close to its peak seen after the “mini-budget”. Yields have since fallen slightly back to 4.38%. But growing expectations that rates in the UK will remain higher for longer than in the US mean they are still more than 70 bps above US yields. While higher interest rates are priced into the markets, the likely dent to the real economy from the high level of interest rates is not. That’s why we think there is scope for market rate expectations to fall back in 2024 and why we expect the 10-year PWLB Certainty Rate to drop back from c5.20% to 5.00% by the end of this year and to 4.20% by the end of 2024.

The pound strengthened from \$1.24 at the start of April to a one-year high at \$1.26 in early May, which was partly due to the risks from the global banking issues being seen as a bigger problem for the US than the UK. The pound then fell back to \$1.23 at the end of May, before rising again to \$1.28 in the middle of June as the strong core CPI inflation data released in June suggested the Bank of England was going to have to raise rates more than the Fed or ECB in order to tame domestic inflation. However, sterling’s strong run may falter because more hikes in the near term to combat high inflation are likely to weaken growth (and, hopefully, at some point inflation too) to such a degree that the policy rate will probably be brought back down, potentially quite quickly, as the economic cycle trends downwards decisively. This suggests that additional rate hikes are unlikely to do much to boost the pound.

In early April, investors turned more optimistic about global GDP growth, pushing up UK equity prices. But this period of optimism appears to have been short-lived. The FTSE 100 has fallen by 4.8% since 21<sup>st</sup> April, from around 7,914 to 7,553, reversing part of the 7.9% rise since 17<sup>th</sup> March. Despite the recent resilience of economic activity, expectations for equity earnings have become a bit more downbeat. Nonetheless, further down the track, more rate cuts than markets anticipate should help the FTSE 100 rally.

### **MPC meetings 11<sup>th</sup> May and 22<sup>nd</sup> June 2023**

On 11<sup>th</sup> May, the Bank of England’s Monetary Policy Committee (MPC) increased Bank Rate by 25 basis points to 4.50%, and on 22<sup>nd</sup> June moved rates up a further 50 basis points to 5.00%. Both increases reflected a split vote – seven members voting for an increase and two for none.

Nonetheless, with UK inflation significantly higher than in other G7 countries, the MPC will have a difficult task in convincing investors that they will be able to dampen inflation pressures anytime soon. Talk of the Bank’s inflation models being “broken” is perhaps another reason why gilt investors are demanding a premium relative to US and Euro-zone bonds, for example.

Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has already hiked short-term rates to a range of 5.00%-5.25%, but a further increase is pencilled in for July, whilst the ECB looks likely to raise its Deposit rate at least once more to a peak of 3.75%, with upside risk.

## Appendix 2 : Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. Link have provided the following analysis.

### Interest rate forecasts

The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

The latest forecast, made on 26<sup>th</sup> June, 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, against a backdrop of a stubbornly robust economy and a tight labour market.

You will note that our forecasts have steadily increased during the quarter as the data continued to spring upside surprises, and the Bank of England continued to underestimate how prevalent inflation is, and how tight the labour market is. The Government has also noted that despite immigration increasing markedly, high levels of ill-health amongst the workforce has led to wage demands remaining strong until such time as there is a loosening in demand for business services.

Our current and previous PWLB rate forecasts below are based on the Certainty Rate.

Link Group Interest Rate View		26.06.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
<b>BANK RATE</b>	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

Link Group Interest Rate View		24.05.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
<b>BANK RATE</b>	4.75	5.00	5.00	4.75	4.50	4.00	3.50	3.25	2.75	2.50	2.50	2.50	2.50
3 month ave earnings	4.80	5.00	5.00	4.80	4.50	4.00	3.50	3.30	2.80	2.50	2.50	2.50	2.50
6 month ave earnings	5.10	5.20	5.10	4.90	4.50	3.90	3.40	3.20	2.90	2.60	2.60	2.60	2.60
12 month ave earnings	5.40	5.40	5.30	5.00	4.50	3.90	3.40	3.20	2.90	2.70	2.70	2.70	2.70
5 yr PWLB	5.00	5.00	5.00	4.80	4.50	4.10	3.70	3.50	3.30	3.20	3.20	3.10	3.10
10 yr PWLB	5.00	5.00	5.00	4.80	4.40	4.10	3.80	3.60	3.50	3.40	3.30	3.30	3.30
25 yr PWLB	5.30	5.30	5.20	5.10	4.80	4.50	4.20	4.00	3.80	3.70	3.60	3.60	3.60
50 yr PWLB	5.10	5.10	5.00	4.90	4.60	4.30	4.00	3.80	3.60	3.50	3.40	3.40	3.40

LIBOR and LIBID rates ceased at the end of 2021. In a continuation of previous views, money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

### Appendix 3 : Prudential and Treasury Indicators for 2023-24 as of 30<sup>th</sup> June 2023

Treasury Indicators	2023/24 Budget £'000	30 June 2023/24 £'000
Authorised limit for external debt	86,000	10,000
Operational boundary for external debt	81,000	10,000
Gross external debt	10,000	10,000
Investments		(16,450)
Net borrowing / (Investment)		<b>(6,450)</b>

Maturity structure of fixed rate borrowing - upper and lower limits	2023/24 Budget £'000	2023/24 Estimate £'000
Under 12 months	0	0
12 months to 50 years	0	0
50 years +	10,000	10,000

Upper limit for principal sums invested over 365 days (Per annum)	12,000	4,000
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Prudential Indicators	2023/24 Budget £'000	Budget to 30/06/2023	30.06.23 Actual £'000
Capital expenditure (approved by council February 2023)	59,870	15,000	5,038

Capital Expenditure is monitored monthly and reported in the quarterly budget monitoring report. The spend to date indicates a need to review the spending profile for the current. This will take place and be updated for Quarter 2 reporting.

<b>Net Borrowing and CFR</b>	<b>31/03/2023 Actual £m</b>	<b>Original Budget £m</b>
<b>Borrowing</b>	10.000	10.000
<b>Investments</b>	(27.113)	(16.450)
Net Position	<b>(17.113)</b>	<b>(6.450)</b>
<b>Capital Financing Requirement</b>	50.391	69.259

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, except in the short term, exceed the CFR. The Council has complied with this prudential indicator.

<b>Prudential Indicators</b>	<b>2023/24 Original Budget February 2023 £'000</b>	<b>2023/2024 Revised Estimate £'000</b>	<b>Notes</b>
<b>In year borrowing requirement</b>	43,483	40,297	1
<b>Ratio of financing costs to net revenue stream *</b>	-0.05%	-0.05%	2

Notes

1. The quarter 1 internal borrowing figure is lower than budgeted reflecting the Capital programme budget as reported to Cabinet 1 August 2023. As a result internal borrowing remains with affordable limits as per the Capital Financing Requirement.
2. Ratio of financing costs to net revenue stream is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet net borrowing costs. It remains at a low position, following only a minor change (£20k) to Capital budget in the Quarter 1 budget monitoring report.

## Appendix 4 : Investment Portfolio

Investments held as of 30<sup>th</sup> June 2023:

<b>Treasury Investments</b>	<b>Principal</b>	<b>Start Date</b>	<b>End Date</b>	<b>Rate %</b>
Aberdeen Liquidity – Money Market Fund	£1,650,000	n/a	n/a	4.790
Handelsbanken	£4,000,000	n/a	n/a	4.150
HSBC Sterling – Money Market Fund	£2,800,000	n/a	n/a	4.800
<b>Total Liquid Accounts</b>	<b>£8,450,000</b>			
Lancashire County Council	£4,000,000	31/08/2022	30/08/2023	2.100
Landesbank Hessen-Thueringen Girozentrale (Heleba)	£4,000,000	23/06/2023	07/07/2023	4.920
<b>Total Fixed Term Investments</b>	<b>£8,000,000</b>			
<b>Total Treasury Investments</b>	<b>£16,450,000</b>			

## Appendix 5 : Approved countries for investments as of 30<sup>th</sup> June 2023

### *Based on lowest available rating*

#### AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

#### AA+

- Canada
- Finland
- U.S.A.

#### AA

- Abu Dhabi (UAE)

#### AA-

- Belgium
- France (downgraded by Fitch on 9<sup>th</sup> May 2023)
- Qatar
- **U.K.**





# **The Budget 2023/2024**

Monitoring Report

30 June 2023

Michelle Drewery  
Assistant Director Resources  
Section 151 Officer

## The Budget 2023/2024

### Monitoring Report – 30 June 2023 – Period 3

#### Summary

The budget for 2023/2024 was presented to Cabinet on 8th February 2023 and approved by Council on 23rd February 2023 in accordance with the process for approving the financial plan 2022/2027.

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. The risk from inflationary factors is being monitored in terms of 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 2023/2024.

The council is currently estimating a contribution from the General Fund Reserves of £2,437,599, an favourable movement of £203,921 against a budgeted transfer of £2,641,520 increasing the estimated balance as at 31<sup>st</sup> March 2024 to £9,848,480.

	<b>Original Budget 2023/24</b> £	<b>Forecast 30 June 2023</b> £	<b>Variance Pd3</b> £
Borough Spend	24,929,220	24,930,750	<b>1,530</b>
Financing	(22,287,700)	(22,493,151)	<b>(205,451)</b>
Contributions to/(from) General Fund Balance	<b>(2,641,520)</b>	<b>(2,437,599)</b>	<b>203,921</b>

The Capital Programme 2022/2027 was updated at Council on 23<sup>rd</sup> February 2023. The current spend is £4,983,766 against a revised budget of £66,691,310. 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 2023/2024 budget, incorporating key financial risks, issues, and opportunities since 1 April 2023 for revenue and capital. The year-end forecasts are based on actual income and expenditure from 1 April 2023 to 30 June 2023.

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
- Age Debtors Analysis – Section 5 and Appendix C
- Council Tax and Business Rates Collection– Section 6
- Treasury – Section 7

## 2. Revenue Budget 2023/2024

### 2.1 Budget Summary

2.2 A summary of the budget position as of 30 June 2023 is shown below. A summary is shown in Appendix A of the movements.

	P3 Forecast Outturn Position		
P3 Forecast Outturn Position	Budget Agreed by Council 23 February 2023	Budgetary Control Monitoring Report June 2023/2024	Report Variance (Budget to June 2023)
Service	£	£	£
Central Services	3,439,690	3,474,690	35,000
Health Wellbeing and Public Protection	817,860	812,830	(5,030)
Programme and Project Delivery	(448,360)	(412,970)	35,390
Legal	668,300	504,700	(163,600)
Environment and Planning	1,856,770	1,868,800	12,030
Operations and Commercial	2,933,510	2,950,130	16,620
Property and Projects	(839,850)	(826,360)	13,490
Regeneration Housing & Place	912,730	911,030	(1,700)
Resources	8,829,610	8,888,940	59,330
Chief Executive	162,720	162,720	0
Leisure and Community Facilities	2,005,440	2,005,440	0
Financing Adjustment	1,343,670	1,343,670	0
Internal Drainage Boards	3,247,130	3,247,130	0
<b>Borough Spend</b>	<b>24,929,220</b>	<b>24,930,750</b>	<b>1,530</b>

<b>P3 Forecast Outturn Position</b>	<b>Budget Agreed by Council 23 February 2023</b>	<b>Budgetary Control Monitoring Report June 2023/2024</b>	<b>Report Variance (Budget to June 2023)</b>
Contributions to/(from) General Fund Balance	(2,641,520)	(2,437,599)	203,921
<b>Borough Requirement</b>	<b>22,287,700</b>	<b>22,493,151</b>	<b>205,451</b>
Revenue Support Grant	(952,100)	(952,100)	0
Rural Service Delivery Grant	(542,830)	(542,830)	0
New Homes Bonus	(14,560)	(14,560)	0
Other Government Grants	(1,086,880)	(1,292,331)	(205,451)
Business Rates	(12,068,520)	(12,068,520)	0
Council Tax	(7,622,810)	(7,622,810)	0
<b>Total Funding</b>	<b>(22,287,700)</b>	<b>(22,493,151)</b>	<b>(205,451)</b>
<b>Funding Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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 2023/2024 are (£1,000,000). At this point in the financial year, it is difficult to give an update on the impact of the pay award. See comment below in paragraph 2.4.1.

### 2.4 Opportunities/Risks

- 2.4.1** Proposals for this year's cost-of-living pay award are to be reported to cabinet on 1 August 2023 followed by Council on 24 August for consideration. If approved pay will be backdated to April 2023.
- 2.4.2** The impact of inflation on utilities and fuel continues to be monitored. The price per litre of vehicle fuel has decreased during quarter 1, and heightened monitoring is with service managers to assess the impact of inflation and seasonal variations on vehicle budgets.
- 2.4.3** The impact of increased interest rates and the cost-of-living crisis creates an environment of continuing uncertainty. This may affect service demand for supporting the vulnerable in services such as Housing Strategy and Lily. Cost for supplies of utilities and other property running costs may see increased costs. Income may also be impacted from changes in demand for town and country planning related services. Monitoring in collaboration with service managers continues in order to assess the impact.
- 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, this continues to be monitored.

## 2.5 Grants

Additional grant funded has been distributed from DLUHC for Internal Drainage Board levies to help the increase in IDB levies due to the unprecedented rising in energy costs. £205,451 has been paid to King's Lynn and West Norfolk as a one-off recognition of the difficult circumstances affecting local authorities.

## 3. Capital

3.1 The Capital Programme 2023/2024 original budget of £59,869,790 was approved at Council on 23 February 2023. The 2022/2023 outturn report to Cabinet on 2 August 2023 proposed rephrasing and amendments to budget of £6,801,520, resulting in a revised budget of £66,671,310. The below table reports the revised budget for 2023/2024 and actual spend.

### 3.2 Capital Budget and Spend 2023/2024

Capital Expenditure	2023/2024 Budget (Cabinet 1st August 2023)	June Budget Movement	Revised Budget Jun 2023/2024	Actual as at 30th June 2023	Spend Percentage
	£	£	£	£	%
Major Projects	51,129,190	20,000	51,149,190	3,607,807	7%
Community and Partnerships	2,324,130	0	2,324,130	524,590	23%
Resources	396,710	0	396,710	13,724	3%
Programme and Projects	200,000	0	200,000		0%
Property and Projects	308,500	0	308,500	0	0%
Operational and Commercial Services	2,835,080	0	2,835,080	281,242	10%
Leisure and Community Facilities	1,176,180	0	1,176,180	556,421	47%
<b>Total Excluding Exempt</b>	<b>58,369,790</b>	<b>20,000</b>	<b>58,389,790</b>	<b>4,983,786</b>	<b>8%</b>
Exempt Schemes	8,301,520	0	8,301,520	0	1%
<b>Total Including Exempt</b>	<b>66,671,310</b>	<b>20,000</b>	<b>66,691,310</b>	<b>4,983,786</b>	<b>7%</b>

### 3.3. Notes to Capital Budget Revisions and Movement table.

£20,000 has been added to the capital programme for Baxter's Plain Public Realm Feasibility Study. The project cost is £40,000, £20,000 of which is already included in the programme and funded from

the UK Shard Prosperity Fund, the additional £20,000 is fully funded by grants, £10,000 from Norfolk County Council and £10,000 from the Business Rates Pool.

#### 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.
- To set aside funding for anticipated investment or projects
- 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 2023, the budget set out an estimated contribution from the General Fund Reserve of £2,641,520. The position is now a contribution from reserves of £2,437,599 because of the changes set out in this report. The revised impact on balances is detailed in the table below.

<b>Projected Movements in General Fund Balances</b>	<b>2022/2023 £</b>
<b>Balance brought forward 1 April 2023</b>	<b>9,644,559</b>
Estimated contribution to/(from) Balances	203,921
<b>Projected General Fund Balance 31 March 2024</b>	<b>9,848,480</b>

4.3 The projected balance for 2023/2024 remains above the minimum level of £1,114,390 required of the Council. However, it should be noted that the audit for the financial statements of 2019/2020, 2020/2021 and 2021/2022 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 1 August 2023. The Policy on Earmarked Reserves and General Fund Working Balance was considered and approved by Cabinet at its meeting of 7 February 2023.

<b>Reserves</b>	<b>Opening balance 1 April 2023</b>	<b>Budgeted movements To/(From) Revenue</b>	<b>Capital Transfers</b>	<b>In year movements To/(From) Revenue</b>	<b>Note</b>	<b>Forecast Outturn Balance 31 March 2024</b>
<b>Ring Fenced Reserves</b>						
Amenity Areas	(35,934)			0		(35,934)

Reserves	Opening balance 1 April 2023	Budgeted movements To/(From) Revenue	Capital Transfers	In year movements To/(From) Revenue	Note	Forecast Outturn Balance 31 March 2024
Capital Programme Resources	(797,195)	520	120,000	0		(676,675)
Collection Fund Adjustment Reserve	(6,552,387)	41,460		0		(6,510,927)
Grants Reserves	(2,582,908)			9,500	1	(2,573,408)
Holding Accounts	(80,801)			(36,296)	2	(117,097)
Other	(128,688)	(90,000)		0		(218,688)
Planning Reserves	(417,332)	(235,940)		0		(653,272)
Repairs and Renewal Reserves	(562,242)	(1,200)		0		(563,442)
Ring Fenced Reserves	(3,884,531)	(2,047,420)		(2,930)	3	(5,934,881)
Educational Skills Attainment	(677,445)	227,500		0		(449,945)
<b>Sub Total</b>	<b>(15,719,463)</b>	<b>(2,105,080)</b>	<b>120,000</b>	<b>(29,726)</b>		<b>(17,734,269)</b>
<b>Risk Management</b>						
Capital Programme	(71,324)			0		(71,324)
Holding Accounts	(109,616)			0		(109,616)
Insurance	(201,570)			0		(201,570)
Planning Reserves	(25,410)			0		(25,410)
Ring Fenced Reserves	(50,000)			0		(50,000)
<b>Sub Total</b>	<b>(457,920)</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(457,920)</b>
<b>Service Delivery</b>						
Capital Programme Resources	(4,627,939)	232,480	1,641,390	5,000	4	(2,749,069)
Climate Change Strategy	(1,094,789)	272,000		0		(822,789)
Grants Reserves	(1,979,448)	(10,000)	1,546,000	0		(443,448)
Holding Accounts	(2,737,490)	(10,000)		11,000	5	(2,736,490)
Ukrainian Community Support	(7,000)			0		(7,000)
Planning Reserves	(0)	36,180		0		36,180
Project Reserves	(4,308,839)		229,000	65,000	6	(4,014,839)
Repairs and Renewal Reserves	(1,272,411)	(13,680)	1,069,550	30,000	7	(186,541)
Restructuring Reserve	(300,000)			0		(300,000)
Ring Fenced Reserves	(301,057)			0		(301,057)
<b>Sub Total</b>	<b>(16,628,974)</b>	<b>506,980</b>	<b>4,485,940</b>	<b>111,000</b>		<b>(11,525,054)</b>
<b>Grand Total</b>	<b>(32,806,357)</b>	<b>(1,598,100)</b>	<b>4,605,940</b>	<b>81,274</b>		<b>(29,717,243)</b>

**4.6** The table shows various movements to the reserves in year. These are explained as follows:

**Budgeted Movements to/from reserves total £1,598,100** – this is where there are approved revenue budgets which either contribute funds to reserves for future drawdown for specific purposes which could include projects in the capital programme or drawdown reserve funding to contribute to revenue budgets for certain purposes such as election costs every four years

**Capital transfers total £4,605,049** – This is where funds have been transferred to capital projects in year.

**In year movements to/from revenue total £81,274** – these are movements to and from reserves which were not budgeted for. Further explanation is provided in the following notes (as referenced in the above table):

**Note 1** Grants Reserve – £9,500 contribution from New Burdens grant for Council Tax Digital Applications Software renewal

**Note 2** Holding Account – The balance from Discovery Funding, £36,296 to be ringfenced towards Norfolk Community Foundation grant scheme.

**Note 3** Ring Fenced Grants - £2,930 adjustment to Community Infrastructure Levy reserve in order to balance to zero. Budget correction identified as part of year-end closedown 2022/2023.

### **Service Delivery**

**Note 4** Capital Programme - £5,000 drawdown from reserves for expanding the Breckland CCTV. Once expanded the existing revenue budget can accommodate the additional monitoring.

**Note 5** Holding Accounts - £11,000 drawdown from reserves for training identified for delivery in 2023/2024

**Note 6** Project Reserves - £45,000 drawdown for defibrillator scheme, £20,000 for Hunstanton Advisory Group agreed previously with Cabinet.

**Note 7** Repairs and Renewals - £30,000 drawdown from Resort reserve for repairs to crazy golf and putting pavilions, following condition review, reflecting weathering over the inclement months.

## **5. Age Debt Analysis**

**5.1** The effective management and collection of debt is an essential contributor to the councils' financial resources. Debt recovery levels previously been at from uncertainty created under the Pandemic and continue to be at risk of uncertainty from inflation. Current monitoring is not indicating a material impact on debts in arrears.

**5.2** The following information can be found in Appendix C

- Age debt comparison for 2022-23 to 2023-24 as at 30 June 2023
- Housing Benefit Recovery Payments

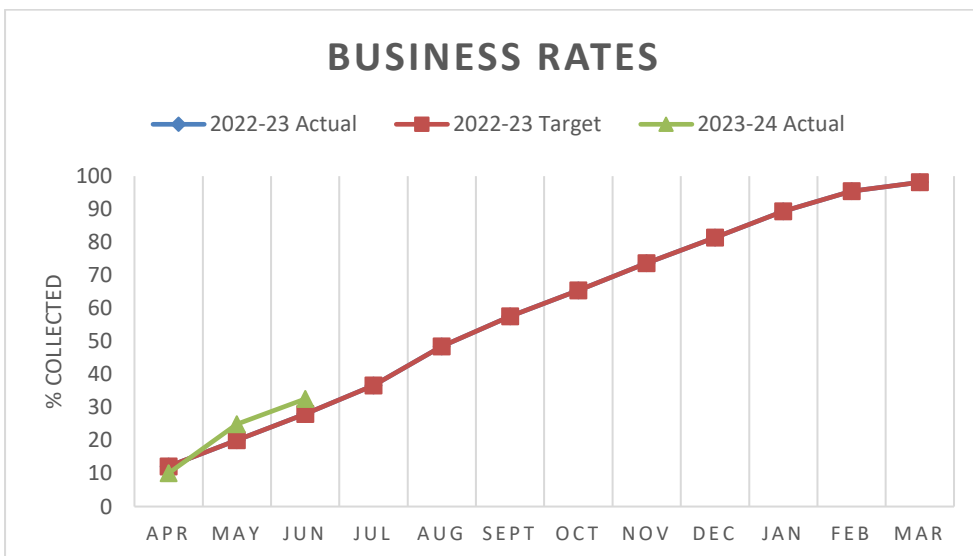
## **6. Council Tax and Business Rates**

**6.1** As of 30 June 2023 28.97% of council tax has been collected against the target of 28.52% which was the percentage the same time last year. See Chart below with comparison.



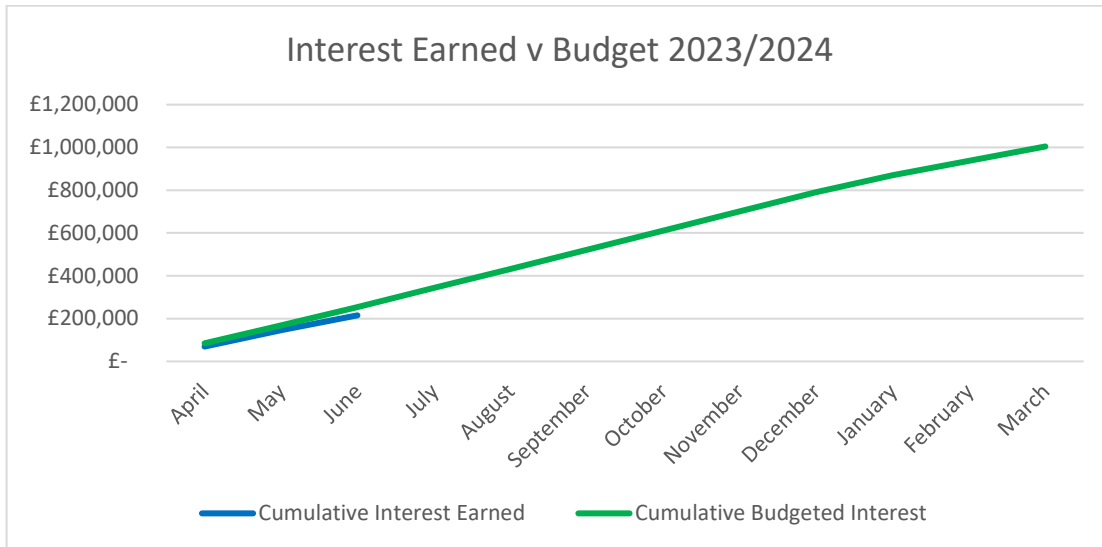


**6.2** 32.56% of business rates has been collected against the target of 28.06%, which was the percentage the same time last year. See chart below with comparison.

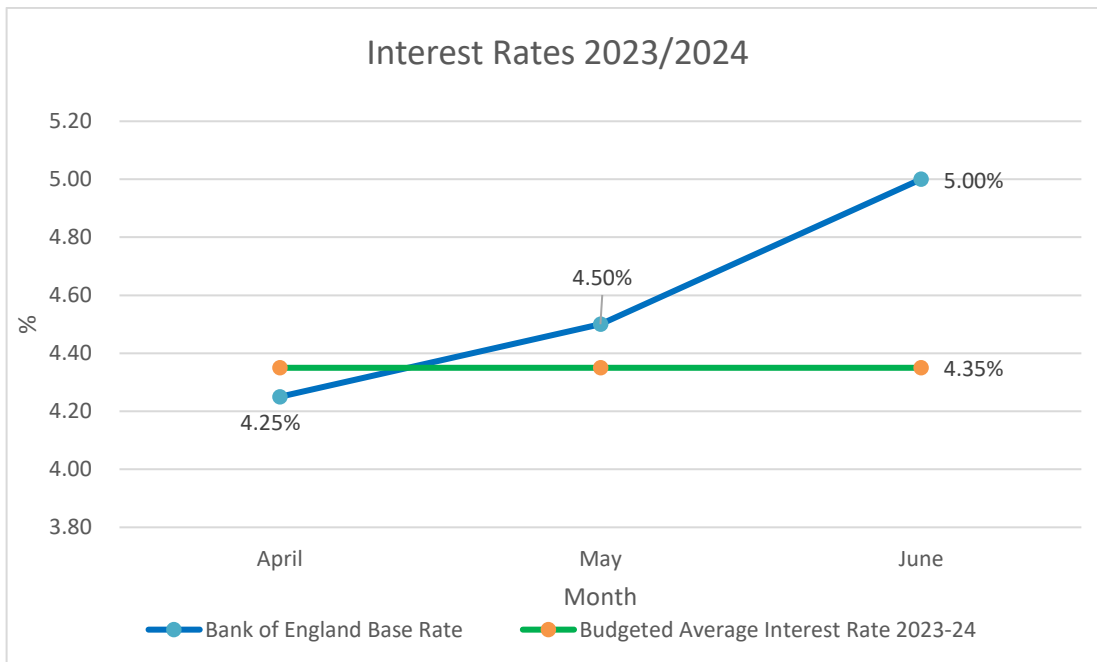


## 7. Treasury Management 2023/2024

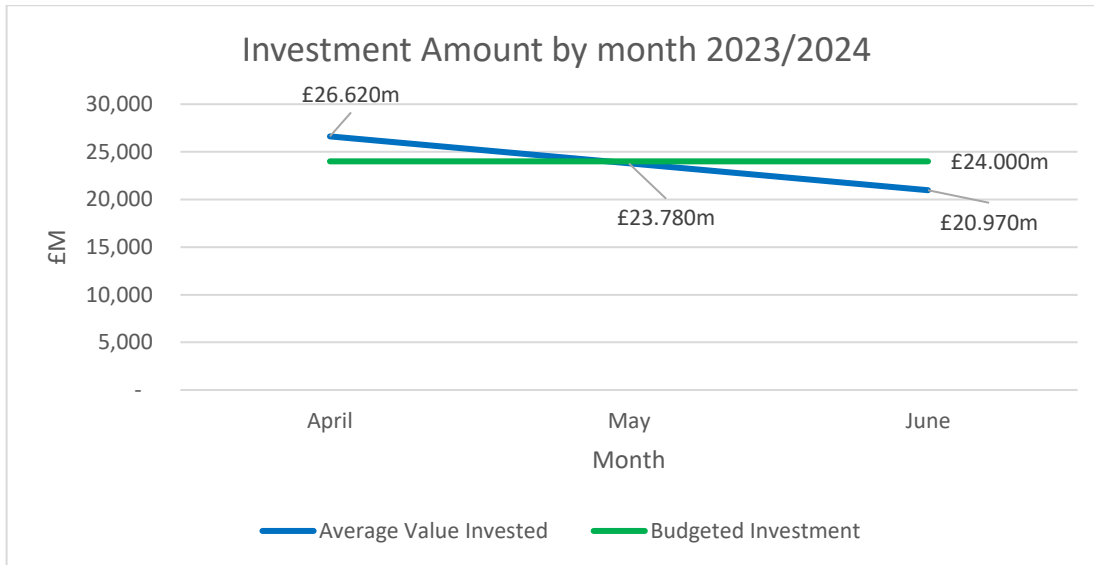
- 7.1** The “Treasury Management Strategy Statement and Annual Investment Strategy 2023/2024” was approved by Council on 7 February 2023. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.
- 7.2** The first graph below compares the cumulative interest earned each month to the forecast budgeted interest for the period. The performance for return on cash investments is below budget (£215,166 against the forecast budget of £253,470) but this is a reflection on the value invested.



The following graph shows the bank interest rates for April 2023 to June 2023 which vary from our estimated budget interest rates. As these have increased more than original anticipated due to the current economic crisis.



The following graph shows the level of funds invested each month against the budgeted investment of £24m:



Whilst the above graph shows the average amount invested during the month of June was £20.97m, the closing balance at 30 June was £16.45m which generated an average interest rate return of 3.94%

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

### Prudential Indicators

Indicator	Original Limit 2023/2024	Actual Borrowing 30 June 2023
Operational Boundary (Limit of borrowing)	£86m	£10m
Short-term and variable rates borrowing limits	40%	0%

### Loans

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

### Investments

Institution	Principal £	Rate %
Aberdeen Standard - MMF	1,650,000	4.790%
HSBC Sterling – MMF	2,800,000	4.800%
<b>Total Money Market Fund Investment</b>	<b>4,450,000</b>	
Handelsbanken	4,000,000	1.150%
Landesbank Hessen-Thuringen Girozentrale (Heleba)	4,000,000	4.920%
Lancashire County Council	4,000,000	2.100%
<b>Total Other Investments</b>	<b>12,000,000</b>	
<b>Overall Investments</b>	<b>16,450,000</b>	

## 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 June 2023

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
<b>Central Services – deficit £35,000</b>				
Corporate Communications - Cabinet Report approved additional budget for expertise /advice August 2021 omitted from budget estimates		35,000		Yes
<b>Total</b>	-	<b>35,000</b>	<b>35,000</b>	
<b>Health, Wellbeing and Public Protection – deficit £2,170</b>				
Budget for revenue element of the Financial Assistance Scheme has been increased to £15k.		2,170		Yes
<b>Total</b>	-	<b>2,170</b>	<b>2,170</b>	
<b>Programme and Project Delivery – deficit £35,390</b>				
Remove expenditure budgets allocated against West Norfolk Housing Company – all such costs are recoverable from the company therefore no budget required. SLA income is reflected in budget.		(8,770)		No

<b>Movements</b>	<b>Movements previously reported £</b>	<b>Movements this period £</b>	<b>Cumulative Movements to date £</b>	<b>Impact on Financial Planning</b>
Budget reviewed during year end closedown 2022/2023 - Internal recharge for interest on internal borrowing on capital spend removed following review against capital finance and accounting regulations.		44,160		Yes
<b>Total</b>	<b>-</b>	<b>35,390</b>	<b>35,390</b>	
<b>Legal Services – surplus £163,600</b>				
Service level agreement between Borough Council and external provider expired in April '23 – team now internally recruited. Forecast now reflects expected inhouse costs.		(163,600)		No
<b>Total</b>	<b>-</b>	<b>(163,600)</b>	<b>(163,600)</b>	
<b>Environment and Planning – deficit £18,530</b>				
Increase to repairs and maintenance budget for Street Naming and Numbering – repairs previously undertaken by the depot. Now with service who will ensure work carried out quickly either ad hoc or tendering for service.		10,500		Yes
Increase to travel budget due to staff change and previous staff member did not regularly claim mileage		940		Yes

<b>Movements</b>	<b>Movements previously reported £</b>	<b>Movements this period £</b>	<b>Cumulative Movements to date £</b>	<b>Impact on Financial Planning</b>
Increase budget to ensure cost centre comes to net nil for Extra Planning Income and CIL		7,090		No
<b>Total</b>	<b>-</b>	<b>18,530</b>	<b>18,530</b>	<b>-</b>
<b>Operations and Commercial – deficit £78,720</b>				
Non-domestic rates budget for Mintlyn Crematorium increased following premises revaluation as per survey this year		24,000		Yes
Other minor variances		(5,280)		No
<b>Total</b>	<b>-</b>	<b>28,720</b>	<b>28,720</b>	
<b>Property and Projects – deficit £13,490</b>				
Other minor variances		3,920		Yes
Decrease in income due to tenant vacating Valentine Centre and works required in order that property is available for rent. Location not ideal needs to be promoted.		9,570		Yes
<b>Total</b>	<b>-</b>	<b>13,490</b>	<b>13,490</b>	
<b>Regeneration, Housing and Place – No movement this period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Resources – deficit £62,930</b>				

<b>Movements</b>	<b>Movements previously reported £</b>	<b>Movements this period £</b>	<b>Cumulative Movements to date £</b>	<b>Impact on Financial Planning</b>
Forecast revised to reflect the revised estimate of Housing Benefit distribution costs and subsidy from Department for Works and Pensions.		62,930		No
<b>Total</b>	-	<b>62,930</b>	<b>62,930</b>	
<b>Leisure and Community Facilities – No movement this period</b>	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financing requirement – No Movement</b>	-	-	-	-
<b>Total</b>	-	-	-	-
Saving in relation to staff travel claims across service areas due to reduced reliance on remote meetings.		(21,100)	(21,100)	No
<b>Total</b>		<b>(21,100)</b>	<b>(21,100)</b>	
<b>Grand Total</b>		<b>1,530</b>	<b>1,530</b>	
<b>Impact on Financial Planning</b>				
Yes		<b>130,260</b>	<b>130,260</b>	
No		<b>(128,730)</b>	<b>(128,730)</b>	



Appendix B - Capital Programme								
Capital Programme 2022/2027	Budget 2023/2024	June Monitoring Adjustments	Revised Budget 2023/2024	Actual as at 30th June 2023	Budget 2024/2025	Budget 2025/2026	Budget 2026/2027	Total Capital Budget 2023/2027
	£	£	£	£	£	£	£	£
<b>MAJOR PROJECTS</b>								
<b>Enterprise Zone</b>								
Project Management / Marketing	45,180		45,180	3,124	35,000	0	0	80,180
Roads / Infrastructure	7,623,120		7,623,120	1,241,872	0	0	0	7,623,120
EZ Development of Spec Units 1	534,400		534,400	85,704	0	0	0	534,400
<b>Total Enterprise Zone ( AD Property and Projects)</b>	<b>8,202,700</b>	<b>0</b>	<b>8,202,700</b>	<b>1,330,700</b>	<b>35,000</b>	<b>0</b>	<b>0</b>	<b>8,237,700</b>
<b>Major Housing Development</b>								
Salters Road	9,393,220		9,393,220	1,077,959	570,000	0	0	9,963,220
Alexandra Rd Hunstanton BCKLWN Cost	2,461,410		2,461,410		3,036,570	0	0	5,497,980
Phase 3-Lynnsport 1	1,172,850		1,172,850	1,836	8,462,090	8,395,310	2,061,080	20,091,330
Lynnsport 3	0		0	7,287	0	0	0	0
Phase 2 -Lynnsport 4 /5	164,540		164,540	9,356	0	0	0	164,540
Major Housing Management	14,330		14,330	2,512	2,510	0	0	16,840
Major Housing Projects Unallocated Budget	66,490		66,490		0	0	0	66,490
Parkway - Gaywood	18,641,790		18,641,790	6,119	16,922,510	12,658,020	1,074,760	49,297,080
Nora Phase 4	253,150		253,150	643,590	900,000	0	0	1,153,150
Nora Phase 5	764,870		764,870	(522)	841,090	3,266,780	4,061,730	8,934,470
Hunstanton Regeneration Southend Road Car Park	3,668,630		3,668,630	328,486	2,000,000	0	0	5,668,630
<b>Total Major Housing Development (AD Companies and Housing)</b>	<b>36,601,280</b>	<b>0</b>	<b>36,601,280</b>	<b>2,076,623</b>	<b>32,734,770</b>	<b>24,320,110</b>	<b>7,197,570</b>	<b>100,853,730</b>
<b>Other Major Projects</b>								
<b>Towns Fund</b>								
Town Centre Public Realm	192,510		192,510	16,205	0	0	0	192,510
St Georges Guildhall Complex	783,960		783,960	21,947	1,380,630	6,102,790	3,782,240	12,049,620
Active and Clean Connectivity	1,090,550		1,090,550	20,739	4,467,260	281,320	0	5,839,130
Riverfront Regeneration	244,970		244,970	14,095	3,238,760	601,480	0	4,085,210
Multi User Community Hub	228,110		228,110		6,429,000	0	0	6,657,110
Programme Management	92,000		92,000	22,239	95,000	72,110	0	259,110
<b>Total Towns Fund</b>	<b>2,632,100</b>	<b>0</b>	<b>2,632,100</b>	<b>95,225</b>	<b>15,610,650</b>	<b>7,057,700</b>	<b>3,782,240</b>	<b>29,082,690</b>
NORA Remediation	216,480		216,480	579	545,890	0	0	762,370
South Quay Somerfield Thomas Silo	96,320		96,320	39,713	0	0	0	96,320
Factory Unit 1 - New Depot Site	77,100		77,100	64,765	0	0	0	77,100

Capital Programme 2022/2027	Budget 2023/2024	June Monitoring Adjustments	Revised Budget 2023/2024	Actual as at 30th June 2023	Budget 2024/2025	Budget 2025/2026	Budget 2026/2027	Total Capital Budget 2023/2027
Air Source Heat Pump Project - Enterprise Works	2,240		2,240		0	0	0	2,240
<b>Total for AD Property and Projects</b>	<b>392,140</b>	<b>0</b>	<b>392,140</b>	<b>105,057</b>	<b>545,890</b>	<b>0</b>	<b>0</b>	<b>938,030</b>
Southgate Regen Area Business Rate Pool Contribution	493,860		493,860		0	0	0	493,860
ICI/Active Travel Hub (KLIC2)	121,060		121,060		0	0	0	121,060
South Quay Stage 3	120,000		120,000		0	0	0	120,000
UK Shared Prosperity Fund	28,800	(20,000)	8,800	201	233,570	0	0	242,370
Rural England Prosperity Fund	374,110		374,110		1,122,350	0	0	1,496,460
Baxter's Plain Public Realm Feasibility Study	0	40,000	40,000		0	0	0	40,000
<b>Total for AD Regeneration</b>	<b>1,137,830</b>	<b>20,000</b>	<b>1,157,830</b>	<b>201</b>	<b>1,355,920</b>	<b>0</b>	<b>0</b>	<b>2,513,750</b>
Public Conveniences	400,000		400,000				0	400,000
<b>Total for AD Operational and Commercial Services</b>	<b>400,000</b>	<b>0</b>	<b>400,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>400,000</b>
Re:Fit Project	563,140		563,140		0	0	0	563,140
Lynn Sport 3G Replacement	300,000		300,000		0	0	0	300,000
Lynn Sport New 3G Pitch	900,000		900,000		0	0	0	900,000
<b>Total for Leisure and Community Facilities</b>	<b>1,763,140</b>	<b>0</b>	<b>1,763,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,763,140</b>
<b>Total Major Projects</b>	<b>51,129,190</b>	<b>20,000</b>	<b>51,149,190</b>	<b>3,607,807</b>	<b>50,282,230</b>	<b>31,377,810</b>	<b>10,979,810</b>	<b>143,789,040</b>
<b><u>OPERATIONAL SCHEMES</u></b>								
<b><u>AD Community and Partnerships</u></b>								
Disabled Facilities Grant	618,200		618,200	216,014	618,200	618,200	618,200	2,472,800
Adapt Grant	1,318,190		1,318,190	302,755	1,381,800	1,381,800	1,381,800	5,463,590
	1,936,390	0	1,936,390	518,768	2,000,000	2,000,000	2,000,000	7,936,390
<b>Preventative Works</b>								
Home Repair Assistance Loan	0		0	224	0	0	0	0
Emergency Repair Grant	0		0	992	0	0	0	0
Careline Grant	25,000		25,000		25,000	25,000	25,000	100,000
Low Level Prevention Fund	125,000		125,000		125,000	125,000	125,000	500,000
<b>Preventative Works Total</b>	<b>150,000</b>	<b>0</b>	<b>150,000</b>	<b>1,216</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>600,000</b>
Total Private Sector Housing Assistance	2,086,390	0	2,086,390	519,984	2,150,000	2,150,000	2,150,000	8,536,390

Capital Programme 2022/2027	Budget 2023/2024	June Monitoring Adjustments	Revised Budget 2023/2024	Actual as at 30th June 2023	Budget 2024/2025	Budget 2025/2026	Budget 2026/2027	Total Capital Budget 2023/2027
Careline-Replacement Alarm Units	60,000		60,000		60,000	60,000	60,000	240,000
Careline - Replacement Vehicles	56,850		56,850		0	0	0	56,850
Community Projects	90,890		90,890	4,606	50,000	50,000	50,000	240,890
Community Safety Vehicle	30,000		30,000		0	0	0	30,000
<b>Total for AD Community &amp; Partnerships</b>	<b>2,324,130</b>	<b>0</b>	<b>2,324,130</b>	<b>524,590</b>	<b>2,260,000</b>	<b>2,260,000</b>	<b>2,260,000</b>	<b>9,104,130</b>
<b><u>AD Resources (S151 Officer)</u></b>								
ICT Development Programme	374,980		374,980	6,666	150,000	150,000	150,000	824,980
Standard Desktop Refresh	21,730		21,730	7,059	300,000	150,000	0	471,730
<b>Total for AD Resources (S151 Officer)</b>	<b>396,710</b>	<b>0</b>	<b>396,710</b>	<b>13,725</b>	<b>450,000</b>	<b>300,000</b>	<b>150,000</b>	<b>1,296,710</b>
<b><u>AD Programme and Projects</u></b>								
Downham Market Public Conveniences	200,000		200,000		0	0	0	200,000
<b>Total for AD Programme and Projects</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200,000</b>
<b><u>AD Property and Projects</u></b>								
Sewage Treatment Works Refurb/Connect Public Sewer	28,000		28,000		0	0	0	28,000
Estate Roads - Resurfacing	30,500		30,500		0	0	0	30,500
Bergen Way Industrial Estate roof replace	250,000		250,000		0	0	0	250,000
North Promenade Erosion	45,000		45,000		0	0	0	45,000
<b>Total for AD Property and Projects</b>	<b>308,500</b>	<b>0</b>	<b>308,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>308,500</b>
<b><u>AD Operational and Commercial Services</u></b>								
<b><u>Car Parks</u></b>								
Resurfacing (various car parks)	100,000		100,000		261,800	0	0	361,800
Car Parks Pay & Display Machine Replacement	60,000		60,000		180,000	0	0	240,000
Car Pk Multi-storey Barrier Ticket Machine	38,130		38,130		0	0	0	38,130
Car Prk Multi-storey Lighting + Controls	192,000		192,000		0	0	0	192,000
Mintlyn Crematorium - Car Park	140,000		140,000		0	0	0	140,000
Heacham North Beach Pay & Display Infrastructure	23,000		23,000		0	0	0	23,000
Decrim Car Park Fiesta Vans	49,150		49,150		0	0	0	49,150
<b><u>CCTV</u></b>								
CCTV Control Room Upgrade	121,050		121,050		50,000	50,000	50,000	271,050
CCTV Kettlewell Gadens	24,840		24,840		0	0	0	24,840
CCTV Multi-storey	9,890		9,890		0	0	0	9,890
CCTV Crematorium	7,730		7,730		0	0	0	7,730
CCTV Safer Streets	50,000		50,000		0	0	0	50,000

Capital Programme 2022/2027	Budget 2023/2024	June Monitoring Adjustments	Revised Budget 2023/2024	Actual as at 30th June 2023	Budget 2024/2025	Budget 2025/2026	Budget 2026/2027	Total Capital Budget 2023/2027
Christmas Lights Replacement	187,550		187,550		0	0	0	187,550
Emergency Plan - Replace Radios	30,000		30,000		0	0	0	30,000
Gayton Road Cemetery Extension	145,800		145,800		0	0	0	145,800
Parking/Gladstone Server Upgrade	12,030		12,030		0	0	0	12,030
Digital Signage Installation - NTP	43,000		43,000		0	0	0	43,000
High Street Public Realm TF Accelerated project	34,030		34,030	1,550	0	0	0	34,030
NSF Events Equipment	59,080		59,080	2,981	0	0	0	59,080
Replacement Stage	50,000		50,000		0	0	0	50,000
<u>Refuse and Recycling</u>								
Refuse - Black Bins	40,000		40,000		40,000	40,000	40,000	160,000
Brown Bins/Compost	40,000		40,000		40,000	40,000	40,000	160,000
Green Bins/Recycling	40,000		40,000	11,580	40,000	40,000	40,000	160,000
Trade Bins	40,000		40,000		40,000	40,000	40,000	160,000
Refuse Vehicles	18,010		18,010		0	0	0	18,010
The Walks Crazy Golf Equipment	120,000		120,000		0	0	0	120,000
Bandstand Roof Replacement - Hunstanton	30,000		30,000		0	0	0	30,000
Replacement Play Area Equipment	75,000		75,000		20,000	20,000	20,000	135,000
Play Area Equipment - King's Lynn (KLACC)	8,000		8,000		0	0	0	8,000
Replacement Dog Bins	21,000		21,000		0	0	0	21,000
Resort Chalet Window Replacement	100,000		100,000		0	0	0	100,000
Resort Replacement Play Area Equipment	28,000		28,000		0	0	0	28,000
Resort - Beach Safety Signage	15,000		15,000		0	0	0	15,000
Resort - Visitor Digital Sign	50,000		50,000		0	0	0	50,000
Tourist Signs A47	21,000		21,000		0	0	0	21,000
Grounds Maintenance Equipment	161,300		161,300	7,216	42,000	139,080	0	342,380
Grounds Maintenance Vehicles	199,620		199,620	63,803	56,980	61,560	118,570	436,730
Public Cleansing Vehicles	450,870		450,870	194,112	0	0	0	450,870
<b>Total for AD Operations and Commercial</b>	<b>2,835,080</b>	<b>0</b>	<b>2,835,080</b>	<b>281,242</b>	<b>770,780</b>	<b>430,640</b>	<b>348,570</b>	<b>4,385,070</b>
<u>Leisure and Community Facilities</u>								
<u>Corn Exchange</u>								
Corn Exchange -Internal Dec	0		0		0	0	10,000	10,000
Corn Exchange -Refurbish Seating	15,000		15,000		15,000	15,000	0	45,000
Corn Exchange - Light Desk & Lights	50,000		50,000	24,884	0	0	0	50,000
Corn Exchange - Auditorium LED Lighting	0		0		30,000	0	0	30,000
<u>Downham Market Leisure Centre</u>								
DMLC - Replacement Spin Bikes	23,000		23,000		0	0	0	23,000
DMLC - Replace Heat/Cool AHU Dance Studio	25,000		25,000		0	0	0	25,000

Capital Programme 2022/2027	Budget 2023/2024	June Monitoring Adjustments	Revised Budget 2023/2024	Actual as at 30th June 2023	Budget 2024/2025	Budget 2025/2026	Budget 2026/2027	Total Capital Budget 2023/2027
DMLC - Hall/Dance Studio Reseal	0		0		22,250	0	0	22,250
DMLC - Fitness Equipment	60,000		60,000		0	0	0	60,000
DMLC - Flooring Replacement	0		0		40,000	0	0	40,000
DMLC - Replacement Lighting Pool	20,000		20,000		0	0	0	20,000
DMLC - Replacement Distribution Boards	25,000		25,000		0	0	0	25,000
DMLC - Changing room refurb	0		0		30,000	0	0	30,000
DMLC - Pool Cover	0		0		0	0	15,000	15,000
DMLC - Window Replacement (dryside)	0		0		15,000	0	0	15,000
DMLC - Plate Heat Exchanger	10,000		10,000		0	0	0	10,000
<b>Lynnsport</b>								
Lynnsport - Fitness Equipment	108,000		108,000	531,538	0	0	0	108,000
L/Sport - Floor Surface Reseal	17,000		17,000		0	0	0	17,000
L/Sport Fire Alarm Upgrade	70,000		70,000		0	0	0	70,000
L/Sport Athletics Cage replacement and athletics lighting upgrade	61,610		61,610		0	0	0	61,610
L/Sport Toilets & Changing Room	42,480		42,480		0	0	0	42,480
L/Sport Spin Bikes	17,000		17,000		0	0	0	17,000
L/Sport Spin Room	10,000		10,000		0	0	0	10,000
L/Sport Wellness Studio	150,000		150,000		0	0	0	150,000
L/Sport Spin Ventilation	17,090		17,090		0	0	0	17,090
L/Sport Fitness Flooring	40,000		40,000		0	0	0	40,000
L/Sport 3G LED Lighting	25,000		25,000		0	0	0	25,000
L/Sport Roof	0		0		160,000	0	0	160,000
L/Sport Flooring (changing/toilets/reception)	0		0		0	30,000	0	30,000
L/Sport Cubical and locker replacement	10,000		10,000		0	0	0	10,000
L/Sport Track and Barn Line marking	0		0		0	15,000	0	15,000
L/Sport Basket Ball fittings replacement	0		0		15,000	0	0	15,000
L/Sport Window replacement	0		0		0	40,000	0	40,000
<b>St James Pool</b>								
St James - Floor/Surface Replace	25,000		25,000		0	0	0	25,000
St James Fitness Equipment	30,000		30,000		0	0	0	30,000
St James Pool Covers	0		0		0	0	15,000	15,000
St James Spin Bikes	20,000		20,000		0	0	0	20,000
St James Flooring (changing area)	50,000		50,000		0	0	0	50,000
St James Flooring (reception/corridors/viewing)	0		0		15,000	0	0	15,000
St James Pool Hall replacement lighting	20,000		20,000		0	0	0	20,000
St James Cubical replacement	50,000		50,000		0	0	0	50,000
St James Locker replacement	50,000		50,000		0	0	0	50,000
St James wetside toilet refurb	25,000		25,000		0	0	0	25,000
St James Fire Alarm System	0		0		0	0	50,000	50,000
St James Pool plate heat exchange	10,000		10,000		0	0	0	10,000
<b>Oasis</b>								
Oasis Fitness Equipment	50,000		50,000		0	0	0	50,000
Oasis Fitness Flooring	20,000		20,000		0	0	0	20,000
Oasis Fitness Flooring bowls hall/fitness stairs	0		0		10,000	0	0	10,000
Oasis Pool Hall lighting	0		0		0	15,000	0	15,000

Capital Programme 2022/2027	Budget 2023/2024	June Monitoring Adjustments	Revised Budget 2023/2024	Actual as at 30th June 2023	Budget 2024/2025	Budget 2025/2026	Budget 2026/2027	Total Capital Budget 2023/2027
Oasis Cubicles replacement	0		0		0	50,000	0	50,000
Oasis lockers replacement	20,000		20,000		0	0	0	20,000
Oasis distribution board replacement	0		0		0	0	30,000	30,000
<u>Town Hall</u>								
Roofing	10,000		10,000		60,000	0	0	70,000
Electrical Switch Replacement	0		0		40,000	0	0	40,000
Redecoration	0		0		30,000	30,000	30,000	90,000
Replacement flooring/stairs	0		0		0	20,000	20,000	40,000
Stone Mason external works	0		0		20,000	20,000	0	40,000
Prep Kitchen Replacement	0		0		10,000	0	0	10,000
<u>Community Centres</u>								
Fairstead Replacement Flooring	0		0		0	0	15,000	15,000
<b>Total for Leisure and Community Facilities</b>	<b>1,176,180</b>	<b>0</b>	<b>1,176,180</b>	<b>556,421</b>	<b>512,250</b>	<b>235,000</b>	<b>185,000</b>	<b>2,108,430</b>
<b>Total Operational Schemes</b>	<b>7,240,600</b>	<b>0</b>	<b>7,240,600</b>	<b>1,375,979</b>	<b>3,993,030</b>	<b>3,225,640</b>	<b>2,943,570</b>	<b>17,402,840</b>
<b>Capital Loan</b>								
<b>Total Capital Programme (Non Exempt)</b>	<b>58,369,790</b>	<b>20,000</b>	<b>58,389,790</b>	<b>4,983,786</b>	<b>54,275,260</b>	<b>34,603,450</b>	<b>13,923,380</b>	<b>161,191,880</b>
<b>Total Commercially Sensitive Schemes (Exempt)</b>	<b>8,301,520</b>	<b>0</b>	<b>8,301,520</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,301,520</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>66,671,310</b>	<b>20,000</b>	<b>66,691,310</b>	<b>4,983,786</b>	<b>54,275,260</b>	<b>34,603,450</b>	<b>13,923,380</b>	<b>169,493,400</b>

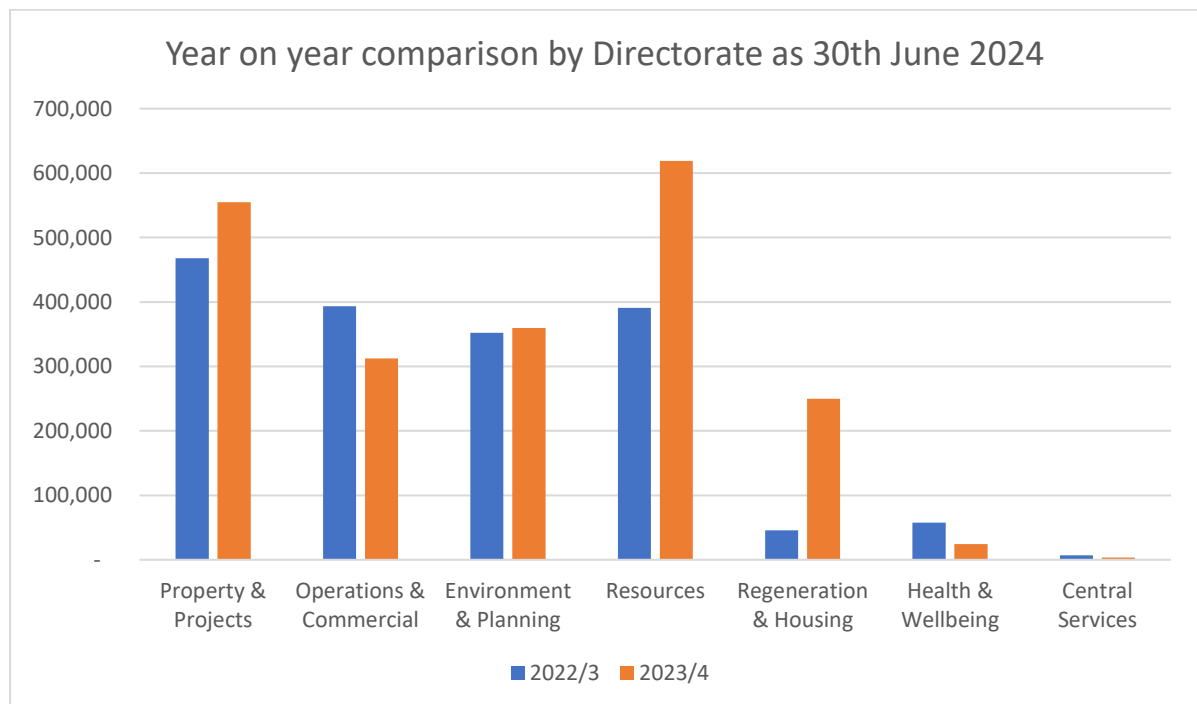
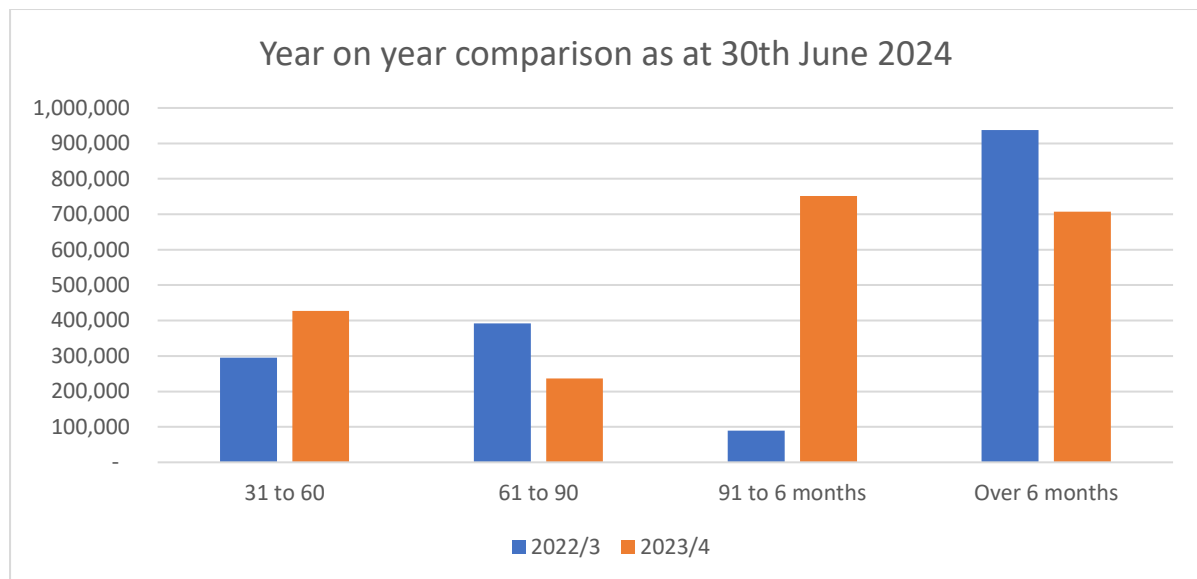
## Appendix C – Age Debt Analysis – 30 June 2023

### Sundry Debtors Arrears Monitoring

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

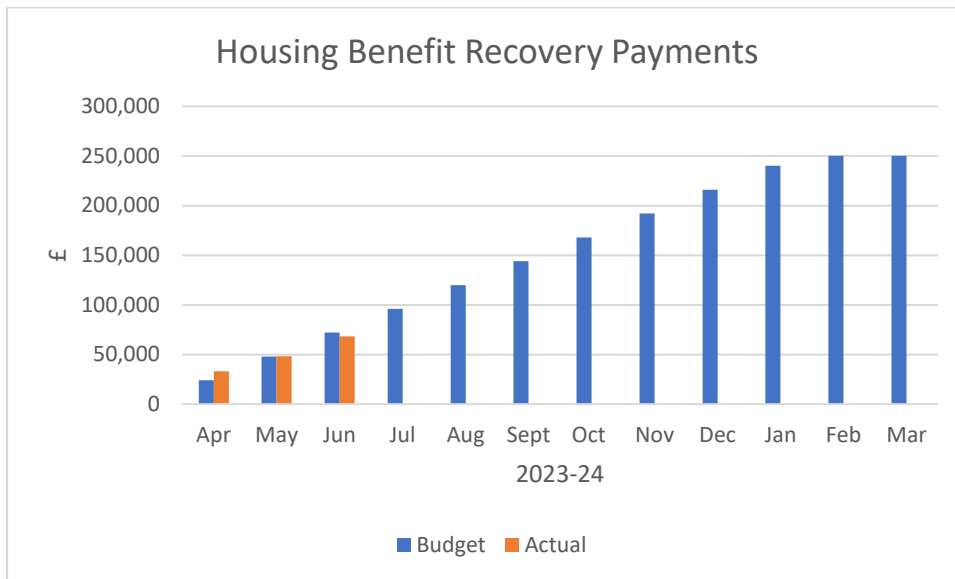
The first table below shows the comparison of overdue debt between 2022-23 and 2023-24 as at 30 June in each year based on age. The second table shows the comparison at directorate level.

In summary, robust reminder and targeted recovery processes are maintained. Monitoring is not indicating a material concern for debts in arrears.



Housing Benefit Overpayment Recovery Monitoring.

In relation to Housing benefits overpayment recovery the target as of 30 June 2023 is £72,000 and £68,256 has been raised in invoices. See table below showing monthly against budget for 2023/24.





**FORWARD DECISIONS LIST**

<b>Date of meeting</b>	<b>Report title</b>	<b>Key or Non Key Decision</b>	<b>Decision Maker</b>	<b>Cabinet Member and Lead Officer</b>	<b>List of Background Papers</b>	<b>Public or Private Meeting</b>
26 September 2023						
	Members Allowances	Key	Council	Leader Monitoring Officer		Public
	Update to various Housing Standards Policies to reflect procedural changes, best practice, case law and statutory guidance etc	Non	Council	People and Communities Assistant Director – Mark Whitmore		Public

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<b>Date of meeting</b>	<b>Report title</b>	<b>Key or Non Key Decision</b>	<b>Decision Maker</b>	<b>Cabinet Member and Lead Officer</b>	<b>List of Background Papers</b>	<b>Public or Private Meeting</b>
31 October 2023						
	Corporate Business Plan	Key	Cabinet	Leader Chief Executive		Public
	People and Skills	Non	Cabinet	Business Asst Director – D Hall		Public
	St George’s Guildhall Project Update	Key	Council	Business Asst Dir – D Hall		Public
	Care and Repair Contract	Key	Cabinet	People and Communities Asst Dir – M Whitmore		Private- Contains exempt Information under para 3 – information relating to the business affairs of

						any person (including the authority)
	Appointment of Honorary Aldermen	Non	Council	Chief Executive		Public
	Norfolk County Deal response	Non	Council	Leader Chief Executive		Public
	King's Lynn Town Football Club	Non	Cabinet	Property Asst Dir – M Henry		Private- Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	UK Shared Prosperity Funding 24-25 Boost Project and West Norfolk Training Grants	Non	Cabinet	Business Assistant Director D Hall		Public
22	Council Companies Funding	Key	Council	Business Assistant Dir D Ousby		Part public and part Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	5 Year Mart Agreement	Non	Cabinet	Tourism Events & Marketing Exec Dir – G Hall		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)

	Care Leavers Covenant	Non	Cabinet	People and Communities Asst Dir – B Box		Public
	Cabinet Task Groups	Non	Cabinet	Leader Chief Executive		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
5 December 2023						
	Council Tax Support Scheme – Final Scheme 2024/25	Key	Council	Finance Asst Director – Resources		Public
03	Care and Repair Contract		Cabinet			Private Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	St George’s Guildhall Project – Design Proposals	Key	Cabinet			
	Parkway Tenure	Non	Council	Deputy Leader Assistant Director – D Ousby		Part Public and part Private- Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)

	Lynnsport One	Key	Council	Regeneration & Development Asst Dir Companies & Housing Delivery – D Ousby		Public
	Overnight Campervan parking in Hunstanton	Non	Cabinet	Leader Asst Director – M Chisholm		Public
	Assets of Community Value	Non	Council	Property and Corporate Services 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
15 January 2024						
84	West Norfolk Shared Prosperity Funding update	Key	Cabinet	Business Asst Director – D Hall		Part Public Part Private Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)

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						
	St George's Guildhall RIBA Stage 3 and project scope	Key	Cabinet	Regeneration & Development Asst Dir		Public
	Capital Programme	Key	Council	Finance Asst Director – Resources		Public
	Budget 2024/25	Key	Council	Finance Asst Director – Resources		Public

Date of	Report title	Key or	Decision Maker	Cabinet Member and Lead	List of	Public or Private
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meeting		Non Key Decision		Officer	Background Papers	Meeting
5 March 2024						
	Review of Outside Bodies	Non	Cabinet and Council	Leader		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
23 April 2024						

**Items to be scheduled**

08	Notice of Motion 7-21 – Councillor Kemp – Equalities	Non	Council	People & Communities 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
	Redundancy Policy	Non	Council	Leader Exec Dir – D Gates		Public
	Custom and Self Build Site – Stoke Ferry	Non	Cabinet	Regeneration and Development Assistant Director - D Hall		Public
	Southend Road Hunstanton	Key	Cabinet	Regeneration & Development Asst Dir – D Ousby		Public

## AUDIT COMMITTEE WORK PROGRAMME 2023/2024

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
17 July 2023, 3.30 pm, Council Chamber Training for the Audit Committee only – F Haywood, Internal Audit Manager				
7 August 2023	Appointment of Vice Chair for the Municipal Year 2023/2024			To appoint a Vice Chair for the Municipal Year 2023/2024.
7 August 2023	Corporate Risk Register Update (May 2023)	Update	G Greaves	<b>G Greaves to advise if training session is to be held and potential dates.</b>
7 August 2023	Year End Internal Audit Progress Report	Year End	F Haywood	To receive the annual report covering progress of Audit Plan for 2022/23  <b>Internal Audit Training scheduled for 17 July 2023</b>
7 August 2023	Internal Audit Follow up Recommendations Report		F Haywood	
7 August 2023	Year End Internal Audit Opinion	Year End	F Haywood	To receive the Audit Opinion from Audit Manager for 2022/23  <b>Internal Audit Training scheduled for 17 July 2023</b>

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
7 August 2023	Annual Fraud Progress Update 2022/2023	Annual	J Hay	To receive the annual report for 2022/23  <b>Presentation on Fraud Awareness sent to Audit Committee on 6 June 2023.</b>
7 August 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
7 August 2023	Work Programme 2023/2024			To identify any items for the work programme.
7 August 2023	<b>Exempt Report:</b> Housing Benefit Subsidy Claim – Annual Certification Report for 2020/2021	Annual Exempt	J Stanton	To receive the Annual Report covering the Financial Year 2020/2021.  <b>Briefing scheduled for 27 July 2023 at 10 am on Teams – J Stanton</b>
18 September 2023	Strategic External Audit Plan for the following Financial Year	Update	M Drewery/ C Holland	The Committee will receive an update
18 September 2023	Treasury Management Outturn 2022/23		C Holland	
18 September 2023	Treasury Management Quarter 1 reporting 2023/2024		C Holland	

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
18 September 2023	Latest Budget Monitoring Report 2023/24	Monitoring	C Holland	To present the latest financial position on revenue and capital spend for the year 2023/24
18 September 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
18 September 2023	Work Programme 2023/2024			To identify any items for the work programme.
27 November 2023	Strategic External Audit Plan for the following Financial Year	Annual	External Auditors	External Auditors to present Strategic External Audit Plan – to be confirmed following closure of 2019/2020 Audit.
27 November 2023	Statement of Accounts for 2019/2020	Annual	C Holland	To present the financial statements for approval for the year 2019/20.  <b>Training session to be scheduled prior to the meeting – date to be confirmed. All Councillors will be invited to attend.</b>
27 November 2023	External Auditor's Report (ISA260) for 2019/2020	Annual	External Auditors	External Auditor EY will present outcome of audit findings for year 2019/20.
27 November 2023	Annual Governance Statement 2019/2020	Annual	G Greaves	To present the report for year 2019/20  <b>Training will part of Statement of Accounts training as above – TBC</b>
DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES



MEETING		REPORT	OFFICER	OUTCOMES
27 November 2023	Corporate Risk Register Update (August 2023)	Update	G Greaves	
27 November 2023	Internal Audit Half Year Progress Report	Half Year Progress Report	Internal Audit Manager	
27 November 2023	Internal Audit Follow Up Recommendations Half Year Report	Half Year Progress Report	Internal Audit Manager	
27 November 2023	2023/24 Fraud and Error Half Year Progress Report	Half Year Progress Report	J Hay	
27 November 2023	Treasury Management Quarter 2 Reporting 2023/2024		C Holland	
27 November 2023	Latest Budget Monitoring Report 2023/24	Monitoring	C Holland	
27 November 2023	Business Continuity – Annual Update	Progress report	G Greaves	
27 November 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
27 November 2023	Work Programme 2023/2024			To identify any items for the work programme.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
16 January 2024	Treasury Management Quarter 3 Reporting 2023/2024		C Holland	
16 January 2024	Latest Budget Monitoring Report 2023/24	Monitoring	C Holland	
16 January 2024	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
16 January 2024	Work Programme 2023/2024			To identify any items for the work programme.
11 March 2024	Corporate Risk Register Update (December 2023)	Update	G Greaves	
11 March 2024	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
11 March 2024	Work Programme 2023/2024			To identify any items for the work programme.

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### **Potential Future Training Sessions**

Draft Statement of Accounts for 2022/23

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

Reserves.

## **Potential/Future Agenda Items**

Self-Assessment Exercise and Report

Terms of Reference for Audit Committee

Other External Audit Reports and training to be added once plan/timetable received from Ernst Young.

Understanding risks relating to major projects.

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

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

Audit the process of the Member Major Projects Board/Risk Registers.

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Gantt chart of the Internal Audit 2020/21.

Consideration of the appointment of Independent Person(s) to the Audit Committee and how to utilise that expertise.

Internal Audit Plan, Policies, Strategies and Resources to ensure balance was right from a Member perspective to see where the pressures are/ought to be that would inform the improvement opportunities and decision making process.

Role of the Audit Committee – to focus on whether there was a policy, implementation and findings of audits. Linkage with Corporate Performance Panel, project boards, project management, performance management, etc. Who was responsible for the technical scrutiny of the budget as opposed to the scrutiny of processes.

Risk management role of the Audit Committee.

Constitution/Scrutiny – to consider if the Constitution was robust enough to specify the scope, scale and degree of responsibility to enable the Audit Committee to undertake the correct work to the required standards.