

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



# **Audit Committee**

## **Agenda**

**Monday, 27th November, 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**

17 November 2023

Dear Member

**Audit Committee**

You are invited to attend a meeting of the above-mentioned Committee which will be held on **Monday, 27th November, 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 Committee held on 18 September 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. Internal Audit Half Year Progress Report (Pages 19 - 37)**

**8. 2023/2024 Fraud and Error Half Year Progress Report (Pages 38 - 56)**

**9. Treasury Management Quarter 2 Report 2023/2024 (Pages 57 - 69)**

**10. Budget Monitoring Report 2023/2024 - September 2023 Quarter 2 (Pages 70 - 97)**

**11. Cabinet Forward Decisions List (Pages 98 - 102)**

**12. Work Programme 2023/2024 (Pages 103 - 109)**

To note the Committee's Work Programme for 2023/2024.

**13. Date of Next Meeting**

To note that the date of the next meeting of the Audit Committee will take place on 12 December 2023 at 4.30 pm in the Council Chamber, Town Hall, King's Lynn.

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

Jamie Hay, Senior Internal Auditor

Carl Holland, Financial Services Manager

Teresa Sharman, Internal Audit Manager

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

**Minutes from the Meeting of the Audit Committee held on Monday, 18th September, 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, S Dark, T de Winton, P Devulapalli (Zoom),  
S Everett (Vice Chair) , B Jones and D Sayers (Zoom)

**Portfolio Holders**

Councillor M de Whalley - Climate Change and Biodiversity  
Councillor C Morley - Finance

**Officers:**

Michelle Drewery, Assistant Director – Resources  
Carl Holland, Financial Services Manager  
Wendy Vincent, Democratic Services Officer

A109 **APOLOGIES**

There were no apologies for absence.

A110 **MINUTES**

[Click here to view a recording of this item on You Tube](#)

The minutes of the Audit Committee held on 7 August 2023 were agreed as a correct record and signed by the Chair.

A111 **DECLARATIONS OF INTEREST**

Under Agenda Item 7: Update on Audit of Accounts Progress, Councillor Ryves declared an interest in that he had been trained as an auditor.

A112 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A113 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Councillors present under Standing Order 34.

A114 **CHAIR'S CORRESPONDENCE (IF ANY)**

There was no Chair's correspondence.

A115 **UPDATE ON AUDIT OF ACCOUNTS PROGRESS**

[Click here to view a recording of this item on You Tube](#)

The Assistant Director, Resources presented the report which updated the Committee on the External Audit of the Borough Council's Statement of Account and provided an update on proposals under consideration by the Government for Levelling-up, Housing and Communities (DLUHC) to clear the audit backlog of work.

The Committee was advised that the Council found itself in a position where the audit of its accounts had not been completed since 2019/2020. It was noted that a report by the National Audit Office published in January 2023, report that at 30 November 2022 there were 45 audits outstanding from 2019/2020.

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

- 2 – The Accounts and Audit (Amendment) Regulations 2021.
- 3 – Update from DLUHC – July 2023.
- 4 – Statement of Accounts 2019/2020 and Subsequent Years Update.
- 5 – Financial Implications

The Assistant Director, Resources highlighted that the ongoing nature of the audit process continued to significantly impact resources in the finance team as well as other teams across the Council.

The Chair thanked the Assistant Director, Resources for the update report and invited questions and comments from the Committee, a summary of which is set out below.

In response to questions from Councillor Dark on the recruitment of auditors and the current situation nationally, the Assistant Director, Resources provided an overview of the first tender process operated by the PSAA to appoint auditors for the previous year's of which 99% of local councils opted into to achieve cost efficiencies. The Assistant Director, Resources explained that following that initial tender process, the audit requirements grew due to the changing nature of councils structures such as wholly owned companies, commercial operations which resulted in increased audit work and associated costs. The Committee was advised that the backlog was affecting other audit firms as well as EY and due to recruitment issues in the sector and conflicting priorities, they had limited capacity to deliver the audits in the timescales allowed. The Assistant Director, Resources outlined

the measures in place to work more swiftly as soon as possible to work through the backlog to sign off the audits.

Councillor Coates commented that Ernst Young were a large organisation that he was surprised to learn had limited resources and asked how much pressure could the Borough Council and other local authorities exert to express concerns on the significant backlog on auditing the outstanding Statements of Account.

Councillor Devulapalli added that if the accounts would take so long to audit and then a revised timetable had indicated a quick turn around on three sets of accounts and asked if there would be less rigorous auditing/reporting.

The Chair, Councillor Ryves referred to 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." The Chair highlighted that this was through no fault of the Borough Council officers but a national problem which was not satisfactory.

The Chair invited Councillor Morley, Portfolio Holder Finance to address the Committee.

Councillor Morley provided an overview of the current External Auditor's role and explained that there was a staff turnover issue in that when employees left the company it was difficult to recruit to the role and gave feedback from a Webinar he had attended and explained that was a new auditing body Audit Reporting & Governance Authority (ARGA) and the objective was to undertake a consultation exercise in the future and that the onus would be placed on the Auditor to complete the audits by a certain time, but highlighted that there was no timeline available on when this work would be completed.

Councillor de Winton advised that he had read the report and was not a fan of auditors and they appeared to be a cash cow. Councillor de Winton commented that it did not seem fair with a high turnover of EY staff that the council has to deal with, a new auditor having to learn how the Borough Council operated and its processes and therefore not being able to undertake the audits so quickly. In response, the Assistant Director Resources explained that there had been a high level of turnover at EY which does impact the audit process. The Committee was advised that the Council has had the same partner from EY for the past 4 years, but practice was that after 4 years the partner moved on and a handover is currently underway with the new partner.

Following questions from Councillor Bearshaw on the three outstanding accounts being audited together in one go, the Assistant Director, Resources explained that the outstanding audits could not be undertaken in one block as legislation would be required to do so and

drew the Committee's attention to the table set out in section 3.5 of the report which set out the proposed deadlines being considered for audit completion and it was anticipated that there would be a significant curtailing of audits to meet the deadlines.

In response to questions from the Chair, Councillor Ryves on audit fees going forward, the Assistant Director Resources explained that new fees were expected to be approximately 150% greater than previous ones, as auditors faced higher requirements placed upon them and to ensure all audit fees covered the full cost of a quality audit. The Government had responded to this by offering a Local Audit Grant to Local Authority Bodies to support the costs of the increased audit requirements and it was noted that the Council had been allocated £20,359 of this grant for 2021/22. The Assistant Director, Resources explained that it was difficult to anticipate audit fees as PSAA were using 2021/22 fees to benchmark against for which this council has not had any as yet and advised that the 2018/2019 fees were £100,000 and that fees going forward could be estimated at £150,000 to £200,000.

In response to comments and questions on the Borough Council's resource available to undertake 2 audits in three months, the Assistant Director, Resources explained that a cost would be incurred by the Council and explained that the authority also had its own level of staff turnover. Members were provided with an overview on the issues experienced within the Finance Team during the audit of 2019/2020 financial statements as a key employee had left the organisation and highlighted that as well as undertaking audit work, the team would have significant work due to the budget setting process, closedown for 2023/24 together with budget monitoring and other day to day operations. The Committee was advised that in the past external support had been brought in but currently had been stood down and there was potential for external support to be sought again to assist with the required work within the Finance Team.

At the invitation of the Chair, Councillor Morley, Finance Portfolio Holder addressed the Committee and commented that the Council would like to resist costs but was helpless until the Government changed the arrangement and added that the Council could lobby Government.

The Chair, Councillor Ryves proposed that the Audit Committee lobby Government which was seconded by Councillor Jones and on being put to the vote was carried. The Chair to liaise with the Assistant Director, Resources to agree content.

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

[Click here to view a recording of this item on You Tube](#)

In presenting the report, the Financial Services Manager explained the purpose of the report and reminded the Committee that the Council had formally adopted the Chartered Institute of Public Finance Accountancy's Code of Practice on Treasury Manager (2017) and remained fully compliant with its requirements.

The Financial Services Manager explained that the Annual Treasury Outturn Report looked backwards at 2022/2023 and covered:

- The 2022/2023 Treasury Outturn.
- Compliance with Treasury Limits.
- Outturn Summary.

The Financial Services Manager drew the Committee's attention to the following sections of the report:

- 2.1: Executive Summary
- 4.2: Capital Expenditure
- 5.6: Council's Capital Spend – Revenue.
- 5.7: Capital Finance Requirement.
- 5.8: The Authorised Limit.
- 6.4: Investments.

The Committee was informed that the following additional supporting information was attached to the report:

- 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 Financial Services Manager advised that the Council's Treasury Policy Statement 2023/2024 and annual Treasury Strategy Statement 2023/2024 were approved by Council on the 23 February 2023.

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

In response to questions from the Chair relating to the Capital Programme, the Financial Services Manager explained that there were elements of the Capital Programme which were not funded by revenue. The Committee was reminded that the Capital Programme was approved by Council in February of each year.

Councillor Dark commented that 2022/2023 was a difficult year nationally and complimented the work undertaken by officers to deliver the services and to provide reassurance to Councillors. Councillor



Dark added that this was a lengthy report and drew the Committee's attention to the following sections of the report:

- 5.8: The Authorised Limit.
- 6:3: As at 31 March 2023 the Council did not have temporary loans.
- 7.4: During 2022/2023, the Council maintained an under-borrowed position.
- 8:1: No borrowing was undertaken during the year.
- 8.2: The Council had not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.
- 9.2: The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
- Page 42: The Council had not borrowed any money to support the revenue budget.

Councillor Dark referred to investments and reminded the Committee that £3m had been allocated in the budget for capital projects to generate revenue and also to improve the Council's revenue position.

In response to questions from Councillor Dark on the Council's investments being sustainable and making a good return, the Assistant Director Resources explained that £3m had been set aside for earmarked reserves which were designed for investment. The Committee was informed that a scheme to identify returns, efficiencies and income generated which the new Administration would decide what the £3m would be used for. The Assistant Director, Resources explained that the Council had a Treasury Management Strategy agreed at Council on annual basis.

It was explained that the £3m inherited from the previous Administration was within earmarked reserves and provided clarification on the two types of reserves – General Fund Reserve and Earmarked Reserve.

The Chair invited Councillor Morley, Portfolio Holder Finance to address the Committee.

Councillor Morley explained that the £3m would sit in the Earmarked Reserve to see what transpired in the future and invited Councillors who had any ideas on what the £3m could be spent on to contact him.

Councillor de Winton asked where the council was in projecting Environmental, Social and Governance (ESG) measures. In response, the Assistant Director, Resources explained that this was a hot topic and that currently there was no legislation to comply with but that the Council was already taking forward some measures and anticipated that this would evolve over the coming financial year.

Following questions from Councillor Bearshaw on Appendix 2 – Investments and start and end dates not stated, the Financial Services Manager explained that the £15m available for investment did not indicate start and end dates as these were instant access accounts for the council to use to support immediate cashflow requirements if required. The information was a snapshot as at 31 March 2023.

The Chair, Councillor Ryves invited Councillor Morley, Portfolio Holder for Finance to address the Committee.

Councillor de Whalley referred to Appendix 2 and asked for confirmation of the end date which was incorrectly typed in the table. Following the meeting the Financial Services Manager confirmed that the end date for the investment with SMBC Bank International should read 16/06/23.

Councillor Morley referred to ESG projects and explained that interest had been expressed at the Shareholder Committee and added that the current Administration wished to be open and transparent and it was up to the Opposition to tell the Administration if they felt it was going in the wrong direction.

**RESOLVED:** The Audit Committee noted the annual treasury outturn position for 2022/2023.

A117

**TREASURY MANAGEMENT QUARTERLY MONITORING REPORT Q1 2023/2024**

[Click here to view a recording of this item on You Tube](#)

The Financial Services Manager explained that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021) and remained fully compliant with its requirements. One of the primary requirements of the Code was receipt by Council of a quarterly Review Report.

The Committee was informed that the Quarterly Review Report had been prepared in compliance with CIPFA's Code of Practice, and covered 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 2023/2024.

The following additional supporting information was attached to the report as set out below:

- Appendix 1 – Economic Update.
- Appendix 2 – Interest Rate forecasts.

- Appendix 3 – Prudential and Treasury Indicators for 2023/2024.
- Appendix 4 – Investment Portfolio.
- Appendix 5 – Approved countries for investment.

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

In response to questions from the Chair, Councillor Ryves, the Financial Services Manager confirmed that future reports to the Committee would be presented on a quarterly basis.

The Chair, Councillor Ryves referred to Appendix 3 and commented on the authorised limit for external debt for the previous year being £86m compared to the current year £10m and added that this appeared to be odd. In response, the Financial Services Manager explained that the method of calculating the authorised limit and opportunities for borrowing was dictated by CIPFA guidance and this indicator confirmed we were operating within that limit.

Councillor de Winton commented that the figures presented indicated the Council was in a good place but felt in his opinion the economy of West Norfolk had slowed down and elsewhere in the country staff had been made redundant and asked what “stress tests” had been applied.

The Chair invited Councillor Morley, Finance Portfolio Holder to answer the question from Councillor de Winton.

Councillor Morley commented that the Administration had not gone through the war games analysis but seek to improve and help the community to recover and added that perhaps this could be picked up in separately to ascertain what the Council’s parameters were to work within.

The Chair, Councillor Ryves referred to page 54, internal borrowing figure and asked for an explanation. In response, the Financial Services Manager explained that there were many phrases associated with internal borrowing and a CIPFA template was used which linked to the new Code and some localisation needs to be applied to this. It was explained that in the financial year there were some elements of the capital programme that were not funded through capital receipts and grants and the figures represent the changes to the capital programme approved by Cabinet on 1 August 2023. The Financial Services Manager added that the Quarter 2 monitoring report would contain an update on recent work undertaken on the re-profiling of the capital programme.

Following further comments from the Chair, Councillor Ryves, the Assistant Director, Resources explained that in future reports there may be some flexibility in the presentation of the contents of the report

as long as we still comply with the Treasury Management requirements.

**RESOLVED:** The Audit Committee is asked to note the report and the treasury activity.

A118 **BUDGET MONITORING REPORT JUNE 2023**

[Click here to view a recording of this item on You Tube](#)

The Financial Services Manager presented the Budget Monitoring Report – 30 June 2023 and drew attention to the following sections:

- Summary.
- Revenue Budget 2023/2024.
- Capital.
- Reserves.
- Age Debt Analysis.
- Council Tax and Business Rates.
- Treasury Management 2023/2024.
- Conclusion.
- Appendix A – Budget Monitoring Variances June 2023.
- Appendix B – Capital Programme 2022/2027.
- Appendix C – Age Debt Analysis, 30 June 2023.

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

Councillor Dark provided clarification on the Internal Drainage Board (IDB) levy received by Government. The Committee was advised that the Council was one of the local authorities to receive additional grant from DLUHC to help with the increase in IDB levies due to the unprecedented rising in energy costs. £205,451 had been paid to the Borough Council as a one-off recognition of the difficult circumstances affecting local authorities. Councillor Dark commented that the work undertaken by IDBs was commendable but added that did take 42% of the authority's available Council Tax. Councillor Dark provided an overview of the work led by South Holland District Council which got a number of Councils to start a cohesive voice to central Government. The Borough Council proactively went in when generated a one-off payment which was either the second or third largest payment made to a local authority. In conclusion, Councillor Dark stated that clearly this was not enough and that Councillor Morley had similar concerns.

Councillor Morley, Portfolio Holder for Finance commented that the previous Administration was to be commended on addressing the various issues associated with the IDB's including taking forward lobbying the 15 or so districts effected by IDB levels and added the current Administration had undertaken to carry this work forward. The

Committee was informed that the MPs Liz Truss and James Wild were aware of this sensitive issue in West Norfolk and could also lobby Government.

Councillor Morley, Portfolio Holder for Finance responded to questions from Councillor Bearshaw on the costs both within the Borough and other areas of the country.

Councillor Bearshaw asked what the Borough Council did to liaise with the IDB Consortium to bring more money back in. Councillor Morley, Portfolio Holder for Finance explained that officers were undertaking an exercise to check the figures for Water Management Alliance as they were not consistent with the Borough Councils.

In response to questions from Councillor Coates on Balances and Reserves in relation to section 4.1, 3rd bullet point – to set aside funding for anticipated investment or projects and asked if they were anticipated why were they not included in the budget. In response, the Assistant Director, Resources explained that this was called prudential management of finances and it may be something to be spent in 2 to 3 years' time and that money would be set aside in equal amounts each year to undertake the project when required and gave Elections as an example held every 4 years.

Following questions from Councillor Coates on the minimum level of reserves £1.1m required by the Council, the Assistant Director, Resources explained that the Borough Council's policy was to have a minimum reserve level of 5% of the revenue budget and was part of CIPFA's Code of Practice.

In response to further questions from Councillor Coates on ring-fenced reserves the Assistant Director, Resources explained that these reserves are based on where there is a legal requirement, terms and conditions or a contract in place.

Councillor de Winton referred to the legal costs of £668,300 and the variance reported in budget monitoring. In response, the Assistant Director, Resources explained that previously the legal service had been outsourced to Eastlaw and this had now ended. A Council decision had been made to bring the legal service back in-house and the variance reported was therefore a saving on the transitional cost of the legal service.

Councillor Dark provided an overview as to why it had been the Council's decision of the previous Administration to bring the legal service back in house.

Councillor Dark commented in the IDB's which carried out good work and took on board the comments made by the Finance Portfolio Holder on how much the area put into the community and the UK economy and the fact this was a burden to the tax payer seemed wrong.

Councillor Dark highlighted that Liz Truss MP and James Wild MP were fully aware of the situation and added that going forward he would support the new Administration.

Councillor Dark made a plea in relation to major projects in the capital programme ensure that the scheme going forward was overlaid with Cabinet e.g. Appendix B – car parks proposed spending £1m over the next 4 years and the significant spend and added that the previous Administration had started developing a Car Park Strategy etc. and the review which was still ongoing to ensure money was not spent on car parks for specific items which stopped options be considered at the end of the review and expressed concern that budgeted items were purchased at the wrong time. Councillor Dark gave another example of the Oasis being in a difficult financial situation and the commitment of £200,000 in the budget. Councillor Dark also commented on the £3m allocated in the budget to spend on projects to generate revenue and referred to the Walks, Crazy Golf equipment £120,000 allocated in the capital programme for the current year and asked if this should be Alive and not the Council and justifying the spend added that there were a number of retail vacant premises and why not consider Crazy Golf operating in one of those premises so that it was not weather dependent and available as an all year facility.

The Chair, Councillor Ryves commented on the above points made by Councillor Dark and stated that it was the responsibility of the Audit Committee to identify any risks/action(s) required.

The Chair, Councillor Morley invited the Portfolio Holder Finance to respond to Councillor Dark.

Councillor Morley repeated that Cabinet was in discussions with officers to identify any projects that would generate income and it was hoped that the information could be collated by October/November. Councillor Morley outlined the current situation with Alive and added that the Council should be doing all it could to drive up revenues and explained that there was money available to do so. Councillor Morley added that people had less disposable income with the increase in the cost of living. In conclusion, Councillor Morley commented that there was a whole raft of projects, expenses, etc. which may not fit where West Norfolk stood at the moment.

With regard to car parking Councillor Morley explained that resurfacing works, back office, etc. and that Council had committed to supporting other districts and this venture coming between low and high risk. Councillor Morley added that Councillor Dark had made some good points and it was hoped that officers and Portfolio Holders would work together. Councillor Morley confirmed that the capital expenditure would be rigorously monitored.

The Chair, Councillor Ryves commented that Appendix B – revised budget was work in progress as set out on page 73 of the Agenda.

Councillor Morley, Portfolio Holder for Finance explained that this was work in progress but highlighted there was a long way to go.

The Chair, Councillor Ryves stated that it would be useful for the Audit Committee to be kept informed of any changes.

Councillor Dark commented on the wider issues made one of those things for all sides of the Council was for an idea/project to go through the democratic process which slowed things down and budget allocated if moved at a quicker pace the officers might have already committed to spend therefore what Council do was irrelevant and gave an example of car parking.

Councillor Morley, Portfolio Holder for Finance explained that weekly cost management discussions were held by Management Team and any issue was brought to his attention if there was a requirement to spend an amount.

General comments were made by the Committee on the importance of closely monitoring the Council's financial position.

Councillor Morley, Portfolio Holder for Finance committee that delegated decisions did not get past his scrutiny and provided an overview of how the process had changed to enable Officer Delegated Decisions to be called in.

In response to comments made on the capital programme, the Assistant Director for Resources explained that a review of the capital programme was being undertaken and any changes would be reported in the Quarter 2 Budget Monitoring Report and added that the current total of the capital programme was £66m but during Quarter 2 it was anticipated £30m would be rephrased and a number of the projects mentioned by Councillor Dark would be subject to a further review.

Councillor de Whalley, Portfolio Holder for Environment and Biodiversity reminded the Committee that delegated decisions could be called in.

Councillor Bearshaw commented that as Chair of the Regeneration and Development Panel, the Panel would be looking at reports to set the criteria at an earlier stage to ensure it was budgeted correctly in the first place.

In response to questions from the Chair, Councillor Ryves on staff turnover savings, the Assistant Director, Resources explained that this was built into the budget process on an annual basis and had previously been set at £550,000 but when it was brought back to Council in February for approval, it had been increased to £1m for one year only on the basis of carrying a higher level of turnover as it had been difficult to recruit to some areas.

Following further questions from the Chair, Councillor Ryves on the increase on spend in leisure facilities to replace fitness equipment on page 77 where revised budget was £108,000 but actual spend to date as at 30 June 2023 £531,000, the Assistant Director, Resources explained that this was the actual cost to replace fitness equipment across all sites and required reallocating.

Councillor Jones stated it was cheaper for equipment to be bought in bulk for all three leisure sites rather than for a single site.

In response to a question from the Chair on local authority crematoriums having to pay business rates, the Assistant Director, Resources advised that it was normal practice for all crematoriums to pay business rates on the basis that it is a chargeable service being provided from the site.

The Chair, Councillor Ryves referred to page 72 – Forecast revised to reflect the revised estimate of Housing Benefit, etc. and asked if it was likely that the budget changes would be set out in each quarterly report. In response, the Assistant Director, Resources explained that each year the estimated level of subsidy was made that the Council was likely to receive and submit a return to the Department of Work and Pensions (DWP) but added that during the year the Council had to carry out a review and revise the subsidy estimate and send a return to the DWP. A discussion was being held with the Housing Team to see if there was any funding available to offset the charge. The Assistant Director, Resources said this could change as part of the next monitoring update which would come back to the Audit Committee.

**RESOLVED:** The Audit Committee noted the contents of the Budget Monitoring Report June 2023.

## A119 **CABINET FORWARD DECISIONS LIST**

[Click here to view a recording of this item on You Tube](#)

The Committee noted the Cabinet Forward Decisions List.

The Chair, Councillor Ryves asked a general question on the role of the Audit Committee and being able to undertake a review of the IDB's numbers to check consistency on the figures report. Councillor Morley, Portfolio Holder for Finance commented that the Council could look at the relationship with Internal Audit and the audits which it undertook for IDBs. The Assistant Director, Resources explained that Internal Audit had previously carried out an audit of the Water Management Alliance but that arrangement had now ended. The Assistant Director, Resources advised that she would follow up the comments made on the discrepancy on the figures reported and would report back to the Audit Committee.



**A120**      **COMMITTEE WORK PROGRAMME**

[Click here to view a recording of this item on You Tube](#)

Councillor Dark commented on the significant number of items scheduled for the next meeting in November and asked which items were time critical or asked if two meetings should be scheduled. In response, the Chair explained that the Agenda for the next meeting would be discussed at sifting.

Councillor Bearshaw referred the meeting held on 7 August – Corporate Risk Register when a discussion took place on the bowtie analysis and added that he had held a discussion with G Greaves and asked if it would be helpful for Members to receive a briefing prior to the November meeting. The Chair asked if the Democratic Services Officer could liaise with the relevant officer to arrange a briefing on Teams (late afternoon) for the Audit Committee.

**A121**      **DATE OF NEXT MEETING**

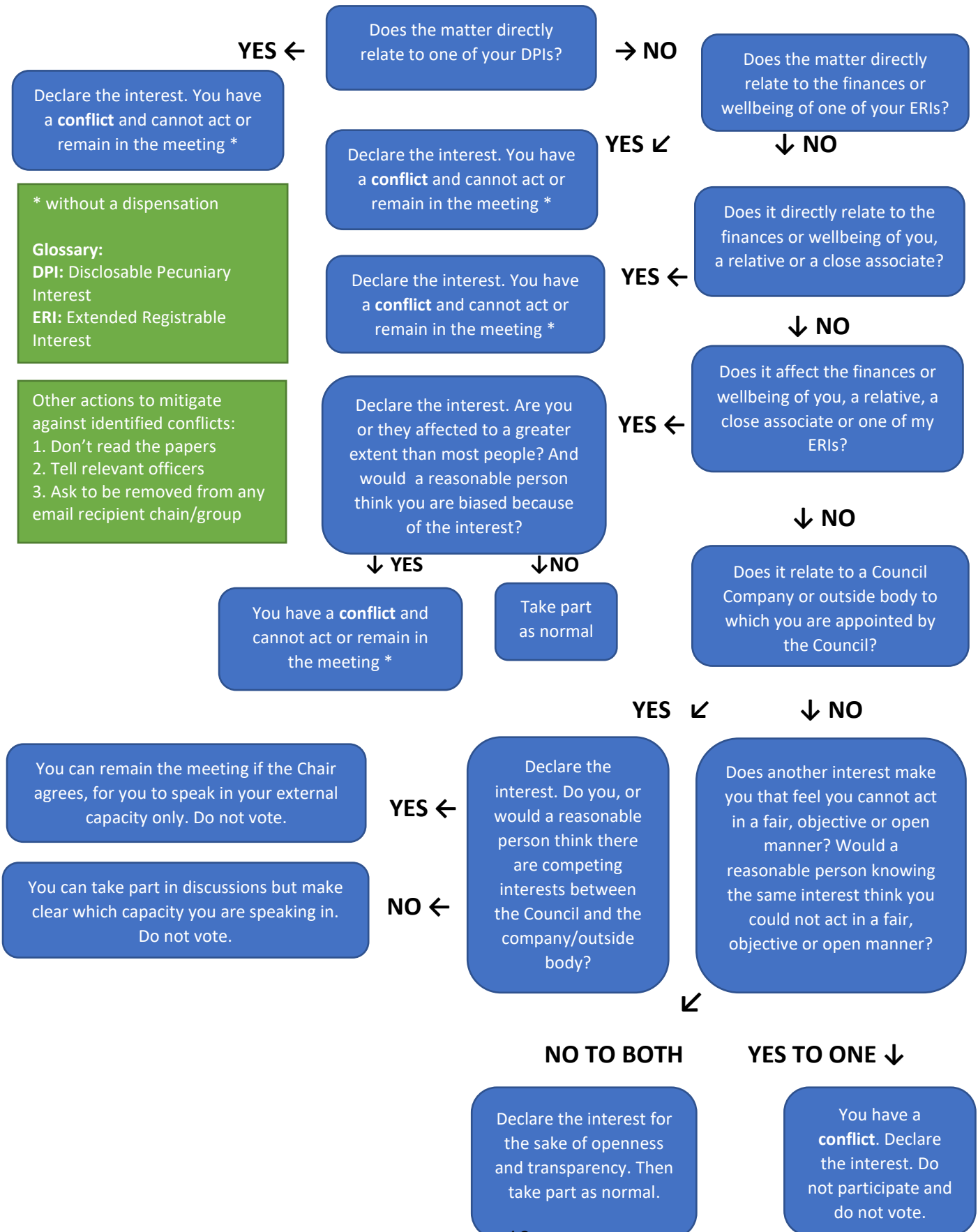
The net meeting of the Audit Committee will take place on 27 November 2023 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn.

**The meeting closed at 6.50 pm**

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



**START**



**AUDIT COMMITTEE REPORT**

REPORT TO:	Audit Committee		
DATE:	27 <sup>th</sup> November 2023		
TITLE:	Internal Audit Progress Report		
TYPE OF REPORT:	Update		
PORTFOLIO(S):	All		
REPORT AUTHOR:	Eastern Internal Audit Services		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

**REPORT SUMMARY/COVER PAGE**

PURPOSE OF REPORT/SUMMARY:
The Audit Committee receive updates on progress made against the Annual Internal Audit Plan. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.
KEY ISSUES:
The current position in relation to the completion of the Internal Audit Plan 2023/24 is shown within the attached report.
OPTIONS CONSIDERED:
<i>Not applicable</i>
RECOMMENDATIONS:
The Audit Committee are requested to receive the Progress Report on Internal Audit Activity.
REASONS FOR RECOMMENDATIONS:
In receiving this report, the Committee is ensuring that the Internal Audit Service remains compliant with professional auditing standards and are fulfilling their terms of reference.

# Eastern Internal Audit Services



**Borough Council of King’s Lynn and West Norfolk**

**Internal Audit Progress Report**

**Period Covered: 25 July 2023 to 26 October 2023**

## **CONTENTS**

<i>1. INTRODUCTION.....</i>	<i>2</i>
<i>2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN .....</i>	<i>2</i>
<i>3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK .....</i>	<i>2</i>
<i>4. THE OUTCOMES ARISING FROM OUR WORK .....</i>	<i>3</i>
<i>APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK.....</i>	<i>4</i>
<i>APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES 2023/24.....</i>	<i>6</i>

**1. INTRODUCTION**

- 1.1 This report is issued to assist Borough Council of King’s Lynn and West Norfolk in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Council to determine.
- 1.3 To comply with the above this report includes:
  - Any significant changes to the approved Audit Plan;
  - Progress made in delivering the agreed audits for the year;
  - Any significant outcomes arising from finalised audits;

**2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN**

- 2.1 At the meeting in April 2023, the Annual Internal Audit Plan for the year was presented to the Audit Committee. Since then, there has been one change to the plan as outlined below:

<b>Audit</b>	<b>Justification</b>
KLWN2309 Organisational Development - Training	This audit has been deferred to the 2024/25 Internal Audit plan at the suggestion of senior management. Due to the Local Government Association (LGA) Peer Review an external review of organisational development has been commissioned. The results of this are to be fed back to Internal Audit from Becky Box (Assistant Director, Central Services) for the Annual Opinion.

**3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK**

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.
- 3.2 In summary 129 days of programmed work has been completed, resulting in 43% of the total Internal Audit Plan for 2023/24.

#### 4. THE OUTCOMES ARISING FROM OUR WORK

4.1 Upon completion of each individual audit an assurance level is awarded using the following definitions:

<b>Substantial</b>	Based on the results of the review there is a robust series of suitably designed internal controls in place upon which the organisation relies on to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.
<b>Reasonable</b>	Based on the results of the review, there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.
<b>Limited</b>	Based on the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.
<b>No Assurance</b>	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

**High:** Fundamental control issue on which action to implement should be taken within 1 month.

**Medium:** Control issue on which action to implement should be taken within 3 months.

**Low:** Control issue on which action to implement should be taken within 6 months.

4.3 During the period covered by the report four reports have been finalised from the 2023/24 Internal Audit Plan:

Audit	Assurance	High	Medium	Low
KLWN2304 Counter Fraud and Corruption Framework	Substantial	0	0	3
KLWN2320 Starters, Movers, Leavers	Limited	3	2	8
KLWN2303 Complaints and FOIs	Reasonable	0	5	8
KLWN2318 Land Charges	Reasonable	0	4	6

4.4 As can be seen in the tables above as a result of these audits a total of 39 recommendations have been raised and agreed by management.

4.5 The Executive Summary of these reports are attached at **Appendix 2**; full copies of these reports can be provided to Members upon request.

## APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations			Date to Committee
							High	Medium	Low	
<b>Quarter 1</b>										
Counter Fraud and Corruption Framework	2304	10	10	10	Final report issued on 25 September 2023.	Substantial	0	0	3	Nov-23
Organisational Development - Training	2309	12	0	0	Audit deferred to 2024/25.					
Public Open Space incl. play areas, tree management	2313	15	15	13	Fieldwork concluding.					
Land Charges	2318	10	10	10	Final report issued on 2 October 2023.	Reasonable	0	4	6	Nov-23
Starters, Movers, Leavers	2320	10	10	10	Final report issued on 26 September 2023.	Limited	3	2	8	Nov-23
<b>TOTAL</b>		<b>57</b>	<b>45</b>	<b>43</b>						
<b>Quarter 2</b>										
Corporate Governance	2301	12	12	8	Fieldwork underway.					
Complaints and FOI	2303	12	12	12	Final report issued on 21 August 2023.	Reasonable	0	5	8	Nov-23
West Norfolk Housing Company Ltd	2311	15	15	10	Fieldwork underway.					
West Norfolk Property Ltd	2312	15	15	10	Fieldwork underway.					
Waste Management	2314	10	10	7	Fieldwork underway.					
Housing Standards/HMO	2315	12	12	1	Scoping underway.					
Economic Growth	2317	12	12	8	Fieldwork underway.					
Community Infrastructure Levy	2319	12	12	10	Fieldwork concluding.					
<b>TOTAL</b>		<b>100</b>	<b>100</b>	<b>66</b>						

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations			Date to Committee
							High	Medium	Low	
<b>Quarter 3</b>										
Cost Management Programme	2305	12	12	0						
Local Council Tax Support and Housing Benefits	2307	15	15	1	Scoping underway.					
Payroll and HR	2308	15	15	0						
Capital Programme	2310	12	12	0						
<b>TOTAL</b>		<b>54</b>	<b>54</b>	<b>1</b>						
<b>Quarter 4</b>										
Key Controls and Assurance	2302	15	15	1	Scoping underway.					
Council Tax and NNDR	2306	15	15	0						
Homelessness and Housing Options	2316	12	12	0						
IT Governance	2321	10	10	1	Scoping underway.					
<b>TOTAL</b>		<b>52</b>	<b>52</b>	<b>2</b>						
<b>Audit Management</b>										
EIAS Audit Management inc follow up	N/A	50	50	17						
<b>TOTAL</b>		<b>50</b>	<b>50</b>	<b>17</b>						
<b>TOTAL</b>		<b>313</b>	<b>301</b>	<b>129</b>			<b>3</b>	<b>11</b>	<b>25</b>	
<b>Percentage of plan completed</b>				<b>43%</b>						



**APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES 2023/24**

**Executive Summary – Counter Fraud and Corruption Framework**

<b>Our Opinion</b>	
<b>Substantial Assurance</b>	Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

<b>Control Objectives</b>	<b>Recommendation Number Reference &amp; Priority Level</b>		
	<b>High</b>	<b>Medium</b>	<b>Low</b>
1. Appropriate governance controls are in place.			<b>1 &amp; 2</b>
2. Appropriate management reporting and monitoring is in place.	<b>None</b>		
3. Appropriate controls are in place for the recording and management of anti-fraud and anti-corruption activities.			<b>3</b>
4. Appropriate risks have been identified and are managed effectively.	<b>None</b>		
<b>High</b> Control issue on which action to implement should be taken within 1 month.	<b>Medium</b> Control issue on which action to implement should be taken within 3 months.	<b>Low</b> Control issue on which action to implement should be taken within 6 months.	

<b>Overall Objective and System Background</b>
<p>The last audit of Counter Fraud and Corruption was undertaken in 2019/20, and received Substantial Assurance at the time and was therefore proposed for inclusion in the 2023/24 audit plan.</p> <p>The overall objective of the audit was to examine the Council's approach to fraud in line with the checklist provided as part of the new Fighting Fraud and Corruption Locally Strategy 2020 and suggest practical recommendations for improvement where required. The review also covered the Council's RIPA policy.</p> <p>Although the Senior Internal Auditor line manages the auditor who has undertaken this engagement, the report has also been independently reviewed by the Head of Internal Audit at EIAS, who has no responsibility for counter fraud controls.</p> <p>Where people commit fraud against the Council, they take money away from the services we deliver on which the public depend, and damage citizens' trust in the Council. The Borough Council of King's Lynn and West Norfolk is committed to protecting the public funds entrusted to it.</p>

The Government's "Economic Crime Plan" published in June 2019 stated that the number of fraud offences rose by 12% during 2018 to 3.6 million, constituting a third of all crimes in the UK. As of September 2022, fraud is now the most common offence in this country, amounting to 41% of all crime in the year.

The government is due to publish guidance on reasonable fraud prevention procedures, the "Economic Crime and Corporate Transparency Bill" which has already received Royal Assent will come into force introducing these new offences. As a government authority we will all be in scope for these new offences as an organisation meeting two out of three of the following criteria:

- more than 250 employees, more than £36 million turnover and more than £18 million in total assets.

The Senior Internal Auditor provides half yearly (April-September) and full financial year fraud and error progress reports to the Audit Committee. The report provides the following information to the Committee Members: -

- Progress towards the Anti-Fraud & 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.
- The pipeline of upcoming projects and anti-fraud and anti-corruption related activities that will be undertaken/progressed during 2023/24 financial year.

Section 5 of the Anti-Fraud & Anti-Corruption Policy recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both internally and externally. The Policy sets out the approach that the Council uses to manage the risk of fraud and corruption and minimises the losses incurred.

The half yearly and annual reports are presented to show performance against the Anti-Fraud & Anti-Corruption Policy for Audit Committee to review the effectiveness of the policy and how the Council measures against the national counter-fraud standards (as set out within the Anti-Fraud & Corruption Policy and the Fighting Fraud & Corruption Locally 2020 Standards), including where appropriate details of corrective action where standards have not been met. The report includes details of the level of fraud loss and the activities being undertaken to raise the anti-fraud & anti-corruption culture across the Authority.

### Good Practice

- As well as complying with its statutory duty as a Local Authority under Section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs, which includes the prevention, detection and deterrence of fraud and corruption, the Council is also additionally compliant with the Fighting Fraud and Corruption Locally (FFCL) Standards, which the latest version of FFCL is from August 2020.
- Even though the Anti-Money Laundering Policy is not a statutory/legislative requirement for the Council to have, it is considered best practice for the authority to have one, hence why BCKLWN has a policy.
- The Council engages in joint working exercises with 3<sup>rd</sup> party organisations to prevent and detect fraud, such as the National Fraud Initiative (NFI), the Norfolk FraudHub and National Anti-Fraud Network (NAFN).
- The Anti-Fraud and Anti-Corruption Policy was sent via e-mail to ALL Members on 26/05/23, just after the most recent elections.
- There are also E-learning packages available on the Learning Hub regarding Fraud Awareness for both Employees and Members.

### Summary of Key Recommendations

A total of three low priority recommendations have been raised as follows:

- Consider including within the Non-Collusion/Prevention of Corruption document, which Procurement ask contractors to sign as part of the tender/quotation exercise, that the Council has a suite of anti-fraud policies (Anti-Fraud and Anti-Corruption Policy, Anti-Money Laundering Policy, Whistleblowing Policy etc.), and we would expect contractors to read and abide by our policies if they do not have similar policies in place themselves.
- Those policies that are overdue for review should be reviewed as soon as possible, to ensure the information being provided is current and up to date.

The current overdue policies are the Anti-Money Laundering Policy (review due in August 2022) and the Whistleblowing Policy (review due in January 2020) – Currently being reviewed by Legal Services.

- The myriad of documents within the Investigation Procedure Manual should be reviewed to identify whether documents are: -
  - still required,
  - still relevant or have been superseded in legislation/guidance,
  - required to be reviewed,
  - following the correct templates.

### Other Points to Note

- Fraud calculation methodology's were amended in 2019/20 to align them to the calculations set out by the Cabinet Office, which helps to compare fraud results to other local authorities.
- There has recently been a prolonged 'Communications Strategy', over almost a year, developed by the Senior Internal Auditor, Internal Auditor and the Communications & Engagement Officer. The 'strategy' has been to produce some small articles to be included within the weekly Staff Briefings e-mail to all officers.

## Executive Summary – Starters, Movers, Leavers

### Our Opinion

#### Limited Assurance

Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
5. Appropriate documentation and procedures are in place	0	2	4
6. Appropriate Policies are in place	0	0	0
7. Appropriate Controls are in place	0	0	2
8. Appropriate processes are in place to provide assurance of risk management of the system	3	0	2
<b>High</b> Control issue on which action to implement should be taken within 1 month.	<b>Medium</b> Control issue on which action to implement should be taken within 3 months.	<b>Low</b> Control issue on which action to implement should be taken within 6 months.	

### Overall Objective and System Background

There has been no previous audit of the Starters, Movers, and Leaver's process. The overall objective of the audit was to gain assurance that controls in respect of systems and procedures for;

- (i) engaging new employees,
- (ii) processing employees moving between roles, and
- (iii) employees leaving the Council, including providing the IT department with information in a timely manner are operating effectively.

### Summary of Key Recommendations

A total of 3 high priority recommendations have been raised as follows:

1. Conduct a full review of assets and equipment held across the organisation and update the Asset register accordingly. Include ICT Loan agreements within the review process.
2. Line managers must ensure that any work undertaken by their team members is held within the ICT estate and networks, through ensuring appropriate access is provided as necessary. A reminder to be issued to managers with direct reports to ensure that they are aware of the need to complete and return new starter forms promptly.
3. The process for removing leavers ICT access needs to be timely. Ideally the

access should be removed on the first working day after the employee leaves the organisation. The frequency of the issuing of the leavers list needs to be reviewed to ensure it can allow for the prompt removal of access to staff who leave the authority. The leavers list needs to also distinguish if the employee has left a role but continue to be employed in another role.

A total of 2 medium priority recommendations have been raised as follows:

1. An overarching procedure document to be introduced outlining the roles and responsibilities for New Starters, Transfer of Roles and Leavers for ICT, Personnel, Line Managers, Information Asset Owners, and Employees.
2. Review the list of system administrator recipients that receive the full leavers list to produce a more targeted list of key contacts that receive the list. This list should also include transfer of roles and be made available to system administrators. Wording to be included in the new overarching SML procedures outlining the roles and responsibilities.

A total of 8 low priority recommendations have been raised as follows:

1. Consider introducing a web-based ICT forms relating to new starters, transfers, and leavers with mandatory fields. Review the ICT Leavers form and update appropriately, inc. to request information relating to Software. Create a specific "ICT change of role/transfer" form to ensure that all the relevant information required when staff transfer between departments is captured.
2. ICT to consider creating local written procedures/checklist detailing the new starter, transfer of roles and leavers processes undertaken.
3. As part of the overarching procedures for Starters, Movers, and Leavers introduce a Line Manager review between the former and new manager of the employee transferring roles to review access requirements, licensing arrangements, and equipment/assets for appropriate communication to Personnel, ICT, and Information Asset Owners.
4. Introduce a short exit meeting questionnaire for line managers to complete with departing staff who have resigned from the organisation.
5. Introduce a process for following-up and escalation for the appropriate and timely return of equipment, such as to a lead Assistant Director who can then raise this with Senior Leadership Team. Processes to include details of the management of the ICT Asset Register and Asset disposal policy.
6. Introduce local procedure notes to ensure the prompt review of OneDrive and Email accounts by line managers of staff leaving the authority. Procedures to include roles and responsibilities and the steps required.
7. Once the new policies/procedures have been produced, they need to be held in an accessible area (such as InSite, CiphR) where they can be easily accessed by Personnel, Managers, Information Asset Owners, and employees.
8. Review the process for deleting any personal information linked to licences and accounts of users who have left the organisation. Record, retention, and disposal schedules to be considered to outline the period considered to be necessary for the purpose it was initially recorded.

### **Good Practice and Other Points to Note**

The following good practice has been identified during the audit:

- Appropriate pre-employment checks such as references, health checks, DBS checks, Asylum checks, qualification checks, etc. are being carried out prior to new employees commencing employment.
- Induction training is promptly carried out and recorded.
- Service Desk calls for Starters, Movers and Leavers are being processed in a timely manner by ICT.
- Equipment is being appropriately recorded and issued for new starters in a timely manner.
- Transfer of roles are being appropriately logged with ICT and processed in a timely manner.
- ID and security badges are being appropriately issued to new starters and access is being removed from leavers in a timely manner.

## Executive Summary – Complaints and FOIs

### Our Opinion

#### Reasonable Assurance

Based upon the issues identified, there is a series of internal controls in place; however, these could be strengthened to facilitate the organisation’s management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
1. Appropriate documentation and policies/procedures are in place regarding handling complaints and FOI requests.		1, 2	6
2. Appropriate procedures/processes are in place regarding handling complaints and FOI requests.		3, 4, 5	7
3. Appropriate monitoring and management of the handling of complaints and FOI requests.			8, 9, 10, 11
4. Appropriate processes are in place to provide assurance on the risk management of the system.			12, 13
<b>High</b> Control issue on which action to implement should be taken within 1 month.	<b>Medium</b> Control issue on which action to implement should be taken within 3 months.	<b>Low</b> Control issue on which action to implement should be taken within 6 months.	

### Overall Objective and System Background

The overall objective of the audit was to gain assurance that effective controls are operating in the handling of corporate complaints and Freedom of Information Act (FOI) requests in a timely manner to prevent non-compliance with corporate policy and the FOI Act 2000.

Legal Services transferred to an in-house service in April 2023, with responsibility for FOI, DPO and GDPR transferring from Eastlaw to the Corporate Governance Team (CGT) from 30<sup>th</sup> April 2023. The Assistant to Chief Executive was transferred to the Legal Team and became Corporate Governance Manager on 1<sup>st</sup> April 2023. The Information Governance Officer (IGO), who has been in post since June 2023, is responsible for dealing with FOI requests. When an FOI request is received, via the FOI Inbox, it is logged on the FOI Tracker and a copy sent to the FOI Designated Officer in the relevant Service Area. The officer then sends the response to the IGO who updates the tracker and sends the response to the requester.

For the period 1<sup>st</sup> April to 4<sup>th</sup> July 2023, a total of 192 FOI requests had been received. In 2022/23, a total of 558 FOI requests were received, and 590 in 2021/22.

The Local Government and Social Care Ombudsman defines a complaint as “an expression of dissatisfaction about an act, omission or decision of the Council (whether that is provided directly by the council or by a contractor or a partner) either verbal or in writing, and whether justified or not, which requires a response.” The Authority has adopted this definition in its Corporate Complaints Policy, which outlines the stages a complaint goes through:

- Initial Stage – the Authority seeks to resolve the matter informally without the need to escalate it to the formal complaints process. If the matter is unresolved or complex and needs further investigation, it will be registered as a formal complaint.
- Formal Stage – Stage One – the complaint is considered by an experienced officer in the department to which the complaint relates, usually the Assistant Director or Service Head. Stage One complaints are required to be responded to within 15 working days.
- Stage Two – if the complainant is dissatisfied with the outcome of the Stage One response, they can request that it be escalated to Stage Two. The Corporate Governance Manager will review the entire case. The timeframe for responding to a Stage Two complaint is 20 working days.

Corporate complaints are initially received and managed by Democratic Services. Only those complaints which progress to Stage Two are referred to the Corporate Governance Manager for review and investigation.

For the period 1<sup>st</sup> April to 14<sup>th</sup> July 2023, 17 corporate complaints were received. In 2022/23, a total of 59 complaints were received and 54 in 2021/22.

### **Summary of Key Recommendations**

A total of five medium priority recommendations have been raised as follows:

- Once the Corporate Complaints Policy has been revised, it is recommended that this is placed on the Authority’s website, with a direct reference to the policy clearly sign-posting users to it. An article to be included in Staff Update notifying staff of the revised policy and the action that staff should take if they receive a complaint.
- The Corporate Complaints Policy to be enhanced to include version control/document history, references to the Data Protection Act 2018, flowcharting the complaints handling process, references to related policies, details of roles/responsibilities, specifies document retention period, outlines the process for learning from complaints and states how the policy will be distributed.
- To ensure consistency and timeliness of the process, it is recommended that all corporate complaints are received and managed by CGT. This would ensure that the Corporate Governance Manager is aware of all complaints, both Stage 1 and Stage 2, enabling her to undertake an analysis of complaints which could then be included in the Annual Complaints Report to CPP.



- Once the CGT are responsible for managing the corporate complaints process, it is recommended that they ensure that all Stage 1 complaints are responded to within 15 working days (as per the stated deadline in the Corporate Complaints Policy) and that evidence is retained of a formal response being sent to the complainant.
- To ensure consistency and timeliness of the process, all FOI requests to be received and managed by CGT, including FOI requests relating to Planning, Housing Standards and Environmental Health, which are managed by EH Admin Team.

A total of eight low priority recommendations have been raised as follows:

- The new FOI / EIR Policy to detail how the policy will be implemented and distributed throughout the Authority, how staff are made aware of the policy, and the retention period for documentation relating to FOI requests.
- The Complaints spreadsheet, used to record all corporate complaints received, to be enhanced to record details of each complaint, such as date received, date resolved, brief summary of the complaint, whether the complaint was responded to within target, number of days above target, and whether the complaint proceeded to Stage Two.
- The Annual Complaints Report to be enhanced to record service improvements arising from complaints, number of upheld complaints, performance against timescales, and the complaints performance of third parties providing services on behalf of the Authority.
- The Annual Complaints Report to include an analysis of FOI requests by theme and service area, % of requests responded to within 20 working days for each service area and trend analysis for corporate complaints received.
- Any lessons learnt arising from dealing with complaints and resulting service improvements to be formally recorded, enabling them to be included in the Annual Complaints Report and formally shared as best practice with service areas.
- The Data Retention Schedule – Central Services to be updated to state the retention period for records relating to corporate complaints and Ombudsman enquiries, in accordance with legislation and guidance.
- Risks associated with the handling of complaints and FOI requests to be identified, documented within the operational risk register and appropriate mitigations put in place, where necessary.
- A formal process should be put in place for identifying any issues that may arise in the handling of complaints or in resolving FOI requests, and for escalating them where appropriate.

### **Good Practice and Other Points to Note**

- The Corporate Complaints Policy was reviewed in 2022 and approved by CPP in October 2022, and is due to be reviewed by the Corporate Governance Manager and the Information Governance Officer (IGO) in the coming months.
- The FOI Publication Scheme is currently being reviewed following the transfer of responsibility for dealing with FOI requests from Eastlaw to CGT.
- A new FOI/EIR Policy is currently being drafted by the IGO to replace the current policy document.
- The IGO has recently compiled a new FOI/EIR Officer Guidance document for staff and FOI Process Notes for use by CGT. The FOI/EIR Guidance document was publicised in Staff Update on 12/07/23 raising staff awareness of the process for dealing with FOI requests.
- The Unreasonable Complainants Policy was reviewed during 2022 and approved by Full Council in March 2023.
- Standard email templates are used during the FOI request process.
- All FOI requests are logged on the FOI Tracker which records full details of each request and the timeliness of their response, enabling performance management reporting.
- FOI requests that are due within the next five days are flagged up and chased by the IGO for a response from the relevant department. The IGO sends a weekly/fortnightly list of all historic outstanding requests to services for a response, which should mitigate the risk of internal review requests and complaints to the ICO.
- All attachments are checked by the IGO before sending out to the FOI requester to ensure that their format is correct and that personal data redactions have been made.

## Executive Summary – Land Charges

### Our Opinion

<b>Reasonable Assurance</b>	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation’s management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.
-----------------------------	---

Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
9. The Local Land Charges Register contains accurate data.		1	5, 6
10. Appropriate controls in place for the addition, amendment and deletion of data within the Local Land Charges Register.			7
11. Appropriate controls in place for the transfer of the local land charges service to HM Land Registry.		3, 4	8, 9
12. Appropriate controls are in place over the management of income arising from the provision of the local land charges service.		2	10
<b>High</b> Control issue on which action to implement should be taken within 1 month.	<b>Medium</b> Control issue on which action to implement should be taken within 3 months.	<b>Low</b> Control issue on which action to implement should be taken within 6 months.	

### Overall Objective and System Background

The Authority’s Land Charges service must transfer to HM Land Registry (HMLR) in the next two years. The overall objective of the audit was to provide assurance that actions to prepare for this are progressing and that the Authority’s Local Land Charges (LLC) Register holds accurate data, prior to its transfer. The audit evaluated the process for making additions, amendments, and deletions of data to the LLC Register and provided assurance on the management of income arising from the provision of the Land Charges service.

When purchasing property, purchasers (usually via their legal representatives) seek a range of assurances in respect of their prospective purchase. These assurances are gained through a Land Charges search which the Local Authority are required to undertake.

Local Authority searches consist of two elements, an LLC1 which is a search of the LLC Register, and a CON29 which is a set of standard enquiries recommended by the Law Society to reveal vital information that could impact the purchaser's decision. The LLC Register contains a record of all charges registered against a property within the local borough such as any financial charges, planning agreements, enforcement notices, listed buildings and light obstructions notices.

The CON29 consists of two forms, CON29R and CON29O. The CON29R covers such enquiries as planning history, building control regulation, highway information, proposed tree preservation orders, CIL, proposed planning enforcement and public footpaths. CON29O consists of a wider range of enquiries which may be relevant in certain locations or with certain properties, such as whether the property is within a National Park.

Land Charge fees are set locally on a cost recovery basis, meaning the Authority are not supposed to make a profit and are only supposed to cover the costs related to carrying out the service. Costs are increased in line with cost of living increases each year. The software used to manage Land Charge cases, TLC ("Total Land Charges"), which is linked to IDOX Uniform, is in the process of being upgraded.

For the period January to December 2022, total Land Charges expenditure was £177,338 and total income £160,844, leaving a net service cost of £16,494. The Land Charges reserve balance as at 31<sup>st</sup> March 2023 was £156,252. Budgeted income for 2023/24 is £160,000; for the first four months of 2023/24, a total of £45,516 had been received.

The Office Manager/Deputy SIRO anticipates that the Authority will incur a loss of £60,000 p.a. from the loss of LLC1 searches after the data migration to HMLR. The Authority will continue to provide CON29R searches after the data migration.

### **Summary of Key Recommendations**

A total of four medium priority recommendations have been raised as follows:

- Costs be reviewed to ensure that all relevant costs are included, thereby enabling the correct Land Charges fees to be levied and ensuring that all relevant costs are covered by the income. Costs be reviewed on an annual basis to ensure that they remain current. The Authority to explain how fees are calculated and compile procedure notes detailing the cost calculation.
- The CON29R search fee be reviewed, with a view to increasing it to the average fee levied by local authorities in Norfolk. The fee be reviewed each year to ensure that it continues to cover all necessary costs.
- Following the recent signing of the Collaboration Agreement between the Authority and HMLR, a comprehensive Project Plan be devised setting out the steps involved in the data migration.
- As part of the Project Plan, the process for data cleansing and data validation, and the security arrangements to be adopted, such as data encryption, be formally documented.

A total of six low priority recommendations have been raised as follows:

- Issues relating to TLC identified by the Land Charges Team be raised with IDOX with a view to them being addressed by IDOX.
- Written procedure notes be compiled detailing the process involved in undertaking a search; these could be in the form of flow-charts.
- The addition or removal of Land Charges on the Local Land Charges Register be checked by another officer within the Land Charges Team on a

sample basis to confirm the accuracy of the data addition or deletion.

- Once the data migration project commences, regular meetings be held with HMLR. Each meeting to have an agenda setting out the meeting's purpose, frequency and duration. An action log be maintained recording all agreed actions and formal minutes taken at each meeting.
- A formal risk assessment of the data migration be undertaken, and appropriate mitigating controls put in place, where appropriate.
- The Authority clarify with HMRC the treatment of VAT relating to the search fee on an additional parcel of land, and if necessary, amend their fee schedule accordingly.

#### **Good Practice and Other Points to Note**

- Most searches are turned around within five working days; this is well within the "voluntary" target of ten working days for turning round cases and adding the data to the Local Land Charges Register.
- Norfolk County Council (NCC) Highways monthly invoice is reconciled to an in-house bespoke report from TLC to confirm that NCC are only invoicing the Authority for those searches that the Land Charges Team asked them to complete.
- When a search request is received, a hold is put on it so that the search cannot be undertaken until payment has been received from the search company or solicitor.
- Each search has a Unique Reference Number (URN) i.e., the TLC land charges search reference number, which customers are required to quote when submitting payment so that it can be allocated to the correct search.
- Monthly statistics are produced by the Land Charges Team recording the number of CON29R, LLC1, Personal Searches and History Searches undertaken each day. This is sent to Accountancy where a Monthly Monitoring Sheet is produced detailing land charges income received, no. of searches conducted, and income and expenditure for year to date compared to budget.

## POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	27 <sup>th</sup> November 2023		
TITLE:	Half year Fraud & Error Progress Report 2023-24		
TYPE OF REPORT:	Update		
PORTFOLIO(S):	Cllr Morley, Finance		
REPORT AUTHOR:	Jamie Hay, Senior Internal Auditor		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

### **REPORT SUMMARY/COVER PAGE**

<b>PURPOSE OF REPORT/SUMMARY:</b>
<p>This report is aimed to provide the following in respect of the period April 2023 to September 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 arises:</p> <ul style="list-style-type: none"> <li>• Progress towards the Anti-Fraud &amp; Anti-Corruption Key Performance Indicators assigned to the Internal Audit Department.</li> <li>• 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.</li> <li>• Statistical information in respect of traced debts where the Internal Audit Team have been contacted for assistance.</li> <li>• Statistical information in respect of fraud and error detection for grants retrospectively identified as having been paid to customers/businesses who were not eligible.</li> <li>• Statistical information in respect of data matching activities undertaken through the National Fraud Initiative (NFI) and Norfolk Fraud Hub.</li> <li>• A look forward for the remainder of the financial year's anti-fraud and anti-corruption related activities.</li> </ul>
<b>KEY ISSUES:</b>
<p>Section 5 of the Anti-Fraud &amp; Anti-Corruption Policy recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both internally and externally. The Policy sets out the approach that the Council uses to manage the risk of fraud and corruption and minimises the losses incurred.</p>

Section 19 of the Policy outlines that the Council has adopted the Cabinet Office's national "Report Calculations" for measuring fraud loss where appropriate and uses local calculation methodologies where it feels local weighting should be applied and to furthermore be consistent with other member local authorities of the Norfolk FraudHub.

The attached report is presented to show performance against the Anti-Fraud & Anti-Corruption Policy for Audit Committee to review the effectiveness of the policy and how the Council measures against the national counter-fraud standards (as set out within the Anti-Fraud & Corruption Policy and the Fighting Fraud & Corruption Locally 2020 standards), including where appropriate details of corrective action where standards have not been met. The report includes details of the level of fraud loss and the activities being undertaken to raise the anti-fraud & anti-corruption culture across the authority.

**OPTIONS CONSIDERED:**

*Not applicable*

**RECOMMENDATIONS:**

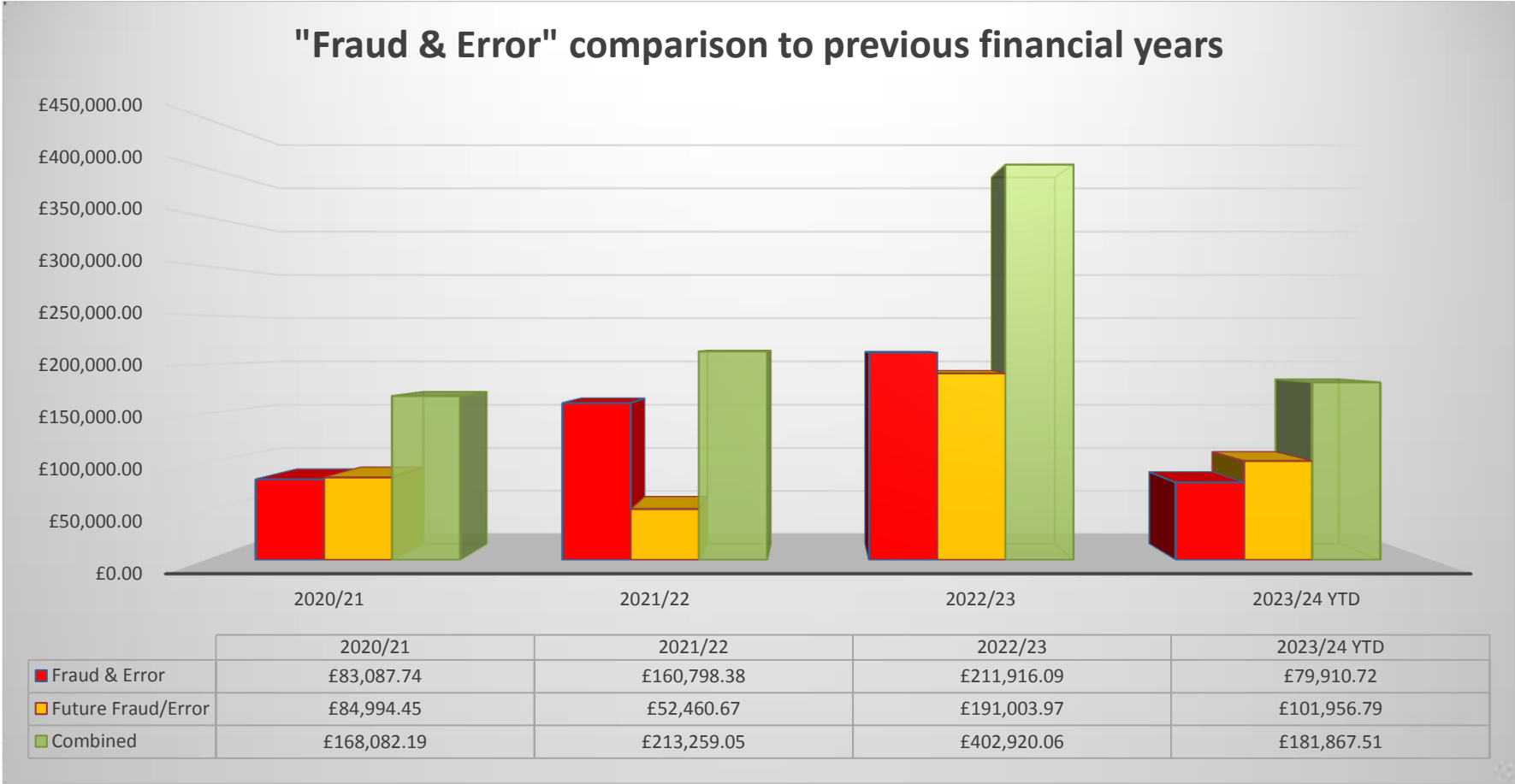
Members are asked to note the update of the anti-fraud & anti-corruption work.

**REASONS FOR RECOMMENDATIONS:**

Fraud and Error reports are to be presented by Internal Audit to the Audit Committee on a half-yearly basis, to show how the Council is performing against the Anti-Fraud & Anti-Corruption Policy.

**Half Year Fraud & Error Progress Report 2023/24**

**FIG.1 - Fraud & error comparison year to date against previous years**



40

- Activities undertaken by the Internal Audit department include fraud investigations, data matching exercises, collaboration with other organisations (such as DWP).



## 1. Report overview

1.1 This report is aimed to provide the following in respect of the period April 2023 to September 2023:

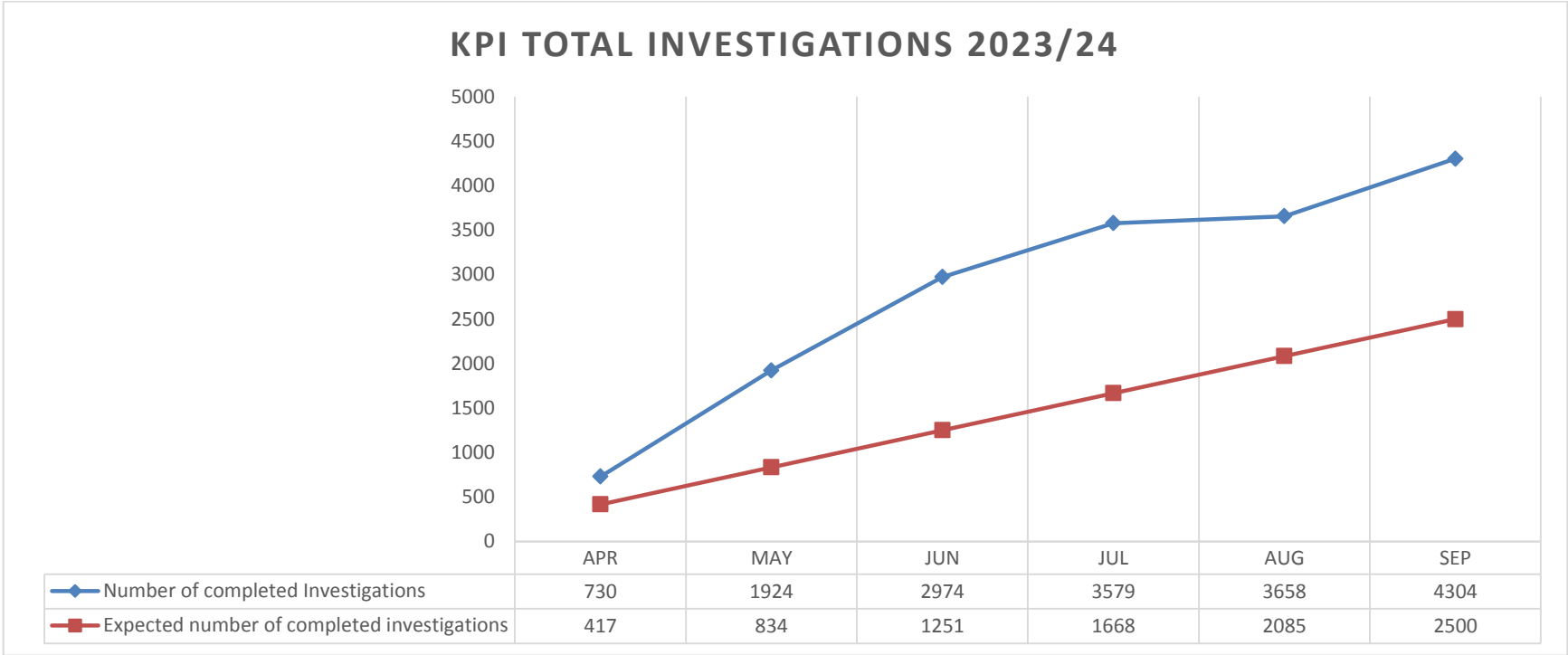
- Progress towards the Anti-Fraud & Anti-Corruption Key Performance Indicators assigned to the Internal Audit Department.
  - Including the areas of coverage which are mainly Council Tax, Council Tax Reduction Scheme, Business Rates, Housing Waiting List, Duplicate invoices, False payments, Debtor Tracing activities and Internal Fraud where it arises.
- 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 undertaken by the Revenues Assurance Team.
- Statistical information in respect of data matching activities undertaken through NFI and Norfolk Fraud Hub.
- A look forward to the remainder of 2023/24 anti-fraud and anti-corruption related activities and beyond.

## 2. Key Performance Indicators

2.1 As part of the Directorate Service Plan for Resources the following KPIs were set for the 2023/24 financial year for the purposes of the Internal Audit Departments role in tackling fraud and error:

- 5,000 completed fraud/corruption investigations (including data matching exercises) per annum. (**see fig.2**)

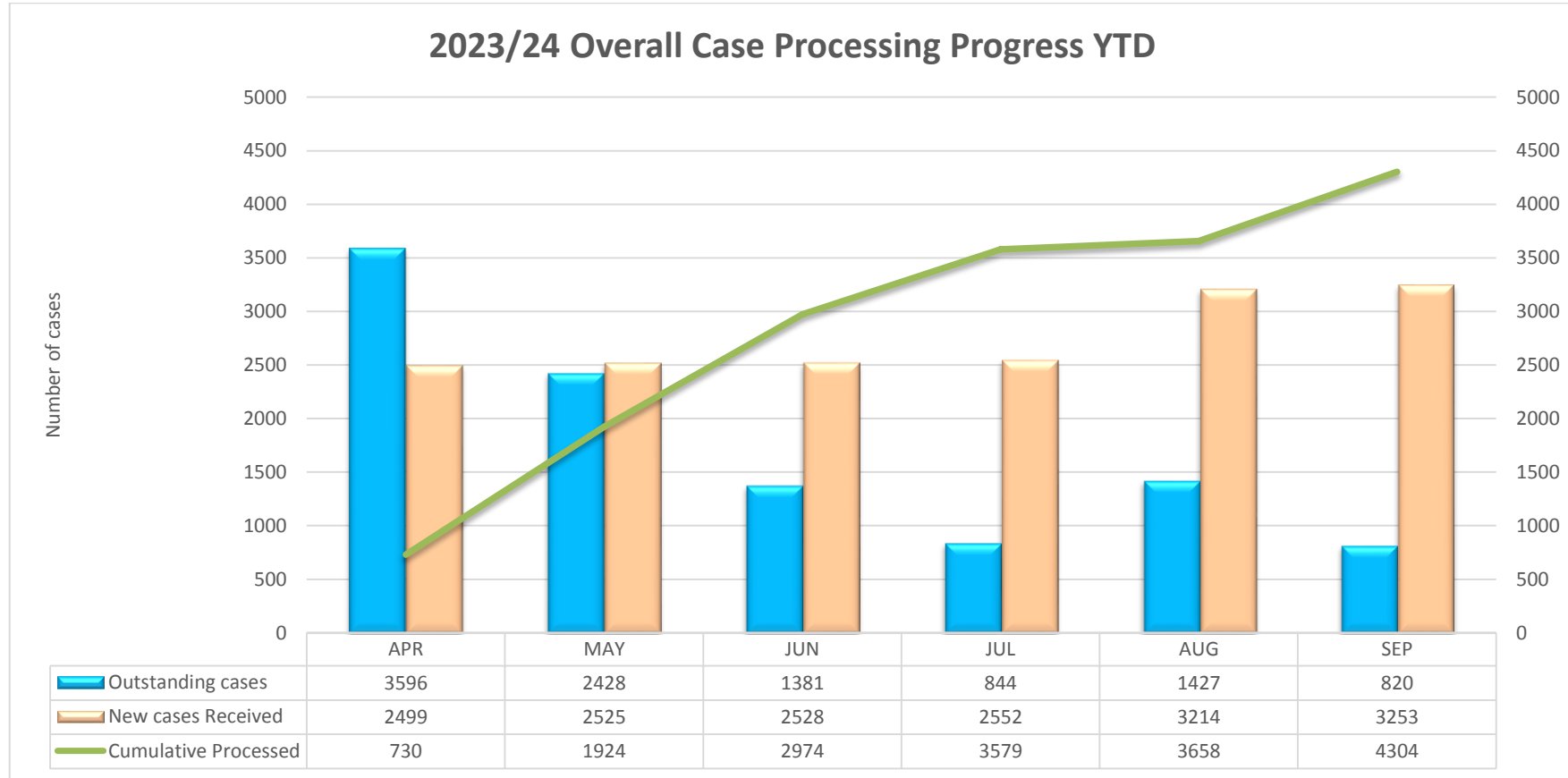
**FIG.2 – KPI TARGET: 5000 completed fraud/corruption investigations (including data matching exercises) per annum.**



42

- 4,304 completed investigations (86.08%) of the expected full year target
- Progress is ahead of the target, and workload exists to meet this target by the end of the financial year. Progress is anticipated to slow during the second half of the year because of project work relating to a Council Tax SPD review exercise nearing completion.

**FIG.3 - Overall investigation processing progress**



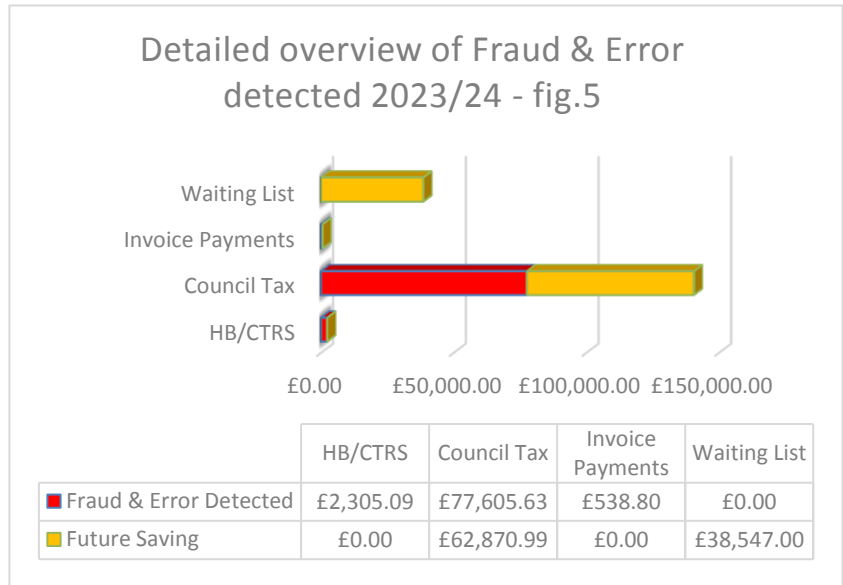
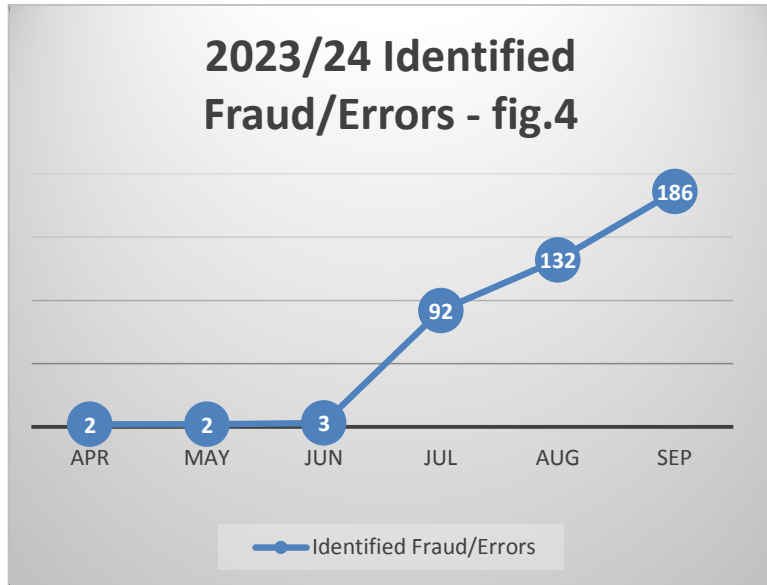
1,827 cases were brought forwards from 2022/23 financial year to this current year. There were 820 outstanding cases as at the end of September with further matches anticipated to be received in October from bi-annual HMRC data matching exercises, quarterly matches being received via the Norfolk FraudHub and any other cases that are received by other means.

### **3. Overview of Fraud/Error Detection**

- 3.1 The borough is made up of 75,335 residential dwellings with 22,984 receiving Single Person Discount awards. SPD is awarded to 30.51% of all dwellings in the borough.
- 3.2 There are 6,714 Non-Domestic rates hereditaments across the Borough. With 4,772 of these receiving some type of relief or reduced bill. Reliefs / reduced bills are being awarded on 71.07% of all business rateable hereditaments in the borough.
- 3.3 There are 9,153 live Council Tax Reduction Scheme claims in payment across the borough. With 4,239 (46.31%) claims in payment to customers of pension age and 4,914 (53.69%) claims in payment to customers of working age.
- 3.4 The figures being presented for 2023/24 year to date gives a more accurate picture of the typical results compared to recent years now that we have returned to business as usual and recovered from the covid-19 pandemic which had impacted on previous year's statistics. **(see fig.3)**
- 3.5 The results shown in **fig.1** show that good progress is being made this financial year compared to the average value of detection of the previous years (£261,420.43 per annum).
- 3.6 Total counter fraud related spend during 2022/23 was **£34,051.67**.

### **4. Detailed Overview of Fraud/Error Detection**

- 4.1 A total of **186** instances of fraud/error have been identified to the total value of **£181,867.51 (see fig.1)**
- Waiting list – 9 cases
  - Invoice payments – 1 case
  - Council Tax – 153 cases
  - HB / CTRS – 5 cases
  - Other identified errors – 18 cases



**5. Other Identified Errors**

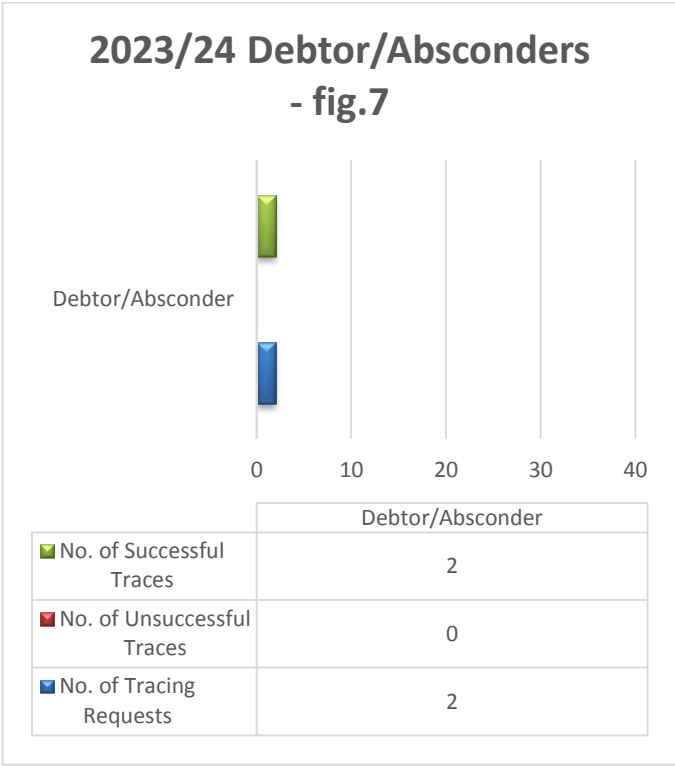
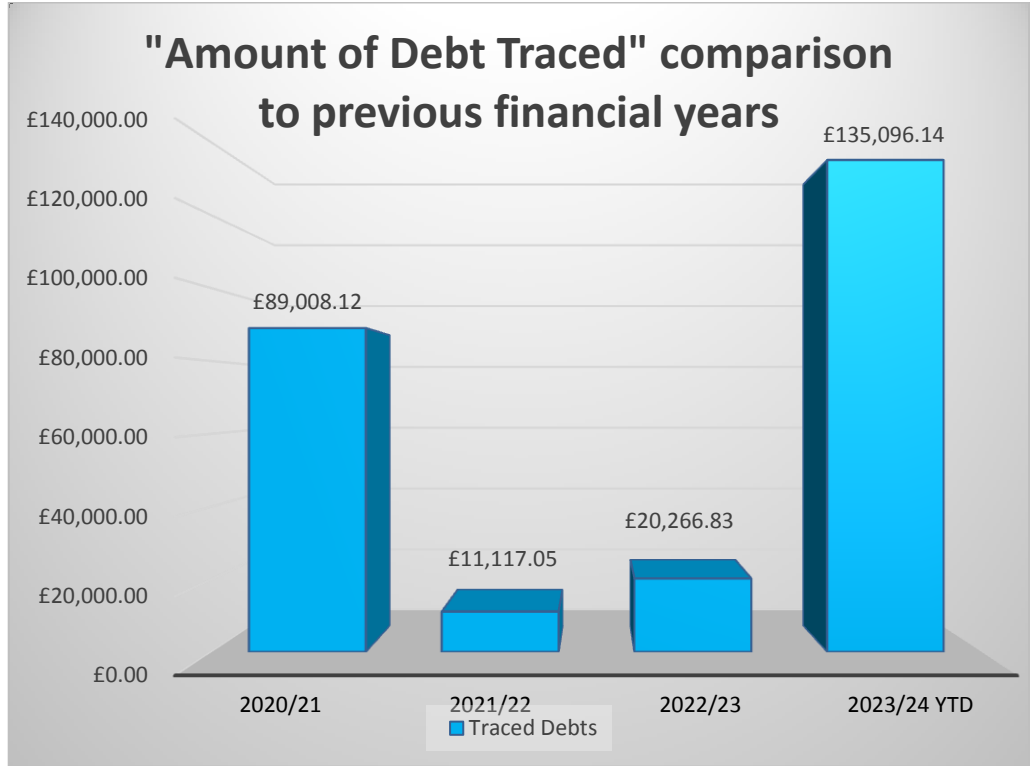
5.1 **18** Council Tax accounts have been amended from a Single Person Discount award to a Student Disregard/or another disregard status (the council tax liability has not changed but future fraud and error may have been prevented). These are included within **fig.4**.

**6. Debtor Tracing Activities**

6.1 Internal Audit assist the authority corporately providing debtor tracing services on a case-by-case basis. This is provided where requests to attempt to trace customers with debts are received where other tracing attempts have been exhausted within the affected service area. Where a successful trace has been made any new address/contact information is provided to the service area who are responsible for pursuing and recovering the debt.

6.2 A total value of **£135,096.14** has been traced and passed back to the relevant departments for recovery purposes, **fig.6** outlines the number of traces undertaken and the number of successful traces.

**FIG.5 – Debtor tracing comparison year to date against previous years**



## 7. Data Matching Activities

7.1 As part of the investigation work conducted, data matching exercises continue to be carried out with the Cabinet Office's **NFI and the Norfolk Fraud Hub**, these exercises cross-over financial years. The number of new data matches received, the number of processed matches and the number of matches outstanding during the financial year are included within fig.3.

7.2 There are currently two themes of NFI reporting being completed:

### 7.3 NFI

- The NFI National Exercise – This is a council wide data matching exercise, focusing on all possible areas of the council including Creditors, Payroll, Council Tax and Housing Benefits. This exercise is undertaken every two years.
- The Flexible Matching Service – This is carried out annually, focusing primarily on Council Tax data matches in need of investigation. The Flexible Matching Service deals with matches mainly consisting of:
  - Council Tax SPD - the outstanding matches are for Council Tax accounts that do not match Electoral Register information that require further investigation.
  - Matches where the second adult is due to turn 18 between now and the end of the financial year.
  - Council Tax matches against income details, capital details, household composition details, and property ownership details held by HMRC.

### 7.4 The Norfolk Fraud Hub

- The Norfolk Fraud Hub was established in 2019/20, it assists in the detection of fraud and error earlier by carrying out more frequent data matching of key data sets between all 7 district authorities in Norfolk and Norfolk County Council.
- This work provides further assurance that claims, and applications are genuine, and that information and data recorded in our systems is consistent and accurate.
- As part of the Norfolk Fraud Hub project a Steering Group is also in place where best practices and knowledge is shared across each of its 8 member organisations including details on emerging and new fraud risks/threats.

## 8. SPD Project

8.1 The SPD project (funded by Norfolk County Council) has continued and has now completed year 3 of the project. We have received approval from Norfolk County Council for year 4 (2023/24) for funding of £48,138.30.

8.2 Results from the project to date – *Fig.8*

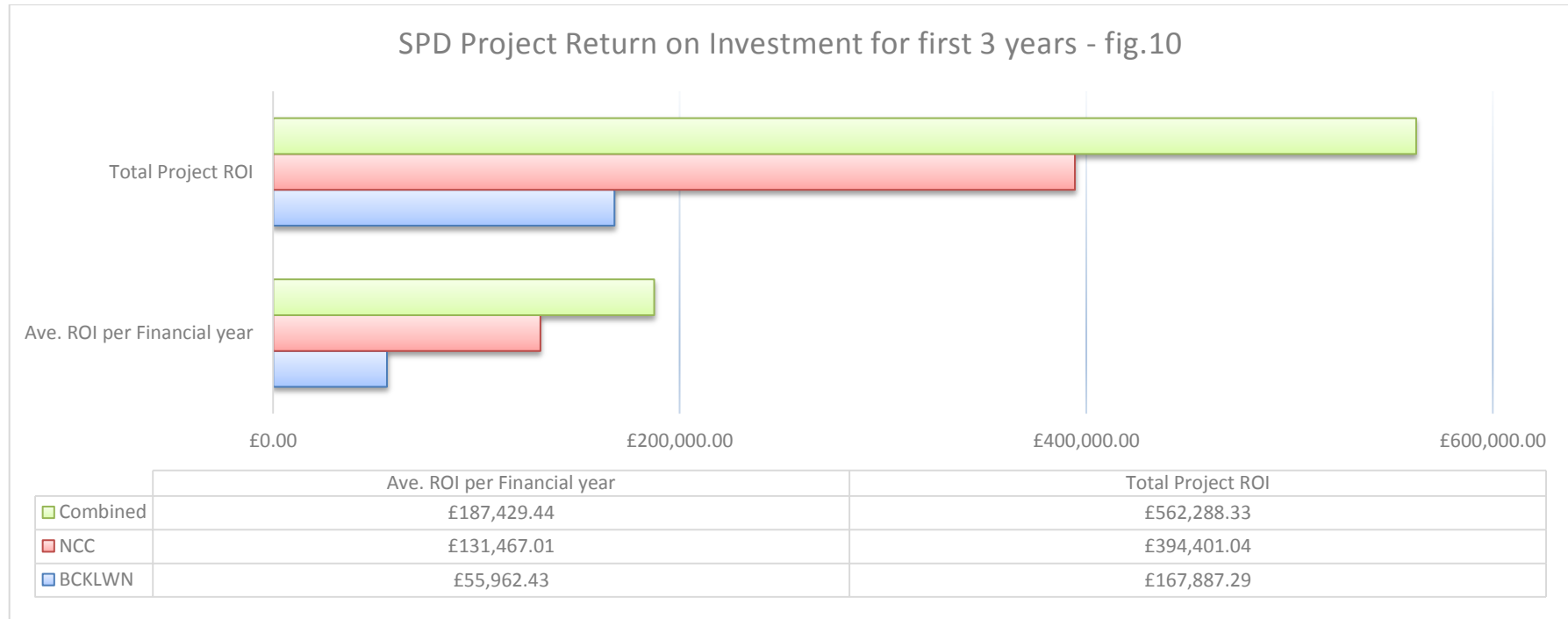
<i>Financial Year</i>	<b>Council Tax Value Identified (£)</b>	<b>Additional Benefit Value Identified (£)</b>
<i>Year 1 (2020/21 financial year)</i>	£130,200.27	£7,785.42
<i>Year 2 (2021/22 financial year)</i>	£129,190.22	£21,448.78
<i>Year 3 (2022/23 financial year)</i>	£386,850.49	£0.00
<i>Year 4 (2023/24 financial YTD)</i>	£133,059.49	£2,229.82
<b>SUB-TOTAL</b>	<b>£779,300.47</b>	<b>£31,464.02</b>
<b>TOTAL</b>	<b>£810,764.49</b>	

8.3 Below is a table that outline the number of matches we have received, and the corresponding number of errors identified during each year of the project - *Fig.9*

<i>Financial Year</i>	<b>Matches Received</b>	<b>Errors Identified</b>
<i>Year 1 (2020/21 financial year)</i>	4,564	254
<i>Year 2 (2021/22 financial year)</i>	5,856	180
<i>Year 3 (2022/23 financial year)</i>	1,901	532
<i>Year 4 (2023/24 financial YTD)</i>	3,399	148
<b>TOTAL</b>	<b>15,720</b>	<b>1,114</b>

8.4 The “Return on Investment” from the Single Person Discount project to date for both the Borough Council of King’s Lynn & West Norfolk and the sponsor (Norfolk County Council) is shown in **fig.10**

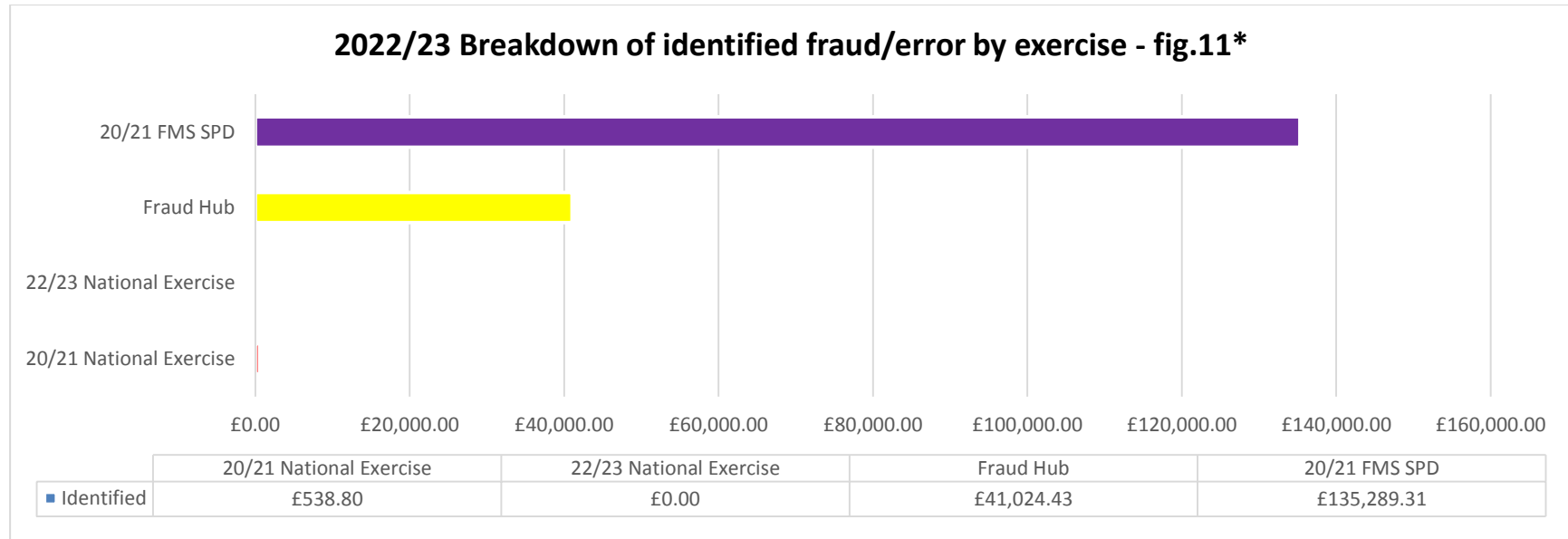




*\*Once this year's project concludes we can update these figures to include 2023/24.*

**9. Overall Data Matching Activities**

9.1 A total of 1,806 data matches were carried forward from the 2022/23 financial year, during the financial year to date a further 3,199 data matches were received, with 4,272 being processed during the year leaving 777 still to be processed as at the end of September 2023. These matches relate to various data matching reports, fig.11 provides an overview breakdown for each exercise we undertake:

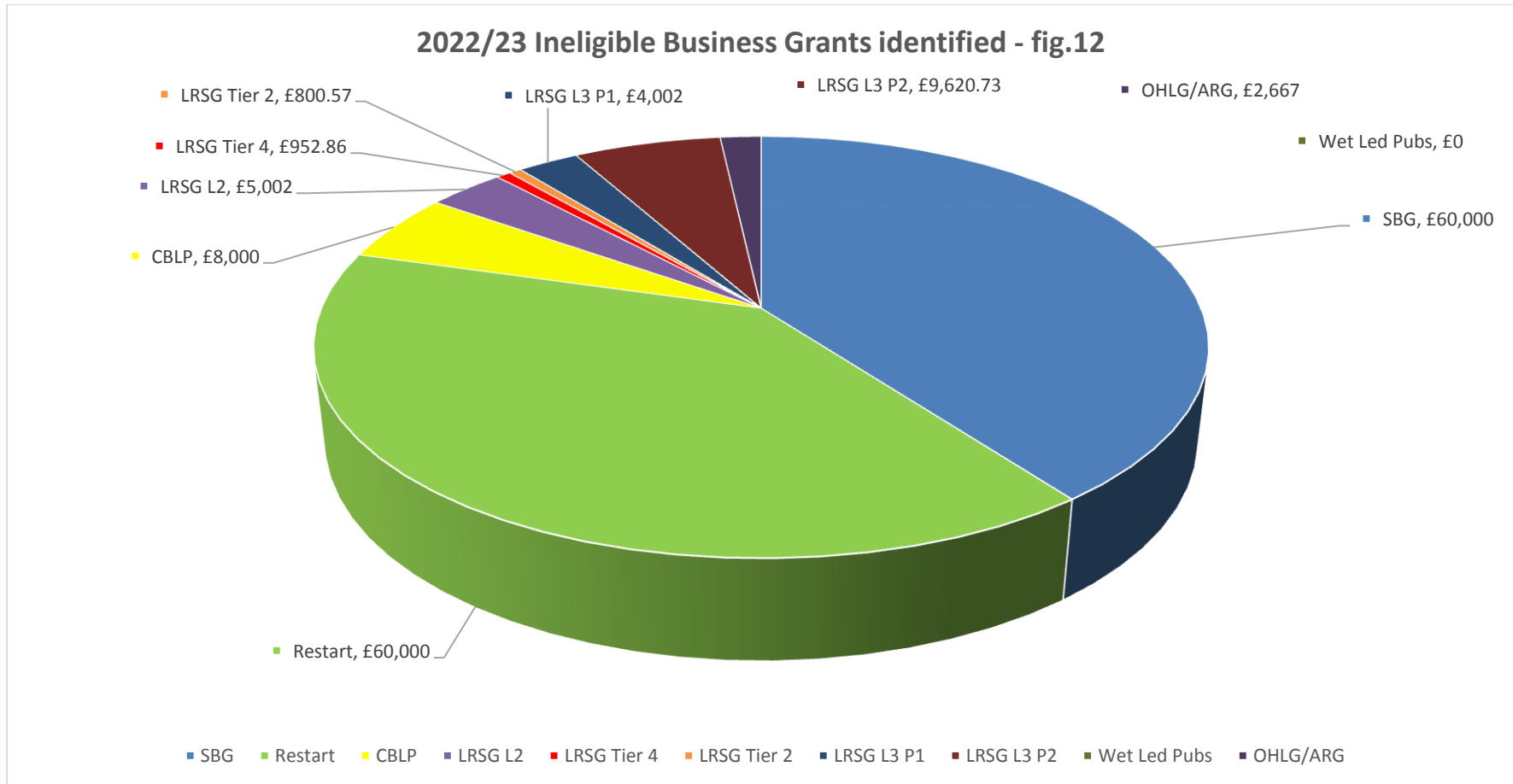


*\*these figures form part of the total identified fraud/error set out in fig.1*

## 10. Covid-19 Business Grants

10.1 The Covid-19 Business Grants schemes have now closed; 18,000 applications were paid out totalling £80.1m by the Council.

10.2 Post assurance of the Covid-19 Business Grant Schemes is undertaken by the Revenues Department. During the 2022/23 financial year **17** businesses have been identified to have received grants totalling **£151,045.16** that they were not eligible for following post assurance review (an increase of £12,574.43 since the end of 2022/23), these are broken down under each grant scheme as follows:



*\*these figures are not included within the total figures set out in fig.1 to fig.4.*

10.3 For the period 1 April 2023 to 30 September 2023 the total value recovered was **£12,574.98** from 6 cases. The total number of recoveries referred to BEIS for this period was 4 (two of which were referred due to defaulting on repayments).

- 10.4 During the 2022/23 financial year **£46,537.40** was recovered from 11 individual businesses. Those who default on the recovery plans in place are forwarded to BEIS for further recovery actions to be carried out. 6 businesses have been referred to BEIS for recovery of grants paid. BEIS take on recovery actions when the local authority have exhausted all their options for recovery.
- 10.5 Any Business Grants recovered go back to BEIS, the council do not retain any recovered grants that are investigated and found to be either paid incorrectly / fraudulently claimed / or deemed to be ineligible.

## 11. Other Schemes

- 11.1 Test & Trace Support. This scheme is now closed with 1,360 payments having been made totalling £688,000. These payments were made to workers who had received notifications to self-isolate and as a result had periods of reduced pay from their employment. These customers were required to provide evidence of reduced earnings as part of their applications.
- 11.2 Energy Rebate. This scheme is now closed with 60,000 payments having been made totalling £9.2m.
- 11.3 Energy Bills Support Scheme (EBSS AF) and Alternative Fuel Payments (AFP AF). Both these schemes closed to new applications on 31<sup>st</sup> May 2023. However, the EBSS AF scheme for applications from Corporate appointees was closed on 16<sup>th</sup> June 2023 (this being aimed at Care Homes). There were the following payments made under these schemes:

Fig.13

Scheme	Total No. of Payments	Total Value of Payments	Total No. of rejected applications	Total No. of cancelled applications	Total No. of ineligible applications
<b>EBSS AF</b>	<b>538 at £400.00 each</b>	<b>£215,200.00</b>	<b>43 (£17,200.00)</b>	<b>46 (£18,400.00)</b>	<b>18 (£7,200.00)</b>
<b>AFP AF</b>	<b>543 at £200.00 each</b>	<b>£108,600.00</b>	<b>46 (£9,200.00)</b>	<b>185 (£37,000.00)</b>	<b>11 (£2,200.00)</b>
<b>Total</b>	<b>1,081</b>	<b>£323,800.00</b>	<b>89 (£26,400.00)</b>	<b>231 (£55,400.00)</b>	<b>29 (£9,400.00)</b>

- 11.4 No amounts were required to be recovered within these schemes.

## 12. Anti-Fraud & Anti-Corruption Culture

- 12.1 Fraud awareness e-learning packages were rolled out to officers in November 2022 and formed part of members induction training following the May elections. A further Fraud Awareness e-learning package has also been rolled out for managers in November 2022.
- 12.2 An Anti-Fraud & Anti-Corruption communication strategy has been developed and regular staff briefings commenced on 28 September 2022, providing staff with useful information and furthermore details of what anti-fraud tools are available to them.
- 12.3 A new corporate documents folder has been created within the intranet (InSite) for staff to access useful information such as contact details of where and how to report fraud, SCAM alerts, and other information and guidance such as due diligence details, fraud awareness information and document verification tips. This has been highlighted to staff through the staff briefings.

## 13. Projects/Future pipeline of activities

- 13.1 Following the strategic planning of the internal audit plan 2023/24 a total of 98 days has been allocated to resourcing work relating to anti-fraud and anti-corruption during 2023/24 financial year within the Internal Audit team. This is a similar level to the 2022/23 financial year.
- 13.2 There has been a reduction seen in the number of data matches being returned, this is the picture identified from the main reports we have received in the past - *Fig.14*

<i>Report</i>	<i>Matches received last time</i>	<i>Matches received for 2023/24</i>	<i>Difference %</i>
<i>CTAX to Electoral Register</i>	1,409	880	-37.54%
<i>CTAX Rising 18's</i>	75	44	-41.33%
<i>CTAX to Other Data</i>	2,711	2,475	-8.71%
<i>CTAX to HMRC</i>	1,661	TBC	
<i>FraudHub</i>	675	721 (YTD)	+6.81%
<i>National Exercise</i>	691	675	-2.32%

*\*Based upon the matches returned to date we can see a reduction in the total number of matches is likely. At this point in time, we have seen an overall reduction in matches of 13.78% over the reports returned for 2023/24 to date.*

13.3 The Norfolk Fraud Hub reconvened with quarterly data uploads commencing at the end of April 2023, this is resulting in an increased number of matches received from the FraudHub.

13.4 The proposed extension of the legislative data matching powers that NFI uses to permit matching to:

- Assist in the prevention and detection of crime (other than fraud)
- Assist in the apprehension and prosecution of offenders
- Assist in prevention and detection of errors and inaccuracies
- **Assist in the recovery of debt owing to public bodies**

These new powers can be included in schedule 9 of the Local Audit and Accountability Act 2014 via an affirmative statutory instrument, passed by both the House of Commons and the House of Lords. However, these plans are still suspended by Ministers currently, presumably due to the cost-of-living crisis.

13.5 Further legislative changes are due in 2024 through the Economic Crime and Corporate Transparency Bill which recently received Royal Assent and will introduce new “failure to prevent fraud offences” and expected “reasonable fraud prevention procedures” that the Council will be required to have in place. As part of the Fighting Fraud & Corruption Locally Operational Group we are undertaking an approach which includes risk assessment, proportionality of risk-based prevention procedures, top level commitment, due diligence, communication (including training) and monitoring and review to help make a fully informed decision relating to what “reasonable procedures” will look like within local authorities.

13.6 We have now re-engaged with the DWP Fraud Service and have some joint working cases that we are collaborating on where potential frauds affect both ourselves and the DWP.

13.7 As part of further work relating to anti-fraud and anti-corruption culture across the organisation work will continue to be undertaken to engage with departments and service areas to help provide advice and gateways to access information that can assist them in the prevention of fraud and corruption, such as the promotion of tools and services available to us through the National Fraud Initiative and National Anti-Fraud Network.

- 13.8 The Senior Internal Auditor continues to be a member of the Cabinet Office's Fraud Hub user group, assisting with other local authorities in shaping the services and data matching activities provided through the NFI and Fraud Hub. The Cabinet Office are to feed out new developments and innovative themes nationally to local authorities and other government organisations to help fight fraud and corruption.
- 13.9 Reviews are currently being undertaken of both the Anti-Fraud & Anti-Corruption Policy and the Anti-Money Laundering Policy.
- 13.10 Efforts continue to be made to establish a Financial Investigation provision for the Council. We are currently liaising with Norfolk County Council as the Norfolk FraudHub sponsor looking at a potential retained service model which all members of the Norfolk FraudHub could access when required. We are furthermore going to explore and assess our position as an organisation, in terms of awareness, potential/susceptibility to money laundering and proceeds of crime offences being committed against us (and our LATCs), which is also intended to highlight which areas of the organisation are more likely to need/require training in this area.
- 13.11 Financial investigation provisions remain in place for joint working cases with the Department for Work & Pensions, but this will only be available in relation to Council Tax Reduction Scheme investigations that include DWP related benefits.

## GLOSSARY OF TERMS

DWP	Department for Work & Pensions	CTAX	Council Tax
NFI	National Fraud Initiative	LATC	Local Authority Trading Company
KPI	Key Performance Indicator	SBG	Small Business Grants
SPD	Council Tax Single Person Discount	Restart	Restart Grants
HMRC	His Majesty's Revenues & Customs	CBLP	Closed Businesses Lockdown Payment
HB	Housing Benefit	LRSG L2	Local Restrictions Support Grant Lockdown 2
CTRS	Council Tax Reduction Scheme	LRSG Tier 4	Local Restrictions Support Grant Tier 4 Restrictions
YTD	Year to Date	LRSG Tier 2	Local Restrictions Support Grant Tier 2 Restrictions
Covid-19	Coronavirus pandemic	LRSG L3 P1	Local Restrictions Support Grant Lockdown 3 Phase 1
BEIS	Department for Business, Energy & Industrial Strategy	LRSG L3 P2	Local Restrictions Support Grant Lockdown 3 Phase 2
EBSS AF	Energy Bills Support Scheme	Wet Led Pubs	Christmas Support Payment Wet Led Pubs Grants
AFP AF	Alternative Fuel Payments	OHLG/ARG	OMICRON Hospitality and Leisure Grant / Additional Restrictions Grant



REPORT TO:	<b>AUDIT COMMITTEE</b>		
DATE:	27 November 2023		
TITLE:	<b>TREASURY REPORT - 2023/24 QUARTER 2</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: 27 November 2023**

## **TREASURY REPORT - 2023/2024 QUARTER 2**

### **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 six 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 half 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 Treasury Management Advisers to the Council. Some comments to note include:-

**2.1.1** CPI inflation fell to 6.7% in August from 10.1% in April. The Bank of England Monetary Policy Committee (MPC) uses monetary policy to manage inflation to the target rate of 2%, of which there is evidence that the rate of inflation is slowing.

**2.1.2** As at 28 September 2023 Link are forecasting that the Bank rate won't drop to below 3% until December 2025, compared to their forecast as at 27 March 2023 when they forecast that it would be March 2025.

- 2.1.3** The Bank of England wants the markets to believe in the higher for longer narrative. The MPC statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures “further tightening in policy would be required”.
- 2.1.4** *Advisors predict* “the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024”.

### **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 23 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 half of 2023/24 and are expected to remain at 5% or above until September 2024. This has been reflected in forecast investment returns for 2023/2024.
- 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 £20.7m. 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 September 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 (£506,940 to quarter 2). The performance for return on investments is £58,404 below budget at £448,536; against the forecast budget of £506,940, this is a reflection on the value invested.

### **3.8 Approved limits**

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

## **4. Borrowing**

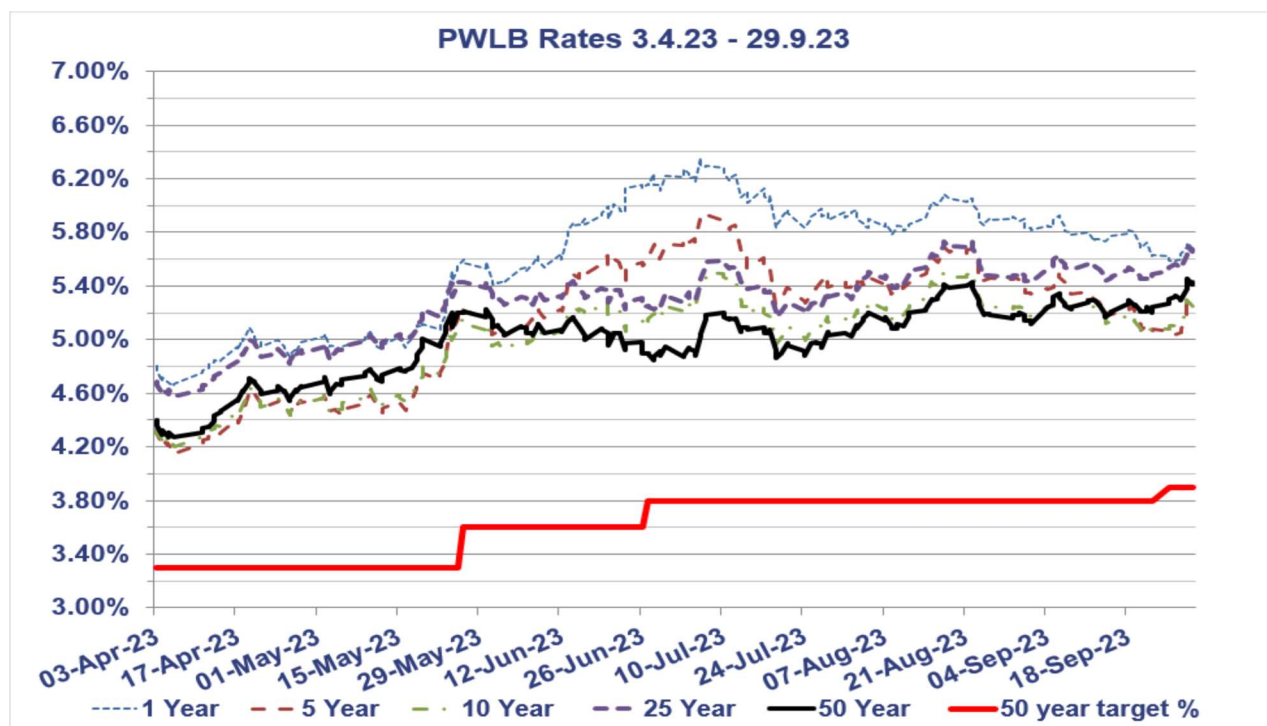
**4.1** No additional borrowing was undertaken during the quarter ended 30<sup>th</sup> September 2023.

**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** July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

**4.4** Rates are forecast to fall back over the next two to three years as inflation stabilises. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and we forecast 50-year rates to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.

**PWLB maturity Certainty Rates 1<sup>st</sup> April to 30<sup>th</sup> September 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> September 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. As a result, no difficulties are envisaged for the current or future years in complying with the prudential indicators.

## Appendix 1 Economic Update

- The first half of 2023/24 saw:
  - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
  - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
  - A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
  - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
  - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
  - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).
- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job

vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
- In its monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap

in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

- The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).
- The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.
- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21<sup>st</sup> April the FTSE 100 stood at 7,914.



## 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.

The latest forecast on 25<sup>th</sup> September sets out a view that short, medium 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.

The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
<b>BANK RATE</b>	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

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

<b>Treasury Indicators</b>	<b>2023/24 Budget £'000</b>	<b>30 Sep 2023/24 £'000</b>
<b>Authorised limit for external debt</b>	86,000	10,000
<b>Operational boundary for external debt</b>	81,000	10,000
<b>Gross external debt</b>	10,000	10,000
<b>Investments</b>		(18,000)
<b>Net borrowing / (Investment)</b>		<b>(8,000)</b>

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

<b>Upper limit for principal sums invested over 365 days (Per annum)</b>	12,000	4,000
--	--------	-------

<b>Prudential Indicators</b>	<b>2023/24 Budget £'000</b>	<b>2023/24 Revised Budget £'000</b>	<b>30.09.23 Actual £'000</b>
<b>Capital expenditure (Budget approved by council February 2023)</b>	59,870	35,980	12,753

Capital Expenditure is monitored monthly and reported in the quarterly budget monitoring report.

<b>Net Borrowing and CFR</b>	<b>31/03/2023 Actual £m</b>	<b>September Revised 23/24 Budget £m</b>
<b>Borrowing</b>	10.000	10.000
<b>Investments</b>	(27.113)	(18.000)
Net Position	<b>(17.113)</b>	<b>(8.000)</b>
<b>Capital Financing Requirement</b>	50.391	63.961

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 September Revised Estimate £'000</b>	<b>Notes</b>
<b>In year internal borrowing requirement</b>	43,483	40,594	1
<b>Ratio of financing costs to net revenue stream *</b>	-0.05%	-0.05%	2

Notes

1. The quarter two internal borrowing figure is lower than originally budgeted. Capital receipts are reduced in the current year as a result of the change in budget, this will see a reduction in the borrowing requirement in later years. 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. There is no movement on this as no additional financing costs are expected.

## Appendix 4 : Investment Portfolio

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

<b>Treasury Investments</b>	<b>Principal</b>	<b>Start Date</b>	<b>End Date</b>	<b>Rate %</b>
Handelsbanken	£4,000,000	n/a	n/a	4.700
Federated (PR)	£4,000,000	n/a	n/a	5.245
LGIM Sterling	£4,000,000	n/a	n/a	5.147
HSBC Sterling – Money Market Fund	£2,000,000	n/a	n/a	5.261
<b>Total Liquid Accounts</b>	<b>£14,000,000</b>			
SMBC Bank International Plc	£4,000,000	06/09/2023	16/10/2023	5.330
<b>Total Fixed Term Investments</b>	<b>£4,000,000</b>			
<b>Total Treasury Investments</b>	<b>£18,000,000</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.**

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



# **The Budget 2023/2024**

## **Monitoring Report**

### **30 September 2023 – Quarter 2**

**Michelle Drewery  
Assistant Director Resources  
Section 151 Officer**

## The Budget 2023/2024

### Monitoring Report – 30 September 2023 – Quarter 2

#### 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 £3,145,269, an adverse movement of £503,749 against a budgeted transfer of £2,641,520 decreasing the estimated balance as at 31<sup>st</sup> March 2024 to £6,499,290.

	<b>Original Budget 2023/24 £</b>	<b>Forecast 30 September 2023 £</b>	<b>Variance Pd6 £</b>
Borough Spend	24,929,220	25,638,420	<b>709,200</b>
Financing	(22,287,700)	(22,493,151)	<b>(205,451)</b>
Contributions to/(from) General Fund Balance	<b>2,641,520</b>	<b>3,145,269</b>	<b>503,749</b>

The Capital Programme 2022/2027 was updated at Council on 23<sup>rd</sup> February 2023 and has since been reviewed with officers. The current spend is £12,752,906 against a revised budget of £35,979,640. The Council's Member Major Projects Board holds meetings throughout the year to monitor and receive updates for these projects. See section 3 of report for further detail on 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 September 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

2.1.1 A summary of the budget position as of 30 September 2023 is shown below. Further detail of the movements can be seen in Appendix A.

	P6 Forecast Outturn Position		
P3 Forecast Outturn Position	Budget Agreed by Council 23 February 2023	Budgetary Control Monitoring Report September 2023/2024	Report Variance (Budget to September 2023)
Service	£	£	£
Central Services	3,439,690	3,504,580	64,890
Health Wellbeing and Public Protection	817,860	800,200	(17,660)
Programme and Project Delivery	(448,360)	(251,270)	197,090
Legal	668,300	536,120	(132,180)
Environment and Planning	1,856,770	2,342,110	485,340
Operations and Commercial	2,933,510	2,792,260	(141,250)
Property and Projects	(839,850)	(896,640)	(56,790)
Regeneration Housing & Place	912,730	913,410	680
Resources	8,829,610	8,823,860	(5,750)
Chief Executive	162,720	162,720	0
Leisure and Community Facilities	2,005,440	2,320,270	314,830
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>25,638,420</b>	<b>709,200</b>
Contributions to/(from) General Fund Balance	(2,641,520)	(3,145,269)	(503,749)
<b>Borough Requirement</b>	<b>22,287,700</b>	<b>22,493,151</b>	<b>205,451</b>



	P6 Forecast Outturn Position		
P3 Forecast Outturn Position	Budget Agreed by Council 23 February 2023	Budgetary Control Monitoring Report September 2023/2024	Report Variance (Budget to September 2023)
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. Cabinet (2 August) and Council (24 August) approved the cost of living pay award, which included £860k provision from reserves to fund the costs. At this stage of the year assumptions for recruitment to vacant posts has to be estimated for the final half of the year along with the impact for reliance on costs of backfilling those vacant posts. With consideration to estimating those costs it is anticipated that the Council will meet the turnover savings target, as set out below, with use of £310k from reserves that were approved to fund the pay award.

In a report to Cabinet 21 June 2022, it was approved that the cost of additional posts in the Development Management Team would be funded from additional income from Planning Fee income. It was expected that Government would increase Planning Fees for effect in 2023/2024, this now seems likely to take effect only from quarter 4. As a result planning fee income is less than budgeted, but so also are staff costs. The staffing savings are therefore offset against the reduced Planning Fee income rather than contributing to the staff turnover savings target.

<b>Direct Employee costs</b>	<b>£</b>
Estimated costs for filled posts as at 30 September	20,940,590
Assumed costs for vacant post October to March	673,523
Estimates employee costs	<b>21,614,113</b>
<b>Recruitment and backfilling costs</b>	
Actual Cost of recruitment, agency and overtime April to September	520,860
Estimated costs October to March	332,340
Estimated employee support costs	<b>853,200</b>
<b>Total estimated costs for year</b>	<b>22,467,313</b>
2023/2024 Budget	22,157,520
<b>Estimated use of funding from approved reserves</b>	<b>(309,793)</b>

## 2.4 Opportunities/Risks

**2.4.1** The impact of inflation on utilities and fuel continues to be highly variable. The price per litre of vehicle fuel has significantly increased in quarter 2, and it is yet to be determined how long the cost will remain at these levels. Gas and electricity costs are monitored on the basis of unit costs and trends in consumptions levels adjusted for energy efficiency measures. This will also be impacted by the effect of the winter. Recent years have been mild making volume difficult to predict. This will be reviewed again in quarter 3.

**2.4.2** 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 Services. 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.

**2.4.3** 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. The income forecast and related costs for planning fee income has been revised downwards as a result to a delay in an anticipated increase in fees determined by Government and a reduction in the volume of applications.

## 2.5 Grants

Additional grant funding has been received from DLUHC for Internal Drainage Board levies to support the increase in IDB levies due to the unprecedented rise in energy costs. A sum of £205,451 has been paid to King's Lynn and West Norfolk as a one-off payment in 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 £6,846,520, resulting in a revised budget of £66,716,310. The below table reports the revised budget for 2023/2024 and actual spend.

### 3.2 Capital Budget and Spend 2023/2024

**3.2.1** A summary of the position as of 30 September 2023 for the capital programme is shown below. A further breakdown of the capital programme is included at Appendix B.

Capital Expenditure	2023/2024 Budget (Cabinet 1st August 2023)	June Budget Movement	September Budget Movement	Revised Budget September 2023/2024	Actual as at 30th September 2023	Spend Percentage
	£	£	£	£	£	%
Major Projects	51,129,190	20,000	(21,609,500)	29,539,690	10,591,261	36%
Community and Partnerships	2,324,130	0	(68,890)	2,255,240	1,144,712	51%
Resources	396,710	0	(108,740)	287,970	20,108	7%
Programme and Projects	200,000	0	0	200,000	0	0%

Property and Projects	353,500	0	(250,000)	103,500	0	0%
Operational and Commercial Services	2,835,080	0	(937,020)	1,898,060	333,656	18%
Leisure and Community Facilities	1,176,180	0	(208,000)	968,180	663,169	68%
<b>Total Excluding Exempt</b>	<b>58,414,790</b>	<b>20,000</b>	<b>(23,182,150)</b>	<b>35,252,640</b>	<b>12,752,906</b>	<b>36%</b>
Exempt Schemes	8,301,520	0	(7,574,520)	727,000	0	0%
<b>Total Including Exempt</b>	<b>66,716,310</b>	<b>20,000</b>	<b>(30,756,670)</b>	<b>35,979,640</b>	<b>12,752,906</b>	<b>35%</b>

### 3.2.2 Notes to Capital Budget Revisions and Movement table

Property and projects 2023/24 total budget was incorrectly reported in the previous quarter. Whilst the budget for North Promenade Erosion totalling £45k was included on the report, the total did not include this amount. This has since been corrected.

3.2.3 A rephasing and amendment review has taken place to identify projects that are to be rephased into future years. The table above includes amendments/rephasing of £30,756,670 from the current year following the review. The table below sets out how that budget has been reprofiled to future years of the programme.

Capital Expenditure	Rephased from 2023/24	Capital Programme Reduced 2023/24	Capital Programme 2024/25	Capital Programme 2025/26	Capital Programme 2026/27
					£
Major Projects	-21,609,500	0	13,897,710	4,011,980	3,699,810
Community and Partnerships	-68,890	38,890	30,000	0	0
Resources	-108,740	0	(191,260)	150,000	150,000
Programme and Projects	0	0	0	0	0
Property and Projects	-250,000	0	250,000	0	0
Operational and Commercial Services	-937,020	185,800	489,420	261,800	0
Leisure and Community Facilities	-208,000	198,000	10,000	0	0
<b>Total Excluding Exempt</b>	<b>-23,182,150</b>	<b>422,690</b>	<b>14,485,870</b>	<b>4,423,780</b>	<b>3,849,810</b>
Exempt Schemes	-7,574,520	0	7,574,520	0	0
<b>Total Including Exempt</b>	<b>-30,756,670</b>	<b>422,690</b>	<b>22,060,390</b>	<b>4,423,780</b>	<b>3,849,810</b>

## 4. Reserves

4.1 The main reasons the Council holds reserves are to:

- Manage known financial risks.
- Hold funding as one-off contributions to expenditure, allowing ongoing revenue budget reductions.

- Manage timing difference between the receipt of funding and actual spend.
- Hold ring-fenced funds such as specific grants.

4.2 As reported to Council in February 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 £3,343,359 because of the changes set out in this report. The revised impact on balances is detailed in the table below.

Projected Movements in General Fund Balances	2023/2024 £
<b>Balance brought forward 1 April 2023</b>	<b>9,644,559</b>
Estimated contribution to/(from) Balances	(3,145,269)
<b>Projected General Fund Balance 31 March 2024</b>	<b>6,499,290</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 through to 2022/2023 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 was included in the outturn position as reported to Cabinet at its meeting on 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.

Reserves	Opening balance 1 April 2023	Revised Opening Balance 1 April 2023	Budgeted movement To/(From) Revenue	Capital Transfers	In year movements To/(From) Revenue	Note	Forecast Outturn Balance 31 March 2024
<b>Ring Fenced Reserves</b>							
Amenity Areas	(35,934)	(35,934)	0	0	0		(35,934)
Capital Programme Resources	(797,195)	(797,195)	520	120,000	0		(676,675)
Collection Fund Adjustment Reserve	(6,552,387)	(6,552,387)	41,460	0	0		(6,510,927)
Grants Reserves	(2,582,908)	(2,582,908)	0	0	(63,285)	1	(2,646,193)
Holding Accounts	(80,801)	(415,801)	0	0	36,300	2	(379,501)
Other	(128,688)	(128,688)	(90,000)	0	0		(218,688)
Planning Reserves	(417,332)	(417,332)	(235,940)	0	(246,650)	3	(899,922)
Repairs and Renewal Reserves	(562,242)	(562,242)	(1,200)	0	(18,740)	4	(582,182)
Ring Fenced Reserves	(3,884,531)	(3,884,531)	(2,047,420)	0	(1,867,070)	5	(7,799,021)

Reserves	Opening balance 1 April 2023	Revised Opening Balance 1 April 2023	Budgeted movement To/(From) Revenue	Capital Transfers	In year movements To/(From) Revenue	Note	Forecast Outturn Balance 31 March 2024
Educational Skills Attainment	(677,445)	(677,445)	227,500	0	0		(449,945)
<b>Sub Total</b>	<b>(15,719,463)</b>	<b>(16,054,463)</b>	<b>(2,105,080)</b>	<b>120,000</b>	<b>(2,159,445)</b>		<b>(20,198,988)</b>
<b>Risk Management</b>							
Capital Programme	(71,324)	(71,324)	0	0	0		(71,324)
Holding Accounts	(109,616)	(109,616)	0	0	0		(109,616)
Insurance	(201,570)	(211,570)	0	0	0		(211,570)
Planning Reserves	(25,410)	(25,410)	0	0	0		(25,410)
Ring Fenced Reserves	(50,000)	(50,000)	0	0	0		(50,000)
<b>Sub Total</b>	<b>(457,920)</b>	<b>(467,920)</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(467,920)</b>
<b>Service Delivery</b>							
Capital Programme Resources	(4,627,939)	(5,001,979)	232,480	1,641,390	24,000	6	(3,104,109)
Climate Change Strategy	(1,094,789)	(1,094,789)	272,000	0	0		(822,789)
Grants Reserves	(1,979,448)	(1,979,448)	(10,000)	1,546,000	25,000	7	(418,448)
Holding Accounts	(2,737,490)	(3,048,300)	(10,000)	0	(28,000)	8	(3,086,300)
Ukrainian Community Support	(7,000)	(7,000)	0	0	0		(7,000)
Planning Reserves	0	0	36,180	0	0		36,180
Project Reserves	(4,308,839)	(4,308,839)	0	229,000	65,000	9	(4,014,839)
Repairs and Renewal Reserves	(1,272,411)	(1,492,411)	(13,680)	1,069,550	30,000	10	(406,541)
Restructuring Reserve	(300,000)	(300,000)	0	0	0		(300,000)
Ring Fenced Reserves	(301,057)	(301,057)	0	0	0		(301,057)
<b>Sub Total</b>	<b>(16,628,974)</b>	<b>(17,533,824)</b>	<b>506,980</b>	<b>4,485,940</b>	<b>116,000</b>		<b>(12,424,904)</b>
<b>Grand Total</b>	<b>(32,806,357)</b>	<b>(34,056,206)</b>	<b>(1,598,100)</b>	<b>4,605,940</b>	<b>(2,043,445)</b>		<b>(33,091,811)</b>

**4.6** The revised opening balances reported above reflect the decision by Cabinet on 1 August 2023 to allocate £1,249,850 from the 2022/2023 outturn to provide funds for known and estimated impacts of inflation and other operational matters to the Council.

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 £2,043,445** 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):

#### **4.7 Notes to Reserves budget revisions and movements**

##### **Ring Fenced Reserves**

**Note 1** Grants Reserve – £9,500 contribution from new burdens grant for Council Tax Digital Applications Software renewal. Transfer to service budget from COMF grant reserves of (£72,785) to support the provision of school holiday activities.

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

**Note 3** Use of Planning Fee Administration Reserve reduced by (£246,650) to reflect reduced spend in year for service.

**Note 4** Budgeted contribution for Repairs and Renewals (£18,740) removed in error. Now restated contribution to reserves received from services charges toward building maintenance.

**Note 5** Ring Fenced Grants - £1,867,070 adjustment to Community Infrastructure Levy reserve in order to balance service costs to zero reflecting higher than budgeted income and lower than budget service costs reflecting actual demand.

**Note 6** Capital Programme - £5,000 drawdown from reserves for expanding the Breckland CCTV. Once expanded the existing revenue budget can accommodate the additional monitoring. Drawdown of £15,000 from closed churchyard reserve to meet statutory obligations to inspect and where necessary make repairs. Contribution from provision in reserves for new document folding machine £4,000.

**Note 7** Contribution towards Grants Reserves of £25,000 as a result of more than anticipated Neighbourhood Planning reviews.

**Note 8** Holding Accounts - £11,000 drawdown from reserves for training identified for delivery in 2023/2024. Contribution of £15,000 from reserves towards civic events costs including appointment of Honorary Alderman. Contribution of £2,000 towards member training.

**Note 9** Project Reserves - £45,000 drawdown for defibrillator scheme, £20,000 for Hunstanton Advisory Group agreed previously with Cabinet.

**Note 10** 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**

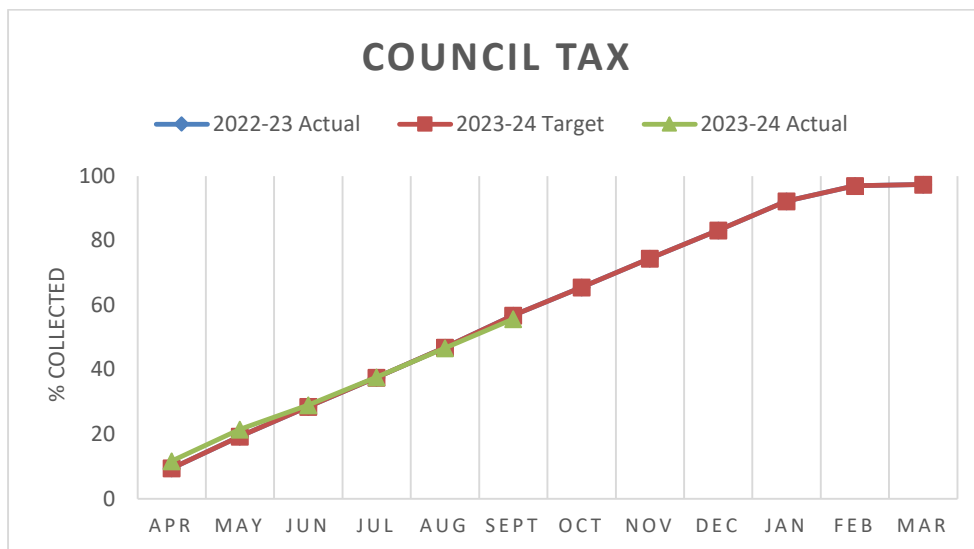
**5.1** The effective management and collection of debt is an essential contributor to the councils' financial resources. Debt recovery levels previously been at from uncertainty created under the Pandemic and continue to be at risk of uncertainty from inflation. Current monitoring is not indicating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

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

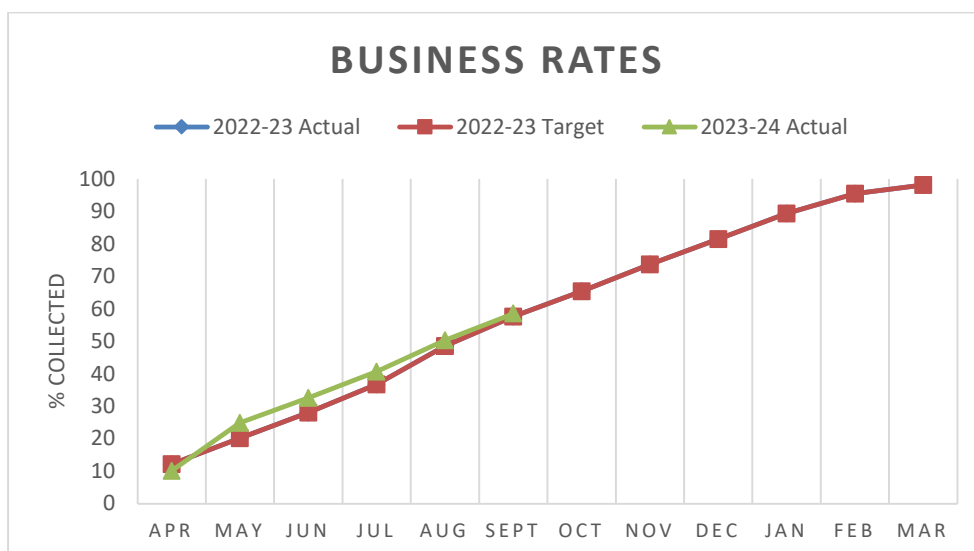
- Age debt comparison for 2022/2023 to 2023/2024 as at 30 September 2023
- Housing Benefit Recovery Payments

**6. Council Tax and Business Rates**

**6.1** As of 30 September 2023 55.69% of council tax has been collected against the target of 56.74% which was the percentage the same time last year. See Chart below with comparison.



**6.2** 58.56% of business rates has been collected against the target of 57.57%, which was the percentage the same time last year. See chart below with comparison.

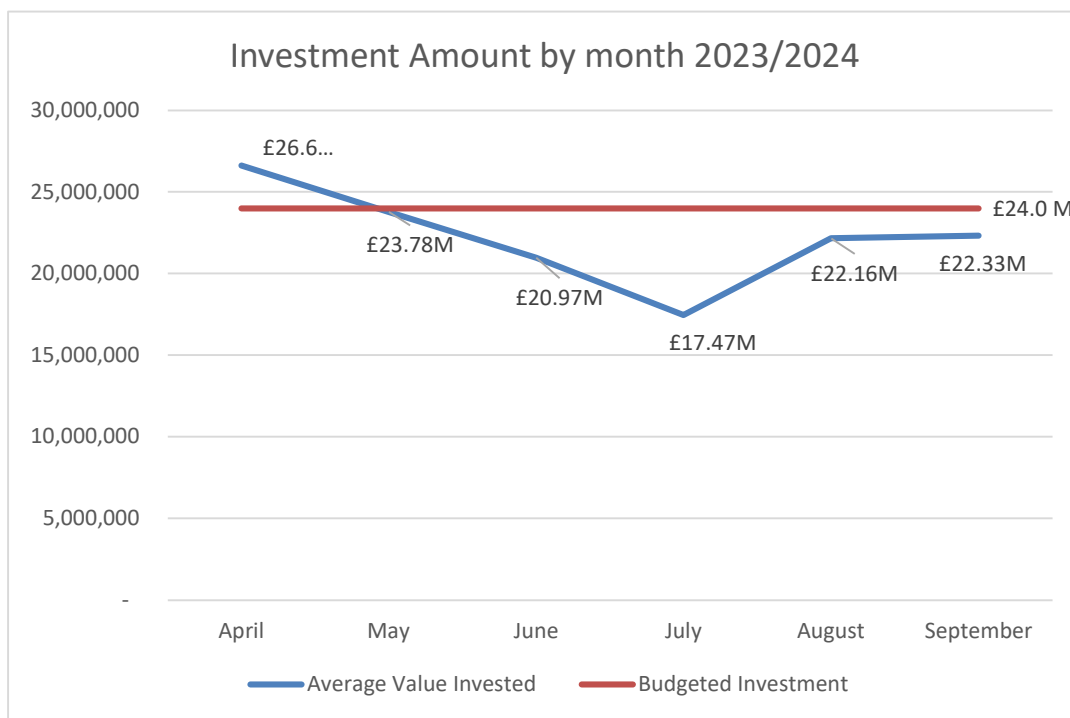


**7. Treasury Management 2023/2024**

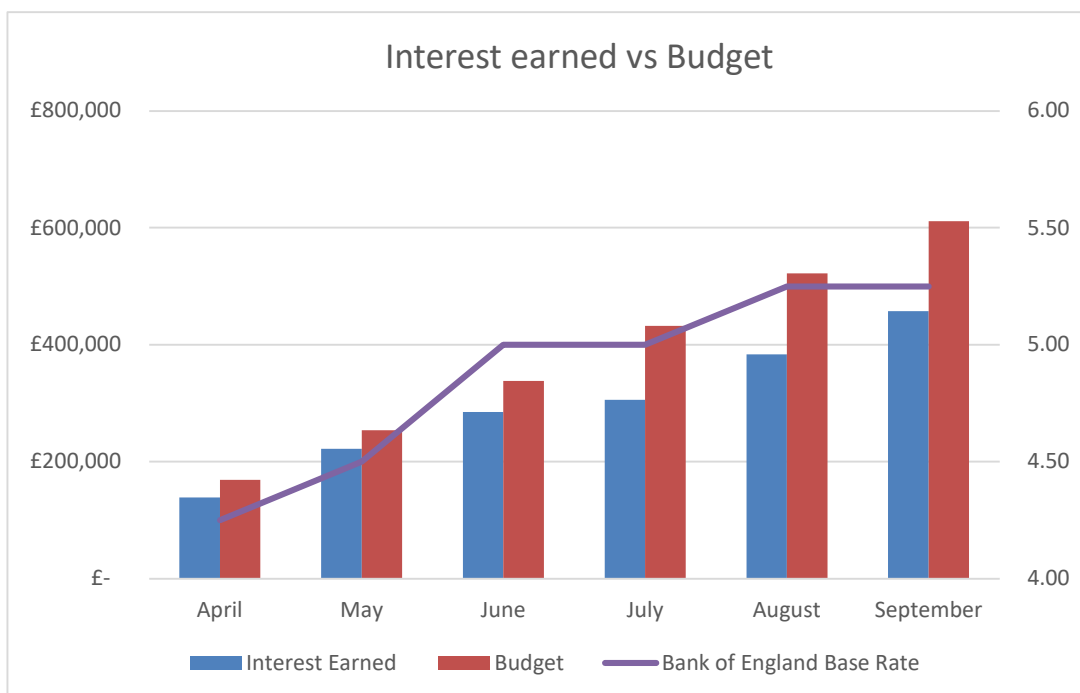
**7.1** The “Treasury Management Strategy Statement and Annual Investment Strategy 2023/2024” was approved by Council on 7 February 2023. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.

**7.2** The graph below compares the average interest earned each month to the forecasted budget. The budget is shown on an even twelfth/straight-line basis. Also shown is the bank interest rate for April 2023 to September 2023. Whilst the performance for return on cash investments is below budget, this is a reflection that investment rates have not quickly followed the increase in the Bank of England Base Rate and the recent strategy to seek short term investments in anticipation of better rates being available with each anticipated base rate increase.

The average value invested each month is displayed.



**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 September 2023
Operational Boundary (Limit of borrowing)	£86m*	£10m
Short-term and variable rates borrowing limits	40%	0%

\*It should be noted that the original operational boundary limit will be amended to reflect the changes to the capital programme. This will be reflected in the upcoming Mid-Year Treasury Report.

## 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 (at 30 September 2023)

Institution	Principal £	Rate %
Federated Hermes – MMF	4,000,000	5.301%
HSBC Sterling – MMF	2,000,000	5.287%
LGIM - MMF	4,000,000	5.345%
<b>Total Money Market Fund Investment</b>	<b>10,000,000</b>	
Handlesbanken	4,000,000	4.450%
SMBC Bank International plc	4,000,000	5.330%
<b>Total Other Investments</b>	<b>8,000,000</b>	
<b>Overall Investments</b>	<b>18,000,000</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 September 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 £64,890</b>				
Corporate Communications - Cabinet Report approved additional budget for expertise /advice August 2021 omitted from budget estimates	35,000			Yes
Increase in translation costs – bring budget in line with actual		5,500		Yes
Approved increase to members allowances in current year		20,760		Yes
Increase in Electricity budget – see note 1		3,630		No
<b>Total</b>	<b>35,000</b>	<b>29,890</b>	<b>64,890</b>	
<b>Health, Wellbeing and Public Protection – surplus £17,660</b>				
Revenue budget for the Financial Assistance Scheme has been increased to £15k.	2,170			Yes
Saving in relation to staff travel claims across service areas due to reduced reliance on remote meetings.	(7,200)			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>
CCG budget to be reduced from £20k to £10k to reflect amount to be received		10,000		Yes
Early Help Co-Ordinator grant funding now confirmed from Norfolk County Council		(22,630)		Yes
<b>Total</b>	<b>(5,030)</b>	<b>(12,630)</b>	<b>(17,660)</b>	
<b>Programme and Project Delivery – deficit £197,090</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
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
Reduce expected lease payment from West Norfolk Property Ltd due to delay in Parkway development		161,700		Yes
<b>Total</b>	<b>35,390</b>	<b>161,700</b>	<b>197,090</b>	
<b>Legal Services – surplus £132,180</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>
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
Reduce budget for recoverable fees/legal costs – set too high for claims being awarded		13,240		Yes
Bring in missing internal recharge costs under licensing – missed from original budget		13,840		Yes
Bring in budget for postage recharges – internal recharge offset		4,340		Yes
<b>Total</b>	<b>(163,600)</b>	<b>31,420</b>	<b>(132,180)</b>	
<b>Environment and Planning – deficit £683,430</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
Saving in relation to staff travel claims across service areas due to reduced reliance on remote meetings.	(6,500)			No
Due to a delay from government to increase Planning Fee charges until quarter 4, the expected income this year is forecast to reduce by £900k. Of this, 20% (£220k) would normally go to the earmarked Planning Fees reserve. The net impact is a reduction to the income budget of £720k, which is offset by turnover savings against vacant planning posts of (£198k).		522,000		No
Funding for Ecology Officer post received from DEFRA		(43,470)		No
Increase budget for memberships/ subscriptions to reflect actual spend		10,000		Yes
Bring in post room recharge income – internal recharge		(4,940)		Yes
Amendment to budget to reflect actual income under planning control		(4,500)		No
Decrease in Electricity budget – see note 1		(5,690)		No
<b>Total</b>	<b>12,030</b>	<b>473,400</b>	<b>485,430</b>	<b>-</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>
<b>Operations and Commercial – Surplus £141,250</b>				
Non-domestic rates budget for Mintlyn Crematorium increased following premises revaluation as per survey this year	24,000			Yes
Saving in relation to staff travel claims across service areas due to reduced reliance on remote meetings	(2,100)			No
Decrease in Electricity budget – see note 1		(126,970)		No
Decrease in Gas budget – see note 2		(30,170)		No
Other minor variances	(5,280)	(730)		No
<b>Total</b>	<b>16,620</b>	<b>(157,870)</b>	<b>(141,250)</b>	
<b>Property and Projects – surplus £56,790</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.	9,570			Yes
Movement in budget to reflect current rental income from property portfolio		(57,620)		Yes
Backdated rebate on rates of £30k offset by £11k increase on rates due to revaluation		(18,580)		No
Adjustment to AWN recharge for KL Arts centre following pay award		14,660		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>
Budget removed in error in Q1, but relates to service charges received from tenant accounts and therefore still needed		18,740		No
Reduction to telephone budget as not required at the level initially set		(12,500)		Yes
Budget needs to be increased to cover inflation for the external contract for cleaning services		15,370		Yes
Replacement & relocation of fire alarm panel and smoke detectors		14,550		No
Decrease in Electricity budget – see note 1		(31,280)		No
Decrease in Gas budget – see note 2		(8,690)		No
Other minor variances		(4,930)		No
<b>Total</b>	<b>13,490</b>	<b>(70,280)</b>	<b>(56,790)</b>	
<b>Regeneration, Housing and Place – deficit £680</b>				
Saving in relation to staff travel claims across service areas due to reduced reliance on remote meetings	(1,700)			No
Bring in museum insurance – no previous budget allocated - offset in Resources – nil impact.		4,500		Yes
Decrease in Electricity budget – see note 1		(2,120)		No
<b>Total</b>	<b>(1,700)</b>	<b>2,380</b>	<b>680</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>
<b>Resources – surplus £5,750</b>				
Forecast revised to reflect latest estimate of Housing Benefit distribution costs and subsidy from Department for Works and Pensions.	62,930	(80,230)		No
Saving in relation to staff travel claims across service areas due to reduced reliance on remote meetings	(3,600)			No
Budget to cover Homechoice subscription service – annual cost missed in budget		7,100		Yes
Currently difficult to get court time so not incurring as many fees		(8,500)		No
Miscellaneous insurance recharge missed from budget		(4,500)		Yes
Mobile and landline phone contract prices increased		19,870		Yes
Other minor variances		1,180		No
<b>Total</b>	<b>59,330</b>	<b>(65,080)</b>	<b>(5,750)</b>	
<b>Leisure and Community Facilities – deficit £314,830</b>				
Adjustment to budget following COL pay award relating to recharges from AWN		2,210		Yes
Increase in gas budget – see note 2		52,360		No
Increase in Electricity budget – see note 1		260,260		No
<b>Total</b>	<b>-</b>	<b>314,830</b>	<b>314,830</b>	<b>-</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>
<b>Financing requirement – No Movement</b>				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>1,530</b>	<b>707,670</b>	<b>709,200</b>	
<b>Impact on Financial Planning</b>				
Yes	<b>130,260</b>	<b>200,900</b>	<b>331,160</b>	
No	<b>(128,730)</b>	<b>506,770</b>	<b>378,040</b>	

Note 1 – Increase/decrease in electricity budget – Reviewed expected usage against actuals. This will also be impacted by the effect of the winter, recent years have been mild making volume difficult to predict. This will be reviewed again in Q3.

Note 2 – Increase/decrease in gas budget – Reviewed expected usage against actuals. This will also be impacted by the effect of the winter, recent years have been mild making volume difficult to predict. This will be reviewed again in Q3.

## Scheme Title

Capital Programme 2022/2027	Budget 2023/2024	June Monitoring Adjustments	September Monitoring Adjustments	Revised Budget 2023/2024	Actual as at 30th Sept 2023	Revised Budget 2024/2025	Revised Budget 2025/2026	Revised Budget 2026/2027	Total Capital Budget 2023/2027
	£	£	£	£	£	£	£	£	£
<b>MAJOR PROJECTS</b>									
<b>Enterprise Zone</b>									
Project Management / Marketing	45,180			45,180	3,564	35,000	0	0	80,180
Roads / Infrastructure	7,623,120		(1,143,470)	6,479,650	2,795,045	1,143,470	0	0	7,623,120
EZ Development of Spec Units 1	534,400			534,400	424,210	0	0	0	534,400
<b>Total Enterprise Zone ( AD Property and Projects)</b>	<b>8,202,700</b>	<b>0</b>	<b>(1,143,470)</b>	<b>7,059,230</b>	<b>3,222,819</b>	<b>1,178,470</b>	<b>0</b>	<b>0</b>	<b>8,237,700</b>
<b>Major Housing Development</b>									
Salter's Road	9,393,220		(3,002,920)	6,390,300	2,687,149	3,002,920	570,000	0	9,963,220
Alexandra Rd Hunstanton BCKLWN Cost	2,461,410		(2,411,410)	50,000	0	5,447,980	0	0	5,497,980
Phase 3-Lynnsport 1	1,172,850		(1,072,850)	100,000	11,543	9,534,940	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		(127,120)	37,420	9,356	127,120	0	0	164,540
Major Housing Management	14,330			14,330	6,881	2,510	0	0	16,840
Major Housing Projects Unallocated Budget	66,490			66,490	6,940	0	0	0	66,490
Parkway - Gaywood	18,641,790		(10,041,790)	8,600,000	1,451,304	19,822,510	16,100,000	4,774,570	49,297,080
Nora Phase 4	253,150		900,000	1,153,150	1,032,267	0	0	0	1,153,150
Nora Phase 5	764,870		(714,870)	50,000	(522)	1,555,960	3,266,780	4,061,730	8,934,470
Hunstanton Regeneration Bus Station & NCC Library	0			0	0	0	0	0	0
Hunstanton Regeneration Southend Road Car Park	3,668,630		(1,273,590)	2,395,040	1,220,581	3,273,590	0	0	5,668,630
<b>Total Major Housing Development (AD Companies and Housing)</b>	<b>36,601,280</b>	<b>0</b>	<b>(17,744,550)</b>	<b>18,856,730</b>	<b>6,432,786</b>	<b>42,767,530</b>	<b>28,332,090</b>	<b>10,897,380</b>	<b>100,853,730</b>
<b>Other Major Projects</b>									
<b>Towns Fund</b>									
Town Centre Public Realm	192,510		(80,000)	112,510	38,286	80,000	0	0	192,510
St Georges Guildhall Complex	783,960			783,960	279,913	1,380,630	6,102,790	3,782,240	12,049,620
Active and Clean Connectivity	1,090,550		(425,000)	665,550	198,792	4,892,260	281,320	0	5,839,130
Riverfront Regeneration	244,970			244,970	97,189	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	35,182	95,000	72,110	0	259,110
<b>Total Towns Fund</b>	<b>2,632,100</b>	<b>0</b>	<b>(505,000)</b>	<b>2,127,100</b>	<b>649,362</b>	<b>16,115,650</b>	<b>7,057,700</b>	<b>3,782,240</b>	<b>29,082,690</b>
NORA Remediation	216,480		(216,480)	0	579	762,370	0	0	762,370

South Quay Somerfield Thomas Silo	96,320		96,320	59,595	0	0	0	96,320
Factory Unit 1 - New Depot Site	77,100		77,100	130,294	0	0	0	77,100
Air Source Heat Pump Project - Enterprise Works	2,240		2,240	21,522	0	0	0	2,240
<b>Total for AD Property and Projects</b>	<b>392,140</b>	<b>0</b>	<b>(216,480)</b>	<b>175,660</b>	<b>211,990</b>	<b>762,370</b>	<b>0</b>	<b>938,030</b>

Decarbonisation Re:Fit 2	0		0	0	0	0	0	0
<b>Total for AD Planning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Southgate Regen Area Business Rate Pool Contribution	493,860	(400,000)	93,860	0	400,000	0	0	493,860
Sail the Wash - Sutton Br								
ICI/Active Travel Hub (KLIC2)	121,060		121,060		0	0	0	121,060
Nelson Quay Redevelopment	0				0	0	0	0
Chapel Street	0		0		0	0	0	0
South Quay Stage 3	120,000		120,000		0	0	0	120,000
UK Shared Prosperity Fund	28,800	(20,000)	8,800	8,248	233,570	0	0	242,370
Rural England Prosperity Fund	374,110		374,110	64,666	1,122,350	0	0	1,496,460
Baxter's Plain Public Realm Feasibility Study	0	40,000	40,000	1,390	0	0	0	40,000
<b>Total for AD Regeneration</b>	<b>1,137,830</b>	<b>20,000</b>	<b>(400,000)</b>	<b>757,830</b>	<b>74,304</b>	<b>1,755,920</b>	<b>0</b>	<b>2,513,750</b>

Public Conveniences	400,000	(400,000)	0		400,000		0	400,000
Refuse Vehicles Fleet	0		0	0	0	0	0	0
<b>Total for AD Operational and Commercial Services</b>	<b>400,000</b>	<b>0</b>	<b>(400,000)</b>	<b>0</b>	<b>400,000</b>	<b>0</b>	<b>0</b>	<b>400,000</b>

Re:Fit Project	563,140	(300,000)	263,140		300,000	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		900,000	0	0	900,000
<b>Total for Leisure and Community Facilities</b>	<b>1,763,140</b>	<b>0</b>	<b>(1,200,000)</b>	<b>563,140</b>	<b>0</b>	<b>1,200,000</b>	<b>0</b>	<b>1,763,140</b>

<b>Total Major Projects</b>	<b>51,129,190</b>	<b>20,000</b>	<b>(21,609,500)</b>	<b>29,539,690</b>	<b>10,591,261</b>	<b>64,179,940</b>	<b>35,389,790</b>	<b>14,679,620</b>	<b>143,789,040</b>
-----------------------------	-------------------	---------------	---------------------	-------------------	-------------------	-------------------	-------------------	-------------------	--------------------

## OPERATIONAL SCHEMES

### AD Community and Partnerships

Disabled Facilities Grant	618,200		618,200	447,976	618,200	618,200	618,200	2,472,800
Adapt Grant	1,318,190		1,318,190	591,256	1,381,800	1,381,800	1,381,800	5,463,590
	<b>1,936,390</b>	<b>0</b>	<b>0</b>	<b>1,936,390</b>	<b>1,039,231</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>7,936,390</b>

### Preventative Works

Home Repair Assistance Loan	0		0	385	0	0	0	0
Emergency Repair Grant	0		0	1,491	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	48,999	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>50,875</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	0	2,086,390	1,090,106	2,150,000	2,150,000	2,150,000	<b>8,536,390</b>
---	-----------	---	---	-----------	-----------	-----------	-----------	-----------	------------------

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	(38,890)	52,000	54,606	50,000	50,000	50,000	202,000
Community Safety Vehicle	30,000	(30,000)	0		30,000	0	0	30,000

<b>Total for AD Community &amp; Partnerships</b>	<b>2,324,130</b>	<b>0</b>	<b>(68,890)</b>	<b>2,255,240</b>	<b>1,144,712</b>	<b>2,290,000</b>	<b>2,260,000</b>	<b>2,260,000</b>	<b>9,065,240</b>
--	------------------	----------	-----------------	------------------	------------------	------------------	------------------	------------------	------------------

#### AD Resources (S151 Officer)

ICT Development Programme	374,980	(166,460)	208,520	6,666	258,740	150,000	150,000	767,260
Standard Desktop Refresh	21,730	57,720	79,450	13,443	0	300,000	150,000	529,450

<b>Total for AD Resources (S151 Officer)</b>	<b>396,710</b>	<b>0</b>	<b>(108,740)</b>	<b>287,970</b>	<b>20,108</b>	<b>258,740</b>	<b>450,000</b>	<b>300,000</b>	<b>1,296,710</b>
--	----------------	----------	------------------	----------------	---------------	----------------	----------------	----------------	------------------

#### AD Programme and Projects

Heacham Toilets South Beach	0		0	0	0	0	0	0
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>0</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200,000</b>
--	----------------	----------	----------	----------------	----------	----------	----------	----------	----------------

#### AD Property and Projects

Princess Theatre Terrace Extension	0				0	0	0	0
Arts Centre Complex	0		0		0	0	0	0
Princess Theatre Roof Replacement	0		0		0	0	0	0
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
Kings Court Flat Roof	0		0		0	0	0	0
Bergen Way Industrial Estate roof replace	250,000	(250,000)	0		250,000	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>353,500</b>	<b>0</b>	<b>(250,000)</b>	<b>103,500</b>	<b>0</b>	<b>250,000</b>	<b>0</b>	<b>0</b>	<b>353,500</b>
---	----------------	----------	------------------	----------------	----------	----------------	----------	----------	----------------

#### AD Operational and Commercial Services

<u>Car Parks</u>								
Resurfacing (various car parks)	100,000	(70,000)	30,000		70,000	261,800	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		38,130	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	(40,000)	100,000	8,820	0	0	0	100,000
The Walks Car Park Resurf & P&D	0		0		0	0	0	0
Off Street Car Parks- Vehicles	0		0		0	0	0	0
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

<u>CCTV</u>									
CCTV Control Room Upgrade	121,050	(121,050)	0		171,050	50,000	50,000	271,050	
CCTV Kettlewell Gardens	24,840	(24,840)	0		24,840	0	0	24,840	
CCTV Multi-storey	9,890	(9,890)	0		9,890	0	0	9,890	
CCTV Crematorium	7,730	(7,730)	0		7,730	0	0	7,730	
CCTV Safer Streets	50,000	(50,000)	0		50,000	0	0	50,000	
Christmas Lights Replacement	187,550	(187,550)	0		187,550	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	0	0	
Parking/Gladstone Server Upgrade	12,030	(8,030)	4,000		8,030	0	0	12,030	
Digital Signge 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	18,409	40,000	40,000	40,000	160,000	
Brown Bins/Compost	40,000		40,000	12,594	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	63,803	0	0	0	18,010	
The Walks Crazy Golf Equipment	120,000	(120,000)	0		120,000	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	
Downham Market Play Equipment	0		0		0	0	0	0	
Resort Chalet Window Replacement	100,000		100,000		0	0	0	100,000	
Resort Replacement Play Area Equipment	28,000	(28,000)	0		28,000	0	0	28,000	
Resort - Beach Safety Signage	15,000	(15,000)	0		15,000	0	0	15,000	
Resort - Visitor Digital Sign	50,000	(50,000)	0		50,000	0	0	50,000	
Tourist Signs A47	21,000	(21,000)	0		21,000	0	0	21,000	
Grounds Maintenance Equipment	161,300		161,300	19,807	42,000	139,080	0	342,380	
Grounds Maintenance Vehicles	199,620		199,620	0	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>(937,020)</b>	<b>1,898,060</b>	<b>333,656</b>	<b>1,260,200</b>	<b>692,440</b>	<b>348,570</b>	<b>4,199,270</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	8,638	15,000	15,000	0	45,000	
Corn Exchange - Replace Speakers	0		0	4,801	0	0	0	0	
Corn Exchange - Light Desk & Lights	50,000		50,000	29,438	0	0	0	50,000	
Corn Exchange - Mobile Elevat Wrk Platf	0		0		0	0	0	0	

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	(3,000)	22,000	11,248	0	0	0	22,000
DMLC - Fitness Room Flooring	0		0		0	0	0	0
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
<u>Lynnsport</u>								
Lynnsport - Fitness Equipment	108,000		108,000	550,687	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 Boilers & Plant	0		0		0	0	0	0
L/Sport Athletics Cage replacement and athletics lighting upgrade	61,610	(15,000)	46,610	35,016	0	0	0	46,610
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
			0					0
L/Sport Female Changing Room Sauna	0		0		0	0	0	0
L/Sport Wellness Studio	150,000		150,000		0	0	0	150,000
<u>94 L/Sport Spin Ventilation</u>								
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	(5,000)	20,000	20,822	0	0	0	20,000
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	15,000	15,000		0	0	0	15,000
L/Sport Window replacement	0		0		0	40,000	0	40,000
<u>St James Pool</u>								
St James - Floor/Surface Replace	25,000	(25,000)	0		25,000	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 Replacement Plant	0		0	2,520	0	0	0	0
St James Flooring (changing area)	50,000	(50,000)	0		0	0	0	0
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	0	0
St James Locker replacement	50,000	(50,000)	0		0	0	0	0
St James wetside toilet refurb	25,000	(25,000)	0		0	0	0	0
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
<u>Oasis</u>								

Oasis Fire Doors	0		0		0	0	0	0	
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	
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	
<b><u>Town Hall</u></b>									
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	
<b><u>Community Centres</u></b>									
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>(208,000)</b>	<b>968,180</b>	<b>663,169</b>	<b>522,250</b>	<b>235,000</b>	<b>185,000</b>	<b>1,910,430</b>
<b><u>AD Central Services</u></b>									
Technology and Other Equipment (Flexible Working)	0				0	0	0	0	
<b>Total AD Central Services</b>	<b>0</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Operational Schemes</b>	<b>7,285,600</b>	<b>0</b>	<b>(1,572,650)</b>	<b>5,712,950</b>	<b>2,161,645</b>	<b>4,581,190</b>	<b>3,637,440</b>	<b>3,093,570</b>	<b>17,025,150</b>
<b>Capital Loan</b>									
<b>Total Capital Programme (Non Exempt)</b>	<b>58,414,790</b>	<b>20,000</b>	<b>(23,182,150)</b>	<b>35,252,640</b>	<b>12,752,906</b>	<b>68,761,130</b>	<b>39,027,230</b>	<b>17,773,190</b>	<b>160,814,190</b>
<b><u>Exempt Schemes</u></b>									
4&5 Southgate Area Land Assembly Acquisition	660,000		660,000		0	0	0	660,000	
EZ Development of Spec Units 2	7,574,520		(7,574,520)	0	7,574,520	0	0	7,574,520	
Smaller Housing Plots Development - Jarvie Close, Sedgeford	50,000		50,000		0	0	0	50,000	
Smaller Housing Plots Development - Sutton Estate, Burnham	17,000		17,000		0	0	0	17,000	
	<b>8,301,520</b>	<b>0</b>	<b>(7,574,520)</b>	<b>727,000</b>	<b>0</b>	<b>7,574,520</b>	<b>0</b>	<b>0</b>	<b>8,301,520</b>
<b>Total Commercially Sensitive Schemes (Exempt)</b>	<b>8,301,520</b>	<b>0</b>	<b>(7,574,520)</b>	<b>727,000</b>	<b>0</b>	<b>7,574,520</b>	<b>0</b>	<b>0</b>	<b>8,301,520</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>66,716,310</b>	<b>20,000</b>	<b>(30,756,670)</b>	<b>35,979,640</b>	<b>12,752,906</b>	<b>76,335,650</b>	<b>39,027,230</b>	<b>17,773,190</b>	<b>169,115,710</b>

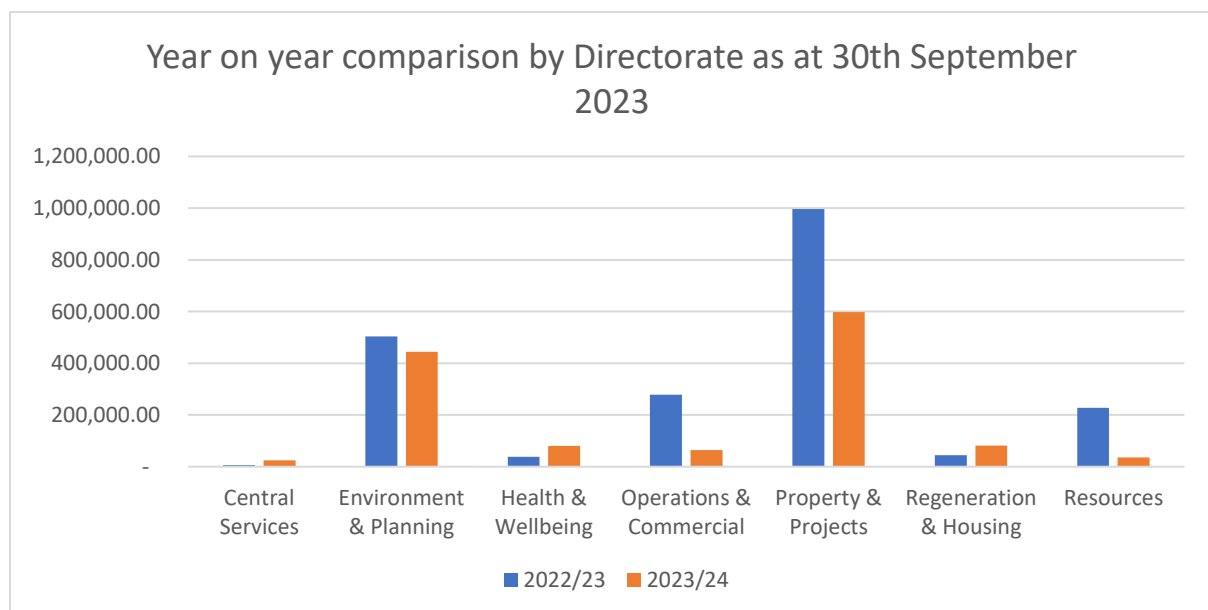
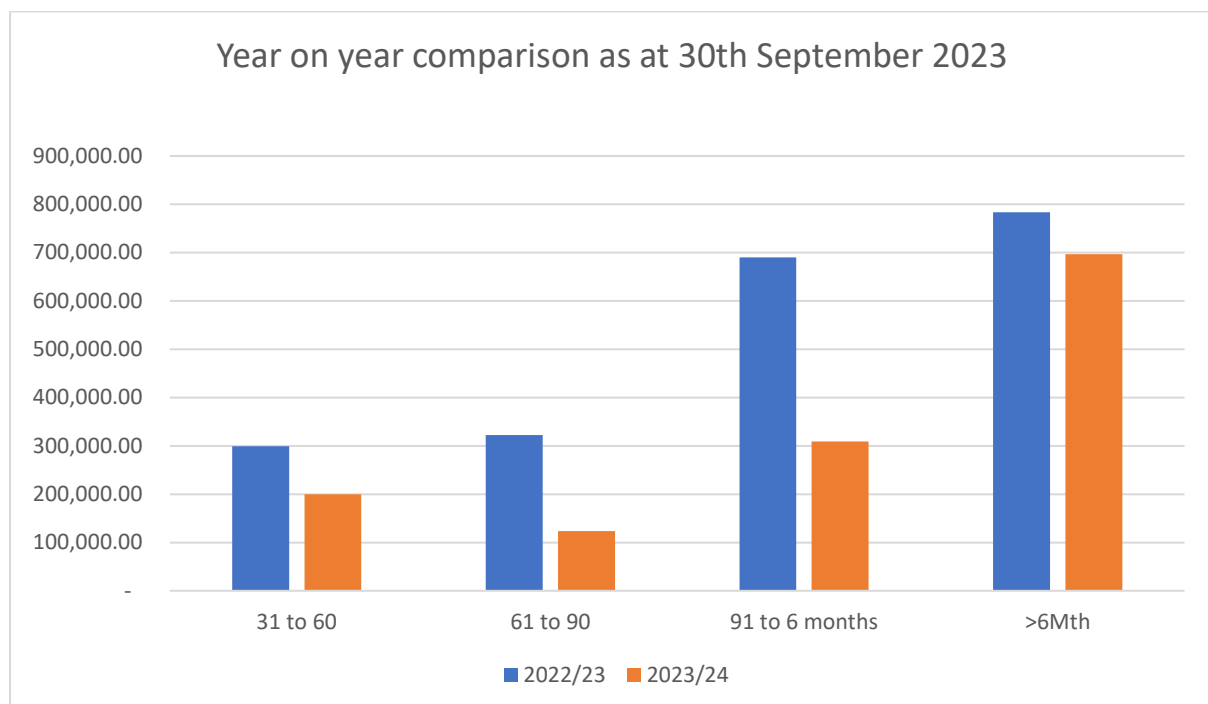
## Appendix C – Age Debt Analysis – 30 September 2023

### **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<sup>th</sup> of September in each year based on age. The second table shows the comparison at directorate level.

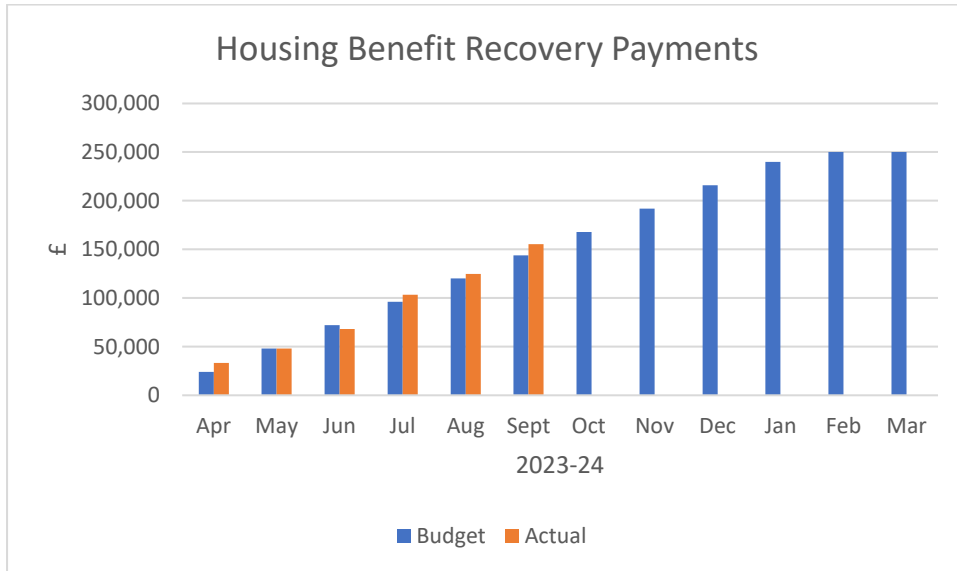
In summary, robust reminder and targeted recovery processes are maintained. Monitoring is not indicating a material concern for debts in arrears.





### Housing Benefit Overpayment Recovery Monitoring

In relation to Housing benefits overpayment recovery the target as of 30 September 2023 is £144,000 and £155,395 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>
20 November 2023	Special meeting to deal with CIL applications	Non	Cabinet	Regeneration and Development Asst Dir S Ashworth		Public

<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>
5 December 2023						
	Council Tax Support Scheme – Final Scheme 2024/25	Key	Council	Finance Asst Director – Resources		Public
98	Care and Repair Contract – Handy Person Prevention Framework.		Cabinet			Private Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	Assets of Community Value	Non	Cabinet	Property and Corporate Services Monitoring Officer		Public
	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)

	Cabinet Task Groups	Non	Cabinet	Leader Chief Executive		Public
	CIL Governance and Spending Document 2024 and Annual Infrastructure Funding List	Key	Cabinet	Regeneration and Development		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						
69	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)
	Florence Fields – Tenure Mix	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
	Polling District Review	Key	Council	Leader Chief Executive		Public
	Council Tax for Second Homes	Key	Council	Leader Exec Dir – Finance		Public
	Hardings Way/Boal Quay – Village Green	Non	Cabinet	Property and Corporate Services – or Development and Regeneration? Exec Director		Public
	Appointment of Honorary Aldermen	Non	Council	Chief Executive Leader		Public
	Housing Options Officer post	Non	Cabinet	People and Communities Asst Dir D Hall		Public
	Whistleblowing Policy	Non	Council	Leader Assistant Director – A Baker		Public

100

<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>
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
	Treasury Management Strategy/ Investment Strategy	Key	Council	Finance Asst Director – Resources		Public

	Empty Homes Strategy Review	Key	Council	People and Communities Asst Dir M Whitmore		Public
	Article 4 Direction	Non	Cabinet	Regeneration and Development Assistant Director – S Ashworth		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)

<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>
15 March 2024						
	Review of Outside Bodies	Non	Cabinet and Council	Leader		Public
	Peer Review Challenge Action Plan	Non	Council	Leader Chief Executive		Public

<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>
23 April 2024						

**Items to be scheduled**

	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	Internal Audit Half Year Progress 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	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
<b>ADDITIONAL MEETING</b>				
12 December 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.
12 December 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 to include SOA and AGS – date to be confirmed. All Councillors will be invited to attend – 8 December, 9.00 am on Teams.</b>
12 December 2023	Annual Governance Statement 2019/2020	Annual	G Greaves	To present the report for year 2019/20
12 December 2023	Corporate Risk Register Update (August 2023)	Update	G Greaves	<b>Training session scheduled for 17 November, 9.00 am on Teams.</b>
12 December 2023	Internal Audit Follow Up Recommendations Half Year Report	Half Year Progress Report	Internal Audit Manager	
12 December 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
12 December 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

<b>MEETING</b>		<b>REPORT</b>	<b>OFFICER</b>	<b>OUTCOMES</b>
16 January 2024	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.
16 January 2024	Business Continuity – Annual Update	Progress report	G Greaves	
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.

### **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.

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.

Audit Committee Independent Persons