

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



# **Audit Committee**

## **Agenda**

**Thursday, 3rd October, 2024**  
at 4.30 pm

in the

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

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



King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1EX  
Telephone: 01553 616200  
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Wednesday 25<sup>th</sup> September 2024

Dear Member

**Audit Committee**

You are invited to attend a meeting of the above-mentioned Panel which will be held on **Thursday, 3rd October, 2024 at 4.30 pm** in the **Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ** to discuss the business shown below.

Yours sincerely

Chief Executive

**AGENDA**

**1. Apologies**

**2. Minutes (Pages 5 - 16)**

To approve the minutes from the Audit Committee held on 24<sup>th</sup> June 2024.

**3. Declarations of Interest (Page 17)**

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 Chairman of their intention to do so and on what items they wish to be heard before the meeting commences. Any Member attending the meeting under Standing Order 34 will only be permitted to speak on those items which have been previously notified to the Chairman

**6. Chair's Correspondence (if any)**

**7. External Audit- Ernst & Young- Value for Money Interim Report- Years ended 31st March 2021, 2022 and 2023 (Pages 18 - 45)**

**8. External Auditors- Ernst & Young- Local Audit Reset (Pages 46 - 47)**

**9. Annual Governance Statements 2022-23 and 2023-24 (Pages 48 - 131)**

**10. Annual Treasury Outturn Report 2023/2024 (Pages 132 - 153)**

**11. Audit Terms of Reference (Pages 154 - 160)**

**12. Committee Work Programme 2024/2025 (Pages 161 - 172)**

To note the Committee's Work Programme for 2024/2025.

**13. Date of Next Meeting**

To note that the date of the next meeting of the Audit Committee will take place on **18<sup>th</sup> November 2024** at **4:30pm** in the **Council Chamber, Town Hall**.

To:

**Audit Committee:** S Bearshaw, F Bone (Vice-Chair) S Dark, T de Winton, P Devulapalli, B Jones, B Long, S Nash and A Ryves (Chair)

**Portfolio Holders:**

Councillor C Morley

**Appropriate Officers:**

Kate Blakemore- Chief Executive

Michelle Drewery- Assistant Director Resources - Section 151 Officer

Alexa Baker- Assistant Director, Legal, Governance and Licensing - Monitoring Officer

Laz Mafuko- Interim Financial Services Manager

Jamie Hay- Senior Internal Auditor

David Riglar- Ernst and Young- External Auditors

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

**AUDIT COMMITTEE**

**Minutes from the Meeting of the Audit Committee held on Monday, 24th June, 2024 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ**

**PRESENT:** A Ryves (Chair)  
Councillors S Bearshaw, F Bone, (Vice Chair) T de Winton, P Devulapalli,  
B Jones, B Long and S Nash

**Portfolio Holders**

Councillor C Morley  
Councillor A Beales

**Officers:**

Michelle Drewery – Assistant Director, Resources/Section 151 Officer  
Jamie Hay- Senior Internal Auditor  
Natalie Gourley- Senior Internal Auditor  
Emma Briers- Democratic Services Officer  
Teresa Sharman- Head of Internal Audit  
Jo Stanton- Revenues and Benefits Manager  
Ged Greaves- Senior Corporate Governance & Risk Officer/Climate Change Manager

A172 **APOLOGIES**

[Click here to find the recording of this item on Youtube.](#)

Apologies were received from Councillor Beal and Councillor Dark.

A173 **MINUTES**

[Click here to find the recording of this item on Youtube.](#)

**RESOLVED:** The Minutes from the meeting held on 22<sup>nd</sup> April 2024 were agreed as a correct record and signed by the Chair.

A174 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A175 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business under Standing Order 7

A176 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no members present pursuant to Standing Order 34.

A177 **CHAIRMAN'S CORRESPONDENCE (IF ANY)**

There was none.

A178 **APPOINTMENT OF VICE CHAIR FOR THE MUNICIPAL YEAR 2024/2025**

[Click here to find the recording of this item on Youtube.](#)

**RESOLVED:** That Councillor Bone be appointed Vice Chair of the Committee for the 2024/2025 Municipal Year.

A179 **RISK REGISTER UPDATE**

[Click here to find the recording of this item on Youtube.](#)

The Senior Corporate Governance and Risk Officer/Climate Change Manager presented the Risk Register Update.

The Senior Corporate Governance and Risk Officer/Climate Change Manager advised the Committee the risk was influenced by external factors such as the economy. He further advised that since the last review three matters had emerged: short term cash flow issue, issues following a sub-contractor to Lovell Homes going into administration resulting in delays in the housing programme and thirdly, Senior Management staff changes. He confirmed to the Committee there were no proposals to add or delete any risks from the register.

The Chair invited questions and comments from members of the Committee.

Councillor Bearshaw highlighted due to the financial position of the country he did not expect the risk to have changed to the financial risks. He added that due to the resignation of the Chief Executive and changes to Senior Management he expected this risk to increase however it had not. Councillor Bearshaw confirmed it is expected that if the mitigation barrier decreased the risk score would increase.

The Chair endorsed Councillor Bearshaw's comment and highlighted further the changes in Senior Management were not reflected in the Risk Register.

Councillor Long referred to the risk score in August 2023 and the report of the Chief Executive and Executive Directors retiring. He added that now the new Chief Executive had been appointed and a start date had

been agreed the risk had therefore reduced as actions had been taken.

Councillor Bearshaw highlighted the vacancies in the Planning department and advised the Committee he expected the risk to be higher.

Councillor de Winton stated he believed Councillor Bearshaw's point was an academic point and the resignation of the Chief Executive would not prevent the Council from operating.

The Assistant Director brought to the Committee's attention the score for change management was at 20 which had included a major impact due to the period of change. She added as the recruitment process had been concluded with the appointment of the new Chief Executive this was a major impact not an extreme impact. She provided assurance to the Committee there were plans in place to cover any gaps throughout this change.

The Chair thank the Assistant Director and stated that Officers had considered plans throughout this change. The Chair added he was surprised that the risks had not changed and referred to Alive West Norfolk and the property market.

The Portfolio Holder, Councillor Morley commented the internal drainage boards potential to be funded elsewhere and this should be included in the report as a risk. He added financial sustainability is difficult and it forced management to be more effective due to lack of funds.

Councillor Bearshaw referred the Committee to the Strategic Risk 3 and commented there was still a consultation on the shortfall of Gypsy/Traveller Community, and this was not detailed in the report.

The Assistant Director confirmed to members this would need to be feedback to the relevant Assistant Director.

Councillor Bearshaw referred the Committee to the Strategic Risk 5 which was the Council's ability to respond to major emergencies and if any of the considerations had been adopted.

The Senior Corporate Governance and Risk Officer/Climate Change Manager advised he would check with the Assistant Director and feedback to the Committee.

Councillor de Winton referred to Strategic Risk 5 and that a community fire is not mentioned in this risk and the fire service had advised there is no direct line to the Borough Council. He added he wanted to encourage liaison between the fire service and the Borough Council.

Councillor Long further commented he was surprised the fire service felt there was no direct line to the Borough Council, and this needed to be looked at operationally.

Councillor Bone added mitigation of the risk surrounding global warming and loss of trees following the fire's last year therefore fire should be included in this risk.

The Senior Corporate Governance and Risk Officer/Climate Change Manager added incidents such as this would go through the Council's CCTV control room and a significant incident team which included Senior Management.

The Chair asked Officers if the documents provided could be presented in a different format and more user friendly.

The Senior Corporate Governance and Risk Officer/Climate Change Manager provided assurance to the Committee that a new software product to produce these reports and fulfil different purposes such as action plan and performance indicator reporting was being progressed.

The Chair sought clarification on the next risk review update.

The Senior Corporate Governance and Risk Officer/Climate Change Manager confirmed the next review is in August 2024 and would be presented to the Audit Committee in November.

Councillor Bearshaw referred to the previous review and sought clarification on the testing of an emergency plan.

The Senior Corporate Governance and Risk Officer/Climate Change Manager confirmed this had recently been tested with a loss of electricity scenario and confirmed further feedback would be provided.

**RESOLVED:** The Committee agreed the Corporate Risk Register as at May 2024 and agreed Management Team's assessment of the risks to the corporate business plan.

A180

## **ANNUAL INTERNAL AUDIT PROGRESS REPORT**

[Click here to find the recording of this item on Youtube.](#)

The Head of Internal Audit presented the Annual Internal Audit Progress Report for 2023/2024 to the Committee.



The Chair referred to the limited opinion on two items; Open Spaces and Capital Programme and asked for further information from the Officers.

In response to the Chair, the Senior Internal Auditor referred to the report which included an individual executive summary in the appendix and the key recommendations made. He advised the Committee the executive summary and the key recommendations for Open Spaces were on page 47 and Capital Programme were on page 60. He added further this was a Position Statement and not an audit report with an audit opinion. Position Statements were carried out for West Norfolk Housing and Alive West Norfolk.

The Chair sought further clarification if Alive West Norfolk was included in the Internal Audit. He referred to the Waste Management Contractor and the progress over the next couple of years.

The Senior Internal Auditor confirmed this was included in the Internal Audit. He confirmed internal audit are in contact with Waste Management in regard to this progress.

Councillor Bearshaw sought clarification on the Audit Plan was completed.

The Senior Internal Auditor confirmed to the Committee the Internal Audit Plan for 2023/2024 was completed and the plan was for the financial year.

Councillor Bearshaw sought further clarification that all the recommendations from the reports were accepted and now SMART actions.

The Senior Internal Auditor confirmed the recommendations will have follow up actions and the recommendations have been agreed by Officers and Managers.

Councillor de Winton referred to the Cyber Security and asked if the Borough Council has an external consultant to oversee the technology.

The Assistant Director, Resources provided assurance to the Audit Committee that each year testing is carried out on the Borough Council's systems to ensure they are compliant and the correct security measures was in place. She advised that the Council is also required to be Public Sector Network compliant. The Assistant Director, Resources confirmed the recommendations provided had been complied with and would provide further assurance from the IT Manager.

**RESOLVED:** The Audit Committee agreed and received the Annual Internal Audit Progress Report.

A181

**ANNUAL INTERNAL AUDIT FOLLOW UP PROGRESS REPORT**

[Click here to find the recording of this item on YouTube.](#)

The Senior Internal Auditor present the Annual Internal Audit Follow Up Progress Report.

The Senior Internal Auditor highlight to the Committee this was a regular report and provided an update on Internal Audit recommendations and Management response to the recommendations along with the agreed deadlines.

The Senior Internal Auditor advised the report included an overview of the status on the progress being made against all Internal Audit recommendations as of 2nd May 2024. He confirmed there was 120 recommendations, 80 of which was overdue the agreed due date included 8 of high priority and 29 medium priorities.

Councillor Bearshaw sought clarification on how the outstanding recommendations were being prioritised by high priority rather than time.

The Senior Internal Auditor confirmed the high priority recommendation would be prioritised first.

The Chair expressed concern that due to the number and time of outstanding recommendations that the Audit Committee was failing at their role.

Councillor de Winton endorsed the Chairs comments and referred to page five of the report which related to car parking. He commented the surprise of this recommendation due to it being an income source for the Borough Council.

The Senior Internal Auditor referred further to the report and the Transport Strategy. He confirmed the consultation has taken time and a draft of the strategy is to be reviewed however the deadline was not met.

The Assistant Director, Resources confirmed further the recommendation was outstanding due to there being no car park strategy in place to make effective and informed decisions.

The Chair commented further action by Management is needed and a motion needed to be put in place for this recommendation to be followed up by Management.

The Senior Internal Auditor confirmed to the Committee follow up activities are being encouraged for the recommendations to be actioned.

The Assistant Director, Resources highlighted to the Committee that discussions had taken place around the Audit process and approach and drew the Committee attention to the 3.3 of the report. She highlighted 30% of recommendations had been dealt with and there was a significant number of low recommendations. She confirmed to the Committee discussions had taken place to ensure the recommendations are more effective and if the low recommendations should be considered as advisories. She also confirmed the recommendations were being looked at to be condensed to have one recommendation which included a number of sub actions. She highlighted to the Committee this report had been discussed at a recent Senior Leadership Team meeting.

Councillor de Winton sought clarification from Officers on when further action was going to be taken.

The Senior Internal Auditor responded to the Assistant Director, Resources commented that the audit team were working towards recommendation prioritisation, identifying risks and feeding off the risk the recommendations making sure that the risk are appropriate to the recommendation making the risk and action clearer to Officers and reduce the overall number of recommendations. He added Senior Leadership Team are being asked for updates on the progress of the recommendations and confirmed to the Committee they were able to contact Officer directly for responses on the recommendations which had been overdue for a period of time.

Councillor Bearshaw recommended to Officers that these recommendations were turned into SMART actions before the next Audit Committee. He further commented that the relevant Officers with outstanding recommendations to attend the next Audit Committee.

Councillor Long suggested to the Committee that the Committee recommended that the Officers with overdue recommendations would go to the Corporate Performance Panel to be scrutinised.

The Chair highlighted that the Audit Committee were there to highlight risk and therefore as this had become a scrutiny matter, he endorsed this recommendation to Corporate Performance Panel.

Councillor de Winton proposed that Officers responsible for these overdue recommendations to come to the Audit Committee and encourage these recommendations to be actioned.

Councillor Long proposed with advice from the Monitoring Officer and referring to the Constitution if this would be the role of Corporate Performance Panel or the Audit Committee to invite relevant Officers with overdue recommendations from the Internal Audit.

Councillor Nash endorsed Councillor Long suggestion and seconded the motion.

**RECOMMENDATION:** The Audit Committee consult the Monitoring Officer regarding the Constitution if Corporate Performance Panel or Audit Committee be the appropriate body to invite relevant Officers with long standing and overdue recommendations from Internal Audit to their meeting.

A182

### **ANNUAL INTERNAL AUDIT OPINION**

[Click here to find the recording of this item on YouTube.](#)

The Head of internal Audit present the report to the Committee on the Annual Internal Audit Opinion.

The Head of Internal Audit referred to page 97 of the report which provided a summary of the number of audits that had been carried out and the recommendations which were raised and highlighted the annual opinion was reasonable/limited. She further referred to page 99-100 and advised the annual opinion did not rely on any third-party assurances and if the number of outstanding recommendations were not acted upon the annual opinion could move towards limited. She added that more KPIs were going to be reintroduced and considered for Internal Audit.

Councillor Bearshaw asked if the term opinion could be changed and further suggested a KPI be closing the outstanding and overdue recommendations.

The Head of Internal Audit clarified this would be a Senior Management Performance Indicator and not an Internal Audit KPI and confirmed all recommendations made have been accepted.

The Senior Internal Auditor confirmed the word opinion is written in the Standards; however, as the Standards could be changing to include the word conclusion instead of opinion, this may be possible.

Councillor Long referred to the three audits carried out with limited assurance and commented on whether the Portfolio Holders were aware of the opinions on these areas.

The Chair sought clarification on the statement, limited assurance opinions represent unresolved risks.

The Head of Internal Audit confirmed to the chair that where recommendations which are overdue are unresolved, control weaknesses exist.

The Chair endorsed Councillor Longs comment and added these areas Portfolio Holders should provide assurance.

Councillor Long proposed a similar recommendation as the previous agenda item and the Officer and Portfolio Holders in relation to the areas with limited assurance opinions, with advice from the Monitoring Officer go to the appropriate Panel or Committee.

Councillor Nash seconded the motion.

Councillor de Winton sought clarification that if this was not to go to another panel then the Officers and Portfolio Holders attend Audit Committee in relation to the areas with limited assurance opinions.

**RECOMMENDATION:** The Audit Committee consult the Monitoring Officer regarding the Constitution for the appropriate Panel or Committee to invite relevant Officer and Portfolio Holders on the areas with a limited assurance opinions to their meeting

A183

### **AUDIT COMMITTEE SELF ASSESSMENT REVIEW REPORT**

[Click here to find the recording of this item on YouTube.](#)

The Head of Internal Audit presented the Self-Assessment Review Report to the Committee. She advised the Committee this was the Self- Assessment held prior to the meeting held on the 22<sup>nd</sup> April 2024. She highlighted to the Committee the action plan resulting from the Self- Assessment.

Councillor Bearshaw sought clarification on the priority of the recommendations included in the action plan and stated these would fall with the same Officers as the other recommendations that had been discussed.

The Assistant Director, Resources confirmed this would not be the case and the previous recommendations were for Assistant Directors and the recommendations in this action plan was for Officers relevant to the Audit Committee.

Councillor de Winton highlighted point 3 and 4 from the report were to be prioritised due to the Terms of Reference being significant.

The Chair sought clarification on the scoring of the Self- Assessment and the importance of this score and highlighted the Head of Internal Audit and External Audit have not met privately with the Committee in the last year and commented this should be done. The Chair referred to an Independent Member for the Audit Committee and asked for an update.

The Assistant Director, Resources confirmed the Monitoring Officer had been considering and investigating using a pool of Independent Members throughout Norfolk and would provide feedback to the Assistant Director, Resources in due course.

The Portfolio Holder for Finance, Councillor Morley commented there was a Constitution Working Group and therefore the Terms of Reference to be taken to them. He added the Governance Statements effectiveness should be included in the Terms of Reference.

**RESOLVED:** The Committee noted the report and agreed the action plan.

A184 **ANNUAL FRAUD & ERROR PROGRESS REPORT**

[Click here to find the recording of this item on YouTube.](#)

The Senior Internal Auditor present the Annual Fraud and Error Progress Report. He advised the report is brought to the Committee every 6 months and provides an update on activity against the anti-fraud and corruption policy. He advised the Committee the report compared fraud and error against previous years and the progress against the key performance indicators. The Senior Internal Auditor highlighted to the Committee the overview of fraud, cost associated, and the service delivery.

Councillor de Winton sought clarification on if costs were covered and how much we recover from identifying fraud.

The Senior Internal Auditor confirmed the figures for the total fraud amount spent and the amount of fraud identified. He confirmed it was down to the individual service areas on what they recover following the fraud being identified.

The Chair queried the trend of fraud.

The Senior Internal Auditor highlighted 2021/22 the figures were lower than this current year but 2022/23 were higher than this year and there was a data matching exercise and the pandemic impact during these figures. He clarified the Revenues Assurance Team identify and review the grant data.

Councillor Long referred to the impact of Covid-19 and the level of fraud detected following this. He reminded the Committee of the encouragement to support the community with these grants and to be paid as quickly as possible.

The Portfolio Holder, Councillor Morley commented we are members of the Cross-Country Fraud Hub which provides an advance and a wide set of benefits as to fraud identified elsewhere.

The Senior Internal Auditor further added an operational/steering group has been set up and regular meetings are attended with the Cabinet

Office Fraud Hub User Group. He added we also hold a membership with central group, Community of Practice.

The Chair asked if the expertise and knowledge we hold as a Council could be used as a service to other Council's.

The Senior Internal Auditor confirmed a business case would be required.

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

A185

**AUDIT COMMITTEE ANNUAL REPORT FROM THE CHAIR**

[Click here to find the recording of this item on YouTube.](#)

The Chair presented the Chair's report to the Committee and invited the Senior Internal Auditor to comment further.

The Senior Internal Auditor explained to the Committee the report included a summary of responsibilities under the Terms of Reference, self-assessment of the Audit Committee and recommendations and comments from previous minutes.

The Portfolio Holder, Councillor Morley brought to the Committee attention the Governance Statements. He advised the 2019/20 Governance Statement had been agreed however 2020/21, 2021/22 had not been along with the Statement of Accounts.

The Assistant Director, Resources confirmed the External Auditors have conducting Value for Money Assessment and the Annual Governance Statement position. She advised the draft Governance Statement 2020/21 and 2021/22 and been reported to Audit Committee previously and 2022/23 draft had not been brought to the Committee yet. She confirmed the 2022/23 and 2023/24 draft Annual Governance Statement is being produced for this to be published with the draft Statement of Accounts.

The Portfolio Holder, Councillor Morley highlighted to the Committee he thought this work had been carried out already.

The Assistant Director provided assurance to the Committee that actions would be in place to prevent this happening again.

**RESOLVED:** The Audit Committee agreed for the Chairs Report to be taken to Cabinet.

A186 **COMMITTEE WORK PROGRAMME 2024/2025**

[Click here to find the recording of this item on YouTube.](#)

The Assistant Director requested the item Value for Money Assessment Report from External Auditors to be added for September meeting.

The Head of Internal Audit requested for Internal and External Auditor to private meet with the Audit Committee prior to the next meeting.

A187 **EXCLUSION OF PRESS AND PUBLIC**

[Click here to find the recording of this item on YouTube.](#)

**RESOLVED:** That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

A188 **EXEMPT- HOUSING BENEFIT SUBSIDY CLAIM ANNUAL CERTIFICATION REPORT**

The Revenues and Benefits Manager presented the report.

The Chair invited questions and comments from the members of the Committee.

The Revenues and Benefits Manager responded.

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

A189 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee would be held on **23<sup>rd</sup> September 2024 at 4:30pm** in the **Town Hall, King's Lynn.**

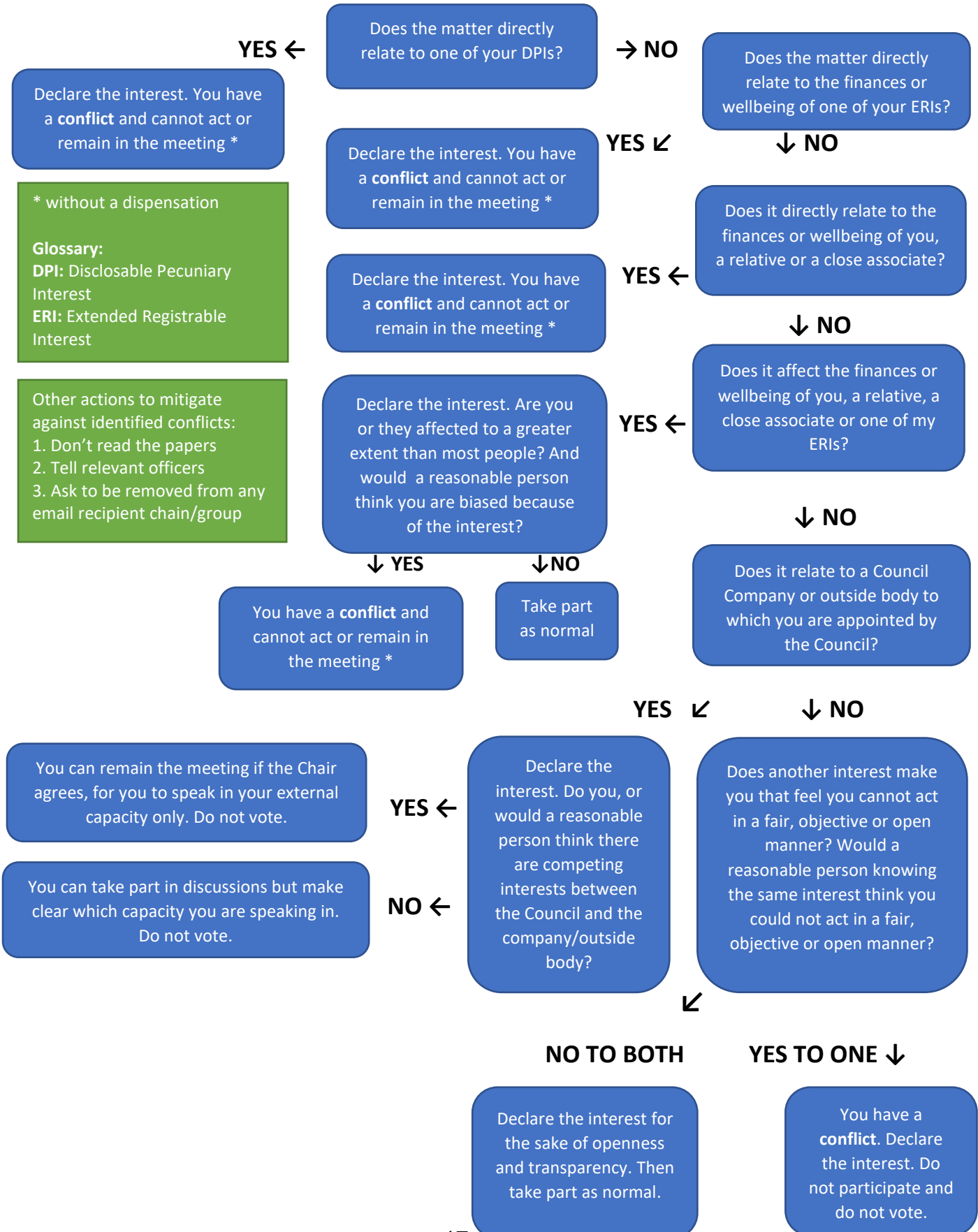
**The meeting closed at 6.24 pm**



# DECLARING AN INTEREST AND MANAGING ANY CONFLICTS FLOWCHART



## START



Borough Council of Kings  
Lynn & West Norfolk

## Value for Money Interim Report

Years ended 31 March 2021, 31 March 2022 and 31  
March 2023

24 September 2024

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

24 September 24

Dear Audit Committee Members

**Value for Money Interim Report for years 2020/21, 2021/22 and 2022/23**

We are pleased to attach our interim commentary on the Value for Money (VFM) arrangements for the Borough Council of King's Lynn & West Norfolk. This commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit years 2020/21, 2021/22 and 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. The National Audit Office (NAO) issued a consultation on 8 February 2024 seeking views on changes to the Code of Audit Practice (the Code) to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements. The consultation proposes to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. At this stage, we are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code.

This report is intended solely for the information and use of the Audit Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 3 October 2024.

Yours faithfully

David Riglar  
Partner  
For and on behalf of Ernst & Young LLP

Encl

# Contents

## 01 Executive Summary



## 02 Value for Money Commentary



## 03 Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/auditquality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to Audit Committee and Management of Borough Council of Kings Lynn & West Norfolk in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and Management of Borough Council of Kings Lynn & West Norfolk those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and Management of Borough Council of Kings Lynn & West Norfolk for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



BOARDROOM

21

# 01 Executive Summary



# Executive Summary

## Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this interim commentary is to explain the work we have undertaken during the period 01 April 2020 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit years 2020/21, 2021/22 and 2022/23. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

<sup>22</sup> The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix A).

We will summarise our final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2020/21, 2021/22 and 2022/23.

# Executive Summary (continued)

## Risks of Significant Weakness

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

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

We identified a significant risk related to Governance as part of our risk assessment procedures. We set out our planned response to address this risk in the table below.

Description of risk identified	Work planned to address the risk of significant weakness
<p>In the 2020/21, 2021/22 and 2022/23 financial years the Authority has been unable to publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015, the 2022/23 unaudited statements have not been published as at the date of this report.</p> <p>The Council's finance team has faced resourcing challenges, with additional impact when resources were diverted to support the Council's response to the COVID-19 pandemic. This has impacted the timeliness of accounts preparation and the audit of the Statement of Accounts for 2020/21 to 2022/23. The last set of audited financial statements were the 2019/20 accounts in January 2024.</p> <p>The issue above is evidence of a risk in proper arrangements in how the Council ensures effective processes and systems are in place to ensure accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements. The issue above is evidence of a risk in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information - Governance.</p>	<ul style="list-style-type: none"><li>• Reviewing the Council's financial statement closedown arrangements and plans to publish statement of accounts.</li><li>• Review Internal Audit reports and council committee papers to determine whether the staff shortages have impacted wider finance team responsibilities.</li></ul>

# Executive Summary (continued)

## Reporting

Our interim commentary for 2020/21, 2021/22 and 2022/23 is set out over pages 10 to 13. The interim commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2020/21, 2021/22 and 2022/23. We include within the VFM commentary the associated recommendation we have agreed with the Council.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
<b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks	Significant risk identified concerning the Council's arrangements to publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015.	Significant weaknesses identified concerning the Council's arrangements to publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015.
<b>Improving economy, efficiency and effectiveness:</b> How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified

24





# Executive Summary (continued)

## Independence

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

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2023

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)



26

## 02 Value for Money Commentary

# Value for Money Commentary

## Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

### No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

For 2020/21, 2021/22 and 2022/23 the Council prepared its annual Financial Plan for the medium term which contained the forecasted financial position, significant financial challenges, and solutions to address identified budget gaps. These were discussed with portfolio holders to shape the financial objectives and identify associated risks. The development of financial plans and budget reports include feedback from a range of sources such as service demand, local priorities, efficiency needs, new legislation and staffing.

In 2020/21, the pandemic created significant uncertainty for the Council on its financial sustainability in the short term with expectations that there would be some residual impact in the longer term. The council suspended its cost management plan during this time to focus resource on responding to the pandemic. A commitment to pay an upfront pension contribution was also reversed to assist with potential short term cashflow implications. The response to the pandemic changed the activity levels in some service areas resulting in reduced expenditure in non-essential service areas. In contrast to this there was increased spend in those service areas that were critical in the response to the pandemic and staff were diverted to assist where possible.

The Council's Corporate Plans for 2020/21 to 2022/23 set out the strategic priorities for the Council and these are reflected in service plan objectives. The budget setting process is a collaborative process across the Council that captures key projects/workstreams to be included in the financial plan that underpins the delivery of the corporate plan. The financial plan sets out several assumptions around the projection of costs and income over the medium term for both revenue and capital budgets. Each directorate has a finance officer allocated to them to support them with management of their respective budgets. This involves regular meetings to discuss their financial position which is reflected through the budget monitoring and budget setting process.

The 2020/21 budget approved by Council on 27 February 2020 approved expenditure for the year of £22.17m and funding of £21.82m showing a funding gap of £0.35m which was planned to be met by a contribution from the general fund reserve. The 2020/21 outturn showed that the final position for the year was a surplus with no funding gap due to reduced spend of £15.72m and a net contribution to the General Fund reserve of £0.61m.

The 2021/22 budget approved by Council on 25 February 2021 approved expenditure for the year of £21.47m and funding of £21.72m showing a funding surplus of £0.25m. The 2021/22 outturn showed that the final position for the year was a surplus with a reduced spend of £20.29m and a net contribution to General Fund reserve of £0.29m.

The 2022/23 budget approved by Council on 23 February 2022 approved expenditure for the year of £21.03m and funding of £21.55m showing a funding surplus of £0.53m. The 2022/23 outturn showed that the final position for the year was a surplus with a reduced spend of £19.69m and a net contribution to General Fund reserve of £0.66m.

Risk management is embedded within the Council's financial planning arrangements. The financial plan sets out the risk around budget assumptions such as cost and pay inflation, future funding uncertainties, interest rates and service demand pressures. These assumptions are reviewed by the management team and subsequently approved by Members.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.**

# Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code, the focus of our work should be on the arrangements that the Council is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment identified one risk of significant weakness in arrangements in respect of governance.

The Council has a Risk Management Policy and Risk Management Strategy that are approved by full Council. The Council also has a Corporate Risk Register which is updated on a four monthly cycle by the Senior Corporate Governance and Risk Officer in consultation with Assistant Directors and Executive Directors for identified risks. The risk register is then reviewed and updated by each Assistant Director and reported to Senior Leadership Team and Audit Committee.

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

For 2020/21, 2021/22 and 2022/23, the Head of Internal Audit issued a 'reasonable assurance' opinion for each year in relation to the framework of governance, risk management and control at the Council.

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

The Council prepare a timetable for the budget setting process that includes reporting and updates to Senior Leadership Team, budget development sessions with Councillors, and other consultation sessions (including businesses and the voluntary sector). This informs the preparation of the Medium-Term Financial Plan and the Annual Budget that is considered and approved by Cabinet and Council in February each year. The Medium-Term Financial Plan sets out the financial projections for the next four years based on assumptions including cost and pay inflation, future Government Funding and other income streams available to the Council.

The Council's finance team circulate month end reports to Assistant Directors and Budget Managers. Service Accountants undertake a review of month end data and review anything they feel needs investigation or explanation with the budget manager. The Council have risk rated services to ensure that some higher risk services receive monthly meetings with their service accountants whilst other lower risk activities will receive a bi-monthly or quarterly meetings. Quarterly budget monitoring reports are presented to the Audit Committee.

# Value for Money Commentary (continued)

## Governance: How the Council ensures that it makes informed decisions and properly manages its risks (continued)

There is currently a significant backlog of unaudited financial statements for local authority bodies. The Ministry of Housing, Communities and Local Government are working collaboratively with the Financial Reporting Council (FRC), the National Audit Office (NAO) and organisations in the wider system to take actions designed to address the backlog and put local audit on a sustainable footing. The challenges facing the local audit system have been highlighted by auditors, the Redmond Review, the NAO, the Local Government Association and Parliament - through Select Committee hearings.

For 2020/21, 2021/22 and 2022/23 the Council have been unable to publish its Statement of accounts by the deadlines outlined in the Accounts and Audit Regulations 2015 with 2020/21 being published 5/11/2021 (deadline 31/8/2021), 2021/22 being published 1/08/2022 (deadline 31/07/2022), and the 2022/23 statement of accounts remaining unpublished as at the date of this report in June 2024 (deadline 31/07/2023).

Councils are required to advertise a public inspection notice for the Statement of Accounts and the Annual Governance Statement for each financial year. For 2020/21 and 2021/22 the requirement of this notice as per the Accounts and Audit regulations 2015 were not met as the Annual Governance Statements for these years were not released until after the inspection periods were initially set and as such the Council is required to readvertise their public inspection notice for the financial years 2020/21 and 2021/22.

From our review of the draft Statement of accounts we have identified:

- No entries have been made into the financial statements relating to any valuation adjustments on Plant, Property and Equipment and Investment Properties as required by the CPIFA Accounting Code.
- Bank reconciliations were not prepared and reviewed in a timely manner for the year end:
  - the 2020/21 bank reconciliation was prepared 23/2/22 with sign off and review on the 4/4/2024, this is after the draft Statement of Accounts had been prepared;
  - the 2021/22 bank reconciliation was prepared 10/8/22 with sign off and review on the 4/4/2024, this is after the draft Statement of Accounts had been prepared; and
  - the 2022/23 bank reconciliation being prepared on 24/4/23 but not reviewed until the 3/8/2023.
- The Cash and Cash Equivalents figure in the Statement of Accounts is different to the balance in the bank reconciliation as the Council's general ledger had not been closed resulting in transactions being posted back into the relevant years after the Statement of Accounts had been prepared. This indicates that the Cash and Cash Equivalent figure in the draft 2020/21 and 2021/22 Statement of Accounts could be materially misstated.

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

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

**Conclusion:** Based on the work performed, we identified a significant weakness in the Council's arrangements in 2020/21, 2021/22 and 2022/23 that we will be reporting by exception in relation to Governance.

**Recommendation and management response:** see Appendix B.

# Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code, the focus of our work should be on the arrangements that the Council is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment did not identify any risk of significant weakness in arrangements in respect to Improving economy, efficiency and effectiveness.

Throughout the period 2020/21 to 2022/23, budget monitoring information has been reported to the Senior Leadership Team, the Finance Portfolio holder, Audit Committee and other Councillors on a quarterly basis.

The Council's performance management framework includes regular monitoring and reporting of performance. Key performance indicators are determined in conjunction with Portfolio holders and monitored throughout the year. Performance Data is reported to Senior Leadership Team and the Corporate Performance Panel on a quarterly basis. Feedback from all parties is provided and considered for prioritisation and action. The Senior Leadership Team have responsibility for taking action to meet performance expectations and be accountable for corrective action.

3A Covid-19 Recovery Strategy was agreed by Council in October 2020, and this was monitored through the Corporate Performance Panel.

The Council has an in-house procurement team that maintains the Council's Contracts Register and support services in market testing and contract extensions to ensure compliance with legislation. Key contracts (e.g., Waste collection) are managed by the service and performance reported to Senior Leadership Team, Portfolio Holder, and Cabinet. Additionally key performance indicators are in place and monitored by the Corporate Performance Panel.

**Conclusion:** Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



# 03 Appendices

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21 to 2022/23.

### Reporting Sub-Criteria

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

### Findings

The Council prepares a Financial Plan annually for the medium term containing the forecasted financial position, significant financial challenges, and solutions to address identified budget gaps. There are portfolio holder discussions that are conducted to shape the financial objectives and identify associated risks. The development of financial plans and budget reports include feedback from a range of sources such as service demand, local priorities, efficiency needs, new legislation and staffing.

During 2020/2021 the Council was required to undertake regular review and assessment of the financial impact of the pandemic on the Council's finances. This included additional monitoring returns to MHCLG and regular updates on cashflow forecasts. This was used in the Sales, Fees and Charges Scheme to claim funding from Government to support the Council's loss of income during the period. A revised budget was approved by Council during the year with an estimated drawdown from reserves to fund the budget of £1.258m.

For 2021/22 and 2022/23 measures were put in place by the Council to help create robust planning and control cycles. This included calendars for developing and submitting plans and reports, the performance and risk management frameworks, corporate policy guidance, and equality impact assessments. The Financial Plan is consistent with the corporate business plan and annual budget setting guidance is issued to service managers to inform service planning.

The 2020/21 budget approved by Council on 27 February 2020 approved expenditure for the year of £22.17m and funding of £21.82m showing a funding gap of £0.35m which was planned to be met by a contribution from the general fund reserve. The 2020/21 outturn showed that the final position for the year was a surplus with no funding gap due to reduced spend of £15.72m and a net contribution to the General Fund reserve of £0.61m.

The 2021/22 budget approved by Council on 25 February 2021 approved expenditure for the year of £21.47m and funding of £21.72m showing a funding surplus of £0.25m. The 2021/22 outturn showed that the final position for the year was a surplus with a reduced spend of £20.29m and a net contribution to General Fund reserve of £0.29m.

The 2022/23 budget approved by Council on 23 February 2022 approved expenditure for the year of £21.03m and funding of £21.55m showing a funding surplus of £0.53m. The 2022/23 outturn showed that the final position for the year was a surplus with a reduced spend of £19.69m and a net contribution to General Fund reserve of £0.66m.



# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21 to 2022/23.

### Reporting Sub-Criteria

### Findings

How the body plans to bridge its funding gaps and identifies achievable savings

In 2020/21, the pandemic created significant uncertainty for the Council on its financial sustainability in the short term with expectations that there would be some residual impact in the longer term. The council suspended its cost management plan during this time to focus resource on responding to the pandemic. A commitment to pay an upfront pension contribution was also reversed to assist with potential short term cashflow implications. The response to the pandemic changed the activity levels in some service areas resulting in reduced expenditure in non-essential service areas. In contrast to this there was increased spend in those service areas that were critical in the response to the pandemic and staff were diverted to assist where possible. A revised budget was approved by Council during the year with an estimated drawdown from reserves to fund the budget of £1.258m. The final outturn position was a drawdown from reserves of £1.083m (leaving an estimated balance of £8.998m to support the MTFs) with a further £1.69m set aside in earmarked reserves for future activity/service requirements.

The Council prepares its Financial plan annually, which estimates the level of expenditure and income by service area over the medium term (5 years). From this assessment the Council determines the level of funding gap in any given year.

The 2021-26 Financial Plan shows no funding gaps in 2021/22 or 2022/23. The plan however shows funding gaps in the medium term in 2023/24 (of £2.8m), 2024/25 (of £3.4m) and 2025/26 (of £4.3m). The 2021-26 Financial Plan shows that the Council has sufficient General fund reserves above the Section 151 officers' minimum level to meet the funding gaps in 2023/24, 2024/25 and for £2.0m of the 2025/26 gap. Resulting in a residual funding gap in 2025/26 of £2.3m.

In response to the funding gaps, in 2021/22 the Council's Cost Reduction and Income Generation Plan was revisited. In 2021/22 and 2022/23 the Council's plans focused on the delivery of major corporate capital projects to generate additional/new income. The Council's review of reserves in 2022/23 resulted in a release of funds of £3m and this has been set aside for investment in proposals to meet the funding gaps and the review of the capital programme also rephased the projects and funding streams considering the resource and capacity levels in the Council.

33

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21 to 2022/23.

### Reporting Sub-Criteria

### Findings

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Corporate Plan sets out the strategic priorities for the Council and these are reflected in service plan objectives. The budget setting process is a collaborative process across the Council that captures key projects/workstreams to be included in the financial plan that underpins the delivery of the corporate plan. The financial plan sets out several assumptions around the projection of costs and income over the medium term for both revenue and capital budgets. Each directorate has a finance officer allocated to them to support them with management of their respective budgets. This involves regular meetings to discuss their financial position which is reflected through the budget monitoring and budget setting process.

The reduction in spend against the revised budget for 2020/2021 resulted in a revised General Fund Reserve on 31 March 2021 of £8.998m. This is well above the minimum reserve requirement level of £1.071m (5% of the budget requirement for the year).

The General Fund Reserve on 31 March 2022 was £8.696m. This being above the minimum reserve requirement level of £1.09m (5% of the budget requirement for the year).

The General Fund Reserve on 31 March 2023 was £9.645m, an increase from £8.696m at 31 March 2022 remaining above the minimum reserve requirement level of £1.08m (5% of the budget requirement for the year).

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21 to 2022/23.

Reporting Sub-Criteria	Findings
35 How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	The budget setting process is a collaborative process across the council. The process allows for regular reporting and discussion at Senior Leadership Team meetings so that Assistant Directors and Management Team can incorporate emerging matters to be considered as part of the financial plan. The financial planning incorporates the savings plans identified, the staffing plan, the capital plan and treasury management considerations to develop the Medium Term Financial Strategy which is prefaced on the objectives identified in the Corporate Plan. Various officer meetings take place with representation from other authority/public bodies which allow for engagement on operational delivery that may impact on the Council's finances. The Council monitors and reports its performance on a quarterly basis.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	Risk management is embedded within the Council's financial planning arrangements. The financial plan sets out the risk around budget assumptions such as cost and pay inflation, future funding uncertainties, interest rates and service demand pressures. These assumptions are reviewed by the management team and subsequently approved by Members. The budget monitoring and reporting process will then pick up in year risks and challenges in year including changes to the economic outlook and other key factors such as inflation and interest rate. The Council also regularly monitors and reports its key performance indicators through the Corporate Performance Panel.

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the years 2020/21 to 2022/23.

### Reporting Sub-Criteria

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

### Findings

The Risk Management Policy and Risk Management Strategy are approved by the Council. The Corporate Risk Register is updated on a four monthly cycle by the Senior Corporate Governance and Risk Officer in consultation with Assistant Directors and Executive Directors. The risk register is then reviewed and updated by each Assistant Director and reported to Senior Leadership Team and Audit Committee.

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

For 2020/21, 2021/22 and 2022/23, the Head of Internal Audit issued a 'reasonable assurance' opinion for each year in relation to the framework of governance, risk management and control at the Council.

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

How the body approaches and carries out its annual budget setting process

The Council prepare a timetable for the budget setting process that includes reporting and updates to Senior Leadership Team, budget development sessions with Councillors, and other consultation sessions (including businesses and the voluntary sector). This informs the preparation of the Medium-Term Financial Plan and the Annual Budget that is considered and approved by Cabinet and Council in February each year.

The Medium-Term Financial Plan sets out the financial projections for the next four years based on assumptions including cost and pay inflation, future Government Funding and other income streams available to the Council.

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the years 2020/21 to 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>All budget lines are allocated to a named budget officer who is responsible for controlling spend against that budget and the assets used in the provision of their service. Monitoring and delivery of Council spending to budget is a high priority target in the performance management framework for individual managers.</p> <p>The Council's finance team circulate month end reports to Assistant Directors and Budget Managers. Service Accountants undertake a review of month end data and review anything they feel needs investigation or explanation with the budget manager. The Council have risk rated services to ensure that some higher risk services receive monthly meetings with their service accountants whilst other lower risk activities will receive a bi-monthly or quarterly meetings. Quarterly budget monitoring reports are presented to the Audit Committee.</p> <p>For 2020/21, 2021/22 and 2022/23 the Council have been unable to publish its Statement of accounts by the deadlines outlined in the Accounts and Audit Regulations 2015 with 2020/21 being published 5/11/2021 (deadline 31/8/2021), 2021/22 being published 1/08/2022 (deadline 31/07/2022), and the 2022/23 statement of accounts remaining unpublished as at the date of this report in June 2024 (deadline 31/07/2023).</p> <p>Councils are required to advertise a public inspection notice for the Statement of Accounts and the Annual Governance Statement for each financial year. For 2020/21 and 2021/22 the requirement of this notice as per the Accounts and Audit regulations 2015 were not met as the Annual Governance Statements for these years were not released until after the inspection periods were initially set and as such the Council is required to readvertise their public inspection notice for the financial years 2020/21 and 2021/22.</p> <p>From our review of the draft Statement of accounts we have identified:</p> <ul style="list-style-type: none"><li>• No entries have been made into the financial statements relating to any valuation adjustments on Plant, Property and Equipment and Investment Properties as required by the CPIFA Accounting Code.</li><li>• Bank reconciliations were not prepared and reviewed in a timely manner for the year end:<ul style="list-style-type: none"><li>• the 2020/21 bank reconciliation was prepared 23/2/22 with sign off and review on the 4/4/2024, this is after the draft Statement of Accounts had been prepared;</li><li>• the 2021/22 bank reconciliation was prepared 10/8/22 with sign off and review on the 4/4/2024, this is after the draft Statement of Accounts had been prepared; and</li><li>• the 2022/23 bank reconciliation being prepared on 24/4/23 but not reviewed until the 3/8/2023.</li></ul></li></ul>

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the years 2020/21 to 2022/23.

### Reporting Sub-Criteria

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed (Continued)

### Findings

- The Cash and Cash Equivalents figure in the Statement of Accounts being different to the balance in the bank reconciliation as the Council's general ledger had not been closed resulting in transactions being posted back into the relevant years after the Statement of Accounts had been prepared. This indicates that the Cash and Cash Equivalent figure in the draft 2020/21 and 2021/22 Statement of Accounts could be materially misstated.

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

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

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the years 2020/21 to 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>Quarterly budget monitoring reports are presented to the Audit Committee (the committee defined as Those Charged with Governance at the Council). The Finance Portfolio Holder has input to the quarterly budget monitoring report before it is published to all Councillors, allowing questions and review by all. The Audit Committee terms of reference are in line with the CIPFA guidelines.</p> <p>The Council prepares and presents quarterly finance monitoring reports to Cabinet. These reports compare the performance of the Council against the budget, including treasury management performance. As part of this, areas where expenditure is exceeding plans are identified, there is an expectation that remedial action is taken to improve budgetary performance. In relation to the use of performance information, and how this is used to identify areas for improvement.</p>
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<p>The 'Officers Code of Conduct' and the 'Members Code of Conduct' sets out regulatory requirements and behaviour expectations. This also provides guidance on accepting gifts and hospitality. There are terms of reference for each Committee setting out responsibilities. Members interests are recorded and maintained within a formal register and any conflicts of interest must be declared at the start of each meeting so that the member does not participate in decision making for any item for which they have a conflict of interest.</p> <p>The Monitoring Officer is legally responsible for monitoring the compliance of the Council's policies and acts as the Council's chief legal and governance advisor to ensure it operates lawfully and within the agreed Constitution. The Monitoring Officer deals with any formal complaints that are raised, and is also able to engage an independent person, if needed, to conduct investigations into alleged breaches of the Member Code of Conduct.</p>

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2020/21 to 2022/23.

### Reporting Sub-Criteria

### Findings

How financial and performance information has been used to assess performance to identify areas for improvement.

Throughout the period 2020/21 to 2022/23, monthly budget monitoring information has been reported to the Senior Leadership Team, the Finance Portfolio holder, Audit Committee and other Councillors received quarterly monitoring information.

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

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

How the body evaluates the services it provides to assess performance and identify areas of improvement.

The Council's performance management framework includes regular monitoring and reporting of performance. Key performance indicators are determined in conjunction with Portfolio holders and monitored throughout the year. Performance Data is reported to Senior Leadership Team and the Corporate Performance Panel on a quarterly basis. Feedback from all parties is provided and considered for prioritisation and action. The Senior Leadership Team have responsibility for taking action to meet performance expectations and be accountable for corrective action.

A Covid-19 Recovery Strategy was agreed by Council in October 2020, and this was monitored through the Corporate Performance Panel.

40



# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2020/21 to 2022/23.

Reporting Sub-Criteria	Findings
41 How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve.	<p>The Annual Governance Statement (AGS) for each year details the numerous partnership and joint working arrangements in which the Council is involved. A list of the Council's partnerships and joint working arrangements is shown in appendix D of the AGS and section 12 of that document details key partnership working including the companies owned by the Council.</p> <p>The Council has interests in a number of Council owned Companies namely Alive West Norfolk, West Norfolk Housing Company Ltd and West Norfolk Property Ltd. At the time of this interim report, we have an outstanding question to management regarding the governance arrangements and structure of the companies.</p> <p>Managers within services are responsible for managing contracts and Service Level Agreements. For the Council owned companies, the Council has positions on the company boards and reports back to Council via the Corporate Performance Panel and Senior Leadership Team.</p>
Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how assesses whether it is realising the expected benefits.	<p>The Council has 'Financial Regulations', 'Contract Standing Orders' and a 'Procurement Strategy' that follow the relevant legislation and are updated regularly.</p> <p>The Council has an in-house procurement team that maintains the Council's Contracts Register and support services in market testing and contract extensions to ensure compliance with legislation.</p> <p>Key contracts (e.g., Waste collection) are managed by the service and performance reported to Senior Leadership Team, Portfolio Holder, and Cabinet. Additionally key performance indicators are in place and monitored by the Corporate Performance Panel.</p>

# Appendix B – Recommendations and Management Response

## Governance: How the Council ensures that it makes informed decisions and properly manages its risks

We identified a significant weakness in the Council's arrangements in 2020/21, 2021/22 and 2022/23 regarding weaknesses in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information - Governance 'How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed.'

## Recommendations

We recommend that the Authority assesses the responsibilities and resource requirements of its finance function to ensure the Council has effective processes and systems to support its statutory financial reporting requirements.

## Management Response

1. For 2020/21, 2021/22 and 2022/23 the Council have been unable to publish its Statement of accounts by the deadlines outlined in the Accounts and Audit Regulations 2015 with 2020/21 being published 5/11/2021 (deadline 31/8/2021), 2021/22 being published 1/08/2022 (deadline 31/07/2022), and the 2022/23 statement of accounts remaining unpublished as at the date of this report in June 2024 (deadline 31/07/2023).

### Response:

We acknowledge that the statutory deadlines have not been met during this period and are committed to ensure that statutory deadlines in future years are complied with. Officers have continued to work with EY during these periods to support and finalise the audit for both 2018/19 and 2019/20 statements of accounts. These audits have been resource intensive and there have been resourcing issues at both EY and the Council which has impacted on the timely delivery of the audits and subsequent statutory deadlines. Officers have liaised with EY on timescales to manage expectations and direct resource appropriately to key priorities. Management Team and Audit Committee have also been kept informed of progress during this time.

### Action taken:

All draft Statement of Accounts up to and including 2022/23 are now published on the councils website. Link:

Inspection of accounts | Inspection of accounts | Borough Council of King's Lynn & West Norfolk ([west-norfolk.gov.uk](http://west-norfolk.gov.uk))

# Appendix B – Recommendations and Management Response

## Management Response (Continued)

2. Councils are required to advertise a public inspection notice for the Statement of Accounts and the Annual Governance Statement for each financial year. For 2020/21 and 2021/22 the requirement of this notice as per the Accounts and Audit regulations 2015 were not met as the Annual Governance Statements for these years were not released until after the inspection periods were initially set and as such the Council is required to readvertise their public inspection notice for the financial years 2020/21 and 2021/22.

### Action taken:

Annual Governance Statements for each year up to and including 2022/23 are now published on the councils website alongside the draft statement of accounts with the required notice for public inspection (link as above).

## 43 3. Valuation Adjustments on Plant, Property, and Equipment and Investment Properties

### Response:

We acknowledge the audit comment regarding the absence of entries related to valuation adjustments on Plant, Property, and Equipment and Investment Properties in the financial statements. Per the CIPFA Accounting Code, it is essential to accurately reflect these adjustments to ensure compliance and provide a true and fair view of the financial position.

### Action Taken:

- ▶ We have engaged a member of the team to conduct comprehensive valuation updates for all years.
- ▶ The valuation adjustments are now incorporated into the draft financial statements published for 2022/23 and will be up to date for the 2023/24 fiscal year when that is published shortly.
- ▶ Moving forward, we will ensure that valuations are updated annually and reflected in the financial statements as required by the CIPFA Accounting Code.

# Appendix B – Recommendations and Management Response

## Management Response (Continued)

### 4. Timeliness of Bank Reconciliations

#### Response:

We recognise the importance of timely preparation and review of bank reconciliations to maintain accurate financial records and internal controls. The delays in the preparation and review of bank reconciliations for the years 2020/21, 2021/22, and 2022/23 are noted and acknowledged. A point to note is that the misstatement of cash and cash equivalents would have been due to account mapping rather than errors on the bank reconciliations.

#### Action Taken:

- ▶ We have implemented a policy of monthly bank reconciliations to ensure that any discrepancies are identified and addressed promptly.
- ▶ A dedicated team has been assigned to oversee the preparation and review of bank reconciliations to ensure they are completed in a timely manner.
- ▶ We have established a timeline for the preparation and review of bank reconciliations to ensure they are completed before the draft Statement of Accounts is prepared.

#### Conclusion

We are committed to improving our financial reporting processes and ensuring compliance with all relevant accounting standards. The actions outlined above demonstrate our commitment to addressing the audit comments and enhancing the accuracy and timeliness of our financial statements.

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ED None

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# Ministry of Housing, Communities & Local Government

**Jim McMahon OBE MP**

*Minister of State*  
2 Marsham Street  
London  
SW1P 4DF

To All Chief Executives, Chief  
Financial Officers, Local Authority  
Leaders and Local Audit Firm Partners

30 July 2024

Dear all,

## **ACTION TO TACKLE THE LOCAL AUDIT BACKLOG IN ENGLAND**

I am writing to you today to inform you that I have, today, provided Parliament with a written update on the decisive action I have taken to tackle the local audit backlog in England. The statement can be found here: <https://questions-statements.parliament.uk/written-statements/detail/2024-07-30/hcws46>.

Effective local audit ensures transparency and accountability for public money spent on these vital services and builds public confidence. The Government inherited a broken local audit system in England, with a significant and unacceptable backlog of unaudited accounts, which will likely rise again to around 1,000 later this year. This situation undermines trust and transparency in the way taxpayers' money is being spent. The delays that were seen under the last government mean that local bodies and their auditors cannot focus on up-to-date accounts, where assurance is most valuable.

To tackle the backlog, I intend to lay secondary legislation when parliamentary time allows to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23 and five subsequent backstop dates:

<b>Financial Year</b>	<b>Backstop date</b>
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

Subject to parliamentary approval, for financial years 2024/25 to 2027/28, the date by which local bodies should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate. This will give those preparing accounts more time to ensure they are high-quality accounts. A new suite of guidance is planned by the NAO and Financial Reporting Council (FRC) on these measures, and we continue to work with other organisations to consider what guidance would be most constructive and helpful for local bodies.

We expect that there will be full assurance, with “clean” opinions for many bodies by the first backstop date of 13 December 2024. However, due to the time constraints, auditors are likely to issue ‘disclaimed’ audit opinions (no assurance) on many accounts – early indications are that this could be several hundred in this first phase which may, in the short term, cause additional concern. I recognise that aspects of these proposals are uncomfortable, however, given the scale of the failure in the local audit system the Government inherited meant that we have had to take this difficult decision to proceed. Without this action by the Government, audits would continue to be delayed and the system will move even further away from timely assurance.

The Ministry will continue to work with the FRC and other key organisations across the local audit sector to support local bodies, auditors and the wider world to understand what the different types of modified opinions mean. As I set out in my statement, local bodies should not be unfairly judged based on disclaimed or modified opinions caused by the introduction of backstop dates that are largely beyond their control and auditors will be expected to clearly set out the reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face.

The Government will communicate the necessity of these steps and emphasise the context for modified or disclaimed opinions and all the key organisations. This will include some Q&A drop-in sessions followed by a webinar. Dates and invitations for these will be circulated shortly, and I hope you will all be able to attend to hear directly about the measures.

I recognise the commitment and hard work of all your finance teams to continue and strengthen their essential work to produce high quality accounts in a timely manner. I also recognise the commitment and hard work of auditors working to provide quality external assurance, as we move to restore a system of high-quality, timely financial reporting and audit, while managing the impact of this in a sustainable way.

It is my aspiration, and one I know is also supported by all the key organisations in the audit world, that it is in the public interest for the audit system for local public bodies in England to recover as quickly as possible once the backlog has been cleared. This means disclaimed opinions driven by backstop dates should in most cases be limited to the next two years (up to and including the 2024/25 backstop date of 27 February 2026), with only a small number of exceptional cases, due to specific individual circumstances, continuing thereafter.

This action to tackle the backlog, while vital, does not provide a long-term, sustainable solution to the wider, broken local audit system. The Government will need to undertake significant reform to overhaul the system, as we committed to in our manifesto. This will allow us to get the house in order, open the books, and repair the foundations of local government, and I will work with partners over the coming months to explore how best to achieve this.

Finally, I know the hard work is often unseen and too often not acknowledged, can I ask that you relay my appreciation to finance teams, key audit partners and others for the work they have done so far in what has been an extremely demanding period, and for the work they will do in the coming months and years.



**Jim McMahon OBE MP**

Minister of State for Housing, Communities and Local Government

**POLICY REVIEW AND DEVELOPMENT PANEL REPORT**

REPORT TO:	Audit Committee		
DATE:	03 October 2024		
TITLE:	Annual Governance Statement 2022/23 and 2023/24		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Leader/Finance		
REPORT AUTHOR:	Honor Howell – Corporate Governance Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

<p><b>PURPOSE OF REPORT/SUMMARY:</b></p> <p>The Terms of Reference of the Audit Committee state:</p> <p><i>‘The main areas of responsibility for the Audit Committee will be to:</i></p> <ol style="list-style-type: none"> <li><i>a. Monitor the Council’s responsibility under the Accounts and Audit Regulations 2015 and approve the Statement of Accounts</i></li> <li><i>b. Review the Council’s assurance statements, including the Annual Governance Statement (AGS), to check that it properly reflects the risk environment and any actions required to improve it’.</i></li> </ol> <p>This report brings the council’s draft Annual Governance Statements (AGS) 2022/23 and 2023/24 to the committee for approval.</p> <p>The preparation and publication of the AGS is a statutory requirement. The document is a public statement that describes and evaluates the council’s overall governance arrangements, in particular how it has complied with its Code of Corporate Governance during a particular financial year. The draft AGS’s are attached at Appendix A and Appendix B to this report.</p>
<p><b>KEY ISSUES</b></p> <ol style="list-style-type: none"> <li>1. CIPFA issue guidance and a template to aid authorities in their work on their AGS; this is used as a framework to complete the documents.</li> <li>2. Each AGS incorporates an Action Plan, detailing key governance priorities for the following year.</li> <li>3. Consultation with Executive Directors, Assistant Directors, Service Managers, and Internal Audit has been carried out during the drafting of these documents.</li> <li>4. External Audit will review the draft report prior to the final version being presented to Audit Committee.</li> </ol>
<p><b>OPTIONS CONSIDERED:</b></p> <p>Options do not apply; the council must prepare, approve, and publish an Annual Governance Statement along with the Statement of Accounts each year.</p>
<p><b>RECOMMENDATIONS:</b></p> <p>The Audit Committee is invited to:</p> <ol style="list-style-type: none"> <li>a) Confirm that the Annual Governance Statements 2022/23 and 2023/24 (as attached) properly reflects the risk environment and that actions required to</li> </ol>



<p>improve it are in hand,  b) Approve the Annual Governance Statement<sup>2</sup> 2023/23 and 2023/24 (as attached) and confirm that the Chairman of the Audit Committee should sign accordingly.</p>
<p><b>REASONS FOR RECOMMENDATIONS</b></p> <p>For Audit Committee to review, challenge and approve the Annual Governance Statement.</p>

**1. Introduction**

1.1 The council’s Code of Corporate Governance sets out seven core principles of good governance. These focus on the systems and processes for the direction and control of the council and its activities through which it accounts to, engages with and leads the community. These core principles are:

- Principle 1     Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle 2     Ensuring openness and comprehensive stakeholder engagement.
- Principle 3     Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Principle 4     Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle 5     Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- Principle 6     Managing risks and performance through robust internal control and strong public financial management.
- Principle 7     Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

1.2 The extent to which the council adheres to these principles is described in the Annual Governance Statement (AGS).

1.3 The preparation and publication of the AGS is a statutory requirement. The AGS is a public statement that describes and evaluates the council’s overall governance arrangement during a particular financial year. It includes a self-assessment of the effectiveness of the governance arrangements, across all areas of activity, together with a statement of the actions being taken or required to address any areas of concern.

**2. The draft Annual Governance Statements 2022/23 and 2023/24**

2.1 The draft AGS for 2022/23 is due to be published alongside the Annual Statement of Accounts. The delay to the publication of this document is due to the current backlogs in the auditing of the council's accounts. For this reason, the Corporate Governance Team are presenting both the 2022/23 and the 2023/24 Annual Governance Statements at the same time.

2.2 A full review of the style, content, and structure of the AGS has been completed by Internal Audit and the council's Monitoring Officer. Links to external documents have been removed. The AGS provides a full and comprehensive review of the council's governance arrangements and provides clear examples of good governance as well as highlighting areas for improvement, where improvements have been identified, these have been included in the Action Plan for that year.

2.3 The development of the draft AGS and the consultation process has engaged Service Managers, Assistant Directors, and Executive Directors. The Monitoring Officer and the Section 151 Officer have made significant contributions in relation to their areas of responsibility.

### **3. Issues for the committee to consider**

3.1 The committee may wish to consider:

- Does the AGS cover all areas of our operations?
- Is it meaningful, easy to read and underpinned by robust evidence?
- Does it accurately reflect our control structure and a sense of its risks, vulnerabilities, and resilience to challenges?
- Has compliance with the Code of Corporate Governance been assessed and have any departures from it been disclosed and explained?

### **4. Policy Implications**

4.1 None.

### **5. Financial Implications**

None.

### **6. Personnel Implications**

None.

### **7. Statutory Implications**

7.1 The adoption of the Annual Governance Statement will be required to comply with the Accounts and Audit Regulations.

### **8. Equality Opportunity Considerations**

None.

### **9. Risk Management Implications**

9.1 The Annual Governance Statement forms part of the council's overall control framework and will provide reasonable assurance once adopted that the council is complying with the adopted Code of Corporate Governance.

### **Background Papers**

CIPFA/SOLACE Framework including Guidance Notes and Addendum  
Cabinet/Panel Agenda  
Code of Corporate Governance  
Council Constitution



# **DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23**



# CONTENT

<b>Approval of the draft Annual Governance Statement</b>	<b>2</b>	
<b>Introduction</b>	<b>3</b>	
Scope of Responsibility	3	
The Governance Framework	3	
<b>How the Council Works</b>	<b>5</b>	
Governance Model	5	
Full Council	5	
Cabinet	6	
Overview & Scrutiny	6	
Audit Committee	6	
Budget & Financial Management	6	
Corporate Business Plan	7	
Code of Conduct	7	
The Golden Thread	8	
Project Management	8	
Statutory Officer Meetings	8	
Senior Leadership Team	9	
Key Roles	9	
<b>Review of Effectiveness</b>	<b>11</b>	
Summary Against the Principles	12	
Performance Monitoring	13	
Monitoring Officer	17	
Chief Finance Officer	18	
Head of Internal Audit	20	
Anti-Fraud & Anti-Corruption	23	
Information Governance	23	
Risk Management	25	
Procurement & Contract Management	26	
Emergency Planning & Business Continuity	27	
Equality, Diversity & Inclusion		28
Health and Safety	29	
Personnel Services	30	
Information Technology and Data	31	
Companies	31	
Place, Funding & Projects	32	
External Assurance	34	
<b>Significant Governance Issues</b>	<b>35</b>	
<b>Schedule 1 Governance Action Plan</b>		
<b>Schedule 2 How the Council Works</b>	<b>35</b>	

# Approval of the Annual Governance Statement

We recognise the importance of having a sound Governance Framework in place with effective and well understood processes and internal controls to enable the Council to deliver its services and its Corporate Strategy.

The underlying financial environment continues to pose significant challenges for the Council. Within this overall context, the role of good governance remains critical to public trust and confidence in decision making and the use of public funds.

This Annual Governance Statement provides the opportunity for an honest reflection on whether our Governance Framework is fit for purpose and provides the platform on which the Council will hold itself accountable for continuous improvement.

The Review of Effectiveness confirms that during 2022/2023 there was overall assurance against the Council's Governance Framework however there are specific areas of weakness identified for prioritised and targeted improvement alongside an Action Plan for wider improvements.

We are grateful to the Councillors and officers of the Council for all their efforts to ensure that the Council is well run, transparent in its decision making and delivers the 'golden thread' which supports the effective management and leadership of the Council.

We approve this Annual Governance Statement.

Signed:

Cllr Alistair Beales  
Leader of the Council  
Date:

Lorraine Gore  
Chief Executive  
Date:

Cllr Alun Ryves  
Chair of the Audit Committee  
Date:

# 1. Introduction

Good governance is integral for ensuring focussed, lawful, and transparent decision making and leadership in local authorities. It is important that actions and decisions are undertaken in the correct way, for the right people in a timely, inclusive, open, honest, and accountable manner. Having a framework of well understood rules, systems and appropriate access to information is crucial to supporting good governance. Weakness in governance can have far reaching implications and it is important that these are identified and minimised to support good governance.

The Borough Council of King's Lynn & West Norfolk ("the Council") strives to meet the highest standards of corporate governance to help ensure it meets its objectives. Members and officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. Governance comprises the systems and processes, cultures, and values by which the organisation is directed and controlled and through which it is accountable to, engages with, where appropriate, and leads its communities. It ensures that appropriate mechanisms for control are in place and that risks and opportunities are managed effectively.

## 2. Scope of Responsibility

The Council's responsibilities are to:

- Ensure its business is conducted in accordance with the law and proper standards;
- Safeguard and properly account for public money;
- Use public money economically, efficiently, and effectively; and
- Meet its 'best value duty' to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council has a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*. The Code was reviewed by Audit Committee during 2018/19 and shall be reviewed and refreshed in 2024/25.

The Annual Governance Statement ("AGS") reports publicly on the extent to which the Council has complied with its governance duties and how the Council has deployed effective governance during the 2022/23 financial year against the Code. It includes a review of effectiveness of its governance arrangements, including systems of internal controls, and sets out proposed changes going forwards to secure continuous improvement.

The Council recognises its responsibility for ensuring a sound system of governance is in place to support the delivery of the Council's Corporate Business Plan and ensure good governance within the Council.

## 3. The Governance Framework

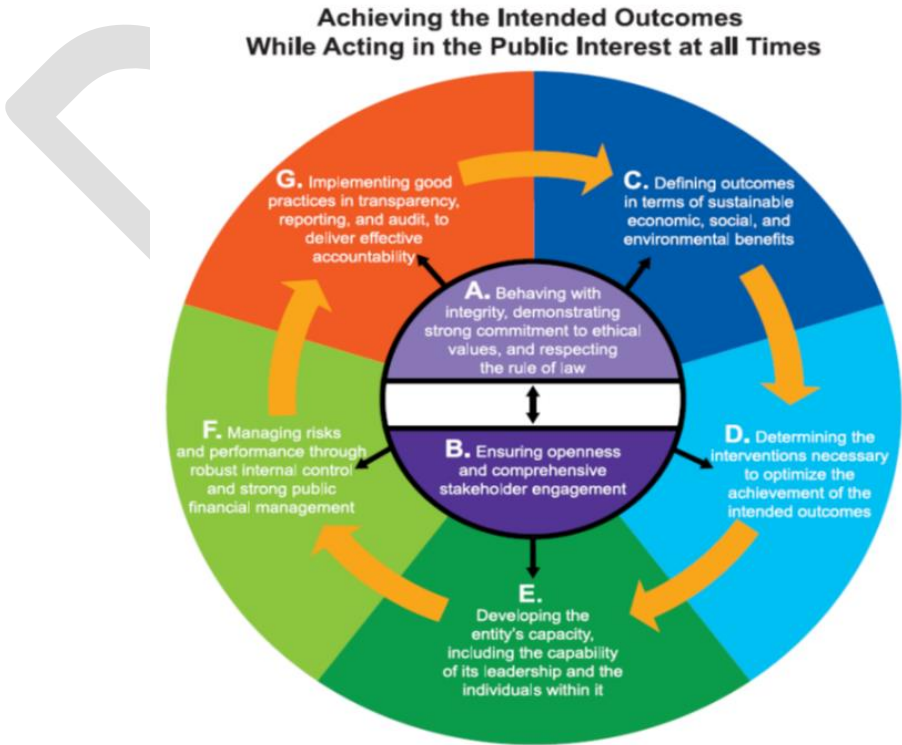
The Governance Framework comprises the systems, policies, procedures, culture, values, and operations by which the Council is directed and controlled, and its activities through which it accounts to, engages with and, where appropriate, leads its communities. It enables the Council to monitor the achievement of its strategic objectives and outcomes and to consider whether those objectives have led to delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- identify and prioritise the principal risks to the achievement of the Council’s policies, agreed priorities and outcomes;
- evaluate the likelihood and potential impact of those risks being realised; and
- manage them efficiently, effectively, and economically.

The Council’s Governance Framework is made up of the many systems, policies, procedures, and operations we have in place, including the Code of Corporate Governance, to help realise the principles within the CIPFA/SOLACE: Delivering Good Governance in Local Government Framework 2016:

<b><u>A</u></b>	<b>Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law</b>
<b><u>B</u></b>	<b>Ensuring Openness and Comprehensive Stakeholder Engagement</b>
<b><u>C</u></b>	<b>Defining Outcomes in Terms of Sustainable Economic, Social, and Environmental Benefits</b>
<b><u>D</u></b>	<b>Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes</b>
<b><u>E</u></b>	<b>Developing the Entity’s Capacity, Including the Capability of its Leadership and Individuals Within It</b>
<b><u>F</u></b>	<b>Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management</b>
<b><u>G</u></b>	<b>Implementing Good Practices in Transparency, Reporting, and Audit to Deliver Effective Accountability</b>





## 4. How the Council Works

For a summary of how the Council works and details of some of the key areas of the Governance Framework, please refer to Schedule 2.

## 5. Review of Effectiveness

The Council has responsibility for conducting a review of the effectiveness of its Governance Framework including the system of internal control. This review is conducted with reference to the Council's Code of Corporate Governance and aligned with the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*.

The Review of Effectiveness is carried by firstly undertaking an 'at a glance' summary throughout the 2022/23 period, and then secondly undertaking a deeper dive into specific areas of the Governance Framework.

### 5.1 Summary Against the Principles

#### ***Principle A: Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law***

##### **What Went Well:**

- ✓ A new Councillor Code of Conduct was adopted by Full Council after consideration by the Standards Committee. The Code is based on the Local Government Association's Model Code of Conduct, with amendments based on what Members considered works well for West Norfolk
- ✓ Creation and adoption of a 'Declaring an Interest and Managing Any Conflicts Flowchart' which now appears in every Council agenda to support Members in complying with the Code of Conduct and demonstrating transparency to the public
- ✓ Passing the Local Government Association's 'Debate Not Hate' Motion at Full Council
- ✓ Recruiting an internal Monitoring Officer and building an in-house legal team to replace the external provision arrangements

##### **Areas for Improvement:**

- ✓ Comprehensive review of the Constitution required via a Constitution Informal Working Group
- ✓ Report to Standards Committee with a summary and trends of Code of Conduct complaints

#### ***Principle B: Ensuring Openness and Comprehensive Stakeholder Engagement***

##### **What Went Well**

- ✓ Adopting the Local Assurance Framework, working in conjunction with Norfolk County Council and the King's Lynn Town Deal Board, to determine the governance framework within which the Town Deal Projects will be delivered
- ✓ Establishing the Hunstanton Advisory Group to support engagement with the Hunstanton local community with regards to emerging funding streams (note the Area for Improvement on decision making)

- ✓ Extensive community and stakeholder engagement on the development of the Southgates Masterplan.
- ✓ Business and voluntary sector engagement undertaken on the Budget proposals

**Areas for Improvement:**

- ✓ Ensure that decisions to support the creation of new stakeholder groups involving Members and officers are treated as an executive decision where this falls into an executive function, with consultation with affected Members and officers

***Principle C: Defining Outcomes in Terms of Sustainable Economic, Social, and Environmental Benefits***

**What Went Well**

- ✓ As part of the RE:FIT programme, the Council implemented a wide range of decarbonisation measures across its estate in 2022/23. The Chief Executive chaired the Norfolk Climate Change Partnership, and the Council also provided the partnership’s secretariat and hosted its website.
- ✓ The work of the Tourism Informal Working Group by the Regeneration & Development Panel to assist with the formation of a high-level strategy and action plan for Tourism in West Norfolk and address the tourism Notices of Motion that had been moved at Full Council
- ✓ Identified projects to fund
- ✓ Business cases for the Towns Fund were endorsed by Cabinet including Guildhall, Riverfront Regeneration, Active Clean Connectivity and the Multi-Use Community Hub
- ✓ West Norfolk Investment Plan, Shared Prosperity Funding 2022-24 and Rural England Prosperity Funding 2023-25 were agreed

**Areas for Improvement:**

- ✓ Strategies for data collection to inform the defining of outcomes and decision making
- ✓ Ensuring there are mechanisms in place to share the work undertaken in Task Groups and Informal Working Groups with all relevant officers and service areas across the Council

***Principle D: Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes***

**What Went Well**

- ✓ Cabinet approved a ‘Governance Action Plan’ for improving the governance arrangements of the Council’s wholly owned companies, including the creation of a Shareholder Committee to carry out the Shareholder function
- ✓ The removal of the ‘Town Centre Re-purposing’ project and the ‘Gyratory’ from the Towns Fund Projects to reflect changes in external factors impacting on the value of the interventions and to re-prioritise resources on delivery of the remaining six Town Fund Projects
- ✓ Extensive openness, transparency and engagement around the business cases for the four lead Town Deal Projects
- ✓ Reviewed and revised the performance monitoring process

- ✓ Increased engagement with officers and members around budget setting workstreams, including base budget assumptions, budget development sessions and modelling against Corporate Business Plan/themed areas, e.g. utilities, fees and charges
- ✓ 'Invest to Save' £3m established within the Budget
- ✓ Following consultation, approval to increase Council Tax Support Scheme from 75% to 84%

#### **Areas for Improvement:**

- ✓ Analyse and determine the internal capacity and resources available for new projects before committing at an early stage
- ✓ Develop a Fees and Charges Policy
- ✓ Determine how the Invest to Save fund will operate
- ✓ Progress the loan facility arrangements for WNPL and WNHC
- ✓ Earlier engagement on the Memorandum of Understanding for the Norfolk Business Rates Pooling Arrangements
- ✓ Implement the Governance Action Plan for the Council companies

### ***Principle E: Developing the Entity's Capacity, Including the Capability of its Leadership and Individuals Within It***

#### **What Went Well**

- ✓ Creation of an additional Executive Director role focussed on the delivery of projects and regeneration
- ✓ Recommencement of the Level 5 Diploma in Leadership and Management for selected officers, as well as apprenticeship schemes to develop staff capabilities
- ✓ Developing a revised Member Induction pack for the May 2023 elections, including recorded videos, particularly focussed on new intake Members and a training programme for Members
- ✓ Development of a new Corporate Governance team

#### **Areas for Improvement:**

- ✓ Develop a mechanism to promote personal, organisational, and system-wide development through shared learning, including lessons learnt from governance weaknesses both internally and externally
- ✓ Introduce an annual Project Maturity assessment following the assessment undertaken this year
- ✓ Mandatory training required for all officers on Procurement and Contract Management

### ***Principle F: Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management***

#### **What Went Well**

- ✓ The Treasury Management Strategy incorporates the prudential indicators which apply to the Capital Strategy and Capital Programme and financial thresholds which the Council operates within
- ✓ The Internal Audit Plan enabled review of the Council's key financial controls and recommended improvements to the control environment and reported to the Senior Leadership team and Audit Committee.

- ✓ The risk register was rationalised during Autumn 2022 to create a strategically themed risk register
- ✓ The Risk Management Policy and Risk Management Strategy were revised and adopted by Full Council
- ✓ A review was undertaken on earmarked reserves to align reserves to committed plans resulting in a new reserve to be used to invest in schemes that would produce a positive return to the council.

#### **Areas for Improvement:**

- ✓ Undertake a deep dive review of the capital programme for 23/24
- ✓ Further work to be undertaken of earmarked reserves to support closing budget gap
- ✓ Develop a Cost Management Income Generation Plan
- ✓ Review special expense costs and recharges
- ✓ External Audits of Local government accounts have been delayed across England. Future plans for the Council's financial management will need to incorporate a strategy on meeting the demands necessitated by this external backlog;
- ✓ Develop a strategy for better integrating risk management into service area decision making
- ✓ Complete all of the leases for the properties leased to West Norfolk Property Ltd (WNPL).

### ***Principle G: Implementing Good Practices in Transparency, Reporting, and Audit to Deliver Effective Accountability***

#### **What Went Well**

- ✓ Extending our call-in arrangements to include Officer Delegated Executive Decisions to demonstrate that 'executive decisions' taken by officers are subject to the same scrutiny as those taken by Cabinet Members, thereby supporting accountability and openness
- ✓ A motion calling for a Local Government Association Peer review was passed at Full Council
- ✓ Introduction of Member briefing session on the proposed budget before the scrutiny meeting to enable the digestion of the material before scrutiny takes place
- ✓ Commencement of Project highlight reports being produced for all Major Projects quarterly and published within the Member Major Project Board agendas
- ✓ Five internal audits were returned with 'substantial assurance' and seven with 'reasonable assurance'
- ✓ Risk based audit planning was introduced as part of the Strategic Internal Audit Planning process.
- ✓ A three lines of assurance model was introduced for the top 5 corporate risks to the council within the Annual Internal Audit Opinion.

#### **Areas for Improvement:**

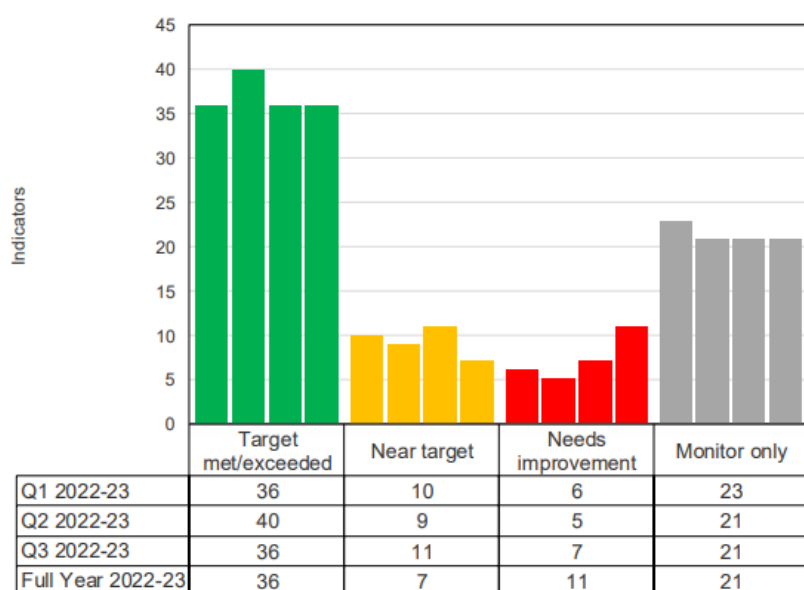
- ✓ Bringing compliance with all audit recommendations up to date, in particular those following a limited assurance
- ✓ One 'limited assurance' audit returned: Procurement and Contract Management (see below for more detail)
- ✓ Guidance required for officers on operational decisions, executive delegated decisions and when a Cabinet decision is required
- ✓ Improve decision making around Alive West Norfolk's fees and charges via escalation to the Shareholder Committee
- ✓ Pursue an independent person on Audit Committee

- ✓ Decisions on inflationary increases to Members Allowances that could be made within a range, rather than tracking a single percentage, are to be taken by Members, not operationally by officers

## 5.2 Review Against the areas of the Governance Framework

### 5.2.1 Performance Monitoring

Corporate monitoring is in place which flows from the Corporate Business Plan down through to each service area and there are a series of corporate monitoring requirements which are regularly reported on to the Corporate Performance Panel (CPP). Overall, many services across the council perform well and this is reflected in the Performance Monitoring Report for 2022/2023 which demonstrates the council’s effective delivery of services and support for the community. The 2022/23 monitoring report shows that:



### 5.2.2 The Corporate Performance Panel (CPP)

#### Number of call-in’s of executive decisions

There was one call-in during 22/23 of the following decision:

1. Council Tax Support Scheme 2023/24: Draft Scheme for Working Age Customers for Consultation

### 5.2.3 Monitoring Officer

#### Introduction

This section provides a summary of the key areas of work and focus of the Monitoring Officer during 22/23.

An internal Monitoring Officer was appointed from May 2022 onwards and an internal legal team was recruited to take over the responsibility of the legal provision from April 2023 onwards, which was still delegated to North Norfolk District Council during 22/23.

This year was dominated by governance around the key decisions on the Towns Fund Projects and governance relating to the Towns Board. A significant and necessary piece of work was conducted on corporate governance surrounding the Council's wholly owned companies. A new Councillor Code of Conduct was adopted and resource was spent preparing for the May 2023 elections.

This work was undertaken in challenging circumstances, in terms of the transitional period between the outgoing external legal services provider and building a new internal legal team. In addition, the legacy of the unprecedented amount of 'Councillor on Councillor' formal complaints in 21/22 (9), was still playing a large role in the time spent by the Monitoring Officer on a day-to-day basis.

### Constitution

A deep dive into 'call-in' arrangements was undertaken, (call-in is a process whereby an executive decision can be called into the CPP for scrutiny). Notwithstanding the Centre for Governance and Scrutiny's position that only officer 'key decisions' should be called in (this Council's Constitution prohibits officers taking key decisions in any event), it was recommended to Members that changes should be made to permit the call-in of published Officer Delegated Executive Decisions.

The Monitoring Officer considers that it was not good governance that a decision could be taken by a Cabinet Member and called in, but if the same decision was taken by an officer, then it could not be called in. There is no distinction in the Council's Constitution that separates delegated executive decisions taken by Cabinet Members and those taken by officers. This imbalance in accountability, in the context of the political landscape during 22/23, was not supporting good governance, hence it was addressed by way of a Constitutional change. The Administration were supportive of this open and transparent approach to scrutiny of executive decisions.

### Standards and Code of Conduct Complaints

#### a) Code of Conduct

The Standards Committee were consulted on three occasions with regards to a new Code of Conduct based on the Local Government Association's (LGA) Model Code of Conduct and their associated guidance, including guidance on complaint handling. The Standards Committee adopted 'Guidance on Member Code of Conduct Complaints Handling' and Full Council adopted the revised Councillor Code of Conduct. The final version of the Code of Conduct made a number of amendments to the LGA Model Code to reflect local circumstances, for example on the Council's companies, and to reflect Members' views.

#### b) Complaints

There were 30 Code of Conduct complaints in 22/23:

Borough Councillor complaints	13
Parish complaints	17

In relation to the Borough Councillor complaints:

Councillor on Councillor complaints	3
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Officer on Councillor complaints	1
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A Standards Committee hearing was held during 22/23 to determine three complaints in relation to the same matter.

c) Declarations of Interest

Declarations of Interest were a key theme of complaints against Borough Councillors in 22/23. A new Flowchart on 'Declaring an Interest and Managing Any Conflicts Flowchart' was therefore prepared for insertion into every Council agenda to raise the profile and promote the importance of declaring and managing interest.

Corporate Complaints

A corporate complaints process is in place so that any member of the public who is aggrieved with the way that the Council has provided a service to them or any complaint they have in connection with the Council's functions or the way that they have been treated can make a corporate complaint. Between 1 April 2022 and 31 March 2023 the council received 49 corporate complaints. Decisions on 2 complaints made against the Council to the Local Government and Social Care Ombudsman (LGSCO) were issued. The LGSCO upheld 1 of the 2 complaints.

22/23 Datasheet - Complaints Decided :

Invalid / Incomplete	2
Advice given	0
Referred	3
Closed after initial enquiries	4
Not Upheld	1
Upheld	1
Total	11
Uphold rate %	50%
LGSCO Average Uphold rate %	59%

Wholly Owned Companies

The Monitoring Officer led on a corporate governance 'healthcheck' review of the Council's wholly owned companies, which culminated in the decision of Cabinet on 15 November 2022 to approve the creation of a Shareholder Committee to exercise the Shareholder function and the approval of a Corporate Governance Action Plan to bring governance in line with best practice. Resource is now required to implement that Action Plan.

Whistleblowing

There was one whistleblowing complaint received in 22/23 which was not progressed to an investigation after an initial response was provided to the complainant.

A review of the Whistleblowing policy is scheduled for 23/24.

Towns Fund Governance

- a) An elevated proportion of resource and support was provided during 22/23 to Members, officers and the Towns Board in relation to governance matters. The concept of a Towns Board, with the private sector and public sector coming together to make decisions about the Town Fund programme but without the Town Board holding any legal status, with the Council remaining the Accountable Body, was a new concept around which the governance had to be created and adapted. Much of this work took place during 20/21 and 21/22 however there was continuing work during 22/23 in terms of revising the Terms of Reference and adopting a new Local Assurance process.
- b) Between April and September 2022 there were 4 Cabinet decisions approving the respective business cases of the 4 largest Town Fund Projects, one decision regarding the re-prioritisation of the Towns Fund programme, an additional decision about the Guildhall Major Project and a decision approving a new Local Assurance Framework (LAF) (a framework for how the governance arrangements between the Council, Town Board and Norfolk County Council operates.)
- c) This was an unprecedented and concentrated strain on resources, requiring 5 special Cabinet meetings during that time period (which did also include other urgent decisions) and 3 special meetings of the Regeneration & Development Panel. The result, however, has been a very open, transparent, and accountable programme, with increased engagement with both the public and Members. Whilst it presented significant resource challenges at the time, the extent and application of the governance framework was commensurate with the proportionate significance of the Town Deal Projects to the Council's Capital Programme. Following these decisions there was a significant drop in governance issues being raised with regards to the Town Deal Board and the Projects.
- d) One complaint was investigated and reported on during 2022/23 under the King's Lynn Towns Board's Code of Conduct regarding failure to declare full interests, which concluded that the allegation was not considered a breach of the Nolan Principles.

#### Annual Governance Statement (AGS)

The AGS for 2022/23 has been prepared alongside the 2023/24. Whilst this still captures the same content as if it had been undertaken contemporaneously, it was not undertaken and published with the draft Statement of Accounts for 2022/23. This was due to a permanent removal of the previous resource supporting the AGS work. The Monitoring Officer intended for the proposed Corporate Governance team to pick up the AGS work into 2023, however other significant bespoke workstreams drew down on the resource. As the Monitoring Officer had identified that she wished to undertake an overhaul of the format and content of the AGS, this was streamlined into a project alongside the production of the 2023/24 AGS.

#### Overall Assurance

There were no other significant governance failings that are known other than those covered within this report. The Governance Framework otherwise operated within expected parameters.

The Governance Framework has been tested during 2022/23 and has shown to be effective. Whilst there are undoubtedly areas for improvement, not least the commencement of a full review of the Constitution and the Procurement and Contract Management Transformation, the work during 2022/23 has raised the profile and the importance of the Governance Framework.

### **5.2.4 Chief Finance Officer**



In accordance with the 'Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government' (published in April 2016), the Section 151 Officer/Assistant Director, Resources, is a professionally qualified Accountant, and is a member of the Council's Senior Leadership Team (SLT), and reports to the Executive Director, Central Services and to SLT (including the Chief Executive) and the Portfolio Holder for Finance (Cabinet Member) on key strategic finance matters.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and are contained in the Financial Regulations, which form part of the Council's Constitution. Monthly budget monitoring takes place and quarterly reporting to Cabinet and during 2022/23 budget monitoring to SLT was reviewed and is now a quarterly item at the SLT meetings.

The Council's annual budget is subject of extensive updating, scrutiny, and consultation throughout the budget setting process, this includes the Council's General Fund, Capital, and wholly owned company's budgets.

During 2022/23, the Council continued to be impacted by rising costs due to inflation and pay pressures. The impact of inflation is most evident in the Capital Programme, utilities, insurance premiums, and Operation services. Monthly budget monitoring and quarterly reporting enabled Cabinet and Council to remain informed of budget pressures and favourable movements.

The Government's fair funding review, which will affect how funding is allocated and redistributed between local authorities, continues to be delayed. This review is also likely to include a reset of the business rates system. Reset of the system and the establishment of new funding formulae is likely to result in the Council losing a degree of financial advantage under the current system, which derives from the fact that actual Business Rates income is above the baseline in the system. Whilst this continues to create uncertainty for financial planning, the Council takes a cautious approach to estimating reliance on Government funding.

The Council has a large and ambitious Capital Programme, and the realisation of capital receipts and external funding will be important in ensuring affordability and delivery of the programme. The Council recognises the importance of ensuring that capital assets continue to be of long-term use especially against a rapidly changing operational and technological backdrop. Enhancing the management of the Council's existing asset base and looking beyond the traditional medium-term financial planning horizon is a priority. Major capital projects are delivered by dedicated project managers within the Council, with leadership and oversight provided by the SLT.

Whilst the Council faces significant cost pressures, rapidly rising interest rates have provided the Council with additional income from its treasury management activities. Existing loans are all at fixed rates and therefore not susceptible to market increases. During the year, the Council constantly receives advice from its Treasury Advisors regarding the creditworthiness of financial institutions and lending on the local authority market. Security of the Council's cash is the over-riding consideration in setting its Treasury Management Policy Statement.

## 5.2.5 Head of Internal Audit

### Annual Opinion

Based on the findings of the audit reviews carried out throughout 2022/23 and other sources of assurance available, it is the opinion of the Head of Internal Audit that **Reasonable Assurance** may be given on the Council's risk, governance, and control environment during 2022/2023.

## Summary of Audits Undertaken

A total of 13 assurance audits were considered as part of the Annual Opinion, 12 of which received a positive assurance grading. In addition, two Position Statements (advisory work) were carried out for Project Management and Climate Sustainability providing suggested improvements for management to address. It was encouraging to note that of those 12 mentioned above, 5 audits resulted in a Substantial assurance grading:

- Corporate Health and Safety
- Anti-Social Behaviour and Community Safety
- Key Controls and Assurance
- Economic Growth
- Software Licenses

One audit “**Procurement and Contract Management**” resulted in a Limited assurance grading. A total of 13 recommendations were raised (one high, seven medium and five low), which are set out below in the Procurement and Contract Management section.

## Outstanding Limited Assurance Recommendations from Previous Years

In addition to the above-mentioned actions, the outstanding high and medium recommendations from limited assurance reports in previous financial years are reflected below:

### **2021/22 Alive West Norfolk**

- 2 High and 1 Medium priority recommendations are outstanding

### **2021/22 Waste Management**

- 1 Medium priority recommendation is outstanding

### **2021/22 Capital Programme**

- 4 High priority recommendations are outstanding

## Outstanding Audit Recommendations

There are a total of 55 outstanding high (7) and medium (48) recommendations across all audits.

## **5.2.6 Anti-Fraud & Anti Corruption**

Where people commit fraud against the Council, they take money away from the services on which the public depend, and damage citizens’ trust in the government.

A total of 5,293 investigations (including data matching exercise referrals) were completed with a total of **543** cases of fraud/error were identified to the total value of **£402,920.06**.

Compared to 2021/22 the results for 2022/23 have seen a significant increase in volume detection from 201 cases to 543 (**271.50%**), this is largely due to the backlog of data matches which accrued during 2020/21 and 2021/22 because of the covid-19 pandemic. The position has now been recovered.

A further 28 requests were received across the organisation for assistance with debtor/absconder tracing with **11** successful traces made to the value of **£20,266.83**.

## 5.2.7 Information Governance

### Senior Information Risk Owner (SIRO) Annual Report

The following paragraphs represents the SIRO Annual Report. The main purpose of such reporting and management is to provide accountability and greater assurance that information risks are addressed.

### Designated Posts

During 2022/23, Eastlaw hosted by North Norfolk District Council, were contracted to provide the Information Governance function for the Council. There were no in-house provisions in place other than the SIRO and Deputy SIRO. Eastlaw provided the Data Protection Officer and Deputy Data Protection Officer.

### Personal Data Breaches

The Data Protection Officer has investigated **22** potential personal data breaches. 1 data breach by the council was reported to the Information Commissioners Office (ICO). The ICO has taken no action against the Council but following legal action by the complainant, the council apologised and paid compensation.

### Freedom of Information Act (FOI) & Environmental Information Regulations (EIR)

Eastlaw received **548** FOI requests and EIR requests in total. The following issue was highlighted during the year:

- Response times were not recorded by Eastlaw so it is unknown what percentage of requests were completed within the statutory 20-working day target.

## 5.2.8 Policy Framework

A full review of the policy framework is planned for 2023/24 to ascertain a full master list of all policies, strategies, protocols and plans across the Council, to include details of their lifecycles so that updates and reviews to policies are not missed. This work will also consider whether an exhaustive list of 'non-executive' policies should be determined as the Corporate Policies that are the responsibility of Full Council, and then separate out service specific policies and delegate these as executive policies. Currently all policies must be approved by Full Council. Work should also be undertaken to link and group policies, to ensure there are no conflicts and that appropriate account is taken of connected policies.

The following policies were approved in 2022/23:

- Memorials Safety Policy
- Risk Management Policy
- Treasury Management Policy
- Unreasonable Complaints Policy
- Planning Scheme of Delegation
- Contaminated Land Strategy
- 2022/23 Pay Award
- West Winch Growth Area Masterplan
- Council Tax Support Scheme 2023/24
- Hunstanton Multiuser Hub and Transport Interchange
- LGA Model Code of Conduct
- Members Allowances Scheme 2021-2025

### **5.2.9 Risk Management**

Given the wide range of activities undertaken by the council, we face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, corporate governance, and damage to reputation. Effective risk management assists the Council to manage uncertainty and enable better performance against the Corporate Business Plan

The Council's Risk Management Policy and Strategy was approved during 2023/24 and sets out the framework, arrangements, and responsibilities in respect of how risks relating to the delivery of key outcomes and priorities are identified and managed. The Strategy assists officers to apply sound risk management principles and practices across their areas of responsibility recognising employees, Members and those who act on behalf of the Council have a role to play in effective management of risk.

A risk management overview briefing was included in the Member Induction Programme linked to the borough elections in May 2023 and a further training session was provided for Audit Committee.

During the period June 2022 to November 2022 an exercise was undertaken to review the layout and content of the Corporate Risk Register, resulting in an updated "rationalised Corporate Risk Register" being produced and this was effective from November 2022 onwards. Work was also carried out to introduce a Risk Register for the Towns Deal Board which was completed and presented to the Towns Deal Board from January 2023 onwards.

The Corporate Risk Register was presented to Audit Committee in June 2022, November 2022, and February 2023.

### **5.2.10 Procurement and Contract Management**

#### Areas of Focus

During 2022/23, the Procurement and Contract Management team focussed on a report of spend analysis, procurement compliance, to create wider awareness of the regulations and Contract Standing Orders and how the procurement team can support purchasing departments in gaining best value and meeting our service obligations, through application of best practice in both procurement exercises and contract management.

The procurement team carried out 30 tenders across the Council and the Council's companies. There were 23 exemptions from Contract Standing Orders, which in part relate to the very short timescales on progressing the Town Deal projects and overall programme.

#### Limited Assurance Audit

An audit of the Procurement and Contract Management service returned a 'limited assurance'. The following recommendations were made:

- High – update Contract Standing Orders
- Medium – increase service areas' engagement with the Procurement Team to ensure all data on procured contracts is captured, introduce mandatory e-learning for all officers, utilise the financial software to its fullest extent to build in checks and balances and support analysis of spend, require utilisation of KPIs and performance management in contracts, prepare guidance and training for Contract Management, create a system for capturing and actioning all Procurement Policy Notes issued by the Cabinet Office and improve arrangements around the Exemptions Register.

Actions against the audit recommendations will be absorbed into a planned Procurement and Contract Management Transformation Project (see below).

#### Non-Compliant Spend (CSOs)

Non-compliance refers to a compliant procurement method under Contract Standing Orders not being identified by the Procurement and Contract Management team as having been used. Contract Standing Orders are an internal control designed to support best value being achieved and act as a protection against fraud & corruption. They are an essential part of the Governance Framework.

The non-compliant figures are provided with a caveat. They are based on:

- The top 200 contracts throughout the year based on revenue spend (excluding non-influenceable contracts). This equates to £15,628,412.65 of £19,770,678.71 – or 79.04% of total spend
- The top 70 contracts throughout the year based on capital spend (excluding non-influenceable contracts). This equates to £21,268,253.86 of £21,748,270.27 – or 97.79% of total spend

Additionally, non-compliant spend has been treated as contracts that the Procurement and Contract Management team are not aware of. Due to resource constraints, only the top 21 non-compliant revenue contracts have been fully verified as non-compliant which equates to £1,198,157.25 of spend. The capital non-compliant spend has been fully verified. It is possible that valid procurement methods have been used for some or all of the remainder of the revenue contracts, for example via the use of a framework, but the service area did not inform the Procurement team of this. Accordingly, either way, this points to a breakdown in a fully compliant procedure. Resource would need to be identified to carry out a full verification.

The non-compliant spend figures are:

- Revenue – £2,434,724.70 of £15,628,412.65 spend – equating to 15.58% as non-compliant
- Capital – £463,048.63 of £21,748,270.27 spend – equating to 2.13% as non-compliant

The audit requirement for mandatory training for all officers is the primary action required to mitigate this governance failing. Reducing these figures will be a primary object of the Procurement and Contract Management Transformation (see below).

### Procurement and Contract Management Transformation

The Procurement and Contract Management team is going to be focussed on various pieces of work being brought together into one Transformation Project:

- Service area transformation - to align the Procurement and Contract Management function with best practice and improve its integration with the rest of the Council and the Council companies
- Responding to the new procurement regime being introduced by the Procurement Act, which is yet to receive Royal Assent, ensuring all new requirements are incorporated and adopted by the Council before the commencement date of the new regime
- A new Procurement Strategy
- Addressing the limited assurance audit recommendations from 2022/23

### **5.2.11 Equality, Diversity and Inclusion**

During 2022/23, as workloads returned to normal following the pandemic, support has been provided to assist managers undertaking equality impact assessments (EIA) as part of the approval process for new policies and services. A key focus during the year has also been on the equality related needs of employees, particular those whose health and wellbeing has been significantly impacted by the pandemic, often due to lack of access to medical services or treatment which has impacted on their ability to undertake normal day to day duties or work-related tasks. Reports on employment monitoring and the gender pay gap have been completed to deadline with relevant information published on the Council's website.

Work has commenced on a review of the existing Equality Policy, to ensure this remains current and consistent with best practice when compared to other district authorities. The need to review the membership of the Equality Working Group has also been identified, to make sure that all areas of the Council are appropriately represented on the group. Steps to gather a central record of completed EIAs has also commenced, with a view to introducing a structured approach to monitoring and evaluating any impacts identified in the assessments.

Plans have also been made to include equality, diversity and inclusion training in the training and induction programme for Elected Members following the May 2023 local elections. This dedicated diversity training also responded to a motion in September 2022 at Full Council requesting such training to be provided.

### **5.2.12 Personnel Services**

A key focus for the service during 2022/23 has been continued support for employment related issues arising from the pandemic. Temporary working arrangements put in place during 2020/21 have been reviewed and adapted to reflect changes as services return to normal operations. The impact of the pandemic on sickness absence, particularly long-term absence for employees unable to access NHS treatment, has required particular focus and sickness absence procedures have been reviewed to ensure these remain fit for

purpose. The delivery of training and development activities has also adapted, moving from solely online delivery back to face-to-face delivery where appropriate.

Recruitment and retention trends have been closely monitored as following low levels of turnover during the pandemic figures increased back to pre-pandemic levels. A review of recruitment advertising style/approach has been undertaken to maximise the effectiveness of adverts, particularly in areas which are hard to recruit. Increased use of progression schemes and reviews of existing progression schemes, such as that in place for Planning, will assist in making our posts attractive to potential candidates. Ongoing support for apprentices, including our corporate apprentice scheme, have proven successful and two additional corporate apprentices have been recruited using funding from the training budget that was not used during the pandemic. A review of apprentice rates of pay has been undertaken to ensure apprentices are appropriately rewarded for the valuable contribution they make as they progress through their training programmes.

Management Development activities have also recommenced, with delivery of two Level 5 Diploma in Management and Leadership programmes commencing during the year and plans put in place for a Level 7 Strategic Management and Leadership Practice to commence early in the 2023/24 year.

### **5.2.13 Information Technology and Data**

The Council has in place key documents which communicate the standards of behaviour required of members and all council staff (officers).

- ICT Asset Management Policy
- ICT Computer Usage Policy
- ICT Corporate Email Policy
- ICT Corporate Internet Policy
- ICT Security Policy
- ICT Service Desk Policy

The ICT related policies are reviewed annually and refreshed when appropriate to ensure they are in line with the latest ICT technology advancements and information security guidelines. Information security is vital for public confidence and the efficient conduct of business.

ICT Security is paramount, and the Council's ICT has to be compliant with a set of controls outlined by the cabinet office - Public Services Network. There has been a 2022/23 audit of the ICT function, the recommendations from which will be actioned going forwards into 2023/24.

Additionally, our website is subject to a government digital service (GDS) website accessibility audit which involves a comprehensive review of our digital products and services, ensuring that they conform with current legislation and that they are accessible to all users, including those with specific access needs.

Other arrangements are in place to ensure compliance with relevant policies and to ensure that expenditure is legal is the ICT Development Group; a group which for the 2022/23 year consisted of the Portfolio Holder, a second Cabinet Member, an additional Member, the Executive Director for Resources, and the ICT Manager. The group manages the ICT capital budgets, reviews all new proposed ICT developments, and keeps up to date with pertinent legislation. Officers write a report to the group outlining their business case and decisions are taken on spend to ensure that it complies with the council's priorities. The group monitors project delivery and items are recorded via agendas and minutes.

## Wholly Owned Companies

The Council has three wholly owned local authority companies:

- Alive West Norfolk (Sports and Leisure)
- West Norfolk Housing Company Ltd (WNHC); and
- West Norfolk Property Limited (WNPL).

A full review of the governance 'health check' of the Council companies reported to Cabinet, via the CPP, on 15 November 2022.

The governance 'health check' included a review of the role of elected Members on the Board of Directors, recommended the removal of Statutory Officers from positions in the Company, setting up a Shareholder Committee as a sub-committee of Cabinet to undertake the Shareholder function, appointing a Company Secretary to fulfil governance work for the companies together with the update/adoption of governance documents such as Shareholder Agreements, to regularise the role of the Board and the role of the Shareholder. Service Level Agreements that accurately capture the services the Council provide to the companies are also to be reviewed and adopted.

The first meeting of the Shareholder Committee was held in March 2023. The focus for 2023/24 will be implementing the Action Plan approved by Cabinet to bring the governance of the companies in line with best practice and to embed the role and work of the Shareholder Committee until it has a forward work programme fit for assuring sound governance arrangements of the companies.

During the West Norfolk Property external audit, an issue with the date was discovered on some of the leases for the properties which posed a potential risk to the council. This has since been resolved.

Furthermore, the robustness of the leases between the council and West Norfolk Property are currently in the process of being reviewed to ensure they sufficiently outline what each party is responsible for.

## Place, Funding and Projects

During this year, increased focus was directed on programme and project governance. The programme team for the £25m (£37m with match funding) King's Lynn Town Deal was strengthened through the addition of two experienced 0.5 FTEs secondments from other teams within the Council. At the start of the 2022 calendar year, a Project Accountant role was created within the Finance team, to advise upon project appraisals, monitor financial aspects of the Capital Programme and the revenue impact, and work closely with the multi-disciplinary teams dealing with projects and interventions within the Council's major funding programmes. This role gained traction during the year and the reporting of financial information improved through various iterations, with input from Senior Officers and the Town Deal Board. The additional post and resultant work brought about increased assurance to the Council and Town Deal Board around project and programme financial governance.

### Project Management Governance

In the Autumn, a temporary Project Delivery & Technical Adviser was brought in to review the Council's project governance and resource arrangements. The adviser was in post for 6 months until the end of March 2023. A 'project maturity assessment' process was undertaken by the Adviser in conjunction with teams within the Place Directorate, covering 9 criteria. The work undertaken has led to an improvement plan being put in place, a key part of which was to establish a small Programme Management Office (PMO) to



principally support the major capital projects / programmes, to provide project oversight, alignment, and control. Various changes were also made during this time to the proposed operating model for projects and the governance arrangements.

The strengthened resource, the impact from the Technical Adviser role and agreed establishment of a PMO is judged to have had a positive impact on governance arrangements within project and programme governance in 2022/23, particularly around project reporting. Regular Project Highlight Reports are now produced and published to the Member Major Projects Board for openness, engagement and accountability to Members and the public.

The improvement plan and other aspects to be strengthened further will be worked on during 2023/24.

### Towns Fund Project Management

The development of the projects within the Town Deal has been overseen by the King's Lynn Town Board. The Council is the Accountable Body for this funding. The Town Deal Board has its own Code of Conduct in place.

A comprehensive update report on the Town Deal programme was agreed by Cabinet in August 2021 and at that time, Cabinet had agreed the projects that would be taken through the Business Case process. Member briefings were given on all Town Deal projects in February 2022 and on the governance arrangements / process in March 2022.

During the 2022/23 year, the council and its strategic partner, Norfolk County Council, developed the 7 Town Deal projects agreed in the Heads of Terms agreement with Government, to full business case stage, in accordance with the HM Treasury Green Book appraisal process<sup>1</sup>.

### Project Progress

As of April 2022, two Business Cases had been completed, submitted to Government and agreed to commence; these were the Boost skills project (formerly known as the King's Lynn Youth Re-training Pledge) and the Rail to River project (formerly known as the Public Realm project).

Through the detailed feasibility work that was progressed between August 2021 and April 2022, project viability for the remaining 5 projects was tested further and project scopes were refined, taking into consideration current day costs, demand and views gathered through further consultation and engagement. As a result of this work the Programme Board and the Town Deal Board agreed in March 2022 that a reprioritisation review of the remaining 5 projects was required in order to determine where funding should be directed/reallocated, while ensuring the original TIP vision and priorities could be achieved. A 'project prioritisation review' was therefore undertaken in the early part of the year under review and was externally led, to ensure that it was robust, objective and evidence based.

The reprioritisation process resulted in the Town Centre Repurposing project being removed from the Town Deal programme, with many of its outputs and outcomes able to be picked up by the Multi-User Community Hub project. The change in Town Deal funding allocation to projects reflected those which were considered a higher priority for funding due to their ability to deliver, their alignment with the original TIP and agreed Town Deal, their strategic importance, their impact in terms of outputs and outcomes; and allowed for cost inflation, contingency and other factors.

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<sup>1</sup> The Treasury Green Book appraisal is a rigorous way of conducting an appraisal, consisting of 5 key dimensions: the Strategic Case, Economic Case, Commercial Case, Financial Case and Management Case.

Cabinet agreed in June 2022 that the Town Centre Repurposing project should remain a project to be pursued by the Borough Council outside of the Town Deal programme, leaving 6 projects being taken forward within the King's Lynn Town Deal programme. Cabinet agreed an updated Local Assurance Framework in August 2022.

### Town Deal Board Governance

During 2022-23, governance arrangements already in place, continued; this included a Programme Board, chaired by the Chief Executive (to October 2022, then the Projects & Technical Adviser and latterly the new Executive Director for Place) which receive monthly updates and information on progress; this board is in place to ensure that the approved Local Assurance Framework is being complied with. The King's Lynn Town Deal Board have met regularly throughout the year, to ensure programme oversight and management.

Monitoring & Evaluation returns to the Department for Levelling Up, Housing and Communities (DLUHC) were completed fully and submitted on time, with input from the Town Deal Board and Programme Board officers.

An Internal Audit of the Towns Fund took place with an initial consultation review undertaken and presented to the Corporate Performance Panel in October 2022 outlining some areas for consideration for improvements to be made around the governance arrangements in place based upon the Central Government Towns Fund Guidance and Prospectus. These included:

- Considering the inclusion of representatives from local parish councils which lay within the Town Deal boundary.
- Considering expanding the number and range of local businesses represented on the Town Deal Board (including at least one more business with experience in clean growth).
- Reviewing the Town Deal Board Terms of Reference to include embedding arrangements in local plans, undertaking Environmental Impact Assessments, complying with the Equalities Act, ensuring local communities are involved in shaping design and decision making at each phase of development, ensuring diversity in its engagement with local communities and businesses.

All 5 remaining project business cases were scrutinised, agreed by Town Deal Board and Cabinet, and submitted to Government between August and October 2022. All were agreed, and the full amount of £25m was granted to the Borough Council as per the Heads of Terms.

A report was submitted to cabinet in August 2022 which resulted in the approval of amendments to the Local Assurance Framework to make the governance processes more streamlined and fit for purpose.

King's Lynn was also identified as a priority area for Levelling Up, across a range of government programmes, including Towns Fund, Rural England Prosperity Fund and UK Shared Prosperity Funding. In 2022, Norfolk County Council submitted a successful bid for Levelling Up funding for the Southgate's Masterplan and was awarded £24m for a project which will deliver active travel, heritage and sustainability improvements as well as strengthening the identity of King's Lynn and offer benefits for residents and visitors.

Work is progressing on the Hunstanton Masterplan. A Levelling Up bid was submitted in 2022 for a replacement for the Oasis Leisure Centre, situated on the southern seafront at Hunstanton. Unfortunately, the bid was not successful, so further work is in progress to establish clear plans for the future operation of this facility. The Council is also working in partnership with Norfolk County Council on the development of a transport hub in Hunstanton.

The Hunstanton Advisory Group as set up in 2022/23 in response to the levelling up agenda and to create a local consultation body made up of the private and public sector, to be consulted with whenever opportunities for funding in Hunstanton arise.

The Council's Local Plan was submitted in 2022. In January 2023, the Planning Inspectors announced the adjournment of the Local Plan Examination to allow the Council the opportunity to undertake further work to justify the spatial strategy and distribution of housing in the Local Plan Review. Work is progressing to address the points raised by the Inspector.

## **External Assurance**

Governance of the Council is monitored by external organisations as well as the internal governance monitoring and controls in place.

### External Auditors

On an annual basis our accounts and not just our financial positions, but many other areas flowing through the Council will be audited by an external company which is appointed through a rotation system. External Audit report to the Audit Committee and any reporting that they wish to flag in terms of concerns will come back into the Council.

The Council's Auditors, EY, independently audit the Council and provide an opinion on the truth and fairness of the financial statements, the Council's use of resources and providing value for money in the way services are delivered. In reaching an opinion, EY take account of statutory requirements, national standards, their own audit work, and the reports of Internal Audit.

Throughout 2022/2023 the external auditors and the Assistant Director – Resources (Section 151) provided regular updates and assurance to the Council's Audit Committee regarding the efforts to complete the audit of the 2019/2020 statement of accounts.

The Council and its external auditors are working collectively to address the backlog, which applies to numerous English local authorities. Government have consulted on nationwide plans to address the backlog and as such the work that the Council and its external auditors undertakes to catch-up, needs to comply with guidance and legislation as will be determined by central government and its regulatory partners.

Delays to sign off the Accounts does mean that the Accounts remain liable to further amendment in respect of significant events after the balance sheet date. Late audits also delay the assurance that can be placed on them, and further costs can be incurred. The Council has published draft accounts on its website for 2020/21 and 2021/2022.

### Local Government and Social Care Ombudsman

The Local Government and Social Care Ombudsmen handles complaints that are dealt with internally where the complainant remains dissatisfied with the response they have had from the Council and the decision notices produced by the Ombudsmen is publicly reported, with any findings reported back through the Council's democratic process.

Details of complaints received during 2022/23 are dealt with at section 5.2.3 above.

### Local Government Association

The Local Government Association has a Peer Challenge process and is a source of guidance and advice for the Council. Following a motion to Full Council in December 2022, and proposals approved by Cabinet in March 2023 an LGA Corporate Peer Challenge has been arranged for 2023/24.

#### Department for Levelling Up Communities and Housing (DLUHC)

The Central Government Department with ultimate regulatory oversight for Local Government is the Department of Levelling Up Communities and Housing. Where systemic failures occur in the governance of a Council, the DLUHC have the powers to step in, intervene and appoint various people into the organisation to return the Council to a position of good governance.

## **6. Significant Governance Issues**

This section summarises the significant governance issues identified during the year and the actions to be taken to address them.

### **Issue 1: Delays to auditing the Council's Statement of Accounts**

- Progress reports have been presented to the Council's Audit Committee throughout the year. The Council's external auditors have also attended the Audit Committee to address concerns. Additional resources have been applied to support the outstanding audits and closure of the annual accounts.

### **Issue 2: Continued uncertainty of Government funding**

- The Council has estimated a Medium-Term Financial Strategy, taking a cautious approach towards assumed government grants for future years. The Council will develop a Cost Management and Income Generation Plan in order to close the budget gap estimated in future years to reduce reliance on funding from the General Fund Reserve.

### **Issue 3: Failure to complete the written leases for properties leased to West Norfolk Property Limited**

- The Council and WNPL both need to instruct for these leases to be completed as a matter of urgency.

### **Issue 4: Levels of non-compliant spend**

- The Procurement and Contract Management Transformation project will be targeting the reduction of non-compliant spend through mandatory training and improvement of systems to make procurement more accessible for officers.

### **Issue 5: Procurement and Contract Management Transformation**

- Procurement and Contract Management received a limited assurance in 22/23. A Transformation project is to be commenced with external support from the East of England Local Government Association (EELGA) to deliver an improved function and raise the understanding and engagement with procurement across the Council.

## Schedule 1

### Governance Action Plan

#### Actions reported in 2021/22

Item	AGS Action	Issues/Challenges Identified	Progress 2022/23
1	12-month review of the Executive and Scrutiny Protocol	Any issues?	Update needed
2	12-month review of Community Infrastructure Levy (CIL) proposed governance and spending arrangements		Revised governance arrangements were agreed by Cabinet on 2 August 2022 and will be implemented for future applications in 2023.
3	Ensure Public Services Network (PSN) compliance during 2021/22 including progressing any actions identified because of the 2020 audit.	PSN compliance across Local Authorities is being reviewed by Central Government currently.	We still retain the major element of an ICT health check and are in the process of bringing in National Cyber Security Centre approved CHECK assessors.
4	Review the governance framework of the council's wholly owned companies.	Review was delayed pending publication of relevant guidance by CIPFA in May 2022.	Report received from Anthony Collins Solicitors July 2022 and under consideration by Cabinet. Listed on the Forward Plan for October 2022,
5	To provide company director training for directors appointed to its companies.	Review was delayed pending publication of relevant guidance by CIPFA in May 2022.	Report received from Anthony Collins Solicitors July 2022 and under consideration by Cabinet. Listed on the Forward Plan for October 2022,
6	To support the Internal Audit review of the council's approach to developing the annual	There have been capacity issues whilst in the process of setting up the new in-house Corporate Governance Team.	Ongoing. Amendments made to the AGS for 2021 and 2022. The length of the draft AGS 2022 is comparably shorter than previous documents.

	<b>governance statement.</b>		
7	<b>To enhance and develop the operational processes of the new financial ledger software.</b>	The new financial management system went live in April 2020 just as the initial Covid restrictions were put in place. Several issues emerged on the system which took time and resource to resolve.	Training has been focussed on specific areas and is now being more widely delivered (with a training development programme being devised and modules to support it). Other system development work is being considered as part of an improvement plan.
8	<b>To support joint working with Department for Work &amp; Pensions and participate in the Norfolk Counter Fraud Hub.</b>	Some FraudHub members are currently having difficulties in resourcing fraud areas. The lead sponsor, Norfolk County Council, has recently agreed to a further 2 financial years funding of the FraudHub. However, there has been no recent meeting held with the Norfolk FraudHub Steering Group. This is due to the impact from the pandemic and other workstreams continuing as a result of it.	Funding has been agreed through the lead sponsor to continue with the Single Person Discount (SPD) review project for the current financial year 2022/2023.  DWP joint working has now resumed following the Covid-19 pandemic and the redeployment of many of the DWP investigation Team. Contact has recently been received on a case for joint working purposes.
9	<b>To develop revised social media protocols.</b>	Rescheduled to December 2023 to link with the review of practices after the forthcoming borough elections.	Postponed to December 2023.
10	<b>Development of a training programme to support the equalities policy.</b>	Programme development and delivery rescheduled to March 2023.	Progress has been delayed due to the need update the Equality Policy. Once an assessment of changes required to the policy has been undertaken a training programme will be developed to support current best practice.
11	<b>To transfer the function from Eastlaw including related staff recruitment and data transfer.</b>	Any issues?	Assistant Director for Legal & Licensing appointed. <b>Update needed on recruitment and data transfer.</b>
12	<b>To enhance the Local Assurance Framework and governance related to the King's Lynn Town Deal Board.</b>		Engagement with panels and Cabinet on draft business cases. Compliance with DLUHC annual assurance requirements. LAF reviewed by Cabinet on 10 August 2022. Internal Audit review of Towns Fund management and Governance Arrangements undertaken in September 2022. Ongoing advice from Monitoring Officer to Town Deal Board on governance matters including conflicts of interest matters.
13	<b>Provision of training for officers and members to embed the refreshed risk</b>		Cabinet agreed a refreshed policy and strategy on 26 September 2022. Training approach to be developed

	management framework.		and implemented.
14	To progress the following recommendations: <ul style="list-style-type: none"> <li>• Planning Control 2020/21 – Limited Opinion Medium Recommendation</li> <li>• Alive West Norfolk 2019/20 – Substantial Opinion High Recommendation</li> <li>• Property Services- Child Protection 2019/20 – Substantial Opinion High Recommendation</li> </ul>		Update needed
15	Development of a local response to the cost-of-living crisis.		Officer working group being established. Council Tax Energy Rebate distributed including a discretionary payment for vulnerable people. Promotion of Solar Together Norfolk to encourage residents to install solar PV/batteries as a way of reducing energy bills in the longer term in addition to reducing carbon emissions. “Beat your Bills” events held across the borough.

## New Actions identified in 2022/23

AGS Action	Issues/Challenges Identified	Context to Action
<b>Undertake a review of the Council’s equality policy, benchmarking with current best practice within local authorities</b>	The Equality Policy was last updated in 2018. Whilst the current policy remains consistent with legislative requirements it is also important to ensure that it continues to reflect current thinking and best practice in a local authority context.	The Assistant Director Central Services and corporate policy team will review the format and content of the current equality policy, to ensure it remains current and reflective of best practice, including benchmarking content/style with that of other authorities. This will ensure the Policy remains appropriate and fit for purpose considering recent developments in equalities.
<b>Undertake a review of the process and paperwork used to complete Equality Impact Assessments</b>	EIA procedures have not been reviewed or updated from some time and we need to ensure that our processes continue to reflect best practice.	EIAs are a valuable tool in demonstrating the Council’s compliance with the requirements of the Public Sector Equality Duty. It is important for the processes we follow to be robust, well embedded and used effectively. The corporate policy team will undertake this review and build any proposed changes/improvements into the work

		plan for equalities going forward.
<b>Undertake a review of the terms of reference and membership of the Corporate Equality Working Group</b>	The terms of reference for the group need to be refreshed in line with proposed changes to the Equality Policy and the group membership needs to be updated to reflect changes within the Council's organisational structure, to ensure all services are appropriately represented.	The Assistant Director Central Services, in consultation with Senior Leadership Team, will review the Terms of Reference and Membership of the group to ensure these remain fit for purpose and relevant to the needs of the Council.
<b>Source and delivery equality training for Elected Members</b>	It is some time since training was delivered to Elected Members. The new member induction training programme/refresher training programme for returning Members, which will be delivered following the local elections in May 2023, provide the idea opportunity to address this training need.	The Assistant Director Central Services will work with Democratic Services to ensure that this training is included in the member training programme. The Assistant Director Central Services will identify and work with a training provider to ensure the training is tailored to meet the needs of Elected Members.
<b>Project Management</b>	A project management software solution would help to align project governance, project delivery and project management office processes, improve efficiency and provide opportunity for automated and improved reporting.	Scope, tender and implement project management software.
<b>Procurement and Contract Management</b>	Limited Assurance Audit Opinion.	Agreed recommendations to be progressed to action.
<b>Procurement and Contract Management</b>	Preparation required for new legislative requirements.	EELGA diagnostic exercise, workshops, and training to be arranged.
<b>Implement Cost Management and Income Generation Action Plan</b>	Short-term and below inflation funding settlements from Central Government lead to an increasing gap between expenditure and income for future years as stated in the Medium Term Financial Strategy.	The Cost Management and Income Generation Action Plan will enable opportunities to be considered to better position the Council to close the budget gap. Although it is unlikely to fully close the gap.
<b>Improve quality of working papers that explain the calculation of notes in the Statement of Accounts to support review by external audit.</b>	The lapsed time and changes in finance and external audit staff between drafting of the accounts and the performance of the external audit result in knowledge gaps and re-working of audit tests. Increasing the need to effective working papers.	Effective instructions within and quality checking of working papers improves the ability of independent reviewers to understand the working, particularly when delays are encountered to audit timescales.
<b>Review the membership of the Equality Working Group.</b>	There is a need to ensure that all areas of the Council are appropriately represented on the group.	Ensuring all areas are appropriately represented will allow for a consistent approach across the council.



## **Schedule 2: How the Council Works**

### **Governance Model**

The Council operates under 'executive' arrangements, meaning it has a 'Leader' and a 'Cabinet'. The majority of functions are executive, meaning that the responsibility for decision making flows through the Leader and Cabinet through to officers. Examples of executive functions are waste collection, noise complaints and regeneration projects. The remainder of the functions are retained as 'non-executive' and are the responsibility of the Council's Full Council. This includes functions such as setting the budget, the Council's Constitution and the policy framework.

### **Full Council**

Full Council consists of 55 elected Members, called Councillors. They are elected by the voters, in elections held every 4 years, in areas which constitute Borough Wards. We have 35 Borough Wards in West Norfolk.

Councillors can be part of a political Group. During 22/23 the political group make up of the Council had some minor revisions during the year, the latest make up as of 31<sup>st</sup> March 2023 was:

- Conservative Group: 29
- Independent Group: 14
- Labour: 9
- Independent Members in no Group: 3

The Full Council meets approximately every six to eight weeks.

### **Cabinet**

The Cabinet is made up of the Leader (Cllr Stuart Dark) of the Council and 7 other Cabinet Members. The portfolios of the Cabinet Members during 22/23, as at 31 March 2023 were:

- Cllr Graham Middleton, Deputy Leader – Business, Culture and Heritage
- Cllr Paul Kunes, Environment
- Cllr Sam Sandell, People and Communities
- Cllr Richard Blunt, Development and Regeneration
- Cllr Angie Dickinson, Finance
- Cllr Adrian Lawrence, Property
- Cllr Brian Long, Corporate Services

The Leader's portfolio covers:

- Overall responsibility for setting the Vision for Council and supporting Strategy;
- Overall responsibility for the submission to Council of Policy;
- Overarching responsibility for Cabinet portfolios;
- Developing and managing external Strategic relationships;
- Public Emergencies, Emergency Planning and Emergency Management;
- Democratic arrangements;
- Communication strategy and implementation;
- All staffing related matters;
- Health and Safety as an Employer;
- Equal opportunities strategies and policies;
- Performance issues. KPIs and data quality;
- Civics;
- Legal – Data Protection and Freedom of Information;
- Skills;
- Safeguarding; and
- Any executive functions not covered by another portfolio.

## Overview and Scrutiny

The counter-weight to the Leader and Cabinet executive arrangements governance model is the overview and scrutiny function. Scrutiny Committees are in place to scrutinise executive decisions before or after they are made to help develop policy and review the effectiveness of adopted policies. Within the Council, these responsibilities are split across 3 panels, and these are collectively referred to as the “Policy Review and Development Panels”:

- CPP (including ‘call-ins’ of executive decisions)
- Regeneration Development Panel
- Environment and Community Panel

## Audit Committee

The Audit Committee provides assurance to the Council on the adequacy and effectiveness of governance arrangements, risk management framework, internal control environment reviews and approves the Council’s annual Statement of Accounts. It receives updates on the Risk Management processes in place, the effectiveness of the Council’s counter fraud and corruption activities, approves the Annual and Strategic Internal Audit Plans and receives progress updates against the Annual Internal Audit Plan and the Annual Audit Opinion.

## Constitution

The Council’s Constitution sets out how the Council procedurally operates, its organisational structure, how the public can participate, how decisions are made and the roles and responsibilities within the Council to ensure that decisions are made in an efficient yet transparent manner and accountable to local people. It specifies the roles and responsibilities of the executive and non-executive, setting delegation arrangements and protocols for effective communication and governance.

The Constitution includes the Council’s Financial Regulations, the Councillor Code of Conduct, Contract Standing Orders, the Member/Officer Protocol, and the Members Allowances Scheme.

## Budget and Financial Management

The Council's budget is set by the Council each year, usually in February. The budget includes the revenue and capital expenditure, income, and savings plans. It is developed in consultation with service managers and is aligned with the Council's strategic objectives:

- Financial Monitoring Reports are prepared at least quarterly and presented to Audit Committee. All Councillors all receive a copy of the report which provides an update on the Council's financial position against the budget. They highlight any variances, emerging risks, and propose corrective actions where necessary.
- The Medium-Term Financial Strategy is a rolling plan that covers a five-year period (updated position for current financial year and the next 4 years). It provides a framework for future financial planning, identifying potential budget gaps and setting out strategies to manage resources effectively to help ensure long-term financial sustainability and resilience.
- The Annual Statement of Accounts is a statutory report that provides a comprehensive summary of the Council's financial position over the financial year. It includes the balance sheet, income and expenditure account, and other key financial statements. The accounts are prepared in accordance with the CIPFA Code of Practice and are subject to external audit.
- Treasury Management Reports are provided to the Audit Committee half yearly, detailing the Council's borrowing and investment activities. These reports ensure that the Council's treasury management strategy is being implemented effectively and that risks are being managed.
- The Capital Strategy is a key policy that sets out the Council's approach to capital investment over the medium to long term. It is aligned with the Council's corporate priorities and provides a framework for decision making regarding capital expenditure and financing. The Capital Strategy is reviewed annually alongside the Capital Programme as part of the budget-setting process.

## Corporate Business Plan

The Corporate Business Plan was reviewed and updated for the period 2021-2023 because of a change in the leadership of the executive. The plan represents the remaining period of the current administration term up to the Local Government elections due in May 2023. The key priorities set out within the Corporate Business Plan are outlined in "The Golden Thread" section below.

## Code of Conduct

In accordance with the Localism Act 2011, the Council has adopted a Code of Conduct for Councillors. The Code supports the Council's duty to promote and maintain high standards of conduct and is based on the 'Seven principles of public life' and the Local Government Association's Model Code of Conduct. The Code of Conduct was reviewed and a new version adopted during 2022/23.

A Code of Conduct for Officers is also in place to set out the standards expected of employees and to promote the highest standards of conduct from all employees who work in local government. A copy of this Code is made available to every employee of the Council.

Observance of these Codes helps to maintain and improve standards and ensure openness and transparency with regards to any issues of potential bias and/or conflicts of interest.

Registers of Members interested are kept in respect of all Borough Councillors and Parish Councillors within West Norfolk. A Gifts & Hospitality Register is also maintained.

## The Golden Thread



### Corporate Business Plan 2021 -2023

Focusing on Delivery  
 Delivering growth in the economy and with local housing  
 Protecting and enhancing the environment including tackling climate change  
 Improving social mobility and inclusion  
 Creating and maintaining good quality places that make a positive difference to people's lives  
 Helping to improve the health and wellbeing of our communities



### Directorate Service Plans

Central Services  
 Environment & Planning  
 Health, Wellbeing & Public Protection  
 Operations & Commercial  
 Programme & Project Delivery  
 Property & Projects  
 Regeneration, Housing & Place  
 Resources  
 Legal and Licensing



### Corporate Governance

Constitution  
 Corporate Risk Register  
 Statutory Officers  
 Key Performance Indicators, Performance monitoring and Performance Management Scheme  
 Annual Governance Statement  
 Internal Audit  
 External Audit  
 Medium Term Financial Plan  
 Town Deal Board Governance  
 Shareholder Committee



### Performance Management Scheme

Personal objectives and targets  
 Personal development and training opportunities  
 Appraisals, 1-2-1s and Team Meetings

## Project Management

The Council has a Capital Programme of £205,154,120 for the period 2022/23 to 2026/27. The Council monitors ongoing 'Major Projects' through the Officer Major Projects Board and the Member Major Projects Board. Project Highlight Reports for all Major Projects are produced quarterly and published for openness and transparency through the Member Major Projects Board. The Council has set up a Project Management Office to support the co-ordination of delivery of the Major Projects.

King's Lynn has a Towns Fund Deal with Central Government. The Council is the Accountable Body for the Towns Fund. Governance arrangements are in place to support the King's Lynn Town Deal Board, which includes a Local Assurance Framework, Terms of Reference, and their own Code of Conduct.

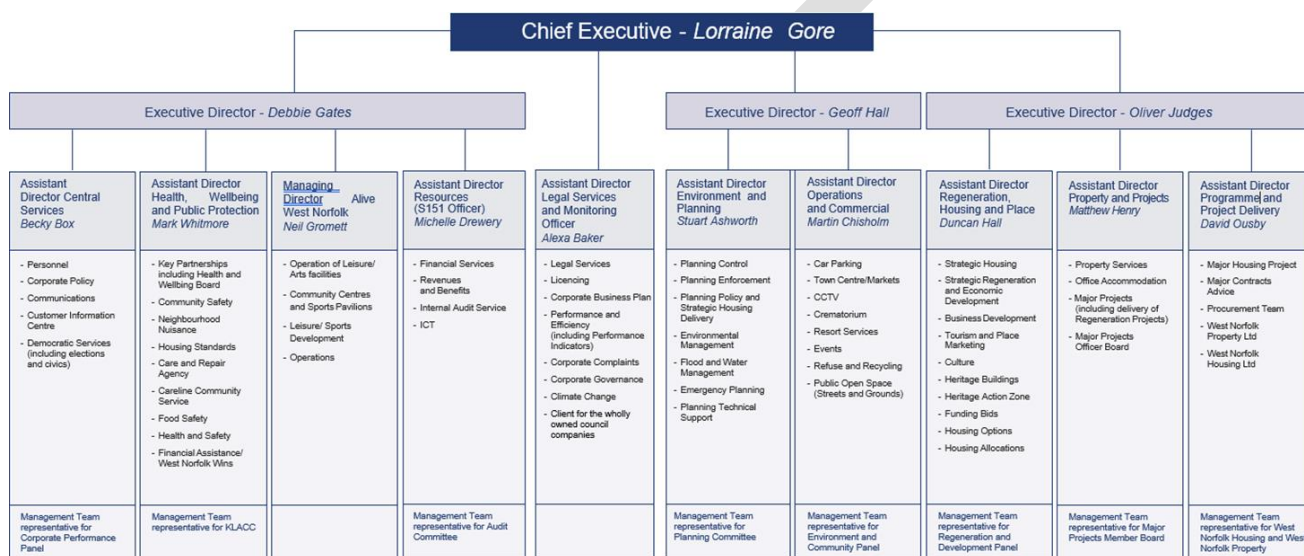
## Statutory Officer Meetings

The Council has a Chief Executive (Head of Paid Service), a Monitoring Officer, and a Section 151 Officer – the three statutory officers of the Council. During 2022/23 'Statutory Officer Meetings' were scheduled monthly.

This provides a platform for the three officers to share intelligence related to areas of governance, assurance, budgets, risk, and organisational decision making.

## Management Team and Senior Leadership Team

The current management structure of the Council was introduced in January 2020 and supports a collective and accountable leadership, enabling colleagues throughout the organisation to deliver the priorities, projects and actions set out by the Council’s political administration. The structure is headed by a Chief Executive (Head of Paid Service), supported by 3 Executive Directors (in February 2023 the Council introduced a new Executive Director for Place), who together form the Management Team (“MT”). The Senior Leadership Team (“SLT”) is made up of the Management Team plus the 9 Assistant Directors and the Managing Director of Alive West Norfolk :



## Key Roles

The key roles of those responsible for developing and maintaining the Governance Framework are:

<b>The Council</b>	<p>Approval of the Corporate Business Plan.</p> <p>Approves the Constitution (including the Financial Regulations and Member Code of Conduct)</p> <p>Approves policy framework and sets the budget.</p>
<b>Cabinet</b>	<p>The executive decision-making body of the Council.</p> <p>Cabinet is made up of the Leader of the Council and Cabinet Members with responsibility for different portfolios.</p>
<b>Audit Committee</b>	<p>Provides assurance to the Council on the adequacy and effectiveness of governance arrangements, risk management framework and internal control environment.</p> <p>Approves the Annual Statement of Accounts and Annual Governance Statement.</p>
<b>Standards Committee</b>	Promotes high standards of Member conduct.
<b>Corporate</b>	Fulfil the statutory overview and scrutiny functions, as the counter-weight to

<b>Performance Panel</b>	<p>the ‘Leader and Cabinet’ model.</p> <p>Its functions also extend to policy review and development.</p>
<b>Management Team (Chief Executive and Executive Directors) and Senior Leadership Team (CE, EDs and ADs)</b>	<p>Provide strategic oversight on:</p> <ul style="list-style-type: none"> <li>• the Corporate Business Plan and emerging issues</li> <li>• key policy items</li> <li>• internal control issues, including risk management</li> <li>• performance management</li> <li>• compliance, including governance</li> <li>• value for money; and</li> <li>• financial management</li> </ul> <p>Accountability for developing and maintaining of the Council’s performance and risk frameworks.</p>
<b>Chief Executive (Head of Paid Service)</b>	<p>It is the role of the Chief Executive, also known as the Head of Paid Service, to ensure that all the authority’s functions are properly co-ordinated as well as organising staff and appointing appropriate management.</p> <p>The Chief Executive has overall accountability for the governance framework and operation of the organisation and staffing.</p>
<b>Assistant Director, Resources (S151 Officer)</b>	<p>Leads and directs the financial strategy of the Council and ensures the Council controls and manages its money well, being suitably qualified and experienced, and ensures the Financial Services Team is fit for purpose.</p> <p>Assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.</p> <p>Contributes to the effective corporate management and governance of the Council.</p>
<b>Assistant Director for Legal and Licensing (Monitoring Officer)</b>	<p>The Monitoring Officer ensures that the Council observes its Constitution and operates legally.</p> <p>Key duties include:</p> <ul style="list-style-type: none"> <li>• Reporting on matters they believe to be illegal or amount to maladministration;</li> <li>• Responsible for matters relating to the Conduct of Councillors (Borough and Parish); and</li> <li>• Responsible for maintaining and advising on the operation of the council’s Constitution.</li> </ul> <p>Overall responsibility for the maintenance and operation of the Whistleblowing Policy.</p>
<b>Internal Audit</b>	<p>Provides independent assurance and opinion on the adequacy and effectiveness of the Council’s governance, risk management and control framework.</p> <p>Delivers an annual programme of risk-based audit activity, including counter-fraud and investigation activity.</p> <p>Contributes to the effective corporate management and governance of the Council.</p>

	Makes recommendations for improvements in the management of risk.
<b>External Audit</b>	Audits / reviews and reports on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion).
<b>Assistant Directors, Heads of Service and Managers</b>	<p>Through the relevant service areas, implement the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues.</p> <p>Responsible for implementing the Council's governance, risk, and control framework. Contribute to the effective corporate management and governance of the Council.</p>

DRAFT



# **ANNUAL GOVERNANCE STATEMENT 2023/24**





# CONTENT

<b>Approval of the draft Annual Governance Statement</b>	<b>2</b>
<b>Introduction</b>	<b>3</b>
Scope of Responsibility	3
The Governance Framework	3
<b>How the Council Works</b>	<b>5</b>
<b>Review of Effectiveness</b>	<b>5</b>
Summary Against the Principles	5
Review Against the Areas of the Governance Framework	9
<b>Significant Governance Issues</b>	<b>29</b>
<b>Schedule 1 Governance Action Plan</b>	<b>30</b>
<b>Schedule 2 How the Council Works</b>	<b>35</b>
Governance Model	35
Full Council	35
Cabinet	35
Overview & Scrutiny	36
Audit Committee	36
Budget & Financial Management	37
Corporate Strategy	37
Code of Conduct	37
The Golden Thread	38
Project Management	38
Statutory Officer Meetings	38
Senior Leadership Team	40
Key Roles	41

# Approval of the Annual Governance Statement

We recognise the importance of having a sound Governance Framework in place with effective and well understood processes and internal controls to enable the Council to deliver its services and its Corporate Strategy.

The underlying financial environment continues to pose significant challenges for the Council. Within this overall context, the role of good governance remains critical to public trust and confidence in decision making and the use of public funds.

This Annual Governance Statement provides the opportunity for an honest reflection on whether our Governance Framework is fit for purpose and provides the platform on which the Council will hold itself accountable for continuous improvement.

The Review of Effectiveness confirms that during 2023/24 there was overall assurance against the Council's Governance Framework however there are specific areas of weakness identified for prioritised and targeted improvement alongside an Action Plan for wider improvements.

We are grateful to the Councillors and officers of the Council for all their efforts to ensure that the Council is well run, transparent in its decision making and delivers the 'golden thread' which supports the effective management and leadership of the Council.

We approve this Annual Governance Statement.

Signed:

Cllr Alistair Beales  
Leader of the Council

Date:

Lorraine Gore  
Chief Executive

Date:

Cllr Alun Ryves  
Chair of the Audit Committee

Date:

# 1. Introduction

Good governance is integral for ensuring focussed, lawful, and transparent decision making and leadership in local authorities. It is important that actions and decisions are undertaken in the correct way, for the right people in a timely, inclusive, open, honest, and accountable manner. Having a framework of well understood rules, systems and appropriate access to information is crucial to supporting good governance. Weakness in governance can have far reaching implications and it is important that these are identified and minimised to support good governance.

The Borough Council of King's Lynn & West Norfolk ("the Council") strives to meet the highest standards of corporate governance to help ensure it meets its objectives. Councillors and officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. Governance comprises the systems and processes, cultures, and values by which the organisation is directed and controlled and through which it is accountable to, engages with, where appropriate, and leads its communities. It ensures that appropriate mechanisms for control are in place and that risks and opportunities are managed effectively.

## 2. Scope of Responsibility

The Council's responsibilities are to:

- Ensure its business is conducted in accordance with the law and proper standards.
- Safeguard and properly account for public money.
- Use public money economically, efficiently, and effectively; and
- Meet its 'best value duty' to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council has a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*. The Code was reviewed by Audit Committee during 2018/19 and shall be reviewed and refreshed in 2024/25.

The Annual Governance Statement ("AGS") reports publicly on the extent to which the Council has complied with its governance duties and how the Council has deployed effective governance during the 2023/24 financial year against the Code. It includes a review of effectiveness of its governance arrangements, including systems of internal controls, and sets out proposed changes going forwards to secure continuous improvement.

The Council recognises its responsibility for ensuring a sound system of governance is in place to support the delivery of the Council's Corporate Strategy and ensure good governance within the Council.

## 3. The Governance Framework

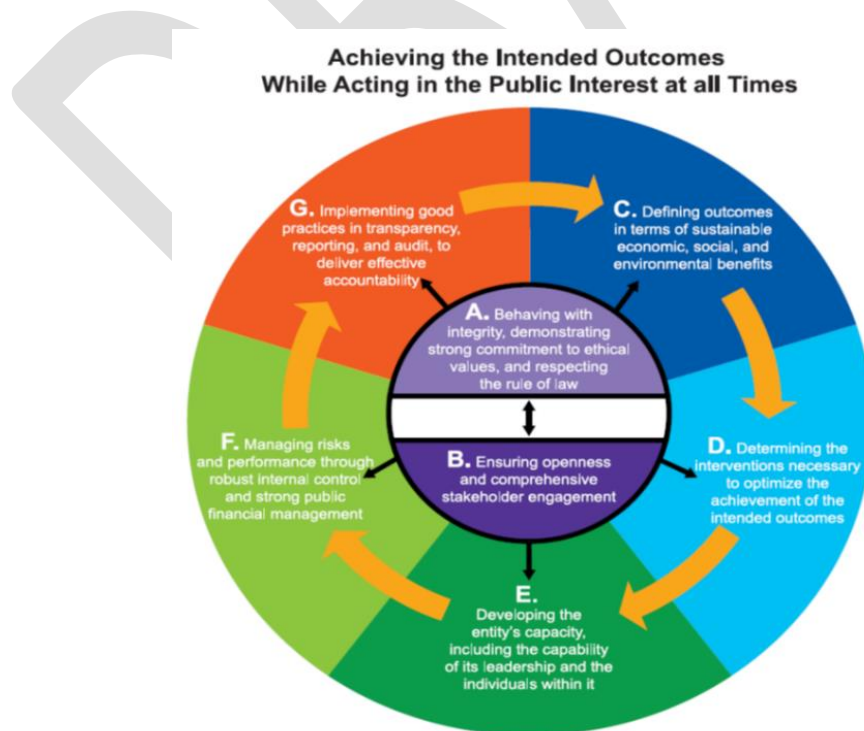
The Governance Framework comprises the systems, policies, procedures, culture, values, and operations by which the Council is directed and controlled, and its activities through which it accounts to, engages with and, where appropriate, leads its communities. It enables the Council to monitor the achievement of its strategic objectives and outcomes and to consider whether those objectives have led to delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- identify and prioritise the principal risks to the achievement of the Council’s policies, agreed priorities and outcomes.
- evaluate the likelihood and potential impact of those risks being realised; and
- manage them efficiently, effectively, and economically.

The Council’s Governance Framework is made up of the many systems, policies, procedures, and operations we have in place, including the Code of Corporate Governance, to help realise the principles within the CIPFA/SOLACE: Delivering Good Governance in Local Government Framework 2016:

<b><u>A</u></b>	<b>Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law</b>
<b><u>B</u></b>	<b>Ensuring Openness and Comprehensive Stakeholder Engagement</b>
<b><u>C</u></b>	<b>Defining Outcomes in Terms of Sustainable Economic, Social, and Environmental Benefits</b>
<b><u>D</u></b>	<b>Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes</b>
<b><u>E</u></b>	<b>Developing the Entity’s Capacity, Including the Capability of its Leadership and Individuals Within It</b>
<b><u>F</u></b>	<b>Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management</b>
<b><u>G</u></b>	<b>Implementing Good Practices in Transparency, Reporting, and Audit to Deliver Effective Accountability</b>



## 4. How the Council Works

For a summary of how the Council works and details of some of the key areas of the Governance Framework, please refer to Schedule 2.

## 5. Review of Effectiveness

The Council has responsibility for conducting a review of the effectiveness of its Governance Framework including the system of internal control. This review is conducted with reference to the Council's Code of Corporate Governance and aligned with the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*.

The Review of Effectiveness is carried by firstly undertaking an 'at a glance' summary throughout the 2023/24 period, and then secondly undertaking a deeper dive into specific areas of the Governance Framework.

### 5.1 Summary Against the Principles

#### ***Principle A: Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law***

##### **What Went Well:**

- ✓ Creation of a Constitution Informal Working Group by the Corporate Performance Panel with cross political group representation, with a work programme to review and update the Constitution with the Monitoring Officer and Democratic Services
- ✓ Standards Committee received a report which set out data, categories and themes taken from the Code of Conduct complaints received during 2022/23
- ✓ A review was undertaken of all Equality, Diversity and Inclusion policies and practices which has led to a set of recommendations which will start to be implemented during 2024/25

##### **Areas for Improvement:**

- ✓ Developing 'Values of the Organisation'
- ✓ Introducing a Behaviours Framework
- ✓ Review and refresh Officer Code of Conduct
- ✓ Review and refresh the Member/Officer Protocol
- ✓ Introduction of new Contract Standing Orders
- ✓ Work with Parishes on Standards needs to be implemented following Parish Council Code of Conduct complaints doubling compared to 2022/23

## ***Principle B: Ensuring Openness and Comprehensive Stakeholder Engagement***

### **What Went Well:**

- ✓ Regular meetings between Councillors and the local hospital management team
- ✓ Regular communications with the local MPs
- ✓ Business and voluntary sector engagement undertaken on the Budget proposals
- ✓ Representation and participation on the Special Interest Group for the financing of the levies for the Internal Drainage Boards
- ✓ Stakeholder events and engagement with residents of West Winch in respect of the West Winch Growth Area strategic plans.

### **Areas for Improvement:**

- ✓ Develop a Partnership Governance Framework and consider entering Partnership Agreements with significant partners, which includes an assurance process for monitoring risks
- ✓ Undertake public engagement on the Budget and the Corporate Strategy (building on the business and voluntary sector engagement already undertaken)

## ***Principle C: Defining Outcomes in Terms of Sustainable Economic, Social, and Environmental Benefits***

### **What Went Well:**

- ✓ A new Corporate Strategy developed by the new Administration along with the introduction of an 'Annual Plan' which sets out what will be delivered during 2023/24 and each following year
- ✓ The new Local Plan is currently under inspection
- ✓ The work undertaken between the Council and Alive West Norfolk (AWN) to appraise the options relating to the future model of governance of the leisure and cultural functions
- ✓ Set up a member Biodiversity Task Group to respond to the requirements of the Environmental Act to publish a biodiversity report by no later than 1 January 2026.
- ✓ Continued stakeholder engagement with statutory bodies to inform the development of the Southgates Masterplan Scheme.

### **Areas for Improvement:**

- ✓ Consulting on future iterations of the Corporate Strategy and the budget
- ✓ Strategies for data collection and analysis to inform the defining of outcomes and decision making

## ***Principle D: Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes***

### **What Went Well:**

- ✓ A loan facility of up to £50m for West Norfolk Property Ltd (WNPL) and West Norfolk Housing Company (WNHC) to acquire an asset portfolio from the Council was approved
- ✓ Creating resource within the Corporate Governance team to undertake the Company Secretary function for WNPL Limited and WNHC
- ✓ Commencement of a Procurement and Contract Management health-check and diagnostic programme through the East of England Local Government Association to address the findings of the limited assurance audit returned in 2022/23
- ✓ The Costs Management Income Generation (CMIG) Plan was reintroduced as part of the Medium-Term Financial Plan
- ✓ The King's Lynn Advisory and Consultative Committee (KLACC) became a decision-making body, King's Lynn Area Committee (KLAC), to make decisions within its remit relating to funding and projects within the unparished areas of King's Lynn

### **Areas for Improvement:**

- ✓ Finalise the Governance Action Plan for the Council wholly owned Companies
- ✓ Establish an officer working group to monitor the implementation of the CMIG Plan
- ✓ Develop a Social Value policy
- ✓ Develop a Fees and Charges Policy
- ✓ Determine how the Invest to Save fund will operate
- ✓ Aligning the Council's wholly owned companies' Business Plans with the Medium-Term Financial Strategy
- ✓ Develop Key Performance Indicators (KPI's) on the Companies' performance including financial performance, for the Shareholder to hold the companies to account
- ✓ Facilitating the future governance and financial arrangements for King's Lynn Advisory Committee (KLAC)
- ✓ Review how Community Infrastructure Levies are utilised in terms of the strategic benefit that can be maximised against the Corporate Strategy and Local Plan
- ✓ Requiring medium and long-term financial planning for the Council's wholly owned companies
- ✓ Earlier engagement on the Memorandum of Understanding for the Norfolk Business Rates Pooling Arrangements

### ***Principle E: Developing the Entity's Capacity, Including the Capability of its Leadership and Individuals Within It***

#### **What Went Well:**

- ✓ Undertaking a Council wide collation and review of all statutory and discretionary services to provide a corporate view of the allocation of resource and functions across the organisation
- ✓ Establishment of a Corporate Governance team to promote good governance across the Council
- ✓ Recommencement of the Level 7 Diploma in Leadership and Management for selected officers, as well as apprenticeship schemes to develop staff capabilities
- ✓ Commencement of 'Good Governance Sessions' by the Monitoring Officer with each Assistant Director and their Service Managers to refresh understanding on matters such as decision making, recording decisions, team schemes of delegation, lessons learnt, etc

- ✓ Implementation of the induction and training programme for Councillors after the elections, in particular for the 18 new Councillors

#### **Areas for Improvement:**

- ✓ Develop and adopt a Workforce Plan and Training and Development Strategy
- ✓ Commence a feedback exercise with new Councillors following May 2023 elections on the Member Induction Pack, the training programme and overall induction programme to ensure that the lessons learned are incorporated in the 2027 Member induction programme
- ✓ Create a Member Director induction pack for Councillors who become company directors of the Council's wholly owned companies
- ✓ Review the Centre for Governance and Scrutiny's Governance Framework and consider how this can be incorporated into future Annual Governance Statements
- ✓ Introduce an annual Project Maturity assessment following the assessment undertaken this year
- ✓ Mandatory training required for all officers on Procurement and Contract Management

### ***Principle F: Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management***

#### **What Went Well:**

- ✓ A deep dive review of the capital programme was undertaken
- ✓ Updated and streamlined the risk management framework
- ✓ Achieved 2.15% savings against a target of 2%
- ✓ Updated and streamlined the KPIs set for corporate performance
- ✓ The Costs Management Income Generation (CMIG) Plan was reintroduced as part of the Medium-Term Financial Plan
- ✓ Reallocation of £3m of earmarked reserves to the General Fund to support delivery of the Medium-Term Financial Plan
- ✓ Creation of a Procurement and Contract Management Transformation Officer Working Group to steer the transformation project underway

#### **Areas for Improvement:**

- ✓ Review and categorise the Council's Policy Framework to streamline the adoption and update of policies, to ensure all policies are up to date, linked where relevant and there is understanding and compliance across the organisation of the Policy Framework
- ✓ Reviewing and updating the Asset Management Plan and using this to feed the Capital Programme (a 'Limited Assurance' Audit recommendation)
- ✓ Spend that is non-complaint with Contract Standing Orders must be addressed and reduced
- ✓ Develop further modelling on capital financing and prudential indicators
- ✓ Expand the Cost Management and Income Generation Plan
- ✓ Review special expense costs and recharges
- ✓ External Audits of Local Government accounts have been delayed across England. Future plans for the Council's financial management will need to incorporate a strategy on meeting the demands necessitated by this external backlog
- ✓ Implement Performance Management and Risk Management Software
- ✓ Develop a strategy for better integrating risk management into service area decision making



## ***Principle G: Implementing Good Practices in Transparency, Reporting, and Audit to Deliver Effective Accountability***

### **What Went Well:**

- ✓ A Local Government Association Peer Review was undertaken, with the Peers' full report published in December 2023
- ✓ Introduction of an Annual Plan to set out what will be achieved against the Corporate Strategy each year, to increase accountability for delivering results.
- ✓ Guidance was introduced for officers on decision-making including when operational decisions, executive delegated decisions and when a Cabinet decision is required
- ✓ 4 audits were returned with 'substantial assurance' (Counter Fraud and Corruption, Payroll, Council Tax and Non-Domestic Rates and Council Tax Support and Benefits) and 9 with 'reasonable assurance'

### **Areas for Improvement:**

- ✓ Demonstrating how the Council gains assurance on risks associated with delivering services through third parties
- ✓ Publishing Freedom of Information requests online as part of the Transparency Code
- ✓ Track implementation of recommendations from Corporate Complaints and Data Breach assessments
- ✓ Bringing compliance with all audit recommendations up to date
- ✓ Progress the recommendations within the three 'Limited Assurance' audits returned during 23/24 (further details below)
- ✓ Deliver on the Procurement and Contract Management limited assurance audit recommendations from 22/23

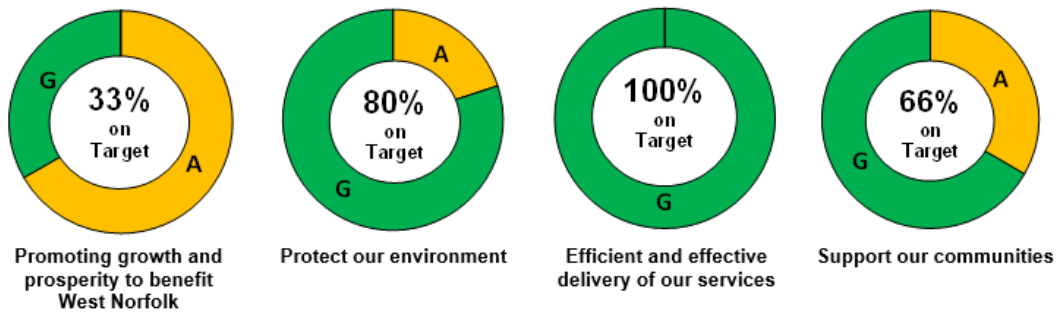
## **5.2 Review Against the areas of the Governance Framework**

### **5.2.1 Performance Monitoring**

Corporate monitoring is in place which flows from the Corporate Strategy down through to each service area and there are a series of corporate monitoring requirements which are regularly reported on to the Corporate Performance Panel. Overall, many services across the Council perform well and this is reflected in the Performance Monitoring Report for 2023/2024 which demonstrates the Council's effective delivery of services and support for the community.

Performance monitoring is carried out firstly against the Corporate Strategy and secondly against a set of KPIs adopted to monitor the Council's Day to day activities.

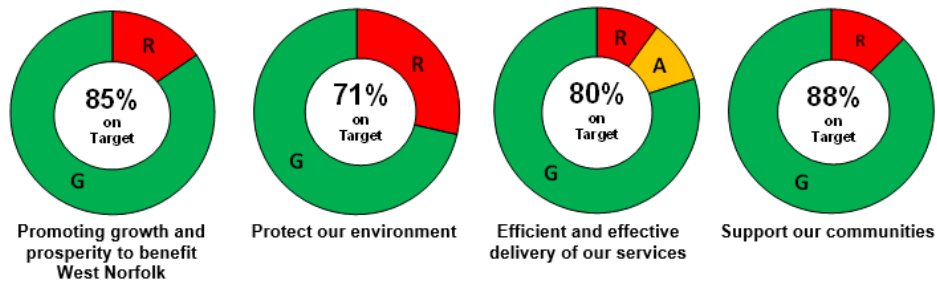
Executive summary of the Corporate Strategy - current position for 2023-2024



Corporate Priorities	Status of projects and actions				
	R	A	G	B	P
Promoting growth and prosperity to benefit West Norfolk	0 (0%)	4 (67%)	2 (33%)	0 (0%)	0
Protect our environment	0 (0%)	2 (20%)	8 (80%)	0 (0%)	2
Efficient and effective delivery of our services	0 (0%)	0 (0%)	5 (100%)	0 (0%)	8
Support our communities	0 (0%)	2 (34%)	4 (66%)	0 (0%)	1
<b>Overall position</b>	<b>0</b> (0%)	<b>8</b> (30%)	<b>19</b> (70%)	<b>0</b> (0%)	<b>11</b>

**R** Major issues to resolve      **A** Minor issues/delays      **G** Project on target  
**B** Project aborted/closed      **P** Project completed

Executive summary of the Key Performance Indicators - current position for 2023-2024



Corporate Priorities	Status of performance indicators				
	R	A	G	Monitor only	In progress
Promoting growth and prosperity to benefit West Norfolk	2 (15%)	0 (0%)	11 (85%)	4	2
Protect our environment	2 (29%)	0 (0%)	5 (71%)	6	0
Efficient and effective delivery of our services	1 (10%)	1 (10%)	8 (80%)	4	2
Support our communities	1 (12%)	0 (0%)	7 (88%)	7	1
<b>Overall position</b>	<b>6</b> (16%)	<b>1</b> (3%)	<b>31</b> (81%)	<b>21</b>	<b>5</b>

**KEY:**  
**R** Performance indicator is 5% or more below target  
**A** Performance indicator is up to 5% below target  
**G** Performance indicator has achieved target

## 5.2.2 The Corporate Performance Panel

### Number of call-in's of executive decisions

There were two call-ins during 2023/24 of the following decisions:

1. Officer Delegated Decision – Shared Prosperity Funding for King’s Lynn Bid Ltd “The Place Project”
2. Cabinet Decision: Making West Norfolk a Marmot Place

### **5.2.3 Monitoring Officer**

#### Introduction

This section provides a summary of the key areas of work and focus of the Monitoring Officer during 23/24.

An in-house legal team commenced the full provision of the legal function from April 2023 following the ending of the external provision arrangement with North Norfolk District Council. Alongside this, a Corporate Governance Team was established from April 2023.

On 4 May 2023 elections took place across all 35 of the Council’s Wards which resulted in the Independent Partnership Group forming a minority Administration. This was the first change in Administration for 20 years. A significant proportion of the Monitoring Officer’s time during 23/24 was drawn into supporting this transition and managing the changing roles of Councillors. The newly formed Corporate Governance team was equally drawn into supporting the new Administration, particularly around the creation of their Corporate Strategy and the Annual Plan.

Looking forwards to 2027, the potential for an Administration change will need to be planned for in terms of additional short-term resource, to learn the lessons from 2023 and ensuring that the support required where there is an Administration change does not disproportionately interfere with the day-to-day work of the Monitoring Officer and the Corporate Governance team.

#### Member Induction

A comprehensive induction programme was prepared for all Councillors, whether new or returning, which included an opportunity to meet the Senior Leadership Team and videos prepared to introduce Councillors to the work of the Council.

A feedback plan is to be devised to capture lessons learned to use towards development of the 2027 Member induction pack.

An area which will also now be developed is the creation of a Member Director Induction pack, for those Councillors appointed as Directors to the Council’s companies.

#### Constitution

A Constitution Informal Working Group was formed during 2023/24 which will now be the mechanism through which the Constitution will be reviewed and updated.

#### Standards and Code of Conduct Complaints

- a) Code of Conduct

No changes were made to the Member Code of Conduct instructed in 22/23.

## b) Complaints

There were 50 Code of Conduct complaints within 23/24:

Borough Councillor complaints	<b>16</b> (compared to 13 in 22/23)
Parish complaints	<b>34</b> (compared to 17 in 22/23)

In relation to the Borough Councillor complaints:

Councillor on Councillor complaints	<b>5</b> (3 withdrawn) (Compared to 3 in 22/23)
Officer on Councillor complaints	<b>0</b> (Compared to 1 in 22/23)

A Standards Committee hearing was held during 23/24 to determine two complaints in relation to the same matter.

## c) Declarations of Interest

Informal complaints have continued to be raised with regards to whether Councillors' Register of Interest forms have been completed fully. This was also a recurring theme in 22/23. Additional materials should be compiled during 24/25 setting out FAQ's for Councillors and Parish Councillors with regards to their declarations of interests.

### Corporate Complaints

A corporate complaints process is in place so a member of the public aggrieved by a council service or any complaint they have in connection with the Council's functions or the way that they have been treated can make a corporate complaint.

58 Corporate Complaints were received during 2023/24.

12 complaints were considered by the Local Government Ombudsman with **none** upheld.

23/24 Datasheet - Complaints Decided by the Local Government and Social Care Ombudsman

Invalid / Incomplete	<b>0</b>
Advice given	0
Referred	3
Closed after initial enquiries	8
Not Upheld	1
Upheld	0
Total	12
Uphold rate %	<b>0</b>
Average LGSCO Uphold rate %	63

## Wholly Owned Companies

The work on delivery of the Governance Action Plan approved in November 2022 was delayed by the consequential impact of the Administration change during 23/24. The work of the Shareholder Committee has, however, continued to be developed. The Shareholder Committee considered and approved draft governance documents and draft Business Plans for the companies, amongst other matters. Additionally, the Corporate Governance team commenced provision of the Company Secretary function to the Council's companies, which has added additional governance resource and value to the Companies. Further details are provided in the Wholly Owned Companies section below.

Work and resource to complete the Governance Action Plan, as further elaborated on by the Internal Audit Position Statement, will be treated as a Directorate priority during 24/25.

The completion of the outstanding 31 leases in relation to the 74 properties leased to WNPL Ltd (WNPL), which was included as a Significant Governance Issue in the Annual Governance Statement for 22/23, was carried out in February 2024. Work has commenced on the new leases, in furtherance of the financial advice received as part of the decision to approve the loan facility to the Companies, that purchases should wait until interest rates have reduced to the optimum level.

## Whistleblowing

There was **1** whistleblowing complaint received in 23/24, which was found to be not substantiated.

The Whistleblowing Policy was reviewed and adopted by Full Council on 31 January 2024.

## Annual Governance Statement

The Annual Governance Statement (AGS) has been refreshed to include more detail of our Governance arrangements together with deep dives into more specific areas. It is intended to use the AGS as a 'working' document, updated throughout the year to accurately reflect where the application of governance arrangements have been strengthened and areas where improvement have been identified.

## Good Governance Sessions

Dedicated sessions with each Assistant Director and their Service Managers were commenced, focussing on areas such as operational decision making, executive decision making, recording decisions, internal schemes of delegation and lessons learned.

## Overall Assurance

There were no other significant governance failings that are known other than those covered within this report. The Governance Framework otherwise operated within expected parameters.

23/24 was the first year the Council has operated the Corporate Governance function through a dedicated Corporate Governance team. This has strengthened the profile of the Governance Framework throughout the authority. The key to improvement will be to ensure the Governance Framework is seen as part of the day job, and not an additional burden for officers. The Statutory Officers and Corporate Governance team are now in a position to promote and drive the awareness

of the Governance Framework and secure the identified actions to achieve continuous improvement.

#### **5.2.4 Chief Finance Officer**

In accordance with the 'Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government' (published in April 2016), the Section 151 Officer/Assistant Director, Resources, is a professionally qualified Accountant, and is a member of the Council's Senior Leadership Team (SLT), and reports to the Executive Director, Central Services and to SLT (including the Chief Executive) and the Portfolio Holder for Finance (Cabinet Member) on key strategic finance matters.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and are contained in the Financial Regulations, which form part of the Council's Constitution. Monthly budget monitoring takes place reporting to SLT and Cabinet on a quarterly basis.

The Council's annual budget is subject of extensive updating, scrutiny, and consultation throughout the budget setting process, this includes the Council's General Fund, Capital, and wholly owned company's budgets.

During 2023/24, the Council continued to be impacted by rising costs due to inflation and pay pressures. The impact of inflation is most evident in the Capital Programme, utilities, insurance premiums, and Operation services. Monthly budget monitoring and quarterly reporting enabled Cabinet and Council to remain informed of budget pressures and favourable movements.

The Government's fair funding review, which will affect how funding is allocated and redistributed between local authorities, continues to be delayed. This review is also likely to include a reset of the business rates system. Reset of the system and the establishment of new funding formulae is likely to result in the Council losing a degree of financial advantage under the current system, which derives from the fact that actual Business Rates income is above the baseline in the system. Whilst this continues to create uncertainty for financial planning, the Council takes a cautious approach to estimating reliance on Government funding.

The Council has a large and ambitious Capital Programme, and the realisation of capital receipts and external funding will be important in ensuring affordability and delivery of the programme. The Council recognises the importance of ensuring that capital assets continue to be of long-term use especially against a rapidly changing operational and technological backdrop. Enhancing the management of the Council's existing asset base and looking beyond the traditional medium-term financial planning horizon is a priority. Major capital projects are delivered by dedicated project managers within the Council, with leadership and oversight provided by the SLT.

Whilst the Council faces significant cost pressures, rapidly rising interest rates have provided the Council with additional income from its treasury management activities. Existing loans are all at fixed rates and therefore not susceptible to market increases. During the year, the Council constantly receives advice from its Treasury Advisors regarding the creditworthiness of financial institutions and lending on the local authority market. Security of the Council's cash is the over-riding consideration in setting its Treasury Management Policy Statement.

The report to Council in February 2024 indicates that future years beyond 2024/25 continue to show budget shortfalls of core funding compared with budgeted expenditure. The primary concerns

regarding the Council's Budget and continue to be uncertainty in the local government finance system, and the range and scale of expenditure and income pressures. A strategy for a combination of actions will be needed in the next budget round to ensure a longer-term sustainable position, including a phased use of reserves, maximisation of income, and the achievement of savings. The Council's overall balance on reserves is currently healthy, which will provide the time for actions to embed and outcomes to be realised.

Section 25 of the Local Government Act 2003 requires the Assistant Director – Resources (Section 151 Officer) to formally report to Council as part of the tax setting report on the robustness of estimates and the adequacy of reserves. In the budget report to Full Council on 21 February 2024, the Assistant Director – Resources (Section 151 Officer), concluded that the overall budget estimates are robust, considering known risks and mitigating strategies, and the reserves are adequate for the 2024/25 budget plans.

## **5.2.5 Corporate Governance**

### Corporate Strategy and Annual Plan

Following the May 2023 elections, the council's Administration changed from Conservative led to 'no overall control'. The new administration was formed from an alliance between the Independent Group, the Green Party and the Liberal Democrats, supported by Labour.

A new Corporate Strategy was published in December 2023, supported by an Annual Plan 2023/24, based on priorities to be delivered within the year. The Annual Plan is a new addition to the council's Performance Management Framework and is based on priorities and outcomes defined in Directorate Plans, published annually. This allows for more focused monitoring of projects and milestones planned to meet the outcomes specified in the Corporate Strategy.

### Local Government Association Peer Review

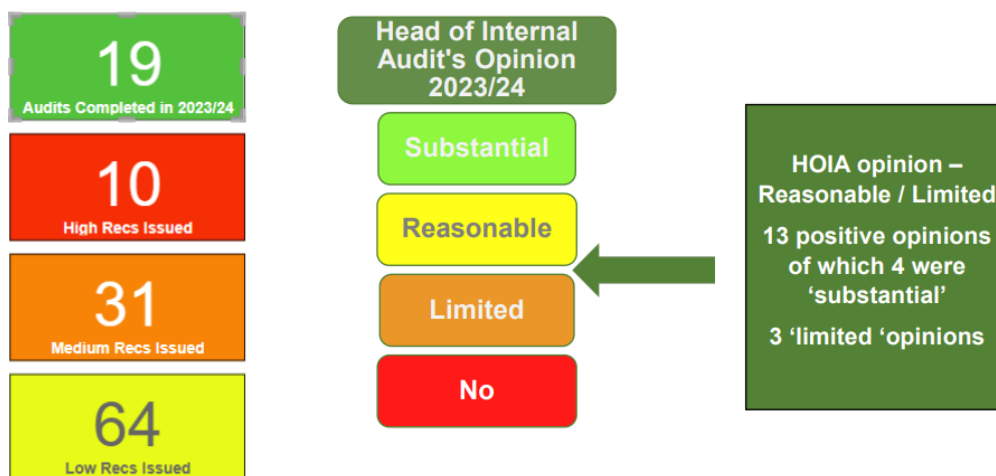
A Corporate Peer Challenge took place in the Autumn of 2023. A resulting Action Plan was produced and agreed by Cabinet in March 2024 which looks to address the recommendations that have been highlighted from the Corporate Peer Challenge.

## **5.2.6 Head of Internal Audit**

### Annual Opinion

The Head of Internal Audit issues an annual audit opinion each financial year to notify the Council of the objective assessments undertaken by internal audit and the degree of confidence available in the organisation's governance, risk management and control processes. Based on the findings of the audit reviews carried out throughout 23/24, other sources of assurance available and the relative materiality of the issues arising from audit work as well as the Senior Leadership Team's progress in addressing any control weaknesses identified, the opinion issued for 23/24 was as follows:

**Summary: Internal Audit Work 2023/24**



Limited opinions for 23/24

Three limited assurance opinions have been issued in 2023/24 and key control weaknesses were identified. These control weaknesses represent unresolved risks:

➤ **Starters, Movers and Leaves (Final report issued September 2023)**

Two of the three high recommendations relating to adding new starters to and removing leavers from the network have been completed. The other remains open and is overdue. A full review of assets and equipment held across the organisation is needed and the ICT Asset Register updated accordingly. The control weakness affects the ability of the Council to safeguard its assets.

➤ **Capital Programme (Final report issued April 2024)**

Four high priority recommendations were raised in relation to the monitoring and oversight, and establishment of decision-making procedures for 'operational scheme' projects. The final recommendation related to reviewing and updating the Asset Management Plan and using this to feed the Capital Programme. 'Operational scheme' projects account for circa £21M in the current 2022/23 to 2026/27 capital programme. These control weaknesses impact on the ability of the Council to manage projects effectively and deliver them on time and within budget.

A further six medium priority recommendations were also raised in relation to the governance of the capital programme.

➤ **Public Open Spaces (Final report issued December 2023)**

Three high priority recommendations were raised in relation to reviewing the Tree and Woodland Strategy to ensure progress is being made, ensuring other relevant policies and strategies have taken account of this Strategy, and reviewing the tree management recording system regarding its efficiency and effectiveness. The former two recommendations have due dates of June 2024 and the latter March 2024 which remains open and is overdue.

A further two medium priority recommendations were raised regarding the monitoring and reporting of KPIs. One of these is completed and the due date for the other is June 2024.



## Position Statements

Two position statements on Council's Local Authority Trading Companies (LATCOs), WNPL Limited and WNHC Company Limited were issued in 2023/24. Both advisory pieces of work assessed the strategic and governance arrangements at both companies against the Local Partnerships' Local Authority Company Review Guidance.

- WNPL Limited  
Actions for improvement were made in relation to:
  - Finalising key governance documentation for the Company such as articles of association, shareholder's agreement, the Business Plan, the Service Level Agreement (SLA), financial agreements etc.
  - Review and update the Risk Register and Business Plan.
- WNHC Company Limited  
Actions for improvement were made in relation to:
  - Signing key governance documentation.
  - Updating costs within the SLA to give a true picture of service costs.
  - Establishing some performance measures for monitoring.

## Outstanding Limited Assurance Recommendations from Previous Years

In addition to the above-mentioned actions, the outstanding high and medium recommendations from limited assurance reports in previous financial years are reflected below:

### ***2021/22 Alive West Norfolk***

- 2 High and 1 Medium priority recommendations are outstanding

### ***2021/22 Waste Management***

- 1 Medium priority recommendation is outstanding

### ***2021/22 Capital Programme***

- 1 High priority recommendation is outstanding - '

## Outstanding Recommendations

In relation to the follow up of management actions, to ensure that they have been effectively implemented, the position at year end 2023/24 is that 80 recommendations (high, medium and low) crossing the years 2018/19 to 2023/24 are outstanding. The table below shows the numbers by the year in which they were raised for high and medium recommendations:

Audit Year	No. Outstanding	No. of High	No. of Medium
2018/19	3	0	3
2019/20	5	0	5
2020/21	1	0	1
2021/22	10	5	5
2022/23	8	1	7
2023/24	11	2	9
<b>Totals</b>	<b>38</b>	<b>8</b>	<b>30</b>

### 5.2.7 Anti-Fraud & Anti-Corruption

Where people commit fraud against the Council, they take money away from the services on which the public depend, and damage citizens' trust in the government.

A total of 7,312 investigations (including data matching exercise referrals) were completed with a total of **350** cases of fraud/error were identified to the total value of **£323,494.25**.

A further 5 requests were received across the organisation for assistance with debtor/absconder tracing with **3** successful traces made to the value of **£145,413.94**.

### 5.2.8 Information Governance

#### SIRO Annual Report

The following paragraphs represents the SIRO Annual Report. The main purpose of such reporting and management is to provide accountability and greater assurance that information risks are addressed.

#### Designated Posts

Experienced and qualified postholders include the Data Protection Officer/Corporate Governance Manager, Senior Information Risk Owner and Deputy Senior Risk Owner, Information Governance Officer and Governance and Compliance Officer. In addition, appointed Freedom of Information (FOI) Officers/Information Champions exist across all services.

#### Personal Data Breaches

The Data Protection Officer has investigated **27** potential personal data breaches, **27** were confirmed breaches. **4** data breaches were reported to the Information Commissioners Office (ICO). In these 4 cases, the ICO took no further action.

## Freedom of Information Act (FOI) & Environmental Information Regulations (EIR)

The Corporate Governance Team received **782** FOI/EIR requests during 23/24. **71%** of requests were completed within target. No issues have been highlighted to the SIRO over concerns raised by the Information Commissioner's Officer during the year.

### **5.2.9 Policy Framework**

A full review of the policy framework was planned for 2023/24 to ascertain a full master list of all policies, strategies, protocols, and plans across the Council, to include details of their lifecycles so that updates and reviews to policies are not missed. This work will also consider whether an exhaustive list of 'non-executive' policies should be determined as the Corporate Policies that are the responsibility of Full Council, and then separate out service specific policies and delegate these as executive. Currently all policies must be approved by Full Council. Work will also be undertaken to link and group policies, to ensure there are no conflicts and that appropriate account is taken of connected policies. This work was delayed due to the reallocation of resource onto the Company Secretary function for the Companies and will be progressed during 24/25.

The following policies were approved in 2023/24:

- Updates to various Housing Standards policies
- Whistleblowing Policy
- Anti-Money Laundering Policy

### **5.2.10 Risk Management**

Given the wide range of activities undertaken by the Council, we face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, corporate governance, and damage to reputation.

The Council's Risk Management Policy and Strategy sets out the framework, arrangements, and responsibilities in respect of how risks relating to the delivery of key outcomes and priorities are identified and managed. The Strategy assists officers to apply sound risk management principles and practices across their areas of responsibility recognising employees, Councillors and those who act on behalf of the Council have a role to play in effective management of risk. The Strategy was developed further to provide comprehensive details on governance and management of risks.

A presentation was made to Audit Committee in August 2023 in respect of Risk Management as part of the member induction process including to any new committee Councillors. A further presentation was made to Audit Committee in November 2023 in respect of risk management reporting techniques. The Corporate Risk Register was presented to Audit Committee in August 2023.

In May 2023 a presentation was made to the Town Deal Board in respect of Risk Management and risk management development session, including how the Board wished for the Risk Register to be presented and frequency of reporting.

Work commenced around enhancing the way in which risk is managed, monitored, and reported by considering the introduction of software.

## 5.2.11 Procurement and Contract Management

### Areas of Focus

As part of the Procurement and Contract Management Transformation commenced during 22/23, current Contract Standing Orders are in the process of being reviewed and amended, to align with new Procurement legislation and to implement recommendations from the limited assurance audit and the external procurement health check through East of England Local Government Association (“EELGA”). This will include recommendations that the thresholds for procurement methods be increased to bring us in line with other local authorities and the use of eSignature on contracts below £500,000.00.

The Council’s current Procurement Strategy, which was approved in April 2018 for the period up to and including 2025, is being revised. The new Procurement Strategy will incorporate the priorities identified through the EELGA health check and align with the Corporate Strategy.

Training and upskilling have been given a priority. Workshops on specification writing and contract management were delivered during 23/24. Further training and engagement with officers on the new regime is planned throughout 24/25

The Procurement team carried out 45 tenders across the Council and the Council’s companies. There were how 35 exemptions from Contract Standing Orders, which in part relate to the very short timescales on progressing the Town Deal projects and overall programme.

### Limited Assurance Audit

An audit of the Procurement and Contract Management service returned a ‘limited assurance’. The following recommendations were made:

- High – update Contract Standing Orders
- Medium – increase service areas’ engagement with the Procurement Team to ensure all data on procured contracts is captured, introduce mandatory e-learning for all officers, utilise the financial software to its fullest extent to build in checks and balances and support analysis of spend, require utilisation of KPIs and performance management in contracts, prepare guidance and training for Contract Management, create a system for capturing and actioning all Procurement Policy Notes issued by the Cabinet Office and improve arrangements around the Exemptions Register.

Actions against the audit recommendations are being absorbed into a Procurement and Contract Management Transformation Project.

### Non-Compliant Spend

Non-compliance refers to a compliant procurement method under Contract Standing Orders not being identified by the Procurement and Contract Management team as having been used. Contract

Standing Orders are an internal control designed to support best value being achieved and as a protection against fraud & corruption. They are an essential part of the Governance Framework.

The non-compliant figures are provided with a caveat. They are based on:

- The top 200 contracts throughout the year based on revenue spend (excluding non-influenceable contracts). This equates to £24,266,422.22 of £30,272,664.12 – or 80.16% of total spend
- The top 70 contracts throughout the year based on capital spend (excluding non-influenceable contracts). This equates to £31,515,148.16 of £33,406,118.90 – or 94.34% of total spend

Additionally, non-compliant spend has been treated as contracts that the Procurement and Contract Management team are not aware of. Due to resource constraints, only the top 21 non-compliant revenue contracts have been fully verified as non-compliant which equates to £1,618,588.31 of spend. The capital non-compliant spend has been fully verified. It is possible that valid procurement methods have been used for some or all of the remainder of the revenue contracts, for example via the use of a framework, but the service area did not inform the Procurement team of this. Accordingly, either way, this points to a breakdown in a fully compliant procedure. Resource would need to be identified to carry out a full verification.

The non-compliant spend figures are:

- Revenue – £3,425,483.09 of £24,266,422.22 spend – equating to 14.12% as non-compliant
- Capital – £293,308.97 of £31,515,148.16 spend – equating to 0.93% as non-compliant

The audit requirement for mandatory training for all officers is the primary action required to mitigate this governance failing. Reducing these figures will be a primary object of the Procurement and Contract Management Transformation.

#### Procurement and Contract Management Transformation

The Procurement and Contract Management team is going to be focussed on various pieces of work being brought together into one Transformation Project:

- Service area transformation - to align the Procurement and Contract Management function with best practice and improve its integration with the rest of the Council and the Council companies;
- Responding to the new procurement regime being introduced by the Procurement Act, which has now received Royal Assent and comes into force on 28 October 2024, ensuring all new requirements are incorporated and adopted by the Council before the commencement date of the new regime.
- Introducing a new Procurement Strategy and Social Value Policy
- Addressing the limited assurance audit recommendations from 22/23

- Forward planning and engaging with service areas from an earlier stage to enable the procurement team to be involved in pre-market engagement
- Implementing the recommendations the EELGA healthcheck which includes centralisation of contractual documents, changes in thresholds for procurement, continued training for all officers and improving focus on contract management across the whole organisation

### **5.2.12 Equality, Diversity and Inclusion**

During 2023/24 the Council has continued to support the aims and objectives outlined in its Equality Policy to ensure it meets its legal obligations under the Equality Act 2010. The Council's work around Equality, Diversity and Inclusion is led by the Assistant Director Central Services, who chairs the Corporate Equalities Working Group. The terms of reference and Councillorship of this group, which includes representatives from across the organisation, has been refreshed and implemented during the 23/24 year. The Assistant Director also provides regular updates to Senior Leadership Team and the Leader of the Council, who is the Portfolio Holder for this area of work.

During 2023/24 the services of an external consultant have been engaged to assist the Assistant Director with a review of existing policies and practices. This has led to a range of recommendations being made. The ADCS reported the key findings of the review and agreed priority actions/recommendations with Senior Leadership Team in September 2023.

The Corporate Equalities Working Group has identified priority areas for development during 24/25, including accessibility of the website, training needs and provision, accessibility issues for customers and general awareness raising. As a result, a series of sub-working groups/task and finish groups have been established to ensure there is progress in key areas during 2024/25. Areas for further task and finish/sub-groups have been identified and will be progressed once the initial workstreams have been completed.

Work to update the existing Equality Policy is progressing, taking on board feedback from the findings of the review undertaken during the year. This will be taken forward through the Council's approval processes during 2024/25. Improvements to Equality Impact Assessment (EIA) processes have been introduced and will be supported by training to help embed best practice into the organisation. Work to compile a central record of completed equality impact assessments and associated webpage is ongoing.

A review of the Council's policy to support transgender employees has been completed, including input from Trade Unions, with an updated Trans Equality policy being implemented. Reports on employment monitoring and the gender pay gap have been completed to deadline with relevant information published on the Council's website.

Work to support Care Leavers, a group we have identified as potentially disadvantaged in our local communities, has been progressed during 2023/24 with the full support of Cabinet, leading to the Council signing the Care Leavers Covenant. Work to develop our offer to Care Leavers is progressing through an officer working group and developing links with relevant partners.

### **5.2.13 Personnel Services**

The Council's Personnel Services team delivers services, advice and guidance to all Council departments/services, managers and employees on all people related matters including recruitment and selection, training and development, employee relations, employee performance management, terms and conditions of employment, sickness absence management, employee welfare and wellbeing. Payroll services are also delivered by the team, with payroll processing outsourced to an external provider. The team also delivers all HR and payroll related services to Alive West Norfolk, one of the Council's wholly owned local authority companies.

During 2023/24 a range of activities have been undertaken to enhance existing policies and procedures relating to employee matters. Employee wellbeing and resilience has become a key focus since the pandemic, including launching and developing an online wellbeing hub for employees to access, a range of wellbeing related initiatives, updating our stress risk assessment process and embedding of our Trauma Risk Management process. During 2023/24 stress and resilience workshops were delivered to managers and feedback from these will be used to inform future interventions to assist with managers and employees during 2024/25.

Ongoing monitoring of recruitment and retention challenges led to recommendations regarding pay grades being considered as part of the 2023 cost of living pay award process. These revisions have led to an increase to the top of our pay grades which aids retention, by providing room for progression for a number of employees who were previously at the top of their grade, and recruitment, by increasing the pay range that can be used in adverts to attract the best possible candidates. Ongoing use of progression schemes and opportunities for apprenticeships continue to be used to maximise recruitment and retention, particularly in hard to recruit areas. Plans to introduce an employee assistance programme are well developed with the scheme due to launch in early 2024/25 and other schemes to benefit employees, including a cycle to work scheme and volunteering scheme are being progressed for launch in 2024/25.

Management Development activities have continued with two cohorts of managers completing the Level 5 Diploma in Management and Leadership programme and a Level 7 Strategic Management and Leadership Practice commencing during the year.

Plans to deliver an employee opinion survey are in the latter stages of development. A procurement process has been undertaken to identify a partner to work with to deliver and analyse the survey independently and the survey is on schedule to go live in April 2024. Findings from the survey will be used to inform a range of improvements/developments to employee communication and engagement activities going forward.

### **5.2.14 Information Technology and Data**

The Council has in place key documents which communicate the standards of behaviour required of Councillors and all council staff (officers).

- ICT Asset Management Policy
- ICT Computer Usage Policy
- ICT Corporate Email Policy
- ICT Corporate Internet Policy
- ICT Security Policy
- ICT Service Desk Policy

The ICT related policies are reviewed annually and refreshed when appropriate to ensure they are in line with the latest ICT technology advancements and information security guidelines. Information security is vital for public confidence and the efficient conduct of business.

ICT Security is paramount, and the Council's ICT has to be compliant with a set of controls outlined by the cabinet office - Public Services Network. The Council ensures compliance in 2024/25 including progressing any actions identified as a result of the 2023/24 audit.

Additionally, our website is subject to a government digital service (GDS) website accessibility audit which involves a comprehensive review of our digital products and services, ensuring that they conform with current legislation and that they are accessible to all users, including those with specific access needs.

Other arrangements are in place to ensure compliance with relevant policies and to ensure that expenditure is legal is the ICT Development Group; a group which for the 2023/24 year consisted of the Portfolio Holder, a second Cabinet Member, an additional Member, the Executive Director for Resources, and the ICT Manager. The group manages the ICT capital budgets, reviews all new proposed ICT developments, and keeps up to date with pertinent legislation. Officers write a report to the group outlining their business case and decisions are taken on spend to ensure that it complies with the council's priorities. The group monitors project delivery and items are recorded via agendas and minutes.

Some examples of agreed cases are: - a project to purchase and implement a new Corporate Performance Management Solution and a project to update our analogue telephony to digital.

Other cases in early development during 2023/24 include a couple of data-based projects, one looking at providing a new corporate cloud-based intranet which should improve the way in which corporate information is stored and accessed and another project based on using business intelligence to help us better understand and report on our data across service areas.

## **5.2.15 Wholly Owned Companies**

The Council has three wholly owned local authority companies:

- Alive West Norfolk (Sports and Leisure)
- WNHC Company Ltd (WNHC); and
- WNPL Limited (WNPL).

During 23/24 the following work was undertaken against the Governance Action Plan for the Companies:

- Appointing non-executive Councillors as Directors with relevant experience to support the work of the Companies
- The Chief Executive was removed from the role of Company Secretary on WNPL and WNHC (kept on Alive West Norfolk due to the review of the governance model)
- The Shareholder Committee met to review the governance documents and business plans of the council's housing companies
- Creating resource within the Corporate Governance team to undertake the Company Secretary work for WNPL and WNHC



- Negotiating the Shareholder Agreement and Service Level Agreement for WNPL between the Council and WNPL
- Training sessions put on for Directors and Shareholders in conjunction with CIPFA

The Council approved a £50m loan facility for WNPL and WNHC to utilise to purchase the properties they currently lease from the Council. The Companies are both undertaking work to determine the right point to drawdown on the loan facility.

The completion of the outstanding 31 leases in relation to the 74 properties leased to WNPL, which was included as a Significant Governance Issue in the Annual Governance Statement for 23/23, was carried out in February 2024. Work has commenced on the new leases, in furtherance of the financial advice received as part of the decision to approve the loan facility to the Companies, that purchases should wait until interest rates have reduced to the optimum level.

In view of the potential decision to bring Alive West Norfolk back into the Council structure, governance work on Alive West Norfolk had been halted, and now the decision has been taken to bring the leisure and cultural functions back in-house, no further governance work will be undertaken on Alive West Norfolk other than to close the Company down in line with due process. This includes the completion of the audit recommendations from 21/22.

Going forwards into 24/25, priority will be given to finalising the Governance documents for WNHC and WNPL, work will be undertaken to improve the assurance these Companies provide to the Shareholder Committee on performance against their Business Plans and their own internal Governance Framework, in addition to aligning the Council's Medium Term Financial Plan (MTFP) more closely with the Business Plans of the Companies.

### **5.2.15 Place, Funding and Projects**

Progress with the Project Maturity Improvement Plan referenced in the 2022/23 Action Plan has been slower than anticipated as the Programme Management Office (PMO) team has not been resourced yet. Despite this, changes and improvements have been achieved in the way the Council deals with project and programme management, including:

- Template documents are in place
- Project Highlight reports have been refined and are produced in a regular and consistent way
- Project teams have become more efficient at writing the regular reports
- All returns to the Department of Levelling Up, Housing and Communities (DLUHC) have been completed on time
- Liaison between the PMO, project teams and the finance team has continued to improve
- The post of Project Accountant is valued by project leads
- The Officer Major Projects Board has streamlined its Councillorship, and the Member Major Projects Board has continued to develop its approach, moving to quarterly meetings, over the course of the year
- The Member Major Projects Board has a full forward work programme of items which will help to provide assurance around Major Projects to elected Councillors.

During the year, a need to implement a project management software solution has been identified. A software solution would help to align project governance, project delivery and project management office processes, improve efficiency and provide opportunity for automated and

improved reporting. Work has commenced on this and is in early stages, hampered by the ongoing delay to resourcing the authority's PMO team.

### Towns Fund Projects

The development of the projects within the Town Deal has been overseen by the King's Lynn Town Board. The Borough Council of King's Lynn & West Norfolk is the accountable body for this funding. The Town Deal Board has its own Code of Conduct in place.

The Town Deal programme has continued with all projects in the delivery phase. The Boost skills project completed within the Town Deal programme in March 2024 and a post project evaluation process will be undertaken to ensure lessons are identified and applied going forwards will be started in the first quarter of the 2024-25 year.

The Rail to River (Public Realm) project was due to complete in March 2024 but for various reasons, will go into the 2024-25 year. The other 5 Town Deal projects, one led by Norfolk County Council were progressed, albeit with delays due to local elections, continuing challenges around cost pressures and capacity constraints. The Programme Board and Town Deal Board were kept aware of issues and entries were made onto project and programme risk registers as appropriate, to monitor and manage.

Following the Borough Council elections and a new administration, the Town Deal Board determined to increase its Councillorship to include an additional elected member, representing one of the King's Lynn wards. The Board also determined to increase its Councillorship of private sector / local businesspeople, and in the summer of 2023, 3 additional Councillors were recruited. Other changes to organisational representatives also took place during this year, some following the written procedure allowed for in the Terms of Reference; all agendas, papers and minutes were published on the Vision King's Lynn website in a timely fashion. Board Councillorship changes referenced here strengthened commitment, local community and business input and the Terms of Reference were updated accordingly to reflect the changes through the year.

Monitoring & Evaluation returns to the DLUHC were completed fully and submitted on time, with input from the Town Deal Board and Programme Board officers, both signed off by the Town Deal Board Chair and council's S151 Officer / Head of Finance, as required by DLUHC.

An audit of the Town Deal programme was carried out by Internal Audit during February and March 2023, with the report finalised and issued in May 2023. The overall objective of the audit was to ensure that robust arrangements were in place for the management and governance of the Towns Fund grant, for the process of compiling and agreeing the business case for each project, the monitoring and reporting of progress of each project, and for the identification and management of risks relating to each project. The conclusion drawn was that management could be provided with an overall opinion of 'Reasonable Assurance'. Of the eight recommendations that were made, five had been implemented by the time the report was issued. The remaining points will be monitored to completion, as part of the council's usual audit assurance processes.

In February 2024, at the end of his second tenure (making a 4-year term that he had served), the Chair of the Town Deal Board decided to step down from the role. The Chair is a pivotal role to the Board and so time was taken for the Board to consider what skills, attributes, and characteristics a

new Chair would require. This work has carried into the 2024-25 year and this point has been added to the Action Plan at the end of this Assurance Statement to monitor the outcome.

### Levelling Up

King's Lynn was also identified as a priority area for Levelling Up, across a range of government programmes, including Towns Fund, Rural England Prosperity Fund and UK Shared Prosperity Funding. In 2022, Norfolk County Council submitted a successful bid for Levelling Up funding for the Southgate's Masterplan and was awarded £24m for a project which will deliver active travel, heritage and sustainability improvements as well as strengthening the identity of the town and offer benefits for residents and visitors.

### Hunstanton Masterplan

Work is progressing on the Hunstanton Masterplan. A Levelling Up bid was submitted in 2022 for a replacement for the Oasis Leisure Centre, situated on the southern seafront at Hunstanton. Unfortunately, the bid was not successful, so further work is in progress to establish clear plans for the future operation of this facility. The council is also working in partnership with Norfolk County Council on the development of a transport hub in Hunstanton.

The Hunstanton Advisory Group was set up in 2022/23 around the levelling up bid and a consultation process around the bids that were made to DLUHC.

### Local Plan

The councils Local Plan was submitted in 2022. In January 2023, the Planning Inspectors announced the adjournment of the Local Plan Examination to allow the Council the opportunity to undertake further work to justify the spatial strategy and distribution of housing in the Local Plan Review. Work is progressing to address the points raised by the Inspector.

### Towns Fund Governance

Governance arrangements covering the King's Lynn Town Deal are in place as outlined in various pieces of Government guidance issued between 2019 and 2022. This includes elements such as ensuring the roles and responsibilities of the Town Board, Chair and Accountable Body is transparent (these are outlined in the Terms of Reference and the Local Assurance Framework); Councillorship of the Board is shown clearly on the [Vision King's Lynn website](#); a [Code of Conduct](#) and the associated Declarations of Interest Register, plus all Board agendas and minutes are published in good time.

The Town Board has complied with the Government's 6 monthly monitoring returns and has not been subject to any follow up action. The Programme Board and Town Board receive monthly project updates including finance, risk, and activity information.

Independently facilitated Town Board development sessions have also been held to support the effective functioning of the Board and its programme.

### Capital Programme Audit Recommendations

A total of 4 high priority recommendations have been raised as follows:

1. "Operational Scheme" capital expenditure projects require appropriate governance and oversight with assigned roles consistent with the governance and oversight in place for "major projects".
2. Appropriate decision-making procedures (in particular change control) to be introduced for "Operational Scheme" capital expenditure projects that are consistent with "major projects" decision making procedures. All capital expenditure projects decision-making processes should have regard for: capital expenditure, debt and borrowing and treasury management, commercial activity, other long-term liabilities, and knowledge and skills".
3. Appropriately resource the Programme Management Office (as agreed by SLT on 31st January 2023) to allow for the agreed change control processes to be implemented. SLT to also consider how capital expenditure on the Capital Programme for "Operational Schemes" are to be appropriately resourced for change control processes.
4. Review and update the Asset Management Plan and assign a responsible officer for Asset Management Planning (to help feed into the Capital Programme). Organisationally there needs to be a consideration for ICT assets.

A total of 6 medium priority recommendations have been raised as follows:

- ✓ Consider the introduction of a corporate project governance strategy/policy and triage process to ensure appropriate documents are used and include relevant information.
- ✓ All Capital Programme items should be documented whether or not they are successful.
- ✓ Update the Financial Regulations to include the process to be followed where capital projects are submitted but are unsuccessful, documented reasons are required to explain why it was unsuccessful, and where successful capital projects are reconsidered with documented reasons for decisions.
- ✓ Consider introducing a standardised budget process template for major projects, major housing schemes, and operational schemes within the Capital Programme, incorporating a tiered approach for the submission, approval, and amendment / withdrawal of capital programme items.
- ✓ Consider an 8-to-10-year Capital Programme, to capture full life-cycle project costs and where projects within the programme may be slipping in terms of timescales.
- ✓ Consider the benefits of introducing highlight reports at "programme level" as well as "individual project level" within each programme.

## 5.2.16 External Assurance

Governance of the Council is monitored by external organisations as well as the internal governance monitoring and controls in place.

### External Auditors

On an annual basis our accounts and not just our financial positions, but many other areas flowing through the Council will be audited by an external company which is appointed through a rotation system. External Audit ultimately report to the Audit Committee and any reporting that they wish to flag in particular in terms of concerns will come back into the Council.

The Council's Auditors, EY, independently audit the Council and provide an opinion on the truth and fairness of the financial statements, the Council's use of resources and providing value for money in

the way services are delivered. In reaching an opinion, EY take account of statutory requirements, national standards, their own audit work, and the reports of Internal Audit.

The most recent Annual Audit Report from EY for the 2019/20 Statement of Accounts and their detailed findings was issued on 8 January 2024 and reported to the Audit Committee on 22 April 2024. The auditors issued an unqualified opinion on the financial statements for the year ending 31 March 2020. The scope of EY's work also includes an assessment of the Council's value for money (VFM) arrangements. As part of their 2019/20 audit conclusion, the external auditors issued an unqualified Value for Money Conclusion on the 22 January 2024.

The backlog of audits of local authorities nationally is at an unacceptable level. The number of outstanding opinions peaked on 30 September 2023 at 918. On 31 December 2023, this backlog stood at 771. The Department for Levelling Up, Housing and Communities has been working with the National Audit Office, Financial Reporting Council and CIPFA (Chartered Institute Public Finance Accountancy) on proposals to address the backlog.

The 2020/21, 2021/22 and 2022/23 are open audits for the Council and EY have focused on their VFM work for these years which is substantially complete. The final reporting for all outstanding years, is timetabled to be concluded by the end of 2024 and the Statement of Accounts for 2023/24 to be concluded in Spring 2025, subject to guidance and legislation to be enacted.

Delays to sign off the Accounts does mean that the Accounts remain liable to further amendment in respect of significant events after the balance sheet date. Late audits also delay the assurance that can be placed on them, and further costs can be incurred.

#### Local Government and Social Care Ombudsman

The Local Government and Social Care Ombudsmen handles complaints that are dealt with internally where the complainant remains dissatisfied with the response they have had from the Council and the decision notices produced by the Ombudsmen is publicly reported, with any findings reported back through the Council's democratic process.

Details of complaints received during 23/24 are dealt with at section 5.2.3 above.

#### Local Government Association

The Local Government Association has a Peer Challenge process and is a source of guidance and advice for the Council. The Council underwent an LGA peer challenge process in 23/24. It is recommended for a peer review to be undertaken approximately every 5 years.

#### Department for Levelling Up Communities and Housing

The Central Government Department with ultimate regulatory oversight for Local Government is the Department of Levelling Up Communities and Housing. Where systemic failures occur in the governance of a Council, the Department of Levelling Up Communities and Housing have the powers to step in, intervene and appoint various people into the organisation to return the Council to a position of good governance.

## **6. Significant Governance Issues**

This section summarises the significant governance issues identified during the year and the actions to be taken to address them.

#### **Issue 1: Delays to auditing the Council's Statement of Accounts**

- Progress reports have been presented to the Council's Audit Committee throughout the year. The Council's external auditors have also attended the Audit Committee to address concerns. Additional resources have been applied to support the outstanding audits and closure of the annual accounts.
- As a result of the delays in the completion of the audit for 2019/20 statement of accounts, production, and publication of the Statement of Accounts for subsequent years has been impacted. It is recognised that work on valuations for Plant, Property and Equipment and Investment Properties and Cash and Cash Equivalent figures have suffered as a result of this where figures could be materially misstated. Work has been undertaken to rectify this in the Statement of Accounts for 2022/23 so that going forward the figures and the quality of the working papers to support them are accurate and up to date.

#### **Issue 2: Continued uncertainty of Government funding.**

- The Council has estimated a MTFP, taking a cautious approach towards assumed government grants for future years. The Council will develop a Cost Management and Income Generation Plan in order to close the budget gap estimated in future years to reduce reliance on funding from the General Fund Reserve.

#### **Issue 3: Limited Audit Assurance for the Capital Programme**

- One significant recommendation remains outstanding - 'Consider the introduction of a corporate project governance policy with procedures and triage/bidding process to ensure appropriate documents are used and include relevant information'. This is now being considered as part of the workplan of the Project Development Group.

#### **Issue 4: Levels of non-compliant spend**

- The Procurement and Contract Management Transformation project will be targeting the reduction of non-compliant spend through mandatory training and improvement of systems to make procurement more accessible for officers.

#### **Issue 5: Limited assurance for Procurement and Contract Management**

- Procurement and Contract Management received a limited assurance in 22/23. A Transformation project is to be commenced with external support from the East of England Local Government Association to deliver an improved function and raise the understanding and engagement with procurement across the Council.

## Schedule 1

### Governance Action Plan

#### Actions reported in 2022/23

Item	AGS Action	Issues/Challenges Identified	Progress 2023/24
1	Undertake a review of the Council's equality policy, benchmarking with current best practice within local authorities	Due to resource issues this work was undertaken by an external consultant.	A review has been completed confirming that the content of our current policy is robust. However, there are recommendations with regards to the format and title of the policy going forward which will be progressed during 24/25
2	Undertake a review of the process and paperwork used to complete Equality Impact Assessments	Due to resource issues initial work was undertaken by an external consultant and this has subsequently been progressed by the Corporate Policy team.	EIA paperwork has been refreshed and implemented. A new flowchart to explain the process to managers has been developed and implemented. The requirement to submit completed EIA forms with cabinet/panel reports is now being enforced (as agreed at SLT in Sept 23) to ensure information is considered alongside Cabinet report and that Cabinet is able to take into account all relevant information when making decisions. Work to develop a central recording and monitoring system and publication of Full EIA's on our website are being progressed.
3	Undertake a review of the terms of reference and Councillorship of the Corporate Equality Working Group	This review has been completed by the ADCS in consultation with Senior Leadership Team and agreed in October 2023.	A refreshed and reformatted working group, supported by the Corporate Policy team, is now up-and-running. Group Councillors have completed elearning to update/refresh their knowledge prior to participating in the group. Group meetings have been scheduled for the full year.

4	Source and deliver equality training for Elected Councillors	This action has been progressed and is ongoing	EDI training has been offered to all Elected Councillors. Three sessions had been undertaken, which have been attended by all Cabinet Councillors and a number of other Councillors. Further training is planned for the 24/25 year.
5	Project Management Software Solution	Progress has been slower than planned due to capacity issues.	To be carried forward to 2024/25 Action Plan.
6	Procurement and Contract Management Limited Assurance Audit Opinion recommendations to be progressed and actioned.	These have been incorporated into a service area Transformation project with external support from the EELGA	Work to continue with alignment to the new Procurement Act 2023 which comes into force in October 2024.
7	Procurement and Contract Management - Preparation required for new legislative requirements	None.	Diagnostic exercise completed December 2023 Recommendations received January 2024 Training workshops completed February 2024
8			
9			
10			

## New Actions identified in 2023/24

AGS Action	Issues/Challenges Identified	Context to Action
Retitle the Equality Policy to make it an 'Equality, Diversity and Inclusion Policy	To be included in update to policy progressed during 24/25	Revised remit of the policy to make it more reflective of current best practice
Develop new equality objectives and strengthen procedures for recording and monitoring EIA's	To be identified following development of the updated policy. Further work needs to be undertaken to embed improvements to processes implemented during 2022/23. Corporate Equality Working Group will begin to monitor completed EIA's during 24/25	This will give focus to the development of our approach to equalities and identify key priorities for action by the equality working group. Training on EIA's has been delivered to Equality Working Group Councillors and arranged for Cabinet Councillors and Panel Chairs. Training for managers and other officers who write reports for consideration by Cabinet/Panels will also be delivered.
Develop guidance for making reasonable adjustments for Managers (for employment and	A sub-group of the Corporate Equalities Working Group will progress this action with	To strengthen managers knowledge and understanding of reasonable adjustments



service delivery)	regards to customers, and Personnel Services will progress in relation to employment	
Review equality monitoring and reporting arrangements (for employment and service delivery)	Consider current characteristics monitored and areas where monitoring is undertaken	To ensure current practice reflects recommended best practice
Refresh and extend training provision for staff.	A sub-group of the Corporate Equalities Working Group will progress this action	To ensure current practice reflects recommended best practice, both in terms of service delivery and as people managers
Develop our local offer for Care Leavers	To be progressed by the Care Leavers working group	To demonstrate the Council's commitment to Care Leavers and the Care Leavers covenant
Project Management	A project management software solution would help to align project governance, project delivery and project management office processes, improve efficiency and provide opportunity for automated and improved reporting.	Scope, tender and implement project management software.
Project Management	A project maturity assessment identified the need for a PMO to principally support the major capital projects / programmes, to provide project oversight, alignment, and control.	Resource the Council's PMO as agreed in January 2023.
King's Lynn Town Deal Board Chair	The Chair of the King's Lynn Town Deal Board has announced in February 2024 his intentions to step down from the role.	Monitor and ensure a new Chair is appointed and Board development sessions take place once in post, if required.
Procurement and Contract Management	Awareness to be raised of the procurement cycle and training to be delivered to departments to ensure proactive approach to contracts due to end, enabling early pre-market engagement.	Increasing awareness of the procurement cycle, training depts to be more proactive when contracts are due to end and to approach us early for pre-market engagement.
Procurement and Contract Management	New regulations and new online portal system to be embedded into organisational processes.	Training for new regulations and for the use of Quick Call online portal and ongoing support for as long as it is needed
Capital Programme	Capital programme governance arrangements to be reviewed and embedded across the organisation.	The processes around new additions, monitoring and reporting against projects need enhancing to ensure that reporting is focussed on live

		projects and there is clear oversight of the pipeline of supported projects coming forward and the associated capital and revenue implications are known.
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## **Schedule 2: How the Council Works**

### **Governance Model**

The Council operates under 'executive' arrangements, meaning it has a 'Leader' and a 'Cabinet'. The majority of functions are executive, meaning that the responsibility for decision making flows through the Leader and Cabinet through to officers. Examples of executive functions are waste collection, noise complaints and regeneration projects. The remainder of the functions are retained as 'non-executive' and are the responsibility of the Council's Full Council. This includes functions such as setting the budget, the Council's Constitution and the policy framework.

### **Full Council**

Full Council consists of 55 elected Councillors, called Councillors. They are elected by the voters, in elections held every 4 years, in areas which constitute Borough Wards. We have 35 Borough Wards in West Norfolk. Elections took place during May 2023, resulting in a change in administration from the Conservative Group to an Independent Partnership Group supported by the Labour Party.

Councillors can be part of a political Group. During 23/24 the political group make-up of the Council had some minor revisions during the year, the latest make up as of 31st March 2024 was:

- Independent Partnership: 21
- Conservative Group: 21
- Labour: 11
- Progressive Group: 2

The Full Council meets approximately every six to eight weeks.

### **Cabinet**

The Cabinet is made up of the Leader (Cllr Terry Parish) of the Council and 8 other Cabinet Councillors. The portfolios of the Cabinet Councillors are:

- Cllr Jim Moriarty, Deputy Leader – Development and Regeneration
- Cllr Bal Aota, Property and Corporate Services
- Cllr Alistair Beales, Business (excluding Tourism)
- Cllr Chris Morley, Finance
- Cllr Simon Ring, Tourism, Events and Marketing
- Cllr Jo Rust, People and Communities
- Cllr Sandra Squire, Environment and Coastal
- Cllr Michael De Whalley, Climate Change and Biodiversity

The Leader's portfolio covers:

- Overall responsibility for setting the Vision for Council and supporting Strategy
- Overall responsibility for the submission to Council of Policy

- Overarching responsibility for Cabinet portfolios
- Developing and managing external Strategic relationships
- Public Emergencies, Emergency Planning, Emergency Management and Business Continuity
- Democratic arrangements
- Civics
- Liaison with Hunstanton and Downham Market Town Councils
- Legal – Data Protection and Freedom of Information
- Communication strategy and implementation
- All Staffing related matters including Pay and Pensions
- Equal opportunities strategies and policies, and corporate health and safety
- Skills
- Safeguarding
- Performance Issues. KPI's, Risk Management and Associated Matters
- Shared Services, Partnerships and any other Joint Working Arrangements
- Any issues not covered by other portfolios

## Overview and Scrutiny

The counter-weight to the Leader and Cabinet executive arrangements governance model is the overview and scrutiny function. Scrutiny Committees are in place to scrutinise executive decisions before or after they are made to help develop policy and review the effectiveness of adopted policies. Within the Council, these responsibilities are split across 3 panels, and these are collectively referred to as the “Policy Review and Development Panels”:

- Corporate Performance Panel (responsibility for ‘call-ins’ of executive decisions)
- Regeneration Development Panel
- Environment and Community Panel

## Audit Committee

The Audit Committee provides assurance to the Council on the adequacy and effectiveness of governance arrangements, risk management framework, internal control environment reviews and approves the Council’s annual Statement of Accounts. It receives updates on the Risk Management processes in place, the effectiveness of the Council’s counter fraud and corruption activities, approves the Annual and Strategic Internal Audit Plans and receives progress updates against the Annual Internal Audit Plan and the Annual Audit Opinion.

## Constitution

The Council’s Constitution sets out how the Council procedurally operates, its organisational structure, how the public can participate, how decisions are made and the roles and responsibilities within the Council to ensure that decisions are made in an efficient yet transparent manner and accountable to local people. It specifies the roles and responsibilities of the executive and non-executive, setting delegation arrangements and protocols for effective communication and governance.

The Constitution includes the Council’s Financial Regulations, the Councillor Code of Conduct, Contract Standing Orders, the Member/Officer Protocol, and the Councillors Allowances Scheme.

## Budget and Financial Management

The Council's budget is set by the Council each year, usually in February. The budget includes the revenue and capital expenditure, income, and savings plans. It is developed in consultation with service managers and is aligned with the Council's strategic objectives:

- Financial Monitoring Reports are prepared at least quarterly and presented to Audit Committee. All Councillors all receive a copy of the report which provides an update on the Council's financial position against the budget. They highlight any variances, emerging risks, and propose corrective actions where necessary.
- The MTFP is a rolling plan that covers a five-year period (updated position for current financial year and the next 4 years). It provides a framework for future financial planning, identifying potential budget gaps and setting out strategies to manage resources effectively to help ensure long-term financial sustainability and resilience.
- The Annual Statement of Accounts is a statutory report that provides a comprehensive summary of the Council's financial position over the financial year. It includes the balance sheet, income and expenditure account, and other key financial statements. The accounts are prepared in accordance with the CIPFA Code of Practice and are subject to external audit.
- Treasury Management Reports are provided to the Audit Committee half yearly, detailing the Council's borrowing and investment activities. These reports ensure that the Council's treasury management strategy is being implemented effectively and that risks are being managed.
- The Capital Strategy is a key policy that sets out the Council's approach to capital investment over the medium to long term. It is aligned with the Council's corporate priorities and provides a framework for decision making regarding capital expenditure and financing. The Capital Strategy is reviewed annually alongside the Capital Programme as part of the budget-setting process.

## Corporate Strategy

The Corporate Strategy was reviewed and updated during 2023/24 for the period 2023-2027 following the results of the Local Government elections held in May 2023. The updated Corporate Strategy represents the key priorities set by the new administration which was formed by an "Independent Partnership" in conjunction with the Senior Leadership Team. The key priorities set out within the Corporate Strategy are outlined in "The Golden Thread" section below.

## Code of Conduct

In accordance with the Localism Act 2011, the Council has adopted a Code of Conduct for Councillors. The Code supports the Council's duty to promote and maintain high standards of conduct and is based on the 'Seven principles of public life' and the Local Government Association's Model Code of Conduct. The Code of Conduct was reviewed, and a new version adopted during 2022/23.

A Code of Conduct for Officers is also in place to set out the standards expected of employees and to promote the highest standards of conduct from all employees who work in local government. A copy of this Code is made available to every employee of the Council.

Observance of these Codes helps to maintain and improve standards and ensure openness and transparency with regards to any issues of potential bias and/or conflicts of interest.

## The Golden Thread



### Corporate Business Strategy 2023 - 2027

Promote growth and prosperity to benefit West Norfolk

Protect our environment

Efficient and effective delivery of our services

Support our communities



### Directorate Service Plans

Central Services

Environment & Planning

Health, Wellbeing & Public Protection

Operations & Commercial

Programme & Project Delivery

Property & Projects

Regeneration, Housing & Place

Resources

Legal, Corporate Governance & Licensing



### Corporate Governance

Consitution

Annual Plan Dec 23 - Mar 24

Corporate Risk Register

Statutory Officers

Key Performance Indicators, Performance monitoring and Performance Management Scheme

Annual Governance Statement

Internal Audit

External Audit

Medium Term Financial Plan

Town Deal Board Governance

Shareholder Committee



### Performance Management Scheme

Personal objectives and targets

Personal development and training opportunities

Appraisals, 1-2-1s and Team Meetings

## Project Management

The Council has a Capital Programme of £205,154,120 for the period 2022/23 to 2026/27. The Council monitors ongoing 'Major Projects' through the Officer Major Projects Board and the Member Major Projects Board. Project Highlight Reports for all Major Projects are produced quarterly and published for openness and transparency through the Member Major Projects Board. The Council has a Project Management Office to support the co-ordination of delivery of the Major Projects.

King's Lynn has a Towns Fund Deal with Central Government. The Council is the Accountable Body for the Towns Fund. Governance arrangements are in place to support the King's Lynn Town Deal Board, which includes a Local Assurance Framework, Terms of Reference, and their own Code of Conduct.

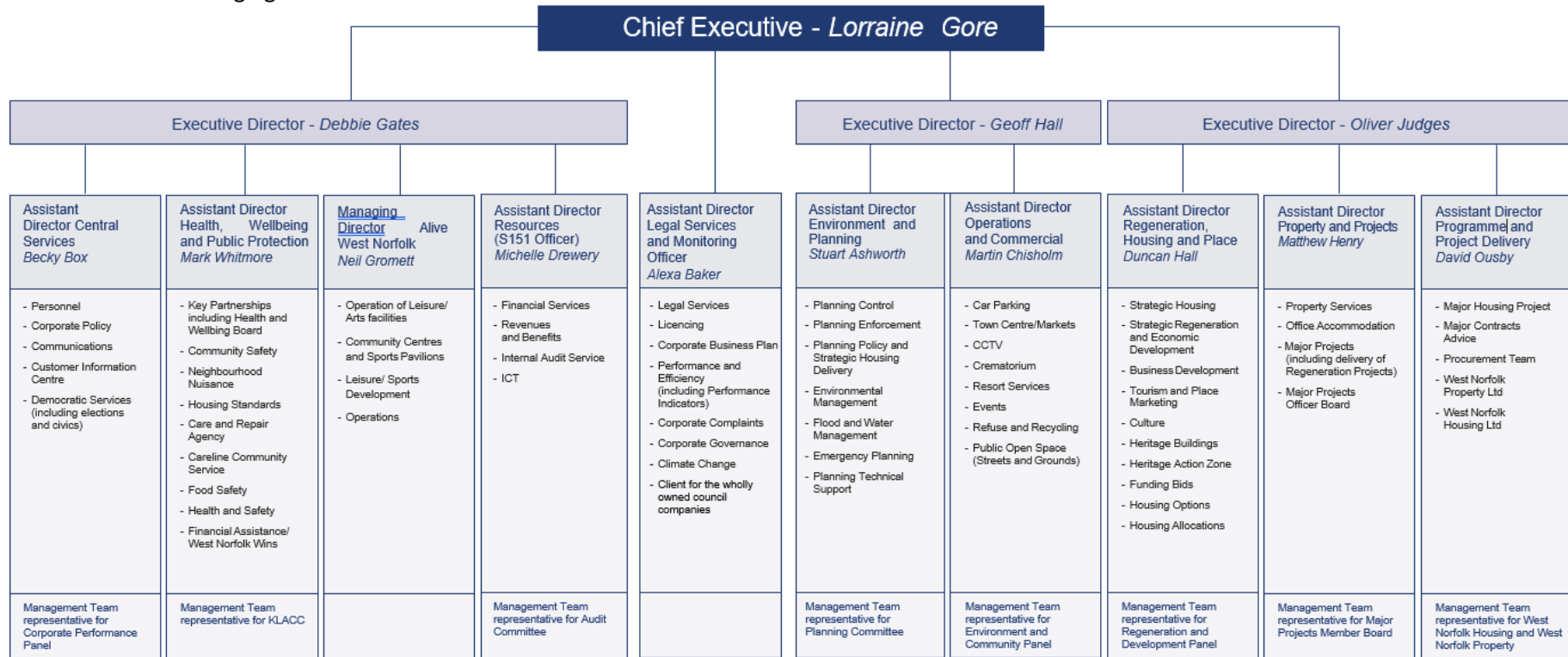
## Statutory Officer Meetings

The Council has a Chief Executive (Head of Paid Service), a Monitoring Officer, and a section 151 Officer – the three statutory officers of the Council. During 2022/23 ‘Statutory Officer Meetings’ were scheduled monthly. This provides a platform for the three officers to share intelligence related to areas of governance, assurance, budgets, risk, and organisational decision making.

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## Management Team and Senior Leadership Team

The current management structure of the Council was introduced in January 2020 and supports a collective and accountable leadership, enabling colleagues throughout the organisation to deliver the priorities, projects and actions set out by the Council’s political administration. The structure is headed by a Chief Executive (Head of Paid Service), supported by 3 Executive Directors (in February 2023 the Council introduced a new Executive Director for Place), who together form the Management Team (“MT”). The Senior Leadership Team (“SLT”) is made up of the Management Team plus the 9 Assistant Directors and the Managing Director of Alive West Norfolk:





## Key Roles

The key roles of those responsible for developing and maintaining the Governance Framework are:

<b>The Council</b>	<p>Approval of the Corporate Strategy</p> <p>Approves the Constitution (including the Financial Regulations and Member Code of Conduct)</p> <p>Approves policy framework and sets the budget.</p>
<b>Cabinet</b>	<p>The executive decision-making body of the Council.</p> <p>Cabinet is made up of the Leader of the Council and Cabinet Councillors with responsibility for different portfolios.</p>
<b>Audit Committee</b>	<p>Provides assurance to the Council on the adequacy and effectiveness of governance arrangements, risk management framework and internal control environment.</p> <p>Approves the Annual Statement of Accounts and Annual Governance Statement.</p>
<b>Standards Committee</b>	<p>Promotes high standards of Member conduct.</p>
<b>Corporate Performance Panel</b>	<p>Fulfils the statutory overview and scrutiny functions, as the counter-weight to the 'Leader and Cabinet' model.</p> <p>Its functions also extend to policy review and development.</p>
<b>Management Team (Chief Executive and Executive Directors) and Senior Leadership Team (Assistant Directors)</b>	<p>Provide strategic oversight on:</p> <ul style="list-style-type: none"> <li>• the Corporate Strategy and emerging issues</li> <li>• key policy items</li> <li>• internal control issues, including risk management</li> <li>• performance management</li> <li>• compliance, including governance</li> <li>• value for money; and</li> <li>• financial management</li> </ul> <p>Accountability for developing and maintaining of the Council's performance and risk frameworks.</p>
<b>Chief Executive (Head of Paid Service)</b>	<p>It is the role of the Chief Executive, also known as the Head of Paid Service, to ensure that all the authority's functions are properly co-ordinated as well as organising staff and appointing appropriate management.</p>

	<p>The Chief Executive has overall accountability for the governance framework and operation of the organisation and staffing.</p>
<b>Assistant Director, Resources (S151 Officer)</b>	<p>Leads and directs the financial strategy of the Council and ensures the Council controls and manages its money well, being suitably qualified and experienced, and ensures the Financial Services Team is fit for purpose.</p> <p>Assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.</p> <p>Contributes to the effective corporate management and governance of the Council.</p>
<b>Assistant Director for Legal and Licensing (Monitoring Officer)</b>	<p>The Monitoring Officer ensures that the Council observes its Constitution and operates legally.</p> <p>Key duties include:</p> <ul style="list-style-type: none"> <li>• Reporting on matters they believe to be illegal or amount to maladministration;</li> <li>• Responsible for matters relating to the Conduct of Councillors (Borough and Parish); and</li> <li>• Responsible for maintaining and advising on the operation of the council's Constitution.</li> </ul> <p>Overall responsibility for the maintenance and operation of the Whistleblowing Policy.</p>
<b>Internal Audit</b>	<p>Provides independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.</p> <p>Delivers an annual programme of risk-based audit activity, including counter-fraud and investigation activity.</p> <p>Contributes to the effective corporate management and governance of the Council.</p> <p>Makes recommendations for improvements in the management of risk.</p>
<b>External Audit</b>	<p>Audits / reviews and reports on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion).</p>
<b>Assistant Directors, Heads of Service and Managers</b>	<p>Through the relevant service areas, implement the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues.</p> <p>Responsible for implementing the Council's governance, risk, and control framework. Contribute to the effective corporate management and governance of the Council.</p>

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## Agenda Item 10

-REPORT TO:	<b>AUDIT COMMITTEE</b>		
DATE:	3 <sup>rd</sup> October 2024		
TITLE:	<b>ANNUAL TREASURY OUTTURN REPORT 2023/2024</b>		
TYPE OF REPORT:	Recommendation		
PORTFOLIO(S):	Cllr Chris Morley E-mail: <a href="mailto:cllr.chris.morley@west-norfolk.gov.uk">cllr.chris.morley@west-norfolk.gov.uk</a>		
REPORT AUTHOR:	Carl Holland		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

**Date of meeting:**

**ANNUAL TREASURY OUTTURN REPORT 2023/2024**

**Summary**

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

This Annual Treasury Outturn Report looks backwards at 2023/2024 and covers:

1. The 2023/2024 Treasury Outturn
2. Compliance with Treasury Limits
3. Outturn Summary

Additional supporting information:

- Appendix 1 – Economic Outlook
- Appendix 2 - Investments as at 31 March 2024
- Appendix 3 - Borrowing as at 31 March 2024
- Appendix 4 - Prudential Indicators
- Appendix 5 – Historic Balances

The Council's Treasury Policy Statement 2023/2024 and annual Treasury Strategy Statement 2024/2025 were approved by Council on the 23February 2023.

**Recommendations**

The Audit Committee is asked to note the annual treasury outturn position for 2023/2024.

**Reason for the Decision**

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

## 1. The Annual Treasury Management Review 2023/2024

- 1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/2024. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 1.2 During 2023/2024 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year (Council 23rd February 2022)
  - a mid-year, (minimum), treasury update report (Audit Committee 27 November 2023)
  - an annual review following the end of the year describing the activity compared to the strategy, (this report)
- 1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 1.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the full Council.

## 2. Executive Summary

- 2.1 During 2023/2024, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

<b>Prudential and treasury indicators</b>	<b>2022/2023 Actual £'000</b>	<b>2023/2024 Actual £'000</b>
Capital expenditure	25,347	36,486
Capital Financing Requirement	50,391	65,379
Gross borrowing	10,000	15,000
External debt *	10,094	15,102
Investments *	27,113	7,554
Net borrowing/(investments)	(17,019)	7,548

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

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

**3. Introduction and Background**

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

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

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

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

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

<b>General Fund</b>	<b>2022/2023 Actual £’000</b>	<b>2023/2024 Actual £’000</b>
Capital expenditure	25,347	36,486
Financed in year	16,074	19,867
Unfinanced capital expenditure	9,273	16,619

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

5.1 The Council’s underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council’s indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2023/2024 unfinanced capital expenditure (see above table), and prior years’ net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

- 5.2 Part of the Council’s treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council’s cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.
- 5.3 Reducing the CFR – the Council’s underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
- 5.4 The total CFR can also be reduced by:
- the application of additional capital financing resources, (such as unapplied capital receipts); or
  - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 5.5 The Council’s 2022/2023 MRP Policy, (as required by Department for Levelling Up, Housing and Communities Guidance), was approved as part of the Treasury Management Strategy Report for 2023/2024 on 23 February 2023.
- 5.6 The Council’s CFR for the year is shown below and represents a key prudential indicator. It includes leasing schemes that are on the balance sheet, as these increase the Council’s borrowing need.

<b>CFR (£m): General Fund</b>	<b>31 March 2022/2023 Actual £’000</b>	<b>31 March 2023/2024 Actual £’000</b>
Opening Balance	42,779	50,391
Add unfinanced capital expenditure (as above 4.2)	9,273	16,619
Less MPR/VRP	(1,661)	(1,631)
<b>Closing Balance</b>	<b>50,391</b>	<b>65,379</b>

- 5.7 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.
- 5.7.1 **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2023/24) plus the estimates of any additional capital financing requirement for the current (2024/25) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2023/24. The table below highlights the Council’s gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	<b>31 March 2023 Actual £'000</b>	<b>31 March 2024 Actual £'000</b>
Gross borrowing position	10,000	10,000
CFR	50,391	65,379
(Under) / over funding of CFR	40,391	55,379

- 5.8 **The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2023/2024 the Council has maintained gross borrowing within its authorised limit.
- 5.9 **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.
- 5.10 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

	<b>2023/2024 £'000</b>
Authorised limit	86,000
Maximum gross borrowing position during the year	10,000
Operational boundary	81,000
Average gross borrowing position	10,000
Financing costs as a proportion of net revenue stream	

## **6 Treasury Position as at 31 March 2024**

- 6.1 The Council’s treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council’s Treasury Management Practices. At the end of 2023/2024 the Council’s treasury, (excluding borrowing by finance leases), position was as follows:



6.2

DEBT PORTFOLIO	31 March 2023 Principal £'000	Rate/ Return	31 March 2024 Principal £'000	Rate/ Return
Fixed rate funding:				
- Market (Maturity Loan)	10,000	3.81%	10,000	3.81%
- Local Authorities (Maturity Loans)	-	-	5,000	7.05%
<b>Total debt</b>	<b>10,000</b>	<b>3.81%</b>	<b>15,000</b>	<b>5.43%</b>
<b>CFR</b>	<b>50,391</b>		<b>65,379</b>	
<b>Over / (under) borrowing</b>	<b>(40,391)</b>		<b>(55,379)</b>	
<b>Total investments</b>	<b>27,000</b>	<b>3.44%</b>	<b>7,500</b>	<b>5.55%</b>
<b>Net of debt and investments</b>	<b>17,000</b>		<b>(7,500)</b>	

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structure of the debt portfolio was as follows:

	31 March 2023 Actual £'000	31 March 2024 Actual £'000
Under 12 months	-	5,000
12 months and within 24 months	-	
2 years and within 50 years	-	
Over 50 years	10,000	10,000

As at the 31 March 2024 the council had a single short-term loan of £5 million, over the year end (25/03/24 to 25/04/24). There are two market loans with Barclays of £5m each and these mature in 2077.

6.3 The £7,500,000 investments at the year-end comprised of; £1,500,000 Money Market Funds, and £6,000,000 with Local Authorities

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

6.5

INVESTMENT PORTFOLIO	Actual 31 March 2023 £000	Actual 31 March 2023 %	Actual 31 March 2024 £000	Actual 31 March 2024 %
Treasury investments				
Call Accounts / Instant Access Accounts	4,000	15%		
Money Market Funds	11,000	41%	1,500	20%
Local authorities	8,000	30%	6,000	80%
Other Short Term Fixed Investments	4,000	15%		
<b>TOTAL TREASURY INVESTMENTS</b>	<b>27,000</b>	<b>100%</b>	<b>7,500</b>	<b>100%</b>

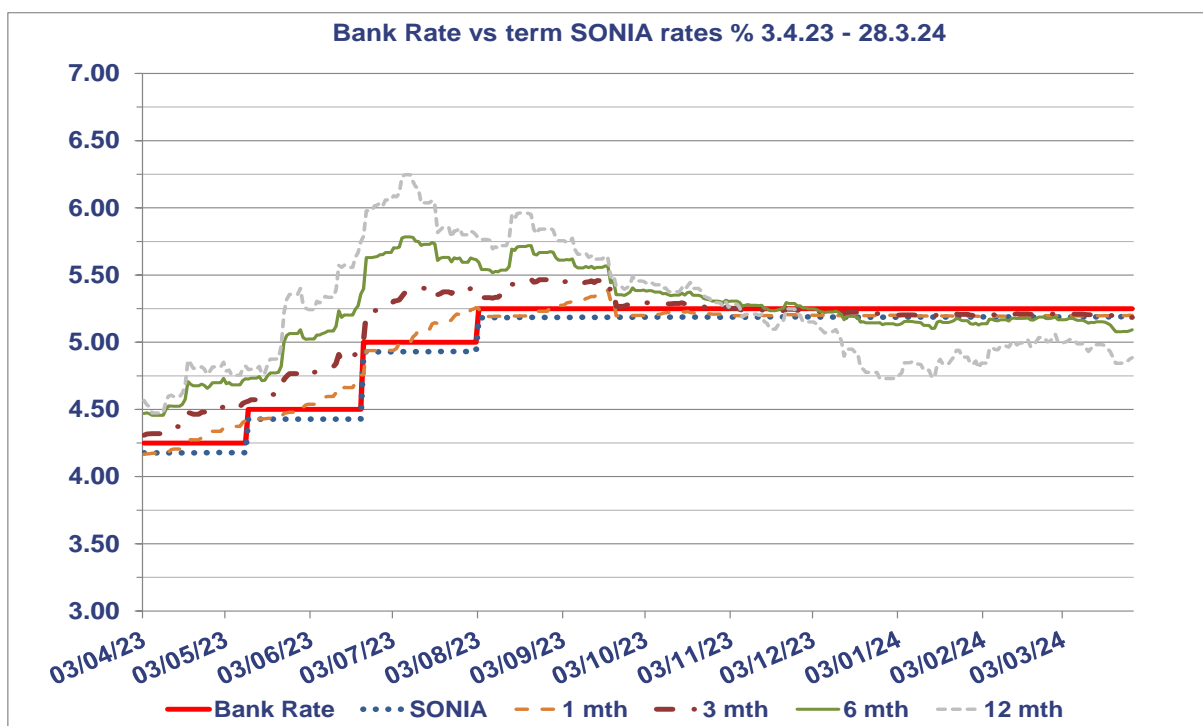
ity structure of the treasury investment portfolio was as follows:

	31 March 2023 Actual £000	31 March 2024 Actual £000
Treasury Investments:		
Longer than 1 year	0	4,000
Up to 1 year	27,000	3,500
<b>Total</b>	<b>27,000</b>	<b>7,500</b>

## 7 The Strategy for 2023/2024

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

#### Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2023/24



For reference, SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

To support the Risk-Free Rate transition in sterling markets the Bank of England began publishing the SONIA Compounded Index from 3.8.20. This simplifies the calculation of compounded interest rates and in doing so provides a standardised basis through its publication as an official source.

The table below summarises interest rate trends for the financial year up to 28/03/2024, focusing on the Bank Rate and SONIA across 1, 3, 6, and 12-month periods. It shows the highest and lowest rates, their dates, averages, and spreads. For example, the highest 12-month Bank Rate was 6.25% on 07/07/2023, and the lowest was 4.47% on 06/04/2023, with an average of 5.25% and a spread of 1.77%. This data is vital for local authorities in England for financial planning, helping them manage borrowing costs, optimize investment returns, and ensure financial stability. By understanding these fluctuations, they can time their borrowing to benefit from

lower rates and adjust investment strategies for better returns. The figures also affect the Public Works Loan Board (PWLB) rates, which are influenced by the Bank Rate and SONIA. Higher rates in the table mean higher PWLB rates, impacting borrowing costs for local authorities.

FINANCIAL YEAR TO QUARTER ENDED 28/03/2024						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
<b>High</b>	5.25	5.19	5.39	5.48	5.78	6.25
<b>High Date</b>	03/08/2023	28/03/2024	19/09/2023	30/08/2023	07/07/2023	07/07/2023
<b>Low</b>	4.25	4.18	4.17	4.31	4.46	4.47
<b>Low Date</b>	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
<b>Average</b>	5.03	4.96	5.02	5.13	5.23	5.25
<b>Spread</b>	1.00	1.01	1.22	1.17	1.33	1.77

7.2 Investment returns picked up throughout the course of 2023/24 as central banks, including the Bank of England, continued to respond to fluctuating inflationary pressures, and realised that tighter monetary policy was called for.

Starting April at 4.25%, the Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August. By the end of the financial year, no further increases were anticipated. Indeed, the market is pricing in a first cut in Bank Rate in either June or August 2024. (The rate was cut from 5.25 to 5% on the 1<sup>st</sup> of August 2024).

The upward sloping yield curve that prevailed throughout 2023/24 meant that local authorities continued to be faced with the challenge of proactive investment of surplus cash, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.

With bond markets selling off, UK equity market valuations struggled to make progress, as did property funds, although there have been some spirited, if temporary, market rallies from time to time – including in November and December 2023. However, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration), have continued to be at the forefront of most local authority investment strategies, particularly given Money Market Funds have also provided decent returns in close proximity to Bank Rate for liquidity purposes. In the latter part of 2023/24, the local authority to local authority market lacked any meaningful measure of depth, forcing short-term investment rates above 7% in the last week of March.

While the Council has taken a prudent approach to investing surplus monies, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Global Financial Crisis of 2008/09. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

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

- 7.4 During 2023/24, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2024 and 2025 as inflation concerns are dampened. The Council has sought to minimise the taking on of long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<5 years) as appropriate.
- 7.6 Interest rate forecasts initially suggested further gradual rises in short, medium and longer-term fixed borrowing rates during 2023/24. The Bank Rate had initially been forecast to peak at 4.5% but it is now expected to have peaked at 5.25%.

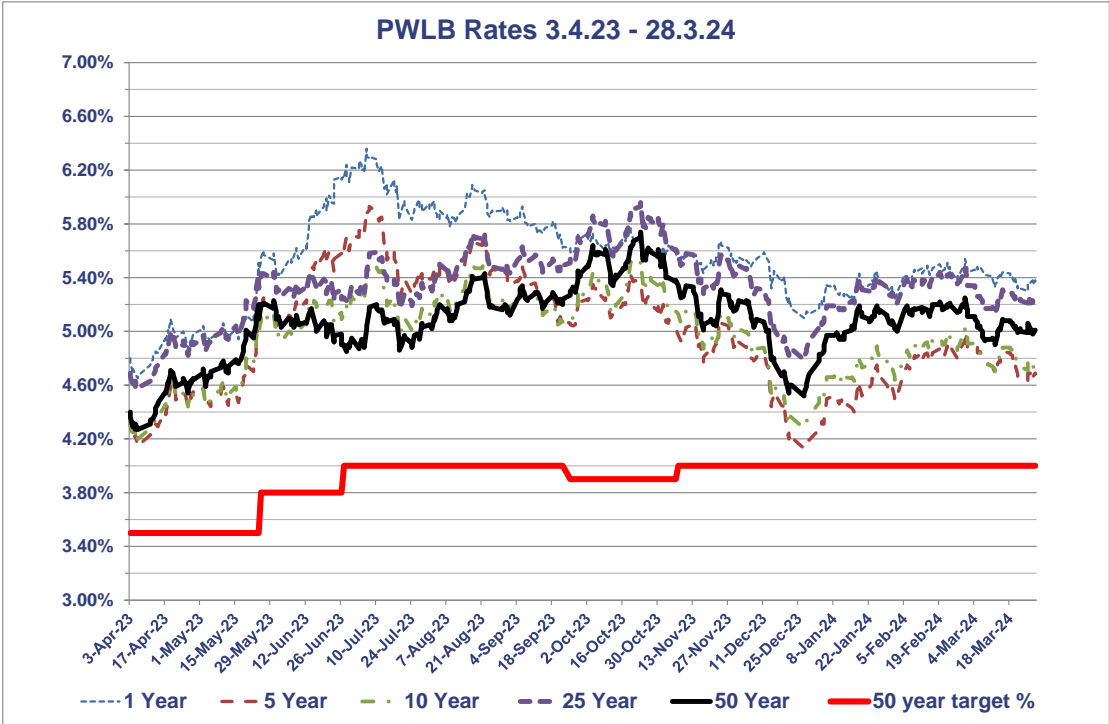
By January it had become clear that inflation was moving down significantly from its 40-year double-digit highs, and the Bank of England signalled in March 2024 that the next move in Bank Rate would be down, so long as upcoming inflation and employment data underpinned that view. Currently the CPI measure of inflation stands at 3.4% but is expected to fall materially below 2% over the summer months and to stay there in 2025 and 2026. Nonetheless, there remains significant risks to that central forecast, mainly in the form of a very tight labour market putting upward pressure on wages and continuing geo-political inflationary risks emanating from the prevailing Middle East crisis and the Russian invasion of Ukraine.

*Forecasts for the Bank of England base rate and various Public Works Loan Board lending rates at the time of approval of the treasury management strategy report for 2023/24 were as follows.*

Link Group Interest Rate View	08.01.24												
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

**PWLB RATES 2023/24**

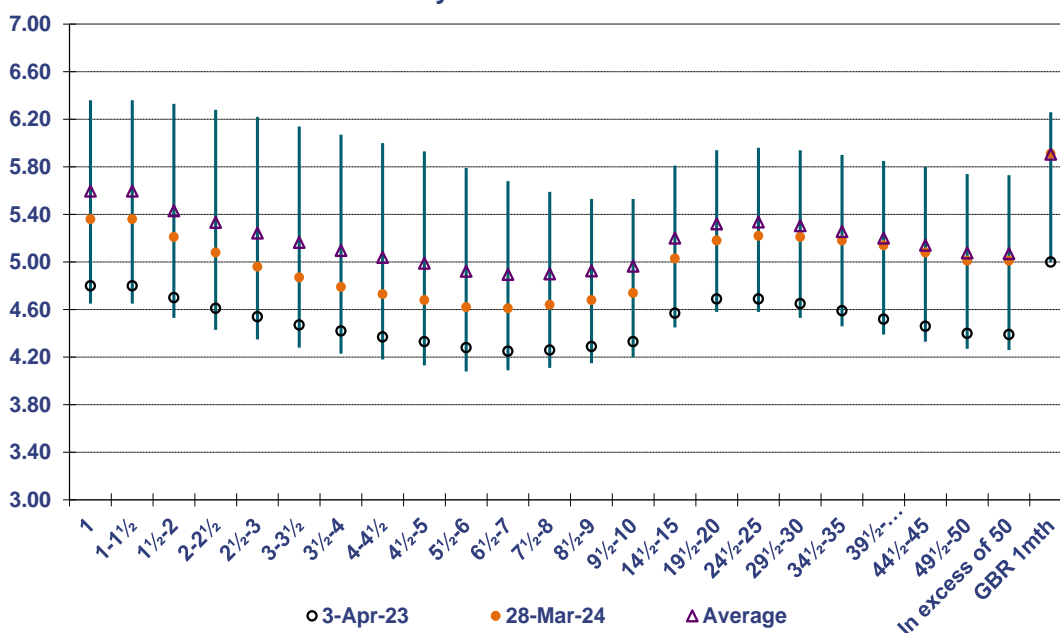
The graph below shows PWLB loan interest rates over a year to 28 March 24 based on different maturity levels. PWLB rates, influenced by gilt yields, are critical for local authorities as they determine borrowing costs for various projects. As of March 28, 2024, the rates are: 1-year at 4.56%, 5-year at 4.12%, 10-year at 4.25%, 25-year at 4.35%, and 50-year at 4.30%. Higher rates increase borrowing costs, impacting budgets and project funding, while lower rates reduce costs, enabling more investment in public services and infrastructure. Different rates are used for projects of varying durations, from short-term cash flow management to long-term infrastructure developments.



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

The below graph represents the movement in Certainty Rates over time. The PWLB Certainty Rate is a reduced interest rate offered to local authorities in England, which is 20 basis points (0.20%) lower than the standard PWLB rate. This rate is available to local authorities that provide detailed information about their long-term borrowing and capital spending plans. Overall, the Certainty Rate supports local authorities in managing their finances more effectively and investing in long-term community benefits.

**PWLB Certainty Rate Variations 3.4.23 to 28.3.24**



These rates in the table below show how much interest local authorities would pay to borrow money for different periods. The “lowest rate” is the cheapest borrowing cost during the year, the “highest rate” is the most expensive, and the “average rate” is the typical cost over the year. The “spread” shows the range between the highest and lowest rates. Lower rates mean cheaper borrowing costs, which is better for funding projects.

**HIGH/LOW/AVERAGE PWLB RATES FOR 2023/24**

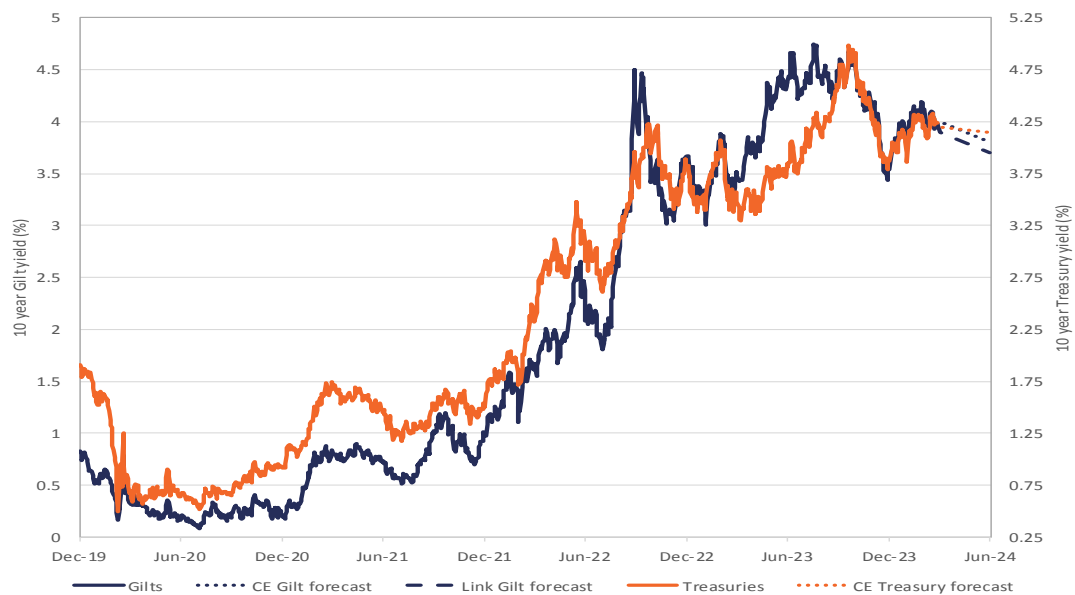
	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.13%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.53%	5.96%	5.74%
<b>Date</b>	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
<b>Average</b>	5.54%	4.99%	4.97%	5.34%	5.08%
<b>Spread</b>	1.71%	1.80%	1.33%	1.38%	1.47%

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

inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

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

### Graph of 10-year UK gilt yields v. US treasury yields (inclusive of Link's and Capital Economics' forecasts)



7.8 Gilt yields have generally been on a continual rise since the start of 2021, peaking in the autumn of 2023. Currently, yields are broadly range bound between 3.5% and 4.25%.

7.9 At the close of the day on 28 March 2024, all gilt yields from 1 to 50 years were between 3.81% and 4.56%, with the 1 year being the highest and 6-7 years being the lowest yield.

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

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)
- **HRA Borrowing rate** is gilt plus 40 40bps (G+40bps)

7.10 There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate falls and inflation (on the Consumer Price Index measure) moves below the Bank of England's 2% target.

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

The Bank of England is also embarking on a process of Quantitative Tightening. The Bank's original £895bn stock of gilt and corporate bonds will gradually be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, and high in historic terms, is an unknown at the time of writing.

## 8 Borrowing Outturn

8.1 No long term borrowing was undertaken during the year other than the short term loan of £5 million at the end of the final quarter of the year.

### 8.2 Borrowing in advance of need

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

### 8.3 Rescheduling

There was no rescheduling during the year.

## 9 Investment Outturn

9.1 Investment Policy – the Council's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Cabinet on 7 February 2024. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

9.2 The investment activity during the year conformed to the approved strategy, and £6 million of our own funds were loaned to other Local Authorities in quarter 3, £2 million matures in June 2024 and £4 million matures in October 2025.

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

Balance Sheet Resources	31 March 2022 £'000	31 March 2023 £'000	31 March 2024 £'000
Balances	9,386	* 7,507	*7,006
Earmarked reserves	36,895	34,456	31,505
Provisions	727	*1,201	*740
Usable capital receipts	4,947	4,870	*4,870
<b>Total</b>	<b>51,281</b>	<b>50,472</b>	<b>*44,121</b>

\*The figures are provisional until the Council produces and publishes its draft Statement of Accounts for 2023/2024

### 9.4 Investments held by the Council



- The average balance of investments for the year was £20,444
- The average rate of return for the year on investments was 4.98%

## 10 **Background Information**

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

**Appendix 1 – Economic Outlook**

The following is provided by the Councils Treasury Advisors – The Link Group (April 24)

**UK Economy**

Against a backdrop of stubborn inflationary pressures, the Russian invasion of Ukraine, and war in the Middle East, UK interest rates have continued to be volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2023/24.

Markets have sought an end to central banks’ on-going phase of keeping restrictive monetary policy in place on at least one occasion during 2023/24 but to date only the Swiss National Bank has cut rates and that was at the end of March 2024.

UK, EZ and US 10-year yields have all stayed stubbornly high throughout 2023/24. The table below provides a snapshot of the conundrum facing central banks: inflation is easing, albeit gradually, but labour markets remain very tight by historical comparisons, making it an issue of fine judgment as to when rates can be cut.

	<b>UK</b>	<b>Eurozone</b>	<b>US</b>
<b>Bank Rate</b>	5.25%	4%	5.25%-5.5%
<b>GDP</b>	-0.3%q/q Q4 (-0.2%/y/y)	+0.0%q/q Q4 (0.1%/y/y)	2.0% Q1 Annualised
<b>Inflation</b>	3.4%/y/y (Feb)	2.4%/y/y (Mar)	3.2%/y/y (Feb)
<b>Unemployment Rate</b>	3.9% (Jan)	6.4% (Feb)	3.9% (Feb)

The Bank of England sprang no surprises in their March meeting, leaving interest rates at 5.25% for the fifth time in a row and, despite no MPC members no longer voting to raise interest rates, it retained its relatively hawkish guidance. The Bank’s communications suggest the MPC is gaining confidence that inflation will fall sustainably back to the 2.0% target. However, although the MPC noted that “the restrictive stance of monetary policy is weighing on activity in the real economy, is leading to a looser labour market and is bearing down on inflationary pressures”, conversely it noted that key indicators of inflation persistence remain elevated and policy will be “restrictive for sufficiently long” and “restrictive for an extended period”.

Of course, the UK economy has started to perform a little better in Q1 2024 but is still recovering from a shallow recession through the second half of 2023. Indeed, Q4 2023 saw negative GDP growth of -0.3% while y/y growth was also negative at -0.2%.

But it was a strange recession. Unemployment is currently sub 4%, against a backdrop of still over 900k of job vacancies, and annual wage inflation is running at above 5%. With gas and electricity price caps falling in April 2024, the CPI measure of inflation - which peaked at 11.1% in October 2022 – is now due to slide below the 2% target rate in April and to remain below that Bank of England benchmark for the next couple of years, according to Capital Economics. The Bank of England still

needs some convincing on that score, but upcoming inflation and employment releases will settle that argument shortly. It is noted that core CPI was still a heady 4.5% in February and, ideally, needs to fall further.

Shoppers largely shrugged off the unusually wet weather in February, whilst rising real household incomes should support retail activity throughout 2024. Furthermore, the impact of higher interest rates on household interest payments is getting close to its peak, even though fixed rate mortgage rates on new loans have shifted up a little since falling close to 4.5% in early 2024.

From a fiscal perspective, the further cuts to national insurance tax (from April) announced in the March Budget will boost real household disposable income by 0.5 - 1.0%. After real household disposable income rose by 1.9% in 2023, Capital Economics forecast it will rise by 1.7% in 2024 and by 2.4% in 2025. These rises in real household disposable income, combined with the earlier fading of the drag from previous rises in interest rates, means GDP growth of 0.5% is envisaged in 2024 and 1.5% in 2025. The Bank of England is less optimistic than that, seeing growth struggling to get near 1% over the next two to three years.

As for equity markets, the FTSE 100 has risen to nearly 8,000 and is now only 1% below the all-time high it reached in February 2023. The modest rise in UK equities in February was driven by strong performances in the cyclical industrials and consumer discretionary sectors, whilst communications and basic materials have fared poorly.

Despite its performance, the FTSE 100 is still lagging behind the S&P 500, which has been at an all-time high for several weeks.

### **USA Economy.**

Despite the markets willing the FOMC to cut rates as soon as June 2024, the continued resilience of the economy, married to sticky inflation, is providing a significant headwind to a change in monetary policy. Markets currently anticipate three rate cuts this calendar year, but two or less would not be out of the question. Currently, policy remains flexible but primarily data driven.

In addition, the Fed will want to shrink its swollen \$16 trillion balance sheet at some point. Just because the \$ is the world's foremost reserve currency (China owns over \$1 trillion) does not mean the US can continually run a budget deficit. The mix of stubborn inflation and significant treasury issuance is keeping treasury yields high. The 10 year stands at 4.4%.

As for inflation, it is currently a little above 3%. The market is not expecting a recession, but whether rates staying high for longer is conducive to a soft landing for the economy is uncertain, hence why the consensus is for rate cuts this year and into 2025...but how many and when?

### **EZ Economy.**

Although the Euro-zone inflation rate has fallen to 2.4%, the ECB will still be mindful that it has further work to do to dampen inflation expectations. However, with growth steadfastly in the slow lane (GDP flatlined in 2023), a June rate cut from the current 4% looks probable.

**APPENDIX 2 - Investments as at 31 March 2024:**

<b>Treasury Investments</b>	<b>Principal</b>	<b>Start Date</b>	<b>End Date</b>	<b>Rate %</b>
BNP Paribas	£1,500,000	N/A	N/A	5.26%
<b>Total Liquid Accounts</b>	<b>£1,500,000</b>			
South Ayrshire Council	£4,000,000	16/10/2023	16/10/2025	5.65%
Babergh District Council	£2,000,000	15/12/2023	17/06/2024	5.70%
<b>Total Fixed Term Investments</b>	<b>£6,000,000</b>			
<b>Total Treasury Investments</b>	<b>£7,500,000</b>			

**APPENDIX 3 - Borrowing as at 31 March 2024:**

<b>Start Date</b>	<b>End Date</b>	<b>Loan No</b>	<b>Value £</b>	<b>Institution</b>	<b>Rate %</b>	<b>Term</b>
25.03.24	25.04.24		£5,000,000	Wokingham Borough Council	7.05	1 month
<b>Total Short Term</b>			<b>£5,000,000</b>			
22.03.07	21.03.77	5888	£5,000,000	Barclays – fixed rate loan	3.81	Long Term - fixed.
12.04.07	11.04.77	5887	£5,000,000	Barclays – fixed rate loan	3.81	Long Term - fixed.
<b>Total Long Term</b>			<b>£10,000,000</b>			
<b>Total Borrowing</b>			<b>£15,000,000</b>			

## APPENDIX 4: Prudential Indicators

PRUDENTIAL INDICATOR	2022/2023 Actual £000's	2023/2024 Actual £000's
<b>Capital Expenditure</b>	25,347	36,486
<b>Ratio of financing costs to net revenue stream</b>	0.78%	0.78%
<b>Net borrowing</b>		
Brought forward 1 April	10,000	10,000
Carried forward 31 March	10,000	15,000
Change in year - increase/(decrease)	-	5,000
<b>Net Investment</b>		
Brought forward 1 April	(34,615)	(27,000)
Carried forward 31 March	(27,000)	(7,500)
Change in year - increase/(decrease)	(7,615)	(20,000)

### Capital Financing Requirement

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

CFR (£m): General Fund	31 March 2022/2023 Actual £'000	31 March 2023/2024 Actual £'000
Opening Balance	42,779	50,391
Add unfinanced capital expenditure (as above 4.2)	9,273	16,619
Less MPR/VRP	(1,661)	(1,631)
<b>Closing Balance</b>	<b>50,391</b>	<b>65,379</b>

### Net borrowing and the CFR

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

CFR	31 March 2023 Actual £'000	31 March 2024 Actual £'000
Borrowing	10,000	15,000
Investments	(27,000)	(7,500)
<b>Net Position</b>	<b>(17,000)</b>	<b>7,500</b>
<b>Closing CFR</b>	<b>50,391</b>	<b>65,379</b>

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

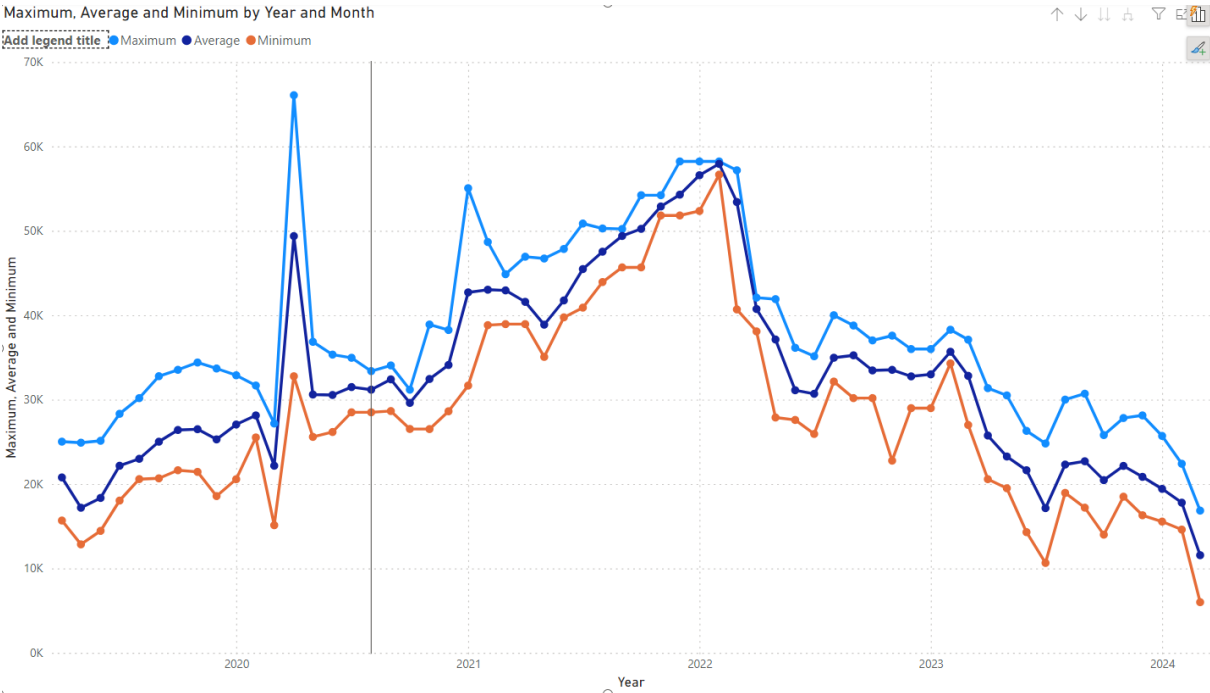
This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream (Council Tax and Government Grant).

	2023/2024 £'000
Authorised limit	86,000
Maximum gross borrowing position during the year	10,000
Operational boundary	81,000
Average gross borrowing position	10,000
Financing costs as a proportion of net revenue stream	0.78%

TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2022/2023 £'000	2023/2024 £'000
<b>Authorised limit for external debt -</b>		
Borrowing	71,000	86,000
<b>Operational boundary for external debt -</b>		
Borrowing	66,000	81,000
<b>Upper limit for fixed interest rate exposure</b>		
Net principal re fixed rate borrowing / investments	71,000	86,000
<b>Upper limit for variable rate exposure</b>		
Net principal re variable rate borrowing / investments	28,400	34,400

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

# Appendix 5 Historic Balances

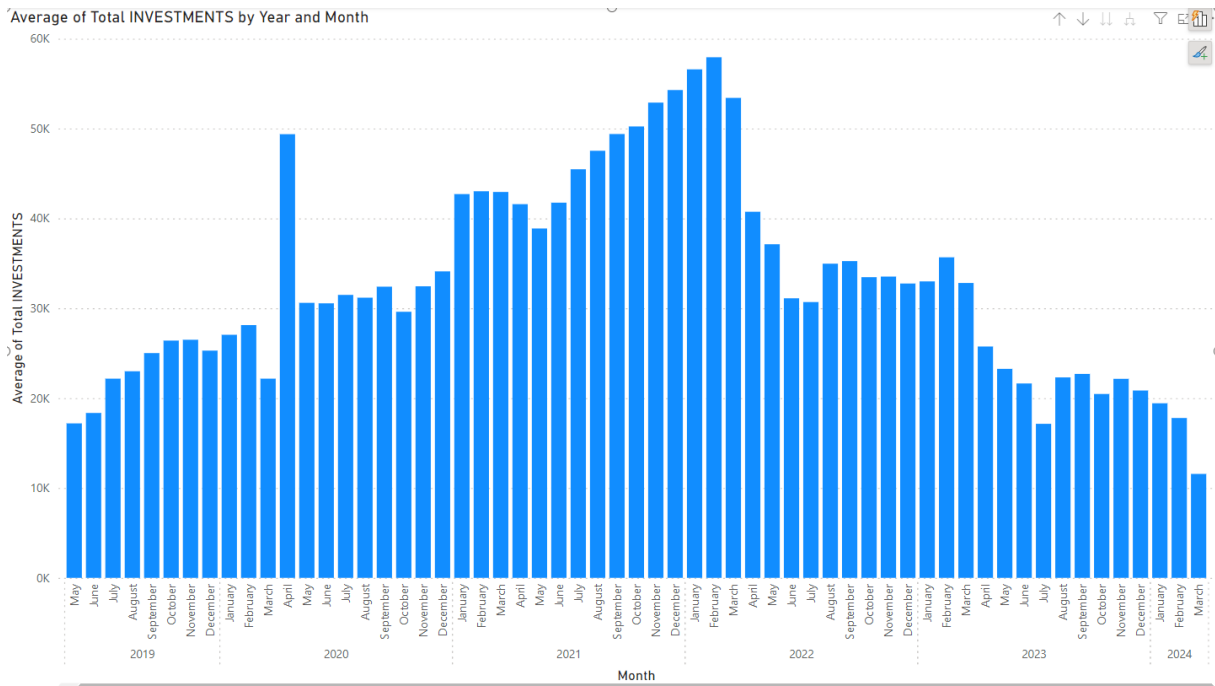


The accompanying line graph provides a detailed analysis of our investment balances, which are primarily utilised for managing cash flows. The graph delineates three critical metrics:

1. Maximum Total Balances: This line represents the peak total balances of investments held within a given month.
2. Average Total Balances: This line illustrates the average total balances maintained throughout the month.
3. Minimum Total Balances: This line indicates the lowest total balances of investments recorded in a given month.

The variance between the maximum and minimum values is predominantly driven by the timing of cash outflows for payments and inflows from receipts into our bank accounts.





The graph above illustrates average total investments per month over several years. The outlier month in April 2020 coincides with COVID grants receipts.

**POLICY REVIEW AND DEVELOPMENT PANEL REPORT**

REPORT TO:	Audit Committee		
DATE:	3 October 2024		
TITLE:	Audit Committee Terms of Reference		
TYPE OF REPORT:	For approval		
PORTFOLIO(S):	All		
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>
The Audit Committee was established in 2006, with Terms of Reference (ToR) drawn up in line with the guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The ToR should be reviewed every three years by the Committee and any updates presented to Cabinet for approval and Council for approval and incorporation into the constitution.
<b>KEY ISSUES:</b>
<p>The Audit Committee effectiveness report highlighted improvements required to the Audit Committee ToR to meet the requirements of the Accounts and Audit Regulations 2015. Additionally, upon reviewing the latest guidance from CIPFA (CIPFA position statement 2022 Audit Committees in Local Authorities and Police) the following amendments are suggested:</p> <ul style="list-style-type: none"> <li>• Clarity of the membership of the Audit Committee</li> <li>• Introduce wording to allow for the appointment of an Independent Co-opted Member to the Audit Committee.</li> <li>• The Committee’s responsibility for receiving assurances on the Wholly owned companies.</li> <li>• The term Chairman revised to Chairperson.</li> <li>• Clarity on the role and responsibility of the Audit Committee and the inclusion of “exclusions within the wider functions of the Executive”.</li> <li>• A commitment to reviewing the ToR every three years by the Committee and if changes are agreed recommending these are approved by Council.</li> </ul> <p>As outlined within the above updated guidance from CIPFA, it is anticipated that it will be requirement for Audit Committee’s to appoint non-voting lay persons. A paper was presented at Audit Committee on 20th February 2023 where the Audit Committee discussed the report and resolved in principle that it agreed the appointment of an Independent Person(s) to the Audit Committee.</p>
<b>OPTIONS CONSIDERED:</b>
<ul style="list-style-type: none"> <li>• To approve these updated Audit Committee ToR, <b>or</b></li> <li>• Suggest any further amendments prior to the approval of these updated Audit Committee ToR.</li> </ul>
<b>RECOMMENDATIONS:</b>
That Audit Committee approve or amend the ToR and recommend to Cabinet and to Council that the revised ToR for the Audit Committee be adopted.
<b>REASONS FOR RECOMMENDATIONS:</b>
To enable the Audit Committee to continue to fulfil its role as required by Accounts and Audit Regulations 2015 and in accordance with the guidelines provided by CIPFA.



# Terms of Reference for the Audit Committee of the Borough Council of King's Lynn & West Norfolk

## Introduction

The Audit Committee of the Borough Council of King's Lynn & West Norfolk was established in 2006 to support the authority's governance, risk management, and internal control framework, ensuring the effective and efficient use of resources. The committee is independent of both the executive and scrutiny functions and operates in accordance with the principles and recommendations of the CIPFA Audit Committees Position Statement 2022.

## Purpose

The primary purpose of the Audit Committee is to provide independent assurance and high-level focus on the adequacy of governance, risk, and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk, and control, gives greater confidence to all those charged with governance that those arrangements are effective across the Council and its Wholly Owned Companies.

The Committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

## Membership

- ✓ The Audit Committee shall consist of 9 members and no councillor shall be appointed who is a member of the Cabinet, or a Deputy Cabinet Member.
- ✓ Members should be appointed to ensure independence and objectivity.
- ✓ The Chair of the Audit Committee shall be appointed by Full Council and the Audit Committee shall appoint its own Vice Chair.
- ✓ The Chair will be strong, and independently minded, displaying a depth of knowledge, skills, and interests. The key personal skills needed to be effective are:
  - Promoting apolitical discussion.
  - Managing meetings to cover all business and encouraging a candid approach from all participants.
  - Maintaining the focus of the committee on matters of greatest priority.
- ✓ At least one member should have recent and relevant financial experience.
- ✓ At least one member should be an independent co-opted member (in a non-voting capacity) where an appropriate appointment has been made. However, the Audit Committee may still operate and conduct meetings in the absence of an independent co-opted member.
- ✓ A self-assessment review of the Audit Committee's effectiveness shall be conducted on an annual basis, to help ensure the appropriate membership of the Committee and to inform on relevant training needs necessary to fulfil the role of the Audit Committee effectively.
- ✓ All members will show a willingness to operate in an apolitical manner.

- ✓ Members of the Committee shall:
  - Show unbiased attitudes treating auditors, the executive and management fairly.
  - Have the ability to challenge the executive and senior managers when required, and.
  - Show knowledge, expertise, and interest in the work of the committee.

## **Meetings**

- ✓ The committee shall meet at least four times a year.
- ✓ Additional meetings may be convened by the Chairperson as deemed necessary where workloads require it.
- ✓ A quorum for meetings shall be 5 members.
- ✓ Meetings shall be attended by the Head of Internal Audit, the Chief Financial Officer, or their relevant deputies, and representatives from External Audit as required.
- ✓ Other attendees may include the Monitoring Officer and the committee have the right to call on any other officers or agencies of the council (or Wholly Owned Companies) as required.
- ✓ There should be opportunity for the Audit Committee to meet privately and separately with the Head of Internal Audit and the External Auditor, independent of the presence of those officers with whom the auditor must retain a working relationship. If the Committee decides that a meeting is required, suitable arrangements will be made by the Chairperson.

## **Core Functions and Responsibilities**

### **1. Governance, Risk, and Control**

- ✓ Review the Council's governance arrangements against the good governance framework, including the ethical framework, and consider the Code of Corporate Governance.
- ✓ Review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the Head of Internal Audit's annual opinion, and fairly concludes that governance arrangements are fit for purpose.
- ✓ Review the Council's Financial Regulations and Contract Standing Orders and recommend any proposals for changes to Cabinet/Full Council.
- ✓ Monitor the effective development and operation of risk management in the Council (notably through monitoring progress identified on risks included in the corporate risk register).
- ✓ Consider the effectiveness of the Council's risk management arrangements.
- ✓ Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- ✓ Report and/or recommend matters for the attention of Council through the Cabinet on issues that require further review or action.
- ✓ Request further review on matters that arise from internal and external audits, where concerns exist, and further information or assurance is required.

- ✓ Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.

## 2. Internal Audit

- ✓ Approve the Internal Audit Charter.
- ✓ Consider the Head of Internal Audit's annual report covering conformance with the Internal Audit Standards, the annual opinion of the adequacy and effectiveness of governance, risk management and internal control at the Council and Internal Audit's performance.
- ✓ Review and approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- ✓ Approve significant interim changes to the risk-based internal audit plan and resource requirements.
- ✓ Make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- ✓ Consider any impairments to the independence or objectivity of the Head of Internal Audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- ✓ Consider progress reports on the work of Internal Audit, including key findings, issues of concern and actions in hand as a result of internal audit work, and the implementation of agreed recommendations.
- ✓ Monitor the implementation of agreed recommendations and seek further assurance from Officers as necessary where these remain outstanding.
- ✓ Contribute to the Quality Assurance and Improvement Plan (QAIP) and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- ✓ Ensure internal audit has unrestricted access to all activities, records, property, and personnel necessary for the performance of its duties, including the Audit Chairperson.

## 3. External Audit

- ✓ Consider whether to opt in or out of the national scheme run by the Public Sector Audit Appointments Limited (PSAA) and if opt out, oversee the external audit process, including the appointment, reappointment, and removal of external auditors.
- ✓ Support the independence of External Audit through consideration of the External Auditor's annual assessment of its independence and review of any issues raised by PSAA or the Council's auditor panel as appropriate.
- ✓ Consider the External Auditor's annual audit plan, and annual report for the Financial Statements, and report on value for money arrangements at the Council.

- ✓ Comment on the scope and depth of external audit work as necessary and to ensure it gives value for money.
- ✓ Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- ✓ Consider additional commissions of work from External Audit as necessary.
- ✓ Monitor the implementation of External Audit recommendations.
- ✓ Ensure effective coordination and relationship between internal and external audit.
- ✓ Provide free and unfettered access to the Audit Committee Chairperson for the auditors, including the opportunity for a private meeting with the Committee.

#### 4. Wholly owned Companies

- ✓ Review the governance and assurance arrangements for significant partnerships or collaborations.
- ✓ Receive assurance that there is a sound system of control, and risk management in place by means of an annual report from the Shareholder Committee for the wholly owned companies.

#### 5. Arrangements for audit and assurances

- ✓ Receive reports by any other inspectorates where relevant which refer to the adequacy of the risk management framework, the internal control environment, and the integrity of financial reporting.
- ✓ Consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- ✓ Recommend to Cabinet for the Instigation and/or investigation or review on matters that arise from internal and external audits, where further information is required.
- ✓ Make recommendations to the Policy Review and Development Panels for the review of matters where the Audit Committee have outstanding issues or concerns over assurance.
- ✓ May question Chief Officers and Cabinet Members around progress and performance against audit recommendations.

#### 6. Financial Reporting

- ✓ Review and approve the annual financial statements, and specifically, consider whether appropriate accounting policies have been followed and whether there are concerns arising from the Financial Statements or from the audit that need to be brought to the attention of the Council.
- ✓ Consider the External Auditor's annual report, and report to those charged with governance any issues arising from the audit of the accounts as necessary.
- ✓ Consider the External Auditor's report of Value for Money Arrangements for the Council.
- ✓ Monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.

## 7. Counter Fraud and Corruption

- ✓ Review and monitor the Council's policies and procedures for preventing and detecting fraud and corruption.
- ✓ Review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- ✓ Review the Whistleblowing Policy and ensure that effective arrangements are in place for whistleblowing.

### **Exclusions within the Wider Functions of the Executive**

The Audit Committee shall not assume any executive responsibilities and shall not:

- × Make or implement decisions on behalf of the Council.
- × Directly manage or approve budgets other than those related to the internal audit function.
- × Oversee operational activities or performance of specific service delivery areas, which remain the responsibility of the Cabinet, boards, or panels.
- × Involve itself in any operational issues or complaints handling.
- × Determine the authority's strategic objectives or policy framework, which is the remit of the Cabinet.

### **Reporting**

- ✓ The Audit Committee shall report regularly to the Cabinet/Full Council., providing an annual report on the adequacy of the authority's governance, risk management, and internal control frameworks, financial reporting, and internal and external audit functions.
- ✓ Report to full Cabinet/Full Council annually on the Committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- ✓ Publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement 2022.

### **Review of Terms of Reference**

These Terms of Reference shall be reviewed every 3 years by the Audit Committee and approved by Full Council to ensure they remain relevant and effective.

Approved by [full Council/Cabinet] on [date]

Signed: [Chairperson of the Audit Committee]

Date: [date]



## AUDIT COMMITTEE WORK PROGRAMME 2024/2025

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
24 June 2024	Appointment of Vice Chair for the Municipal Year 2024/2025			To appoint a Vice Chair for the Municipal Year 2024/2025.
24 June 2024	Risk Register Update		G Greaves	To report progress and update on the Risk Register.
24 June 2024	Annual Internal Audit Progress Report		T Sharman J Hay	To report progress made against the Annual Internal Audit Plan 2023/24.
24 June 2024	Audit Committee Self-Assessment Review Report		T Sharman/ J Hay	To report on the outcomes from the Audit Committee Self-Assessment Review for 2023/24.
24 June 2024	Annual Internal Audit Follow-up Progress Report		J Hay	To report progress made against outstanding Recommendations made through Internal Audits as at the end of the 2023/24 fiscal year.
24 June 2024	Annual Internal Audit Opinion		T Sharman	To provide the annual internal audit assurance opinion of governance, control processes and risk management across the organisation.
24 June 2024	Annual Fraud & Error Progress Report		J Hay	To give an update on the counter fraud and corruption position as at the end of the 2023/24 fiscal year.
24 June 2024	Audit Committee Annual Report from Chair (TBC)		Councillor Ryves	To report on the effectiveness of the role of the Audit Committee for 2023/24.
24 June 2024	<b>Exempt Report:</b> Housing	Annual	J Stanton	To receive the annual report.

161

Agenda Item 12

	Benefit Subsidy Claim – Annual Certification Report			
24 June 2024	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
24 June 2024	Work Programme 2024/2025			To identify any items for the work programme.
3 <sup>rd</sup> October 2024	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
3 <sup>rd</sup> October 2024	Work Programme 2024/2025			To identify any items for the work programme.
3 <sup>rd</sup> October 2024	Value for Money Assessment Report		David Riglar - E&Y	
3 <sup>rd</sup> October 2024	Annual Governance Statement 22-23 and 23-24		J Hay A Baker	
3 <sup>rd</sup> October 2024	Audit Terms of Reference		J Hay	
3 <sup>rd</sup> October 2024	Treasury Management Outturn		M Drewery	
18 November 2024	Business Continuity Annual Update		TBC	
18 November 2024	Half Year Internal Audit Progress Report		T Sharman/ J Hay	To report the half-year progress made against the Annual Internal Audit Plan 2024/25.
18 November 2024	Half Year Internal Audit Follow-Up Progress Report		J Hay	To report the 2024/25 half-year progress made against outstanding Recommendations made through Internal Audits.

18 November 2024	Half Year Fraud & Error Progress Report		J Hay	To give a 2024/25 half-year update on the counter fraud and corruption position.
18 <sup>th</sup> November 2024	Training Needs Analysis Results		T Sharman	To provide results from Self Assessment and Training Needs Analysis
18 <sup>th</sup> November 2024	External Auditors- Ernst and Young		D Riglar	To provide progress and update on External Audit 2023-2024 Disclaimers, Statement of Accounts 2022-23 and 2023- 24.
18 November 2024	Cabinet Forward Decisions List			
18 November 2024	Work Programme 2024/2025			
20 January 2025	Business Continuity – Annual Update	Annual	G Greaves	
20 January 2025	Internal Audit- Global Audit Standards and Training		T Sharman	Update on new global audit standard and CIPFA document for public sector
20 January 2025	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
20 January 2025	Work Programme 2024/2025			To identify any items for the work programme.
17 March 2025	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.

17 March 2025	Work Programme 2043/2025			To identify any items for the work programme.

**Potential Future Training Sessions**

Draft Statement of Accounts for 2023/24

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

Reserves.

## **Potential/Future Agenda Items**

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

Council Owned Companies- following shareholders meeting, to consider if further discussion needs by the Committee.

Control of Climate Change Activities- risk of strategy and to discuss with Corporate Performance Panel

**FORWARD DECISIONS LIST**

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
Additional Meeting 17 October 2024						
	Norfolk Economic Strategy (NCC report for endorsement)	Non	Cabinet	Business Asst Dir D Hall		Public
	Hunstanton Bus Station Library Development – <b>○ Judges/ D Hall to report on at SLT</b>	Key	Council	Leader Asst Dir D Hall		Public
	CIL Applications for more than £50K	Non	Cabinet	Development and Licensing Asst Dir – S Ashworth		Public

167

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
5 November 2024						
	Disabled Facilities Grant Framework	Key	Cabinet	People and Communities Asst Dir M Whitmore		Private- Contains exempt Information under para 3 – information relating to the business affairs of any person (including the

						authority)
	Gambling Act – Statement of Principles	Non	Council	Planning and Licensing Assistant Director – A Baker		Public
	Constitution Review	Non	Council	Leader Asst Dir – A Baker		Public
	Recommendations from the Biodiversity Task Group	Non	Cabinet	Climate Change and Bio Diversity Asst Dir – S Ashworth		Public
	Annual Governance Statements 22-23 & 23-24	Key	Council	Leader Ass Dir- A Baker		Public
	Council Tax Support scheme 2025/2026	Key	Council	Finance Asst Dir – M Drewery		Public
	Q1 2024-25 Performance Management	Non	Cabinet	Asst Dir – A Baker		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
10 December 2024						
	King's Lynn Cultural & Heritage Strategy		Council	Business Asst Dir D Hall		Public
169	Investment Options for Leisure Assets'	Key	Cabinet	Deputy Leader Monitoring Officer		Part Public and part Private- Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	Long-Term Plan for Towns	Key	Cabinet	Leader Asst Dir – D Hall		Public
	West Norfolk Economic Strategy	Non	Council	Business Asst Dir D Hall		Public
	Review of Appointments to Outside Bodies	Non	Cabinet	Leader Chief Executive		Public
	Redundancy Payments Scheme	Non	Council	Leader Asst Dir – B Box		Public
	Empty Homes Strategy Review	Key	Council	People and Communities Asst Dir M Whitmore		Public
	Procurement Policy and Contract Standing Orders	Non	Council	Finance Monitoring officer		Public
	Social Value Policy	Non	Council	Leader Monitoring Officer		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
14 January 2025						
	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)
170	Housing Support Services Contract	Key	Cabinet	People and Communities Asst Dir - D Hall		Private Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	Taxi Fees and Conditions		Council	Monitoring Officer		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
4 February 2025 (non budget items)						

	Local Plan	Key	Council	Planning & Licensing Asst Dir – S Ashworth		Public
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<b>Date of meeting</b>	<b>Report title</b>	<b>Key or Non Key Decision</b>	<b>Decision Maker</b>	<b>Cabinet Member and Lead Officer</b>	<b>List of Background Papers</b>	<b>Public or Private Meeting</b>
5 February 2025 (Budget items)						
	Budget 2025-28	Key	Council	Finance Asst Dir – M Drewery		Public
	Treasury Management Strategy	Key	Council	Finance Asst Dir – M Drewery		Public
	Capital and Revenue Programme	Key	Council	Finance Asst Dir – M Drewery		Public

71

**Items to be scheduled**

	Notice of Motion 7-21 – Councillor Kemp – Equalities	Non	Council	People & Communities Asst Dir B Box		Public
	Custom and Self Build Site – Stoke Ferry	Non	Cabinet	Regeneration and Development Assistant Director - D Hall		Public
	Overnight Campervan parking in Hunstanton	Non	Cabinet	Leader Asst Director – M Chisholm		Public
	Pay Award 2024	Key	Cabinet	Leader		Public
	Florence Fields – Tenure Mix	Non	Council	Deputy Leader Exec Director – O Judges		Part Public and part Private- Contains exempt Information under para 3 – information relating to the business affairs of

						any person (including the authority)
	Article 4 Direction	Non	Cabinet	Regeneration and Development Assistant Director – S Ashworth		Public