Public Document Pack

Governance, Risk and Audit Committee

NORTH NORFOLK DISTRICT COUNCIL

Please contact: Emma Childs
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25 November 2024

A meeting of the **Governance, Risk and Audit Committee** of North Norfolk District Council will be held in the **Council Offices, Holt Road, Cromer, NR27 9EN** on **Tuesday, 3 December 2024** at **2.00 pm**.

At the discretion of the Chairman, a short break will be taken after the meeting has been running for approximately one and a half hours

Members of the public who wish to ask a question or speak on an agenda item are requested to notify the committee clerk 24 hours in advance of the meeting and arrive at least 15 minutes before the start of the meeting. This is to allow time for the Committee Chair to rearrange the order of items on the agenda for the convenience of members of the public.

Anyone attending this meeting may take photographs, film or audio-record the proceedings and report on the meeting. Anyone wishing to do so must inform the Chairman. If you are a member of the public and you wish to speak on an item on the agenda, please be aware that you may be filmed or photographed.

Please note that Committee members will be given priority to speak during the debate of agenda items

Emma Denny
Democratic Services Manager

To: Cllr S Bütikofer, Cllr J Boyle, Cllr S Penfold, Cllr C Cushing, Cllr L Vickers and Cllr A Fletcher

All other Members of the Council for information.
Members of the Management Team, appropriate Officers, Press and Public

IN TRAN communication for all

If you have any special requirements in order to attend this meeting, please let us know in advance
If you would like any document in large print, audio, Braille, alternative format or in a different language please contact us

A G E N D A

1. **TO RECEIVE APOLOGIES FOR ABSENCE**

2. **SUBSTITUTES**

3. **PUBLIC QUESTIONS**

To receive public questions, if any.

4. **ITEMS OF URGENT BUSINESS**

To determine any items of business which the Chairman decides should be considered as a matter of urgency pursuant to section 100B(4)(b) of the Local Government Act 1972.

5. **DECLARATIONS OF INTEREST** 1 - 6

Members are asked at this stage to declare any interests that they may have in any of the following items on the agenda. The code of conduct for Members requires that declarations include the nature of the interest and whether it is a disclosable pecuniary interest.

6. **MINUTES** 7 - 14

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 10 September 2024.

7. **GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST**

To monitor progress on items requiring action from the previous meeting, including progress on implementation of audit recommendations.

8. **PERFORMANCE AND PRODUCTIVITY OVERSIGHT BOARD** 15 - 20

Performance and Productivity Oversight Board Update	
Executive Summary	This is an update report to inform GRAC of the work of Performance and Productivity Oversight Board and the progress made to date around various elements of the work of the Board.
Options considered	N/A
Consultation(s)	N/A
Recommendations	It is recommended that GRAC note the Performance and Productivity Oversight Board for its successes since its inception and in its future delivery plans.

Reasons for recommendations	To achieve an understanding of the Council's performance, drivers of service demand, changing policy context and ensure there is a strategy to respond to current and future pressures, along with the Board continually monitoring and challenging corporate performance and being a champion of service transformation.
Background papers	Performance and Productivity Oversight Board Terms of Reference.

Wards affected	None
Cabinet member(s)	N/A
Contact Officer	Steve Hems – Director for Communities

9. **RESPONDING TO COMPLAINTS** 21 - 28

Local Government & Social Care Ombudsman Annual Report and Internal Complaints Summary 2023/24	
Executive Summary	Annual summary of complaint statistics from the Local Government and Social Care Ombudsman and NNDC for the year ending 31 March 2024.
Options considered	This report details the outcomes of complaints referred to the Local Government and Social Care Ombudsman (LGSCO) 23/24, alongside those complaints recorded internally through the Council's Workbench system.
Consultation(s)	None
Recommendations	That Cabinet / Overview and Scrutiny notes the LGSCO's annual report and NNDC complaints figures and agrees that no significant issues are raised with respect to the Council's processes or service provision.
Reasons for recommendations	Of the 13 complaints escalated to the LGSCO only 3 were investigated and 2 of these upheld.
Background papers	Annual Review Letter 2023/24 from the LGSCO received 17 July 2024

Wards affected	All
Cabinet member(s)	Cllr Tim Adams, Leader of the Council
Contact Officer	Steve Blatch Chief Executive Steve.blatch@north-norfolk.gov.uk

10. EXTERNAL AUDIT LETTER 29 - 74

To review and note the External Auditor’s Annual Report for 2021 - 2023 and the accompanying Auditor’s certificate.

11. INTERNAL AUDIT PROGRESS & FOLLOW UP REPORT 75 - 108

Summary:	This report provides details of progress with the 2024/25 Internal audit Plan and outstanding recommendations.
Conclusions:	The 2024/25 Internal Audit Plan is progressing, and some audits are behind schedule; four final reports have been issued. Outstanding recommendations are progressing.
Recommendation:	That the Committee is requested to receive and note: • Progress with delivering the 2024/25 Internal Audit Plan and outstanding recommendations.
Cabinet member(s):	All
Ward(s) affected:	All
Contact Officer, telephone number, and e-mail:	Teresa Sharman 01603 430138 teresa.sharman@southnorfolkandbroadland.gov.uk

12. SIGN OFF OF ACCOUNTS 2021/22 & 2022/23 109 - 312

Draft Statements of Accounts 2021/22 and 2022/23	
Executive Summary	This report presents to the Committee the Draft Statement of Accounts for the 22021/22 and 2022/23 financial years. These are for the Committee to note, in advance of approval of the final un-audited version at a date to be confirmed.
Options considered	No options are applicable
Consultation(s)	Internal and External Audit Section 151 Officer
Recommendations	That the Committee review and note the draft statements of Accounts for 2021/22 and 2022/23.

Reasons for recommendations	To enable effective Member scrutiny of the Council's financial performance.
Background papers	None

Wards affected	All
Cabinet member(s)	Cllr Lucy Shires
Contact Officer	Tina Stankley – Director of Resources and Section 151 Officer

13. **MONITORING OFFICER'S REPORT** 313 - 342

To review and note the Monitoring Officer's Report

14. **CIVIL CONTINGENCIES UPDATE** 343 - 354

Civil Contingencies Annual Report	
Executive Summary	The Civil Contingencies Team and the wider continued to discharge its responsibilities und Contingencies Act, 2004.
Options considered	This is a briefing report only.
Consultation(s)	None
Recommendations	To note the report and the council's contribu Norfolk Resilience Forum and the response to in
Reasons for recommendations	A better understanding of the challenges in th and the role of the Norfolk Resilience Forum in preparedness planning and incident response discharge our obligations under the Civil Contin 2004.
Background papers	Appendix A - NNDC Resilience Training Plan Appendix B - Rainfall Figures 2023-2024

Wards affected	All
Cabinet member(s)	Cllr Callum Ringer
Contact Officer	Alison Sayer Resilience Manager

15. **BUSINESS CONTINUITY POLICY AND FRAMEWORK** 355 - 382

Business Continuity Policy and Business Continuity Management F	
Executive Summary	The Business Continuity Policy and the Busines Management Framework have both been re updated.

Options considered	Retaining the current Business Continuity Policy and the Business Continuity Management Framework.
Consultation(s)	None
Recommendations	**To adopt the revised Business Continuity Policy and the Business Continuity Management Framework.**
Reasons for recommendations	Minor changes have been made to both documents to align with the Council's Net Zero 2030 Strategy & Climate Action Plan.
Background papers	2024 Review of BC Policy and BCM Framework Climate Impact Assessment Tool - justifications

Wards affected	All
Cabinet member(s)	Cllr Callum Ringer
Contact Officer	Alison Sayer Resilience Manager

16. **RISK MANAGEMENT FRAMEWORK** 383 - 402

To review and adopt the Risk Management Policy and Framework.

17. **CORPORATE RISK REGISTER** 403 - 428

To review and note the corporate risk register and consider any necessary recommendations.

18. **TREASURY MANAGEMENT MID YEAR REPORT 2024/25** 429 - 444

Treasury Management Mid Year Report	
Executive Summary	This report provides mid-year information to Me treasury activity
Options considered	This report is for information purposes.
Consultation(s)	None
Recommendations	To recommend that GRAC recommends Fu approves the Treasury Management Half Yearly
Reasons for recommendations	To comply with Local government require reporting treasury activity regularly.

Wards affected	All
Cabinet member(s)	Cllr Lucy Shires
Contact Officer	Tina Stankley Director of Resources

19. **PROCUREMENT EXEMPTIONS** 445 - 446

To consider the Procurement Exemptions register.

20. **COMMITTEE SELF-ASSESSMENT - ACTION PLAN** 447 - 450

21. **GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME**

To review the Governance, Risk & Audit Committee Work Programme.

22. **EXCLUSION OF THE PRESS AND PUBLIC**

To pass the following resolution, if necessary:

"That under Section 100A(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 _ of Part I of Schedule 12A (as amended) to the Act."

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Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1** (**Disclosable Pecuniary Interests**) which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2** (**Other Registerable Interests**).

"**Disclosable Pecuniary Interest"** means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.

2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.

3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which ***directly relates*** to one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which ***directly relates*** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

8. Where a matter arises at a meeting which ***affects*** –
    a. your own financial interest or well-being;
    b. a financial interest or well-being of a relative, close associate; or
    c. a body included in those you need to disclose under Other Registrable Interests as set out in **Table 2**

    you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter ***affects*** your financial interest or well-being:
    a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
    b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

    You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

    If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licenses	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i)) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were

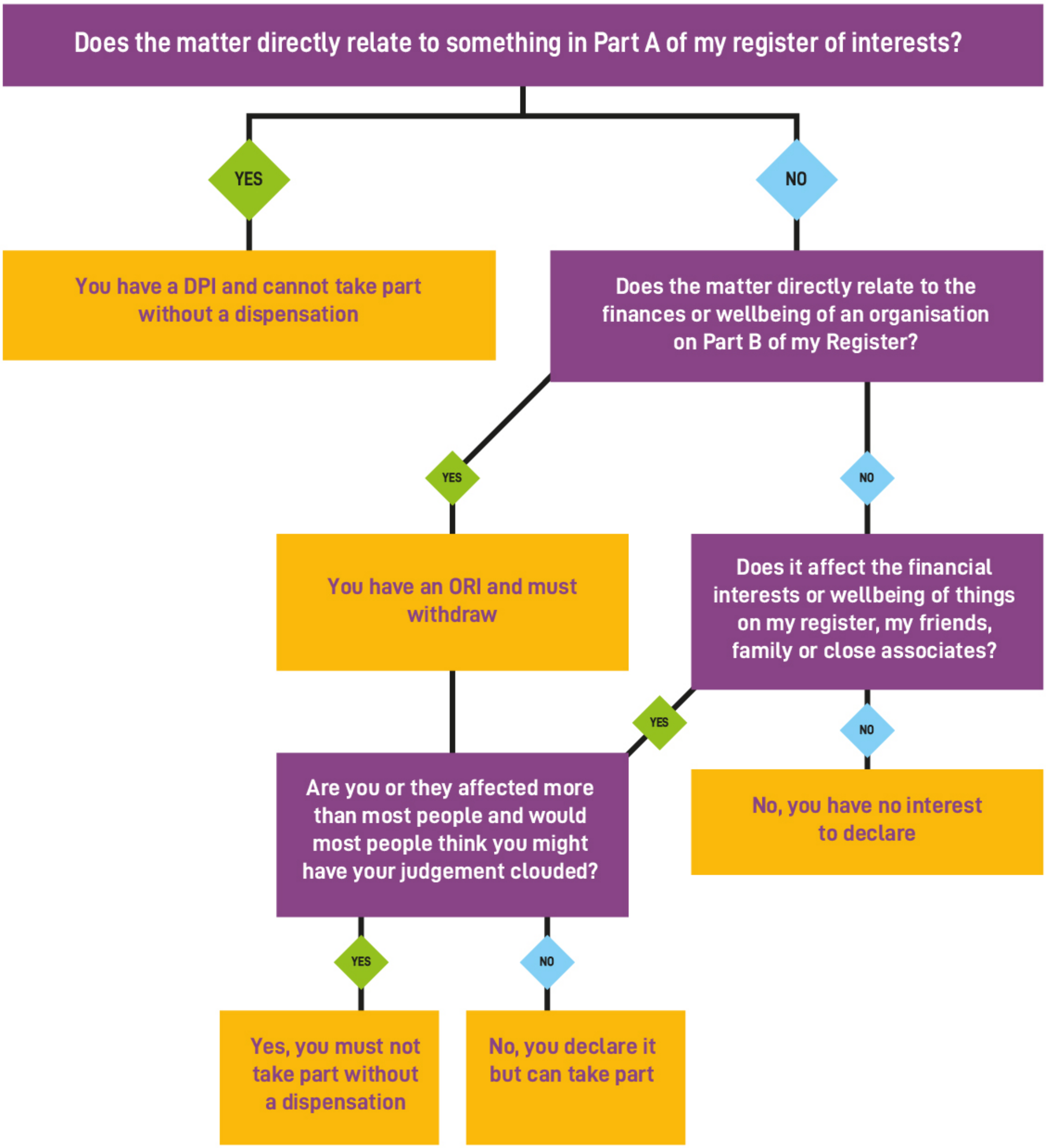
	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* ‘director’ includes a member of the committee of management of an industrial and provident society.

* ‘securities’ means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

You have a personal interest in any business of your authority where it relates to or is likely to affect: a) any body of which you are in general control or management and to which you are nominated or appointed by your authority b) any body (i) exercising functions of a public nature (ii) any body directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)



Local Government Association
Guidance on LGA Model Councillor Code of Conduct

GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 10 September 2024 at the Committee Room, Council Offices, Holt Road, Cromer, NR27 9EN at 2.00 pm

Committee Members Present:

Cllr S Bütikofer (Chair)
Cllr C Cushing
Cllr A Fletcher
Cllr J Boyle (Vice-Chairman)
Cllr L Vickers

Members also attending:

Officers in Attendance:

Chief Executive, Director for Communities, Director for Resources / S151 Officer and Assistant Director for Finance, Assets, Legal & Monitoring Officer, Internal Auditor and External Auditor

83 TO RECEIVE APOLOGIES FOR ABSENCE

Councillor S Penfold submitted his apology for absence.

84 SUBSTITUTES

None

85 PUBLIC QUESTIONS

None

86 ITEMS OF URGENT BUSINESS

None

87 DECLARATIONS OF INTEREST

None

88 MINUTES

Resolved - the Committee agreed that the minutes be approved as a correct record.

89 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

Councillor Butikofer asked the Committee if it was now happy following further information from the External auditor to agree the materiality and reporting levels for the 2023/24 External Audit. The Committee agreed that it was, Councillor Butikofer asked why there was no report on why the Council was not consistently achieving its target timescale for 15 days for responding to complaints and what remedial work was being undertaken and on whether the outstanding statement from Flagship Housing for 25 Reeves Court, North Walsham had been obtained.

The Director for Communities (DfC) advised that three officer Oversight Boards had been established and one of those was the Performance and Productivity Board that in its remit was to look at complaints to the Council. It would consider the progress being made on those complaints.

The DfC added that the computer software was now not being supported by its developers so work was being undertaken to incorporate it with other council back-office systems that should make it easier for complaints management to be dealt with.

A more detailed report will come to the next committee meeting.

Councillor Butikofer in respect of Minute 77 whether there was more information that could be provided on CR037 cost and resources issues from prosecutions, enforcement action and litigation.

The Assistant Director Legal & Governance (ADLG) stated that a short report detailing the reasons could be provided if that was useful.

Councillor Butikofer commented in respect of more information be provided on CR035 failure to deliver the Local Plan that Councillor Brown, the Portfolio Holder has provided an update on this, and Councillor Butikofer would ensure that this was sent to all members of the committee for their information.

Resolved – the committee agreed its understanding of and agreement to the materiality and reporting levels for the 2023/24 External Audit

90 LOCAL AUDIT BACKLOG IN ENGLAND

The External Auditor from Ernst and Young advised that following last year's Government decision that the 21/22 and 22/23 financial years would be disclaimed under statue.

Following the general election the new government has brought forward the backstop dates including a date of 13 December 2024 for financial years up to and including 2022/23 and Ernst and Young were reprioritising their work to reflect these changes.

They were also seeking to complete as many of the 2023/24 Audits as possible although North Norfolk's 23/24 accounts were yet to be published.

The External Auditor added that when the council did publish the accounts it would make an assessment of the resources available to assess whether it could complete the Aduit by the backstop date of 28 February 2025. There was a high likelihood that the 2023/24 will also be disclaimed under statute and that 2024/25 would be a reset to keep the audits back on track.

Councillor Cushing asked what level of risk there was for the accounts that were disclaimed. The External Auditor replied that if a risk from previous years showed up in 2023/24 and was expected into 2024/25 they would look for assurance and 2024/25 would be the first year to unpick it.

Councillor Cushing asked when the 2022/23 and 24/25 accounts would be available. The Director of Resources advised that the first accounts should be available mid-October.

Resolved – that the update be noted.

91 UPDATE OF OUTSTANDING AUDIT RECOMMENDATIONS

Councillor Butikofer welcomed the report as it did show progress and commented that some recommendations had already been implemented but the status had not been updated. It was important to keep the information up to date.

Councillor Cushing queried the progress of the new finance system in NN2302 Key Controls and Assurance. Councillor Butikofer replied that the system is up and running and working.

The Director of Resources (DoR) advised that it was a good system but needed some work to develop it and add additional functionality to make it as effective as possible. The system was chosen following a competitive tendering process and chosen as most able to meet the council’s needs.

Councillor Cushing asked in respect t of the car parking contract with Kings Lynn and West Norfolk Council when that contract was up for review. The Chief Executive stated that it ended in March and there had been a strategic review. A report was coming to Cabinet in November on the options available.

Councillor Butikofer asked about the progress on ICT Disaster Recovery. The DoR advised that the Council was one of a few who had done a live test to assess what would happen and it was a successful exercise that addressed the issues that were encountered.

The DfC stated that one of the terms of reference for the new Performance and Productivity Board was the oversight of Audit recommendations to ensure the timely completion of the work that was needed. This would be done on a monthly basis and to meet before the GRAC met to ensure that an update position was presented to the committee.

The Chief Executive (CEX) advised that there were to be two other boards which would cover decarbonisation and major projects.

Councillor Butikofer asked what did that mean for the Corporate Delivery Unit. The CEX stated that it was not clear whether the unit had worked for the council and are taking a different approach to project management and implementation that would include the new major projects board and corporate learning.

Councillor Vickers asked what role there was for Councillors with the boards,. The CEX advised that they were management structures but there would be opportunities to ask questions at Cabinet, Overview and Scrutiny Committee as well as this committee.

Councillor Butikofer asked who would be responsible for the project plan. The CEX confirmed that it would be the responsibility of the new board and that the plans for major projects needed to be dynamic.

Councillor Cushing asked about the process for delivering major projects. The CEX stated that externally facing projects had gatekeepers, the council bid for external funding, drew up a project plan but couldn’t move to the next stage until the funding is confirmed. Once it was then there would be a competitive tendering process and then implementation and the monitoring of the expenditure.

Councillor Butikofer questioned whether all of the oversight boards were going to report back to committee. The CEX advised that the expectation that they would report back but only by exception. The Performance and Productivity Board might have some detailed information, but it was expected that the other two boards would have very little information for the committee.

Following Councillor Cushing’s question, the CEX confirmed that the terms of Reference for the Oversight Boards would be sent to the members of the committee for their information.

Resolved - that the latest position on the outstanding Audit recommendations as at 10 September 2024 be noted.

92 INTERNAL AUDIT PROGRESS & FOLLOW-UP REPORT

Councillor Butikofer commented that there was currently only one audit that was on track. The Internal Auditor advised that there had been resource shortages with the contractor, but these were now resolved. Some planning had been undertaken on audits and there were now some dates in place for the audits to start. There was still some time to get it on track.

Councillor Cushing asked if the priority of the audits had been reassessed in light of the resource considerations. The CEX advised that this was down to the resources available to the Internal Audit Contractor but discussions on a priority order should be around when was the best time to do the Audit so there weren’t unintended pressures on the service involved alongside the risks involved and previous Audits.

The Internal Auditor that if the Audits weren’t being completed that it might be worth seeking additional support from another contractor but that would mean additional costs to the council.

Councillor Butikofer asked why the reasons for the fieldwork for the Cyber Security Audit were currently unknown. The Internal Auditor explained that it had been difficult to get updates on the progress of the work, but it was one of Audits affected by the resources issue that should be being resolved.

Councillor Fletcher asked about the progress on the urgent recommendations for the Business Continuity Audit. The Director of |Resources stated that they were in progress and the plans were expected to be updated. The Internal Auditor advised that there would be a follow up audit in September/October time.

Resolved – the progress on delivering the 2024/25 Internal Audit Plan and outstanding recommendations be noted.

93 CORPORATE RISK REGISTER

Councillor Butikofer asked about the two risks for the Cromer and Mundesley

Coastal Management Schemes and whether these were under control and could be scored as a lower risk. The CEX advised that the Cromer scheme was in progress but had experienced some delays and have had to add in a scheme of protection for the coastline at Overstrand which added to the risk.

Councillor Fletcher asked about the Rocket House, Cromer and the unknown damage due to the weather. Councillor Boyle commented that it was too early to say as it depended on the upcoming weather.

Councillor Boyle asked about the increase in risk of the Fakenham Leisure and Sports Hub project. The DfC commented that the delay in getting the scheme approved meant that the original deadline was unachievable. The Council was waiting for a decision from the new government however the government had funded the council for its expenditure up to July of £650k.

Councillor Cushing asked about the effect of the Government's announcements about increasing housing targets on the Council's risk for housing delivery. The CEX advised that the Council's Local Plan had been based on a sound evidence base and based on the then existing housing targets. The Council received the response to the Inspector's report on 22 July and would need to take a view on the effect of the new housing numbers.

Councillor Butikofer commented that the Portfolio Holder for Planning had provided a briefing on this issue and would send it round to the members of the committee for their information.

Councillor Bütikofer asked about the risk for Fakenham new roundabout. The CEX stated that the County Council was expected to make a announcement about it in the near future.

Resolved – that the current position of the Council's Risk Register be noted.

94 ANNUAL GOVERNANCE STATEMENT 23/24 & LOCAL CODE OF CORPORATE GOVERNANCE

Councillor Butikofer asked about the governance arrangements for the Planning Improvement Plan. The DoR advised that they would be reviewed to ensure that the Council was getting value for money.

Councillor Bütikofer suggested that the wording could be improved in paragraphs 3.5.3, 3.8 and Councillor Fletcher on page 83 regarding the Planning Improvement Plan.

Councillor Butikofer asked when Councillors had last received training on risk. The CEX advised that it would have been during the induction training for all Councillors last year.

Councillor Butikofer queried the statement in paragraph 4.3.3. regarding reviewing any high-level audit recommendations that remained outstanding. The CEX said the 2019/20 audit recommendation related to Section 106 Planning Obligations and a new module needed to be installed into the system to allow historic obligations to be tracked. CLT did consider it and there had been resource implications for the Planning Department.

Resolved – that approve the Annual Governance Statement along with the

updated Local Code of Corporate Governance be approved.

95 CHANGES TO LAND CHARGES

Councillor Boyle commented that it looked like the Council was losing a third of its income whilst retaining elements of the land charges searches would make it difficult to assess the resources that would be needed. The DoR advised that the Council would collect what information is required to do so but would seek to keep its costs to a minimum.

Councillor Fletcher asked if this would require the fees that the Council charged to increase. The DoR stated that the Council had to maintain the land register and the council will look at the fees on an annual basis to ensure the right charges are being sought.

Resolved – that the report be noted.

96 PROCUREMENT EXEMPTIONS REGISTER

The Assistant Director Legal and Governance introduced the report and informed Members that there had been two exemptions between 10 June 2024 and 19 August 2024 which were outlined in the report.

Resolved – that the procurement exemptions be noted.

97 TRAINING NEEDS ASSESSMENT

Councillor Cushing commented that some general Audit training would be helpful.

Councillor Butikofer advised that there was some good Audit training on the LGA Portal that Councillors could access and complete online.

The Director of Resources undertook to take some research into possible training courses that would be useful for the Committee members. The External Auditor advised that Ernst and Young had done presentations to Councils on the External Auditor's perspective and that content could be shared with the council.

Resolved - that the collated results of the knowledge and skills self-assessment questionnaires and the results of the Committee's feedback survey are noted.

98 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The ADLG advised that applications had been received for an independent Committee member and interviews had been provisionally agreed for 26 September 2024. The interview panel would consist of Councillors Butikofer and Cushing and officers.

Councillor Cushing raised a number of issues that could be explored at future meetings of the committee. Governance was one of those and considering how the Cabinet and Full Council reached its decisions and the level of evidence that was presented to those bodies when looking at substantial financial decisions would be useful.

Councillor Butikofer commented that it in a Cabinet led model Cabinet members would ask detailed questions and want to see different options. There was also the issue of confidentiality and what type of information could be shared in public sessions.

Councillor Vickers commented that it was about how much information was shared to help the council reach a decision by understanding how it was reached and what options had been considered.

Councillor Boyle added that some items that went before Cabinet were confidential but should be confident in making the right decision, but the difficulty came in sharing some of that information.

The DofC advised that it was important to understand the role of responsibilities of each of the committees so that the officers get the right reporting lines, and the Councillors are informed as much as possible.

The Committee agreed that it needed further discussion and should come back to the next committee meeting.

Councillor Cushing queried about the need to look at key operational risks. The DoR stated that they were reviewed as they could regularly changed so it needed to be a fluid assessment. The CEX added that financial viability and the ability to recruit and retain staff were especially important.

Resolved - that the issue of the wider governance and decision making at the council be considered at the next meeting.

99 EXCLUSION OF THE PRESS AND PUBLIC

The meeting ended at 4.20 pm.

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Chairman

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GOVERNANCE, RISK & AUDIT COMMITTEE ON 10 SEPTEMBER 2024 – OUTCOMES & ACTIONS LIST

MINUTE NO.	AGENDA ITEM AND ACTION	ACTION
89	**GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST**	
	(A) why the Council is not consistently achieving its target timescale for 15 days for responding to complaints and what remedial work was being undertaken	**DfC**
	(B) on whether the outstanding statement from Flagship Housing for 25 Reeves Court, North Walsham had been obtained.	**DfC**
	(C) more information that could be provided on CR037 cost and resources issues from prosecutions, enforcement action and litigation.	**ADLG**
91	**UPDATE OF OUTSTANDING AUDIT RECOMMENDATIONS**	
	Councillor Butikofer questioned whether all of the oversight boards were going to report back to committee. The CEX advised that the expectation that they would report back but only by exception. The Performance and Productivity Board might have some detailed information, but it was expected that the other two boards would have very little information for the committee.	**DfC**
94	**ANNUAL GOVERNANCE STATEMENT 23/24 & LOCAL CODE OF CORPORATE GOVERNANCE**	
	Councillor Bütikofer suggested that the wording could be improved in paragraphs 3.5.3, 3.8 and Councillor Fletcher on page 83 regarding the Planning Improvement Plan.	**DoR**
97	**TRAINING NEEDS ASSESSMENT**	
	The Director of Resources undertook to take some research into possible training courses that would be useful for the Committee members. The External Auditor advised that Ernst and Young had done presentations to Councils on the External Auditor’s perspective and that content could be shared with the council.	**DoR**
98	**GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME**	
	Resolved - the committee should continue to look at potential items for its work programme and consider a report on the principles of good governance at its next meeting.	**ADLG**

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Performance and Productivity Oversight Board November 2024 update for GRAC	
Executive Summary	This is an update report to inform GRAC of the work of Performance and Productivity Oversight Board and the progress made to date around various elements of the work of the Board.
Options considered	N/A
Consultation(s)	N/A
Recommendations	It is recommended that GRAC note the Performance and Productivity Oversight Board for its successes since its inception and in its future delivery plans.
Reasons for recommendations	To achieve an understanding of the Council's performance, drivers of service demand, changing policy context and ensure there is a strategy to respond to current and future pressures, along with the Board continually monitoring and challenging corporate performance and being a champion of service transformation.
Background papers	Performance and Productivity Oversight Board Terms of Reference.

Wards affected	None
Cabinet member(s)	N/A
Contact Officer	Steve Hems – Director for Communities

Links to key documents:	
Corporate Plan:	The Board has responsibility for monitoring progress made against the Annual Action Plan and Corporate Plan Delivery.
Medium Term Financial Strategy (MTFS)	N/A
Council Policies & Strategies	The Board will ensure that corporate strategies and polices are reviewed in a timely manner and ensure any associated action plans are implemented.

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	N/A
Details of any previous decision(s) on this matter	N/A

1. Purpose of the report

1.1. The Council's 2023-2027 Corporate Plan has A STRONG, RESPONSIBLE AND ACCOUNTABLE COUNCIL as one of its five corporate priorities and states that "We will ensure the Council maintains a financially sound position, seeking to make best use of our assets and staff resources, effective partnership working and maximising the opportunities of external funding and income".

1.2. Understanding the Council's performance, drivers of service demand, changing policy context and having a strategy to respond to current and future pressures will therefore be critical to the future agility and "success" of the Council.

1.3. As the Council's budgets and resources come under increasing pressure through increased customer demand and scrutiny by Government it is more important than ever that the Council has a deep understanding of its performance and plans in place which ensures our effective performance and agility in the future.

1.4. This requires the Council to deliver year-on-year savings and efficiencies and to continually adapt and "transform" its services so as to meet the needs of our residents, businesses and visitors through service re-design, adoption of new systems and ways of working.

2. Introduction & Background

2.1 The Performance and Productivity Oversight Board is an essential element of the NNDC project management and performance framework. The Board has responsibility for monitoring and challenging the corporate and service performance and will lead on service transformation through providing corporate oversight of a programme of service reviews.

3. Achievements, issues and action taken

3.1. Since its inception meeting which took place in June 2024 the Performance and Productivity Board has met monthly.

3.2. **Corporate Plan and Annual Action Plan Delivery**

3.2.1 The Q2 report was reviewed where an increase of amber and red actions was identified. Recommended that CLT review the red and amber actions and agree the way forward.

3.3. **Key Performance Indicators and Service Level Indicator development**

3.3.1 A draft set of KPI's have been developed which will be considered by the Board at the meeting on 20 November 2024 with a view to progress through CLT and onward for approval and appropriate scrutiny.

3.4. **Benchmarking**

3.4.1 The Board has not yet considered in detail benchmarking data in detail due to the focus on other areas which were considered of greater priority. Benchmarking data will be considered by the Board at a future meeting.

3.5. **Audit Recommendation implementation**

3.5.1 The Board are monitoring audit recommendations monthly at present.

3.5.2 All lead officers have been written to asking for an update on progress for those which were identified as not being able to be completed by the due date, with a proposed plan for getting the recommendation signed off by Internal Audit put in place.

3.5.3 This approach has led to a number of outstanding recommendations being completed. The table shows the number of outstanding audits by month. The Board began to chase lead officers in September for updates.

February 2024	66
April 2024	60
July 2024	39
September 2024	39
October 2024	27
November 2024	29

3.5.4 It should be noted that in addition to those which have been taken off the list, there are a small number of additions which are included in the figures. This is because some audit recommendations have now gone past the due date. The Board will apply the same process applied to other overdue audit recommendations. It is anticipated that applying this process consistently and quickly once they become overdue will result in early resolution.

3.5.5 Members of the Board have delivered a session for the Service Mangers Group to increase the understanding of responsibilities around audit requirements and to promote consistency of response.

3.5.6 Once the Board have addressed the overdue recommendations, it will look to put processes in place to increase accountability for lead officers responsible for completing individual audit recommendations prior to them becoming overdue. It is hoped that this will result in a very small number of audit recommendations becoming overdue and those that do will be fully justified and have a plan in place to receive audit sign off.

3.6. **Corporate Strategy and Policy Reviews**

3.6.1 The Board reviewed the list of policies and strategies which had a review date that had expired. This review resulted in 127 corporate documents being identified as being overdue as of 23 July 2024.

3.6.2 Following this review all lead officers were written to requesting information on the documents ie; whether it was still required, what the risk was associated with the document being out of date etc. As a result, 20% of these documents have now been brought up to date, withdrawn, or a formal review is in progress.

3.7. **Complaints / Local Government Ombudsman**

3.7.1 It is the responsibility of the board to have oversight of this annual report prior to it going to Overview and Scrutiny and Cabinet for their reference. The report indicates headline figures for complaints that have been reported to the Local Government And Social Care Ombudsman (LGSCO).

3.7.2 In the past 12 months 13 complaints were made to the LGSCO, 3 of these were investigated, with 2 complaints upheld and 1 not upheld The authority has complied with the recommendations put forward.

3.7.3 Compared to other authorities these figures are low however we do need to improve the complaints handling process.

3.7.4 Work is also being undertaken in regard to the general complaint handling process, predominantly aligned to the proposed changes in the LGSCO Complaint handling Code of Practice, for which North Norfolk District Council is one of a small number of pilot authorities.

3.7.5 This work has seen a revision to the Complaints Policy which is currently being checked prior to the formal adoption process; the proposed introduction of a template letters for both Stage 1 and Stage 2 responses and the introduction of a complaint handlers guide, to assist managers with ensuring their investigation and response to complaints complies with the code. This should not only improve the customer experience and assist the Council in demonstrating that it has complied with the code should a complaint reach the Ombudsman, but also encourage managers to think differently about case management.

3.8. **Performance Management Process and effectiveness**

3.8.1 The most recent quarterly performance management report has just been reported through the committee process. It is intended that future reporting will be produced by the Board.

4. Corporate Priorities

4.1 The Board is focused on the corporate plan objective “A strong responsible and accountable council, effective and efficient delivery, ensuring that strong governance is at the heart of all we do”

5. Financial and Resource Implications

5.1 There are no financial or resource implications associated with the Performance and Productivity Oversight Board.

Comments from the S151 Officer:

The S151 Officer (or member of the Finance team on their behalf) will complete this section*.*

6. Legal Implications

6.1 There are no legal implications associated with the Performance and Productivity Oversight Board.

Comments from the Monitoring Officer:

The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section*. They will outline any legal advice provided.*

7. Risks

The activity of the board is designed to reduce risk to the council in operations and in achieving objectives.

8. Net ZeroTarget

There are no implications for the Net Zero Target associated with this report.

9. Equality, Diversity & Inclusion

There are no equality, diversity or inclusion implications associated with this report.

10. Community Safety issues

There are no community safety issues associated with this report.

11. Conclusion and Recommendations

This report sets out the work that the Performance and Productivity Board has been working on over recent months and the progress that has been made on various issues, therefore it is recommended that Members note the contents of this report.

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Local Government & Social Care Ombudsman Annual Report and Internal Complaints Summary 2023/24	
Executive Summary	Annual summary of complaint statistics from the Local Government and Social Care Ombudsman and NNDC for the year ending 31 March 2024.
Options considered	This report details the outcomes of complaints referred to the Local Government and Social Care Ombudsman (LGSCO) 23/24, alongside those complaints recorded internally through the Council's Workbench system.
Consultation(s)	None
Recommendations	That Cabinet / Overview and Scrutiny notes the LGSCO's annual report and NNDC complaints figures and agrees that no significant issues are raised with respect to the Council's processes or service provision.
Reasons for recommendations	Of the 13 complaints escalated to the LGSCO only 3 were investigated and 2 of these upheld.
Background papers	Annual Review Letter 2023/24 from the LGSCO received 17 July 2024

Wards affected	All
Cabinet member(s)	Cllr Tim Adams, Leader of the Council
Contact Officer	Steve Blatch Chief Executive Steve.blatch@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	**A Strong, Responsible and Accountable Council** We will ensure the Council maintains a financially sound position, seeking to make best use of its assets and staff resources, effective partnership working and maximising the opportunities of external funding and income. • Quality Customer Service • Effective and Efficient Delivery
Medium Term Financial Strategy (MTFS)	None
Council Policies & Strategies	Council Complaints Policy

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Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	No
Details of any previous decision(s) on this matter	None

1. Purpose of the report

1.1 The purpose of this report is to inform Members of the number of complaints referred to the LGSCO in 23/24 and the outcome of these referrals.

1.2 This report also looks at the complaints that have been through the internal complaints system within NNDC.

2. Introduction & Background

2.1 The Local Government & Social Care Ombudsman (LGSCO) focuses on three key areas that help to assess the Council's commitment to putting things right when they go wrong:

2.1.1 **Complaints upheld –** The LGSCO upholds complaints when they find fault in an organisation's actions, including where the organisation accepted fault before they investigated. They have included the total number of investigations completed to provide important context for the statistics. This year, they have also provided the number of upheld complaints per 100,000 population.

2.1.2 **Compliance with recommendations –** The LGSCO recommends ways for the Council to put things right when faults have caused injustice and monitor our compliance with these recommendations.

2.1.3 **Satisfactory remedy provided by the authority** - In these cases, the Council has upheld the complaint and the LGSCO were satisfied with how we offered to put things right.

2.2 These three key annual statistics for the Council are compared with similar authorities to provide an average marker of performance.

3. NNDC Annual LGSCO Report

3.1 The LGSCO received a total of 13 complaints regarding North Norfolk District Council in 2023/24, of these they resolved to investigate three cases further and of two of these (67%) were upheld. This compares to an average of 63% in similar organisations.

3.2 In both cases the LGSCO were satisfied that the Council had successfully implemented their recommendations.

- In one case these had already been applied prior to the LGSCO's decision.
- In the other case these related to:
    - Apology

- Financial redress for avoidable distress/time and trouble.
- Procedural and Policy changes to prevent a recurrence.
- Training and guidance

4. Internal Complaints

4.1 Alongside the data we receive from the LGSCO we have also used this opportunity to look closely at our internal complaints process.

4.2 In 2023/24, NNDC received 87 Stage 1 complaints of these 31 (35%) were responded to within the 15-day timescale.

4.3 Of the 87 complaints, 27 were progressed to a Stage 2 complaint. 9 of the 27 complaints (33%) were responded to within the 15-day timescale.

4.4 The delays in responding to the Stage 1 and Stage 2 complaints has been assessed and is believed to be due to the overall workload being taken forward by the Council's staff and limited capacity given strong demand for services and focus on project delivery. Analysis of complaint handling doesn't identify any specific service area where complaint response is slow and so it is believed that there needs to be a wider reinforcement of the compliant handling process and timescales.

4.5 In this respect and as part of the complaints policy updates driven by the changing requirements for the LGSCO, the timescales for responding to complaints are changing. In the future NNDC will have 10 working days to respond to a Stage 1 complaint and 20 working days to respond to a stage 2 complaint – this reflects that by their very nature Stage 2 complaints often involve complex issues and a volume of evidence to review before a response can be provided

4.6 In order to improve the rate of response for complaints we will be providing additional training and complaint templates for Service Managers, Assistant Directors and Directors responsible for responding to complaints.

4.7 It is hoped that this additional training will enable complaints to be answered within the required timescales as this was mentioned within both of the upheld complaints from the LGSCO.

5. Corporate Priorities

LGSCO Complaints data

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Complaints upheld

67%

The LGSCO received 13 complaints about NNDC and moved 3 cases to investigation. Of these:

67% of complaints they investigated were upheld

This compares to an average of **63%** in similar organisations.

2
upheld decisions

This is 1.9 upheld decisions per 100,000 residents.

The average for authorities of this type is 1.2 upheld decisions per 100,000 residents.

Statistics are based on a total of **3** investigations for the period between 1 April 2023 to 31 March 2024

Compliance with Ombudsman recommendations

100%

In **100%** of cases, we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **99%** in similar organisations.

Statistics are based on a total of **1** compliance outcome for the period between 1 April 2023 to 31 March 2024

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation

50%

In **50%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **21%** in similar organisations.

1
satisfactory remedy decision

Statistics are based on a total of **2** upheld decisions for the period between 1 April 2023 to 31 March 2024

5.1 As part of a Strong, Responsible & Accountable Council theme within the Corporate Plan, a key aim is to ensure that residents are provided with quality customer service.

5.2 Work has been ongoing this year, through the LGSCO complaints handling code pilot to further improve our response to resident complaints, helping to reduce the number of complaints reaching the ombudsman.

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5.3 This has led to the Council's Corporate Complaints Policy and procedure being updated to ensure that we are responding to complaints in the way advised by the code. By ensuring that our complaints policy meets the expectations of the LGSCO means that fewer complaints should reach the ombudsman and those that are less likely to be upheld.

5.4 Following the LGA Corporate Peer Challenge the Council has introduced three Strategic Oversight Boards. The Performance and Productivity Oversight Board includes a responsibility to monitor trends in complaints and have oversight of the management of the complaints process including the LGSCO annual letter. The Board will have oversight of compliance with the Complaints procedure and the LGSCO Code of Practice and, where non-compliance is identified, will ensure accountability of Managers.

6. Financial and Resource Implications

6.1 Although there are no direct financial and resource implications from this report, if complaints are not handled appropriately, they can have a direct financial implication on the Authority in respect to compensation awards and officer time spent investigating and gathering evidence.

Comments from the S151 Officer

The S151 Officer will complete this section*. They will set out the funding sources for any costs associated with implementing the recommendations. This will include resources such as staffing.*

7. Legal Implications

7.1 Although there are no direct legal implications from this report, handling complaints effectively protects the Council's reputation and reduces the risk of further complaints.

Comments from the Monitoring Officer

The Monitoring Officer will complete this section*. They will set out any legal implications arising from your report, together with a summary of any legal advice provided.*

8. Risks

8.1 If complaints are not handled properly, there is a risk to the Council's reputation as well as financial implications both in redress for poor service and officer time spent dealing with the complaints.

9. Net Zero Target

9.1 None known

10. Equality, Diversity & Inclusion

10.1 None known

11. Community Safety issues

11.1 None known

12. Conclusion and Recommendations

That Cabinet / Overview and Scrutiny notes the LGSCO's annual report and NNDC's internal complaints data and agrees that no significant issues are raised with respect to the Council's processes or service provision.

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Complaints Received by Service Area

Reference	Category	Received
22017150	Benefits & Tax	03/05/2023
22017987	Benefits & Tax	08/08/2023
23000630	Environmental Services & Public Protection & Regulation	14/08/2023
23001005	Benefits & Tax	21/04/2023
23001934	Benefits & Tax	11/05/2023
23002074	Benefits & Tax	17/05/2023
23002223	Planning & Development	19/05/2023
23003016	Planning & Development	06/06/2023
23018599	Benefits & Tax	20/02/2024
23013752	Planning & Development	30/11/2023
23015520	Other	04/01/2024
23016729	Planning & Development	05/02/2024
23020779	Corporate & Other Services	26/03/2024

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North Norfolk District Council

Completion Report for Those Charged with Governance

Years ended 31 March 2022, 31 March 2023

Report issued - 20 November 2024

Agenda Item 10

Building a better working world

Governance, Risk and Audit Committee
North Norfolk District Council
HOLT ROAD CROMER NORFOLK NR27 9EN

20 November 2024

Dear Governance, Risk and Audit Committee

North Norfolk District Council 2022/23, 2021/22 - Completion Report for Those Charged With Governance

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Governance, Risk and Audit Committee of North Norfolk District Council (the Authority) with a detailed complete report covering our approach and outcomes of the 2021/22, 2022/23 audits.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for this audit year we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. Against this backdrop, we have also considered the Committee's service expectations.

The Governance, Risk and Audit Committee, as the Authority's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit.

We consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Governance, Risk and Audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements, and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw the Governance, Risk and Audit Committee members and officers attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix E).

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

Yours faithfully

David Riglar

Partner
For and on behalf of Ernst & Young LLP

Enc

Contents

01 Executive Summary

02 Work Plan

03 Results and Findings

04 Value for Money

05 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. 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 (https://www.psaa.co.UK/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/) 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 the Governance, Risk and Audit Committee and management of North Norfolk District Council. Our work has been undertaken so that we might state to the Governance, Risk and Audit Committee and management of North Norfolk District Council 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 Governance, Risk and Audit Committee and management of North Norfolk District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

Executive Summary – Report structure and work completed

Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 – Executive Summary – this section setting out the national and local context and the structure of our report.

Section 2 – Work Plan – We have completed the following planning tasks:

- Required independence procedures.
- Set a level of materiality.
- Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meeting,
- Identified significant, inherent and other areas of higher risk or focus.
- Considered any other matters that may require reporting to regulators or which may result in a modification to the audit report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 3 – Results and findings - Work completed to issue the disclaimer, findings and results:

- Review of the financial statements.
- Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, which we report as appropriate.
- Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 4 – Value for money reporting

- The value for money report covering the year to 31 March 2022 and 31 March 2023.

Section 5 - Appendices

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Executive Summary – System wide context and local context

Context for the audit – Ministry of Housing, Communities and Local Government (MHCLG, previously DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- Lack of capacity within the local authority financial accounting professions
- Increased complexity of reporting requirements within the sector
- Lack of capacity within audit firms with public sector experience
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed

MHCLG has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, which have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

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- Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

As a result of the system wide implementation of backstop dates we anticipate issuing a disclaimed audit opinion on the Council's 2021/22 and 2022/23 accounts. The proposed disclaimer of the Council's 2021/22 and 2022/23 accounts impacts the audit procedures that we have planned and undertaken to gain assurance on the 2021/22 and 2022/23 financial statements and the form of the audit report.

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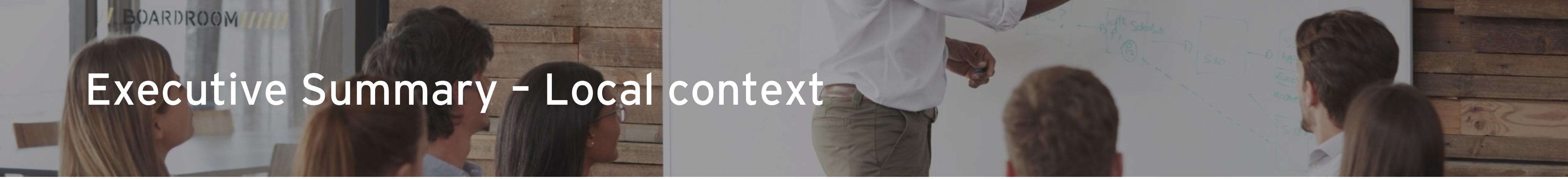

Executive Summary – Local context

Local Background and Context

The position at this Authority has developed over the past few years resulting in unaudited financial statements for 31 March 2023, and 31 March 2022.

The main reasons for the Authority's financial statements not being prepared, audited and signed to date include:

- The audit reporting of the year 31 March 2021 was delayed due to capacity issues within the finance team and the Council's ability to service our audit, and identified issues concerning land and building valuations and the treatment of grant income which required additional work. The 2020/21 audit was therefore only concluded in September 2023.
- In the 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. See section 04 for more detail.
- In addition, there were a number of new technical issues and challenges to address during this period, including, accounting for infrastructure assets, taking into account the updated pension fund valuations, which led to further delays to the prior year 2020/21 audit being completed.
- The post pandemic timelines and shift resulted in audit teams trying to move delayed audits on whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to move onto the 2021/22 audit.
- As a result of discussions with officers in 2023, with acknowledgement of the wider reset proposals to move to the most recent year of audit (which at that point was 2023/24) we concluded it was not practical to schedule the 2021/22 and 2022/23 audits. Therefore, for the reasons listed above we did not have the resource necessary to perform the 2021/22 and 2022/23 audits for the Authority before the backstop date.

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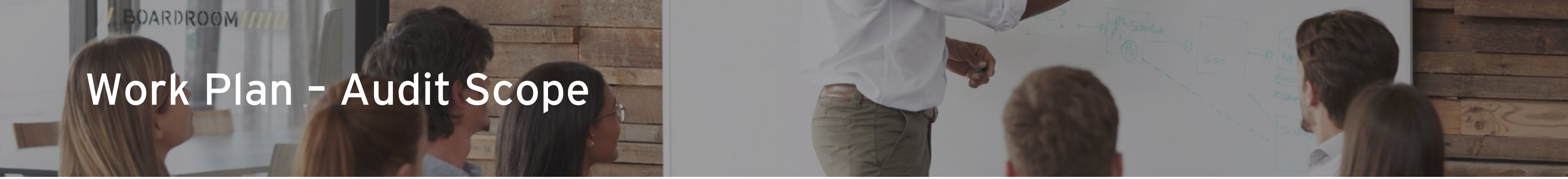
02 Work Plan



Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2022 and 31 March 2023 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 4.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

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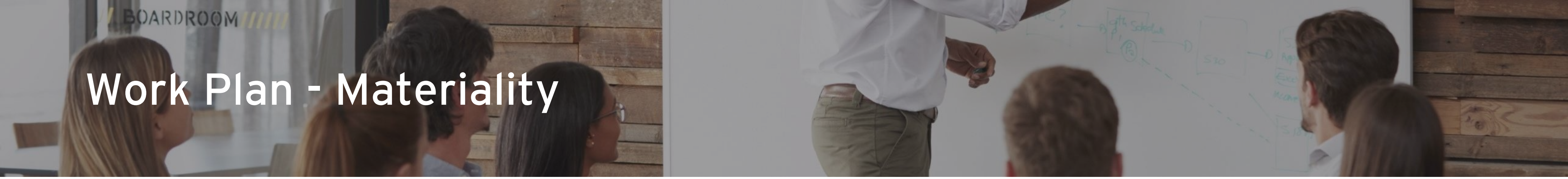

Work Plan - Materiality

Materiality

Planning materiality

£2.160m Materiality for y/e 31 March 2022 has been set at £2.160m, which represents 2% of 2022 gross expenditure on provision of services.

£1.600m Materiality for y/e 31 March 2023 has been set at £1.6m, which represents 2% of 2023 gross expenditure on provision of services.

Performance materiality

£1.080m Performance materiality for y/e 31 March 2022 has been set at £1.080m, which represents 50% of planning materiality.

£0.800m Performance materiality for y/e 31 March 2023 has been set at £0.8m, which represents 50% of planning materiality.

Audit differences

£0.108m

£0.080m

We will report all uncorrected misstatements relating to the primary statements greater than £0.108m for y/e 31 March 2022; £0.08m for y/e 31 March 2023. Other misstatements identified will be communicated to the extent that they merit the attention of the Governance Risk and Audit Committee.

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In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the draft financial statements.

These materiality levels have been set based on the main Authority financial statements – we have not considered group materiality. These levels are being used to assess our response to any issues identified in the Authority's financial statements.

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Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the years.

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Misstatements due to fraud or error	All years covered by this report	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively (Management Override).
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	All years covered by this report	Fraud risk	No change in risk or focus	Linking to our fraud risk identified above, we have determined that a way in which management could override controls is through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements, given the extent of the Council's capital programme and Revenue Expenditure Funded from Capital Under Statute.
Valuation of other Land and Buildings	All years covered by this report	Inherent risk	No change in risk or focus	Other Land and Buildings (OLB) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end balances held in the Balance Sheet.

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the years.

Audit risks and areas of focus

Risk / area of focus	Applicable years	Risk identified	Change from PY	Details
Pension Valuation and Other Disclosures	All years covered by this report	Inherent Risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Authority’s current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority’s Balance Sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the Pension Fund Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.
Bad debt provision and recoverability of debtors	All years covered by this report	Inherent risk	No change in risk or focus	As a result of the long term impact of Covid-19 and other market uncertainties there may be increased uncertainty around the recoverability of Receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of ongoing uncertainty and assess the appropriateness of this estimation technique.
Collection Fund Accounting	All years covered by this report	Inherent risk	No change in risk or focus	In response to the financial hardship faced by individuals and businesses, there may be lower levels of recovery of collection fund income. There are also specific sectors including retail, hospitality and leisure that have received additional business rates relief for the financial year. There is therefore a risk of incorrect accounting based on the significant level of change in the year.

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Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
► The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ► The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ► The overall assessment of threats and safeguards; ► Information about the general policies and process within EY to maintain objectivity and independence	► In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ► Details of non-audit/additional services provided and the fees charged in relation thereto; ► Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ► Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ► Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ► Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and ► An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

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Work Plan - Independence

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of David Riglar, your Audit Engagement Partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in your authority. Examples include where we have an investment in your authority; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, there are no non-audit fees that require additional safeguards.

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Self review threats

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self-interest threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

EY Transparency Report 2024

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 period ended 28 June 2024 and can be found here: EY UK 2024 Transparency Report | EY - UK.

03 Results and findings

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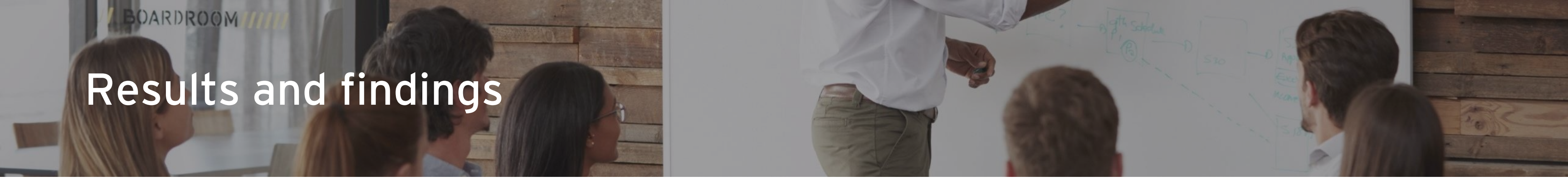

Results and findings

Status of the audit

Our audit work in respect of North Norfolk District Council's opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Completion of subsequent events procedures;
- Receipt of a signed management representation letter.

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is included later in this section.

Value for Money

Our value for money (VFM) work is complete and reported in Section 4 of this report. We identified significant weaknesses in arrangements. See Section 4 of the report for further details.

Audit differences

We have not identified any audit differences from our work, either adjusted or unadjusted by Management.

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

The Comptroller and Auditor General has confirmed that he plans to issue his opinion and certificate on the 2022-23 Whole of Government Accounts on 22 November 2024. Given we expect to issue our 2022/23 audit report after that date but before the statutory backstop of 13 December 2024, we therefore expect to be able to certify completion of the audit as part of our final 2022/23 audit report.

We did not receive any questions or objections to the Council's financial statements from any member of the public following the inspection period.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.

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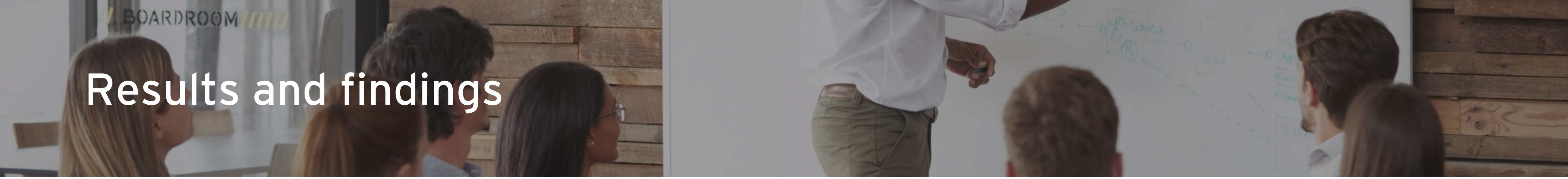

Results and findings

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of North Norfolk District Council. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

We request that you review these and other matters set out in this report to ensure:

- There are no further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance, Risk and Audit Committee or Management.

Control observations

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During the audit, we identified the following significant deficiencies in internal control:

- Internal Audit issued a limited assurance regarding key financial controls for the 2022/23 financial year. Non-compliance with key financial controls represents a significant risk of weakness in the Council's governance arrangements. The Council is currently responding to the weaknesses identified and will report progress back to the Committee.
- We identified that improvements are required in the preparation of Statement of Accounts across 2021/22 and 2022/23. The Authority has been unable to publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015. As outlined in Governance, Risk and Audit Committee the delays were caused by staff shortages and the need to prioritise closing the budget gap. This demonstrates the associated risk of non-compliance with key financial controls and the consequence of not having a fully resourced Finance Team to be able to provide services needed by the Council.

Independence

Further to our review of independence in section 2 of this report we have not identified any issues to bring to your attention..

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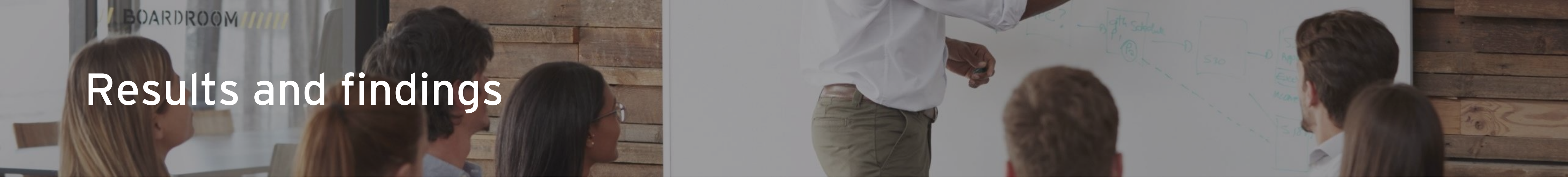

Results and findings

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

We have no other matters to report.

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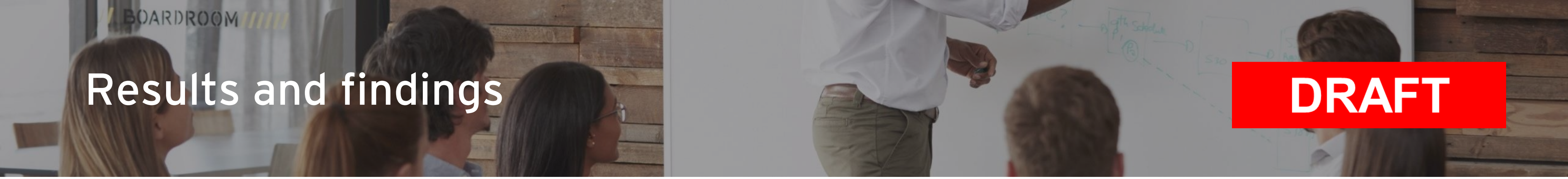

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Our opinion on the financial statements 2021/22

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH NORFOLK DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of North Norfolk District Council ('the Council) for the year ended 31 March 2022. The financial statements comprise the:

- Council Movement in Reserves Statement,
- Council Comprehensive Income and Expenditure Statement,
- Council Balance Sheet,
- Council Cash Flow Statement
- the related notes 1 to 42.
- Collection Fund and the related notes 1 to 7

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907), which came into force on 30 September 2024, requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The audit of the 2020/21 Statement of Accounts was not completed until September 2023.

The Council did not publish their draft 2021/22 Statement of Accounts until 5 September 2024, compared to the statutory publication deadline of 31 July 2022, which is described below in the value for money section of our report.

This, combined with the backstop date and the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2021/22 Council financial statements before the 13th December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and
- Accountability Act 2014 (as amended)

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Authority's arrangements for the year ended 31 March 2022.

Significant weaknesses in arrangements

Governance

Our judgement on the nature of the weakness identified:

In the 2021/22 financial year the Authority did not publish its statement of accounts by 31 July 2022 as required by the Accounts and Audit Regulations 2015. The unaudited statements were published on 5 September 2024. The issues have been discussed by the Governance, Risk and Audit Committee where it was reported the delays were caused by staff shortages and the need to prioritise available resources on medium term financial planning.
The evidence on which our view is based is:

- Publication date of the 2021/22 draft financial statements.
- Council committee papers from 7th March 2023 setting out continued delays and the Council's plans to catch up with the financial statements preparation and audit cycles.

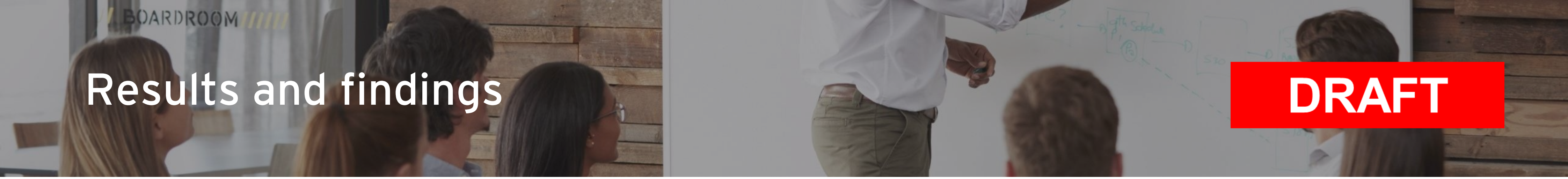
The impact on North Norfolk District Council:
Failure to improve on the Council's processes to report financial information timely will impact its ability to meet statutory financial reporting deadlines, make informed decisions and deploy resources sustainably.

The action North Norfolk District Council needs to take to address the weakness:
The Council needs to continue to re-assess roles, responsibilities and resource requirement for financial reporting, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives.

The issues above are evidence of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities.

Responsibility of the Section 151 Officer

As explained more fully in the Statement of the Responsibilities set out on pages 14, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to



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Our opinion on the financial statements 2021/22

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether North Norfolk District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether North Norfolk District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, North Norfolk District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of North Norfolk District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of North Norfolk District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Riglar (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge
Date

Footnote

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 19 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

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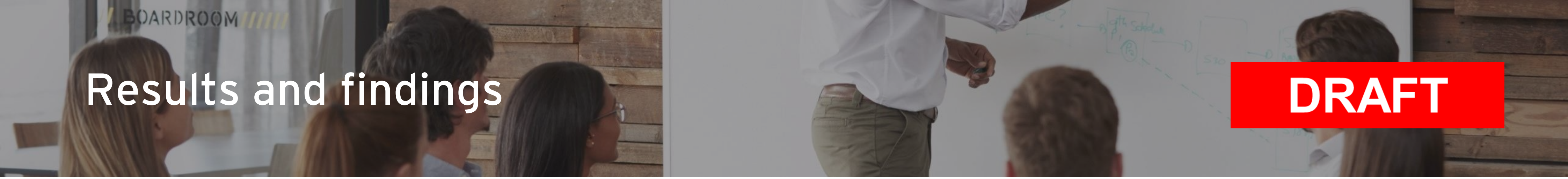

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Our opinion on the financial statements 2022/23

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH NORFOLK DISTRICT COUNCIL

Disclaimer of opinion

We were engaged to audit the financial statements of North Norfolk District Council ('the Council) for the year ended 31 March 2023. The financial statements comprise the:

- Council Movement in Reserves Statement,
- Council Comprehensive Income and Expenditure Statement,
- Council Balance Sheet,
- Council Cash Flow Statement
- the related notes 1 to 41 including a summary of significant accounting policies and including the Expenditure and Funding Analysis.
- Collection Fund and the related notes 1 to 7

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The audit of the 2021/22 financial statements for North Norfolk District Council was not completed for the reasons set out in our opinion on those financial statements dated xx December 2024.

In addition, the Council did not publish their draft 2022/23 Statement of Accounts until 25 October 2024, compared to the statutory publication deadline of 31 May 2023, which is described below in the value for money section of our report.

This, combined with the backstop date and the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 Council financial statements before the 13th December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
  we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Authority's arrangements for the year ended 31 March 2023.

Significant weaknesses in arrangements

Governance

Our judgement on the nature of the weakness identified:

In the 2022/23 financial year the Authority did not publish its statement of accounts by 31 May 2023 as required by the Accounts and Audit Regulations 2015. The unaudited statements were published on 25 October 2024. This is the second year in which the Authority has not met the publication date. The issues have been discussed by the Governance, Risk and Audit Committee where it was reported the delays were caused by staff shortages and the need to prioritise available resources on medium term financial planning. The capacity issues within the finance team and the implementation of a new finance system led to weaknesses in financial controls, including failure to complete key reconciliations, and resulted in a limited assurance grading in the Key Financial Controls report issued by Internal Audit.

The evidence on which our view is based is:

- Publication date of the 2021/22 and 2022/23 draft financial statements.
- Council committee papers from 7th March 2023 setting out continued delays and the Council's plans to catch up with the financial statements preparation and audit cycles.
- Head of Internal Audit Annual Report and Opinion 2022/23

The impact on North Norfolk District Council:
Failure to strengthen key financial controls and improve the quality and timeliness of financial reporting will impact the Council's ability to meet its statutory financial reporting deadlines, make informed decisions and deploy resources sustainably.

The action North Norfolk District Council needs to take to address the weakness:
The Council needs to continue to re-assess roles, responsibilities and resource requirement for financial reporting, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

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DRAFT

Draft audit Report 2022/23 (con'd)

Our opinion on the financial statements 2022/23

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The issues above are evidence of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities.

Responsibility of the Section 151 Officer

As explained more fully in the Statement of the Responsibilities set out on pages 13, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether North Norfolk District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether North Norfolk District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, North Norfolk District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of North Norfolk District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of North Norfolk District Council as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Riglar (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge
Date

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 19 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

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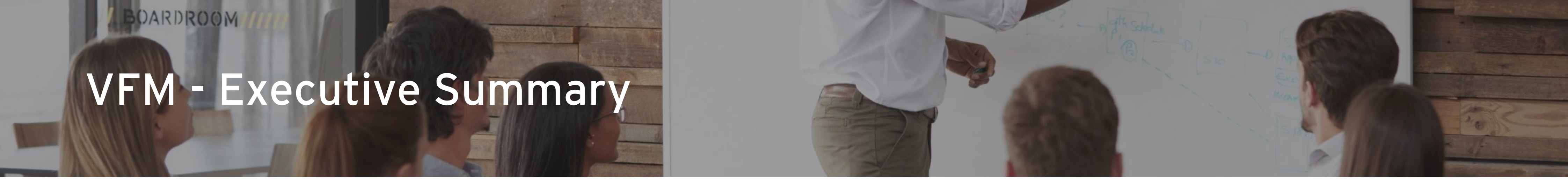
04 Value for Money



VFM - 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 commentary is to explain the work we have undertaken in respect of the period 1 April 2021 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit years 2021/22 and 2022/23.

The report sets out the following areas:

- 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 is unchanged from that reported in the Interim VFM report issued in May 2024.

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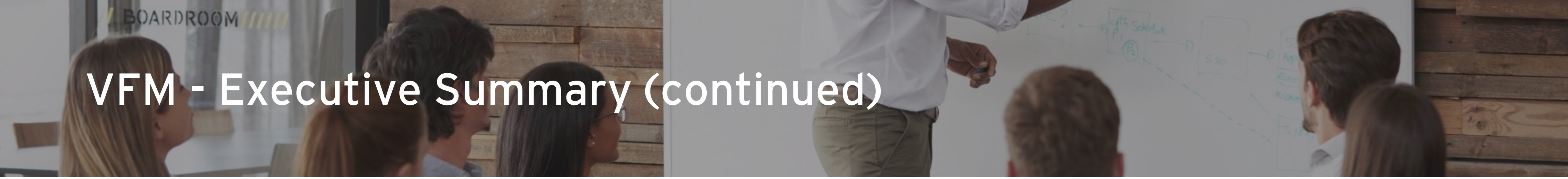
VFM - Executive Summary (continued)



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 management and key officers;
- information from external sources; and

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- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We identified a significant risk related to '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'.

Description of risk identified	Work planned to address the risk of significant weakness
In the 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 unaudited statements were not published at the date of this report. The issues have been discussed by the Governance, Risk and Audit Committee where it was reported the delays were caused by staff shortages and the need to prioritise closing the budget gap. This demonstrates the associated risk of non-compliance with key financial controls and the consequence of not having a fully resourced Finance Team to be able to provide services needed by the Council. 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.	• Reviewing the Council's financial statement closedown arrangements and plans to publish statement of accounts. • Review Internal Audit reports and council committee papers to determine whether the staff shortages have impacted wider finance team responsibilities.

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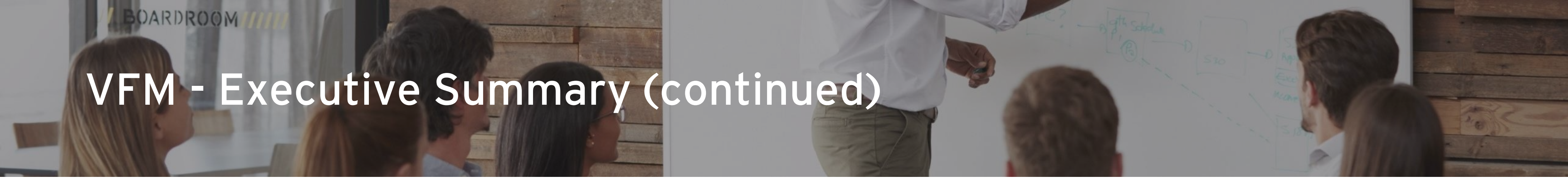

VFM - Executive Summary (continued)

Reporting

Our commentary for 2021/22 and 2022/23 is set out over pages 28 to 31. The 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 2021/22 and 2022/23.

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 24 May 2024 . These were reported in our 2020/21 Auditor's Annual Report and have been updated for 2021/22 and 2022/23 .

In accordance with the NAO's 2020 Code, we are required to report a commentary against 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?**
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	Significant risks identified	Significant weakness identified
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 risks identified	No significant weakness identified

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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 of Audit Practice, 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 2022 and 31 March 2023. Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

During 2021/22 and 2022/23 the Council continued to manage the impact on finances of a number of issues such as general inflation, pay increases and uncertainties in relation to the amount of funding to be received in the future.

The final outturn position for general fund income and expenditure for the 2021/22 financial year was an underspend of £0.616 million. The underspending in operations was largely due to more income than predicted and absence of interest payments for capital projects. For the 2022/23 financial year there was an overspend of £0.782 million caused by revenue overspend and shortfall in retained business rates. Volatility was primarily caused by external influences such as companies shutting down or seeking rate relief. The deficit be funded from the General Reserve and the Business Rates Reserve.

During the year, the Council have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services through quarterly budget monitoring reports taken to Cabinet meetings. The Council recognises the financial challenges ahead. The Council has budgeted a balanced budget in 2023/24, with the following years having a budget gap (2024/25 to 2026/27). In order to deliver a balanced budget in the medium term, the Council needs to identify savings of £2.5 million. Service managers must identify savings within their budgets. A budget gap will exist without these savings. The Council has sufficient reserves to ensure financial resilience, however these balances will continue to reduce as significant budget gaps in the Medium Term Financial Plan.

The budget estimates have been produced on a prudent basis, with an emphasis on identifying the existing cost pressures the Council faces and a realistic level of savings and efficiencies. The budget has been constructed so that all known costs are budgeted for, and income budgets are based on realistic projections. The budget is therefore constructed on a prudent basis, and we are satisfied with the robustness of the estimates.

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

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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. The primary responsibility for these arrangements and reporting on the design and operation of these arrangements, 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 2022 and 31 March 2023. Our risk assessment identified one risk of significant weakness in arrangements in respect of governance.

The Council has continued to manage governance considerations. The Council reviewed the 2021/22 and 2022/23 Budget and Medium Term Financial Strategy in February 2021 and February 2022, with further quarterly tracking and updates during both 2021/22 and 2022/23. The documents were taken to the Cabinet Committee for approval, which ensures that all Members are kept well informed of the process and financial performance of the Council.

The Council's Annual Governance Statement sets out the core governance arrangements for the year. This demonstrates how the Council's code of governance arrangements reflect the principles of good governance. The Head of Internal Audit concluded that for the 2021/22 and 2022/23 financial years, reasonable assurance may be awarded over the framework of governance, risk management and controls at the Council.

The risk register and risk management policy were also updated in 2021/22 and 2022/23. The risk register focuses on service, corporate and strategic risks. Risks on the register are reviewed quarterly at Governance, Risk and Audit Committee meeting, with elevation to Cabinet meetings for significant risks or issues identified to agree a programme of risk reduction.

Internal Audit issued a limited assurance regarding key financial controls for the 2022/23 financial year. Non-compliance with key financial controls represents a significant risk of weakness in the Council's governance arrangements. The Council is currently responding to the weaknesses identified and will report progress back to the Committee.

We identified that improvements are required in the preparation of Statement of Accounts across 2021/22 and 2022/23. The Authority has been unable to publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015. As outlined in Governance, Risk and Audit Committee the delays were caused by staff shortages and the need to prioritise closing the budget gap. This demonstrates the associated risk of non-compliance with key financial controls and the consequence of not having a fully resourced Finance Team to be able to provide services needed by the Council.

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Value for Money Commentary (continued)

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

Significant weakness identified

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.'

Based on the work performed, we have identified a significant weakness in the arrangements in 2021/22 and 2022/23 that we will be reporting by exception in relation to Governance.

Recommendation: To assess the responsibilities and resource requirement of the finance function to ensure the Council has effective processes and systems to support its statutory financial reporting requirements and implement Internal Audit key financial control recommendations.

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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 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.

The Council prepares the Medium-Term Financial Strategy covering a 4 year period. It sets the vision, priorities, and strategic objectives for the Council. Priorities are based on the Council's Corporate Plan, which is tracked through an online Performance Portal which is available for general public access. The budget process incorporates the review of other strategies such as the capital and investment and treasury management, ensuring they are consistent.

The Performance Management Framework setting priorities that are relevant to Corporate Plan themes, taking account of stakeholders' needs and expectations. Performance reporting is maintained against the identified priorities and delivery measures, with quarterly reporting to the Cabinet and Overview and Scrutiny Committee throughout the year to continuously monitor performance and take prompt action as needed.

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The Council has a procurement strategy to ensure services are procured in line with relevant legislation, professional standards and internal policies. Contract management arrangements monitor the delivery of services.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 and 2022/23 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

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05 Appendices

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Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

[To be prepared on the entity's letterhead] *[Date]*

Ernst & Young [Address]

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This letter of representations is provided in connection with your audit of the financial statements of [name of entity] ("the Council) for the year ended *[balance sheet date]*. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of [name of entity] as of [balance sheet date] and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records (See Note B.)

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

Appendix A – Management representation letter

Management representation letter

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Management Rep Letter

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4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error.

5. *[When there are unadjusted audit differences in the current year See Note C].* We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].

[When the comparative figures have been restated]
The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. *[Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.]* There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended *[date]* are solely the result of reclassifications for comparative purposes.

6. *[When there are no unadjusted audit differences in either the current year or in the prior year or there are no unadjusted audit differences in the current year, and we determine that the current year effects of correcting prior year differences are not significant to the current year. See Note D].* There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

7. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange *[other than…]*.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud..

2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

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4. [*When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws and regulations.*] We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:

- involving financial improprieties;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

5. [When management is not aware of the occurrence of non-compliance with laws and regulations, and has not received allegations of non-compliance with laws and regulations] We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- involving financial improprieties;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Council and committees [add the full title of the relevant committees] (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with [applicable financial reporting framework].

6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt. 7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

8. *[When management is aware of unauthorized access to information technology systems that has a material effect on the financial statements.]* We have disclosed to you and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the financial statements, including disclosures.

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Appendix A – Management representation letter

Management representation letter

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Management Rep Letter

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.

4. The ……… claim by [name of claimant] have been settled for the total sum of XXX which has been properly accrued in the financial statements. No other claims in connection with litigation have been or are expected to be received.

E. Going Concern

1. Note [X] to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than……… described in Note *[X]* to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

Other information is financial and non-financial information (other than the financial statements and the auditors report thereon) included in an entitys annual report.

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises [describe the other information applicable to the entity].
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered [include the following language when climate-related commitments have been made:, including the impact resulting from the commitments made by the Council/Authority] and reflected in the financial statements.

Yours faithfully,

____

(Chief Financial Officer/Finance Director)

____

(Chair of the Governance, Risk and Audit Committee)

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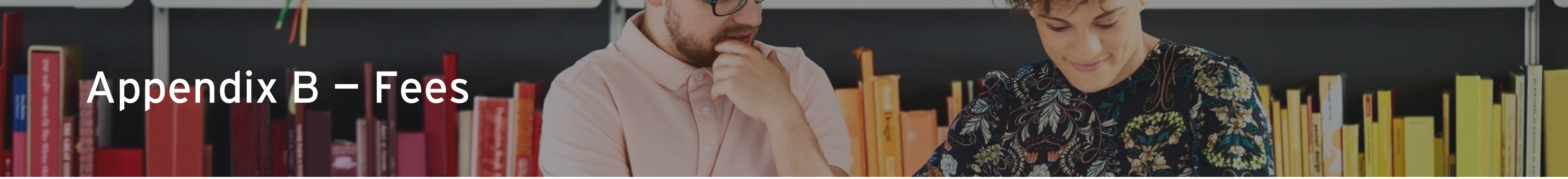

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

The original fees for these years were based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council;
- The Council has an effective control environment; and
- The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See https://www.psaa.co.UK/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full in Appendix E.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	2022/23	2021/22	2020/21
	£'s	£'s	£'s
Scale Fee – Code Work	41667	41,667	41,667
Determined Scale Fee Variation	Note 1	Note 1	66,343
Total audit	**Note 1**	**Note 1**	**108,010**
Other non-audit services not covered above (Housing Benefits)	Note 2	Note 2	12,100
Total other non-audit services	**TBC**	**TBC**	**12,100**
Total fees	**TBC**	**TBC**	**120,110**

All fees exclude VAT

Note 1 - As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2022/23, and 2022/21 audits.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Note 2 - The 2021/22 Housing Benefit non-audit service has commenced and fees are yet to be determined. The 2022/23 Housing Benefit non-audit service has not started.

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Appendix C – Required communications with the Audit Committee

We have detailed the communications that we must provide to the Governance, Risk and Audit Committee .

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	This Completion report for Those Charged with Governance
Significant findings from the audit	▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit)	This Completion report for Those Charged with Governance

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Appendix C — Required communications with the Audit Committee (cont'd)

Required communications	What is reported?	Our Reporting to you When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ► Whether the events or conditions constitute a material uncertainty ► Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ► The adequacy of related disclosures in the financial statements	This Completion report for Those Charged with Governance
Misstatements	► Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ► The effect of uncorrected misstatements related to prior periods ► A request that any uncorrected misstatement be corrected ► Material misstatements corrected by management	This Completion report for Those Charged with Governance
Fraud	► Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ► Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ► Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ► The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ► Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ► Any other matters related to fraud, relevant to Audit Committee responsibility	This Completion report for Those Charged with Governance

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Appendix C — Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity	This Completion report for Those Charged with Governance
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.	This Completion report for Those Charged with Governance
External confirmations	▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures	This Completion report for Those Charged with Governance
Consideration of laws and regulations	▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of	This Completion report for Those Charged with Governance

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Appendix C — Required communications with the Audit Committee (cont'd)

Required communications	What is reported?	Our Reporting to you When and where
Internal controls	Significant deficiencies in internal controls identified during the audit	This Completion report for Those Charged with Governance
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance

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Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that… so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations …"

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

The International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and

Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter	Implication
Suspected or known fraud or bribery	Potential fraud/breach of anti-bribery legislation
Health and Safety incident	Potential breach of section 2 of the Health and Safety at Work Act 1974
Payment of an unlawful dividend	Potential breach of Companies Act 2006
Loss of personal data	Potential GDPR breach
Allegation of discrimination in dismissal	Potential non-compliance with employment laws
HMRC or other regulatory investigation	Suspicion of non-compliance with laws/regulations
Deliberate journal mis-posting or allegations of financial impropriety	Potential fraud / breach of Companies Act 2006
Transacting business with sanctioned individuals	Potential breach of sanctions regulations

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Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years

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Management response:	Audit response:
Timely communication of the matter to auditors (within a couple of days)	Initial assessment of the NOCLAR matter and its potential impact
Determine who will carry out any investigation into the matter – in-house or external specialists or mix of both	Initial consultation with risk team to determine responsive procedures and the involvement of specialists
Scope the investigation, in discussion with the auditors	Understand and agree scope of management's investigation with support from specialists as needed
Evaluate findings and agree next steps	Evaluate findings and undertake appropriate audit procedures
Determine effect on financial statements including disclosures	Determine audit related impact including accounting and disclosure and audit opinion implications
Prepare a paper, summarising the outcome of the investigation and management's conclusions	Document and consult on the outcome of our procedures
Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.	Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Key Reminders:

- Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- Communicate with us as your auditors on a timely basis – do not wait for scheduled audit catch-ups
- Engage external specialists where needed
- Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- Plan upfront and consider any impact on overall accounts preparation and audit timeline – discuss the implications with us as your auditor

Appendix E – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- *prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- *ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- *assign responsibilities clearly to staff with the appropriate expertise and experience;*
- *provide necessary resources to enable delivery of the plan;*
- *maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- *ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- *ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- *during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

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ED None

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Report Title	Progress Report December 2024			
Are there background papers?	☐	Yes	☒	No
Exempt	☐	Yes	☒	No
Reason for Exemption?				
Decision for Full Council?	☐	Yes	☒	No
Contact Officer	Teresa Sharman, Head of Internal Audit for North Norfolk District Council			
E-mail address	teresa.sharman@southnorfolkandbroadland.gov.uk			
Telephone number	01603 430138			
Are there Non Electronic Appendices?	☐	Yes	☒	No
List of Background Papers (if applicable)				

Agenda Item No______________

Progress Report December 2024

Summary: This report provides details of progress with the 2024/25 Internal audit Plan and outstanding recommendations.

Conclusions: The 2024/25 Internal Audit Plan is progressing, and some audits are behind schedule; four final reports have been issued. Outstanding recommendations are progressing.

Recommendation: That the Committee is requested to receive and note:

- Progress with delivering the 2024/25 Internal Audit Plan and outstanding recommendations.

Cabinet member(s):	Ward(s) affected:
All	All
Contact Officer, telephone number, and e-mail:	Teresa Sharman 01603 430138 teresa.sharman@southnorfolkandbroadland.gov.uk

1. Background

1.1 This report is issued to assist the Council in discharging its responsibilities in relation to the internal audit activity.

1.2 The Public Sector Internal Audit Standards requires the Chief Audit Executive to report to the Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues.

2. Overall Position

2.1 The attached report details:

- Any significant changes to the Internal Audit Plan
- Progress made in delivering the Internal Audit Plan
- The outcomes arising from audit work
- Final report executive summaries
- Status of agreed recommendations
- Details of outstanding recommendations

3. Conclusion

3.1 The 2024/25 Internal Audit Plan is progressing, and some audits are behind schedule; four final reports have been issued. Outstanding recommendations are progressing.

4. Recommendation

1) That the Committee is requested to receive and note:

- Progress with delivering the 2024/25 Internal Audit Plan and outstanding recommendations.

Appendices attached to this report:

Appendix A – Progress Report 2024-25

Appendix A

EASTERN INTERNAL AUDIT SERVICES

Providing quality public sector internal audit

NORTH NORFOLK DISTRICT COUNCIL

Progress Report 2024/25

Head of Internal Audit: Teresa Sharman

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Progress at a glance

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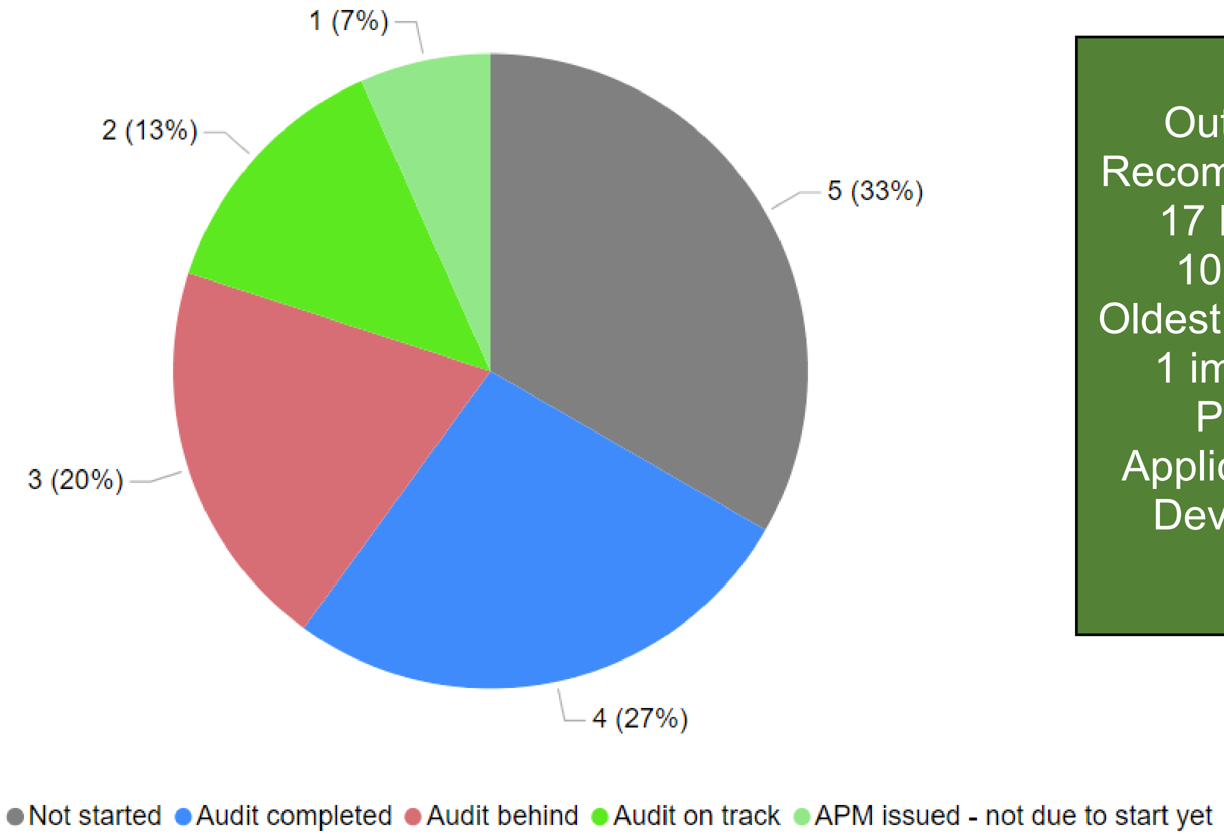
Audits in 2024/25 Audit Plan

0
Urgent Recs Raised

13
Important Recs Raised

9
Routine Recs Raised

2
OEMs Raised



27
Outstanding Recommendations
17 Important
10 Routine
Oldest – 2019/20 – 1 important – Planning Applications and Development

Executive Summary

Introduction	Under the Global Internal Audit Standards (GIAS), 'The chief audit executive (Head of Internal Audit) must provide the board with the information needed to conduct its oversight responsibilities.' In particular, 'Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results.' and 'The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.' Under the Committee's terms of reference, the Committee should receive updates on the work of internal audit, including key findings, issues of concern and action in hand from internal audit work and consider summaries of specific internal audit reports. This report is to assist the Committee in discharging its responsibilities in relation to internal audit activity.

Background	The Internal Audit Service for the Council is provided by the Consortium, Eastern Internal Audit Services, hosted by South Norfolk Council, which utilises the services of a contractor, TIAA Ltd. Internal audit provides an independent and objective opinion on the Council's internal controls by evaluating their effectiveness and operation in practice.

Changes to the 2024/25 Audit Plan	Since the Internal Audit Plan was approved, there have been no changes.

Progress to date and audit outcomes	**Progress with audit work** The current position in completing all audits to date is shown in **Appendix 1**. As detailed in Appendix 1, quarter 1, 2 and 3 audits have commenced; with four final reports having been issued. The Data Protection audit was finalised in September; however, as detailed in the last progress report, it was behind its planned schedule due to the original auditor leaving the Contractor and another auditor picking this audit up, and subsequent client annual leave. The Private Sector Housing audit final report was issued in November. This audit was behind its planned schedule due to auditor illness, additional evidence being required at review stage, and discussions with the client being required following the issue of the draft report. The Risk Management audit finalised in October, which was later than anticipated. The audit fell behind due to delays in evidence being provided to the auditor and client availability. Finally, the Leisure audit was finalised in October and was completed ahead of schedule. <u>Quarters 1 and 2</u> The fieldwork for the quarter 1 Cyber Security audit has started but remains behind schedule due to resourcing issues at the Contractor. Fieldwork is progressing for the Coastal Management audit following a change to the audit scope. Fieldwork for the Applications audit for the Revenues & Benefits system is in progress, but the audit fell behind schedule due to resourcing issues at the Contractor. <u>Quarter 3</u> Both the Early Help Hub and Section 106 Arrangements audits are on track, with fieldwork starting on time. The Environmental Protection audit starts in late November. The Applications audit for the Finance and HR system is still in the planning stage, with the audit scope and dates of work to be confirmed. <u>Quarter 4</u>

Quarter 4 audits have been passed over to the Internal Audit Contractor for them to commence.

Audit Outcomes - Final Reports

Audit	Assurance Level	Urgent Recs	Important Recs	Routine Recs
GDPR – Data Protection	Substantial	0	0	3
Risk Management	Limited	0	6	2
Leisure	Reasonable	0	1	4
Private Sector Housing	Limited	0	6	0
Total	**-**	**0**	**13**	**9**

For your information

Recommendations made on the completion of audit work are prioritised and the definitions for these are detailed in **Appendix 4** along with those for the assurance level awarded on completion of each individual audit.

Outstanding Recs

The table shows the total number of outstanding recommendations by year and priority rating: -

Audit Year	Audit Name	2	3	Total Outstanding as at 11 Nov 24
2019/20	Planning Applications and Development Management	1		**1**
	Total	**1**		**1**
2021/22	Environmental Health	1		**1**
	Key Controls and Assurance	1		**1**
	Waste Management	2		**2**
	Total	**4**		**4**
2022/23	Corporate Health and Safety		2	**2**
	Development Management includes planning applications		1	**1**
	ICT-Disaster Recovery	1	2	**3**
	Key Controls and Assurance	5	1	**6**
	Total	**6**	**6**	**12**
2023/24	Accounts Payable		2	**2**
	Complaints and FOI	2	2	**4**
	Land Charges	1		**1**
	Post Implementation - Finance System Review	2		**2**
	Procurement and Contract Management	1		**1**
	Total	**6**	**4**	**10**
Total		**17**	**10**	**27**

	The following audits in the table above were assigned a ‘limited’ overall assurance opinion: - • 2022/23 – Key Controls and Assurance • 2023/24 – Land Charges • 2023/24 – Post Implementation – Finance System Review As a result of audit recommendations raised, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to the Committee. Verification work is also undertaken for those recommendations that are reported as closed. **Appendix 3** provides the Committee with details of urgent and important priority recommendations that are overdue for the year in which they were raised. Management responses and a new deadline, where available, have been indicated for each.
Progress with actions to Improve poor performance	Progress with actions being taken to improve contractor performance is outlined below: - **Another Team was appointed to deliver quarter 1 audits in 2024/25: -** this Team has now handed quarter 1 audits back to our core team for completion. **A Protocol, ‘a ways of working together’ and expectations of Council officers and the Contractor has been issued to ensure that audits are completed as planned in 2024/25 without delay, including timescales for responding and escalation action: -** this is in place and is being monitored jointly with the Internal Audit Contractor. Both parties have access to update the audit monitoring spreadsheet. **Consideration is being given to engaging with another contractor to complete some audits during 2024/25:** - a second contractor, Shared Internal Audit Services hosted by Hertfordshire County Council has been appointed to complete five audits across the Consortium. Discussions have commenced with a third contractor to complete audits across the Consortium. **The Contractor is appointing another Client Manager on the contract as one of the current managers is part time. This will help ensure that all audit work is progressed timely. In addition, more auditors are recruited: -** a new director has been assigned to us.

Summary of Audit Work 2024/25 Appendix 1

Audit Area	Status	Opinion	Total Recs	Urgent	Important	Routine	OEMs	Qtr
Data Protection	Audit completed	Substantial	3	0	0	3	1	1
Private Sector Housing - HMOs, private rental enforcement and empty homes	Audit completed	Limited	6	0	6	0	0	1
Cyber Security	Audit behind	-	0	0	0	0	0	1
Risk Management	Audit completed	Limited	8	0	6	2	0	2
Coastal Management - joint audit with GYBC	Audit behind	-	0	0	0	0	0	2
Leisure	Audit completed	Reasonable	5	0	1	4	1	2
Applications review: Revenues and Benefits	Audit behind	-	0	0	0	0	0	2
Early Help Hub	Audit on track	-	0	0	0	0	0	3
Environmental Protection (statutory nuisances, environmental crime, anti social behaviour, contamniated land, pollution) and Private Water Supplies	APM issued - not due to start yet	-	0	0	0	0	0	3
Section 106 Arrangements	Audit on track	-	0	0	0	0	0	3
Applications review: Finance & HR System	Not started	-	0	0	0	0	0	3
Key Controls and Assurance	Not started	-	0	0	0	0	0	4
Commercial Estates	Not started	-	0	0	0	0	0	4
Environmental Charter	Not started	-	0	0	0	0	0	4
Waste Management Contract with SERCO (including contract / agreement monitoring, income collection & monitoring, refuse collection, street cleansing, recycling, clinical waste and grounds maintenance)	Not started	-	0	0	0	0	0	4

Grant Certifications	The following grants have been certified by EIAS so far during 2024/25: - • Disabled Facilities Capital Grants P/e 2023/24

Executive Summary – NN2502 - GDPR - Data Protection

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS
	The Data Protection Policy covers the key principles of GDPR, and associated policies and procedures were found to be appropriate. The Council's website provides comprehensive guidance on privacy notices across each service area, with details as to the reasons they use people's data, why they are allowed to use people's data, and data sharing practices, to ensure transparency and compliance with data protection regulations. Review of the Council's performance measures revealed that current performance metrics are limited to monitoring the timeliness of Subject Access Requests (SARs) to ensure compliance with GDPR regulations. From 1st April 2024 to date (August 2024), the Council has identified and appropriately addressed seven data breaches. However, the Council lacks performance measures to monitor data breaches, including actual breaches and near misses and which would assist in identifying patterns or trends. The Council has implemented a Data Retention Guideline, which details the procedures in place for the periodic destruction of records that are no longer required by the organisation. To destroy these records, the Council use their IKEN system to archive and delete records that are no longer needed which is conducted automatically.
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	**GOOD PRACTICE IDENTIFIED**
The audit sought to provide assurance over the following risk "Non-Compliance with UK General Data Protection Regulations (GDPR) including the Data Protection Act 2018".	The Council has integrated a robust training system through a platform called SkillGate, offering tailored modules for both staff and councillors. The platform ensures that users are complying by sending reminders to complete the training, and is widely used across the Council for various other purposes, including performance review check-ins. Data protection requirements are integrated in the Council's standard terms and conditions. Additionally, data protection considerations are addressed in the Invitation to Bid (ITB) documents.

SCOPE
Assurance that we are complying with GDPR requirements concerning for example, data security, data breaches, data retention and data storage.

ACTION POINTS			
Urgent	Important	Routine	Operational
0	0	3	1

Recommendation	Priority	Implementation Time
Management to formally record and minute their monthly meetings with Legal Services, including key outcomes and any action points.	3	N/A
The Council to introduce performance measures to monitor the number of potential and or actual breaches and near misses identified in each month. Performance monitoring to be included in monthly Legal Services meetings, to support oversight and address emerging data protection risks promptly.	3	N/A
The Council to ensure that review dates are correctly set for its Data Protection Policy, in line with the stated two-year review cycle.	3	18/10/2024

Executive Summary – NN2501 Risk Management

OVERALL ASSESSMENT

KEY STRATEGIC FINDINGS

Risks are currently recorded on Microsoft documents while an in-house Microsoft performance and risk product is being developed; this is scheduled to be in place by October 2024. This new system should be more intuitive to use but presents its own resilience risks in that it will not be a licenced system with helpdesk facilities. These risks have been documented by the Project Team. The Risk Management Policy and Framework is undergoing review having last been reviewed in 2020, which offers an opportunity to enhance the risk management framework with recognised best practice. The risk appetite statement is comprehensive but requires more frequent review and a way of applying it to the risk scoring matrix.

The risks in the Corporate Risk Register and Service Risk Registers are aligned to the objectives in the Corporate Plan and list the risk controls but only the current risk score is shown and not the gross or inherent risk score. Risks should be written as the risk event first and not the cause of the risk so that they make more sense when read. The Corporate Risk Register is reported quarterly to Governance, Risk and Audit Committee (GRAC); there had been insufficient management oversight/consideration of risk before submission to GRAC, although this was reinstated in July 2024, with prior review by the Corporate Leadership Team (CLT).

There is no formal risk management training programme, though one-to-one support is provided by the Policy and Performance Manager. The risk management process is currently reliant on one individual (Policy and Performance Manager) with support from the Director of Resources and is a key factor for developing the new risk management system to allow more manager self-service and improved resilience.

There is also a need to formally document the process for documenting decision making over the escalation and de-escalation of risks between service risk registers and the Corporate Risk Register, including reference thereto in the Risk Management Policy and Framework.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE
Assurance was provided over the following key risk: "Risk of ineffective risk management processes leading to failure to properly direct the service to ensure compliance with the requirements of the organisation" using the Chartered Institute of Internal Auditors - Risk Maturity Assessment.

GOOD PRACTICE IDENTIFIED

SCOPE
Assurance that the Council's risk management framework is adequate and effective.

ACTION POINTS

Urgent	Important	Routine	Operational
0	6	2	1

Recommendation	Priority	Implementation Time
Develop a formal risk management training programme and monitor training compliance aligned to the new policy framework and new risk system, once both are in place. This to be supported through the undertaking of a risk awareness survey to inform the risk training needs analysis.	2	31/01/2025
Finalise the review of the Risk Management Policy and Framework and include the following best practice: three lines of assurance; risk identification, articulation and sources, more impact/consequence areas in the scoring matrix, opening and closing risks, risk moderation and escalation/de-escalation, mitigation/ treatment, low scoring high frequency risks.	2	31/12/2024

Recommendation	Priority	Implementation Time
Management to: - • Review the risk appetite annually alongside the Corporate Plan and communicate this widely throughout organisation to be used as a basis of risk discussion. • Determine a risk scoring matrix for applying risk appetite in practice to risks. • Include the risk appetite for each of the risks on the Corporate Risk Register.	2	31/12/2024
Management should ensure that: - • The Corporate Risk Register (CRR) is regularly reviewed by the Corporate Leadership Team (CLT) prior to review by the Governance, Risk and Audit Committee (GRAC) as standard. • The CLT operate the risk review, moderation and escalation/de-escalation process as part of its review. • Further improvements are made to the format of the Corporate Risk Register by, for instance, putting corporate objective field first to better align risks to delivery of plans, adding the risk appetite for each risk, adding gross or inherent risk score as well as current and target risk score, and writing the description of the risk, the risk event first, then the cause of the risk and then the impact of the risk in the first column. • Reference to the relevant risk on the CRR is added to report templates.	2	31/10/2024
Add a specific operational risk regarding developing and implementing the new performance and risk system as a risk on the register and provide regular reports to Corporate Leadership Team (CLT) on progress.	2	31/10/2024
Produce risk reports, including a separate annual risk management report, to the Corporate Leadership Team and Governance, Risk and Audit Committee, alongside the Corporate Risk Register, to include open and closed risks, risks overdue, movements in risks, thematic review, aggregated low scoring high frequency risks.	2	30/06/2025

Recommendation	Priority	Implementation Time
To ensure there is sufficient resilience within the organisation for risk management.	3	N/A
Add Governance, Risk and Audit Committee's responsibility to approve the Risk Policy and Framework to its terms of reference in the Constitution and confirm this is in line with approved delegation.	3	31/01/2025

OVERALL ASSESSMENT

KEY STRATEGIC FINDINGS

The Council is unable to locate a copy of the signed contract with Everyone Active that commenced on 1st April 2019.

The Council has an Indoor Leisure Facilities Strategy in place which was created in August 2015. This is currently outdated and does not align with the 2023-2027 Corporate Plan priorities for promoting community development and enhancing leisure services.

The Council has not yet exercised its contractual right to conduct a maintenance survey of the leisure facilities as outlined in the Leisure Operating Contract (clause 15.2 Surveys), which commenced from 1st April 2019. These can be carried out once every two years.

Handling of complaints is completed by Everyone Active on their Atreemo data system. Testing confirmed at the Reef Leisure Centre and Victory Swim and Fitness Centre that complaints were promptly resolved. The Atreemo system provides an audit trail of the reasoning behind the complaint, the date received, date responded, sign off, and lessons learnt.

The Council and Everyone Active conduct three types of liaison meetings as a part of the Project Liaison Group: Annual review meetings take place at the Council's offices to discuss overall performance over the year with a presentation by Everyone Active. Quarterly update meetings, which are a part of the quarterly performance review/scorecards, take place online. Monthly meetings to discuss performance, monitoring scorecard, marketing, complaints, health and safety, risk register, are conducted onsite at a designated Leisure Centre and include an informal walkaround at the end of the meeting.

Audit testing identified inconsistencies with performance data on aspects of the Council's monitoring scorecards, and data presented to the Council by Everyone Active during the monthly client meetings. These were due to the absence of formal verification checks by the Council. For example, in February 2024, Everyone Active reported 'stable' attendance, yet a detailed

	review showed a decrease of 1,822 visits. Additionally, in June 2024, a decline in participation was reported, yet actual data revealed that there was an increase of 788 visits. It was noted that for Quarter Four of 2023/24, discrepancies were identified between the recorded attendance figures and the data provided by Everyone Active. The monitoring scorecard reported figures of 141,508 total visits, whereas the actual data totalled 135,147 (a variance of 6,361 visits). Additionally, senior visits (60+ years old) figures were overstated with the scorecard reporting over 43,906 total visits, whereas the actual data totalled 16,860 (a variance of 27,046 visits). These variances do not impact on the payment mechanism.
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	**GOOD PRACTICE IDENTIFIED**
Assurance was provided over the following risk: "Contractual and performance monitoring not in place, leading to inaccurate performance monitoring and non-compliances".	The Leisure and Locality Services Manager conducts unannounced visits/inspections using an app created by Safety Culture which is used to ensure safety and compliance. This app can be used to conduct inspections, audits, and checklists which during the unannounced visits identify any performance issues such as maintenance, cleaning, and staffing which is flagged and can be brought to the attention of Everyone Active to action. Everyone Active use a system called "Everyone QMS" which provides an overview of performance, inspections, accidents, incidents, and investigations.

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SCOPE

Assurance that the contract in place with the Council's Leisure provider is being managed effectively.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	4	1

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Recommendation	Priority	Implementation Time
The Council to ensure that the Leisure Operating Contract is signed and dated by both parties to formalise the agreement.	2	01/12/2024
The Council to ensure the completion and implementation of the updated Leisure Facilities Strategy to align with the objectives outlined in the Corporate Plan 2023-2027.	3	30/11/2025
The Council to ensure that maintenance surveys are conducted every two years in accordance with Section 15.2 of the Leisure Operating Contract to ensure Contractor compliance.	3	30/04/2025
The Council to implement a reconciliation process for data input into scorecards to ensure that figures reported on these are correct to the actual figures provided by the Everyone Active.	3	01/12/2024
The Council to establish a validation process to ensure and verify the accuracy of performance data provided by the Everyone Active at monthly meetings. In doing so, to provide context around reference to 'stable' or reframe from using such terminology.	3	1/12/204

OVERALL ASSESSMENT

KEY STRATEGIC FINDINGS

There is a need for the Council to review and update where applicable, its Environmental Health Department Enforcement Policy; this was last reviewed in July 2012 and was due for review in July 2011.

Further policies and procedural guidance need to be produced governing the enforcement of HMOs, that align with the Council's requirements as specified in Part 2 of the Housing Act 2004, particularly sections 61 and 62 and for the Council's statutory responsibilities under the Smoke and Carbon Monoxide (England) Regulations 2015 and the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020. Currently, inspections of smoke and carbon monoxide alarms are not proactive and are completed when other checks take place.

In accordance with the Housing Act 2004, the Council is required to identify (Section 4) and take enforcement action (Section 5) in the Private Rental Sector over Category 1 or 2 hazards. This is currently undertaken only where a complaint is received (reactive) as opposed to any programmed (proactive) inspections.

There is no formalised performance oversight or tracking of enforcement actions and statutory timescales for key regulatory requirements which is required under the Housing Act 2004. Although informal meetings and updates are provided, there is a lack of structured performance management for key areas of the Private Rental Sector.

Written evidence is retained for responding to complaints detailing each stage of the enforcement action taken. This ensures that all parties are informed, and that there is a clear record of the Council's actions and decisions.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Environmental Health Department Risk Register July 2024 Risks:

“EH 004 Increase in number of unfit properties”.

“EH 005: Unexpected workload”.

GOOD PRACTICE IDENTIFIED

In 2020, the Council engaged BRE Group to gather comprehensive data on the local housing stock, with a specific focus on the private rented sector. This collaboration resulted in a detailed stock modelling report that provided valuable insights into the current state and characteristics of the housing stock in the area.

The Council has produced a leaflet for the residents of North Norfolk on controlling condensation and mould in their homes. This helps to address the concerns raised by the previous Government over decent homes standards following a tragic incident at another local authority in England.

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SCOPE

Assurance that the Council is complying with its responsibilities under the Housing Act 2004 for the enforcement of housing conditions in private rentals and the licencing of HMOs.

ACTION POINTS

Urgent	Important	Routine	Operational
0	6	0	0

Recommendation	Priority	Implementation Time
The Council to review and update the Environmental Health Department Enforcement Policy and Housing Health and Safety Rating System (HHSRS) Operating Procedure to ensure they reflect current standards, best practices and comply with the Housing Act 2004.	2	31/01/2025
In accordance with the requirements of Sections 4 and 5 of the Housing Act 2024, the Council to develop a proactive inspection program to identify any private sector rental properties with category 1 or hazards, focusing on known recurring non-compliant properties first. In doing so, the Council to use details in the stock modelling report produced in 2020 by the BRE Group as a source of data to inform inspections.	2	N/A

Recommendation	Priority	Implementation Time
The Council to produce a formal HMO (House in Multiple Occupation) Policy that aligns with the Council's requirements as specified in Part 2 of the Housing Act 2004, particularly sections 61 and 62. This policy will consolidate related information into a single document, with appropriate links to supporting documentation. In support of this recommendation, all policy and procedural documentation should include issue and review dates to ensure that the information remains current and accurate.	2	01/04/2025
The Council to develop and implement policies, procedures, and guidance that clearly outline its responsibilities under the Smoke and Carbon Monoxide (England) Regulations 2015, as amended by the 2022 Regulations including the 21 Day and 28 Day requirements for Smoke alarms and Carbon Monoxide Alarms. Additionally, the Council to establish a proactive inspection programme to ensure ongoing compliance with these regulations.	2	01/04/2025
Management to ensure that all policy or procedural documentation, including flowcharts, includes a version control table to include owner, review date and cycle time. In addition, implement a timetable for reviewing policies (and processes) to ensure they are regularly and promptly updated where applicable.	2	01/04/2025
The Council to establish regular monitoring and oversight mechanisms for its regulatory requirements under the Housing Act 2004, including: - Enforcement actions / decisions - Monitoring of Category 1 Hazards - HMOs - Regulatory updates / actions Where this is already in place, it is advisable to formalise the process with written agendas, minutes and action plans. Additionally, a formal process should be introduced to keep Members informed of any significant enforcement actions, including financial penalties issued against landlords, to help ensure consistency, transparency, accountability and oversight.	2	1/12/204

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Outstanding Recommendations by Year — Appendix 3

2019/20

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
NN2009 Planning and Development					
Response time targets and fees for pre-application work be reviewed, to ensure that they enable good quality, timely responses to be provided to applicants.	Important	Head of Planning; Development Manager	31/10/2020	1/10/24	A draft of the next Service has been produced and is being discussed with a group of developers / agents in July prior to reporting it to Development Committee in August 2024 and for the related fee schedule to be submitted for Council discussion / agreement in September 2024 - with a view to the new system being introduced from October 2024.

2021/22

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
NN2213 Waste Management					
Review and update the Inter Authority Agreement to ensure that it is clear in terms of managing relations between all three member Authorities to reflect the operational status of the contract. In particular, this should include agreement on the principles which underpin how the contract should be managed for the benefit of all of the Councils, and on mechanisms for resolving disagreements between the Authorities if they arise.	Important	Director of Communities	29/7/22	30/6/24	The drafting of the revision to the Inter Authority Agreement has been completed and wording agreed with Eastlaw. The revised agreement has not yet been agreed by the three councils, due to other priorities in the waste contract associated with the round and route re-optimisation and ongoing commercial matters discussions with Serco. Officers will look to progress this as soon as the issues outlined above have been resolved.
Obtain regular assurances that Serco complies fully with its complaints procedure and that there is audit trail to evidence this. Any non-compliances should be formally raised through the Operational Board meeting. A quarterly report should be made to the Contract Management Board by Serco along with details of corrective action taken.	Important	Environmental Services Manager	29/7/22	31/3/24	Performance within the Serco customer contact centre has continued to see improvements. The high workload and staff shortages within the team over the last few months has meant it has not yet been possible to further implement a complaint monitoring system as had been intended. With the team now back to full strength, it is hoped this will be progressed within the next few months. Due date has therefore been updated to end March 2024.
NN2202 Key Controls and Assurance					
North Norfolk DC to ensure it receives 40% of income from the issuing Penalty Charge Notice (PCN) as per the terms of the contract with Council of Kings Lynn & West Norfolk and this can be clearly evidenced.	Important	N/A	25/5/22	30/6/24	A reconciliation takes place but there are issues with obtaining the information from the service provider at times. However this has improved. The outsourced contract is currently being reviewed and a new arrangement will begin from 1 April 2025. This may be an in-house arrangement or a third party provider as we now have. The SLA/contract will be

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					tighter around requirement for information and due dates for receiving this and timeframes for responses to queries we raise.
NN2214 Environmental Health					
The Council to ensure that all licence fee income has been correctly accounted for and that there is agreement between Assure and eFinancials.	Important	Environmental Services Manager and Public Protection & Commercial Manager	30/6/22	31/10/24	A new process has now been implemented of invoicing for premise licenses through the NNDC finance team. Invoices are being sent out monthly, and a record of paid invoices is being sent to the EH department. Reconciliation work has been undertaken to review all outstanding fees. There is one further step required before this recommendation can be signed off. That is to implement a process for chasing the non-payment of invoices as this may lead to the revocation of licenses and we must establish the enforcement process for this element. It is felt that this next step will be achieved by Oct 2024.

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2022/23

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
NN2302 Key Controls and Assurance					
Management to ensure that:- All issues and emerging themes identified in the Self-Assessment process are captured in the Action Plan;- There is a clear reference from Self-Assessment findings to issues raised in the Action Plan, with each Action Plan issue having a consecutive reference number. - Each Action Plan entry has a target date and owner clearly stated.	Important	Director for Resources	31/12/23	30/09/24	The Annual Governance Statement for 2023/24 was presented to GRAC at its meeting on 10 September 2024 with the recommendations listed here having been incorporated into the AGS.
Management to ensure that future Annual Governance Statements provide clear visibility of the overall governance position of the Council. For example: - all significant issues arising during the year should be detailed in the "Governance Issues" section, with clear reference to the Action Plan; - all Action Plan issues should be supported by detail in the Governance Issues section; - progress on previous years' Action Plan issues should be reported.	Important	Director for Resources	31/12/23	30/09/24	The Annual Governance Statement for 2023/24 was presented to GRAC at its meeting on 10 September 2024 with the recommendations listed here having been incorporated into the AGS with the exception of reporting of progress on previous years' Action Plan issues as there were none reported. The AGS for 2024/25 will report on the progress on the 2023/24 Action Plan issues.
Management to investigate the potential for new reports to be developed from the new Finance system detailing number of debts by age category, and value/number	Important	Director for Resources	31/12/23	31/3/24	The new reports are being updated by IT and will be live by the end of March 2024.

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
by department, to enhance the focussed review of old debt.					
To investigate the purchase order interface on the finance system with the system provider to rectify property service orders being raised and authorised by the same user.	Important	Director for Resources	31/12/23	10/09/24	There is now an appropriate segregation of duties in place. This was reported to GRAC on 10 September 2024.
Management to: - ensure that car park ticket machine income records and cash collected are reconciled monthly with any discrepancies promptly and thoroughly investigated; - review arrangements for ensuring the Council receives all income due from Penalty Charge Notices including, if needs be, the future provision of the service. If outsourcing is considered the most appropriate method, a method of independent verification of the income received should be contractually agreed with the current / future service provider, to facilitate the requisite levels of detail to provide the required assurances.	Important	Director for Resources	31/12/23	10/09/24	A reconciliation takes place but there are issues with obtaining the information from the service provider at times. However this has improved. The outsourced contract is currently being reviewed and a new arrangement will begin from 1 April 2025. This may be an in-house arrangement or a third party provider as we now have. The SLA/contract will be tighter around requirement for information and due dates for receiving this and timeframes for responses to queries we raise.
NN2316 ICT – Disaster Recovery					
The Council to ensure that the Corporate Business Continuity Plan, which was last updated in April 2018, be reviewed, and approved as a matter of urgency. We understand that Council management have already identified this as a priority. As part of this exercise, the IT team to ensure the Council's Disaster Recovery	Important	Director for Resources	31/12/23	N/A	The audit of this area in 2023/24 has made the same recommendation and an 'urgent' rating has been applied. The completion date has been agreed as 31/5/24.

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
capability is communicated and approved at Senior Management level.					

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2023/24

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
NN2402 Complaints and FOI					
Reported data on complaints to include closed and open complaints to provide an accurate picture of response times. Complaints to be responded to within the published target timescales and updated/closed on the Workbench system in a timely manner.	Important	Customer Services Manager	1/4/24	30/9/24	The complaints policy and procedure have been updated to meet the requirements of the LGO & SCO complaints handling code. This includes reporting on performance. This is currently under review by Management Team.
Training to be provided on using the Workbench system to all officers who manage and respond to complaints.	Important	Customer Services Manager	1/4/24	30/9/24	The complaints policy and procedure have been updated to meet the requirements of the LGO & SCO complaints handling code. Once approved, training will be provided to service users. This is currently under review by Management Team.
NN2412 Land Charges					
Reconciliations between land charge records and the general ledger to be completed on a monthly basis and be independently reviewed with evidence of sign off from the reconciling officer and independent reviewer retained	Important	Planning Support Leader	30/3/24	3/9/24	Ongoing – aiming to resolve issues this summer.
NN2404 Procurement and Contract Management					
Complete the spend analysis and lower the threshold going forward to all cumulative spend per supplier of over £5k.	Important	Chief Group Accountant/Procurement Officer	31/3/24	31/10/24	The next spending analysis is scheduled to be undertaken in October. We aim to do this before then and will incorporation the lower aggregated spend, this has been discussed with the Accountancy Assistant who will undertake the review.

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Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
NN2415 Post Implementation – Finance System Review					
The Council to review the outstanding functionality not yet implemented with a view to making decisions about which of these remain a priority and which are not. This to be supported by a formal minuted decision, implementation plan and roadmap with supporting financials and clear milestones to be monitored for progress on an ongoing basis.	Important	Chief Group Accountant	01/11/24	N/A	The formal decision about which if any of the outstanding modules is still to be made. This is now postponed until after the V25 software upgrade.
The Council to ensure that a formal Post-Implementation Review be conducted as part of a formal project closure process once all of the required functionality that was planned has been successfully implemented. The closure process to include (but not be limited to) the following: ➢ Comparison between planned and actual business benefits. ➢ An analysis of what worked well and what could have worked better. ➢ A summary of officer feedback concerning the project and the resulting implementation.	Important	Chief Group Accountant	01/11/24	N/A	The project team continue to meet and review progress on a fortnightly basis. We are working together to deliver the first software upgrade (to V25) on Civica.

Definitions

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed, and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed, and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.
Position Statement	Advisory work.

Urgent – Priority 1	Fundamental control issue on which action to implement should be taken within 1 month.
Important - Priority 2	Control issue on which action to implement should be taken within 3 months.
Routine – Priority 3	Control issue on which action to implement should be taken within 6 months.

OEMs are Operational - Effectiveness Matter. These can be proposed, and these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

Draft Statements of Accounts 2021/22 and 2022/23	
Executive Summary	This report presents to the Committee the Draft Statement of Accounts for the 22021/22 and 2022/23 financial years. These are for the Committee to note, in advance of approval of the final un-audited version at a date to be confirmed.
Options considered	No options are applicable
Consultation(s)	Internal and External Audit Section 151 Officer
Recommendations	That the Committee review and note the draft statements of Accounts for 2021/22 and 2022/23.
Reasons for recommendations	To enable effective Member scrutiny of the Council's financial performance.
Background papers	None

Wards affected	All
Cabinet member(s)	Cllr Lucy Shires
Contact Officer	Tina Stankley – Director of Resources and Section 151 Officer

Links to key documents:	
Corporate Plan:	A STRONG, RESPONSIBLE & ACCOUNTABLE COUNCIL We will ensure the Council maintains a financially sound position, seeking to make best use of its assets and staff resources, effective partnership working and maximising the opportunities of external funding and income. EFFECTIVE AND EFFICIENT DELIVERY • Managing our finances and contracts robustly to ensure best value for money • Providing services that are value for money and meet the needs of our residents • Ensuring that strong governance is at the heart of all we do
Medium Term Financial Strategy (MTFS)	The accounts are intrinsically linked to the MTFS

Council Policies & Strategies	Accounting Policies Council Tax Policies Business Rates Policies Constitution

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	The item is not exempt
Details of any previous decision(s) on this matter	Statement of Accounts 2020/21

1. Purpose of the report

1.1. This report presents the draft Statement of Accounts for 2021/22 and 2022/23 for the Committee to note in advance of approving the final un-audited Accounts at a date currently to be confirmed.

2. Introduction & Background

2.1. There is a requirement for all Councils to publish their Statement of Accounts each financial year. The accounts are a key financial document and give a detailed overview of the Council's income and expenditure during the financial year as well as providing a record of the assets and liabilities at the year end.

2.2. The Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

2.3. The Accounts and Audit (Amendment) Regulations 2024 came into force on 30 September 2024 and set out the revised dates for publication and audit of the Statement of Accounts for local authorities for the years 2016/17 to 2027/28. These Regulations have been issued to address the audit backlog that we have seen across local government. This is intended to reset the system to close the legacy years for all local authorities. For any unaudited financial statements that are dated 2022/23 or older, there is a statutory deadline back date stop date of 13 December 2024, earlier than originally indicated. For the 2023/24 accounts the statutory back stop date is 28 February 2025.

2.4. In terms of North Norfolk District Council's accounts, the 2021/22 and 2022/23 draft accounts have been published. The draft 2023/24 accounts should be completed by the end of the calendar year which will be well in advance of the back stop date.

2.5. For the 2024/25 accounts the Accounts and Audit (Amendment) Regulations 2024 have allowed an extension to the deadline for publishing the draft accounts from 31 May 2025 to 30 June 2025. Then also for the account to be audited by 27 February 2026 instead of 30 September 2025.

2.6. The 2024/25 audit will be seen as the key year to allow the assurance to be rebuilt that has been lost from those previous years, but even with this reset the auditors will still have to issue disclaimed opinions for the next two or three years until they have gained full assurance again in the figures making up the accounts.

3. Corporate Priorities

3.1. The Council needs to produce the accounts each year so that it can demonstrate how resources have been used and so the Council maintains an accurate record of the resources it has available for future use.

3.2. Strong, Responsible & Accountable Council - The Council needs to maintain a financially sound position, seeking to make best use of its assets and staff resources, effective partnership working and maximising the opportunities of external funding and income.

3.3. Finances and contracts should be robustly managed to ensure best value for money.

3.4. Services should be provided that are value for money and meet the needs of our residents

3.5. Ensure that strong governance is at the heart of all we do

4. Financial and Resource Implications

4.1. There are no direct financial implications surrounding the publication of the Statement of Accounts.

Comments from the S151 Officer:

The report is providing an update on the auditing of the financial accounts. The plan for the reset is contained in the Accounts and Audit (Amendment) Regulations 2024. The S151 Officer is confident that the council will meet all the statutory deadlines that have been set.

5. Legal Implications

5.1. The Council will not have met the statutory requirement to publish an audited Statement of Accounts for 2021/22, for 2022/23 and for 2023/24.

Comments from the Monitoring Officer

The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section. *They will outline any legal advice provided.*

6. Risks

6.1. None as a direct consequence of this report.

7. Net ZeroTarget

7.1. None as a direct consequence of this report.

8. Equality, Diversity & Inclusion

8.1. None as a direct consequence of this report.

9. Community Safety issues

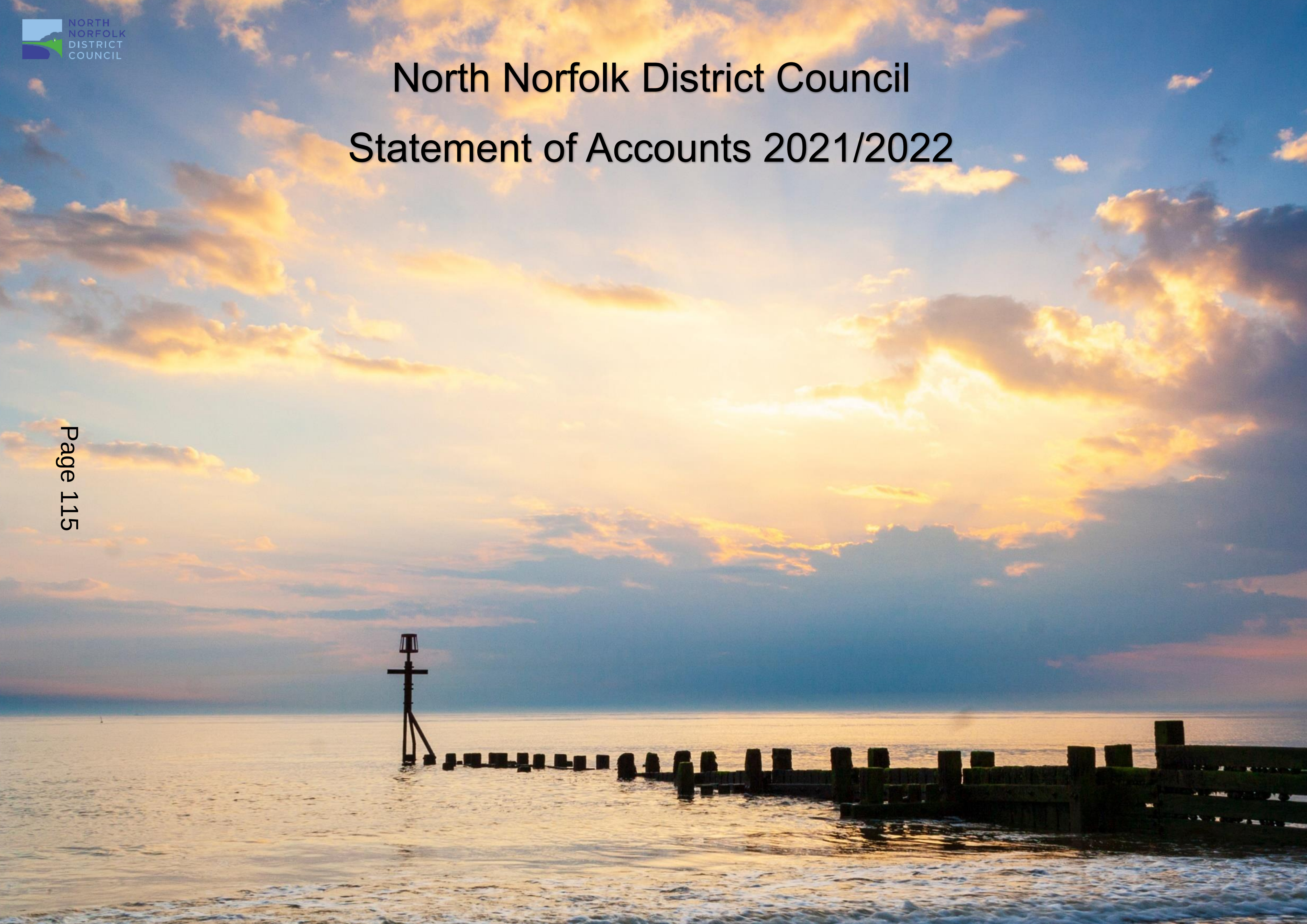
9.1. None as a direct consequence of this report.

10. Conclusion and Recommendations

10.1. It is recommended that the Committee review and note the draft statements of Accounts for 2021/22 and 2022/23.

North Norfolk District Council

Statement of Accounts 2021/2022



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1. Introduction

1.1 The Statement of Accounts for 2021/22 on the following pages sets out the Council's income and expenditure for the year, and its financial position at 31 March 2022. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which in turn is underpinned by International Financial Reporting Standards. It comprises core and supplementary statements.

1.2 This narrative statement aims to provide the reader with information about the Council, its main objectives, strategies and the principle risks it faces and to provide a commentary on how the Council has used its resources to the desired outcomes. It also helps to explain and highlight the linkages between the information contained within the narrative statement itself and the information presented within the financial statements. The accounting policies applied in production of the accounts can be found on Pages 21 – 27.

2. Statements included within the Accounts

2.1 The accounts consist of the following main statements:

- **Expenditure and Funding Analysis** – The Expenditure and Funding Analysis (EFA) is a note to the financial statements. However, it is positioned with the core statements as it provides a link from the portfolio-based analysis of the revenue outturn presented in the Narrative Report to the analysis within the Net Cost of Services in the Comprehensive Income and Expenditure Statement The EFA shows how the funding available to the Council for the year (i.e. Government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice (GAAP). The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

- **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost of providing services in the year in accordance with generally accepted accounting practices, rather than the amount to be funded from local taxation. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

- **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Council analysed between:
  - 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and;
  - 'other reserves' which are maintained for accounting purposes.

- **Balance Sheet** – this statement shows the value, as at the balance sheet date, of the assets and liabilities recognised by the Council. It sets out the financial position of the Council at the year-end, showing its balances, resources and long-term indebtedness, the net current assets employed in its operations, together with summarised information on the fixed assets held. The Balance Sheet is fundamental to the understanding of the Council's year-end financial position.

- **Cash Flow Statement** – this summarises all flows of cash from transactions with third parties for revenue and capital purposes. It shows the changes in cash and cash equivalents during the reporting period and how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

- **Collection Fund** – As a billing authority the Council is responsible for the billing, collection and distribution of council tax and National Non-Domestic Rates (NNDR). In accordance with the statutory requirement contained in Section 89 of the Local Government Finance Act 1988 (amended by Local Government Finance Act 1992 and the Local Government Finance Act 2012) billing authorities are required to establish and maintain a separate fund for the collection and distribution of amounts due in relation to council tax and NNDR. This statement, known as the Collection Fund, shows the total income collected by the Council from council tax and NNDR and how this has been distributed to Central Government; the major precepting bodies of Norfolk County Council (NCC), the Office of the Police and Crime Commissioner for Norfolk (OPCCN) and North Norfolk District Council (NNDC - which includes the local precepts for Parish and Town Councils). There will be a debtor or creditor position between the billing authority (NNDC), Central Government and the major preceptors (NCC & OPCCN) to be recognised at the end of each year. This is because the amounts paid out of the Collection Fund during the years will not exactly match the cash collected in council tax and NNDR.

- **Notes to the Accounts** – The accounts are supported by various notes to the main statements which provide additional information to that contained in the core statements themselves.

3. Organisational overview and external environment

Our district

3.2 North Norfolk District consists of 962 km^2 of beautiful countryside and 73km of coastline. With a range of active village communities and seven busy market towns comprising of Wells-next-the-Sea, Fakenham, Holt, Sheringham, Cromer, North Walsham and Stalham, North Norfolk has a strong appeal for residents, visitors and businesses alike.

3.3 North Norfolk's population is expected to grow from 105,600 in 2019 to 107,400 by 2022 and the number of resident households is projected to grow to from 49,100 to 50,300 over the same timeframe. A large proportion of residents live in one of the market towns with the remainder living in rural village homes. This means that the district has a low population density (110 persons per square kilometer compared to 427 for England as a whole). The area's rural nature is characterised by its 121 parishes, numerous villages and low crime rate which make North Norfolk one of the most attractive and safe places to live in the UK.

3.4 Residents work predominantly in the accommodation and food sector, retail, manufacturing, and health. The largest numbers of businesses are in the agriculture, forestry and fishing sector followed by retail, construction, accommodation and food services and the professional, scientific and technical sectors.

Corporate Plan and priorities

3.5 The Council's Corporate Plan covering 2019 – 2023, along with a supporting delivery plan. The Delivery Plan shows what the Council will do to meet the needs and aspirations of residents and businesses as established within the Corporate Plan.

The Corporate Plan can be located: https://www.north-norfolk.gov.uk/tasks/performance-and-risk/view-previous-corporate-plan/.

The 2019 – 2023 Plan sets out the Council's priorities which are:

- Local Homes for Local Need
- Boosting Business Sustainability and Growth
- Customer Focus
- Climate, Coast and the Environment
- Financial Sustainability and Growth
- Quality of Life

4. Governance

4.1 The Annual Governance Statement (AGS) is a statutory document which explains the processes and procedures in place to enable the Council to carry out its functions effectively, this is supported by the Council's Local Code of Corporate Governance. There have been no significant changes or issues surrounding governance during the current financial year. A full copy of the Statements, AGS and the Code are available on the Council's website.

5. Risks and opportunities

5.1 There is still considerable uncertainty around future years funding forecasts and this position will not improve until the outcome from the Fair Funding Review, which will set new baseline funding allocations and responding to spending pressures and changes in service demand, and the review of the Local Retention of Business Rates, are concluded. The Comprehensive Spending Review, which sets out the expenditure limits over the coming years has been delayed due to Brexit and COVID, which have also resulted in single year settlements in recent years. A multi-year settlement has been lobbied for by the sector to provide greater certainty over future funding streams.

5.2 Local Authority funding from business rates is open to risks around funding fluctuations due to increases and decreases in the rateable values of non-domestic properties and successful alterations of lists and appeals against the rateable values. The Valuation Office Agency, who hear the appeals, currently have a backlog and are slow to clear outstanding appeals increasing the risk of the Council needing to pay out large refunds.

5.3 The Council currently holds £22.6m in reserves, some of which could be made available to support service budgets in the short to medium term. Use of reserves does not represent a sustainable funding mechanism for the longer term as these are one-off resources. Our Reserve balance has increased substantially during the year due to the accounting treatment of COVID grants received. Much of these are ring-fenced for COVID 19 related spending, or to cover future Collection Fund deficits. More information can be found in Note 41.

5.4 The Council's Corporate Risk Register, which details the significant risks the Council faces (including financial risks), is published on its website.

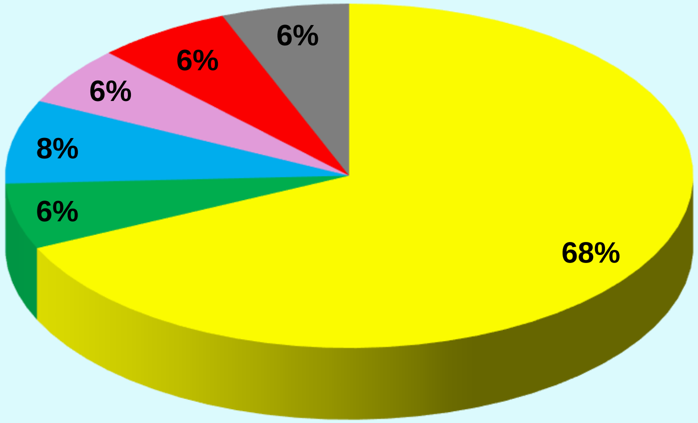
6. Financial Performance

6.1 The Council reports on its performance against its Corporate Objectives quarterly. The report covering the 2021-22 financial year can be found on the Council's website.

Revenue Activity

6.2 The following chart provides an overview of the resources available to the Council during the year along with the outturn position compared to the budget. The tables below show how the revenue activity was financed during the year, highlighting that around 26% of the net funding is from external sources, i.e. New Homes Bonus and other non-ringfenced grants including Covid support grants, the balance of 74% comes from council tax and locally retained business rates reflecting the continuing shift from central to local funding. This position is shown net of fees and charges service income and highlighted in the tables below.

Revenue Financing 2021/22



	£000	%
Council Tax	6,253	68
Retained Business Rates	567	6
New Homes Bonus	723	8
Rural Services Delivery Grant	508	6
COVID-19 General Grant	581	6
Other Non-Ringfenced Grants	552	6
	9,184	**100**

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6.3 The financial performance of the Council has been monitored throughout the year by officers and Members with regular reports being presented to Cabinet and Overview and Scrutiny Committee. The summary below provides an overview of the outturn position compared to the updated budget (i.e. updated for virements and approved in-year updates). The overall outturn position for the financial year against budget that was reported to Cabinet on 4 September 2022 was an underspend of £615,740.

2021/22 Subjective Analysis	2021/22 Budget £000	2021/22 Outturn £000	Variance £000	%
Employee Costs	13,359	15,796	2,437	18
Premises	3,100	3,449	349	11
Transport Related Expenditure	328	301	(27)	(8)
Supplies & Services	10,192	49,536	39,344	386
Transfer Payments	21,461	19,919	(1,542)	(7)
Capital Financing Costs	2,941	1,964	(977)	(33)
Income	(32,932)	(72,603)	(39,670)	120
Total cost of services	**18,140**	**18,061**	**(79)**	**-**

6.4 Transfers to and from reserves in the year are made in line with the Council's policy framework for earmarked reserves as approved as part of the annual budget setting process. In addition, some roll forward requests of budget underspends have been recommended for approval as part of the outturn report where there is no annual budget provision in 2022/23.

6.5 The 2021/22 outturn report covers the final budget monitoring position for the year and provides a detailed commentary covering the budget variances and the reasons behind some of these, a copy of which can be found on the September Cabinet agenda. The reasons for some of the more significant movements included in the summary above in percentage terms are as follows:

- **Employee Costs -** The majority of the variance in employee costs, totalling £2,359k, is attributed to adjustments in current service costs for the Local Government Pension Scheme. This adjustment represents the difference between the Council's cash contributions to the Pension Fund during the year and the value of pensions accrued during the same period, as determined by the actuary. These additional costs are reversed out under net operating expenditure, resulting in no impact on the revenue outturn position. However, the increase is reflected in long-term liabilities on the Balance Sheet. Furthermore, there was a £96k impact due to a reduction in salary costs charged to and funded from the Capital programme.

- **Premises** – This includes £75k for contract cleaning, partially offset by an allocation from the general Covid support grant. Repairs and maintenance on council assets, such as car parks, public conveniences, and temporary accommodation, totalled £304k. Additionally, a full-year saving of £62k was achieved on sea defence costs.

- **Supplies and Services** – The majority of this variance is in relation to grants and contribution payments made in response to the pandemic. These include Test and Trace, Household Support, Local and Additional restrictions and Restart grants. These payments were fully funded by the Department for Business, Energy and Industrial Strategy (BEIS) and Department for Health and Social Care. In addition to these other variances include over expenditure of Computer costs (£154k), Bed and Breakfast charges (£185k), and Contractor payments

(£387k). However, there was also under expenditure in the outturn positions of Postage and hybrid mailing (£53k), and Movement in the provision for bad and doubtful debts (£116k).

- **Transfer Payments** - This relates to the reduced value of housing benefits payments made in 2021/22. This reduction is offset by a reduction in Subsidy claimed from the Department for Works and Pensions (DWP).
- **Capital Financing Costs** – The current General Fund position excludes the final capital adjustments; these do not have an impact on the Council's final outturn revenue position.
- **Income** – The majority of this favourable variance relates to Covid 19 grants which included small business, grants such as Omicron Hospitality and Leisure and Restart grants and other grants supporting the wider community including test and trace and household support. A further allocation of general support grant was received which although not allocated within the net cost of services has been used to offset eligible expenditure.

Business Rates Retention

6.6 The Collection Fund Account can be found, along with the associated notes, on pages 87 to 90.

6.7 Due to the risks and uncertainty surrounding Business Rates income during the Covid-19 pandemic, there was no Norfolk Business Rates Pool formed for 2021/22. However, the Pool has been reformed for the 2022/23 financial year. Being in the Pool allows growth in the business rates collected in Norfolk to be retained locally, rather than being passed to central government. The retained growth amount is paid over in the form of a levy payment to Norfolk County Council as the lead Council for the Pool.

6.8 The Council can retain all the income it receives from renewable energy schemes, provided it granted planning permission for the scheme. When completing the NNDR1 each year the Council must include the amount it anticipates it will receive. Any variation will be carried forward to the following year.

6.9 The business rate income is paid into the Collection Fund and then distributed to Central Government, the County Council and NNDC in accordance with the proportionate shares set out in the Scheme. The distribution is based on the NNDR1 return and any variances at outturn will produce a surplus or deficit on the Collection Fund which is then distributed in the following year.

7. Treasury Management and Economic Climate

7.1 The amount of surplus cash available for investment during the year was at times higher than the level anticipated in the budget; although the overall rate of interest was lower than budget. This is, in part, due to the Bank of England Monetary Policy Committee (MPC) having reduced the bank base rate due to help sustain the economy during COVID-19, which resulted in reductions in net returns on the Money Market Funds that the Council uses to manage its cash flow.

7.2 The current economic climate, which has been significantly affected by COVID-19, has had an impact on the Council's investment income. The resulting investment income achieved in the current year totalled £1,041k, a favourable variance of £6k from the budgeted position.

7.3 The Council had no long-term debt at 31 March 2022. The only debt taken during the year was short-term debt to fund any short-term cash shortfalls.

8. Capital

8.1 Capital expenditure in the year amounted to £9.4m (£14.9m in 2020/21). The areas where expenditure was incurred are shown in the table below. More detail can be found in the 2021/22 outturn report.

Capital Activity Summary 2021/22 Outturn	2021/22 Budget	2021/22 Outturn	Variance	
	£000	£000	£000	%
Boosting Business Sustainability and Growth	1,858	1,055	(803)	(43)
Local Homes for Local Need	3,353	1,848	(1,505)	(45)
Climate, Coast and the Environment	-	79	79	-
Quality of Life	5,867	6,345	478	8
Customer Focus and Financial Sustainability	1,521	43	(1,478)	(97)
	12,599	**9,370**	**(3,229)**	**(26)**

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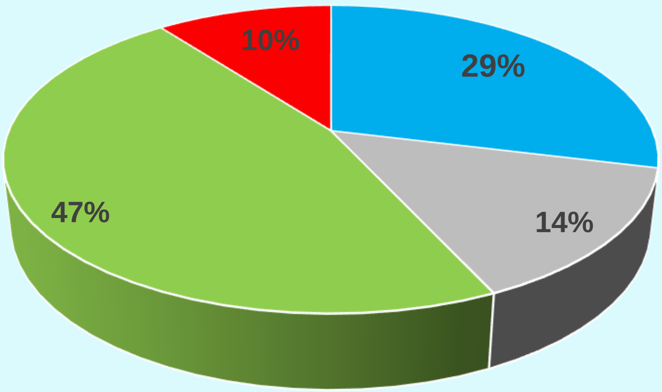
8.2 The financing of the capital programme is shown in the chart below.

Capital Programme Financing 2021/22



	£000	%
Grants	2,624	29
Other reserves	1,319	14
Internal Borrowing	4,310	47
Capital Reserves	959	10
	9,184	**100**

9. Reserves and Balances

9.1 The Council has a General Fund which is the statutory fund into which all the Council's receipts are required to be paid and out of which all Council's liabilities are to be met, except where there are statutory rules that must be applied. The recommended minimum General Fund balance is currently £2.1m. The balance was £3.2m at 31 March 2022.

9.2 The purpose of holding a general reserve is to provide a working balance to help cushion the impact of uneven cash flows to avoid temporary borrowing and to provide a contingency to help cushion the impact of unexpected events or emergencies. Each year alongside approval of the budget Members approve the policy framework for the earmarked reserves and assessment of the optimum level of general reserve. This is informed by a risk assessment of the budget that considers the context within which the budget has been established along with the financial risks facing the Council. This will include factors such as, sensitivity of pay and price inflation and interest rates, levels of savings anticipated, demand led budgets (spend and income), future funding fluctuations and emergencies.

9.3 In addition to the general reserve the Council holds earmarked reserves held to meet known or predicted liabilities totaling £24.7m. The reserves also provide a means at the year-end for carrying funds forward to the new financial year to fund ongoing commitments and known liabilities for which no separate revenue budget exists, more detail can be found in Note 9. There are earmarked reserves that have balances, yet the timing of the use of the reserve is yet to be agreed.

9.4 Due to the COVID 19 pandemic, the Council was in receipt of grants from the Government to award to local businesses, support the tourism industry and to support COVID outbreak management. Where there is an unspent balance at 31st March, and the Council is acting as Principal in these transactions. As at 31 March 2021 the council held £28.9m in earmarked reserve with a portion of this balance relating to specific COVD-19 Grants. During 2021/22 there was a net movement in the reserve balances amounting to £6.5m being transferred from reserves. This mainly represents the Business rate and Grants earmarked reserves. Other significant movements in earmarked reserves include Property Company and Housing reserves.

10. Outlook

10.1 Several risks continue to face Local Authorities in terms of funding, i.e. local retention of business rates and responding to spending pressures and changes in service demand, particularly considering the COVID pandemic. Some of the more significant and current risks that continue to face the Council are as follows:

- Funding reductions - Further funding reductions and the continued shift from central government support from Revenue Support Grant to local funding from retained business rate income and council tax and the potential impact of the ongoing Fair Funding Review and the Spending Review. Consultation on this has been significantly delayed by Brexit and COVID 19 and poses a significant risk to our future planning;

- New Homes Bonus (NHB) – The Council is due to receive 'legacy' payments in respect of the NHB over the next two years but as yet there is still little news regarding what system will replace the current funding mechanism;

- Business rates – The risk of funding fluctuations from business rates continues to be a prevalent feature of the funding for local authorities. The impact of appeals only exacerbates this risk, although this is mitigated at a local level by the earmarked reserve. The implementation of localisation of business rates has also been delayed although further consultation is expected later this year;

- Savings/income – the delivery of savings built into budget projections and income from demand led services i.e. planning, parking fees;

- Inflation – Post year end inflation rates are continuing to rise due to supply chain disruptions, increased energy prices, and higher consumer demand. The Consumer Price Index (CPI) reached levels above the Bank of England's target, reflecting broader economic pressures;

- Investment returns – Interest rates continue to be low and the delivery of investment returns is problematic with the choice of counterparty and period of exposure needing to be weighed in on a daily basis in line with the treasury management strategy and the global markets continue to be impacted due to the uncertainties brought about by COVID. Sound principles underpinned by professional guidance from treasury management advisors allows for a cautious but not complacent approach to investment returns;

- Housing benefit subsidy – As a significant budget year on year this presents a risk in terms of the accuracy of the claims and subsidy recovered. This is mitigated by an earmarked reserve that the Council maintains;

- Pay – the budget has been updated to reflect the pay review undertaken by the National Joint Council (NJC) along with annual increments.

- COVID 19 – As we look beyond the March 2022 year-end, the outlook regarding COVID-19 remains cautiously optimistic but acknowledges ongoing challenges. With widespread vaccination efforts having significantly reduced the severity and fatality rates of the virus, the UK has gradually moved towards normalisation of economic and social activities. However, the potential emergence of new variants continues to pose a risk, necessitating ongoing vigilance and adaptability in public health strategies. The Council is expected to maintain flexible response plans, ensuring they can swiftly address any resurgence of cases or new central government directives. Additionally, there is a continued emphasis on supporting economic recovery through targeted initiatives, particularly in sectors hardest hit by the pandemic, such as hospitality, retail, and travel. Overall, while the immediate threat of COVID-19 has subsided, its long-term impacts on public health and the economy will require sustained attention and proactive management;

- Temporary accommodation – The Council is unable to fully recover from central government the costs relating to the housing benefit subsidy relating to temporary accommodation. The Council is currently acquiring local properties to use directly to help manage the cost of this provision. This cost is increasing year on year and placing a pressure on our budgets. we will continue to monitor the situation, however as a demand led service this is outside of our control.

10.2 The Council does however have a number of work streams in place to help address these risks and also has a healthy reserve position to support in the short to medium term.

10.3 The disclosures required for the financial year ending 31 March 2022 in relation to the Council's pension scheme are detailed in Note 24 and show a Net Pension Liability of £49.5m as at 31 March 2021 (£58.0m at 31 March 2021). The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. At present the deficit on the scheme would be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

11. Basis of preparation and presentation

11.1 As part of preparing the accounts the Council needs to consider how 'material' or important a transaction might be or the value of a transaction on the understanding of the accounts and for the 2021/22 accounts these levels are as follows:

- Materiality (£0.828m) - materiality has been set at £0.828m, which represents 1.75% of the prior year's gross expenditure on provision of services. This is the maximum amount by which the Council believes the statements could be misstated, by known or unknown error or fraud, and still not affect the decisions of reasonable financial statement users.

12. Further Information

12.1 For further information about these accounts please contact the finance team at accountancy@north-norfolk.gov.uk.

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Certification

I confirm that this Statement of Accounts has been approved by myself, Councillor Sarah Bütikofer, Chair of the Governance, Risk and Audit Committee on xxxxx. Delegated authority for the Chair of the Committee to sign the Accounts in consultation with the Section 151 Officer was given at its meeting on xxxxx.

Signed on Behalf of North Norfolk District Council

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code of Practice).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority code.

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate by the Chief Finance Officer

I certify that this Statement of Accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31 March 2022.

Dated: 5 September 2024 | T.M. Stankley. | Tina Stankley CPFA, Director of Resources

Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis (EFA) is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Comprehensive Income and Expenditure Statement (CIES) below, to the Council’s management accounts. The EFA shows how annual expenditure is used and funded from resources (Government grants, rents, council tax and business rates) by Local Authorities in comparison with those resources consumed or earned by Authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council’s departments.

	Net Expenditure Chargeable to the General Fund	Adjustments Between Funding & Accounting Basis	Net Expenditure in the CIES	Net Expenditure Chargeable to the General Fund	Adjustments Between Funding & Accounting Basis	Net Expenditure in the CIES
		2021/22			**2020/21**	
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Corporate leadership/Executive support	(40)	313	273	1,108	143	1,251
Communities	10,128	362	10,490	8,953	2,206	11,159
Place and Climate Change	3,798	1,337	5,135	1,354	2,794	4,148
Resources	1,867	1,026	2,893	7,801	1,329	9,132
	15,753	**3,038**	**18,791**	**19,216**	**6,472**	**25,688**
Other Income and Expenditure	(13,949)	(4,384)	(18,333)	(24,774)	3,569	(21,205)
(Surplus)/Deficit on Provision of Services	**1,804**	**(1,346)**	**458**	**(5,558)**	**10,041**	**4,483**
Opening General Fund Balances	**24,785**			**19,227**		
Surplus/(Deficit) in year	(1,804)			5,558		
Closing General Fund Balances	**22,981**			**24,785**		

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
			2021/22			**2020/21**	
	Note	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Corporate Leadership/Executive Support		2,613	(2,340)	**273**	1,299	(48)	**1,251**
Communities		19,518	(9,028)	**10,490**	17,556	(6,399)	**11,157**
Place and Climate Change		9,428	(4,293)	**5,135**	5,681	(1,533)	**4,148**
Resources		73,119	(70,226)	**2,893**	40,688	(31,556)	**9,132**
Cost of Services		**104,678**	**(85,887)**	**18,791**	**65,224**	**(39,534)**	**25,688**
Other Operating Expenditure	**10**			**1,156**			**962**
Financing and Investment Income and Expenditure	**11**	1,196	(1,045)	**151**	1,001	(4,437)	**(3,436)**
Taxation and Non-Specific Grant Income	**12**			**(19,633)**			**(18,731)**
(Surplus)/Deficit on Provision of Services	**7**			**465**			**4,483**
(Surplus)/Deficit on revaluation of PPE Assets	**14(a)**			**(1,167)**			**(1,611)**
Actuarial (Gains)/Losses on Pension Assets/Liabilities	**14(d)**			**(11,799)**			**12,995**
Other Comprehensive Income and Expenditure				**(12,966)**			**11,384**
Total Comprehensive Income and Expenditure				**(12,502)**			**15,867**

Movement in Reserves Statement (MIRS)

	Note	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2020		**2,404**	**16,822**	**4,785**	**-**	**24,011**	**14,986**	**38,999**
Movement in Reserves during 2020/21								
Total Comprehensive Income and Expenditure		(4,483)	-	-	-	(4,483)	(11,384)	(15,867)
Adjustments from Income and Expenditure charged under the accounting basis to the funding basis	8	10,042	-	(730)	-	9,312	(9,312)	-
Transfer (to)/from Earmarked Reserves	9	(5,603)	5,603	-	-	-	-	-
Increase/(decrease) in 2020/21		(42)	5,603	(730)	-	4,829	(20,696)	(15,867)
Balance at 31 March 2021		**2,361**	**22,424**	**4,055**	**-**	**28,840**	**(5,710)**	**23,131**
Movement in Reserves during 2021/22								
Total Comprehensive Income and Expenditure		(464)	-	-	-	(465)	12,966	12,501
Adjustments from Income and Expenditure charged under the accounting basis to the funding basis	8	(1,341)	-	929	-	(412)	412	-
Transfer (to)/from Earmarked Reserves	9	2,721	(2,721)	-	-	-	-	-
Increase/(decrease) in 2021/22		916	(2,721)	929	-	(877)	13,378	12,501
Balance at 31 March 2022		**3,277**	**19,704**	**4,984**	**-**	**27,965**	**7,668**	**35,631**

Balance Sheet

	Note	31 March 2022 £000	31 March 2021 £000
Property, Plant and Equipment	**30**	70,141	63,458
Investment Property	**27**	389	842
Intangible Assets	**28**	878	1,076
Long Term Investments	**39**	34,691	33,159
Long Term Debtors	**33/39**	2,607	2,471
Total Long-Term Assets	**39**	**108,706**	**101,006**
Short Term Investments	**39**	-	87
Inventories		5	14
Short Term Debtors	**33**	10,435	14,266
Cash and Cash Equivalents	**18**	10,783	9,814
Assets held for sale	**32**	922	922
Total Current Assets		**22,145**	**25,103**
Bank Overdraft	**18**	(886)	(937)
Short Term Borrowing	**39**	(13,002)	(7,000)
Short Term Creditors	**34**	(28,877)	(35,038)
Capital Grants Receipts in Advance	**38**	(2,324)	(1,393)
Short Term Provisions	**35**	(672)	(621)
Total Current Liabilities		**(45,761)**	**(44,988)**
Other Long-Term Liabilities	**24**	(49,459)	(57,990)
Total Long-Term Liabilities		**(49,459)**	**(57,990)**
Net Assets		**35,631**	**23,131**

Balance Sheet

	Note	31 March 2022 £000	31 March 2021 £000
Usable Reserves:			
General Fund Balance		3,276	2,361
Earmarked Reserves	**9**	19,706	22,424
Capital Receipt Reserve		4,983	4,055
Total Usable Reserves		**27,965**	**28,839**
Unusable Reserves:	**14**		
Revaluation Reserves	**14(a)**	18,189	17,728
Pooled Fund Adjustment Account	**14(b)**	2,717	1,258
Capital Adjustment Account	**14(c)**	41,133	39,431
Pensions Reserve	**14(d)**	(49,459)	(57,990)
Collection Fund Adjustment Account	**14(e)**	(4,693)	(5,579)
Accumulated Compensated Absences Adjustment Account	**14(f)**	(221)	(468)
Total Unusable Reserves		**7,666**	**(5,709)**
Total Reserves		**35,631**	**23,130**

The Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2022. The notes on pages 21 to 87 form part of the financial statements.

Dated: 5 September 2024 TM. Stkly. Tina Stankley CPFA, Director of Resources

Cash Flow Statement

	Note	31 March 2022 £000	31 March 2021 £000
Net (Surplus)/Deficit on the provision of services	7	(464)	(4,483)
Adjustments to Net (Surplus)/Deficit on the provision of services for non-cash movements	15	(278)	31,114
Adjustments for items included in the Net (Surplus)/Deficit on the provision of services that are investing and financing activities	15	(2,501)	270,839
Net Cash Flows generated from Operating activities		**(3,243)**	**290,470**
Investing Activities	16	(5,710)	(285,624)
Financing Activities	17	9,973	(9,553)
Net Increase/(Decrease) in Cash and Cash Equivalents		**1,020**	**2,293**
Cash and Cash equivalents at the beginning of the reporting period	18	**8,877**	**6,585**
Cash and Cash equivalents at the end of the reporting period	18	**9,897**	**8,877**

1. Accounting Policies

A. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and the Service Reporting Code of Practice 2021/22 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

A local authority's Statement of Accounts are prepared on a going concern basis, this is, the accounts should be prepared on the assumption that the Council will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of the operation.

The accounting policies detailed below have been consistently applied within the Financial Statements.

B. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

Where the Council is acting as an agent for another party (e.g. in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

C. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on demand. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash on the Balance Sheet date, and which are subject to an insignificant risk of change in value.

D. Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. There were no material errors from previous year requiring restatement.

E. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations.

F. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render services to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Norfolk County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Scheme is accounted for as a defined benefits scheme in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2011, the Local Government Pension Scheme (Administration) Regulations 2009 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2014.

- The liabilities of the Norfolk Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.70% (2.00% in 2020/21). This rate is based on a corporate yield curve based on the constituents of the iBoxx corporate bond index. In line with the adoption of IAS 19 – Employee Benefits, an individual discount rate is calculated for each employer, based on their own weighted average duration category. The weighted average duration is used to identify the appropriate category for each employer as shown in the table below:

Weighted Average Duration	Discount Rate Category
Less than 17 years	Short
Between 17 and 23 years	Medium
More than 23 years	Long

- The change in the net pensions liability is analysed into seven components:

    - Current service cost - The increase in the present value of the defined benefit obligation resulting from employee service in the current period.
    - Past service cost – The increase in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).
    - Interest cost – The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to payment.
    - Expected return on assets -The expected increase during a period in the value of assets, based on values and long term expected returns as at the start of the period.
    - Gains/losses on settlements and curtailments -the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
    - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve. These are recognised under ‘other comprehensive income’.
    - Contributions paid to the Norfolk pension fund - cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

G. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events;
- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect.

H. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance**.**

I. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and Government grants, do not give rise to financial instruments.

J. Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity which is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- Short term loans from other local authorities
- Overdrafts with Barclays bank
- Lease payables
- Trade payables for goods and services received

K. Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

Amortised Cost comprising:

- Cash in hand
- Bank current and deposit accounts with Barclays bank
- Loans to other local authorities
- Loans to small companies and housing associations
- Covered bonds issued by banks and building societies
- Trade receivables for goods and services provided

Fair value through profit and loss (all other financial assets) comprising:

- Money market funds
- Pooled bond, equity and property and multi-asset funds

Where loans are advanced at below market rates, they are classed as ‘Soft Loans’ and specific accounting requirements apply to them. The Council has a very small number of car loans to employees and other loans to voluntary organisations to encourage leisure activities and economic development. The impact of accounting fully for the losses on these loans is considered to be immaterial and the special accounting requirements have not been applied.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

L. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Where general (non-ring fenced) revenue grants are allocated to the Council by Central Government these are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

M. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council for more than one financial year.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale with proceeds greater than £10,000 the Capital Receipts Reserve.

N. Inventory and Work in Progress

Inventories including bar stock are included in the Balance Sheet at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

O. Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale proceeds greater than £10,000 the Capital Receipts Reserve.

P. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Council as Lessee</u>

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments, e.g. there is a rent-free period at the commencement of the lease.

Q. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

R. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A de-minimis level of £10,000 is applied to expenditure on assets.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost
- Surplus assets – fair value, determined by the measurement of the highest and best use value of the asset
- All other assets - fair value, determined by the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Valuations are carried out either by an internal or external qualified valuer.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

Assets Held for Sale are:

- immediately available for sale;
- where the sale is highly probable;
- actively marketed;
- expected to be sold within 12 months.

The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Properly, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are generally categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

<u>Depreciation</u>

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by the valuer (typically 30 to 100 years);
- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. The maximum useful life is 10 years and the minimum 4 years typically most assets have a useful life of 5 years;
- Infrastructure – straight line allocation over 20 years.
- Community and Surplus assets – The land element of these is not depreciated, any property is depreciated over its useful life.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant (i.e. more than 30%) in relation to the total cost of the item, the components are depreciated separately.

Componentisation is considered for all new valuations, enhancement expenditure and acquisition expenditure carried out on or after 1 April 2011. Where a component is replaced or restored (i.e. enhancement expenditure) the carrying amount of the old component shall be de-recognised before reflecting the enhancement.

The Council recognises the following levels of components:

- Substructure
- Superstructure
- Internal services
- External works

Componentisation is not applicable to land as land is non-depreciable and is considered to have an infinite life.

S. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation but where there is uncertainty around the timing.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Where the obligation is expected to be settled within 12 months of the Balance Sheet date the provision is recognised as a Current Liability in the Balance Sheet. Other provisions are recognised as Long Term Liabilities.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation. Provisions for bad and doubtful debts are maintained in respect of possible losses from non-collection of amounts owing to the Council. This includes council tax, business rates and other income. The provisions are recalculated each year based on age and category of outstanding debt at the end of the financial year, reflecting historical collection patterns, and are included in the Balance Sheet as an adjustment to receivables.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

T. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service and included against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council - these Unusable Reserves are explained elsewhere within the Accounting Statements.

U. Revenue Expenditure Fund from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

V. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

W. Council Tax and Non-domestic Rate Income

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council tax and Non-Domestic Rates (NDR). In its capacity as a Billing Authority, the Council acts as an agent collecting and distributing Council tax and NDR income on behalf of the major preceptors and itself.

From 1 April 2009, the Council has been required to show Council tax income in the Comprehensive Income and Expenditure Account as accrued income.

From 1 April 2013, the Council has been required to show Non-Domestic Rate income in the Comprehensive Income and Expenditure Account as accrued income.

The Council's share of Collection Fund income and expenditure is recognised in the Comprehensive Income and Expenditure Statement in the Taxation and Non-Specific Grant Income and Expenditure section.

X. Fair Value Measurement

The Council measures some of its non - financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either;

a) in the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses a combination of internal and external Valuers to provide valuations for its assets and liabilities in line with the highest and best use definition within the accounting standard. They are therefore using the same assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. This would take into account the markets participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Valuers have used valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 – unobservable inputs for the asset or liability.

2. Accounting Standards That Have Been Issued But Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the UK 2021-22 ("the Code") has introduced the following changes in accounting policy, which will need to be adopted fully by the Council in the 2022-23 financial statements from 1 April 2022.

The Council is required to disclose information relating to the impact of the accounting changes on the financial statements as a result of the adoption by the Code of a new standard that has been issued but is not yet required to be adopted by the Council. The Council is required to make disclosure of the estimated effect of the new standard in these financial statements.

The following accounting standards have changes next year, but these are either not relevant to the Council or the changes are expected to be minor and are not expected to make any change to the reported information in the accounts and will therefore not have a material effect:

- Foreign operations of acquired subsidiaries: Amendment to IFRS 1 (First-time adoption)
- Clarification of intention of standard IAS 37 (Onerous contracts)
- Amendments to IAS 41 (Agriculture)
- Amendments to IAS 16 (Property, Plant and Equipment) for Proceeds before Intended Use

IFRS16 (Leases)

As permitted by the Code, the Council has chosen not to adopt this standard from 1 April 2022 and therefore no disclosures are required in these financial statements.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Asset Categorisation - The Code classifies assets according to certain criteria. For example investment properties are classified as those assets that are held primarily to generate rental income or for capital appreciation, surplus assets are those assets that are surplus to service needs and do not meet the criteria for investment property or assets held for sale. Assets held for sale is usually restricted to property that is expected to be sold in 12 months.
- NNDR ratings list alterations- are estimates made for the expected loss of income as a result of alterations of ratings lists following the Check, Challenge, Appeal process. This based on currently outstanding checks, challenges and appeals and as well as expected further ones based on historical values.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Asset valuation in the current economic climate is subject to significant stress. Impairment reviews by the Council of its asset base have been undertaken in a robust way to reflect the changes in its asset values. Depreciation charges are related to the useful life of the assets and dependant on the level of repairs and maintenance that will be incurred in relation to individual assets.	It is important that the asset values in the Balance Sheet are kept under review. If the useful lives of the assets are reduced depreciation increases and the carrying value of the assets falls. Whilst there is a risk in any valuation exercise changes to useful lives and depreciation do not impact the Council's useable reserves as depreciation charges do not fall on the tax payer.

Fair Value Measurements	Where the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs) their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or, the discounted cash flow). Where possible these inputs are based on observable data, but where this is not possible judgement is required in establishing fair values. This will typically include considerations such as uncertainty and risk. However, changes to the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council has used relevant experts to identify the most appropriate valuation technique to determine fair value.	The Council uses the discounted cash flow (DCF), and 'market approach' (as defined in paragraphs B5 to B7 of IFRS 13) to measure the fair value of its assets. The inputs to this latter technique constitute Level 2 inputs, which are observable for the asset either directly or indirectly. If there were to be significant unobservable inputs, this could result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are employed by the pension schemes administrators to provide expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured, for example a 0.1% decrease in the real discount rate assumption would result in an increase of 1% in the pension liability which is approximately £2,506k. (i) A one year increase in member life expectancy would result in an increase of approximately 4% in the pension liability. In practice, the actual cost will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages). (ii) If salaries were to increase by 0.1% more than anticipated, the pension liability would increase by approximately £326k. (iii) If pensions payable were to increase by 0.1% more than anticipated, the pension liability would increase by 1%, approximating to £2,160k

5. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Resources on 5 September 2024. Events taking place after the accounts are authorised for issue are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no subsequent events that required an adjustment to the financial statements and the notes.

6. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2021/22.

	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
	2021/22	2021/22	2021/22	2021/22	2020/21 Restated	2020/21 Restated	2020/21 Restated	2020/21 Restated
CLT/Corporate	47	251	15	313	62	58	23	143
Communities	(375)	667	70	362	3,329	269	114	3,712
Place and Climate Change	640	610	87	1,337	1,634	159	80	1,873
Resources	120	831	75	1,026	721	(76)	(98)	743
Net Cost of Services	**432**	**2,359**	**247**	**3,038**	**5,745**	**411**	**315**	**6,471**
Other Income and Expenditure	(4,042)	(2,087)	1,746	(4,383)	(1,681)	998	4,254	3,571
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(3,610)**	**272**	**1,993**	**(1,346)**	**4,064**	**1,409**	**4,569**	**10,042**

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for;

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for these assets;

Financing & Investment Income & Expenditure – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices;

Taxation and non-specific grant income and expenditure **–** capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with the capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change in Pension Adjustments – this column is the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. For services this represents the removal of the employer's pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs. For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences – this column relates to other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. Also included within this column is the charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This timing difference as any difference will be brought forward in future surpluses and deficits on the Collection Fund.

7. Expenditure and Income Analysed by Nature

	2021/22 £000	2020/21 £000
Expenditure		
Employee Benefits Expenses	16,590	14,730
Other Service Expenses	22,876	36,434
Support Service Recharges	13,104	11,541
Depreciation, Amortisation, Impairment, DRF	2,962	6,475
Interest Payments	16	10
Precepts and Levies	2,574	2,520
Gain on disposal of assets	(1,418)	(1,557)
Total Expenditure	**56,704**	**70,153**
Income		
Fees, Charges and Other Service Income	(15,039)	(11,410)
Interest and Investment Income	(1,054)	(1,239)
Income from Council Tax, Non-Domestic Rates, District Rate Income	(15,415)	(28,478)
Government Grants and Contributions	(24,730)	(24,543)
Total Income	**(56,239)**	**(65,670)**
Surplus/(Deficit) on the Provision of Services	**465**	**4,483**

8. Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in unusable Reserves
	2021/22				2020/21			
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments to Capital Adjustment Account								
Reversal of items debited or credited to the CIES								
Depreciation & Impairment of Non-Current Assets	(1,719)	-	-	1,719	916	-	-	(916)
Revaluation gain/(loss) on PPE	(82)	-	-	82	5,837	-	-	(5,837)
Movement in Investment Property Market Value	-	-	-	-	(9)	-	-	9
Amortisation of intangible assets	(324)	-	-	324	241	-	-	(241)
Capital Grants & Contributions	2,624	-	-	(2,624)	(124)	-	-	124
Revenue Expenditure Fund from Capital Under Statute	(120)	-	-	120	628	-	-	(628)
Written off Non-Current Assets on sale or disposal	(469)	-	-	469	(1,557)	-	-	1,557
Insertion of items not debited or credited to the CIES								
Statutory Provision for the Financing of Capital Investment	353	-	-	(353)	-	-	-	-
Capital Expenditure Charged Against the General Fund	1,315	-	-	(1,315)	(1,867)	-	-	1,867
Adjustments to Capital Receipts Reserves								
Transfer of the disposal sales proceeds recorded in CIES	1,888	(1,888)	-	-	-	1,677	-	(1,677)
Use of Capital Receipts Reserve to finance capital expenditure	-	959	-	(959)	-	(2,407)	-	2,407
Adjustments to Pooled Fund Adjustment Account								
Pool Fund fair value gain/loss debited or credited to CIES	-	-	-	-	(3,198)	-	-	3,198
Adjustments to Pensions Reserve								
Pension Costs (transferred to/from the pensions reserve)	(3,269)	-	-	3,269	4,044	-	-	(4,044)
Employer's pension contributions	-	-	-	-	(2,635)	-	-	2,635
Adjustments to Collection Fund Adjustment Account								
Council Tax & NNDR (transfers to/from the Collection fund)	898	-	-	(898)	7,451	-	-	(7,451)
Adjustments to Accumulating Compensated Absences Adjustment Account								
Holiday pay	246	-	-	(246)	315	-	-	(315)
Total Adjustments	**1,341**	**(929)**	**-**	**(412)**	**10,042**	**(730)**	**-**	**(9,312)**

General Fund Balance - The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.

Capital Receipts Reserve – The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes.

Capital Grants Unapplied – The Capital Grants Unapplied Account holds grants and contributions received towards capital projects from which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

9. Movement in Reserves Statement – Transfers to/from Earmarked Reserves

	Balance at 1 April 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Balance at 31 March 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31 March 2022 £000
Asset Management	1,424	(478)	10	956	(137)	62	882
Benefits	898	(223)	56	731	(23)	42	750
Broadband	-	-	-	-	-	-	-
Building Control	212	(35)	-	177	-	48	224
Business Rate Retention	2,064	(1,100)	4,636	5,600	(3,100)	1,017	3,517
Capital Project Reserve	1,304	(398)	-	906	(350)	-	556
Coast Protection	239	(37)	61	263	(23)	60	300
Communities	1,001	(205)	-	796	(227)	-	569
Delivery Plan Reserve	-	(217)	3,131	2,914	(288)	1,700	4,326
Economic Development & Regeneration	166	(10)	-	156	(10)	52	198
Election Reserve	3	-	50	53	-	50	103
Enforcement Board	113	(11)	-	102	(11)	-	91
Environmental Health	336	(150)	42	228	-	84	312
Environment	-	-	150	150	-	-	150
Grants	609	(57)	1,429	1,981	(241)	618	2,357
Grassed Area Deposits	371	-	-	371	-	-	371
Housing	2,529	(434)	422	2,517	(505)	96	2,108
Land Charges	307	-	35	342	(4)	-	337
Legal	196	(37)	-	159	(35)	-	124
LSVT Reserve	-	-	-	-	-	-	-
Major Repairs Reserve	-	-	-	-	(26)	356	329
New Homes Bonus	292	(12)	-	280	(57)	-	223
Organisational Development	269	(100)	31	200	(94)	67	172
Pathfinder	128	(20)	-	108	(18)	-	90
Planning – Revenue	160	(42)	50	168	-	50	218
Property Investment Fund	999	(733)	-	266	(266)	-	-
Property Company	2,000	-	-	2,000	(2,000)	-	-
Restructuring and Invest to Save	1,200	(330)	130	1,000	(233)	130	897
Sports Hall Equipment/Sports Facilities	3	(1)	-	2	-	(2)	-
Treasury	-	-	-	-	-	500	500
Total	**16,823**	**(4,630)**	**10,233**	**22,426**	**(7,649)**	**4,931**	**19,707**
Total transfers out during the year					**(7,649)**		
Total transfers in during the year					**4,931**		
Net Movement in Earmarked Reserves					**(2,719)**		

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The purpose of each earmarked reserves is explained below:

Asset Management - To support improvements to our existing assets as identified through the Asset Management Plan.

Benefits - To mitigate any claw back by the Department of Works and Pensions following final audited subsidy determination.

Building Control – Ring- fenced to cover any future deficits on the building control service.

Business Rates Retention – To be used to mitigate the impact of final claims and appeals in relation to business rates retention scheme.

Capital Projects Reserve - To provide funding for capital projects. This includes the VAT shelter income that is received in the year and not yet spent on projects.

Coast Protection - To support the on-going coast protection maintenance programme.

Common Training - To deliver the corporate training and development programme.

Communities – To support projects that communities identify where they will make a difference to the economic and social wellbeing of the area. This is funded from the return of the second homes funding from Norfolk County Council.

Economic Development and Regeneration: Service underspends rolled forward that relate to one off projects or expenditure not budgeted for in future years, including learning for everyone.

Election Reserve - Established to meet costs associated with district council elections, to smooth the impact between financial years.

Environmental Health - Earmarking of underspends and additional income to meet Environmental Health.

Grants – Earmarking of grants received in the year for which expenditure is yet to be incurred, for example due to the timing of the receipt.

Grassed Area Deposits - To finance ongoing commitments in relation to grounds maintenance contracts.

Housing – Includes Community Housing Fund grant received from the Ministry of Housing, Communities and Local Government (MHCLG) This is to support community led housing schemes and assisting in the delivery of affordable housing within the area.

Land Charges – To mitigate the impact of potential income reductions for the service.

Legal – Includes funding for Compulsory Purchase Order (CPO) work and other one-off work.

Local Strategic Partnership – Ring fenced from the former Local Strategic Partnership, earmarked for ongoing liabilities.

LSVT Reserve – To meet the cost of successful warranty claims not covered by bonds and insurance following the housing stock transfer.

New Homes Bonus (NHB) – Established for supporting communities with future growth and development and Plan review.

Organisational Development - To provide funding for organisation development to create capacity within the organisation, including the support of apprenticeship and intern programmes.

Pathfinder - To help coastal communities adapt to coastal changes. The balance represents grant funding that has been received that has been fully allocated to projects to deliver the Pathfinder objectives but has not yet been spent.

Planning – Additional Planning Income earmarked for Planning Initiatives including Plan Business Process Review.

Property Investment Fund – To provide funding for the acquisition and development of new land and property assets

Property Company – To fund potential housing development and property related schemes

Restructuring and Invest to Save - To be used for restructuring costs including one-off redundancy and pension strain costs and invest to save projects that will deliver efficiency savings.

Sports Hall Equipment and Sports Facilities - To support renewals for sports hall equipment. Transfers in the year represents over or under achievement of income target.

10. Comprehensive Income and Expenditure Statement – Other Operating Expenditure

	2021/22 £000	2020/21 £000
Parish Council Precepts	2,574	2,520
Gain on the Disposal of Non-Current Assets	(1,418)	(1,558)
Total	**1,156**	**962**

11. Comprehensive Income and Expenditure Statement – Financing Investment Income and Expenditure

	2021/22 £000	2020/21 £000
Interest Expense	16	3
Pension Interest Cost and Expected Return on Pensions Assets	1,180	998
Fair Value Changes of Pooled Funds	-	(3,198)
Interest Income	(1,045)	(1,230)
Fair Value changes of Investment Properties	-	(9)
Total	**151**	**(3,436)**

12. Comprehensive Income and Expenditure Statement – Taxation and Non-Specific Grant Income

	2021/22 £000	2020/21 £000
Council Tax Income	(8,944)	(8,708)
Non-Domestic Rates	(5,532)	(5,646)
Revenue Support Grant	-	(90)
Other Non-Ringfenced Government Grant	(2,533)	(4,163)
Capital Grant and contributions	(2,624)	(124)
Total	**(19,633)**	**(18,731)**

13. Balance Sheet – Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 8 and Note 9.

14. Balance Sheet – Unusable Reserves

	2021/22 £000	2020/21 £000
Revaluation Reserve	18,189	17,727
Pooled Fund Adjustment Account	2,717	1,258
Capital Adjustment Account	41,133	39,342
Financial Instruments Adjustment Account	-	-
Pensions Reserve	(45,548)	(57,990)
Collection Fund Adjustment Account	(4,693)	(5,579)
Accumulated Compensated Absences Adjustment Account	(221)	(468)
Total	**11,577**	**(5,710)**

14(a) Revaluation Reserve

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The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2021/22 £000	2020/21 £000
Balance at 1 April	**(17,727)**	**(16,294)**
Upward revaluation of assets	(1,684)	(4,531)
Downward revaluation of assets and impairments losses not charged to the Surplus/Deficit on Provision of Services	518	2,920
Difference between Fair Value Depreciation and Historical Cost Depreciation	705	178
Balance at 31 March	**(18,188)**	**(17,727)**

14(b) Pooled Fund Adjustment Account

The Pooled Fund Adjustment Account contains the gains made by the Council arising from increases in the value of its investments in pooled funds and are therefore accounted for under IFRS 9 at fair value through profit and loss. A statutory override currently applies enabling gains or losses to be transferred to this unusable reserve, thereby protecting the Council Tax payer from changes in fair value on these investments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

	2021/22 £000	2020/21 £000
Balance at 1 April	**1,260**	**(1,939)**
Upward/(Downward) Revaluation of Investments Charged to the surplus/Deficit on the Provision of Services.	1,458	3,198
Balance at 31 March	**2,717**	**1,260**

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14(c) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2021/22 £000	2020/21 £000
Balance at 1 April	**39,342**	**42,499**
Reversal of items relating to capital expenditure posted to the CIES		
Charges for Depreciation and Impairment on Non-Current Assets	(2,424)	(916)
Revaluation losses on Property, Plant and Equipment	(82)	(6,007)
Amortisation of Intangible Assets	(342)	(241)
Revenue expenditure funded from capital under statute	(852)	(629)
Non-Current Assets written off on disposal to the CIES	(469)	-
	35,173	**34,706**
Adjusting amounts written out of the revaluation reserve	705	179
Net written out amount of the cost of non-current assets consumed in the year	**35,878**	**34,885**
Capital Financial Applied in the year:		
Use of capital receipts reserve to finance new capital expenditure	958	2,287
Capital Grants and contributions credited to the CIES that have been applied to capital financing	2,624	294
Statutory provision for the financing of capital investment charged against the General Fund balance	353	-
Capital Expenditure charged against the General Fund balance	1,319	1,867
	41,132	**39,333**
Movements in the market value of investment properties debited or credited to the CIES	-	9
Balance at 31 March	**41,132**	**39,342**

The revenue expenditure funded from capital under statute (REFCUS) grant funding has been applied to the REFCUS line of the CAA note above. Please refer to Note 31 - Capital Expenditure and Capital Financing for the gross balances.

14(d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the

Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The deficit on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2021/22 £000	2020/21 £000
Balance at 1 April	**(57,990)**	**(43,586)**
Actuarial gains/(losses) on pensions assets and liabilities	11,839	(12,995)
Reversal of Items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	(5,998)	(4,044)
Employer’s pension contributions and direct payment to pensioners payable in the year	2,690	2,690
Balance at 31 March	**(49,459)**	**(57,990)**

14(e) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rate income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business Rate payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2021/22 £000	2020/21 £000
Balance at 1 April	**(5,579)**	**1,873**
Amount by which Council Tax and Business Rate Income credited to the CIES is different from Council Tax and Business Rate income calculated for the year in accordance with statutory requirements	886	(7,452)
Balance at 31 March	**(4,693)**	**(5,579)**

14(f) Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences, e.g. annual leave, earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2021/22 £000	2020/21 £000
Balance at 1 April	**(468)**	**(153)**
Settlement or cancellation of an accrual made at the end of the preceding year	468	153
Amounts accrued at the end current year	(468)	(153)
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	246	(315)
Balance at 31 March	**(222)**	**(468)**

15. Cash Flow Statement – Arising from Operating Activities

	2021/22 £000	2020/21 £000
Interest received	1,075	1,324
Interest paid	(6)	(7)
Net cash flows from operating activities	**1,069**	**1,317**
The surplus or deficit on the provision of services has been adjusted for the following		
Depreciation	2,423	915
Impairment and downward valuations	82	6,127
Amortisation	324	241
Increase/(decrease) in creditors	(6,983)	24,196
Increase in Interest and Dividend Debtors	191	-
Increase in debtors	1,016	712
Increase in inventories	9	1
Movement in pension liability	3,267	1,409
Carrying amount of non-current assets, and non-current assets held for sale, sold or derecognised	959	-
Movement in Investment Property Values	(1,566)	2,487
	(278)	**31,114**
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Capital grants credited to surplus or deficit on the provision of services	-	-
Net adjustment from the sale of short term and long term investments	-	271,970
Proceeds from the sale of property, plant and equipment, investment property, and intangible assets	(1,888)	-
Fair value pooled funds	-	-
Other items for which the cash effects are investing or cash flows	(613)	(1,131)
	(2,501)	**270,839**

16. Cash Flow Statement – Investing Activities

	2021/22 £000	2020/21 £000
Purchase of property, plant and equipment, investment property and intangible assets	(9,318)	(13,043)
Purchase of short-term and long-term investment	-	(271,970)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	1,888	-
Proceeds from short-term and long-term investments	-	-
Other receipts from investing activities	1,720	(611)
Net cash flows from investing activities	**(5,710)**	**(285,624)**

17. Cash Flow Statement – Financing Activities

	2021/22 £000	2020/21 £000
Cash receipts of short-term and long-term borrowing	23,000	7,000
Other receipts from financing activities	440	403
Repayments of short-term and long-term borrowing	(17,000)	(5,000)
Other payments for financing activities	3,533	(11,956)
Net cash flows from financing activities	**9,973**	**(9,553)**

18. Cash Flow Statement – Cash and cash equivalents

	2021/22 £000	2020/21 £000
Cash held by officers	4	4
Bank current accounts	(886)	(937)
Investments in liquidity money market funds	10,779	9,810
Total cash and cash equivalents	**9,897**	**8,877**

19. Trading Operations

The Council currently operates three general produce markets on two car park sites in Sheringham and Cromer. They are provided to meet local demands and to promote tourism. The trading objective is to minimise the deficit relating to the service.

The Council lets a total of 20 industrial units and self-occupies 1 over 4 sites in Catfield, North Walsham and Fakenham. The Catfield and Cornish Way, North Walsham sites offer starter units which were developed jointly with EEDA, to provide opportunities for local business start-ups and developments. 3 larger brand-new units at Hornbeam Road, North Walsham were acquired in December 2020. The trading objective is to minimise the deficit relating to the service.

Trading operations are incorporated into the CIES. Some are an integral part of one of the Council's services to the public (e.g. refuse collection), whilst others are support services to the Council's services to the public. The expenditure of these operations is allocated or recharged to the relevant service area within the CIES Cost of Services.

The surplus is due to higher income from both market traders and rental income at the industrial units.

	2021/22 £000	2020/21 £000
General Produce Markets		
Turnover	(47)	(30)
Expenditure	81	84
Deficit/(Surplus)	33	54
Industrial Units		
Turnover	(137)	(133)
Expenditure	103	100
Deficit/(Surplus)	(34)	(33)
Total (Surplus)/Deficit on trading operations	**(1)**	**21**
Services to the public including expenditure of continuing operations	(3)	(2)
Support Services recharged to expenditure of continuing operations	2	2
Net (Surplus)/Deficit included within operating expenditure	**(2)**	**21**

20. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors:

	2021/22 £000	2020/21 £000
Fees payable for external audit services carried out by the appointed auditor for the year	44	42
Fees payable for the certification of grant claims and returns for the year	21	15
Additional fees in respect of the prior year audit	21	60
Total	**86**	**117**

21. Members Allowances

The Council paid the following amounts to Members of the Council during the year. Full details can be obtained by writing to:

Information Services, Holt Road, Cromer, Norfolk, NR27 9EN.

	2021/22 £	2020/21 £
Allowances	315,785	309,419
Expenses	6,845	1,617
Total	**322,630**	**311,036**

22. Officers' Remuneration

The following table sets out the remuneration paid to the Council's senior officers. A senior officer is defined as being a statutory chief officer as defined in the Local Government and Housing Act (LGHA) 1989 section 2(6); a non-statutory Chief officer as defined in the LGHA 1989 section 2(7); or someone with responsibility for the management of the Council, being able to direct or control its major activities, whether solely or collectively.

For the period 1 April 2021 to 31 March 2023:

Job Title	Year	Salary, Fees and Allowance	Bonuses	Expenses Allowances	Compensation for loss of office	Sub-Total	Pension Contribution	Total
		£	£	£	£	£	£	£
1 April 2021 to 31 March 2022								
Chief Executive	2021/22	112,641	-	963	-	113,604	16,333	**129,937**
Director for Place	2021/22	52,842	-	963	-	53,805	7,662	**61,467**
Director for Communities	2021/22	82,286	-	963	-	83,249	11,931	**95,181**
Director for Resources & Section 151 Officer	2021/22	84,715	-	567	-	85,282	12,284	**97,566**
Monitoring Officer	2021/22	58,341	-	963	-	59,304	8,459	**67,763**
1 November 2020 to 31 March 2021								
Chief Executive	2020/21	45,271	-	401	-	45,672	6,564	**52,236**
Director for Place (Vacant)	2020/21	-	-	-	-	-	-	**-**
Director for Communities	2020/21	61,604	-	401	-	32,005	4,583	**36,588**
Director for Resources & Section 151 Officer	2020/21	33,977	-	401	-	34,378	4,927	**39,305**
Monitoring Officer	2020/21	27,914	-	241	-	28,154	2,862	**31,016**
1 April 2020 to 31 October 2020								
Head of Paid Service	2020/21	63,379	-	562	-	63,941	9,190	**73,131**
Section 151 Officer	2020/21	46,054	-	562	-	46,616	6,678	**53,294**
Monitoring Officer	2020/21	46,054	-	562	-	46,616	6,678	**53,294**

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The number of employees not falling into the category of senior officers shown above whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 were:

Renumeration Band	2021/22 Number of Employees	2020/21 Number of Employees
£50,000 - £54,499	7	8
£55,000 - £59,999	6	1
£60,000 - £64,499	1	2
£65,000 - £69,999	2	1

23. Exit Packages

The number of exit packages agreed with the total cost per band and total cost of the compulsory and other are set out in the table below.

	2021/22				2020/21			
Bandings	**Compulsory Redundancies Number of Employees**	**Other Departures Number of Employees**	**Total Employees**	**Total Amount £**	**Compulsory Redundancies Number of Employees**	**Other Departures Number of Employees**	**Total Employees**	**Total Amount £**
£0 - £20,000	-	2	2	9,660	-	1	1	5,493
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,000 - £100,000	-	-	-	-	-	-	-	-
	-	**2**	**2**	**9,660**	**-**	**1**	**1**	**5,493**

24. Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post- employment schemes:

- The Local Government Pension Scheme, administered locally by Norfolk County Council - this was a funded defined benefit final salary scheme up to 31/03/2014 then replaced with a Career Average Revalued Earnings (CARE) scheme from the 01/04/2014, The Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit final arrangement; under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pension's liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	**Local Government Pension Scheme 2021/22 £000**	**Local Government Pension Scheme 2020/21 £000**
Cost of Services		
Current service cost	4,818	3,046
Past service costs loss	-	-
Financing and Investment Income and Expenditure		
Interest Cost	2,884	2,575
Expected return on scheme asset	(1,704)	(1,577)
Total post-employment benefit charged to the surplus/deficit on the provision of services	**5,998**	**4,044**
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement		
Actuarial gains/(losses)	11,839	(12,995)
Total post-employment benefit (credited)/charged to the CIES	(17,837)	8,951
Movement in Reserves Statement:		
Reversal of net charges made to the surplus/deficit for the provision of services for post-employment benefits in accordance with the code	(5,998)	(4,044)
Actual amount charged against the general fund balance for pensions in the year		
Employers' contribution payable to the scheme	**2,690**	**2,635**

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2022 is a loss of £27.9m (£39.7m at 31 March 2021).

Assets and liabilities in relation to post-employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Pension Scheme Funded Liabilities Local Government	**2021/22 £000**	**2020/21 £000**
Opening balance at 1 April	143,362	112,532
Current service cost	4,818	3,046
Interest cost	2,884	2,575
Contributions by scheme participants	608	589
Actuarial (gains)/losses	(3,089)	28,212
Benefits paid	(3,320)	(3,341)
Unfunded benefits paid	(245)	(251)
Past service costs	-	-
Closing Balance at 31 March	**145,018**	**143,362**

Reconciliation of fair value of the scheme (plan) assets:

Local Government Pension Scheme	**2021/22 £000**	**2020/21 £000**
Opening balance at 1 April	85,372	68,946
Expected rate of return	1,704	1,577
Actuarial gains	8,750	15,217
Employers' contributions	2,445	2,384
Contributions by scheme participants	608	589
Contributions in respect of Unfunded Benefits	245	251
Benefits paid	(3,320)	(3,341)
Unfunded benefits paid	(245)	(251)
Closing Balance at 31 March	**95,559**	**85,372**

Fair Value of Employer Assets

Asset Category	31 March 2022 Quoted price in active markets £000	31 March 2022 Quoted price not in active markets £000	31 March 2022 Total £000	31 March 2022 Percentage of total assets £000	31 March 2021 Quoted price in active markets £000	31 March 2021 Quoted price not in active markets £000	31 March 2021 Total £000	31 March 2021 Percentage of total assets £000
Equity Securities:								
Consumer	-	-	-	0%	-	-	-	0%
Manufacturing	-	-	-	0%	-	-	-	0%
Energy & Utilities	-	-	-	0%	-	-	-	0%
Financial Institutions	-	-	-	0%	-	-	-	0%
Health & Care	-	-	-	0%	-	-	-	0%
Information Technology	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
Debt Securities:								
Corporate Bonds (Investment Grade)	-	-	-	0%	-	-	-	0%
Corporate Bonds - Non-Investment Grade	-	-	-	0%	-	-	-	0%
UK Government	965	-	965	1%	972	-	972	1%
Other	-	-	-	0%	-	-	-	0%
Private Equity:								
All	-	7,711	7,711	8%	-	5,417	5,417	8%
Real Estate								
UK Property	-	8,728	8,728	9%	-	6,789	6,789	9%
Overseas Property	-	1,345	1,345	1%	-	1,727	1,727	1%
Investment & Unit Trusts								
Equities	40,199	-	40,199	43%	38,046	-	38,046	45%
Bonds	27,603	-	27,603	29%	25,345	-	25,345	30%
Infrastructure	-	7,634	7,634	8%	-	5,399	5,399	6%
Other	-	-	-	0%	-	314	314	0%

Fair Value of Employer Assets (continued)

	31 March 2022				31 March 2021			
Asset Category	**Quoted prices in active markets**	**Quoted prices not in active markets**	**Total**	**Percentage of total assets**	**Quoted prices in active markets**	**Quoted prices not in active markets**	**Total**	**Percentage of total assets**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Derivatives:								
Foreign Exchanges	21	-	21	0%	32	-	-	0%
Other	-	-	-	0%	-	-	32	0%
Cash & Cash Equivalents:								
All	1,353	-	1,353	1%	1,332	-	1,332	0%
Total	**70,142**	**25,417**	**95,559**	**100%**	**65,726**	**19,646**	**85,372**	**100%**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £49.5m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

  The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2022 is £2.4m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2019.

In relation to the Commutation Adjustment, an allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service. The principal assumptions used by the actuary have been:

Mortality Assumptions	**Local Government Pension Scheme 2021/22**	**Local Government Pension Scheme 2020/21**
Longevity at 65 for Current Pensioners:		
Men	21.7	21.9
Women	24.1	24.3
Longevity at 65 for Future Pensioners:		
Men	22.9	23.2
Women	26.0	26.2
Pension Increase Rate (CPI)	3.20%	2.85%
Rate of Increase in Salaries	3.90%	3.55%
Expected Return on Assets	3.90%	3.55%
Rate of Discounting Scheme Liabilities	2.70%	2.00%

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2022 %	**31 March 2021 %**
Equities	51	50
Bonds	31	31
Property	16	16
Cash	2	2
	100	**100**

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2021/22 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2022.

	2022 %	**2021 %**	**2020 %**	**2019 %**	**2018 %**
Difference between the expected and actual return on assets	6.1	17.8	(7.4)	2.7	1.3
Experience gains and losses on liabilities	3.0	(0.7)	(2.0)	0.2	(0.1)

25. Related Parties

This disclosure note has been prepared using the Council's Register of Members' Declarations of interest in addition to a specific declaration obtained in respect of related party transactions from Members and Chief Officers.

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides most of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits). Grants received from Government departments are set out in the expenditure and income analysed by nature in Note 7. Grant receipts outstanding at 31 March 2022 are shown in Note 38.

Members & Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 21. During 2021/22, works and services to the value of £846,370 were commissioned from companies in which twenty-eight members had an interest. Contracts were entered into in full compliance with the Council's standing orders.

The most significant total values for general expenditure were:

- £152,267 linked to the Broads Internal Drainage Board in which eight members had an interest.
- £185,892 linked to the Norfolk & Suffolk NHS Trust in which one member had an interest.
- £104,928 linked to the Norfolk Rivers Internal Drainage Board in which four members had an interest.

In addition, the Council paid grants totalling £116,061 to voluntary organisations in which fourteen members had declared an interest. In all instances, the grants were made with proper consideration of declarations of interest. There were no material expenditure transactions involving Chief Officers.

The most significant total values for grant expenditure were:

- £40,000.00 to the North Norfolk Community Transport Association.
- £38,000.00 to Sheringham Little Theatre.
- £23,800.00 linked to the Cromer Lawn Tennis & Squash Association.

Income totalling £59,714.64 was received from entities in which twenty-two Members had an interest. There were no significant total values for income.

In all instances, the transactions were made with proper consideration of declarations of interest. The relevant persons linked to the above transactions did not take part in any discussion or decision relating to the expenditure/income. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours.

26. Leases

Council as Lessee

Finance Leases

The Council held no Finance leases as at 31 March 2022.

Operating Leases

The Council leases property, land, vehicles and items of equipment, including printing and telephony equipment, as part of a number of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2022 £000	31 March 2021 £000
Not Later than one year	68	73
Later than one year and not later than five years	224	247
Later than five years	139	145
	431	**465**

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these Leases was:

	31 March 2022 £000	31 March 2021 £000
Minimum Lease Payments	78	78
Contingent Rents	81	81
	162	**159**

Council as Lessor

Operating Leases

The Council leases out properties under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2022 £000	31 March 2021 £000
Not Later than one year	(197)	(225)
Later than one year and not later than five years	(432)	(430)
Later than five years	(570)	(285)
	(1,199)	**(940)**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

27. Investment Properties

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

	31 March 2022 £000	31 March 2021 £000
Rental income from investment property	(66)	(65)
Direct operating expenses from investment property	94	71
Net (gain)/loss	**28**	**7**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	31 March 2022 £000	31 March 2021 £000
Opening Balance	842	831
Additions:		
Purchases	-	-
Disposals	(469)	-
Transfers	17	-
Net gains/losses from fair value adjustments	(1)	11
Closing Balance	**389**	**842**

The changes identified in the table above are as a result of the properties being revalued in year. No further transfers, additions or disposals have taken place.

Fair Value hierarchy

The Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Accounting Policies for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

The fair value of investment property has been measured using a market approach, which takes into account either direct or indirect observable inputs for the asset. These inputs took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

There has been no change in the valuation techniques used during the year for investment properties.

These assets have been revalued as at 31 March 2022, by Wilks Head & Eve.

28. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible assets would include both purchased licenses and internally generated software – the Council does not currently have any internally generated intangible assets.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to all software currently used by the Council is 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The movement on intangible asset balances during the year is as follows:

	2021/22			2020/21		
	Internally Generated Assets	**Other Assets**	**Total**	**Internally Generated Assets**	**Other Assets**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Opening Balance:						
Gross Carrying Amounts	**-**	**3,097**	**3,097**	**-**	**2,618**	**2,618**
Accumulated Amortisation	-	(2,023)	(2,023)	-	(1,782)	(1,782)
Net Carrying amount at start of year	-	1,074	1,074	-	837	837
Additions						
Purchases	-	83	83	-	179	179
Derecognition	-	-	-	-	-	-
Transfers	-	43	43	-	3000	300
Amortisation for the period	-	(324)	(324)	-	(241)	(241)
Closing Balance	**-**	**877**	**877**	**-**	**1,076**	**1,076**

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No significant contracts have been entered into during the financial year 2021/22.

29. Impairment Losses

An impairment review was undertaken for the financial year 2021/22. The review identified that due to the type and use of properties and taking into consideration their location with Norfolk and the Eastern region, that any economic changes during the year would not result in any economic impairment of assets.

30. Property, Plant and Equipment

Movement in 2021/22:	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
Cost or Valuation:	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2021	36,751	18,532	18,381	3,852	476	10,091	88,081
Additions	1,633	1,600	3	302	11	4,545	8,094
Donations	-	-	-	-	-	-	-
Revaluation increase/(decrease) recognised in the revaluation reserve	1,182	-	-	(16)	-	-	1,166
Revaluation increase/(decrease) recognised in the provision of services	(70)	-	-	(11)	-	-	(81)
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from held for sale	-	-	-	-	-	-	-
Other movements in cost or valuation	12,742	-	5	-	-	(12,807)	(60)
At 31 March 2022	**52,238**	**20,132**	**18,389**	**4,127**	**487**	**1,829**	**97,200**
Accumulated Depreciation							
At 1 April 2021							
Depreciation charge	1,301	11,678	11,736	147	31	-	24,623
Depreciation written out to the revaluation reserve	371	1,501	508	57	-	-	2,437
Depreciation written out to the surplus/deficit on the provision of services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the revaluation reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-
Eliminated on reclassification to assets held for sale	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2022	**1,402**	**13,179**	**12,244**	**204**	**31**	**-**	**27,060**
Net Book Value							
At 31 March 2022	**50,836**	**6,953**	**6,145**	**3,923**	**456**	**1,829**	**70,140**
At 31 March 2021	**35,720**	**6,854**	**6,645**	**3,705**	**445**	**10,091**	**63,460**

Movement in 2020/21:	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
Cost or Valuation:	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2020	37,254	14,448	16,609	2,089	233	9,639	80,273
Additions	1,580	3,765	-	-	-	7,211	12,557
Donations	-	-	-	-	-	-	-
Revaluation increase/(decrease) recognised in the revaluation reserve	1,736	(126)	-	-	-	-	1,610
Revaluation increase/(decrease) recognised in the provision of services	(3,516)	397	-	-	-	-	(3,119)
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	-	-	-	-	(2,718)	(2,718)
Assets reclassified (to)/from held for sale	(463)	-	-	-	243	-	(220)
Other movements in cost or valuation	159	47	1,772	1,763	-	(4,042)	(301)
At 31 March 2021	**36,751**	**18,532**	**18,381**	**3,852**	**476**	**10,091**	**88,081**
Accumulated Depreciation							
At 1 April 2020							
Depreciation charge	1,427	10,907	11,228	126	31	-	23,718
Depreciation written out to the revaluation reserve	382	772	508	21	-	-	1,683
Depreciation written out to the surplus/deficit on the provision of services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the revaluation reserve	(775)	-	-	-	-	-	(775)
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-
Eliminated on reclassification to assets held for sale	(3)	-	-	-	-	-	(3)
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2021	**1,031**	**11,679**	**11,736**	**146**	**31**	**-**	**24,624**
Net Book Value							
At 31 March 2021	**35,720**	**6,854**	**6,645**	**3,705**	**445**	**10,091**	**63,460**
At 31 March 2020	**35,827**	**3,541**	**5,382**	**1,963**	**202**	**9,639**	**56,554**

Capital Commitments

The major commitments relate to the following Schemes:

	31 March 2022 £000	31 March 2021 £000
Splash Reprovision	9,021	2,767
North Walsham Heritage Action Zone	-	1,453
Mundesley Refurbishment of Coastal Defences	-	640
Cromer Pier	-	153
Waste Vehicles	-	917
Splash Gym Equipment	640	-
	9,661	**5,930**

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. During the intervening years reviews are undertaken to ensure the carrying value of assets are not materially different from their fair values. Impairment reviews are also carried out annually to ensure that the carrying value of assets is not overstated. For the 2021/22 accounts the programme of valuations were carried out by Wilks Head & Eve. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

All revaluations have been undertaken as at 31 March 2022.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Carried at historical cost	-	6,953	6,145	3,766	448	1,829	19,141
Valued at fair value as at:							
31 March 2022	18,145	-	-	13	-	-	18,158
31 March 2021	19,930	-	-	-	-	-	19,930
31 March 2020	10,670	-	-	-	8	-	10,678
31 March 2019	1,393	-	-	144	-	-	1,537
31 March 2018	698	-	-	-	-	-	698
Total	**50,836**	**6,953**	**6,145**	**3,923**	**456**	**1,829**	**70,142**

31. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2021/22 £000	2020/21 £000
Opening Capital Financing Requirement	11,939	3,438
Capital Investment:		
Property, plant and equipment	8,094	12,516
Intangible assets	83	222
Revenue expenditure funded from capital under statute	1,035	1,884
Long Term Debtor	-	-
Sources of finance:		
Capital receipts	(999)	(2,287)
Government grants and other contributions	(2,624)	(1,698)
Direct revenue contributions	(938)	(1,867)
Sums set aside from capital receipts in lieu of minimum revenue provision	(381)	(269)
Minimum revenue provision	(353)	-
Closing Capital Financing Requirements	**15,856**	**11,939**
Explanations of movements in the year:		
Increase in underlying need to borrow (unsupported by government financial assistance)	4,298	8,770
Capital receipts applied in lieu of minimum	(381)	(269)
Increase in Capital Financing Requirement	**3,917**	**8,501**

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32. Assets Held for Sale

During the financial year, there have been no changes in classification within Assets Held for sale, and none have been sold.

	2021/22 £000	2020/21 £000
Balance brought forward	922	712
Assets newly classified as Held for Sale:		
Property Plant and Equipment	-	217
Assets sold	-	-
Other movements	-	(7)
Balance carried forward	**922**	**922**

33. Receivables

Receivables represent the amounts owed to the Council at 31 March 2022 and are analysed below. This figure is split between long term -amounts not falling due within 1 year, and Short Term - amounts falling due within 1 year of the Balance Sheet date.

The Council makes an allowance for outstanding amounts for which recovery of receivables is not anticipated (bad debt provision). Receivables are shown net of the bad debt provision within the Balance Sheet.

	Long Term		Short Term	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Central government bodies	-	-	5,246	7,708
Other local authorities	-	-	2,092	2,389
NHS bodies	-	-	-	-
Other entities and individuals*	2,326	2,471	4,432	5,559
	2,326	**2,471**	**11,770**	**15,656**
Less: Bad debt provision				
General Fund	-	-	(1,091)	(1,166)
Collection Fund	-	-	(244)	(224)
	-	**-**	**(1,335)**	**(1,390)**
	2,326	**2,471**	**10,435**	**14,266**

*** Breakdown of Short-Term Receivables - significant entries within the other entities and individual's category are shown below**

	2021/22	2020/21
	£000	£000
Council tax and NNDR	720	794
Housing benefit overpayments recoveries	865	991
Right to buy receipts	1,100	1,519
Loans falling due within 1 year	280	280
VAT invoices awarded	153	159
Other smaller receivables	1,314	1,818
	4,432	**5,559**

34. Payables

	2021/22	2020/21
	£000	**£000**
Central government bodies*	(20,687)	(21,376)
Other local authorities	(2,855)	(2,855)
Other entities and individuals	(9,326)	(7,490)
	(31,201)	**(36,371)**
Less Capital Receipts in advance:		
Central government bodies	1,343	1,343
Other local authorities	50	50
Other entities and individuals	959	-
	2,324	**1,393**
	(28,877)	**(34,978)**

	2021/22	2020/21
	£000	**£000**
Waste and recycling contract payments	1,073	82
Rent allowance payments to benefit claimants	1,446	1,557
Council tax and NNDR	697	281
Planning developer contributions receipts in advance	2,503	1,784
NNDC employee accumulated absences provision	221	468
Capital creditors	761	2,104
Contract support (COVID)	-	397
Other smaller payables	2,626	817
	9,327	**7,490**

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35. Provisions

The Council has set aside a provision for potential liabilities as a result of alternations to Business Rates rateable values. The total liability is shared in accordance the Business Rate Retention Scheme proportionate shares applicable for the Council, Central Government and Norfolk County Council. The Council has no other outstanding legal cases in progress or other potential liabilities that require provisions to be made.

	1 April 2021	**Provisions made in 2021/22**	**Used in 2021/22**	**31 March 2022**
	£000	£000	£000	£000
NNDC Rating List Changes – Total Collection Fund	1,552	577	(448)	1,680
Proportionate percentage	40%	40%	40%	40%
NNDC Share	621	231	(179)	672

36. Contingent Liabilities

At 31 March 2022, the Council had the following material contingent liabilities:

(a) **Housing Stock Transfer** - As part of the legal agreements associated with the transfer of the housing stock to the Victory Housing Trust in 2006/07, the Council provided a number of environmental and non-environmental warranties, guarantees and indemnities to the Trust and its Lenders.

The risks associated with these warranties and indemnities have been assessed following professional advice and where felt appropriate the Council has, or is making, arrangements to transfer some of the potential risks. Specifically, insurance has been arranged in respect of the environmental warranties.

To the extent that claims have to be met some time in the future beyond those covered by the environmental warranty insurance and the pension bond, the Council discloses a contingent liability.

(b) **Benefits** - There is a risk of potential claw back from the Department of Works and Pensions following the final audit and sign off the year end subsidy claim. To mitigate the impact of any claw back there is an earmarked reserve for which the balance stood at £750k at 31 March 2022.

37. Contingent Assets

In accordance with IAS 37 Provisions, Contingent Liabilities & Contingent Assets the Council has identified the following contingent assets:

(a) **Freehold Reversions for Shared Equity Dwellings –** The Council has acquired a share in the freehold reversions for shared equity dwellings. The Council does not benefit from any ongoing rental income in relation to these properties, and will not realise the equity share unless the properties owners buy the Council out of the agreement. As the value of these properties to the Council is contingent upon this action the assets have not been recognised within the financial statements.

38. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure accounts in 2021/22.

	2021/22	2020/21
Credited to Taxation and Non Specific Grant Income:	£000	£000
Revenue Support Grant	(90)	(90)
Business Rates	(5,609)	(10,126)
Covid Grants	(751)	(2,748)
New Homes Bonus	(723)	(892)
Rural Services Delivery Grant	(779)	(484)
Council Tax Family Annexe Discount	(49)	(39)
Capital Grants and Contributions	(2,624)	(294)
Council Tax Support New Burdens	-	-
SFC Support grants	(142)	-
Total	**(10,767)**	**(14,673)**
Credited to Services:		
DWP - Rent Allowances	-	(20,470)
DWP - Admin Subsidy	(70)	(461)
Dept for Business, Energy & Industrial Strategy	(1,038)	(6,252)
Cabinet Office	(126)	(14)
Dept. for Environment, Food & Rural Affairs (DEFRA)	(8)	-
Dept of Health & Social Care	(347)	(23)
Environment Agency	(36)	(539)
Ministry of Housing Communities and Local Govt (MHCLG)	(38,796)	(1,989)
Norfolk County Council	(508)	(754)
Sport England	(15)	(204)
Other Grants & Contributions	(458)	(167)
Total	**(41,401)**	**(30,872)**
Total Revenue Grants Received	**(52,168)**	**(45,545)**

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The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	2021/22	2020/21
Capital Grant Receipts in Advance	**£000**	**£000**
Disabled Facilities Grant	1,315	1,307
Sandscaping	-	36
Cromer West Prom	50	50
North Walsham HAZ	959	-
	2,324	**1,393**

39. Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Liabilities	**31 March 2022**		**31 March 2021**	
	Long Term £000	**Current £000**	**Long Term £000**	**Current £000**
Loans – Principal sum borrowed	-	13,000	-	7,000
Loans – Accrued interest	-	2	-	-
Total Borrowing	**-**	**13,002**	**-**	**7,000**
Bank Overdraft	-	886	-	937
Total Cash Overdrawn	**-**	**886**	**-**	**937**
Trade payables	-	1,737	-	5,962
Finance leases	-	-	-	-
Included in Creditors	**-**	**1,737**	**-**	**5,962**
Total Financial Liabilities	**-**	**15,625**	**-**	**13,889**

The debtors and creditors lines on the Balance Sheet include £7,973k short term debtors and £27,139k short term creditors that do not meet the definition of a financial instrument as they are non-exchange transactions.

Financial Assets	**31 March 2022**		**31 March 2021**	
	Long Term	**Current**	**Long Term**	**Current**
	£000	**£000**	**£000**	**£000**
Investments at fair value through profit & loss:				
Accrued interest	-	-	-	87
Fair value	34,695	-	33,233	-
Total Investments	**34,695**	**-**	**33.233**	**87**
Fair value	-	10,989	-	9,890
Total Cash & Cash Equivalents	**-**	**10,989**	**-**	**9,890**
Trade receivables	-	2,169	-	6,636
Loans made for service purposes	2,462	140	2,471	280
Included in Debtors	**2,462**	**2,309**	**2,471**	**6,916**
Total Financial Liabilities	**37,157**	**13,298**	**35,704**	**16,893**

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset against each other where the Council has a legally enforceable right to offset and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet. The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

	31 March 2022			**31 March 2021**		
	Assets	**Liabilities**	**Net balance sheet position**	**Assets**	**Liabilities**	**Net balance sheet position**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Financial Assets						
Bank accounts in hand	10,184	(10,184)	-	3,032	3,968	(936)
Financial liabilities						
Bank overdrafts	10,184	(11,070)	(886)	3,032	3,968	(936)

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2021/22				2020/21
	Financial liabilities	Financial Assets			
	Amortised Cost	Amortised Cost	Fair Value through Profit & Loss	Total	Total
	£000	£000	£000	£000	£000
Interest expense	(8)	-	-	(8)	(3)
Interest payable and similar charges	**(8)**	**-**	**-**	**(8)**	**(3)**
Interest income	-	112	6	118	134
Dividend income	-	-	934	934	1,108
Gains from changes in fair value	-	-	2,717	2,717	3,198
Losses from changes in fair value	-	-	-	-	-
Interest and investment income	**-**	**112**	**3,657**	**3,769**	**4,440**
Net impact on surplus/deficit on provision of services	**(8)**	**112**	**3,657**	**3,769**	**4,437**
Impact on other comprehensive income	**-**	**-**	**-**	**-**	**-**
Net gain/(loss) for the year	**(8)**	**112**	**3,657**	**3,761**	**4,437**

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Fair values of Assets and Liabilities

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022. The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

	Balance Sheet 31 March 2022 £000	Fair Value 31 March 2022 £000	Fair Value 31 March 2021 £000
Financial liabilities at amortised cost:			
Liabilities for which fair value is not disclosed	12,151	12,151	13,899
Total Financial Liabilities	**12,151**	**12,151**	**13,899**
Recorded on the balance sheet as:			
Short-term borrowing	13,002	13,002	7,000
Short-term creditors	1,737	1,737	5,962
Total Financial Liabilities	**14,739**	**14,739**	**12,962**

	Fair value level	Balance Sheet 31 March 2022 £000	Fair Value 31 March 2022 £000	Fair Value 31 March 2021 £000
Financial assets held at fair value:				
Money Market Funds	1	10,779	10,779	9,810
Pooled Fund	1	34,695	34,695	33,233
Total		45,474	45,474	43,043
Assets for which fair value is not disclosed		4,981	4,981	9,554
Total financial assets		**50,455**	**50,455**	**52,597**
Recorded on the balance sheet as:				
Long-term investments		34,695	34,695	33,233
Long-term debtors		2,462	2,462	2,471
Short-term investments		-	-	87
Short-term debtors		2,309	2,309	6,916
Cash and Cash equivalents		10,989	10,989	9,890
Total Financial Assets		**50,455**	**50,455**	**52,597**

40. Nature and Extent of Risks Arising From Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

To comply with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year which sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage those risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with Central Government's Investment Guidance to Local Authorities. The guidance defines a prudent investment policy as having the two objectives of security (protecting the capital sum from loss) and then liquidity (keeping adequate funds readily available for expenditure when needed). The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The Council's activities expose it to a variety of financial risks:

- credit risk - the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk - the possibility that unplanned financial loss might arise for the Council as a result of changes in such measures as interest rates, market process etc.

Credit Risk- Treasury Investments

The Council manages this risk by ensuring that investments are placed with counterparties which have a high credit rating and for the maximum periods and amounts set out in the Treasury Management Strategy.

The security and liquidity of the funds invested are the primary objective of the Council's treasury management activities. The Council selects countries and the institutions within them as suitable counterparties for investment after analysis and careful monitoring of credit ratings and a range of economic indicators and financial information are taken into account.

The table below shows the credit criteria exposures of the Council's investment portfolio by credit rating.

Financial Instruments – Balances by credit risk:

Credit Rating	Long Term 31 March 2022 £000	Short Term 31 March 2022 £000	Long Term 31 March 2021 £000	Short Term 31 March 2021 £000
AAA	4,475	10,770	4,521	9,810
AA+	-	-	-	-
AA	1,474	-	1,497	-
AA-	-	-	-	-
A+	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
Unrated	-	-	-	-
Total	**5,949**	**10,770**	**6,018**	**9,810**
Credit Risk not applicable	**20,746**	**-**	**27,215**	**-**
Total Investments	**26,695**	**10,770**	**33,233**	**9,810**

Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

The Council has no historical experience of counterparty default, and the Council does not anticipate any losses from default in relation to any of its current investments. No credit limits were exceeded in the financial year.

None of the above were identified as past due during the year.

Loss allowances on treasury investments have been calculated by reference to historic default data. A delay in cash flows is assumed to arise in the event of a default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit impaired when awarded a “D” credit rating or equivalent. At 31 March 2022, £0 (2021: £0) of loss allowances related to treasury investments.

Credit Risk – Loans

The Council's has an exposure to credit risk through a loan to a housing association. This is collateralised by charges secured on residential property which are owned by the housing association. The value of the collateral is greater than 110% of the carrying value of the loan. The Council assessed the credit quality of the housing association prior to advancing the loan and it was satisfactory. The Council managed the credit risk inherent in its loans for service purposes in line with its published Investment Strategy.

Loss allowances on loans for service purposes have been calculated by reference to indicative interest rates adjusted for current economic conditions. They are determined to have suffered a significant increase in credit risk where the counterparty has dropped by two or more rating notches, and the new rating is below investment grade. They are determined to be credit impaired when receiving a "D" indicative rating.

Financial Instruments – Loans:

Loan No.	Description	Exposure Type	Balance Sheet 31 March 2022 £000	Risk Exposure 31 March 2022 £000	Balance Sheet 31 March 2021 £000	Risk Exposure 31 March 2021 £000
LN0001	Broadland Housing Association	Loan at market rates	2,019	2,019	2,827	2,827
LN0002	Home for Wells	Loan at market rates	1,55	1,55	193	193
			2,174	**2,174**	**3,020**	**3,020**

Credit Risk - Receivables

In addition to treasury investments, the Council is exposed to credit risk from its customers. However, the Council has put in place appropriate debt recovery procedures to manage this risk and minimise any loss.

The age analysis of trade receivables which are past due date but are not impaired is shown below.

	31 March 2022 £000	31 March 2021 £000
Less than three months	3	28
Three months to one year	9	27
More than one year	7	12
	19	**67**

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies.

There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council does not currently have any long-term debt and therefore does not have any maturing liabilities for which funds would be required.

Time to Maturity Years	Liabilities 31 March 2022 £000	Assets 31 March 2022 £000	Net Assets 31 March 2022 £000	Liabilities 31 March 2021 £000	Assets 31 March 2021 £000	Net Assets 31 March 2021 £000
Less than 10 years	(11,070)	10,770	(300)	(12,962)	16,893	3,929
Over 10 years	-	10,184	10,184	-	2,471	2,471
No fixed maturity	-	34,695	34,695	-	33,233	33,233
	(11,070)	**55,649**	**44,579**	**(12,962)**	**52,597**	**39,633**

Market risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments and borrowing. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effect:

- Investments at variable rates – the interest income will rise.
- Investments at fixed rates – the fair value of the assets will fall.
- Borrowings at fixed rates – the fair value of the liabilities will fall
- Borrowings at variable rates – the interest expense will rise.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. The money markets and interest rate forecasts are monitored to adjust exposures to fixed and variable rates appropriately. For example, during periods of falling interest rates fixed rate investments may be made for longer periods to secure better returns.

If interest rates had been 1% higher (with all other variables held constant) the financial effect would be £257k (£343k in 2020-21).

Price risk

The market prices of the Council's bond investments and its units in pooled funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk. The Council invests in funds with underlying assets in property, equity and bonds. A 1% rise in interest rise will reduce the fair value of pooled funds that invest in bonds by £381k; a 5% fall in the price of equity would result in a £451k fall in fair value and a 5% fall in the price of property would result in a £335k fall. These changes would result in a charge to Profit and Loss but would currently be reversed out to the Pooled Fund Adjustment Account due to the Statutory Override in place. This is a time limited adjustment.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and therefore there is no exposure to loss arising from movements in exchange rates.

41. Material/Unusual items of income and expenditure

Earmarked Reserves

Central Government also granted the Council money to help with the increased costs of responding to the pandemic and for other COVID 19 related purposes. The remainder of these grants are to be spent in the 2021-22 financial year, so have been moved to Earmarked Reserves until the corresponding expenditure occurs. The Movement in Reserves Statement and associated notes (6 and 7) shows this increase in Reserves balances.

Housing Benefit Payments

By far the highest level of expenditure (£73m) within the Comprehensive Income and Expenditure Statement is for the service area Resources. This includes the Housing Benefit (Rent Allowances) payments which are made to claimants throughout the year. The total of Housing Benefit payments paid in 2021-22 was £19.6m (£21.0m in 2020-21). The Council receives grants from Central Government to cover most of these payments. These grants totalled £19.2m (£20.6m in 2020-21) which equates to 98% of the expenditure incurred. The level of expenditure between years remains constant.

42. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31st September 2025, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31/03/24	£2.88m	£18.02m

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing (other than to support the capital programme or for short periods for cashflow purposes which are both consistent with our plans and normal practice).

The key assumptions within this forecast included;

- Assumptions around spending levels for both revenue and capital purposes;
- Assumptions around internally and locally driven income levels, such as car parking, planning fees and investment returns;
- A council tax increase of £4.95 for a Band D property for both the financial years 2022/23 and 2023/24 and council tax income included at the level calculated for the budget for each year.
- Business Rates income included at the level determined in the NNDR1 for both years.
- All known grant income included at the level notified to the Council.

The final Financial Settlement figures for both 2023/24 and 2024/25 were announced in good time to include in the final Budget reports to full Council each year. So all central government funding figures are now known.

We have considered a downside scenario where the key assumptions are tested, and various alternative scenarios modelled and the above projections would not be significantly affected with both minimum levels of reserves and liquidity remaining through the same period. These forecasts can be found within the 2022/23 Cabinet budget papers and can be found in Section 7 which starts on page 167 of the agenda reports pack for the Cabinet meeting on 31 January 2022 and within the 2023/24 Cabinet budget papers and can be found in Section 7 which starts on page 105 of the agenda reports pack for the Cabinet meeting on 6 February 2023.

Looking to the future, the Council's cashflow forecast does identify a reduced balance of readily available cash by the Autumn 2024, if a similar level of income and expenditure is assumed for 2024/25 as we're receiving in 2023/24. However this is because of prudent Treasury Management with the Council maintaining its internal borrowing position until such time as the interest rates stabilise, at which point a decision will be made to take some longer-term external borrowing to meet its funding requirement of the capital programme.

On this basis, the Council is satisfied that it can continue to operate without any financial difficulties, and it has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period will be able to maintain the provision of its services. For this reason, alongside the statutory guidance, the Council continues to adopt the going concern basis in preparing these financial statements.

Collection Fund

	Notes	2021/22 Council Tax £000	2021/22 Business Rates £000	2021/22 Total £000	2020/21 Total £000
Opening Balance (Surplus)/Deficit		672	13,593	14,265	(5,833)
Income:					
Council Tax	**4 & 5**	(81,185)	-	(81,185)	(77,475)
Business Rates	**2**	-	(18,887)	(18,887)	(12,213)
Contributions to Previous Year Estimated Deficit					
- North Norfolk District Council		(43)	(6,770)	(6,813)	-
- Norfolk County Council		(287)	(4,935)	(5,222)	-
- Central Government		-	(766)	(766)	-
- Norfolk Police and Crime Commissioner		(53)	-	(53)	-
Total Income		**(81,568)**	**(31,358)**	**(112,926)**	**(89,688)**
Expenditure					
Precepts and Demands:	**3**				
- North Norfolk District Council		8,870	-	8,870	8,775
- Norfolk County Council		60,330	-	60,330	58,124
- Norfolk Police and Crime Commissioner		11,387	-	11,387	10,795
Proportionate Shares:		-	11,378	11,378	
- North Norfolk District Council		-	2,845	2,845	10,522
- Norfolk County Council		-	14,223	14,223	2,630
- Central Government					13,152
Disregarded Amounts:					
- Enterprise Zone Growth		-	92	92	18
- Renewable Energy		-	685	685	576
Distribution of Previous Year Estimated Surplus:	**3**				
- North Norfolk District Council		-	-	-	1,750
- Norfolk County Council		-	-	-	1,939
- Central Government		-	-	-	815
- Norfolk Police and Crime Commissioner		-	-	-	99

Change in allowance for impairment	7	242	15	257	383
Allowance for cost of collection		-	264	264	259
Appeals Charge to Collection Fund		-	(448)	(448)	(770)
Change in Provision for appeals		-	577	577	719
Total Expenditure		**80,829**	**29,631**	**110,460**	**109,786**
Movement in Collection Fund Balance During Year		**(739)**	**(1,727)**	**(2,466)**	**20,098**
Closing Cumulative (Surplus)/Deficit 31 March	**6**	**(67)**	**11,866**	**11,799**	**14,265**

1. General

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Billing Authority in relation to the collection from taxpayers of Council tax and National Non-Domestic Rates (NNDR) and its distribution to Local Government bodies and Central Government. The Collection Fund is consolidated with the other accounts of the billing authority for Balance Sheet purposes.

2. Income from Business Ratepayers

The Council collects NNDR from ratepayers based on local rateable values provided by the Valuation Office Agency, multiplied by a uniform Business Rate in the £ set nationally by Central Government. The total rateable value for the District was £83,998,972 on 31 March 2022 (£83,998,972 on 31 March 2021). The national multipliers for 2021/22 were 49.9p for qualifying Small Businesses (49.9p in 2020/21), and the standard multiplier was set at 51.2p for all other businesses (51.2p in 2020/21).

The net income from Business Rate payers was £18.887m (£12.213m in 2020/21) after £341,252 of transitional protection payments due from Central Government. The transitional protection scheme provided protection to ratepayers from large changes in their bills following revaluations of their business by phasing in changes gradually. This meant that a billing authority collected more or less rates than would otherwise be the case, and Government Regulations make provision for adjusting payments to be made to or from billing authorities.

3. Precepts and Demands

	Precept/Demand 2021/22 £000	Collection fund Surplus 2021/22 £000	Net Payment 2021/22 £000	Net Payment 2020/21 £000
North Norfolk District Council	8,870	43	8,827	8,856
Norfolk County Council	60,330	287	60,043	58,656
Norfolk Police & Crime Commissioner	11,387	53	11,334	10,894
	80,587	**383**	**80,204**	**78,406**

4. The Council Tax Base for 2021/22

Therefore each £1 of Council Tax set was calculated to produce income of £40,959 (£40,685 in 2020/21).

Valuation Band	Number of Chargeable Dwellings Adjusted for Discounts		Equivalent Number of Band D dwellings		Equivalent Number of Band D Dwellings adjusted for Non-Collection allowance	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
A	5,320	8,074	5,219	5,330	5,165	5,245
B	8,708	11,267	8,744	8,795	8,657	8,654
C	8,869	9,998	8,923	8,925	8,834	8,782
D	7,995	7,954	8,060	7,998	7,979	7,870
E	5,465	4,433	5,503	5,451	5,448	5,364
F	3,138	2,141	3,172	3,103	3,140	3,053
G	1,610	962	1,611	1,604	1,595	1,578
H	143	71	142	141	141	139
Total Tax Base	**41,248**	**44,900**	**41,347**	**41,347**	**40,959**	**40,685**

5. Band D Tax Rate

For 2021/22, the Council set a Council tax of £1,967.51 for a band D dwelling (£1,895.23 in 2020/21). This consisted of; £1,472.94 (£1,416.51 in 2020/21) for Norfolk County Council, £263.07 (£278.01 in 2020/21) for the Office of the Police & Crime Commissioner for Norfolk and £153.72 (also £152.72 in 2020/21) for the District's requirements as the District Council Tax was frozen. The average amount of Parish Council Tax was £62.84 (61.93 in 2020/21). The actual sums for Parish Council ranged from nil to £108.17 (£nil to £111.17 in 2020/21) were charged for parish and town council requirements.

The calculation of the District's Council tax is made by dividing its demand on the Collection Fund by the equivalent number of Band D dwellings in the area (the Tax Base). An adjustment is made to the Tax Base to take into account the anticipated non-collection of amounts due.

Discounts are given for empty and other properties, in respect of students, disabled people, single occupiers and those in receipt of support under the Local Council Tax Support Scheme. Since 2004/05 the Council has implemented the provisions of the Local Government Act 2003 and exercised its discretionary powers to reduce or eliminate discounts on certain empty properties and second homes. Further reforms in the Local Government Finance Act 2012 gave the Council new flexibilities to vary Council tax on second homes and empty dwellings, and to apply a premium on empty properties.

6. Balances

The total balance is attributed as follows:

Share of Balance		31 March 2022		31 March 2021
	Council Tax	**Business Rates**	**Total**	**Total**
	£000	**£000**	**£000**	**£000**
North Norfolk District Council	59	3,040	3,098	5,495
Norfolk County Council	390	893	1,283	1,670
Norfolk Police & Crime Commissioner	722	-	722	91
Central Government	-	3,732	3,732	7,009
	1,171	**7,665**	**8,836**	**14,265**

7. Bad Debt Provisions

The Collection Fund account provides for bad debts on arrears based on historical experience of non-payment and the age of debt.

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Glossary of Terms

Accruals
The accounting treatment that requires expenditure and income to be recognised in the period it is incurred or earned, not when the money is actually paid or received.

Amortisation
The process of spreading a cost to revenue over a number of years. For example Intangible Assets are amortised to revenue over their useful life.

Bad Debts
Amounts owed to the Council which are considered unlikely to be recovered. An allowance is made in the accounts for this possibility.

Balance Sheet
The Council's financial position at the year end. It summarises what the respective assets and liabilities are.

Business Rates
Business or National Non-Domestic Rates are collected from occupiers of business properties based upon a rateable value and a nationally set rate. They are collected by each authority and nationally determined proportionate shares are paid to the Government and Norfolk County Council with a share retained by the authority.

Capital Adjustment Account
An account which reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. The balance represents the balance of capital resources set aside to finance capital expenditure (e.g. capital receipts, revenue contributions) awaiting consumption of resources e.g. from depreciation and impairment.

Capital Expenditure
Spending on the purchase or enhancement of significant assets which have an expected life of over a year - for example major improvements to the Council’s housing or construction of a car park.

Capital Financing Requirement (CFR)
The Capital Financing Requirement represents the Council’s underlying need to borrow for capital purposes.

Capital Receipts
Money received from the sale of assets. This can be used to finance capital expenditure or repay debt.

Collection Fund
The account which contains all the transactions relating to community charge, council tax and business rates together with the payments to this Council, Norfolk County Council and Norfolk Police Authority to meet their requirements.

Contingent Assets
A Contingent Assets is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Council's control.

Corporate and Democratic Core
Costs relating to the Council's status as a multi-functional, democratic organisation.

Contingent Liabilities
A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Deferred Capital Receipts
Representing the amounts that are not available as cash. They arise from Council house sales on mortgage to the Council, and where repayments of principal sums due are received over a number of years.

Depreciation
A measure of the financial effect of wearing out, consumption or other reduction in the useful life of a fixed asset.

Earmarked Reserve
Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Financial Instruments
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities. Examples of financial assets include bank deposits, equity instrument of another entity, e.g. shares, contractual right to receive cash or another financial asset from another entity, such as a trade receivable. Financial liabilities include for example, contractual obligations to deliver cash or another financial asset.

Fixed Assets
Representing, as fixed assets, the value of what the Council owns in terms of property, land etc. and what is owed to the Council in respect of debt.

General Fund
The account which summarises the revenue costs of providing services, which are met by the Council's demand on the Collection Fund.

Impairment
Reduction in the value of a fixed asset below its amount included in the Balance Sheet.

Infrastructure
A classification of fixed assets which have no market value and which exist primarily to facilitate transportation and communication requirements (e.g. roads, street lighting).

Intangible Assets
Intangible Assets are non-financial fixed assets that do not have a physical substance and include for example software licences.

International Accounting Standard 19 (IAS 19)
The requirement for Local Authorities to include the forecast cost of future pensions in the accounts on a notional basis.

International Financial Reporting Standards (IFRS)
A set of international accounting standards stating how particular types of transactions and other events should be reported in Financial Statements. IFRS are issued by the International Accounting Standards Board.

Large Scale Voluntary Transfer (LSVT)
The process of transferring Council House stock from a local Council to a Registered Social Landlord. North Norfolk District Council transferred its housing stock to North Norfolk Housing Trust in February 2006.

Leasing
A method of acquiring items such as vehicles and computer equipment by payment of a lease charge over a period of years. There are two types of lease.

A finance lease is where the Council effectively pays for the cost of an asset (it counts as Capital expenditure for control purposes and is included on our Balance Sheet). A primary lease period is that period for which the lease is originally taken out and a secondary period relates to any extension.

An operating lease (a long-term hire) is subject to strict criteria and the cost can be charged as a running expense. The item leased must be worth at least 10% of its original value at the end of the lease and does not appear on the Balance Sheet.

Liabilities
This shows what the Council owes for borrowing, payables etc. at the Balance Sheet date.

Minimum Revenue Provision
The minimum amount which must be charged to the revenue account each year and set aside as a provision to meet the rest of credit liabilities for example borrowing

National Non-Domestic Rate (NNDR)
NNDR is set by the Government and collected by each authority and nationally determined proportionate shares are paid to the Government and Norfolk County Council with a share retained by the Council.

Non Distributed Costs
The cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

Payables
Amounts which the Council owes to others for goods and services received before the year end of 31 March but which were not paid until after 1 April.

Precepts
The amount which the Norfolk County Council and Norfolk Police Authority require us to collect, as part of the Council tax, to pay for their services is called a precept. Town and Parish Councils also precept on the District Council to pay for their expenses.

Provisions
An amount set aside for potential liabilities which may arise or will be incurred, where there is uncertainty as to the amounts concerned or the dates on which these liabilities may arise.

Prudential Code
Professional code of practice developed by CIPFA which came into effect from the 1 April 2004 to ensure Local Authorities Capital investment plans are affordable, prudent and sustainable. 'The code allows authorities to undertake borrowing to finance capital expenditure as long as they can demonstrate affordability.'

Receivables
Sums which at the 31 March are owing to the Council.

Reserves
Accumulated balances built up from excess of income over expenditure or sums that have been specifically identified for a particular purpose which are known as earmarked reserves.

Revaluation Reserve
Net unrealised gains from the revaluation of fixed assets recognised in the balance sheet. Introduced in the 2007 SORP from 1 April 2007.

Revenue Contribution to Capital (or Direct Revenue Financing)
Use of revenue resources to finance capital expenditure.

Revenue Expenditure
The day to day running expenses on the services provided.
Revenue Expenditure Funded from Capital Under Statute
Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a fixed asset has been charged as expenditure to the relevant service revenue account in the year.

Revenue Income
Amounts receivable for such items as rents and charges for services and facilities.

Revenue Support Grant (RSG)
Grant paid by central government to aid Local Council services in general as opposed to specific grants which may only be used for a specific purpose.

Soft Loans
Loans which are made at less than market rates or interest free. A Council will sometimes make soft loans to achieve a policy or service objective. For example an interest free loan to a voluntary organisation to provide upfront funding or car loans to employees.

Support Services
Activities of a professional, technical and administrative nature which are not Local Authority services in their own right, but support main front-line services.

Temporary Loan
Money borrowed on a short-term basis as part of the overall borrowing strategy.

VAT Shelter
A procedure agreed by the MHCLG and HM Revenues and Customs to ensure that following a housing stock transfer there is no impact on taxation. Had the Council retained the housing stock and carried out the necessary works on the properties the VAT would have been reclaimed by the Council, however the Housing Trust are unable to recover the VAT and the VAT shelter arrangement allows the VAT to be recovered and shared between the Council and Victory Housing Trust.

Glossary of Acronyms

CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
IAS	International Accounting Standards
ICT	Information Communication Technology
IFRS	International Financial Reporting Standard
LSVT	Large Scale Voluntary Transfer
MRP	Minimum Revenue Provision
NNDC	North Norfolk District Council
REFCUS	Revenue Expenditure Funded from Capital Under Statute
RSG	Revenue Support Grant
SERCOP	Service Reporting Code of Practice
SORP	Statement of Recommended Practice
TIC	Tourist Information Centre
UK GAAP	United Kingdom - Generally Accepted Accounting Principles

North Norfolk District Council

Statement of Accounts 2022/2023

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1. Introduction

1.1 The Statement of Accounts for 2022/23 on the following pages sets out the Council's income and expenditure for the year, and its financial position at 31 March 2023. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which in turn is underpinned by International Financial Reporting Standards. It comprises core and supplementary statements.

1.2 This narrative statement aims to provide the reader with information about the Council, its main objectives, strategies and the principle risks it faces and to provide a commentary on how the Council has used its resources to the desired outcomes. It also helps to explain and highlight the linkages between the information contained within the narrative statement itself and the information presented within the financial statements. The accounting policies applied in production of the accounts can be found on Pages 21 – 27.

2. Statements included within the Accounts

2.1 The accounts consist of the following main statements:

- **Expenditure and Funding Analysis** – The Expenditure and Funding Analysis (EFA) is a note to the financial statements. However, it is positioned with the core statements as it provides a link from the portfolio-based analysis of the revenue outturn presented in the Narrative Report to the analysis within the Net Cost of Services in the Comprehensive Income and Expenditure Statement The EFA shows how the funding available to the Council for the year (i.e. Government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice (GAAP). The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

- **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost of providing services in the year in accordance with generally accepted accounting practices, rather than the amount to be funded from local taxation. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

- **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Council analysed between:
  - 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and;
  - 'other reserves' which are maintained for accounting purposes.

- **Balance Sheet** – this statement shows the value, as at the balance sheet date, of the assets and liabilities recognised by the Council. It sets out the financial position of the Council at the year-end, showing its balances, resources and long-term indebtedness, the net current assets employed in its operations, together with summarised information on the fixed assets held. The Balance Sheet is fundamental to the understanding of the Council's year-end financial position.

- **Cash Flow Statement** – this summarises all flows of cash from transactions with third parties for revenue and capital purposes. It shows the changes in cash and cash equivalents during the reporting period and how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

- **Collection Fund** – As a billing authority the Council is responsible for the billing, collection and distribution of council tax and National Non-Domestic Rates (NNDR). In accordance with the statutory requirement contained in Section 89 of the Local Government Finance Act 1988 (amended by Local Government Finance Act 1992 and the Local Government Finance Act 2012) billing authorities are required to establish and maintain a separate fund for the collection and distribution of amounts due in relation to council tax and NNDR. This statement, known as the Collection Fund, shows the total income collected by the Council from council tax and NNDR and how this has been distributed to Central Government; the major precepting bodies of Norfolk County Council (NCC), the Office of the Police and Crime Commissioner for Norfolk (OPCCN) and North Norfolk District Council (NNDC - which includes the local precepts for Parish and Town Councils). There will be a debtor or creditor position between the billing authority (NNDC), Central Government and the major preceptors (NCC & OPCCN) to be recognised at the end of each year. This is because the amounts paid out of the Collection Fund during the years will not exactly match the cash collected in council tax and NNDR.

- **Notes to the Accounts** – The accounts are supported by various notes to the main statements which provide additional information to that contained in the core statements themselves.

3. Organisational overview and external environment

Our district

3.2 North Norfolk District consists of 962 km^2 of beautiful countryside and 73km of coastline. With a range of active village communities and seven busy market towns comprising of Wells-next-the-Sea, Fakenham, Holt, Sheringham, Cromer, North Walsham and Stalham, North Norfolk has a strong appeal for residents, visitors and businesses alike.

3.3 North Norfolk's population is estimated to have grown from 105,600 in 2019 to approximately 109,000 by 2024, with the number of resident households projected to increase from 49,100 to around 51,000 over the same period. A large proportion of residents live in one of the market towns, with the remainder residing in rural village homes. This demographic distribution results in a low population density of around 112 persons per square kilometer, compared to 427 for England as a whole. The district's rural character is defined by its 121 parishes, numerous villages, and consistently low crime rate, making North Norfolk one of the most attractive and safe places to live in the UK.

3.4 Residents work predominantly in the accommodation and food sector, retail, manufacturing, and health. The largest numbers of businesses are in the agriculture, forestry and fishing sector followed by retail, construction, accommodation and food services and the professional, scientific and technical sectors.

Corporate Plan and priorities

3.5 The Council's Corporate Plan covering 2019 – 2023, along with a supporting delivery plan. The Delivery Plan shows what the Council will do to meet the needs and aspirations of residents and businesses as established within the Corporate Plan.

The Corporate Plan can be located: https://www.north-norfolk.gov.uk/tasks/performance-and-risk/view-previous-corporate-plan/.

The 2019 – 2023 Plan sets out the Council's priorities which are:

- Local Homes for Local Need
- Boosting Business Sustainability and Growth
- Customer Focus
- Climate, Coast and the Environment
- Financial Sustainability and Growth
- Quality of Life

4. Governance

4.1 The Annual Governance Statement (AGS) is a statutory document which explains the processes and procedures in place to enable the Council to carry out its functions effectively, this is supported by the Council's Local Code of Corporate Governance. There have been no significant changes or issues surrounding governance during the current financial year. A full copy of the Statements, AGS and the Code are available on the Council's website.

5. Risks and opportunities

5.1 There is still considerable uncertainty around future years funding forecasts and this position will not improve until the outcome from the Fair Funding Review, which will set new baseline funding allocations and responding to spending pressures and changes in service demand, and the review of the Local Retention of Business Rates, are concluded. The Comprehensive Spending Review, which sets out the expenditure limits over the coming years has been delayed, which have also resulted in single year settlements in recent years. A multi-year settlement has been lobbied for by the sector to provide greater certainty over future funding streams.

5.2 Local Authority funding from business rates is open to risks around funding fluctuations due to increases and decreases in the rateable values of non-domestic properties and successful alterations of lists and appeals against the rateable values. The Valuation Office Agency, who hear the appeals, currently have a backlog and are slow to clear outstanding appeals increasing the risk of the Council needing to pay out large refunds.

5.3 The Council currently holds £21.3m in reserves, which is a decrease in reserves compared to the prior year, some of these reserve could be made available to support service budgets in the short to medium term. Use of reserves does not represent a sustainable funding mechanism for the longer term as these are one-off resources.

5.4 The Council's Corporate Risk Register, which details the significant risks the Council faces (including financial risks), is published on its website.

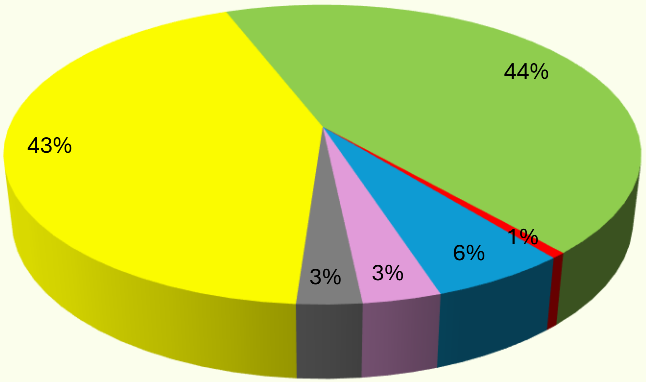
6. Financial Performance

6.1 The Council reports on its performance against its Corporate Objectives quarterly. The report covering the 2022-23 financial year can be found on the Council's website.

Revenue Activity

6.2 The following chart provides an overview of the resources available to the Council during the year along with the outturn position compared to the budget. The tables below show how the revenue activity was financed during the year, highlighting that around 13% of the net funding is from external sources, i.e. New Homes Bonus and other non-ringfenced grants including Covid support grants, the balance of 87% comes from council tax and locally retained business rates reflecting the continuing shift from central to local funding. This position is shown net of fees and charges service income and highlighted in the tables below.

Revenue Financing 2022/23



	£000	%
Council Tax	(6,513)	43
Retained Business Rates	(6,725)	44
New Homes Bonus	(887)	6
Rural Services Delivery Grant	(508)	3
Revenue Support Grant	(94)	1
Other Non-Ringfenced Grants	(420)	3
	(15,147)	**100**

6.3 The financial performance of the Council has been monitored throughout the year by officers and Members with regular reports being presented to Cabinet and Overview and Scrutiny Committee. The summary below provides an overview of the outturn position compared to the updated budget (i.e. updated for virements and approved in-year updates). The overall outturn position for the financial year against budget was reported to Cabinet on 29 June 2023

2022/23 Subjective Analysis	**2022/23 Budget £000**	**2022/23 Outturn £000**	**Variance £000**	**%**
Employee Costs	14,652	16,973	2,321	16
Premises	3,397	4,349	952	28
Transport Related Expenditure	312	300	(13)	(4)
Supplies & Services	12,078	12,348	270	2
Transfer Payments	19,848	19,424	(423)	(2)
Capital Financing Costs	4,134	2,457	(1,677)	(41)
Income	(32,328)	(35,586)	(3,257)	10
Total cost of services	**21,697**	**19,956**	**(1,741)**	**(8)**

6.4 Transfers to and from reserves in the year are made in line with the Council's policy framework for earmarked reserves as approved as part of the annual budget setting process. In addition, some roll forward requests of budget underspends have been recommended for approval as part of the outturn report where there is no annual budget provision in 2023/24.

6.5 The 2022/23 outturn report covers the final budget monitoring position for the year and provides a detailed commentary covering the budget variances and the reasons behind some of these, a copy of which can be found on the September Cabinet agenda. The reasons for some of the more significant movements included in the summary above in percentage terms are as follows:

- **Employee Costs -** The majority of the variance in employee costs, totalling £2,151k, is attributed to adjustments in current service costs for the Local Government Pension Scheme. This adjustment represents the difference between the Council's cash contributions to the Pension Fund during the year and the value of pensions accrued during the same period, as determined by the actuary. These additional costs are reversed out under net operating expenditure, resulting in no impact on the revenue outturn position. However, the increase is reflected in long-term liabilities on the Balance Sheet.

- **Premises** – The overspend in premises included significant amounts including a £315k overspend on the repairs and maintenance on the council's assets (including car parks, public conveniences, and temporary accommodation). An overspend of £273k utility charges, and £188k overspend on insurance premiums as a result of revaluations.

- **Transport** – Saving in mileage claims and vehicle insurance have been offset by higher fuel costs – resulting in an underspend of £13k.

- **Supplies and Services** – The overall overspend is attributed to several key factors: a net overspend of £567k on increased Bed and Breakfast costs, partly offset by housing benefits and client contributions, driven by the cost-of-living crisis; a £387k overspend on grants and contributions paid out, such as hardship grants, which are funded by external grants; and a £152k overspend on the leisure contract due to renegotiation, which increased costs for 2022/23 but is expected to reduce costs in future years. The main items offsetting these overspends are savings of £47k on insurances, a £54k reduction in the provision for bad and doubtful debts, and the planned use of reserves totalling £588k, including funds for Environmental Sustainability, Local Plan expenditure, and Community grants.

- **Transfer Payments -** The underspend relates to the total of amount of housing benefits paid out in 2022/23 being lower than anticipated. However this is offset by a reduction in Subsidy received from the Department for works and Pensions (DWP).

- **Capital Financing Costs** – The current General Fund position excludes the final capital adjustments; these do not have an impact on the Council's final outturn revenue position.

- **Income** – The favourable variance of £3,157k is primarily due to various underspends, offset by some areas of overspend. Key contributors include: £2,574k in grant funding received during the year, which has been used to cover additional costs such as staffing, grants, and contributions paid out; £1,104k in other recoverable charges related to benefit overpayment debt and temporary accommodation costs; service income, including Car Parks, contributing £342k; and underspends in Waste and Recycling, totalling £417k. However, a £1,376k variance in Housing Benefit Subsidy was recorded, including a £495k reduction in subsidy payment volume. This was offset by a significant income shortfall of £714k, driven by a cap on the recoverable subsidy for temporary accommodation costs.

Business Rates Retention

6.6 The Collection Fund Account can be found, along with the associated notes, on pages 87 to 90.

6.7 The Council has been a member in a business rates pool for the 2022/23 financial year alongside other surrounding district councils and Norfolk County Council. Being in the Pool allows growth in the business rates collected in Norfolk to be retained locally, rather than being passed to central government. The retained growth amount is paid over in the form of a levy payment to Norfolk County Council as the lead Council for the Pool.

6.8 The Council can retain all the income it receives from renewable energy schemes, provided it granted planning permission for the scheme. When completing the NNDR1 each year the Council must include the amount it anticipates it will receive. Any variation will be carried forward to the following year.

6.9 The business rate income is paid into the Collection Fund and then distributed to Central Government, the County Council and NNDC in accordance with the proportionate shares set out in the Scheme. The distribution is based on the NNDR1 return and any variances at outturn will produce a surplus or deficit on the Collection Fund which is then distributed in the following year.

7. Treasury Management and Economic Climate

7.1 The amount of surplus cash available for investment during the year was at times higher than the level anticipated in the budget; although the overall rate of interest was lower than budget. This is, in part, due to the Bank of England Monetary Policy Committee (MPC) having reduced the bank base rate due to help sustain the economy during COVID-19, which resulted in reductions in net returns on the Money Market Funds that the Council uses to manage its cash flow.

7.2 The current economic climate, which has been significantly affected by the UK economy alongside global events causing further economic uncertainties, has had an impact on the Council’s investment income. The resulting investment income achieved in the current year totalled £1,446k, a favourable variance of £297k from the budgeted position. This is largely attributable to the increase in the Bank of England base rate in the period.

7.3 The Council had no long-term debt at 31 March 2023. The only debt taken during the year was short-term debt to fund any short-term cash shortfalls.

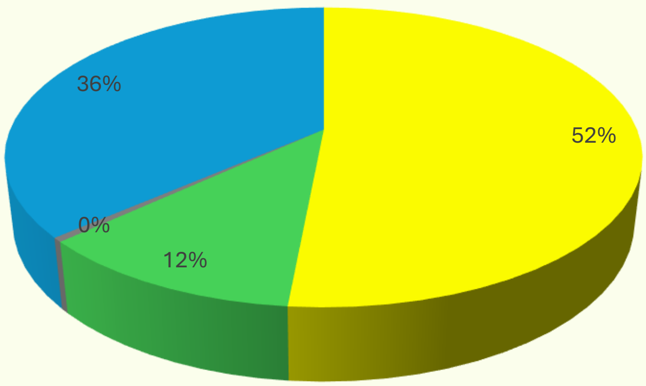
8. Capital

8.1 Capital expenditure in the year amounted to £6.9m (£9.4m in 2021/22). The areas where expenditure was incurred are shown in the table below. More detail can be found in the 2022/23 outturn report.

Capital Activity Summary 2022/23 Outturn	2022/23 Budget	2022/23 Outturn	Variance	
	£000	£000	£000	%
Boosting Business Sustainability and Growth	6,326	3,102	(3,224)	(51)
Local Homes for Local Need	4,281	1,778	(2,503)	(58)
Climate, Coast and the Environment	2,545	904	(1,641)	(64)
Quality of Life	1,594	342	(1,252)	(79)
Customer Focus and Financial Sustainability	1,082	783	(299)	(28)
	15,828	**6,909**	**(8,919)**	**(56)**

8.2 The financing of the capital programme is shown in the chart below.

Capital Programme Financing 2022/23



	£000	%
Grants	3,591	52
Other reserves	811	12
Internal Borrowing	(32)	-
Capital Receipts	2,539	36
	6,909	**100**

9. Reserves and Balances

9.1 The Council has a General Fund which is the statutory fund into which all the Council's receipts are required to be paid and out of which all Council's liabilities are to be met, except where there are statutory rules that must be applied. The recommended minimum General Fund balance is currently £2.1m. The balance was £3.2m at 31 March 2022.

9.2 The purpose of holding a general reserve is to provide a working balance to help cushion the impact of uneven cash flows to avoid temporary borrowing and to provide a contingency to help cushion the impact of unexpected events or emergencies. Each year alongside approval of the budget Members approve the policy framework for the earmarked reserves and assessment of the optimum level of general reserve. This is informed by a risk assessment of the budget that considers the context within which the budget has been established along with the financial risks facing the Council. This will include factors such as, sensitivity of pay and price inflation and interest rates, levels of savings anticipated, demand led budgets (spend and income), future funding fluctuations and emergencies.

9.3 In addition to the general reserve the Council holds earmarked reserves held to meet known or predicted liabilities totaling £24.7m. The reserves also provide a means at the year-end for carrying funds forward to the new financial year to fund ongoing commitments and known liabilities for which no separate revenue budget exists, more detail can be found in Note 9. There are earmarked reserves that have balances, yet the timing of the use of the reserve is yet to be agreed.

9.4 Due to the COVID 19 pandemic, the Council was in receipt of grants from the Government to award to local businesses, support the tourism industry and to support COVID outbreak management. Where there is an unspent balance at 31st March, and the Council is acting as Principal in these transactions. As at 31 March 2021 the Council held £28.9m in earmarked reserve with a portion of this balance relating to specific COVD-19 Grants. During 2021/22 there was a net movement in the reserve balances amounting £6.5m being transferred from reserves. This mainly represents the Business rate and grants earmarked reserves. Other significant movements in earmarked reserves include Property Company and Housing reserves. As at 31 March 2022 the Council held £22.4m in earmarked reserves

10. Outlook

10.1 Several risks continue to face Local Authorities in terms of funding, i.e. local retention of business rates and responding to spending pressures and changes in service demand. Some of the more significant and current risks that continue to face the Council are as follows:

- Funding reductions - Further funding reductions and the continued shift from central government support from Revenue Support Grant to local funding from retained business rate income and council tax and the potential impact of the ongoing Fair Funding Review and the Spending Review. Consultation on this has been significantly delayed by Brexit and COVID 19 and poses a significant risk to our future planning;

- New Homes Bonus (NHB) – The Council is due to receive 'legacy' payments in respect of the NHB over the next two years but as yet there is still little news regarding what system will replace the current funding mechanism;

- Business rates – The risk of funding fluctuations from business rates continues to be a prevalent feature of the funding for local authorities. The impact of appeals only exacerbates this risk, although this is mitigated at a local level by the earmarked reserve. The implementation of localisation of business rates has also been delayed although further consultation is expected later this year;

- Savings/income – the delivery of savings built into budget projections and income from demand led services i.e. planning, parking fees;

- Economy – The economic environment both nationally and locally continues to present significant challenges and uncertainties, driven by global and domestic factors. These include high inflation, rising interest rates, and lingering economic impacts from global supply chain disruptions and geopolitical instability, particularly the war in Ukraine.

- Inflation – The Consumer Price Index (CPI), remained elevated during the 2022-2023 financial year, peaking at over 10% in late 2022 before gradually moderating in early 2023. Inflation lead to higher operational costs, with rising prices for goods and services essential to delivering public services.

- Investment returns – The rising Bank of England base rates provides a favourable environment for return on investments placed with the Council's cash reserves providing a modest boost to income. The delivery of investment returns is problematic with the choice of counterparty and period of exposure needing to be weighed in on a daily basis in line with the treasury management strategy and the global markets continue to be impacted due to the economic uncertainties. Sound principles underpinned by professional guidance from treasury management advisors allows for a cautious but not complacent approach to investment returns;

- Housing benefit subsidy – As a significant budget year on year this presents a risk in terms of the accuracy of the claims and subsidy recovered. This is mitigated by an earmarked reserve that the Council maintains;

- Pay – the budget has been updated to reflect the pay review undertaken by the National Joint Council (NJC) along with annual increments.

- Temporary accommodation – The Council is unable to fully recover from central government the costs relating to the housing benefit subsidy relating to temporary accommodation. The Council is currently acquiring local properties to use directly to help manage the cost of this provision. This cost is increasing year on year and placing a pressure on our budgets. we will continue to monitor the situation, however as a demand led service this is outside of our control.

10.2 The Council does however have a number of work streams in place to help address these risks and also has a healthy reserve position to support in the short to medium term.

10.3 The disclosures required for the financial year ending 31 March 2023 in relation to the Council's pension scheme are detailed in Note 24 and show a Net Pension Liability of £11.8m as at 31 March 2023 (£49.5m at 31 March 2022). The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. At present the deficit on the scheme would be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

11. Further Information

11.1 For further information about these accounts please contact the finance team at accountancy@north-norfolk.gov.uk.

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Certification

I confirm that this Statement of Accounts has been approved by myself, Councillor Sarah Bütikofer, Chair of the Governance, Risk and Audit Committee on xxxxx. Delegated authority for the Chair of the Committee to sign the Accounts in consultation with the Section 151 Officer was given at its meeting on xxxxx.

Signed on Behalf of North Norfolk District Council

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code of Practice).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority code.

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate by the Chief Finance Officer

I certify that this Statement of Accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31 March 2023.

Dated: 25 October 2024

Tina Stankley CPFA, Director of Resources

Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis (EFA) is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Comprehensive Income and Expenditure Statement (CIES) below, to the Council's management accounts. The EFA shows how annual expenditure is used and funded from resources (Government grants, rents, council tax and business rates) by Local Authorities in comparison with those resources consumed or earned by Authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's departments.

	Net Expenditure Chargeable to the General Fund	**Adjustments Between Funding & Accounting Basis**	**Net Expenditure in the CIES**	**Net Expenditure Chargeable to the General Fund**	**Adjustments Between Funding & Accounting Basis**	**Net Expenditure in the CIES**
		2022/23			**2021/22**	
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Corporate leadership/Executive support	493	(158)	335	(40)	313	273
Communities	8,454	5,791	14,245	10,128	362	10,490
Place and Climate Change	4,183	1,251	5,434	3,798	1,337	5,135
Resources	3,935	2,910	6,845	1,867	1,026	2,893
	17,065	**9,794**	**26,859**	**15,753**	**3,038**	**18,791**
Other Income and Expenditure	(15,335)	(4,363)	(19,698)	(13,949)	(4,384)	(18,333)
(Surplus)/Deficit on Provision of Services	**1,730**	**5,431**	**7,161**	**1,804**	**(1,346)**	**458**
Opening General Fund Balances	**22,981**			**24,785**		
Surplus/(Deficit) in year	(1,730)			(1,804)		
Closing General Fund Balances	**21,251**			**22,981**		

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
			2022/23			2021/22	
	Note	£000	£000	£000	£000	£000	£000
Corporate Leadership/Executive Support		2,591	(2,256)	**335**	2,614	(2,341)	**273**
Communities		25,153	(10,909)	**14,244**	19,518	(9,028)	**10,490**
Place and Climate Change		9,148	(3,713)	**5,434**	9,428	(4,293)	**5,135**
Resources		39,467	(32,621)	**6,846**	73,119	(70,226)	**2,893**
Cost of Services		**76,359**	**(49,500)**	**26,859**	**104,678**	**(85,887)**	**18,791**
Other Operating Expenditure	**10**			**510**			**1,156**
Financing and Investment Income and Expenditure	**11**			**(28)**			**151**
Taxation and Non-Specific Grant Income	**12**			**(20,181)**			**(19,633)**
(Surplus)/Deficit on Provision of Services	**7**			**7,195**			**464**
(Surplus)/Deficit on revaluation of PPE Assets	**14(a)**			**(9,738)**			**(1,167)**
Financial Assets	**14(b)**			**2,953**			**-**
Actuarial (Gains)/Losses on Pension Assets/Liabilities	**14(d)**			**(40,856)**			**(11,799)**
Other Comprehensive Income and Expenditure				**(48,001)**			**(12,966)**
Total Comprehensive Income and Expenditure				**(40,842)**			**(12,502)**

Movement in Reserves Statement (MIRS)

	Note	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserves £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2021		**2,361**	**22,424**	**4,055**	**-**	**28,840**	**(5,710)**	**23,131**
Movement in Reserves during 2021/22								
Total Comprehensive Income and Expenditure		(464)	-	-	-	(465)	12,966	12,501
Adjustments from Income and Expenditure charged under the accounting basis to the funding basis	8	(1,341)	-	929	-	(412)	412	-
Transfer (to)/from Earmarked Reserves	9	2,721	(2,721)	-	-	-	-	-
Increase/(decrease) in 2021/22		916	(2,721)	929	-	(877)	13,378	12,501
Balance at 31 March 2022		**3,277**	**19,704**	**4,984**	**-**	**27,965**	**7,668**	**35,631**
Movement in Reserves during 2022/23								
Total Comprehensive Income and Expenditure		(7,159)	-	-	-	(7,159)	48,001	40,841
Adjustments from Income and Expenditure charged under the accounting basis to the funding basis	8	5,429	-	318	-	5,747	(5,747)	-
Transfer (to)/from Earmarked Reserves	9	1,569	(1,569)	-	-	-	-	-
Increase/(decrease) in 2022/23		(159)	(1,569)	318	-	(1,412)	42,254	40,841
Balance at 31 March 2023		**3,114**	**18,136**	**5,301**	**-**	**26,553**	**49,222**	**76,475**

Balance Sheet

	Note	31 March 2023 £000	31 March 2022 £000
Property, Plant and Equipment	30	74,835	70,141
Investment Property	27	1,196	389
Intangible Assets	28	912	878
Long Term Investments	39	22,622	34,691
Long Term Debtors	33/39	2,045	2,607
Total Long-Term Assets	39	**101,610**	**108,706**
Short Term Investments	39	-	-
Inventories		7	5
Short Term Debtors	33	10,679	10,435
Cash and Cash Equivalents	18	2,857	10,783
Assets held for sale	32	697	922
Total Current Assets		**12,420**	**22,145**
Bank Overdraft	18	(1,436)	(886)
Short Term Borrowing	39	(9,053)	(13,002)
Short Term Creditors	34	(13,414)	(28,876)
Capital Grants Receipts in Advance	38	(3,115)	(2,324)
Short Term Provisions	35	(532)	(672)
Total Current Liabilities		**(27,550)**	**(45,761)**
Other Long-Term Liabilities	24	(11,827)	(49,459)
Total Long-Term Liabilities		**(11,827)**	**(49,459)**
Net Assets		**76,474**	**35,631**

Balance Sheet

	Note	31 March 2023 £000	31 March 2022 £000
Usable Reserves:			
General Fund Balance		3,115	3,276
Earmarked Reserves	9	18,137	19,706
Capital Receipt Reserve		5,301	4,983
Total Usable Reserves		**26,553**	**27,965**
Unusable Reserves:	14		
Revaluation Reserves	14(a)	27,763	18,189
Pooled Fund Adjustment Account	14(b)	124	2,717
Capital Adjustment Account	14(c)	37,564	41,133
Pensions Reserve	14(d)	(11,827)	(49,459)
Collection Fund Adjustment Account	14(e)	(3,348)	(4,693)
Accumulated Compensated Absences Adjustment Account	14(f)	(354)	(221)
Total Unusable Reserves		**49,921**	**7,666**
Total Reserves		**76,474**	**35,631**

The Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2023. The notes on pages 21 to 86 form part of the financial statements.

Dated: 25 October 2024 T.M. Stanley. Tina Stankley CPFA, Director of Resources

Cash Flow Statement

	Note	31 March 2023 £000	31 March 2022 £000
Net (Surplus)/Deficit on the provision of services	7	(7,159)	(464)
Adjustments to Net (Surplus)/Deficit on the provision of services for non-cash movements	15	(2,682)	(278)
Adjustments for items included in the Net (Surplus)/Deficit on the provision of services that are investing and financing activities	15	5,661	(2,501)
Net Cash Flows generated from Operating activities		**(4,180)**	**(3,243)**
Investing Activities	16	(1,841)	(5,710)
Financing Activities	17	(2,456)	9,973
Net Increase/(Decrease) in Cash and Cash Equivalents		**(8,477)**	**1,020**
Cash and Cash equivalents at the beginning of the reporting period	18	**9,897**	**8,877**
Cash and Cash equivalents at the end of the reporting period	18	**1,420**	**9,897**

1. Accounting Policies

A. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the Service Reporting Code of Practice 2022/23 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

A local authority's Statement of Accounts are prepared on a going concern basis, this is, the accounts should be prepared on the assumption that the Council will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of the operation.

The accounting policies detailed below have been consistently applied within the Financial Statements.

B. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

Where the Council is acting as an agent for another party (e.g. in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

C. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on demand. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash on the Balance Sheet date, and which are subject to an insignificant risk of change in value.

D. Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. There were no material errors from previous year requiring restatement.

E. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations.

F. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render services to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Norfolk County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Scheme is accounted for as a defined benefits scheme in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2011, the Local Government Pension Scheme (Administration) Regulations 2009 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2014.

- The liabilities of the Norfolk Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.70% (2.00% in 2021/22). This rate is based on a corporate yield curve based on the constituents of the iBoxx corporate bond index. In line with the adoption of IAS 19 – Employee Benefits, an individual discount rate is calculated for each employer, based on their own weighted average duration category. The weighted average duration is used to identify the appropriate category for each employer as shown in the table below:

Weighted Average Duration	Discount Rate Category
Less than 17 years	Short
Between 17 and 23 years	Medium
More than 23 years	Long

- The change in the net pensions liability is analysed into seven components:

  - Current service cost - The increase in the present value of the defined benefit obligation resulting from employee service in the current period.
  - Past service cost – The increase in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).
  - Interest cost – The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to payment.
  - Expected return on assets -The expected increase during a period in the value of assets, based on values and long term expected returns as at the start of the period.
  - Gains/losses on settlements and curtailments -the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
  - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve. These are recognised under ‘other comprehensive income’.
  - Contributions paid to the Norfolk pension fund - cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

<u>Discretionary Benefits</u>

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

G. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events;

- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect.

H. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council’s financial performance**.**

I. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and Government grants, do not give rise to financial instruments.

J. Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity which is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- Short term loans from other local authorities
- Overdrafts with Barclays bank
- Lease payables
- Trade payables for goods and services received

K. Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

Amortised Cost comprising:

- Cash in hand
- Bank current and deposit accounts with Barclays bank
- Loans to other local authorities
- Loans to small companies and housing associations
- Covered bonds issued by banks and building societies
- Trade receivables for goods and services provided

Fair value through profit and loss (all other financial assets) comprising:

- Money market funds
- Pooled bond, equity and property and multi-asset funds

Where loans are advanced at below market rates, they are classed as 'Soft Loans' and specific accounting requirements apply to them. The Council has a very small number of car loans to employees and other loans to voluntary organisations to encourage leisure activities and economic development. The impact of accounting fully for the losses on these loans is considered to be immaterial and the special accounting requirements have not been applied.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

L. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Where general (non-ring fenced) revenue grants are allocated to the Council by Central Government these are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

M. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council for more than one financial year.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale with proceeds greater than £10,000 the Capital Receipts Reserve.

N. Inventory and Work in Progress

Inventories including bar stock are included in the Balance Sheet at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

O. Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund

Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale proceeds greater than £10,000 the Capital Receipts Reserve.

P. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Council as Lessee</u>

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments, e.g. there is a rent-free period at the commencement of the lease.

Q. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

R. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A de-minimis level of £10,000 is applied to expenditure on assets.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost
- Surplus assets – fair value, determined by the measurement of the highest and best use value of the asset
- All other assets - fair value, determined by the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Valuations are carried out either by an internal or external qualified valuer.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

Assets Held for Sale are:

- immediately available for sale;
- where the sale is highly probable;
- actively marketed;
- expected to be sold within 12 months.

The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Properly, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are generally categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

<u>Depreciation</u>

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by the valuer (typically 30 to 100 years);
- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. The maximum useful life is 10 years and the minimum 4 years typically most assets have a useful life of 5 years;
- Infrastructure – straight line allocation over 20 years.
- Community and Surplus assets – The land element of these is not depreciated, any property is depreciated over its useful life.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant (i.e. more than 30%) in relation to the total cost of the item, the components are depreciated separately.

Componentisation is considered for all new valuations, enhancement expenditure and acquisition expenditure carried out on or after 1 April 2011. Where a component is replaced or restored (i.e. enhancement expenditure) the carrying amount of the old component shall be de-recognised before reflecting the enhancement.

The Council recognises the following levels of components:

- Substructure
- Superstructure
- Internal services
- External works

Componentisation is not applicable to land as land is non-depreciable and is considered to have an infinite life.

S. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation but where there is uncertainty around the timing.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Where the obligation is expected to be settled within 12 months of the Balance Sheet date the provision is recognised as a Current Liability in the Balance Sheet. Other provisions are recognised as Long Term Liabilities.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation. Provisions for bad and doubtful debts are maintained in respect of possible losses from non-collection of amounts owing to the Council. This includes council tax, business rates and other income. The provisions are recalculated each year based on age and category of outstanding debt at the end of the financial year, reflecting historical collection patterns, and are included in the Balance Sheet as an adjustment to receivables.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

T. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service and included against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council - these Unusable Reserves are explained elsewhere within the Accounting Statements.

U. Revenue Expenditure Fund from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

V. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

W. Council Tax and Non-domestic Rate Income

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council tax and Non-Domestic Rates (NDR). In its capacity as a Billing Authority, the Council acts as an agent collecting and distributing Council tax and NDR income on behalf of the major preceptors and itself.

From 1 April 2009, the Council has been required to show Council tax income in the Comprehensive Income and Expenditure Account as accrued income.

From 1 April 2013, the Council has been required to show Non-Domestic Rate income in the Comprehensive Income and Expenditure Account as accrued income.

The Council's share of Collection Fund income and expenditure is recognised in the Comprehensive Income and Expenditure Statement in the Taxation and Non-Specific Grant Income and Expenditure section.

X. Fair Value Measurement

The Council measures some of its non - financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either;

a) in the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses a combination of internal and external Valuers to provide valuations for its assets and liabilities in line with the highest and best use definition within the accounting standard. They are therefore using the same assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. This would take into account the markets participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Valuers have used valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 – unobservable inputs for the asset or liability.

2. Accounting Standards That Have Been Issued But Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the UK 2022-23 ("the Code") has introduced the following changes in accounting policy, which will need to be adopted fully by the Council in the 2023-24 financial statements from 1 April 2023.

The Council is required to disclose information relating to the impact of the accounting changes on the financial statements as a result of the adoption by the Code of a new standard that has been issued but is not yet required to be adopted by the Council. The Council is required to make disclosure of the estimated effect of the new standard in these financial statements.

The following accounting standards have changes next year, but these are either not relevant to the Council or the changes are expected to be minor and are not expected to make any change to the reported information in the accounts and will therefore not have a material effect:

- Amendments to IAS 8 (Definition of Accounting Estimates)
- Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction) Relates to Group Accounts.
- Amendments to IFRS 3 (Updating a Reference to the Conceptual Framework)

IFRS16 (Leases)

As permitted by the Code, the Council has chosen not to adopt this standard from 1 April 2023 and therefore no disclosures are required in these financial statements.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Asset Categorisation - The Code classifies assets according to certain criteria. For example investment properties are classified as those assets that are held primarily to generate rental income or for capital appreciation, surplus assets are those assets that are surplus to service needs and do not meet the criteria for investment property or assets held for sale. Assets held for sale is usually restricted to property that is expected to be sold in 12 months.
- NNDR ratings list alterations- are estimates made for the expected loss of income as a result of alterations of ratings lists following the Check, Challenge, Appeal process. This based on currently outstanding checks, challenges and appeals and as well as expected further ones based on historical values.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Asset valuation in the current economic climate is subject to significant stress. Impairment reviews by the Council of its asset base have been undertaken in a robust way to reflect the changes in its asset values. Depreciation charges are related to the useful life of the assets and dependant on the level of repairs and maintenance that will be incurred in relation to individual assets.	It is important that the asset values in the Balance Sheet are kept under review. If the useful lives of the assets are reduced depreciation increases and the carrying value of the assets falls. Whilst there is a risk in any valuation exercise changes to useful lives and depreciation do not impact the Council's useable reserves as depreciation charges do not fall on the tax payer.

Fair Value Measurements	Where the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs) their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or, the discounted cash flow). Where possible these inputs are based on observable data, but where this is not possible judgement is required in establishing fair values. This will typically include considerations such as uncertainty and risk. However, changes to the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council has used relevant experts to identify the most appropriate valuation technique to determine fair value.	The Council uses the discounted cash flow (DCF), and 'market approach' (as defined in paragraphs B5 to B7 of IFRS 13) to measure the fair value of its assets. The inputs to this latter technique constitute Level 2 inputs, which are observable for the asset either directly or indirectly. If there were to be significant unobservable inputs, this could result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are employed by the pension schemes administrators to provide expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured, for example a 0.1% decrease in the real discount rate assumption would result in an increase of 2% in the pension liability which is approximately £1,720k. (i) A one year increase in member life expectancy would result in an increase of approximately 4% in the pension liability. In practice, the actual cost will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages). (ii) If salaries were to increase by 0.1% more than anticipated, the pension liability would increase by approximately £197k. (iii) If pensions payable were to increase by 0.1% more than anticipated, the pension liability would increase by 1%, approximating to £1,549k

5. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Resources on 21 October 2024. Events taking place after the accounts are authorised for issue are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no subsequent events that required an adjustment to the financial statements and the notes.

6. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2022/23.

	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
	2022/23	2022/23	2022/23	2022/23	2021/22	2021/22	2021/22	2021/22
CLT/Corporate	(412)	224	30	(158)	47	251	15	313
Communities	5,086	660	45	5,791	(375)	667	70	362
Place and Climate Change	682	546	23	1,251	640	610	87	1,337
Resources	2,441	435	34	2,910	120	831	75	1,026
Net Cost of Services	**7,797**	**1,865**	**132**	**9,794**	**432**	**2,359**	**247**	**3,038**
Other Income and Expenditure	(4,374)	1,360	(1,349)	(4,363)	(4,042)	(2,087)	1,746	(4,383)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**3,423**	**3,225**	**(1,217)**	**5,431**	**(3,610)**	**272**	**1,993**	**(1,346)**

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for;

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for these assets;

Financing & Investment Income & Expenditure – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices;

Taxation and non-specific grant income and expenditure **–** capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with the capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change in Pension Adjustments – this column is the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. For services this represents the removal of the employer's pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs. For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences – this column relates to other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. Also included within this column is the charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This timing difference as any difference will be brought forward in future surpluses and deficits on the Collection Fund.

7. Expenditure and Income Analysed by Nature

	2022/23 £000	2021/22 £000
Expenditure		
Employee Benefits Expenses	18,330	16,590
Other Service Expenses	19,592	22,876
Support Service Recharges	13,654	13,104
Depreciation, Amortisation, Impairment, DRF	9,268	2,962
Interest Payments	179	16
Precepts and Levies	3,164	2,574
Gain on disposal of assets	(2,215)	(1,418)
Total Expenditure	**61,971**	**56,703**
Income		
Fees, Charges and Other Service Income	(14,452)	(15,039)
Interest and Investment Income	(1,461)	(1,054)
Income from Council Tax, Non-Domestic Rates, District Rate Income	(18,274)	(15,415)
Government Grants and Contributions	(20,625)	(24,730)
Total Income	**(54,812)**	**(56,239)**
Surplus/(Deficit) on the Provision of Services	**7,159**	**465**

8. Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in unusable Reserves
		2022/23				2021/22		
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments to Capital Adjustment Account								
Reversal of items debited or credited to the CIES								
Depreciation & Impairment of Non-Current Assets	(3,066)	-	-	3,066	(1,719)	-	-	1,719
Revaluation gain/(loss) on PPE	(5,646)	-	-	5,646	(82)	-	-	82
Movement in Investment Property Market Value	(255)	-	-	255	-	-	-	-
Amortisation of intangible assets	(276)	-	-	276	(324)	-	-	324
Capital Grants & Contributions	2,159	-	-	(2,159)	2,624	-	-	(2,624)
Revenue Expenditure Fund from Capital Under Statute	(27)	-	-	27	(120)	-	-	120
Written off Non-Current Assets on sale or disposal	(642)	-	-	642	(469)	-	-	469
Insertion of items not debited or credited to the CIES								
Statutory Provision for the Financing of Capital Investment	662	-	-	(662)	353	-	-	(353)
Capital Expenditure Charged Against the General Fund	810	-	-	(810)	1,315	-	-	(1,315)
Adjustments to Capital Receipts Reserves								
Transfer of the disposal sales proceeds recorded in CIES	2,857	(2,857)	-	-	1,888	(1,888)	-	-
Use of Capital Receipts Reserve to finance capital expenditure	-	2,540	-	(2,540)	-	959	-	(959)
Adjustments to Pooled Fund Adjustment Account								
Pool Fund fair value gain/loss debited or credited to CIES	-	-	-	-	-	-	-	-
Adjustments to Pensions Reserve								
Pension Costs (transferred to/from the pensions reserve)	(6,159)	-	-	6,159	(3,269)	-	-	3,269
Employer's pension contributions	2,936	-	-	(2,936)	-	-	-	-
Adjustments to Collection Fund Adjustment Account								
Council Tax & NNDR (transfers to/from the Collection fund)	1,349	-	-	(1,349)	898	-	-	(898)
Adjustments to Accumulating Compensated Absences Adjustment Account								
Holiday pay	(133)	-	-	133	246	-	-	(246)
Total Adjustments	**(5,431)**	**(317)**	**-**	**5,748**	**1,341**	**(929)**	**-**	**(412)**

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General Fund Balance - The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.

Capital Receipts Reserve – The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes.

Capital Grants Unapplied – The Capital Grants Unapplied Account holds grants and contributions received towards capital projects from which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

9. Movement in Reserves Statement – Transfers to/from Earmarked Reserves

	Balance at 1 April 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31 March 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance at 31 March 2023 £000
Asset Management	956	(137)	62	882	(72)	37	847
Benefits	731	(23)	42	750	(23)	-	727
Building Control	177	-	48	224	-	-	224
Business Rate Retention	5,600	(3,100)	1,017	3,517	(1,688)	-	1,829
Capital Project Reserve	906	(350)	-	556	-	-	556
Coast Protection	263	(23)	62	302	(179)	344	467
Communities	796	(227)	-	569	(162)	-	406
Delivery Plan Reserve	-	(288)	1,700	4,326	(1,202)	-	3,124
Economic Development & Regeneration	156	(10)	52	198	-	35	233
Election Reserve	53	-	50	103	-	83	186
Enforcement Board	102	(11)	-	91	(30)	-	61
Environmental Health	228	-	84	312	-	182	494
Environment	-	-	-	150	-	-	150
Grants	1,981	(241)	618	2,357	(113)	376	2,620
Grassed Area Deposits	371	-	-	371	-	-	371
Housing	2,517	(505)	96	2,108	(481)	647	2,275
Land Charges	342	(4)	-	337	-	-	337
Legal	159	(35)	-	124	(31)	-	93
Major Repairs Reserve	-	(26)	356	329	(21)	280	588
New Homes Bonus	280	(57)	-	223	-	-	223
Organisational Development	200	(94)	67	172	(17)	-	155
Pathfinder	108	(18)	-	90	-	-	90
Planning – Revenue	168	-	50	218	-	199	417
Property Investment Fund	266	(266)	-	-			-
Property Company	2,000	(2,000)	-	-	-	-	-
Restructuring and Invest to Save	1,000	(233)	130	897	(378)	145	664
Sports Hall Equipment/Sports Facilities	2	-	(2)	-	-	-	-
Net Zero Reserve					-	500	500
Treasury Reserve	-	-	500	500	-	-	500
Total	**22,424**	**(7,649)**	**4,931**	**19,707**	**(4,398)**	**2,828**	**18,137**
Total transfers out during the year							
Total transfers in during the year							
Net Movement in Earmarked Reserves							

The purpose of each earmarked reserves is explained below:

Asset Management - To support improvements to our existing assets as identified through the Asset Management Plan.

Benefits - To mitigate any claw back by the Department of Works and Pensions following final audited subsidy determination.

Building Control – Ring- fenced to cover any future deficits on the building control service.

Business Rates Retention – To be used to mitigate the impact of final claims and appeals in relation to business rates retention scheme.

Capital Projects Reserve - To provide funding for capital projects. This includes the VAT shelter income that is received in the year and not yet spent on projects.

Coast Protection - To support the on-going coast protection maintenance programme.

Common Training - To deliver the corporate training and development programme.

Communities – To support projects that communities identify where they will make a difference to the economic and social wellbeing of the area. This is funded from the return of the second homes funding from Norfolk County Council.

Economic Development and Regeneration: Service underspends rolled forward that relate to one off projects or expenditure not budgeted for in future years, including learning for everyone.

Election Reserve - Established to meet costs associated with district council elections, to smooth the impact between financial years.

Environmental Health - Earmarking of underspends and additional income to meet Environmental Health.

Grants – Earmarking of grants received in the year for which expenditure is yet to be incurred, for example due to the timing of the receipt.

Grassed Area Deposits - To finance ongoing commitments in relation to grounds maintenance contracts.

Housing – Includes Community Housing Fund grant received from the Ministry of Housing, Communities and Local Government (MHCLG) This is to support community led housing schemes and assisting in the delivery of affordable housing within the area.

Land Charges – To mitigate the impact of potential income reductions for the service.

Legal – Includes funding for Compulsory Purchase Order (CPO) work and other one-off work.

Local Strategic Partnership – Ring fenced from the former Local Strategic Partnership, earmarked for ongoing liabilities.

LSVT Reserve – To meet the cost of successful warranty claims not covered by bonds and insurance following the housing stock transfer.

New Homes Bonus (NHB) – Established for supporting communities with future growth and development and Plan review.

Organisational Development - To provide funding for organisation development to create capacity within the organisation, including the support of apprenticeship and intern programmes.

Pathfinder - To help coastal communities adapt to coastal changes. The balance represents grant funding that has been received that has been fully allocated to projects to deliver the Pathfinder objectives but has not yet been spent.

Planning – Additional Planning Income earmarked for Planning Initiatives including Plan Business Process Review.

Property Investment Fund – To provide funding for the acquisition and development of new land and property assets

Property Company – To fund potential housing development and property related schemes

Restructuring and Invest to Save - To be used for restructuring costs including one-off redundancy and pension strain costs and invest to save projects that will deliver efficiency savings.

Sports Hall Equipment and Sports Facilities - To support renewals for sports hall equipment. Transfers in the year represents over or under achievement of income target.

10. Comprehensive Income and Expenditure Statement – Other Operating Expenditure

	2022/23 £000	2021/22 £000
Parish Council Precepts	2,725	2,574
Gain on the Disposal of Non-Current Assets	(2,215)	(1,418)
Total	**510**	**1,156**

11. Comprehensive Income and Expenditure Statement – Financing Investment Income and Expenditure

	2022/23 £000	2021/22 £000
Interest Expense	166	16
Pension Interest Cost and Expected Return on Pensions Assets	1,254	1,180
Fair Value Changes of Pooled Funds	-	-
Interest Income	(1,448)	(1,045)
Fair Value changes of Investment Properties	-	-
Total	**(28)**	**151**

12. Comprehensive Income and Expenditure Statement – Taxation and Non-Specific Grant Income

	2022/23 £000	2021/22 £000
Council Tax Income	(9,389)	(8,944)
Non-Domestic Rates	(6,725)	(5,532)
Revenue Support Grant	-	-
Other Non-Ringfenced Government Grant	(1,908)	(2,533)
Capital Grant and contributions	(2,159)	(2,624)
Total	**(20,181)**	**(19,633)**

13. Balance Sheet – Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 8 and Note 9.

14. Balance Sheet – Unusable Reserves

	2022/23 £000	2021/22 £000
Revaluation Reserve	27,763	18,189
Pooled Fund Adjustment Account	123	2,717
Capital Adjustment Account	37,564	41,133
Financial Instruments Adjustment Account	-	-
Pensions Reserve	(11,827)	(45,548)
Collection Fund Adjustment Account	(3,348)	(4,693)
Accumulated Compensated Absences Adjustment Account	(354)	(221)
Total	**(49,921)**	**11,577**

14(a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2022/23 £000	2021/22 £000
Balance at 1 April	**(18,188)**	**(17,727)**
Upward revaluation of assets	(11,865)	(1,684)
Downward revaluation of assets and impairments losses not charged to the Surplus/Deficit on Provision of Services	2,121	518
Difference between Fair Value Depreciation and Historical Cost Depreciation	170	705
Balance at 31 March	**(27,762)**	**(18,188)**

14(b) Pooled Fund Adjustment Account

The Pooled Fund Adjustment Account contains the gains made by the Council arising from increases in the value of its investments in pooled funds and are therefore accounted for under IFRS 9 at fair value through profit and loss. A statutory override currently applies enabling gains or losses to be transferred to this unusable reserve, thereby protecting the Council Tax payer from changes in fair value on these investments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

	2022/23 £000	2021/22 £000
Balance at 1 April	**2,717**	**1,260**
Upward/(Downward) Revaluation of Investments Charged to the surplus/Deficit on the Provision of Services.	(2,593)	1,458
Balance at 31 March	**124**	**2,717**

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14(c) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2022/23 £000	2021/22 £000
Balance at 1 April	**41,132**	**39,342**
Reversal of items relating to capital expenditure posted to the CIES		
Charges for Depreciation and Impairment on Non-Current Assets	(3,065)	(2,424)
Revaluation losses on Property, Plant and Equipment	(5,900)	(82)
Amortisation of Intangible Assets	(276)	(342)
Revenue expenditure funded from capital under statute	(27)	(852)
Non-Current Assets written off on disposal to the CIES	(641)	(469)
	31,223	**35,173**
Adjusting amounts written out of the revaluation reserve	170	705
Net written out amount of the cost of non-current assets consumed in the year	**31,393**	**35,878**
Capital Financial Applied in the year:		
Use of capital receipts reserve to finance new capital expenditure	2,540	958
Capital Grants and contributions credited to the CIES that have been applied to capital financing	2,159	2,624
Statutory provision for the financing of capital investment charged against the General Fund balance	662	353
Capital Expenditure charged against the General Fund balance	810	1,319
	37,564	**41,132**
Movements in the market value of investment properties debited or credited to the CIES	-	-
Balance at 31 March	**37,564**	**41,132**

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The revenue expenditure funded from capital under statute (REFCUS) grant funding has been applied to the REFCUS line of the CAA note above. Please refer to Note 31 - Capital Expenditure and Capital Financing for the gross balances.

14(d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the

Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The deficit on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2022/23 £000	2021/22 £000
Balance at 1 April	**(49,459)**	**(57,990)**
Actuarial gains/(losses) on pensions assets and liabilities	40,856	11,839
Reversal of Items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	(6,159)	(5,998)
Employer's pension contributions and direct payment to pensioners payable in the year	2,935	2,690
Balance at 31 March	**(11,827)**	**(49,459)**

14(e) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rate income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business Rate payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2022/23 £000	2021/22 £000
Balance at 1 April	**(4,693)**	**(5,579)**
Amount by which Council Tax and Business Rate Income credited to the CIES is different from Council Tax and Business Rate income calculated for the year in accordance with statutory requirements	1,345	886
Balance at 31 March	**(2,978)**	**(4,693)**

14(f) Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences, e.g. annual leave, earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2022/23 £000	2021/22 £000
Balance at 1 April	**(222)**	**(468)**
Settlement or cancellation of an accrual made at the end of the preceding year	222	468
Amounts accrued at the end current year	(222)	(468)
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(134)	246
Balance at 31 March	**(356)**	**(222)**

15. Cash Flow Statement – Arising from Operating Activities

	2022/23 £000	2021/22 £000
Interest received	1,424	1,075
Interest paid	(115)	(6)
Net cash flows from operating activities		**1,069**
The surplus or deficit on the provision of services has been adjusted for the following		
Depreciation	3,066	2,423
Impairment and downward valuations	5,900	82
Amortisation	276	324
Increase/(decrease) in creditors	(13,533)	(6,983)
Increase in Interest and Dividend Debtors	-	191
Increase in debtors	(2,074)	1,016
Increase in inventories	(2)	9
Movement in pension liability	3,260	3,267
Carrying amount of non-current assets, and non-current assets held for sale, sold or derecognised	642	959
Movement in Investment Property Values	(217)	(1,566)
	(2,682)	**(278)**
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Capital grants credited to surplus or deficit on the provision of services		-
Net adjustment from the sale of short term and long term investments	12,110	-
Proceeds from the sale of property, plant and equipment, investment property, and intangible assets	(2,857)	(1,888)
Fair value pooled funds		-
Other items for which the cash effects are investing or cash flows	(3,592)	(613)
	5,661	**(2,501)**

16. Cash Flow Statement – Investing Activities

	2022/23 £000	2021/22 £000
Purchase of property, plant and equipment, investment property and intangible assets	(9,351)	(9,318)
Purchase of short-term and long-term investment		-
Proceeds from sale of property, plant and equipment, investment property and intangible assets	2,857	1,888
Proceeds from short-term and long-term investments		-
Other receipts from investing activities	4,653	1,720
Net cash flows from investing activities	**(1,841)**	**(5,710)**

17. Cash Flow Statement – Financing Activities

	2022/23 £000	2021/22 £000
Cash receipts of short-term and long-term borrowing	-	23,000
Other receipts from financing activities	-	440
Repayments of short-term and long-term borrowing	(4,000)	(17,000)
Other payments for financing activities	1,544	3,533
Net cash flows from financing activities	**(2,456)**	**9,973**

18. Cash Flow Statement – Cash and cash equivalents

	2022/23 £000	2021/22 £000
Cash held by officers	4	4
Bank current accounts	(1,436)	(886)
Investments in liquidity money market funds	2,853	10,779
Total cash and cash equivalents	**1,420**	**9,897**

19. Trading Operations

The Council currently operates three general produce markets on two car park sites in Sheringham and Cromer. They are provided to meet local demands and to promote tourism. The trading objective is to minimise the deficit relating to the service.

The Council lets a total of 20 industrial units and self-occupies 1 over 4 sites in Catfield, North Walsham and Fakenham. The Catfield and Cornish Way, North Walsham sites offer starter units which were developed jointly with EEDA, to provide opportunities for local business start-ups and developments. 3 larger brand-new units at Hornbeam Road, North Walsham were acquired in December 2020. The trading objective is to minimise the deficit relating to the service.

Trading operations are incorporated into the CIES. Some are an integral part of one of the Council's services to the public (e.g. refuse collection), whilst others are support services to the Council's services to the public. The expenditure of these operations is allocated or recharged to the relevant service area within the CIES Cost of Services.

The surplus is due to higher income from both market traders and rental income at the industrial units.

	2022/23 £000	2021/22 £000
General Produce Markets		
Turnover	(36)	(47)
Expenditure	73	81
Deficit/(Surplus)	37	33
Industrial Units		
Turnover	(76)	(137)
Expenditure	5	103
Deficit/(Surplus)	(71)	(34)
Total (Surplus)/Deficit on trading operations	**(34)**	**(1)**
Services to the public including expenditure of continuing operations	(34)	(3)
Support Services recharged to expenditure of continuing operations	(3)	2
Net (Surplus)/Deficit included within operating expenditure	**(37)**	**(2)**

20. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors:

	2022/23 £000	2021/22 £000
Fees payable for external audit services carried out by the appointed auditor for the year	44	44
Fees payable for the certification of grant claims and returns for the year	21	21
Additional fees in respect of the prior year audit	-	21
Total	**65**	**86**

21. Members Allowances

The Council paid the following amounts to Members of the Council during the year. Full details can be obtained by writing to:

Information Services, Holt Road, Cromer, Norfolk, NR27 9EN.

	2022/23 £	2021/22 £
Allowances	339,585	315,785
Expenses	9,389	6,845
Total	**348,974**	**322,630**

22. Officers' Remuneration

The following table sets out the remuneration paid to the Council's senior officers. A senior officer is defined as being a statutory chief officer as defined in the Local Government and Housing Act (LGHA) 1989 section 2(6); a non-statutory Chief officer as defined in the LGHA 1989 section 2(7); or someone with responsibility for the management of the Council, being able to direct or control its major activities, whether solely or collectively.

For the period 1 April 2021 to 31 March 2023:

Job Title	Year	Salary, Fees and Allowance	Bonuses	Expenses Allowances	Compensation for loss of office	Sub-Total	Pension Contribution	Total
		£	£	£	£	£	£	£
1 April 2022 to 31 March 2023								
Chief Executive	2022/23	114,566	-	963	-	115,529	16,333	**131,862**
Director for Communities	2022/23	91,684	-	963	-	92,647	11,931	**104,578**
Director for Resources & Section 151 Officer	2022/23	84,693	-	963	-	85,656	12,284	**97,940**
Director for Place & Climate Change	2022/23	91,684	-	963	-	92,647	7,662	**100,309**
Monitoring Officer	2022/23	57,056	-	963	-	58,019	8,459	**66,478**
1 April 2021 to 31 March 2022								
Chief Executive	2021/22	112,641	-	963	-	113,604	16,333	**129,937**
Director for Communities	2021/22	82,286	-	963	-	83,249	11,931	**95,181**
Director for Resources & Section 151 Officer	2021/22	84,715	-	567	-	85,282	12,284	**97,566**
Director for Place	2021/22	52,842	-	963	-	53,805	7,662	**61,467**
Monitoring Officer	2021/22	58,341	-	963	-	59,304	8,459	**67,763**

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The number of employees not falling into the category of senior officers shown above whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 were:

Renumeration Band	2022/23 Number of Employees	2021/22 Number of Employees
£50,000 - £54,499	11	7
£55,000 - £59,999	6	6
£60,000 - £64,499	3	1
£65,000 - £69,999	1	2

23. Exit Packages

The number of exit packages agreed with the total cost per band and total cost of the compulsory and other are set out in the table below.

	2022/23				2021/22			
Bandings	Compulsory Redundancies Number of Employees	Other Departures Number of Employees	Total Employees	Total Amount	Compulsory Redundancies Number of Employees	Other Departures Number of Employees	Total Employees	Total Amount
£0 - £20,000	-	1	1	19,073	-	2	2	9,660
£20,001 - £40,000	-	2	2	52,546	-	-	-	-
£40,001 - £60,000	1	-	1	40,952	-	-	-	-
£60,001 - £80,000	-	1	1	63,588	-	-	-	-
£80,000 - £100,000	-	-	-	-	-	-	-	-
	1	**4**	**5**	**176,160**	**-**	**2**	**2**	**9,660**

24. Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post- employment schemes:

- The Local Government Pension Scheme, administered locally by Norfolk County Council - this was a funded defined benefit final salary scheme up to 31/03/2014 then replaced with a Career Average Revalued Earnings (CARE) scheme from the 01/04/2014, The Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit final arrangement; under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pension's liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	**Local Government Pension Scheme 2022/23 £000**	**Local Government Pension Scheme 2021/22 £000**
<u>Cost of Services</u>		
Current service cost	4,754	4,818
Past service costs loss	45	-
<u>Financing and Investment Income and Expenditure</u>		
Interest Cost	3,935	2,884
Expected return on scheme asset	(2,575)	(1,704)
Total post-employment benefit charged to the surplus/deficit on the provision of services	**6,159**	**5,998**
<u>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement</u>		
Actuarial gains/(losses)	40,856	11,839
Total post-employment benefit (credited)/charged to the CIES	(47,015)	(17,837)
<u>Movement in Reserves Statement:</u>		
Reversal of net charges made to the surplus/deficit for the provision of services for post-employment benefits in accordance with the code	(6,159)	(5,998)
Actual amount charged against the general fund balance for pensions in the year		
Employers' contribution payable to the scheme	**2,935**	**2,690**

Assets and liabilities in relation to post-employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Pension Scheme Funded Liabilities Local Government	**2022/23 £000**	**2021/22 £000**
Opening balance at 1 April	145,018	143,362
Current service cost	4,754	4,818
Interest cost	3,935	2,884
Contributions by scheme participants	685	608
Actuarial (gains)/losses	(44,509)	(3,089)
Benefits paid	(3,586)	(3,320)
Unfunded benefits paid	(247)	(245)
Past service costs	45	-
Closing Balance at 31 March	**106,095**	**145,018**

Reconciliation of fair value of the scheme (plan) assets:

Local Government Pension Scheme	**2022/23 £000**	**2021/22 £000**
Opening balance at 1 April	95,559	85,372
Expected rate of return	2,575	1,704
Actuarial gains	(3,653)	8,750
Employers' contributions	2,688	2,445
Contributions by scheme participants	685	608
Contributions in respect of Unfunded Benefits	247	245
Benefits paid	(3,586)	(3,320)
Unfunded benefits paid	(247)	(245)
Closing Balance at 31 March	**94,268**	**95,559**

Fair Value of Employer Assets

Asset Category	31 March 2023 Quoted price in active markets £000	Quoted price not in active markets £000	Total £000	Percentage of total assets £000	31 March 2022 Quoted price in active markets £000	Quoted price not in active markets £000	Total £000	Percentage of total assets £000
Equity Securities:								
Consumer	-	-	-	0%	-	-	-	0%
Manufacturing	-	-	-	0%	-	-	-	0%
Energy & Utilities	-	-	-	0%	-	-	-	0%
Financial Institutions	-	-	-	0%	-	-	-	0%
Health & Care	-	-	-	0%	-	-	-	0%
Information Technology	-	-	-	0%	-	-	-	0%
Other	-	`-	-	0%	-	`-	-	0%
Debt Securities:								
Corporate Bonds (Investment Grade)	-	-	-	0%	-	-	-	0%
Corporate Bonds - Non-Investment Grade	-	-	-	0%	-	-	-	0%
UK Government	810	-	810	1%	965	-	965	1%
Other	-	-	-	0%	-	-	-	0%
Private Equity:								
All	-	9,007	9,007	10%	-	7,711	7,711	8%
Real Estate								
UK Property	-	8,158	8,158	9%	-	8,728	8,728	9%
Overseas Property	-	1,401	1,401	1%	-	1,345	1,345	1%
Investment & Unit Trusts								
Equities	44,831	-	44,831	47%	40,199	-	40,199	43%
Bonds	18,184	-	18,184	19%	27,603	-	27,603	29%
Infrastructure	-	10,590	10,590	11%	-	7,634	7,634	8%
Other	-	-	-	0%	-	-	-	0%

Fair Value of Employer Assets (continued)

Asset Category	31 March 2023 Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets	31 March 2022 Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets
	£000	£000	£000	£000	£000	£000	£000	£000
Derivatives:								
Foreign Exchanges	(286)	-	(286)	0%	21	-	21	0%
Other	-	-	-	0%	-	-	-	0%
Cash & Cash Equivalents:								
All	1,574	-	1,574	2%	1,353	-	1,353	1%
Total	**65,113**	**29,156**	**94,269**	**100%**	**70,142**	**25,417**	**95,559**	**100%**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total net liability of £11.8m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2023 is £2.6m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2022. In relation to the Commutation Adjustment, an allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

The principal assumptions used by the actuary have been:

Mortality Assumptions	Local Government Pension Scheme 2022/23	Local Government Pension Scheme 2021/22
Longevity at 65 for Current Pensioners:		
Men	22.3	21.7
Women	24.7	24.1
Longevity at 65 for Future Pensioners:		
Men	23.0	22.9
Women	26.2	26.0
Pension Increase Rate (CPI)	2.95%	3.20%
Rate of Increase in Salaries	3.65%	3.90%
Expected Return on Assets	3.65%	3.90%
Rate of Discounting Scheme Liabilities	4.75%	2.70%

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2022/23 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2023.

	2023	2022	2021	2020	2019
	%	%	%	%	%
Difference between the expected and actual return on assets	(3.9)	6.1	17.8	(7.4)	2.7
Experience gains and losses on liabilities	0.1	3.0	(0.7)	(2.0)	0.2

25. Related Parties

This disclosure note has been prepared using the Council's Register of Members' Declarations of interest in addition to a specific declaration obtained in respect of related party transactions from Members and Chief Officers.

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides most of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits). Grants received from Government departments are set out in the expenditure and income analysed by nature in Note 7. Grant receipts outstanding at 31 March 2023 are shown in Note 38.

Members & Officers

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 21. During 2022/23, works and services to the value of £572,113 were commissioned from companies in which twelve members had an interest. Contracts were entered into in full compliance with the Authority's standing orders.

The most significant total values for general expenditure were:

- £328,021 linked to the Broads Internal Drainage Board in which one member had an interest.
- £110,805 linked to the Norfolk Rivers Internal Drainage Board in which one member had an interest.

In addition, the Council paid grants totalling £90,896 to voluntary organisations in which three members had declared an interest. In all instances, the grants were made with proper consideration of declarations of interest. There were no material expenditure transactions involving Chief Officers.

The most significant total values for grant expenditure were:

- £40,000 to the North Norfolk Community Transport Association.
- £37,125 to the North Walsham Phoenix Group.

Income totalling £34,750 was received from entities in which thirteen members had an interest. There were no material expenditure transactions involving Chief Officers. There were no significant total values for income.

The relevant persons linked to the above transactions did not take part in any discussion or decision relating to the expenditure/income. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours.

26. Leases

Council as Lessee

Finance Leases

The Council held no Finance leases as at 31 March 2023.

Operating Leases

The Council leases property, land, vehicles and items of equipment, including printing and telephone equipment, as part of a number of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2023 £000	31 March 2022 £000
Not Later than one year	74	68
Later than one year and not later than five years	245	224
Later than five years	100	139
	419	**431**

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these Leases was:

	31 March 2023 £000	31 March 2022 £000
Minimum Lease Payments	71	78
Contingent Rents	99	81
	170	**162**

Council as Lessor

Operating Leases

The Council leases out properties under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2023 £000	31 March 2022 £000
Not Later than one year	(228)	(197)
Later than one year and not later than five years	(618)	(432)
Later than five years	(906)	(570)
	(1,751)	**(1,199)**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

27. Investment Properties

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

	31 March 2023 £000	31 March 2022 £000
Rental income from investment property	(132)	(66)
Direct operating expenses from investment property	351	94
Net (gain)/loss	**220**	**28**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	31 March 2023 £000	31 March 2022 £000
Opening Balance	389	842
Additions:		
Purchases	-	-
Disposals	-	(469)
Transfers	709	17
Net gains/losses from fair value adjustments	9	(1)
Closing Balance	**1,195**	**389**

The changes identified in the table above are as a result of the properties being revalued in year. No further transfers, additions or disposals have taken place.

Fair Value hierarchy

The Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Accounting Policies for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

The fair value of investment property has been measured using a market approach, which takes into account either direct or indirect observable inputs for the asset. These inputs took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

There has been no change in the valuation techniques used during the year for investment properties.

These assets have been revalued as at 31 March 2023, by Wilks Head & Eve.

28. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible assets would include both purchased licenses and internally generated software – the Council does not currently have any internally generated intangible assets.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to all software currently used by the Council is 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The movement on intangible asset balances during the year is as follows:

	2022/23			2021/22		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000	£000	£000	£000	£000	£000
Opening Balance:						
Gross Carrying Amounts	**-**	**2,901**	**2,091**	**-**	**2,618**	**2,618**
Accumulated Amortisation	-	(2,023)	(2,023)	-	(1,782)	(1,782)
Net Carrying amount at start of year		878	878	-	837	837
Additions:						
Purchases	-	310	310	-	179	179
Derecognition	-	-	-	-	-	-
Transfers	-	-	-	-	3000	300
Amortisation for the period	-	(276)	(276)	-	(241)	(241)
Closing Balance	**-**	**912**	**912**	**-**	**1,076**	**1,076**

No significant contracts have been entered into during the financial year 2022/23.

29. Impairment Losses

An impairment review was undertaken for the financial year 2022/23. The review identified that due to the type and use of properties and taking into consideration their location with Norfolk and the Eastern region, that any economic changes during the year would not result in any economic impairment of assets.

30. Property, Plant and Equipment

Movement in 2022/23:	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
Cost or Valuation:	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2022	52,238	20,132	18,389	4,127	487	1,829	97,202
Additions	1,677	455	155	306	20	2,526	5,139
Donations	-	-	-	-	-	-	-
Revaluation increase/(decrease) recognised in the revaluation reserve	11,075	-	-	179	-	-	11,254
Revaluation increase/(decrease) recognised in the provision of services	(4,479)	-	-	(1,687)	-	-	(5,126)
Derecognition – disposals	(428)	-	-	-	-	-	(428)
Derecognition – other							
Assets reclassified (to)/from held for sale	-	-	-	-	-	-	-
Other movements in cost or valuation	(528)	-	554	-	-	(736)	(710)
At 31 March 2023	**59,555**	**20,587**	**19,098**	**2,925**	**507**	**3,619**	**106,291**
Accumulated Depreciation							
At 1 April 2022	1,402	13,179	12,244	204	31	-	27,060
Depreciation charge	668	1,804	525	58			3,055
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	-
Depreciation written out to the surplus/deficit on the provision of services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the revaluation reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	(520)	-	-	-	-	-	(520)
Derecognition	-	-	-	-	-	-	-
Eliminated on reclassification to assets held for sale	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2023	**1,550**	**14,983**	**12,769**	**262**	**31**	**-**	**29,595**
Net Book Value							
At 31 March 2023	**58,005**	**5,604**	**6,329**	**2,663**	**476**	**3,619**	**76,696**
At 31 March 2022	**50,836**	**6,953**	**6,145**	**3,923**	**456**	**1,829**	**70,140**

Movement in 2021/22 :	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
Cost or Valuation:	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2021	36,751	18,532	18,381	3,852	476	10,091	88,081
Additions	1,633	1,600	3	302	11	4,545	8,094
Donations	-	-	-	-	-	-	-
Revaluation increase/(decrease) recognised in the revaluation reserve	1,182	-	-	(16)	-	-	1,166
Revaluation increase/(decrease) recognised in the provision of services	(70)	-	-	(11)	-	-	(81)
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from held for sale	-	-	-	-	-	-	-
Other movements in cost or valuation	12,742	-	5	-	-	(12,807)	(60)
At 31 March 2022	**52,238**	**20,132**	**18,389**	**4,127**	**487**	**1,829**	**97,200**
Accumulated Depreciation							
At 1 April 2021							
Depreciation charge	1,301	11,678	11,736	147	31	-	24,623
Depreciation written out to the revaluation reserve	371	1,501	508	57	-	-	2,437
Depreciation written out to the surplus/deficit on the provision of services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the revaluation reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-
Eliminated on reclassification to assets held for sale	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2022	**1,402**	**13,179**	**12,244**	**204**	**31**	**-**	**27,060**
Net Book Value							
At 31 March 2022	**50,836**	**6,953**	**6,145**	**3,923**	**456**	**1,829**	**70,140**
At 31 March 2021	**35,720**	**6,854**	**6,645**	**3,705**	**445**	**10,091**	**63,460**

Capital Commitments

The major commitments relate to the following Schemes:

	31 March 2023 £000	31 March 2022 £000
Splash Reprovision	300	9,021
Splash Gym Equipment	-	640
Cromer Coastal Defence Scheme	12,210	-
Mundesley Coastal Defence Scheme	7,618	-
	20,218	**9,661**

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. During the intervening years reviews are undertaken to ensure the carrying value of assets are not materially different from their fair values. Impairment reviews are also carried out annually to ensure that the carrying value of assets is not overstated. For the 2021/22 accounts the programme of valuations were carried out by Wilks Head & Eve. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the asset condition. Further details regarding the valuations are provided within the Statement of Accounting Policies which starts on page 10.

All revaluations have been undertaken as at 31 March 2022.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Carried at historical cost	-	5,604	6,329	102	476	3,619	16,130
Valued at fair value as at:							
31 March 2023	49,774	-	-	2,561	-	-	52,335
31 March 2022	2,727	-	-	-	-	-	2,727
31 March 2021	5,504	-	-	-	-	-	5,504
Total	**58,005**	**5,604**	**6,329**	**2,663**	**476**	**3,619**	**76,696**

31. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2022/23 £000	2021/22 £000
Opening Capital Financing Requirement	15,856	11,939
Capital Investment:		
Property, plant and equipment	5,140	8,094
Intangible assets	310	83
Revenue expenditure funded from capital under statute	1,459	1,035
Long Term Debtor		-
Sources of finance:		
Capital receipts	(2,540)	(999)
Government grants and other contributions	(3,591)	(2,624)
Direct revenue contributions	(810)	(938)
Sums set aside from capital receipts in lieu of minimum revenue provision	-	(381)
Minimum revenue provision	(662)	(353)
Closing Capital Financing Requirements	**15,162**	**15,856**
Explanations of movements in the year:		
Increase in underlying need to borrow (unsupported by government financial assistance)	(694)	4,298
Capital receipts applied in lieu of minimum	-	(381)
Increase in Capital Financing Requirement	**(694)**	**3,917**

32. Assets Held for Sale

During the financial year, there have been no changes in classification within Assets Held for sale, and none have been sold.

	2022/23 £000	2021/22 £000
Balance brought forward	922	922
Assets newly classified as Held for Sale:		
Property Plant and Equipment	-	-
Assets sold	(214)	-
Other movements	(10)	-
Balance carried forward	**698**	**922**

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33. Receivables

Receivables represent the amounts owed to the Council at 31 March 2023 and are analysed below. This figure is split between long term -amounts not falling due within 1 year, and Short Term - amounts falling due within 1 year of the Balance Sheet date.

The Council makes an allowance for outstanding amounts for which recovery of receivables is not anticipated (bad debt provision). Receivables are shown net of the bad debt provision within the Balance Sheet.

	Long Term		**Short Term**	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
	£000	**£000**	**£000**	**£000**
Central government bodies	-	-	4,990	5,246
Other local authorities	-	-	1,281	2,092
NHS bodies	-	-	-	-
Other entities and individuals*	2,045	2,326	5,653	4,432
	2,045	**2,326**	**11,924**	**11,770**
Less: Bad debt provision				
General Fund	-	-	(1,003)	(1,091)
Collection Fund	-	-	(242)	(244)
	-	**-**	**(1,245)**	**(1,335)**
	2,045	**2,326**	**10,679**	**10,435**

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*** Breakdown of Short-Term Receivables - significant entries within the other entities and individual's category are shown below**

	2022/23	**2021/22**
	£000	**£000**
Council tax and NNDR	903	720
Housing benefit overpayments recoveries	891	865
Right to buy receipts	778	1,100
Loans falling due within 1 year	281	280
VAT invoices awarded	151	153
Capital Contributions not yet received	631	-
Other smaller receivables	2,018	1,314
	5,653	**4,432**

34. Payables

	2022/23	2021/22
	£000	**£000**
Central government bodies	(7,135)	(21,376)
Other local authorities	(2,203)	(2,855)
Other entities and individuals	(7,191)	(9,665)
	(16,529)	**(31,540)**
Less Capital Receipts in advance:		
Central government bodies	3,115	1,343
Other local authorities	-	50
Other entities and individuals	-	959
	3,115	**2,324**
	(13,414)	**(30,328)**

Breakdown of significant entries within the other entities and individuals category

	2022/23	2021/22
	£000	**£000**
Waste and recycling contract payments	(432)	(1,073)
Rent allowance payments to benefit claimants	(1,423)	(1,446)
Council tax and NNDR	(363)	(697)
Planning developer contributions receipts in advance	(2,843)	(2,503)
NNDC employee accumulated absences provision	(354)	(221)
Capital creditors	(159)	(761)
Other smaller payables	(968)	(2,964)
	(6,542)	**(9,665)**

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35. Provisions

The Council has set aside a provision for potential liabilities as a result of alternations to Business Rates rateable values. The total liability is shared in accordance the Business Rate Retention Scheme proportionate shares applicable for the Council, Central Government and Norfolk County Council. The Council has no other outstanding legal cases in progress or other potential liabilities that require provisions to be made.

	1 April 2022	Provisions made in 2022/23	Used in 2022/23	31 March 2023
	£000	£000	£000	£000
NNDC Rating List Changes – Total Collection Fund	(1,680)	-	351	(1,329)
Proportionate percentage	40%	40%	40%	40%
NNDC Share	(672)	-	141	(532)

36. Contingent Liabilities

At 31 March 2023, the Council had the following material contingent liabilities:

(a) **Housing Stock Transfer** - As part of the legal agreements associated with the transfer of the housing stock to the Victory Housing Trust in 2006/07, the Council provided a number of environmental and non-environmental warranties, guarantees and indemnities to the Trust and its Lenders.

The risks associated with these warranties and indemnities have been assessed following professional advice and where appropriate the Council has, or is making, arrangements to transfer some of the potential risks. Specifically, insurance has been arranged in respect of the environmental warranties.

To the extent that claims have to be met some time in the future beyond those covered by the environmental warranty insurance and the pension bond, the Council discloses a contingent liability.

(b) **Benefits** - There is a risk of potential claw back from the Department of Works and Pensions following the final audit and sign off the year end subsidy claim. To mitigate the impact of any claw back there is an earmarked reserve for which the balance stood at £727k at 31 March 2023.

37. Contingent Assets

In accordance with IAS 37 Provisions, Contingent Liabilities & Contingent Assets the Council has identified the following contingent assets:

(a) **Freehold Reversions for Shared Equity Dwellings –** The Council has acquired a share in the freehold reversions for shared equity dwellings. The Council does not benefit from any ongoing rental income in relation to these properties and will not realise the equity share unless the properties owners buy the Council out of the agreement. As the value of these properties to the Council is contingent upon this action the assets have not been recognised within the financial statements.

38. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure accounts in 2022/23.

	2022/23	2021/22
Credited to Taxation and Non Specific Grant Income:	£000	£000
Revenue Support Grant	(94)	(90)
Business Rates	(6,725)	(5,609)
Covid Grants	-	(751)
New Homes Bonus	(887)	(723)
Rural Services Delivery Grant	(878)	(779)
Council Tax Family Annexe Discount	(50)	(49)
Capital Grants and Contributions	(2,226)	(2,624)
Council Tax Support New Burdens	-	-
SFC Support grants	-	(142)
Total	**(10,860)**	**(10,767)**
Credited to Services:		
DWP - Rent Allowances	-	-
DWP - Admin Subsidy	(75)	(70)
Dept for Business, Energy & Industrial Strategy	(468)	(1,038)
Cabinet Office	8	(126)
Dept. for Environment, Food & Rural Affairs (DEFRA)	(415)	(8)
Dept of Health & Social Care	(55)	(347)
Environment Agency	(3)	(36)
Ministry of Housing Communities and Local Govt (MHCLG)	(2,321)	(38,796)
Norfolk County Council	(1,512)	(508)
Sport England	-	(15)
Historic England	(29)	-
Other Grants & Contributions	(212)	(458)
Total	**(5,082)**	**(41,401)**
Total Revenue Grants Received	**(15,942)**	**(52,168)**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	2022/23	2021/22
Capital Grant Receipts in Advance	**£000**	**£000**
Disabled Facilities Grant	(1,270)	(1,315)
Cromer West Prom	(50)	(50)
North Walsham HAZ	-	(959)
Mundesley cd refurbishment	(165)	-
Cromer CP scheme 982	(158)	-
Coastwise Grant	(996)	-
Climate Change Coastal tool	(21)	-
Changing places toilets	(180)	-
DLUC - LAHF Fund	(374)	-
	(3,214)	**(2,324)**

39. Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Liabilities	**31 March 2023**		**31 March 2022**	
	Long Term	**Current**	**Long Term**	**Current**
	£000	**£000**	**£000**	**£000**
Loans – Principal sum borrowed	-	(9,000)	-	(13,000)
Loans – Accrued interest	-	(53)	-	(2)
Total Borrowing	**-**	**(9,053)**	**-**	**(13,002)**
Bank Overdraft	-	(1,437)	-	(886)
Total Cash Overdrawn	**-**	**(1,437)**	**-**	**(886)**
Trade payables	-	(4,080)	-	(1,737)
Finance leases	-	-	-	-
Included in Creditors	**-**	**(4,080)**	**-**	**(1,737)**
Total Financial Liabilities	**-**	**(14,570)**	**-**	**(15,625)**

The debtors and creditors lines on the Balance Sheet include £5,846k short term debtors and £9,334k short term creditors that do not meet the definition of a financial instrument as they are non-exchange transactions.

Financial Assets	**31 March 2023**		**31 March 2022**	
	Long Term	**Current**	**Long Term**	**Current**
	£000	**£000**	**£000**	**£000**
Investments at fair value through profit & loss:				
Accrued interest	-	48	-	-
Fair value	22,575	-	34,695	-
Total Investments	**22,575**	**48**	**34,695**	**-**
Fair value	-	2,854	-	10,989
Total Cash & Cash Equivalents	**-**	**2,854**	**-**	**10,989**
Trade receivables	-	4,833	-	2,169
Loans made for service purposes	2,042	-	2,462	140
Included in Debtors	**2,042**	**4,833**	**2,462**	**2,309**
Total Financial Assets	**24,617**	**7,735**	**37,157**	**13,298**

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset against each other where the Council has a legally enforceable right to offset and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet. The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

	31 March 2023			**31 March 2022**		
	Assets	**Liabilities**	**Net balance sheet position**	**Assets**	**Liabilities**	**Net balance sheet position**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Financial Assets						
Bank accounts in hand	117	(117)	-	10,184	(10,184)	-
Financial liabilities						
Bank overdrafts	117	(1,554)	(1,437)	10,184	(11,070)	(886)

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2022/23				2021/22
	Financial liabilities	Financial Assets			
	Amortised Cost	Amortised Cost	Fair Value through Profit & Loss	Total	Total
	£000	£000	£000	£000	£000
Interest expense	166	-	-	166	8
Interest payable and similar charges	**166**	**-**	**-**	**166**	**8**
Interest income	-	(89)	(139)	(228)	(118)
Dividend income	-	-	(1,220)	(1,220)	(934)
Gains from changes in fair value	-	-	(124)	(124)	(2,717)
Losses from changes in fair value	-	-	-	-	-
Interest and investment income	**-**	**(89)**	**(1,483)**	**(1,572)**	**(3,769)**
Net impact on surplus/deficit on provision of services	**166**	**(89)**	**(1,483)**	**(1,406)**	**(3,769)**
Impact on other comprehensive income	**-**	**-**	**-**	**-**	**-**
Net (gain)/loss for the year	**166**	**(89)**	**(1,483)**	**(1,406)**	**(3,761)**

Fair values of Assets and Liabilities

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2021. The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

	Balance Sheet 31 March 2023 £000	Fair Value 31 March 2023 £000	Fair Value 31 March 2022 £000
Financial liabilities at amortised cost:			
Liabilities for which fair value is not disclosed	(23,250)	(23,250)	(15,625)
Total Financial Liabilities	**(23,250)**	**(23,250)**	**(15,625)**
Recorded on the balance sheet as:			
Short-term borrowing	(9,053)	(9,053)	(13,002)
Short-term creditors	(12,760)	(12,760)	(1,737)
Bank Overdraft	(1,437)	(1,437)	(866)
Total Financial Liabilities	**(23,250)**	**(23,250)**	**(15,625)**

	Fair value level	Balance Sheet 31 March 2023 £000	Fair Value 31 March 2023 £000	Fair Value 31 March 2022 £000
Financial assets held at fair value:				
Money Market Funds	1	2,830	2,830	10,779
Pooled Fund	1	22,575	22,575	34,695
Total		25,405	25,405	45,474
Assets for which fair value is not disclosed		12,779	12,779	4,981
Total financial assets		**38,184**	**38,184**	**50,455**
Recorded on the balance sheet as:				
Long-term investments		22,575	22,575	34,695
Long-term debtors		2,042	2,042	2,462
Short-term investments		48	48	-
Short-term debtors		10,665	10,665	2,309
Cash and Cash equivalents		2,854	2,854	10,989
Total Financial Assets		**38,184**	**38,184**	**50,455**

40. Nature and Extent of Risks Arising From Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

To comply with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year which sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage those risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with Central Government's Investment Guidance to Local Authorities. The guidance defines a prudent investment policy as having the two objectives of security (protecting the capital sum from loss) and then liquidity (keeping adequate funds readily available for expenditure when needed). The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The Council's activities expose it to a variety of financial risks:

- credit risk - the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk - the possibility that unplanned financial loss might arise for the Council as a result of changes in such measures as interest rates, market process etc.

Credit Risk - Treasury Investments

The Council manages this risk by ensuring that investments are placed with counterparties which have a high credit rating and for the maximum periods and amounts set out in the Treasury Management Strategy.

The security and liquidity of the funds invested are the primary objective of the Council's treasury management activities. The Council selects countries and the institutions within them as suitable counterparties for investment after analysis and careful monitoring of credit ratings and a range of economic indicators and financial information are taken into account.

The table below shows the credit criteria exposures of the Council's investment portfolio by credit rating.

Financial Instruments – Balances by credit risk:

Credit Rating	**Long Term 31 March 2023 £000**	**Short Term 31 March 2023 £000**	**Long Term 31 March 2022 £000**	**Short Term 31 March 2022 £000**
AAA	1,012	2,830	4,475	10,770
AA+	-	-	-	-
AA	-	-	1,474	-
AA-	-	-	-	-
A+	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
Unrated	-	-	-	-
Total	**1,012**	**2,830**	**5,949**	**10,770**
Credit Risk not applicable	**21,569**	**-**	**20,746**	**-**
Total Investments	**22,581**	**2,830**	**26,695**	**10,770**

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Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

The Council has no historical experience of counterparty default, and the Council does not anticipate any losses from default in relation to any of its current investments. No credit limits were exceeded in the financial year.

None of the above were identified as past due during the year.

Loss allowances on treasury investments have been calculated by reference to historic default data. A delay in cash flows is assumed to arise in the event of a default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit impaired when awarded a “D” credit rating or equivalent. At 31 March 2023, £0 (2022: £0) of loss allowances related to treasury investments.

Credit Risk – Loans

The Council's has an exposure to credit risk through a loan to a housing association. This is collateralised by charges secured on residential property which are owned by the housing association. The value of the collateral is greater than 110% of the carrying value of the loan. The Council assessed the credit quality of the housing association prior to advancing the loan and it was satisfactory. The Council managed the credit risk inherent in its loans for service purposes in line with its published Investment Strategy.

Loss allowances on loans for service purposes have been calculated by reference to indicative interest rates adjusted for current economic conditions. They are determined to have suffered a significant increase in credit risk where the counterparty has dropped by two or more rating notches, and the new rating is below investment grade. They are determined to be credit impaired when receiving a "D" indicative rating.

Financial Instruments – Loans:

Loan No.	Description	Exposure Type	Balance Sheet 31 March 2023 £000	Risk Exposure 31 March 2023 £000	Balance Sheet 31 March 2022 £000	Risk Exposure 31 March 2022 £000
LN0001	Broadland Housing Association	Loan at market rates	1,885	1,885	2,019	2,019
LN0002	Home for Wells	Loan at market rates	150	150	155	155
			2,035	**2,035**	**2,174**	**2,174**

Credit Risk - Receivables

In addition to treasury investments, the Council is exposed to credit risk from its customers. However, the Council has put in place appropriate debt recovery procedures to manage this risk and minimise any loss.

The age analysis of trade receivables which are past due date but are not impaired is shown below.

	31 March 2023 £000	31 March 2022 £000
Less than three months	17	3
Three months to one year	10	9
More than one year	29	7
	56	**19**

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies.

There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council does not currently have any long-term debt and therefore does not have any maturing liabilities for which funds would be required.

Time to Maturity Years	Liabilities 31 March 2023 £000	Assets 31 March 2023 £000	Net Assets 31 March 2023 £000	Liabilities 31 March 2022 £000	Assets 31 March 2022 £000	Net Assets 31 March 2022 £000
Less than 10 years	(1,554)	2,830	1,276	(11,070)	10,770	(300)
Over 10 years	-	117	117	-	10,184	10,184
No fixed maturity	-	22,575	22,575	-	34,695	34,695
	(1,554)	**25,522**	**23,968**	**(11,070)**	**55,649**	**44,579**

Market risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments and borrowing. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effect:

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- Investments at variable rates – the interest income will rise.
- Investments at fixed rates – the fair value of the assets will fall.
- Borrowings at fixed rates – the fair value of the liabilities will fall
- Borrowings at variable rates – the interest expense will rise.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. The money markets and interest rate forecasts are monitored to adjust exposures to fixed and variable rates appropriately. For example, during periods of falling interest rates fixed rate investments may be made for longer periods to secure better returns.

If interest rates had been 1% higher (with all other variables held constant) the financial effect would be £209k (£257k in 2021-22).

Price risk

The market prices of the Council's bond investments and its units in pooled funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk. The Council invests in funds with underlying assets in property, equity and bonds. A 1% rise in interest rise will reduce the fair value of pooled funds that invest in bonds by £218k; a 5% fall in the price of equity would result in a £595k fall in fair value and a 5% fall in the price of property would result in a £321k fall. These changes would result in a charge to Profit and Loss but would currently be reversed out to the Pooled Fund Adjustment Account due to the Statutory Override in place. This is a time limited adjustment.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and therefore there is no exposure to loss arising from movements in exchange rates.

41. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31st October 2025, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31/03/24	£2.22m	£15.63m

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing (other than to support the capital programme or for short periods for cashflow purposes which are both consistent with our plans and normal practice).

The key assumptions within this forecast included;

- Assumptions around spending levels for both revenue and capital purposes;
- Assumptions around internally and locally driven income levels, such as car parking, planning fees and investment returns;

- A council tax increase of £4.95 for a Band D property for both the financial years 2022/23 and 2023/24 and council tax income included at the level calculated for the budget for each year.
- Business Rates income included at the level determined in the NNDR1 for both years.
- All known grant income included at the level notified to the Council.

The final Financial Settlement figures for both 2023/24 and 2024/25 were announced in good time to include in the final Budget reports to full Council each year. So all central government funding figures are now known.

Financial risk management is also routinely considered which is documented within the 2023/24 Cabinet budget papers for the Cabinet meeting on 6 February 2023, and within the 2024/25 Cabinet budget papers for the Cabinet meeting on 5 February 2024.

Looking to the future, the Council's cashflow forecast does identify a reduced balance of readily available cash by the Autumn 2024, if a similar level of income and expenditure is assumed for 2024/25 as we're receiving in 2023/24. However, this is because of prudent Treasury Management with the Council maintaining its internal borrowing position until such time as the interest rates stabilise, at which point a decision will be made to take some longer-term external borrowing to meet its funding requirement of the capital programme.

On this basis, the Council is satisfied that it can continue to operate without any financial difficulties, and it has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period will be able to maintain the provision of its services. For this reason, alongside the statutory guidance, the Council continues to adopt the going concern basis in preparing these financial statements.

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Collection Fund

	Notes	2022/23 Council Tax £000	2022/23 Business Rates £000	2022/23 Total £000	2021/22 Total £000
Opening Balance (Surplus)/Deficit		(67)	11,070	11,003	13,469
Income:					
Council Tax	**4 & 5**	(84,413)	-	(84,413)	(81,185)
Business Rates	**2**	-	(23,877)	(23,877)	(18,887)
Contributions to Previous Year Estimated Deficit					
- North Norfolk District Council		-	(130)	(130)	(6,813)
- Norfolk County Council		-	(33)	(33)	(5,222)
- Central Government		-	(163)	(163)	(766)
- Norfolk Police and Crime Commissioner		-			(53)
Total Income		**(84,413)**	**(24,203)**	**(108,616)**	**(112,926)**
Expenditure					
Precepts and Demands:	**3**				
- North Norfolk District Council		9,235	-	9,235	8,870
- Norfolk County Council		62,243	-	62,243	60,330
- Norfolk Police and Crime Commissioner		11,817	-	11,817	11,387
Proportionate Shares:					
- North Norfolk District Council		3	8,258	8,261	11,378
- Norfolk County Council		24	2,064	2,088	2,845
- Central Government		5	10,322	10,327	14,223
Disregarded Amounts:					
- Enterprise Zone Growth		-	95	95	92
- Renewable Energy		-	1,138	1,138	685
Distribution of Previous Year Estimated Surplus:	**3**				
- North Norfolk District Council		-	-	-	-
- Norfolk County Council		-	-	-	-
- Central Government		-	-	-	-

- Norfolk Police and Crime Commissioner		-	-	-	-
Change in allowance for impairment	7	314	4	318	257
Allowance for cost of collection		-	271	271	264
Appeals Charge to Collection Fund		-	(647)	(647)	(448)
Change in Provision for appeals		-	296	296	577
Total Expenditure		**83,641**	**21,801**	**105,442**	**110,460**
Movement in Collection Fund Balance During Year		**(772)**	**(2,402)**	**(3,174)**	**(2,466)**
Closing Cumulative (Surplus)/Deficit 31 March	6	**(839)**	**8,668**	**7,829**	**11,003**

1. General

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The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Billing Authority in relation to the collection from taxpayers of Council tax and National Non-Domestic Rates (NNDR) and its distribution to Local Government bodies and Central Government. The Collection Fund is consolidated with the other accounts of the billing authority for Balance Sheet purposes.

2. Income from Business Ratepayers

The Council collects NNDR from ratepayers based on local rateable values provided by the Valuation Office Agency, multiplied by a uniform Business Rate in the £ set nationally by Central Government. The total rateable value for the District was £89,059,924 on 31 March 2023 (£83,998,972 on 31 March 2022). The national multipliers for 2022/23 were 49.9p for qualifying Small Businesses (49.9p in 2021/22), and the standard multiplier was set at 51.2p for all other businesses (51.2p in 2021/22).

The net income from Business Rate payers was £23.877m (£18.887m in 2021/22) after £236,246 of transitional protection payments due to Central Government. The transitional protection scheme provided protection to ratepayers from large changes in their bills following revaluations of their business by phasing in changes gradually. This meant that a billing authority collected more or less rates than would otherwise be the case, and Government Regulations make provision for adjusting payments to be made to or from billing authorities.

3. Precepts and Demands

	Precept/Demand 2022/23 £000	Collection fund Surplus 2022/23 £000	Net Payment 2022/23 £000	Net Payment 2021/22 £000
North Norfolk District Council	9,235	3	9,238	8,827
Norfolk County Council	62,243	24	62,267	60,043
Norfolk Police & Crime Commissioner	11,817	5	11,822	11,334
	83,295	**32**	**83,327**	**80,204**

4. The Council Tax Base for 2022/23

Therefore each £1 of Council Tax set was calculated to produce income of £41,031 (£40,959 in 2021/22).

Valuation Band	Number of Chargeable Dwellings Adjusted for Discounts		Equivalent Number of Band D dwellings		Equivalent Number of Band D Dwellings adjusted for Non-Collection allowance	
	2022/23	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**
A	5,358	5,320	5,235	5,219	5,156	5,165
B	8,746	8,708	8,769	8,744	8,638	8,657
C	8,983	8,869	9,005	8,923	8,870	8,834
D	8,079	7,995	8,098	8,060	7,977	7,979
E	5,542	5,465	5,570	5,503	5,486	5,448
F	3,195	3,138	3,213	3,172	3,165	3,140
G	1,623	1,610	1,623	1,611	1,599	1,595
H	143	143	142	142	140	141
Total Tax Base	**41,669**	**41,248**	**41,655**	**41,347**	**41,031**	**40,959**

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5. Band D Tax Rate

For 2022/23, the Council set a Council tax rate of £1,967.51 for a band D dwelling (£1,967.51 in 2021/22). This consisted of; £1,516.95 (£1,472.94 in 2021/22) for Norfolk County Council, £288.00 (£263.07 in 2021/22) for the Office of the Police & Crime Commissioner for Norfolk and £158.67 (£153.72 in 2021/22) for the District's requirements as the District Council Tax was frozen. The average amount of Parish Council Tax was £66.41 (62.84 in 2021/22). The actual sums for Parish Council ranged from nil to £149.45 (£nil to £108.17 in 2021/22) were charged for parish and town council requirements.

The calculation of the District's Council tax is made by dividing its demand on the Collection Fund by the equivalent number of Band D dwellings in the area (the Tax Base). An adjustment is made to the Tax Base to take into account the anticipated non-collection of amounts due.

Discounts are given for empty and other properties, in respect of students, disabled people, single occupiers and those in receipt of support under the Local Council Tax Support Scheme. Since 2004/05 the Council has implemented the provisions of the Local Government Act 2003 and exercised its discretionary powers to reduce or eliminate discounts on certain empty properties and second homes. Further reforms in the Local Government Finance Act 2012 gave the Council new flexibilities to vary Council tax on second homes and empty dwellings, and to apply a premium on empty properties.

6. Balances

The total balance is attributed as follows:

Share of Balance		31 March 2023		31 March 2022
	Council Tax	Business Rates	Total	Total
	£000	£000	£000	£000
North Norfolk District Council	2	2,445	2,447	3,098
Norfolk County Council	48	809	857	1,283
Norfolk Police & Crime Commissioner	2	-	2	722
Central Government	-	3,262	3,262	3,732
	52	**6,516**	**6,568**	**8,836**

7. Bad Debt Provisions

The Collection Fund account provides for bad debts on arrears based on historical experience of non-payment and the age of debt.

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Glossary of Terms

Accruals
The accounting treatment that requires expenditure and income to be recognised in the period it is incurred or earned, not when the money is actually paid or received.

Amortisation
The process of spreading a cost to revenue over a number of years. For example Intangible Assets are amortised to revenue over their useful life.

Bad Debts
Amounts owed to the Council which are considered unlikely to be recovered. An allowance is made in the accounts for this possibility.

Balance Sheet
The Council's financial position at the year end. It summarises what the respective assets and liabilities are.

Business Rates
Business or National Non-Domestic Rates are collected from occupiers of business properties based upon a rateable value and a nationally set rate. They are collected by each authority and nationally determined proportionate shares are paid to the Government and Norfolk County Council with a share retained by the authority.

Capital Adjustment Account
An account which reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. The balance represents the balance of capital resources set aside to finance capital expenditure (e.g. capital receipts, revenue contributions) awaiting consumption of resources e.g. from depreciation and impairment.

Capital Expenditure
Spending on the purchase or enhancement of significant assets which have an expected life of over a year - for example major improvements to the Council's housing or construction of a car park.

Capital Financing Requirement (CFR)
The Capital Financing Requirement represents the Council's underlying need to borrow for capital purposes.

Capital Receipts
Money received from the sale of assets. This can be used to finance capital expenditure or repay debt.

Collection Fund
The account which contains all the transactions relating to community charge, council tax and business rates together with the payments to this Council, Norfolk County Council and Norfolk Police Authority to meet their requirements.

Contingent Assets
A Contingent Assets is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Council's control.

Corporate and Democratic Core
Costs relating to the Council's status as a multi-functional, democratic organisation.

Contingent Liabilities
A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Deferred Capital Receipts
Representing the amounts that are not available as cash. They arise from Council house sales on mortgage to the Council, and where repayments of principal sums due are received over a number of years.

Depreciation
A measure of the financial effect of wearing out, consumption or other reduction in the useful life of a fixed asset.

Earmarked Reserve
Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Financial Instruments
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities. Examples of financial assets include bank deposits, equity instrument of another entity, e.g. shares, contractual right to receive cash or another financial asset from another entity, such as a trade receivable. Financial liabilities include for example, contractual obligations to deliver cash or another financial asset.

Fixed Assets
Representing, as fixed assets, the value of what the Council owns in terms of property, land etc. and what is owed to the Council in respect of debt.

General Fund
The account which summarises the revenue costs of providing services, which are met by the Council's demand on the Collection Fund.

Impairment
Reduction in the value of a fixed asset below its amount included in the Balance Sheet.

Infrastructure
A classification of fixed assets which have no market value and which exist primarily to facilitate transportation and communication requirements (e.g. roads, street lighting).

Intangible Assets
Intangible Assets are non-financial fixed assets that do not have a physical substance and include for example software licences.

International Accounting Standard 19 (IAS 19)
The requirement for Local Authorities to include the forecast cost of future pensions in the accounts on a notional basis.

International Financial Reporting Standards (IFRS)
A set of international accounting standards stating how particular types of transactions and other events should be reported in Financial Statements. IFRS are issued by the International Accounting Standards Board.

Large Scale Voluntary Transfer (LSVT)
The process of transferring Council House stock from a local Council to a Registered Social Landlord. North Norfolk District Council transferred its housing stock to North Norfolk Housing Trust in February 2006.

Leasing
A method of acquiring items such as vehicles and computer equipment by payment of a lease charge over a period of years. There are two types of lease.

A finance lease is where the Council effectively pays for the cost of an asset (it counts as Capital expenditure for control purposes and is included on our Balance Sheet). A primary lease period is that period for which the lease is originally taken out and a secondary period relates to any extension.

An operating lease (a long-term hire) is subject to strict criteria and the cost can be charged as a running expense. The item leased must be worth at least 10% of its original value at the end of the lease and does not appear on the Balance Sheet.

Liabilities
This shows what the Council owes for borrowing, payables etc. at the Balance Sheet date.

Minimum Revenue Provision
The minimum amount which must be charged to the revenue account each year and set aside as a provision to meet the rest of credit liabilities for example borrowing

National Non-Domestic Rate (NNDR)
NNDR is set by the Government and collected by each authority and nationally determined proportionate shares are paid to the Government and Norfolk County Council with a share retained by the Council.

Non Distributed Costs
The cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

Payables
Amounts which the Council owes to others for goods and services received before the year end of 31 March but which were not paid until after 1 April.

Precepts
The amount which the Norfolk County Council and Norfolk Police Authority require us to collect, as part of the Council tax, to pay for their services is called a precept. Town and Parish Councils also precept on the District Council to pay for their expenses.

Provisions
An amount set aside for potential liabilities which may arise or will be incurred, where there is uncertainty as to the amounts concerned or the dates on which these liabilities may arise.

Prudential Code
Professional code of practice developed by CIPFA which came into effect from the 1 April 2004 to ensure Local Authorities Capital investment plans are affordable, prudent and sustainable. 'The code allows authorities to undertake borrowing to finance capital expenditure as long as they can demonstrate affordability.'

Receivables
Sums which at the 31 March are owing to the Council.

Reserves
Accumulated balances built up from excess of income over expenditure or sums that have been specifically identified for a particular purpose which are known as earmarked reserves.

Revaluation Reserve
Net unrealised gains from the revaluation of fixed assets recognised in the balance sheet. Introduced in the 2007 SORP from 1 April 2007.

Revenue Contribution to Capital (or Direct Revenue Financing)
Use of revenue resources to finance capital expenditure.

Revenue Expenditure
The day to day running expenses on the services provided.
Revenue Expenditure Funded from Capital Under Statute
Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a fixed asset has been charged as expenditure to the relevant service revenue account in the year.

Revenue Income
Amounts receivable for such items as rents and charges for services and facilities.

Revenue Support Grant (RSG)
Grant paid by central government to aid Local Council services in general as opposed to specific grants which may only be used for a specific purpose.

Soft Loans
Loans which are made at less than market rates or interest free. A Council will sometimes make soft loans to achieve a policy or service objective. For example an interest free loan to a voluntary organisation to provide upfront funding or car loans to employees.

Support Services
Activities of a professional, technical and administrative nature which are not Local Authority services in their own right, but support main front-line services.

Temporary Loan
Money borrowed on a short-term basis as part of the overall borrowing strategy.

VAT Shelter
A procedure agreed by the MHCLG and HM Revenues and Customs to ensure that following a housing stock transfer there is no impact on taxation. Had the Council retained the housing stock and carried out the necessary works on the properties the VAT would have been reclaimed by the Council, however the Housing Trust are unable to recover the VAT and the VAT shelter arrangement allows the VAT to be recovered and shared between the Council and Victory Housing Trust.

Glossary of Acronyms

CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
IAS	International Accounting Standards
ICT	Information Communication Technology
IFRS	International Financial Reporting Standard
LSVT	Large Scale Voluntary Transfer
MRP	Minimum Revenue Provision
NNDC	North Norfolk District Council
REFCUS	Revenue Expenditure Funded from Capital Under Statute
RSG	Revenue Support Grant
SERCOP	Service Reporting Code of Practice
SORP	Statement of Recommended Practice
TIC	Tourist Information Centre
UK GAAP	United Kingdom - Generally Accepted Accounting Principles

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.Monitoring Officer
Annual Report 2023/2024

Section Contents

1 Introduction

2 The Monitoring Officer’s Work 1 April 2023– 31 March 2024

3 Key Messages

4 Looking Forward

5 Overall opinion on the adequacy and effectiveness of the Governance framework

Agenda Item 13

Monitoring Officer Annual Report 2023/2024

1. Introduction

1.1 The Monitoring Officer's Annual Report summarises the more important matters arising from the Monitoring Officer's work for the Council from 1 April 2023 to 31 March 2024 and comments on other current issues. This report is prepared by the Monitoring Officer appointed by Full Council on 24 February 2021.

1.2 Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership. In this respect, North Norfolk District Council recognises the need for sound corporate governance arrangements and has put in place policies, systems and procedures designed to achieve this.

1.3 The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and has a number of statutory functions in addition to those conferred under the Local Government Act 2000 and subsequent regulations governing local investigations into Member conduct. These are outlined in the next section of the report.

2. The Monitoring Officer's Work April 2023 – March 2024

Duties	Work undertaken
(a) Maintaining a lawful position for the Council and reporting on contraventions or likely contraventions of any enactment or rule of law including fraud.	The Monitoring Officer, during the period 1 April 2023 to 31 March 2024, was a member of the Management Team. Management Team and the Corporate Leadership Team met separately and together. The Monitoring Officer has had and continues to have regular bi-weekly 'Statutory Officer meetings' with the Council's Chief Executive and the Chief Finance Officer. The Council's in house legal team, Eastlaw, provides advice and assistance to officers throughout the Council and reports to the Monitoring Officer on any areas of concern in relation to lawfulness and compliance with the Council's protocols and processes. The Monitoring Officer has appointed a deputy. The Monitoring Officer and her staff have attended meetings and provided advice to officers and Members at an early stage, including seeing relevant reports to committee. The Monitoring Officer also requires appropriate recording of delegated authority to evidence compliance with the Constitution. In the year 2023/2024, North Norfolk District Council received and processed 755 requests for information under the Freedom of Information Act 2000 and Environmental Information Regulations 2004 access regimes. See **Appendix A**. This is an increase of around 15% from the previous year. The Freedom of Information Act 2000 details the Monitoring Officer as a 'qualified person' to give a reasonable opinion under section 36 of the Act. That section provides an exemption from providing information where there is a likelihood that doing so would be likely to prejudice the effective conduct of public affairs. No such opinion was sought or provided during this period. Of the 755 requests processed, seven requests were received for an internal review of either the handling of the request or refusal to disclose particular information. There was also one request where the applicant complained to the Information Commissioner's Office. Under the UK GDPR and

	Data Protection Act 2018, individuals have various rights in respect of their data, one of which is to make a Subject Access Request ["SAR"]. In 2023/24, North Norfolk District Council received and processed 39 SARs. The Council has a well-established process for dealing with any reported or alleged data breaches. Whilst there were some minor breaches during this period, there were no serious or significant breaches requiring formal reporting to the Information Commissioner's Office. Information Governance training was provided to all members following their election in May 2023, to managers and key staff through an in-person workshop in October 2023 and to all staff as mandatory training via Skillgate in April 2024. Under the Regulation of Investigatory Powers Act 2000 ("RIPA"), the Council has powers to undertake directed surveillance and use Covert Human Intelligence Sources in line with the requirements of that legislation. In the year 2023/24, the Council has not had to use these powers. The Monitoring Officer is the Council's 'gatekeeper' under the Council's policy relating to these powers and provides advice to officers as requested. Annual refresher training for officers took place in December 2023 and the Council's RIPA policy was updated in October 2023. The Monitoring Officer has a key role as a 'responsible officer' to whom disclosures may be made, concerning the public interest, under the Whistleblowing Policy, relating to any concerns as to impropriety or unlawful activity within the Council. There were no disclosures made under this policy to the Monitoring Officer during this year. There has been no occasion where the Monitoring Officer had reason to believe that there was a likelihood that there had been or was likely to be a decision that was unlawful or would give rise to maladministration. Accordingly, no reports under section 5(2) of the Local Government and Housing Act 1989 have been issued.

	The Monitoring Officer has reviewed the Council's Anti Money Laundering Policy and Counter Fraud, Corruption and Bribery Policy resulting in a report to the GRAC committee. The Monitoring Officer completed the 'fighting fraud checklist' (FFCL - Strategy for the 2020's.pdf (cifas.org.uk)) considered at the Governance Risk and Audit Committee, and also provided information about incidences of potential fraud and any actions to address risk.
(b) Report any findings of maladministration causing injustice where the Ombudsman has carried out an investigation.	The Monitoring Officer reviews any complaints where the Ombudsman has upheld the complaint. **Appendix B** shows complaints made to the Ombudsman during this period and the outcome. The Ombudsman did not uphold any of the complaints made in the financial year 2023/2024.
(c) Establish and maintain the Register of Member's interests and gifts and hospitality.	This Council holds the Register of Interests for the District Council and also for Town and Parish Councils within the district. The Council is able to provide access to the Register at the Council's offices. The Register of Members' Interests is published on the Council's website along with any dispensations granted. Applications for dispensations are considered and determined by the Standards Committee. The Monitoring Officer has prepared a procedure guide and application process which has been published on the Council's "ModernGov" site. Members are required to provide a Register of Interests and keep such up to date. This is the responsibility of each individual Member, but Members are reminded about this requirement regularly, including in May 2023 and January 2024. In advance of the May elections 2023 an electronic Register of Interests was developed enabling Members of the District, Parish and Town Council's to upload their interests after the elections, and update as required. This has been successfully used by District Councillors, with all Members of this Council uploading their Register of Interests within 28 days of taking office in May 2023. Additional support in using this system has been given to Town and Parish Councils through the Town and Parish Council Forum meetings and emails to the clerks of the various councils. All Registers received have been uploaded. The Code of Conduct and guidance sets out the requirements for Members as to gifts and hospitality. There are nine entries relating to gifts/hospitality for this period, listed at **Appendix C**.

(d) Maintain Register of Employees gifts and hospitality.	The Register is updated regularly. The Constitution contains information with regard to accepting, declining and recording gifts and hospitality. The requirement to register gifts and hospitality is regularly shared with officers, including the uploading of a guidance note on to the intranet prior to Christmas 2023, publishing the requirement and process. This financial year shows 25 entries. A copy appears at **Appendix D.**
(e) Investigate misconduct in respect of District, Parish and Town Councillors under the Code of Conduct.	The Code of Conduct is designed to protect the democratic role, promote good conduct and safeguard the public's trust in local government and is based upon the Nolan Principles. The Council's Protocol on Member/Officer Relations details that the Protocol is relevant in judging compliance with the Code of Conduct. Between April 2023 and March 2024, a total of 33 Code of Conduct complaints were received. Thirty complaints related to parish/town councils and three related to the District Council. This compares to 20 complaints from the previous year relating to district, parish, and town councils. On receipt of a complaint about Member Conduct, the Monitoring Officer conducts an initial assessment to determine if the matter warrants any further action, such as a formal investigation. The Monitoring Officer liaises with one of the Council's Independent Persons in this process. The most common reason for complaints continues to be alleged disrespectful behavior. The majority of complaints were assessed as requiring no further action. Sometimes this has been accompanied by some informal recommendations or guidance to improve governance. Nothing was referred for investigation during the year 2023/2024. The Localism Act 2011 places significant importance on registering interests, especially disclosable pecuniary interests and Members are regularly reminded of the need to keep their register of interests up to date. An electronic process to register interests was prepared for use post elections 2023. Registers of Interest are published on the Council's website along with any dispensation granted. Each committee meeting agenda contains an agenda item for declaration of interests, where there is included a flowchart and guidance note to assist Members by providing information as to when they may need to declare an interest.

(f) Investigate breaches of the Council's own protocols.	There have been no alleged breaches of the Council's own protocols in the year 2023/2024.
(g) Provide advice to Town and Parish Councils on the interpretation of the Code of Conduct.	The Monitoring Officer, and her staff, have provided advice to Parish Councils, particularly via their clerks, on the Standards and Code of Conduct Arrangements during 2023/24 via telephone and email. The Monitoring Officer (and her staff) have provided advice and assistance to a number of parishes through interventions to raise standards and deal with complaints. On occasion, informal advice and recommendations have been given to parish and town councils following Code of Conduct complaints. The Town and Parish Forum is hosted by the Council and consists of key District Council officers, Members, in addition to clerks, parish/town Members and a representative from the Norfolk Association of Local Councils. This provides an opportunity to provide general information relating to the Code of Conduct including assistance relating to the electronic Register of Interests.
(h) Promote and support high standards of conduct through support to the Standards Committee.	The Standards Committee sits regularly. The Council has two appointed Independent Persons to give an external and independent view where complaints are made against Members under the Member Code of Conduct, providing resilience and availability to the Monitoring Officer and any Member subject of a complaint. The Independent Persons have received training to assist them in their role and provide valued input into the Code of Conduct procedures.
(i) Compensation for maladministration.	There have been no cases of compensation

(j) Maintenance and review of the Constitution.	The Constitution has been revised and updated during the year with the input of the Constitution Working Party. During the year 2022-2023 a complete review of the Constitution commenced, the last such review having been undertaken around a decade ago. The final amendments are due for completion in the year 2024/25.
(k) Responsibility for complaints made under the Council's Whistleblowing and Anti-Fraud policies.	The Council's Whistleblowing Policy provides a confidential procedure for employees to report concerns which impact upon the public interest. The Monitoring Officer has not received any complaint under the Whistleblowing Policy in this period. The Council's Counter Fraud Corruption and Bribery Strategy aims to increase staff and Member awareness and to minimise likelihood of losses to the public purse through fraud and corruption. As with the Whistleblowing Policy, it recognises that staff and Members are important in tackling any wrongdoing and respects confidentiality where concerns are raised. Further internal controls include a requirement that the Council, when dealing with outside organisations, manages its transactions in accordance with the Council's Contract Procedure Rules set out in the Constitution. Where there are exemptions to the usual procurement procedures there is a requirement to keep a proper record of this. Employees are made aware of the anti-fraud policies and their ability to report through the Council's intranet and team briefings. In the year 2022/23, a Fraud Risk Assessment was undertaken, which highlighted areas of risk, controls required, and mitigation steps in the Council's fight against fraud. This assessment was subsequently considered and an update prepared for GRAC in June 2023 detailing fraudulent/ potential fraudulent activity against the Council, or relevant incidents, occurring during that period. Information provided looked at the number and nature of those incidents, how such have been addressed and what additional controls or mitigation have been applied. It identified a small number of frauds/potential frauds of low level seriousness. A Fraud Action Plan has been prepared by the Monitoring Officer and put in place. It is based on the "Fighting Fraud and Corruption Locally

	Strategy" checklist (also completed) and training in counter-fraud and anti –corruption was provided to officers and is also available to all Members.
(l) Breaches of the Employee Code of Conduct.	Employees are reminded through the Council's internal communications regarding business practice and ethical behaviour. The Constitution sets out the Employee Code of Conduct and provides links to associated policies and procedures, setting out the standards of behaviour expected by the Council. These policies and disciplinary procedures are managed by the Council's HR team. In the year 2023/2024, the Employment and Appeals committee has not met to consider any disciplinary matter.
(m) Advice on vires issues, maladministration, financial impropriety, probity and policy framework.	The Monitoring Officer has been consulted on matters, which have potentially significant legal implications. The Monitoring Officer met regularly with the Chief Financial Officer and the Chief Executive. The financial statements are subject to a robust governance process through the Committee cycle. The Monitoring Officer and her staff have attended Council and other Committees as necessary. Officers consult the Monitoring Officer regularly on vires and probity issues. The Monitoring Officer works closely with the Chief Executive, the Chief Financial Officer, the Management Team and the Corporate Leadership Team to ensure probity in the organisation. The Monitoring Officer regularly advises on the legality and/or appropriateness of administrative procedures, in conjunction with the Democratic Services Team.
(n) Exemptions to contract standing orders	7 exemptions (**Appendix E**) have been recorded and allowed this year, mainly in relation to specialist services where there is only one supplier/no acceptable alternative: an identified and

	permitted exemption under the Constitution.
(o) actual or potential litigation or claims that would have a significant effect on the entity or a material impact on the financial statements	None identified for the year 2023/2024

3. Key Messages

3.1 The key messages to note from the year are:

(i) The Constitution has been and will continue to be maintained and updated and is at the final stages of a substantial review.
(ii) Provision of an online updating facility for registration of Member interests has been implemented for use by Members of our District, Town and Parish Councils.
(iii) Training has been completed for all new and returning Parish Councilors.
(iv) Training was provided to officers and available to Members on counter fraud.
(v) The Peer Review was conducted in September 2023.

4. Looking Forward

4.1 The key issues for 2024/2025 are as follows;

- The completion of the Constitution review which is currently in progress.
- The advertisement and recruitment process of an Independent Person to join the Governance Risk and Audit Committee in line with CIPFA guidance

4.2 Code of Conduct

4.2.2 The Member Code of Conduct and the Protocol on Member/ Officer Relations are accessible on the Council's website. Members will continue to receive regular reminders to keep their register of interests up to date and are now able to upload their interests electronically. This procedure is being promoted amongst the Town and Parish Councils.

4.3 Corporate Governance Framework

4.3.1 The Monitoring Officer will continue to provide an assurance in respect of the Code and the Annual Governance Statement by way of this Annual Report.

4.4 Constitution and Regulations

4.4.1 The Constitution will continue to be kept under review by the Monitoring Officer working closely with the Democratic Services Team and the Constitution Working Party. The Constitution has had interim updates and a review is in progress.

4.4.2 It will be appropriate to continue to remind Members and staff of the importance of compliance with the Council's regulations, as set out in the Constitution and other policy framework documents, and the Monitoring Officer and other staff will provide advice accordingly.

5. Overall opinion on the adequacy and effectiveness of the Governance framework

The Monitoring Officer confirms that she is not aware of:

- Any breaches of, or deficiencies in, internal control during 2023/2024 in respect of fraud or compliance with relevant legal provisions that could have a significant effect on the entity or a material impact on the financial statements;
- Any actual, suspected or alleged frauds or breaches of legislative requirements during 2023/2024 of significance (save those of a minor nature as detailed in this report);
- Any excessive or undue pressure to meet financial or operating targets that may unduly influence the actions of either those charged with governance or Management;
- Any actual or potential litigation or claims that would have a significant effect on the entity or a material impact on the financial statements;
- Any circumstances that would call into question the preparation of the financial statements on an ongoing basis.

Subject to the information and areas outlined above, the systems of internal control administered by the Monitoring Officer including the Code of Conduct and the Council's Constitution, appear adequate during the year between April 2023 and March 2024.

Cara Jordan
Monitoring Officer

APPENDIX A

Information Rights Requests

Request	**Total**
Number of Requests (Freedom of Information Act 2000/ Environmental Information Regulations [“FOI” & “EIR”])	755
Number of Internal reviews (FOI & EIR)	7
Number of appeals to the Information Commissioner’s Office (FOI)	1
Number of FOI requests where the exemption under S.36 FOI was applied (reasonable opinion of qualified opinion)	0
Number of Subject Access Requests under the UK-GDPR & Data Protection Act 2018	39

APPENDIX B

Complaints to the Ombudsman (1 April 2023- 31 March 2024)

Category	Decided	Decision	Decision Reason	Remedy
Council Tax	04 Jan 24	No fault in the Council's consideration of Mr X's request for a COVID-19 business grant.	The Council was at fault for delays responding to Mr X's complaint, but its apology is sufficient remedy for any injustice.	
Council Tax	26 May 23	Closed after initial investigations	This is because it is reasonable for Mr X to use his right of appeal to the Valuation Tribunal Service. In addition, any potential fault by the Council has not caused any significant injustice.	
Council Tax	30 May 23	Closed after initial investigations	We will not investigate this complaint about Council tax banding as they can appeal to the Valuation Tribunal.	
Planning	09 June 23	Closed after initial investigations	We will not investigate this complaint about how the Council dealt with the complainant's planning application and the preapplication planning advice it provided. This is because we are unlikely to find fault by the Council.	

Council Tax	16 May 23	Referred back for local resolution	Premature Decision - advice given	
Business Rates	17 Aug 23	Closed as unlikely to reach a different outcome	Decided to discontinue our investigation as further investigation is unlikely to lead to a different outcome.	
Planning	05 Dec 23	Will not investigate the complaint	It is unlikely an investigation would add to the Council's response. The complainant has also used their right to appeal to the Planning Inspector	

APPENDIX C

Gifts and Hospitality Notifications – Year 1.4.2023 to 31.3.2024 (Member Notifications)

Date	Name of Member	Name of person or organisation offering the gift or hospitality	Description of gift or hospitality	Accepted or Declined?
01/07/2023	Cllr Jill Boyle	Openwide Coastal	Invitation (+ Guest) to The Cromer Pier Show	Accepted
Date not specified on form	Cllr Tim Adams	TV Tokyo	Fan in sheath	Accepted
15/06/2023	Cllr Tim Adams	Openwide Coastal	Invitation to the Cromer Pier Show and Lunch	Accepted
Date not specified on form	Cllr Tim Adams	UEA	Civic Charter Publication	Accepted
20/11/2023	Cllr Tim Adams	Openwide Coastal	Invitation to the Cromer Pier Christmas Show & Drink	Accepted
27/11/2023	Cllr Wendy Fredricks	Thursford Collection	5 tickets to Thursford Christmas Spectacular	Accepted
November 2023	Cllr Sarah Butikofer	Openwide Coastal	Invitation (+ Guest) to The Cromer Pier Christmas Show	Accepted
November 2023	Cllr Sarah Butikofer	Thursford Collection	2 tickets to Thursford Christmas Spectacular	Accepted
December 2023	Cllr Sarah Butikofer	Not detailed on form	Fortnum and Mason Gift Box	Accepted

APPENDIX D

Gifts and Hospitality 1 April 2023 – 31 March 2024 (Officer Notifications)

Date	Name and Department	Name of person or organisation offering the gift or hospitality	Description of gift or hospitality	Accepted or Declined
06/06/2023	4 officers in Environmental and Leisure Services	Lawn Tennis Association and Cromer tennis club	Lunch at Cromer Tennis Club during the Progress Tour, qualifying round	Accepted
15/06/2023	1 officer Corporate Business Department	Cromer Pier & Pavilion Theatre	Invitation (+ Guest) to The Cromer Pier Show	Accepted
15/06/2023	9 officers, Assets and Property Services	Openwide Coastal	Invitation (+ Guest) to The Cromer Pier Show	Accepted
16/06/2023	Steve Blatch Chief Executive	Openwide Coastal	Invitation (+ Guest) to The Cromer Pier Show	Accepted
16/06/2023	1 officer Environmental and Leisure Services	Openwide Coastal	Invitation (+ Guest) to The Cromer Pier Show	Accepted
20/06/2023	1 officer Corporate Business Department	Openwide Coastal	Invitation (+ Guest) to The Cromer Pier Show	Accepted
20/06/2023	1 officer Corporate Business Department	Openwide Coastal	Invitation (+ Guest) to The Cromer Pier Show	Accepted
20/06/2023	1 officer, Housing strategy Team	Openwide Coastal	Invitation (+ Guest) to The Cromer Pier Show	Accepted
23/06/2023	Steve Hems Director for Communities	Openwide Coastal	Invitation (+ Guest) to The Cromer Pier Show	Accepted

04/07/2023	1 officer, Environmental and Leisure Services	Openwide Coastal Ltd	Tickets and drinks reception at the opening night of the summer Spectacular 2023, Cromer Pier	Accepted
04/07/2023	1 officer, Environmental and Leisure Services	Openwide Coastal Ltd	Tickets and drinks reception at the opening night of the summer Spectacular 2023, Cromer Pier	Accepted
14/08/2023	Steve Blatch Chief Executive	October Studios	Lunch at The Lodge, Salhouse	Accepted
14/08/2023	1 officer Communications Team	October Studios	Lunch at The Lodge, Salhouse	Accepted
13/09/2023	1 officer Environmental Services	Norse Group	Attendance at the CIWM Gala Dinner and overnight hotel accommodation.	Accepted
27/10/23	Steve Blatch Chief Executive	Thursford Collection	Invitation (+ guest) to Christmas Spectacular	Accepted
30/10/2023	Tina Stankley Director for Resources	Pixel Financial Services	Box of chocolates	Accepted (gave to Revenues team)
20/11/2023	1 officer Assets and Property Programme Manager	Openwide Coastal Ltd	Invitation (+ Guest) to The Cromer Pier Christmas Show	Accepted
20/11/2023	1 officer Corporate Business Department	Openwide Coastal Ltd	Invitation (+ Guest) to The Cromer Pier Christmas Show	Accepted
25/11/2023	1 officer Environmental and Leisure Services	Openwide Coastal Ltd	Tickets to the opening night of the Cromer Pier Christmas Show	Accepted 1 ticket only
25/11/2023	1 officer Environmental and Leisure Services	Openwide Coastal Ltd	Tickets to the opening night of the Cromer Pier Christmas Show	Accepted

21/12/2023	1 officer Assets and Property Programme Manager	Daniel Connal Partnership	Box of chocolates	Accepted (gave to Property Services)
21/12/2023	1 officer, Customer Services	Chevertons Printers	Foxes Biscuits and 4 bottles of lager	Accepted
17/01/2024	1 officer Benefits Department	Member of the public	Nivea gift set and chocolates	Accepted
05/02/2024	1 officer Coastal Team	Ed Wild Balfour Beatty	Bottle of Champagne	Accepted
05/02/2024	3 officers Coastal Team	Aggregates Industry via Balfour Beatty	1 night Hotel accommodation and dinner	Accepted

APPENDIX E

Contract Procedure Rules Exemptions granted from 1 April 2023 to 31 March 2024

Date	Contractor	Type of Work	Amount	Exemption Applied (Chapter 9, Paragraph 11, Constitution)
13/4/23	GoCardless	Provision of a direct debit payment service for garden waste subscriptions – 3 years	£45000	(L) extension to an existing contract and a change of supplier would cause disproportionate technical difficulties, diseconomies fo scale or significant disruption to Council services
25/5/23	Flowbird	Maintenance and back office costs to operate 46 pay and display machines on our car parks	£42,000 (1 year)	(L) extension to an existing contract and a change of supplier would cause disproportionate technical difficulties, diseconomies of scale or significant disruption to Council services (such as software procurement)
03/07/23	Furness Partnership	Specialist engineering advice relating to pool design	£11,340 (+disbursements)	(k) a waiver is necessary because of unforeseen emergency, involving immediate risk to persons, property or serious disruption to Council Services. In extreme circumstances it is accepted that prior written approval many not be possible.
18/9/23	Policy In Practice	Supply of Poverty Dashboard re Low Income Family Tracker ["LIFT"]	£23,426 (1 year)	(g) for the supply of goods or services where there is only one supplier and no acceptable alternative;
10/1/24	Cornerstone Barristers	Highly specialist legal advice re planning public inquiry	£14,750	(e) – i.e. relating to the provision of highly specialised legal or other services – due to the limited time and historic involvement in the matter of the Counsel in question.
26/01/24	Thomson Reuters	Our online legal research library (Practical Law is now combined with Westlaw and is now all part of the Thomson Reuters Group.) There is only one provider of Practical law and Westlaw therefore an exemption is	£27,428	(g) for the supply of goods or services where there is only one supplier and no acceptable alternative;

		requested to proceed with renewing this subscription on a 1 year basis.		
21/2/24	Pascal Bates of 6 Pump Court	Cost of legal advice, assistance and presentation Three written quotes were sought initially when Mr Bates engaged, but it was not anticipated at that time that the matter would escalate with contract costs exceeding 74,999.99, resulting in a complex 5-day trial.	120,000.00	(e) involve the provision of highly specialized professional legal or other services And (l) contract is an extension to an existing contract and change of supplier would cause disproportionate technical difficulties, diseconomies of sales etc.

Monitoring Officer Report - Code of Conduct Complaints **APPENDIX F**

1 April 2023 to 31 March 2024

Key

Cllr	Councillor
MoP	Member of the public
DC	District Council
TC	Town Council
PC	Parish Council
DN	Initial Assessment – Decision Notice

Complaint Date	Complaint Reference	Complainant Councillor/ MoP /Other	Member	Authority	Allegation	Progress/ DN sent	Assessment Outcome	Hearing	Outcome of Hearing
3.4.2023	022202	MoP (A)	Cllr (1)	Knapton PC	Abuse of position/power and not respecting pre-election “purdah”, use of position for political gain.	DN sent 14.6.2023	No Further Action	No	
10.5.2023	022362	MoP (B)	Cllr (2) and (3)	Langham PC	Declarations of Interests Forms not returned	DN sent 9.6.2023	No further action Save for the following recommendations: Langham PC to publish its register of interests and its Code of Conduct on its website and to	No	

							remind Members for them to register their pecuniary interests with NNDC & to make appropriate checks that this has been done.		
10.5.2023	022363	MoP (C)	Cllr (4) and (5)	Langham PC	Declarations of Interests Forms not returned	DN sent 9.6.2023	No further action Save for the following recommendations: Langham PC to publish its register of interests and its Code of Conduct on its website and to remind Members for them to register their pecuniary interests with NNDC & to make appropriate checks that this has been done.	No	
10.5.2023	022364	MoP (D)	Cllr (6) and (7)	Langham PC	Declarations of Interests Forms not returned	DN sent 9.6.2023	No further action Save for the following recommendations: Langham PC to publish its register of interests and its Code of Conduct on its website and to remind Members for	No	

							them to register their pecuniary interests with NNDC & to make appropriate checks that this has been done.		
10.5.2023	022365	MoP (E)	Cllr (8) and (9)	Langham PC	Declarations of Interests Forms not returned	DN sent 9.6.2023	No further action Save for the following recommendations: Langham PC to publish its register of interests and its Code of Conduct on its website and to remind Members for them to register their pecuniary interests with NNDC & to make appropriate checks that this has been done	No	
10.5.2023	022366	MoP (F)	Cllr (10) and (11)	Langham PC	Declarations of Interests Forms not returned	DN sent 9.6.2023	No further action Save for the following recommendations: Langham PC to publish its register of interests and its Code of Conduct on its website and to remind Members for them to register their	No	

							pecuniary interests with NNDC & to make appropriate checks that this has been done.		
10.5.2023	022367	MoP (G)	Cllr (12) and (13)	Langham PC	Declarations of Interests Forms not returned	DN sent 9.6.2023	No further action Save for the following recommendations: Langham PC to publish its register of interests and its Code of Conduct on its website and to remind Members for them to register their pecuniary interests with NNDC & to make appropriate checks that this has been done.	No	
10.5.2023	022368	MoP (H)	Cllr (14) and (15)	Langham PC	Declarations of Interests Forms not returned	DN sent 9.6.2023	No further action Save for the following recommendations: Langham PC to publish its register of interests and its Code of Conduct on its website and to remind Members for them to register their pecuniary interests	No	

							with NNDC & to make appropriate checks that this has been done.		
18.05.2023	022403	MoP (I)	Cllr (16)	Sheringham TC	Bullying and misogynistic behaviour, possible data breach	DN sent 21.11.2023.	No Further Action	No	
7.6.2023	022494	MoP (J), (K) and (L)	Cllrs (17) and (18)	Sheringham TC	Bullying and harassment.	DN sent 16.6.2023.	No Further Action	No	
21.6.2023	022571	MoP (M)	Cllr (19)	Walsingham PC	Acting outside proper processes	DN sent 16.8.2023.	No Further Action	No	
25.7.2023	022709	MoP (N)	Cllr (20)	NNDC	Political comment which the complainant considered inappropriate	DN sent 28.7.23.	No Further Action	No	
3.8.2023	022753	Cllrs (O) and (P)	Cllrs (21), (22) and (23)	Potter Heigham PC	Financial irregularities	DN sent on 14.8.2023.	No Further Action	No	
22.8.2023	022841	MoP (Q)	Cllr (24)	Fulmodeston and Barney Parish Council	Bullying and harassment	DN sent on 05.10.2023	No Further Action	No	

6.10.2023	023034	MoP (R)	Cllr (25)	Salthouse Parish Council	Abrupt text messages & threatening emails	Subject Member resigned	No further action	No	
19.10.2023	023073	MoP (S)	Cllr (26)	Briningham Parish Council	Threatening behaviour	Matter not pursued within the Code of conduct regime		No	
19.10.2023	023074	MoP (T)	Cllr (27)	Trunch Parish Council	Intimidating behaviour to neighbours	DN sent 6.3.2024.	No Further Action	No	
26.10.2023	023099	MoP (U) and (V)	Cllr (28) and (29)	Trunch Parish Council	Intimidating behaviour to neighbours	DN sent 8.3.2024.	No Further Action	No	
26.10.2023	023098	Cllr (W)	Cllr (30), (31) and (32)	Ryburgh Parish Council	Not following the correct procedures and disrespectful behaviour	Subject Member Resigned – no further action		No	
30.10.2023	023109	MoP (X)	Cllr (33)	Mundesley Parish Council	Intimidating behaviour.	Complainant did not pursue the original complaint through the procedure			

31.10.2023	023111	MoP (Y)	Cllrs (34) and (35)	Salthouse Parish Council	Behaviour, alleging defamation	DN sent 20.12.2023	No Further Action	No	
2.11.2023	023126	MoP (Z)	Cllrs (36) and (37)	Salthouse Parish Council	Disclosure of sensitive information	DN sent 20.12.2023	No Further Action	No	
13.11.2023	023185	MoP (AA), (AB), (AC) and (AD)	All Councillors (38)	Mundesley Parish Council	Performance related issues.	DN	No further action	No	
21.11.2023	023224	Cllr (AE)	Cllr (39), (40) and (41)	Ryburgh Parish Council	Not following the correct procedures at a Parish Meeting; inappropriate disclosure and disrespectful behaviour	Subject Members Resigned – No further action		No	
30.11.2023	023227	MoP (AF)	All Councillor's (42) and MoP (43)	Blakeney Parish Council	Incorrect information included in newsletter and refusal to deal with complaint	DN sent 12.3.2024.	No Further Action	No	
18.1.2024	023435	MoP (AG)	Cllrs (44), (45) and (46)	Beeston Regis Parish Council	Disability discrimination & racist remark	DNs sent	No Further Action	No	

19.1.2024	023449	MoP (AH)	Cllr (47)	Salthouse Parish Council	Allegations of misleading Council department; failing to declare pecuniary interest.	Cllr resigned Not progressed and no further action		-	
2.2.2024	023503	MoP (AI)	Cllr (50)	North Norfolk District Council	Failure to follow protocol/ identifying someone in an enforcement matter	DN sent 2.4.2024.	No Further Action	No	
9.2.2024	023537	MoP (AJ)	Cllrs (60) and (61)	Mundesley Parish Council	Inappropriate conduct, lack of regard to Nolan principles, censorship & threatening messages.	DN sent	No Further action		
12.2.2024	023544	MoP (AK)	Cllr (62)	North Walsham Town Council	Alleged theft; defamation & false accusation.	DN sent 11.3.2024.	No Further Action	No	
28.2.2024	023621	MoP (AL)	Cllr (63)	NNDC	Disrespectful, prejudicial & aggressive behaviour	DN sent 10.4.2024.	No Further Action	No	
22.3.2024	023785	Cllr (AM)	Cllr (64)	Fakenham Town Council	Disrespectful & aggressive behaviour	DN sent	Referred for investigation		
24.3.2024	023781	MoP (AN)	Cllr (65)	Hoveton Parish Council	Not Disclosing possible conflict of interest	Matter not pursued – complainant not verified	No further action	N	

Report Title	**Civil Contingencies Annual Report**
Which Committees is this report intended for? (Please state dates)	Governance Risk and Audit Committee Date: 3 Dec 2024
Is the report Exempt?	☐ Yes ☒ No
Why is it exempt?	-
Does the report concern a Key Decision?	☐ Yes ☒ No
If a Key Decision is it on the Cabinet Work Programme?	☐ Yes ☒ No
Ward(s) affected	All
Responsible Cabinet Member name	Callum Ringer
Contact Officer	Alison Sayer, Resilience Manager
Email address	alison.sayer@north-norfolk.gov.uk
Telephone number	01263 516269
Are there Non-electronic appendices?	☐ Yes ☒ No
List of Background Papers used in drafting this report which are not published elsewhere (this is now required by law and will need to be included at the start of the report)	NNDC Resilience Training Plan Rainfall Figures 2023-2024
File Location	\\fs\Env Health\Resilience\6 Liaison & Meetings\Committee Reports\Governance Risk Audit Committee (GRAC)

Implications/Risks

Have you identified and explained within the report the implications of the options available to Members? (Implications should include financial, legal and links to the Council's existing policies and strategies)	☐ Yes ☒ None
Have you highlighted the risks to the Council? **Financial Implications** and **Risks to the Council** should have their own separate headings. It is not acceptable to simply state that financial implications or risks have been alluded to in the main body of the report.	☐ Yes ☒ None
Have you considered **Sustainability** issues in relation to this report? **Sustainability**	☐ Yes

should have its own separate heading. It is not acceptable to simply state that Sustainability has been alluded to in the main body of the report	☒ None
Have you considered **Equality and Diversity** issues in relation to this report? **Equality and Diversity** should have its own separate heading. It is not acceptable to simply state that Equality and Diversity has been alluded to in the main body of the report	☐ Yes ☒ None
Have you considered **S17 Crime and Disorder** issues in relation to this report? **Crime and Disorder** should have its own separate heading. It is not acceptable to simply state that Crime and Disorder has been alluded to in the main body of the report	☐ Yes ☒ None

This report has been subject to the following processes:

Consultations with:		
Cabinet Member	☒ Yes	If not please state reason below
Local Member	☐ Yes	If not please state reason below
N/A		
S151 Officer	☐ Yes	If not please state reason below
N/A		
Monitoring Officer	☐ Yes	If not please state reason below
N/A		
Democratic Services	☒ Yes	If not please state reason below
Communications Manager	☐ Yes	If not please state reason below
N/A		
Other Head(s) of Service:		
Others:	Assistant Director of the Environment and Leisure Service	
Please confirm this report has been signed off by:		
Corporate Leadership Team	☒ Yes	☐
The Chief Executive	☒ Yes	☐

Civil Contingencies Annual Report	
Executive Summary	The Civil Contingencies Team and the wider council has continued to discharge its responsibilities under the Civil Contingencies Act, 2004.
Options considered	This is a briefing report only.
Consultation(s)	N/A – briefing report.
Recommendations	To note the report and the council's contributions to the Norfolk Resilience Forum and the response to incidents.
Reasons for recommendations	A better understanding of the challenges in the past year and the role of the Norfolk Resilience Forum in emergency preparedness planning and incident response will help to discharge our obligations under the Civil Contingencies Act, 2004.
Background papers	NNDC Resilience Training Plan Rainfall Figures 2023-2024

Wards affected	All
Cabinet member(s)	Callum Ringer
Contact Officer	Alison Sayer, Resilience Manager, 01263 516269, alison.sayer@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	N/A
Medium Term Financial Strategy (MTFS)	N/A
Council Policies & Strategies	Corporate Risk Register

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	No
Details of any previous decision(s) on this matter	N/A

1. Purpose of the report

To report on the activity of the Civil Contingencies Team specifically:

1.1 Emergency Planning activities related to the Civil Contingencies Act, 2004
1.2 Business Continuity
1.3 North Norfolk Safety Advisory Group

2. Introduction & Background

The Civil Contingencies Act, 2004 ('the Act') sets out a number of duties around emergency preparedness and response. As a Category 1 Responder under the Act, North Norfolk District Council has a duty to assess risk, put emergency plans in place and to share information and cooperate with other local responders. In respect of emergency preparedness planning this is generally achieved through the Norfolk Resilience Forum (NRF) with an annual programme of multi-agency meetings, plan reviews and a training and exercising programme. There are weekly Risk and Information Group meetings which look at risks for the next 14 days and horizon scan for the upcoming couple of months. During multi-agency or cross-border incident response the Norfolk Resilience Forum (NRF) provides a duty officer and supports with the establishment of coordination arrangements.

2.1 **Norfolk Resilience Forum (NRF)** - The Council pays an annual contribution to the NRF to support the forum's day to day running which includes its preparedness planning and response functions and entitles us to some free training; see the NNDC Resilience Training Plan. The Council's contribution for 2024-25 was £2,505 p.a. The NRF Executive Board agreed in March that there would be a 5% increase each year, so the contribution for 2025-26 will be £2,630.

2.2 **Mutual Aid Agreement** – The mutual aid agreement between Norfolk local authorities sets out the arrangements for the provision of mutual aid during an emergency. This agreement is shortly to be updated to reflect the current insurance arrangements; each local authority would pick up the liability cover where employees from other local authorities are working for them under supervision.

2.3 **Incident response** - Severe weather and flooding accounts for most of the incident response in the past 12 months, with persistent flooding around Happisburgh and Potter Heigham in addition to Horning. The Council has been liaising with the Lead Local Flood Authority, Norfolk County Council, and the Norfolk Strategic Flood Alliance (NSFA). Work is ongoing with the NSFA and the Broadland Futures Initiative on long-term solutions to chronic flooding. The wet autumn and winter in of 2023-2024 can be seen in the Environment Agency rainfall graph.

2.4 Twenty-four separate incidents have been recorded and responded to in the past 12 months, including national response to the CrowdStrike IT disruption and cliff slips as well as flooding. This is a welcome reduction in the number of separate incidents compared to the previous year (31 No.) but the chronic flooding issues stretched staff resources at times.

2.5 **Deployment of flood defences at Potter Heigham** – Subsequent to the volunteer flood warden team at Potter Heigham managing the flood boards almost daily from the end of October through to November last year a meeting was held in February with representatives from the Environment Agency, Lathams store and Herbert Woods boatyard. A new deployment protocol was agreed to spread the workload.

2.6 **Senior Flood Warden Liaison Group** - Two meetings of the Senior Flood Warden Liaison Group have been held in the last 12 months and materials have been produced to support communities with high proportions of second homes and in respect of recruitment. A separate meeting has been held with flood wardens from Cley and Salthouse and the Environment Agency to address specific community concerns.

2.7 Over 120 people volunteer as flood wardens to protect their communities against flooding in North Norfolk. An article in the November issue of the Council's Outlook magazine recognises their contribution and features a photograph of the defences at Potter Heigham

2.8 **Exercises** – There has been one multi-agency Cyber exercise in 2024. This is noted in the NNDC Resilience Training Plan. A flood evacuation exercise is planned before the end of March 2025, depending on the availability of other agencies and volunteers.

2.9 **Plans** - The Council's Operational Flood Plan, Rest Centre plans, the NNDC Emergency Response Plan and the Corporate Business Continuity Plan have all been updated.

2.10 **Business Continuity** – An audit of Civil Contingencies and Business Continuity was completed in May. Areas of good practice were identified in respect of emergency planning activities but there were some recommendations in respect of business continuity. All the recommendations for business continuity have been signed off as completed.

2.11 A new business continuity plan template has been introduced, completing the refresh of the suite of documentation that began in 2022. All 34 service (team) plans have been transferred to the new template and reflect the Business Impact Analyses updated in June 2024; 100% of plans are current.

2.12 The Business Continuity Policy and the Business Continuity Management Framework adopted in December 2022 have been reviewed as per the schedule and are being brought to the December meeting of the Governance Risk and Audit Committee.

2.13 **North Norfolk Safety Advisory Group** – The group has been advised of 122 events in the district this year, which is 10 less than in 2023. Work is ongoing with the other Norfolk local authorities and the Police to streamline administrative processes.

2.14 The Terrorism (Protection of Premises) Bill, known as Martyn's Law, had its first reading in parliament in September. The Bill requires persons with control of certain qualifying premises or events to take steps to reduce the vulnerability of the premises or event to acts of terrorism. Events with more than 800 attendees will be in the enhanced tier. It is not yet clear how Safety Advisory Groups will interact (if at all) with the regulator tasked to oversee compliance; this will be reviewed when the Bill is enacted.

3. Financial and Resource Implications

There are no financial and resource implications directly arising from this report.

Comments from the S151 Officer:

-

4. **Legal Implications**
None – report only

Comments from the Monitoring Officer

-

5. **Risks**
N/A – report only

6. **Net ZeroTarget**
No impact – report only

7. **Equality, Diversity & Inclusion**
No impact – report only

8. **Community Safety issues**
No impact– report only

9. **Conclusion and Recommendations**

That the report be noted.

NNDC Resilience Training
Alison Sayer Resilience Manager

(Updated Oct 2024 v1.6.)

1. Introduction

Below is the rolling record of in-house and external training for the preceding 12 months to the end of the financial year.

Dark blue = date held/set
Light blue = date to be confirmed

2. Resilience Training Programme

Course	2023		2024												2025			Note No.
	Nov	Dec	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Rest Centre Management course																		1
OOH Duty Officer - Refresher / Recap																		2
NRF Local Coordination Group training																		3
NRF Tactical Coordination Group trng.																		4
NRF MAGIC Lite																		5
NRF Mapping (via National RD Team)																		6
NRF Summer Workshop																		7
NRF Winter Workshop																		8
NRF Cyber Response Workshop Exercise																		9
Flood warden evac exercise																		10
Flood warden training																		11
MCA Beach Master Course (GY hosting)																		12
Senior Manager Table Top Exercise (TTX)																		13
Corporate Business Continuity Exercise																		19

See explanatory notes overleaf.

3. Notes

Note	Course	Description	Who Attends	Cost
1	Rest Centre Management	• Definition of a rest centre • Why they are needed • How they are managed • Key roles and activities	Rest Centre Managers / Resilience Manager	Free EPC course via NRF
2	OOH Duty Officer - Refresher / Recap	• Out of hours duty officer procedures recap and info for new officers	Duty Officers / Resilience Team	No cost
3	NRF Local Coordination Group,	• Understand the roles, responsibilities and objectives of the LCG • Pre work includes integrated emergency management and NRF structure/partner agencies • 16 May (SN & BDC hosting), 26 September (Breckland hosting), 12 November (virtual)	NNDC Managers nominated because of their role in operational response / Resilience Manager	NRF membership allows 2 free spaces. £150 thereafter.
4	NRF Tactical Control Group training, 22 Oct	• Define the roles, responsibilities and objectives of the TCG and NRF partner agencies during a major incident. • Explain and exercise the command, control and coordination structure for tactical management of a major emergency.	Assistant Directors	NRF membership allows 2 free spaces. £150 thereafter.
5	NRF MAGIC Lite (College of Policing trainers) 16 Oct	• Short form of the standard Multi-Agency Gold Incident Command (MAGIC) course aimed at developing the confidence of Strategic Commanders/Officers, by the end they can: • Define the roles and responsibilities of different agencies during the various stages of a major incident/civil emergency. • Take strategic 'Gold' command of a major incident/civil emergency • Plan, implement and review civil contingency plans and multi-agency communication strategies	Directors/ Assistant Directors	£490 pp
6	NRF Mapping 30 May	• Bespoke and delivered virtually by National Resilience Direct Mapping specialists • Getting the most out of mapping • How to build an incident map from scratch • Exporting address data • Uploading assets and data	Civil Contingencies staff and selected RD users	No cost

Note	Course	Description	Who Attends	Cost
7	NRF Summer Workshop 13 June	• Workshop re preparedness for summer, with a scenario revisiting the response in 2022 heatwave • Identifying progress against learning, gaps and additional risks	Resilience Manager / Assistant Director / service managers	NRF membership allows 2 free spaces. £150 thereafter.
8	NRF Winter Workshop 5 Sep	• Scenarios based on risk and are dynamic, typically comprise e.g. contagious disease outbreak, industrial action, low temperatures & heavy snow, rolling power outages and lastly escalating concurrent issues • Service managers called in to assist as needed	Resilience Manager / Assistant Director / service managers	NRF membership allows 2 free spaces. £150 thereafter.
9	NRF Cyber Response Workshop Exercise 12 Sep	• NRF Cyber Incident Response Exercise testing the multi-agency plan, with input from the National Cyber Security Centre • Two scenarios tested: supply chain incident and Denial of Service cyber attack	Resilience Manager / IT Network Manager / Technical Support Officer	No cost
10	Flood warden evac exercise Date in 2025 TBC	• Testing procedures, roles and information recording • Use with evac portal • As of 23 Sep, date in 2025 to be confirmed with Coastguard	Senior Flood Wardens, Flood Wardens / Resilience Manager	No cost
11	Flood Warden training March 27	• March 27 session delivered by Communities Prepared programme, attended by Resilience Manager with a view to subsequent rollout • Exercise in a box/training modules for use during standard team meetings	Senior Flood Wardens, Flood Wardens / (Resilience Manager)	No cost
12	MCA Beach Master Course, 16-17 April	• Maritime and Coastguard Agency Coastal Pollution Course, hosted by Great Yarmouth	Environmental Health officer and Health and Safety Officer	No cost
13	Senior Manager TTX Dec-Mar (TBA)	• Tabletop exercise for senior managers validating the Senior Manager on-Call Guide rollout and following the MAGIC-Lite course in October	Senior Managers TBC	Officer time
14	Corporate Business Continuity exercise Dec-Mar (TBA)	• Date TBA with CLT, but would follow the tabletop exercise noted above	TBA with CLT	Officer time

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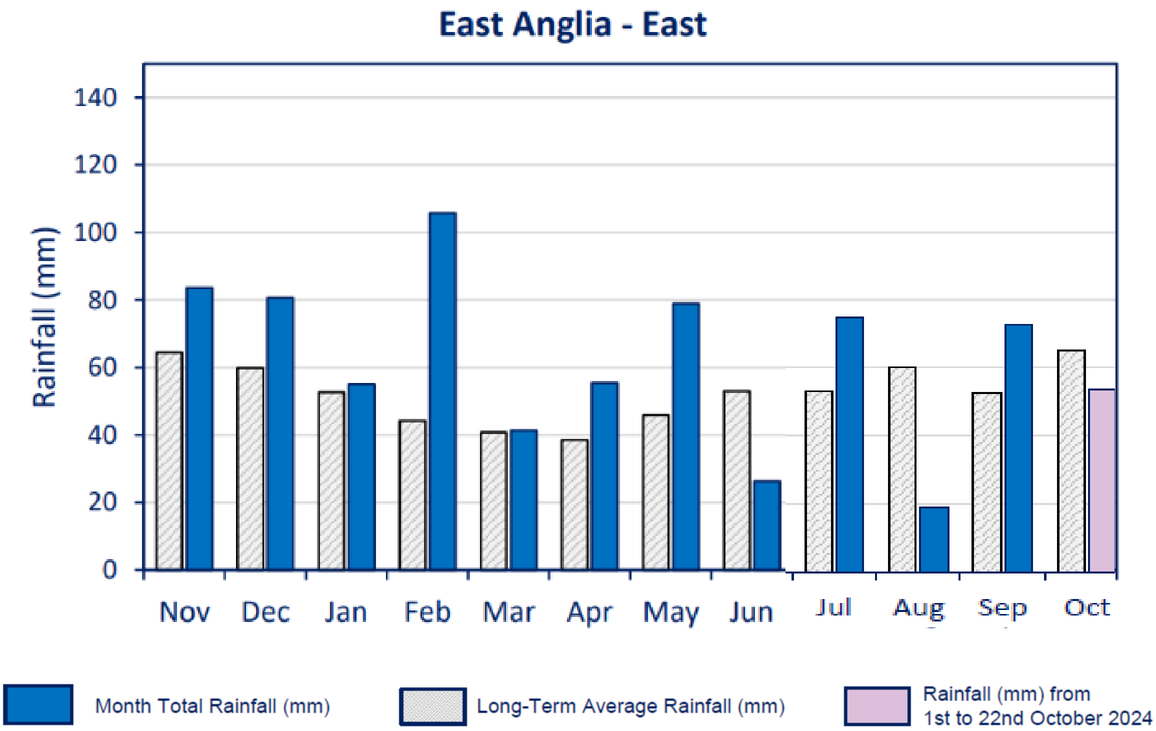
Rainfall Figures 2023-2024

The graph below, provided by the Environment Agency, shows the total monthly rainfall compared with the long-term average from November 2023 to October 2024.

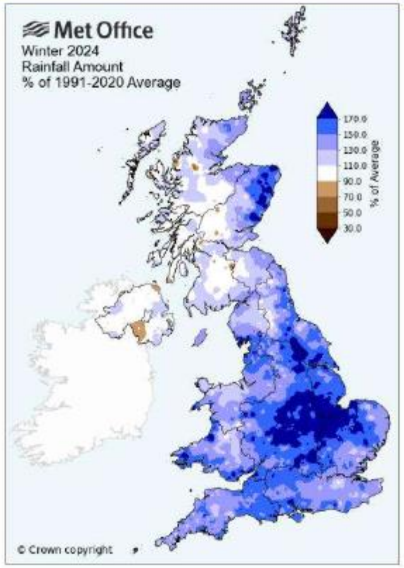


Met Office data for the UK is overleaf.

Met Office

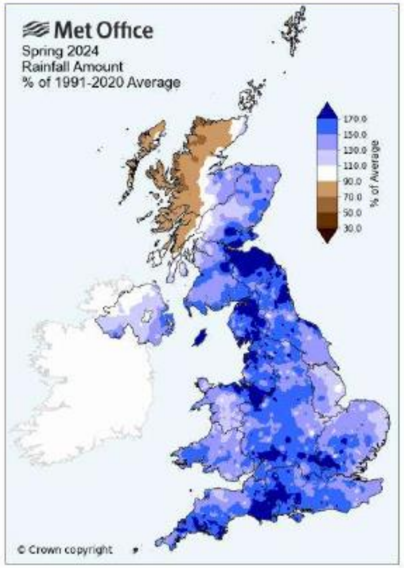
Winter 2023/24 to September 2024

Winter 23/24



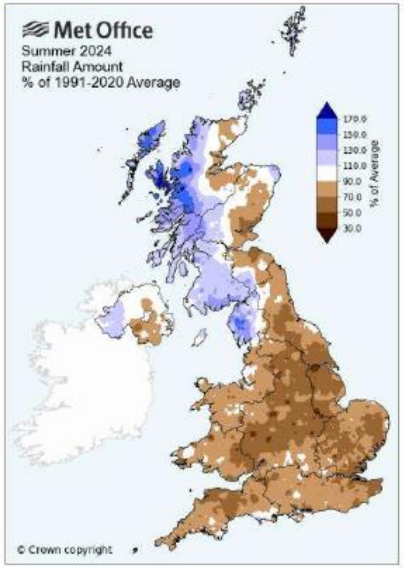
156%

Spring 2024



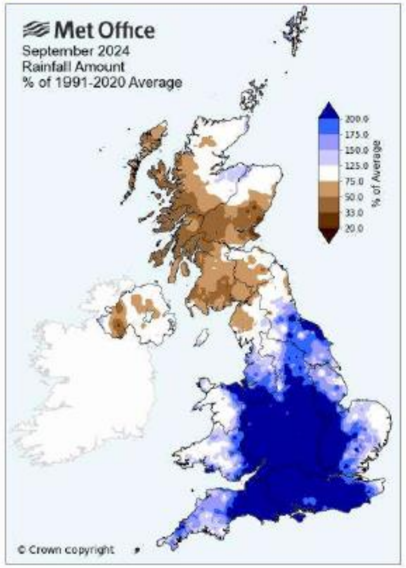
133%

Summer 2024



73%

Sep 2024



128%

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Report Title	Business Continuity Policy and Business Continuity Management Framework
Which Committees is this report intended for? (Please state dates)	Governance Risk and Audit Committee Date: 3 Dec 2024
Is the report Exempt?	☐ Yes ☒ No
Why is it exempt?	-
Does the report concern a Key Decision?	☐ Yes ☒ No
If a Key Decision is it on the Cabinet Work Programme?	☐ Yes ☒ No
Ward(s) affected	All
Responsible Cabinet Member name	Callum Ringer
Contact Officer	Alison Sayer, Resilience Manager
Email address	alison.sayer@north-norfolk.gov.uk
Telephone number	01263 516269
Are there Non-electronic appendices?	☐ Yes ☒ No
List of Background Papers used in drafting this report which are not published elsewhere (this is now required by law and will need to be included at the start of the report)	2024 Review of BC Policy and BCM Framework, Climate Impact Assessment Tool - justifications
File Location	\\fs\Env Health\Resilience\1 Plans, Policies & Procedures\Business Continuity\BC Policy & Framework

Implications/Risks

Have you identified and explained within the report the implications of the options available to Members? (Implications should include financial, legal and links to the Council's existing policies and strategies)	☒ Yes ☐ None
Have you highlighted the risks to the Council? **Financial Implications** and **Risks to the Council** should have their own separate headings. It is not acceptable to simply state that financial implications or risks have been alluded to in the main body of the report.	☐ Yes ☒ None
Have you considered **Sustainability** issues	

in relation to this report? **Sustainability** should have its own separate heading. It is not acceptable to simply state that Sustainability has been alluded to in the main body of the report	☒ Yes ☐ None
Have you considered **Equality and Diversity** issues in relation to this report? **Equality and Diversity** should have its own separate heading. It is not acceptable to simply state that Equality and Diversity has been alluded to in the main body of the report	☐ Yes ☒ None
Have you considered **S17 Crime and Disorder** issues in relation to this report? **Crime and Disorder** should have its own separate heading. It is not acceptable to simply state that Crime and Disorder has been alluded to in the main body of the report	☐ Yes ☒ None

This report has been subject to the following processes:

Consultations with:		
Cabinet Member	☒ Yes	If not please state reason below
Local Member	☐ Yes	If not please state reason below
N/A		
S151 Officer	☐ Yes	If not please state reason below
N/A		
Monitoring Officer	☐ Yes	If not please state reason below
N/A		
Democratic Services	☐ Yes	If not please state reason below
N/A		
Communications Manager	☐ Yes	If not please state reason below
N/A		
Other Head(s) of Service:		
Others:	Assistant Director Environment and Leisure Service	
Please confirm this report has been signed off by:		
Corporate Leadership Team	☒ Yes	☐
The Chief Executive	☒ Yes	☐

Agenda Item No____________

TITLE OF REPORT HERE

Summary:	The Business Continuity Policy and the Business Continuity Management Framework have both been reviewed and updated.
Options considered:	Retaining the current Business Continuity Policy and the Business Continuity Management Framework.
Conclusions:	Not applicable.
Recommendations:	**To adopt the revised Business Continuity Policy and the Business Continuity Management Framework.**
Reasons for Recommendations:	Minor changes have been made to both documents to align with the Council's Net Zero 2030 Strategy & Climate Action Plan.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW
(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

2024 Review of BC Policy and BCM Framework, Climate Impact Assessment Tool - justifications

Cabinet Member(s) Callum Ringer	Ward(s) affected All
Contact Officer, telephone number and email: Alison Sayer, Resilience Manager alison.sayer@north-norfolk.gov.uk, 01263 516269	

1. Introduction

1.1 The Business Continuity Policy and the Business Continuity Management Framework adopted in December 2022 are subject to review every two years. Both documents have been reviewed.

2. Changes introduced

2.1 The Climate Impact Assessment Tool (CIAT) being trialled by the Council was used during the review. The CIAT is designed to assist officers creating and reviewing policies to consider a range of impacts that a proposed project or policy could have on environmental and social criteria.

2.2 Following advice from the Climate Change Project Officer and after using the tool minor changes were made to both documents; references to printing hard copies of plans have been removed and managers are encouraged to consider contingency plans that have a reduced climate impact and carbon emissions.

3. Corporate Plan Objectives

3.1 The Business Continuity Management process supports all Corporate Plan objectives; the aim of the Business Continuity Policy is to ensure the Council can continue to fulfil its critical functions in the event of disruption; the aim of the Business Continuity Management Framework is to develop a resilient Council.

4. Medium Term Financial Strategy

Not applicable

5. Financial and Resource Implications

None

6. Legal Implications

None

7. Risks

None

8. Sustainability

See point 9 below

9. Climate / Carbon impact

No net change – see 2024 Review of BC Policy and BCM Framework, Climate Impact Assessment Tool - justifications

10. Equality and Diversity

Not affected

11. Section 17 Crime and Disorder considerations

Not applicable

12. Conclusion and Recommendations

3.2 The recommendation is to agree to adopt the both the revised Business Continuity Policy and the revised Business Continuity Management Framework in order to align with the Council's Net Zero 2030 Strategy & Climate Action Plan.

Business Continuity Management Framework

December 2024

Version 1.1

Record of Amendments		
Date	Details	Amended by
11/11/2022	Framework created, v1.0	A Sayer
28/10/2024	Two-yearly review. Minor changes to pages 8 & 10 re paper copies of plans and reduced carbon emissions, v1.1	A Sayer

NORTH NORFOLK DISTRICT COUNCIL

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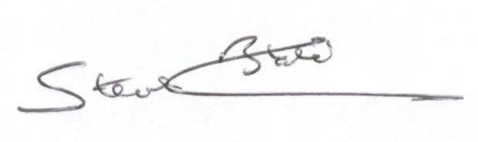
Foreword

The residents and businesses of North Norfolk expect the services provided by the Council to be delivered effectively and consistently. It is important to ensure there are procedures in place to enable the Council to continue to provide services in the face of a range of potential disruptions.

All departments must ensure they have effective Business Continuity arrangements in place not just because it is good management practice but also because it is a requirement of the Civil Contingencies Act 2004.

North Norfolk District Council's Business Continuity Plans identify the procedures and resources required to prepare for and respond to disruptions that may affect its ability to provide essential services.

This Business Continuity Framework establishes the basis on which the Corporate Business Continuity Plan and individual Business Continuity Plans are developed, implemented and reviewed.

Signed:	Signed:
	
Steve Blatch	Tim Adams
Chief Executive	Leader of the Council
North Norfolk District Council	North Norfolk District Council

Context

Business Continuity is both good management practice and a statutory requirement for local authorities under the Civil Contingencies Act (CCA) 2004.

Business Continuity Management (BCM) is a process which identifies and prepares for potential disruptions and seeks to ensure that steps are taken to increase the resilience of “prioritised activities” in advance of a disruption, enabling the Council to maintain delivery of essential functions. BCM is not a one-off project; it is an ongoing activity that should be embedded into the core of the organisation.

This framework explains what Business Continuity Management is, how it is adopted at North Norfolk District Council, and establishes the basis within which the Corporate Business Continuity Plan and service Business Continuity Plans are developed, implemented and reviewed, so that the Council meets its duties in legislation and complies with best practice.

The short-term objective of BCM is to ensure that during a business disruption critical services continue uninterrupted. The longer-term objective of BCM is to ensure that the Council can resume normal services as quickly as possible in the aftermath of any disruption / emergency event.

The framework should be read in conjunction with the Business Continuity Policy and the Corporate Business Continuity Plan.

1. Aim and Objectives

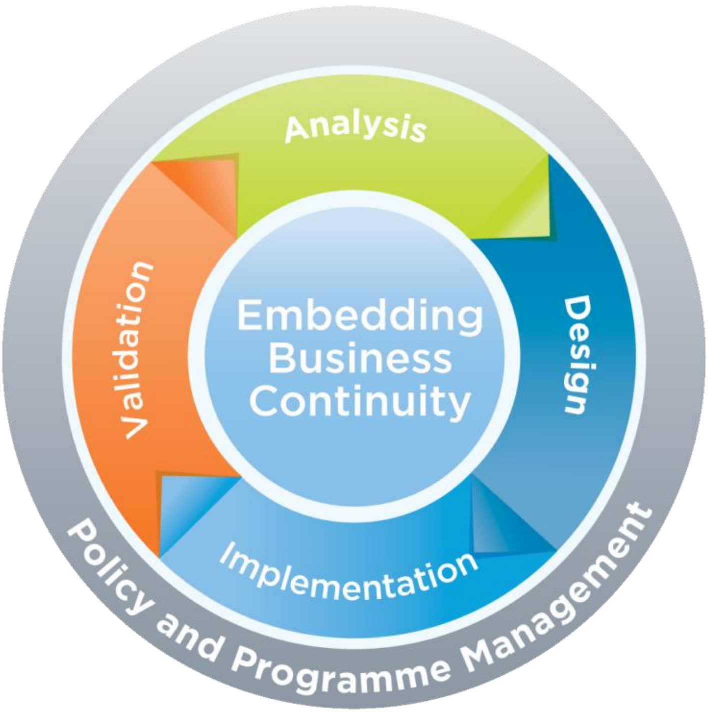
The aim of the Business Continuity Management Framework is to develop a resilient Council. The objectives are to:

- Ensure, where practicable, the Council can continue to deliver its Key Activities in the event of a disruption
- Identify areas of vulnerability in Council services so that effective mitigation measures can be put in place
- Prioritise corporate functions and responsibilities which are essential for the Council to deliver so that overall priorities for recovery are clear
- Describe contingency arrangements to respond to serious disruption, allocating resources and priorities for action to recover critical functions and prepare for return to normal working as quickly as possible
- Describe the communication strategy to ensure information is disseminated effectively during a service disruption
- Ensure all Council service areas are involved in the preparation of service level Business Continuity Plans, to inform the Corporate Business Continuity Plan and so that there is an effective and consistent response to service continuity

- Provide a basis for cost benefit analysis based on risk appetite to determine which specific risk prevention and mitigation actions will be adopted corporately and within service areas
- Build on work already in place for risk management, ensuring existing processes are integrated into the BCM Framework and BC Plans that this is incorporated appropriately into BC plans
- Develop a process to monitor, review, update and validate the Corporate BC Plan and Service BC Plans
- Deliver training and awareness programmes for staff, Elected Members, suppliers, partners and contractors
- Carry out regular tests of plans to validate and further develop BC arrangements
- Embed BCM throughout the organisation.

2. An effective BCM programme

The elements comprising Business Continuity Management are set out in the Business Continuity Institute's Good Practice Guidelines, 2018. The Business Continuity Lifecycle is shown below:



2.1. Policy and Programme Management

Legislation and Guidance

As a defined Category 1 responder under the Civil Contingencies Act 2004, NNDC must demonstrate that it meets the requirements for Business Continuity as detailed within this legislation. In addition, NNDC must ensure that it complies with the Business Continuity Good Practice Guidelines (GPG) 2018.

Governance Risk and Audit Committee (GRAC)

This group agrees, supports and guides the BCM work across the authority. This group is responsible for ensuring the CLT is kept informed of progress toward embedding BCM practices.

Business Continuity Policy

The policy outlines the approach to BCM within NNDC. The policy describes the governance arrangements which have been agreed by the Corporate Leadership Team and Members.

Related roles and responsibilities are as follows:

Chief Executive

- To be a positive champion for BCM across the Council
- Ultimately responsible for the Council's overall BCM arrangements

Corporate Leadership Team (CLT)

- Has overall responsibility for NNDC's services and their continuity
- Maintains an overview of the work associated with Business Continuity, with one member of the Team having overarching responsibility
- Enables the embedding of BCM across the Council
- Ensures that this framework and associated plans are implemented and resourced appropriately
- Supports business continuity planning activity

Resilience Manager (Civil Contingencies Team)

- Responsible for coordinating the BCM programme, supporting the implementation of the BCM process and ensuring information is collated for GRAC
- Makes available best practice tools (such as templates) to support Service Managers
- Supports and advises service areas
- Identifies training needs and supports delivery
- Undertakes basic Quality Control – reviews BIAs and service BC Plans
- Supports the facilitation of testing and exercising of the Council's BCPs when requested by the Chief Executive, Directors or Service Managers
- Following an incident, facilitates debriefing session(s) if required
- Leads on the council's statutory duty to promote BCM in the community

Service Managers

- Lead on Business Continuity arrangements within their service area
- Ensure the BC Plan for their service area remains current
- Review the Business Impact Analysis for their service area every two years
- Attend training commensurate with their role
- Identify staff from their teams that have a role to play in any recovery for suitable training
- Implement the agreed arrangements in the event of a disruption
- Advise the Resilience Manager of any changes that may impact on the contents or procedures outlined in this policy

All Staff

- Familiarise themselves with BC arrangements within their area
- Attend training commensurate with their role
- Engage with testing and exercising

2.2. Analysis

It is vital to understand the critical activities of NNDC. These are the Key Activities which must be maintained as a priority during an incident. A Business Impact Analysis (BIA) must be completed for all services delivered by the authority.

The purpose of the BIA is to:

- List the organisation's services and the Key Activities supporting these
- Document the impacts over time that would result from loss or disruption of a service/activity, aligned with the Council's Risk Management Policy and Framework
- Identify when a disruption would cause significant adverse impacts on services
- Determine priorities for continuity and recovery
- Identify the dependencies and resources that are required to achieve service expectations
- Prevent incidents from occurring by taking preventative steps in advance of, or whilst developing, a BC plan.

Key Activities which have an impact score of 4 ('Major') or 5 ('Extreme') within a week are considered 'Critical activities' for NNDC. Mitigations are considered in more detail for these activities.

Critical activities and non-critical activities have been reviewed and agreed by the Corporate Leadership Team. Critical activities are documented in the Corporate Business Continuity Plan. Departments have considered risks to their critical activities. Many of these risks have already been captured and are being managed on the Corporate Risk Register.

To implement this we will:

- Complete the Business Impact Analysis for each service area every 2 years, this must be consistently completed across the organisation
- Complete the BIA at a high level, capturing activities broadly; avoiding operational detail will minimise the resource required and ensure activities can be prioritised consistently across the organisation.
- Agree NNDC-Critical activities and non-critical activities through CLT
- Demonstrate that departments have taken steps to increase the resilience of their service/critical activities
- Ensure steps are taken to connect the Risk Management process and Business Continuity process actively, to remove duplication
- Ensure all services will have agreed Recovery Timescales assigned to them.

2.3. Design

Once critical activities have been agreed and have recovery timescales assigned to them, it is important that services consider how these timescales may be met in the event of an incident.

There are different solutions to help ensure continuity of services, those considered by NNDC are categorised as follows:

- People (skills and knowledge)
- Premises (buildings and facilities)
- Resources (IT, information, equipment, materials, etc.)
- Suppliers (products and services supplied by third parties)

The table below details the actions required to ensure activities are more resilient and the level of disruption experienced in an incident will be minimised when these are embedded.

People • Ensure that succession planning is considered appropriately. • Ensure key processes are documented and process maps written, enabling others who are less familiar with tasks to complete or support activities. • Ensure critical skills for prioritised activities are documented. • Ensure there is a process to support the transfer of knowledge for those joining the authority, leaving the authority and transferring to new departments. • Ensure staff are trained appropriately and are aware of their BC roles and responsibilities. Ensure there is clarity on out-of-hours working arrangements and remuneration during BC disruptions. • Ensure managers share the contents of their Business Continuity plan with their team. • Ensure managers keep a copy of their plan(s) securely (which is not dependent on a network connection). • Consider how critical activities would be maintained and which services would be potentially suspended in the event of having 25% + staff off sick e.g. as a result of Pandemic Influenza • Ensure managers have arrangements to multi-train/skill all appropriate staff, so that activities are not reliant on a small number of individuals. • Ensure staff skills not utilised within their existing roles are captured to allow maximum flexibility or redeployment. • Test staff contact numbers regularly. • Ensure contact details in Business Continuity plans are reviewed every 6 months. • Encourage staff to take advantage of the NNDC Well Being programme which includes developing personal resilience.
Premises • Ensure that Fakenham Connect is available as a Work Area Recovery site for critical services. • Assess other suitable sites for Work Area Recovery purposes in the event of the Cromer office being inaccessible. • Ensure an assessment is made on the resilience of existing and future premises.

- Ensure evacuation procedures are in place which minimise disruption and support recovery.
- Develop plans for key premises.

Information and Technology

- IT Services must have suitable BC plans in place that link with service/departmental BC plans
- Service BC plans with Critical Activities must include their IT requirements/software to enable IT Services to prioritise systems recovery
- IT Services to develop and maintain a Disaster Recovery plan including arrangements for Cyber attack and National Power Outage/rolling power outage.
- Maintain sufficient planned capacity for remote working – with critical services having priority.
- Ensure IT Continuity/Disaster Recovery arrangements and plans are developed and exercised.
- Ensure staff follow all relevant IT guidelines i.e. not saving key documents in locations colleagues cannot access.
- Ensure IT work is developed in accordance with requirements of the agreed critical activities.
- Ensure consideration is given to Business Continuity arrangements within ICT projects.
- Copies of vital records and essential documentation should be kept separate from originals, possibly at a work area recovery location.
- Where services can continue without IT, “manual workarounds” should be documented.
- IT Services should include Business Continuity within their ICT contracts and involve the Civil Contingencies Team within the process.
- IT Services should have a clearly documented process for managing ICT disruptions affecting external clients and ensuring effective communications with clients.
- IT Services will provide ongoing briefings to CLT to ensure they are aware of the risks to business continuity of any new technology introduced.
- Ensure that guidelines exist on the use of personal devices in an incident .e.g. using WhatsApp on personal devices.

Suppliers

- As NNDC is a commissioning organisation BC must be an important part of all procurement documents and procedures.
- Critical suppliers (suppliers supporting our critical activities) must have Business Continuity arrangements, including documented plans.
- Business Continuity must be referenced within the contractual process as well as in the contract itself.
- Business Continuity must be actively promoted to the supply chain.
- Business Continuity must be included as part of the QA and review process of provider’s arrangements.
- NNDC must review a sample of providers/suppliers BC arrangements each year.

General

- All departments to assess the risks which could impact their critical activities and ensure that these, together with mitigation measures, have been documented appropriately on risk registers.

To implement this we will:

- Review the above actions for increasing service resilience annually with the service managers
- Liaise with Directors and Assistant Directors to ensure that appropriate action is being taken.

2.4. Implementation

As a result of the Business Impact Analysis (BIA), and the development of the above actions to enable continuity and support recovery, BC plans must be created and developed/updated. The term "business continuity plan" is defined as "documented procedures that guide organisations to respond, recover, resume, and restore to a pre-defined level of operation following disruption."

Documents include:

- A Corporate Business Continuity Plan to guide the Council in response to an incident affecting the council's ability to deliver its services, each service is to be responsible for creating its own BC plan. The Corporate BC Plan is to be reviewed annually, updated every two years and be tested at least once every three years.
- Each service to be responsible for maintaining their own BC plans and procedures in accordance with the Business Impact Analysis and corporate policies and procedures. The BC Plans to be reviewed annually and the BIAs to be reviewed every two years
- The maintenance of other suitable documentation, processes and procedures to assist the Council in meeting the requirements of the Civil Contingencies Act 2004

Business continuity plans should be held securely online and should be accessible in the event of losing access to IT. Consideration should be given to having plans available on Resilience Direct as a backup (facilitated through the Civil Contingencies Team). Where possible, managers are encouraged to consider contingency plans that have a reduced climate impact and carbon emissions.

Service managers should share the contents of the BC plan with the team, with due regard to the General Data Protection Regulation, so the team is aware of the plan and requirements in the response to an incident.

Critical or prioritised activities have a shorter recovery timescale or "Recovery Time Objective" than other activities and so will be given priority during service disruptions or major incidents. It is imperative that there are comprehensive Business Continuity plans in place for all critical activities. Activities which are not critical may have simplified BC plans.

The content of plans is shown below.

Corporate BC Plan
The Corporate Business Continuity Plan identifies recovery objectives, the structure for implementation, mitigation measures and the communication process to keep staff, members, partners and the public informed. It includes:

- Critical activities as agreed by CLT
- Invocation procedures
- IT system priorities
- Work area recovery strategy and arrangements
- Key contacts
- Roles and Responsibilities
- Incident categories

- Incident action checklists

Service/Team plans
Service/Team Plans draw on the recovery objectives from the Business Impact Analysis and set out the team's response during a disruption. They include:

- Team priorities
- Invocation procedures
- Numbers of staff required and when
- Resources required and when – including IT systems and software. This must be agreed through the BIA and recovery timescales.
- Key requirements such as vital data or equipment
- Incident action checklists
- Key contacts

Note: Teams undertaking NNDC Critical activities must have comprehensive Business Continuity plans.

To implement this we will:

- Review the Business Continuity Framework every two years
- Review the Corporate and service BC plans once a year
- Ensure all teams undertaking corporately agreed critical activities have comprehensive BC plans.

2.5 Validation

Validation is achieved through a combination of the following three activities:

- **Exercising** – a process to train for, test, assess, practice and improve the business continuity capability of the organisation
- **Maintenance** - a process to ensure that the organisation's business continuity arrangements and plans are kept relevant, up-to-date, and operationally ready to respond
- **Review** - a process for assessing the suitability, adequacy and effectiveness of the business continuity programme and identifying opportunities for improvement

To meet the requirements of best practice as set out in the Good Practice Guidelines (GPG) service plans must be exercised (tested) at least once a year. In the event of a service having several live incidents, it may be acceptable not to run an exercise that year, provided that the incident is fully debriefed, and any necessary changes are made to the plan.

Following disruption to 'business as usual' a debrief must always take place with lessons identified being captured. The debrief can be completed by the team itself or in collaboration with the Civil Contingencies Team. It is important for BC arrangements to be updated and for plans and procedures to be kept up-to-date as a result of these actions.

Audits should be completed regularly to check plans are fit for purpose and are being updated and are kept current.

To implement this we will:

- Establish an exercise and training programme
- Ensure the Corporate BC plan is validated annually and that senior managers are involved and briefed
- Complete a debrief after every incident and cascade the results to those involved. For a significant incident a face to face debrief will be organised, for a minor incident an email asking for feedback may be more appropriate
- Ensure departments have an annual programme of exercises
- Ensure each plan is exercised annually.

2.6 Embedding Business Continuity

To be successful, BCM must become part of the culture of NNDC. The culture plays an important role in the effectiveness of embedding the business continuity programme and the overall level of organisational resilience.

Awareness-raising events such as training, workshops, exercises and regular management briefings will help to ensure that staff are aware of why BCM is important to NNDC.

To embed Business Continuity into the organisation we will;

- Consider the willingness of individuals to undertake BC-related tasks, such as maintaining plans, in addition to their normal roles
- Share best practice information within departments
- Implement a programme of training at different levels within the organisation
- Ensure exercises are being completed at appropriate intervals
- Highlight concerns and non-compliance to CLT
- Agree a programme of communications to NNDC staff with the Communications Team to develop awareness and understanding
- Establish levels of awareness of Business Continuity within the organisation and then review this on an annual basis.

3. Monitoring and review of the BCM Framework

- The BCM Framework will be reviewed every two years, when there are significant structural re-organisations, or when new duties or responsibilities are taken on. It is the responsibility of the Corporate Leadership Team, Assistant Directors and Service Managers to notify the Resilience Manager of any significant changes that occur between these updates.
- Periodically and in line with the Council's auditing policy, the Corporate BC Plan and service BC Plans may be audited by either the internal audit team or external auditors appointed by the Council. The Resilience Manager will complete audits on a minimum of 20% of Business Continuity plans each year

The Resilience Manager will:

- Follow the work plan which includes checking that the activities undertaken are in line with the BCM Framework
- Produce an annual report for review by the Governance Risk and Audit Committee which will outline the achievements and challenges of the programme for each year. The report will be made available and circulated to the Corporate Leadership Team

- Ensure service BC plans are reviewed by the plan owners every 12 months, with a 6-monthly check on all contacts
- Produce a BCM progress report for CLT/GRAC once a year or when there is an organisational requirement

The Governance, Risk and Audit Committee will:

- Monitor risks associated with and the effectiveness of Business Continuity Management (BCM) arrangements
- Review the BC Framework and associated documentation

Cabinet will:

- Set the strategic direction of Business Continuity Management across the Council
- Approve the Business Continuity Management Framework

4. Related policies and plans

- Business Continuity Policy
- Corporate Business Continuity Plan
- Business continuity plans for individual service areas
- Business continuity risks identified in the Corporate Risk Register
- Risk Management Policy and Framework
- Emergency Response Plan.

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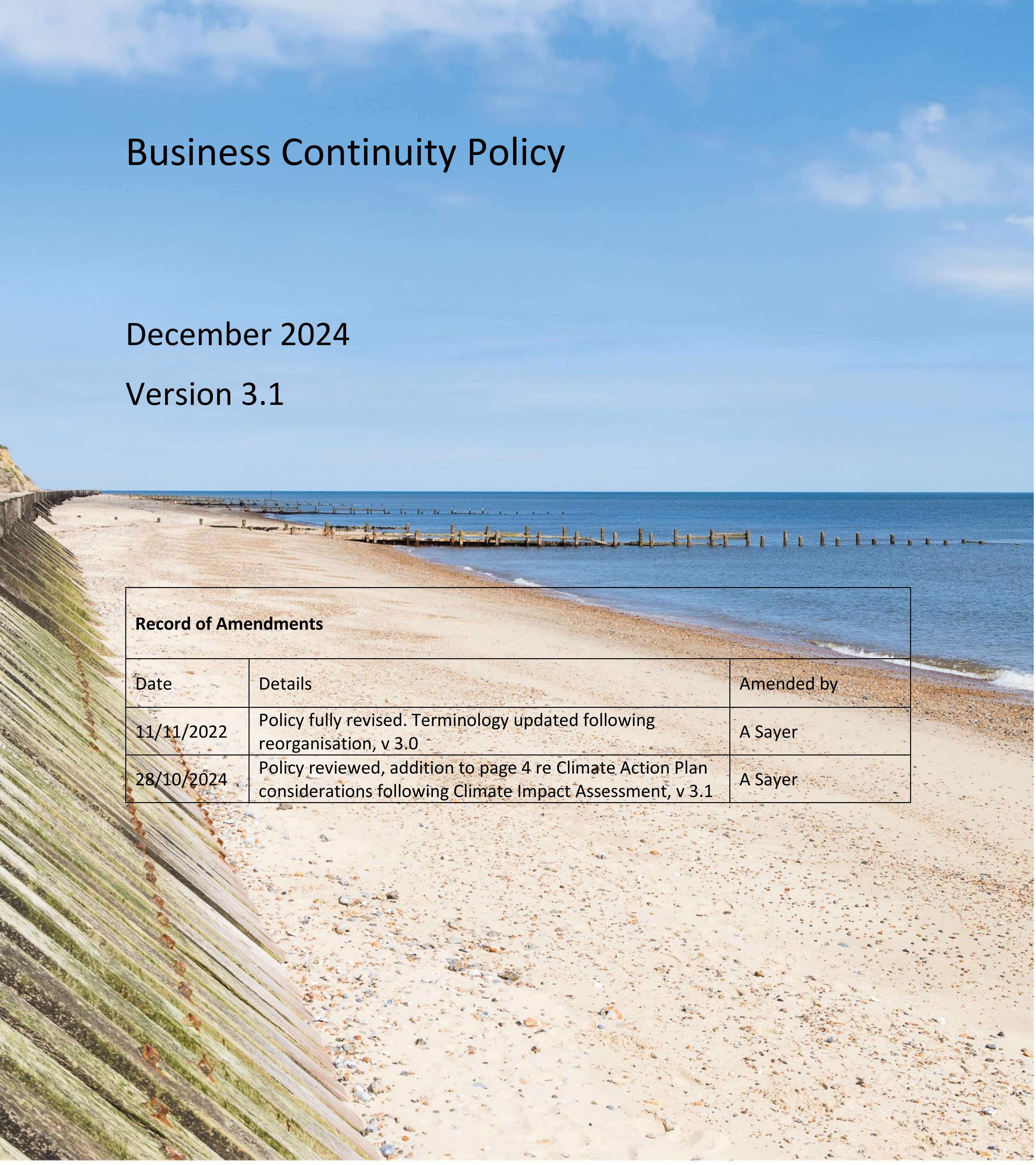

Business Continuity Policy

December 2024

Version 3.1

Record of Amendments		
Date	Details	Amended by
11/11/2022	Policy fully revised. Terminology updated following reorganisation, v 3.0	A Sayer
28/10/2024	Policy reviewed, addition to page 4 re Climate Action Plan considerations following Climate Impact Assessment, v 3.1	A Sayer

NORTH NORFOLK DISTRICT COUNCIL

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Foreword

The residents and businesses of North Norfolk expect the services provided by the Council to be delivered effectively and consistently. It is important to ensure there are procedures in place to enable the Council to continue to provide services in the face of a range of potential disruptions.

North Norfolk District Council's Business Continuity Plans identify the procedures and resources required to prepare for and respond to disruptions that may affect its ability to provide essential services.

The Business Continuity Policy establishes the basis on which the Corporate Business Continuity Plan and individual Business Continuity Plans are developed, implemented and reviewed.

Signed:

Steve Blatch

Chief Executive

North Norfolk District Council

Signed:

Tim Adams

Leader of the Council

North Norfolk District Council

Context

The Civil Contingencies Act 2004 places a duty on local authorities to ensure they have in place Business Continuity Management arrangements.

Business Continuity Management (BCM) is the process that helps North Norfolk District Council (NNDC) to prevent or minimise the impact of disruptions and ensure that whenever disruptive incidents occur:

- Critical operations continue and products and services are delivered at predefined levels
- The return to 'business as usual,' or 'the new normal,' is achieved as quickly as possible.

This policy establishes the basis for the BCM Framework, within which the Corporate Business Continuity Plan and service Business Continuity Plans are developed, implemented and reviewed.

Aim and Objectives

The aim of the policy is to ensure the Council can continue to fulfil its critical functions in the event of disruption.

The objectives of the policy are to ensure that the Council:

- Can respond to a business disruption through embedding BCM processes and developing the overarching Corporate Business Continuity Plan (BC Plan) and underlying service BC Plans in accordance with best practice
- Understands its critical activities and maintains the capability to resume operations within agreed timeframes
- Increases resilience within the organisation by supporting the protection of critical assets and data (electronic or otherwise) through a coordinated approach to management & recovery
- Minimises impacts to both the Council and its stakeholders using a well-managed response structure
- Builds on work already in place for risk management, ensuring existing processes are integrated into the BCM Framework
- Includes all departments in the preparation of the Corporate BC Plan, so that there is an effective and consistent response to service continuity
- Develops a process to monitor, review, update and validate the Corporate BC Plan and Service BC Plans.

Policy statement

The policy of North Norfolk District Council is to ensure that the duties set out in the Civil Contingencies Act 2004 are met, through the application of the Business Continuity Institute's 'Business Continuity Good Practice Guidelines (GPG)' so that the Council can respond appropriately to business disruptions. Specifically, it is the policy of the Council, as far as reasonably practicable, to maintain the continuity of its activities, systems, facilities and services and, where these are disrupted by any event, to enable it to return to 'business as usual' operations as soon as possible. Managers will be encouraged to consider contingency plans that have a reduced climate impact and carbon emissions, in accordance with the Council's Climate Action Plan.

This policy is intended to ensure:

- The concept of business continuity management and the Council's approach is understood by all stakeholders
- Business continuity plans are developed to enable the council to respond to disruptive incidents
- These plans are systematically maintained and validated
- Staff are adequately trained and supported to respond to business continuity incidents.

Policy requirements

- The development of a Business Continuity Framework setting out the BCM principles and how they will be applied at NNDC, in accordance with the Business Continuity GPG. The BC framework to be reviewed every two years
- The maintenance of a Corporate Business Continuity Plan to guide the Council in response to an incident affecting the council's ability to deliver its services. This to be reviewed annually, updated every two years and be tested at least once every three years
- Each service to be responsible for maintaining their own BC plans and procedures in accordance with the Business Impact Analysis and corporate policies and procedures. The BC Plans to be reviewed annually and the BIAs to be reviewed every two years
- The maintenance of other suitable documentation, processes and procedures to assist the Council in meeting the requirements of the Civil Contingencies Act 2004
- An appropriate roster of trained council staff to carry out the roles and responsibilities listed in the Corporate Business Continuity Plan.

Policy monitoring

The Resilience Manager will:

- Follow the work plan which includes checking that the activities undertaken are in line with this policy
- Produce an annual report for review by the Governance Risk and Audit Committee which will outline the achievements and challenges of the programme for each year. The report will be made available and circulated to the Corporate Leadership Team.

The Governance, Risk and Audit Committee will:

- Monitor risks associated with and the effectiveness of Business Continuity Management (BCM) arrangements
- Review the BC Policy and associated documentation.

Policy review

- The Policy will be reviewed every two years, when there are significant structural re-organisations, or when new duties or responsibilities are taken on. It is the responsibility of the Corporate Leadership Team, Assistant Directors and Service Managers to notify the Resilience Manager of any significant changes that occur between these updates.
- Periodically and in line with the Council's auditing policy, the Corporate BC Plan and service BC Plans may be audited by either the internal audit team or external auditors appointed by the Council.

Roles and responsibilities

Corporate Leadership Team

- Act to enable the embedding of Business Continuity Management across the Council
- Ensure that this Policy and associated plans are implemented and resourced appropriately.

Director for Communities

- Ensure adoption of and adherence to Policy

Assistant Director Environment & Leisure Service

- Implementation of Policy

Resilience Manager

- Implementation of Policy
- Overall responsibility for coordinating the BCM programme.

Governance, Risk and Audit Committee

- Review the BC Policy and associated documentation

Cabinet

- Set the strategic direction of Business Continuity Management across the Council
- Approve the Business Continuity Policy, which does not form part of the Council's Policy Framework.

Related policies and plans

- Business Continuity Framework
- Corporate Business Continuity Plan
- Business continuity plans for individual service areas
- Business continuity risks identified in the Corporate Risk Register
- Risk Management Policy and Framework
- Emergency Response Plan.

Relevant legislation

- The Civil Contingencies Act 2004.

Climate Impact Assessment Tool Review

Key	Impact	Action
	Significant and/or long-term positive impact identified.	No changes needed.
	Slight or short-term positive impact identified.	No changes needed but could be reviewed to improve.
	No net change or not applicable.	No changes needed but could be reviewed to improve.
	Slight or short-term negative impact identified.	Review to identify possible improvements.
	Significant and/or long-term negative impact identified.	Changes needed before proceeding. If changes are not possible, justification is required.
	Responses incomplete.	Please return to assessment and answer all questions in this section.

Business Continuity Policy

The 2024 review of the 2022 Business Continuity Policy

Criteria	Score	Justification
Energy Use	0	Negligible change to existing policies re energy use in the home or in the office.
GHGs	0	Page 4 of the 2024 policy has been amended to include 'Managers will be encouraged to consider contingency plans that have a reduced climate impact and carbon emissions, in accordance with the Council's Climate Action Plan' but this is not expected to significantly reduce Greenhouse Gas emissions given that most plans are held electronically and contingency plans would only be enacted upon a disruption to business as usual.
Waste	0	Page 4 of the 2024 policy has been amended to include 'Managers will be encouraged to consider contingency plans that have a reduced climate impact and carbon emissions, in accordance with the Council's Climate Action Plan' but this will not significantly reduce the amount of waste paper upon revision of plans since the majority are held electronically.
Sustainable Transport	0	Managers are encouraged to consider contingency plans that have a reduced climate impact and carbon emissions but this is not expected to significantly impact on sustainable transport choices given that contingency plans would only be enacted upon a disruption to business as usual.
Sustainable Materials	0	Already available on the website and SharePoint. Page 4 of the 2024 policy has been amended to include 'Managers will be encouraged to consider contingency plans that have a reduced climate impact and carbon emissions, in accordance with the Council's Climate Action Plan' but this is not expected to significantly impact the use of sustainable materials.
Democratic Voice	0	This is a review of an existing, internal business continuity policy designed to maintain key services during disruptions to business as usual. It does not directly affect the public. The stakeholders - staff - will be informed.
Equity	0	No impacts on groups with protected characteristics.

Business Continuity Management Framework

The 2024 review of the 2022 Business Continuity Management Framework

Criteria	Score	Justification
Energy Use	0	No change to existing policies re energy use in the home or in the office.
GHGs	0	In respect of the plans themselves, the reference to printing a hard copy has been removed from page 8 of the 2022 Framework as this contributes (minimally) to Greenhouse Gas emissions. The NNDC-Critical business continuity plans, vital records and essential documents must be available offline so that managers have access to them in the event of losing access to IT. However, since managers already know that this can be via OneDrive or held on the desktop rather than the documents being printed in hard copy, and since staff contacts are available via Teams (which works when the Libraries are inaccessible) and via Mobile Phone, this change is unlikely to result in a substantial reduction in the amount of hard copies printed; most were not printed anyway. In respect of disruptions to business as usual, managers are now encouraged to consider contingency plans that have a reduced climate impact and carbon emissions but any change would be negligible.
Air quality	0	No change to the use of petrol and diesel vehicles. Working from home rather than commuting if the premises were unavailable is not a significant change to the current agile working policy and is unlikely to be enacted in any case.
Waste	0	The only waste generated would be paper, if plans were printed at all, which when updated would normally be recycled in the office. The removal of reference to printing should minimise even this, but the saving is not significant.
Sustainable Transport	0	Transport is not affected (as per the Air Quality note).
Sustainable Materials	0	In respect of the plans themselves, if they are printed in hard copy we already use recycled paper; most are available electronically. Page 10 of the 2024 Framework has been amended to include 'Managers will be encouraged to consider contingency plans that have a reduced climate impact and carbon emissions,' but this is not expected to significantly impact the use of sustainable materials since contingency plans would only be enacted upon a disruption to business as usual.

Criteria	Score	Justification
Accessibility	0	No change to existing accessibility.
Democratic Voice	-1	This is a review of an existing internal document addressing business continuity management within the council in order to maintain key services during disruptions to business as usual. The whole point of it is that the public should not be impacted at all and the minor change in the review (the reference to printing) will be communicated to the stakeholders (staff).
Equity	0	No impacts on groups with protected characteristics.

Risk Management Policy and Framework

October 2024
Version 1.07

Foreword

Risk is the effect of uncertainty on objectives - The effect may be positive, negative or a deviation from the expected, and that risk is often described by an event, a change in circumstances or a consequence

Risk Management is defined as: Coordinated activities to direct and control an organisation with regards to risk[1]

This framework provides an outline of the Council's arrangements for risk management. It updates the previous Risk Management Policy and Framework (June 2020) and seeks to clarify the various roles, responsibilities and governance structures. The procedural guidance may be subject to further review and amendment as required subject to approval by the Section 151 Officer, Corporate Leadership Team and GRAC.

Through the Corporate Plan and the supporting service plans, the Council must balance the demands of service users and taxpayers; involve communities in service provision; deliver, commission and regulate services; and enter into local and strategic partnerships, sometimes involving complex funding arrangements. Balancing all these competing demands and objectives means that the Council needs a framework that ensures that a pro-active approach is taken, and risks are considered and managed, before decisions are made.

The Council acknowledges its statutory responsibility to manage risks and deliver cost effective and efficient services. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, and effectively. The Council has a duty under the Local Government Act to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective delivery of its functions, which include arrangements for the management of risk.

The management of risk is woven throughout the Council's key governance frameworks and there are specific requirements to adopt a formal approach to risk management in the following areas:

- Key decision-making reports
- Corporate, directorate and service area planning
- Programme and project management
- Procurement processes
- Partnership working arrangements
- Change management processes

Risk management is an essential part of strengthening the "health" of the Council because it is a crucial part of the overall arrangements for securing effective corporate governance. Risk management can make a difference and enhance performance by identifying and preventing the damaging events from happening and ensuring all the wanted and beneficial events the Council want to do actually happen.

The effectiveness of the council's risk management arrangements is assessed annually as part of the Annual Governance Statement (AGS), which includes the Annual Audit Opinion, and is signed off by the Chief Executive and Leader of the Council. In compiling the AGS, assurances are obtained from a wide range of sources, in consultation with directorates.

This framework is based on good enterprise risk management practices as defined in the ISO

1 - As defined within the ISO 31000:2018 Risk Management – guidelines

31000: 2018 Risk Management guidelines and the ALARM (Association of Local Authority Risk Managers) Risk Management Guide and Toolkit. The framework consists of the following components:

Risk Management Policy Statement	Statement of intent on the Council's approach to risk
Risk Management Strategy	Defines the activities and responsibilities for managing risk and reporting arrangements
Risk Management Guidance	Guidance on how to fulfil strategy objectives
Corporate Risk Register	Register recording all strategic risks and who is responsible for managing them
Service Risk Register	Register recording all service area risks and who is responsible for managing them
Project Risk Register	Register of project risks

1. Policy Statement

North Norfolk District Council (NNDC) recognises risk management as a vital activity that underpins and forms part of our vision, values and strategic objectives, (including operating effectively and efficiently), as well as providing confidence to our community.

Risk is present in everything we do, and it is our policy to identify, assess and manage key areas of risk on a proactive basis. We seek to embed risk management into the culture of the Council. Risk management needs to be embedded throughout all processes, projects and strategic decisions. This includes procurement and contracting, which will ensure partnerships and third-party relationships are fully compliant with the risk management policy and strategy of the Council.

The aim of our risk management framework is to be fit for purpose, reflect our size and the nature of our various operations, and use our skills and capabilities to the full. Risk management is most effective as an enabling tool, so we need a consistent, communicated and formalised process across the Council.

It is important to define the level of risk exposure the Council considers acceptable for the organisation. This creates a clear picture of which risks will threaten the ability of the Council to achieve its objectives.

The risk management policy statement and supporting documentation form an integrated framework that supports the Council in managing risk effectively. In implementing our risk management framework, we provide assurance to all stakeholders that risk identification and management plays a key role in the delivery of our strategy and related objectives.

The Council will involve, empower and give ownership to all staff to identify and manage risk. Risk management activity will be regularly supported through discussion and appropriate action by senior management. This will include a thorough review and confirmation of significant risks, evaluating mitigation strategies and establishing supporting actions to reduce them to an acceptable level. Managing risks will be an integral part of both strategic and operational planning and the day-today running, monitoring, development and maintenance of the Council.

This policy will take effect from the date of approval by Governance, Risk and Audit Committee (GRAC).

The master copy of this document, a record of review and decision-making processes will be held by the Assistant Director of Finance and Assets.

This policy will be available to all staff and Members on the corporate document register on the intranet

2. Strategy Background

All organisations face a wide variety of risks including physical risks to people or property, financial loss, operational risks and failure of service delivery, macroeconomic issues, credit and counterparty investment risk, strategic risks to the organisation’s objectives, environmental and social risks, along with governance and reputational risks. Risk for this purpose is defined as "the chance of an event happening and leading to unintended effects which will impair the organisation's ability to achieve its objectives".

Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the organisation.

The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against, and which must be addressed in different ways. Even in the case of those risks which are insurable, action can be taken to reduce the potential risks with consequent savings of premiums and disruption of work.

The main objectives of the Risk Management Strategy aim to: -

- Ensure risk management is part of strategic and operational management decision making, planning and implementation.
- Manage risks in accordance with the Council's Risk Management Framework, recognised best practice and to enable good governance.
- Take account of internal and external changes that may impact on the Council's overall risk profile.
- Respond to risk in a balanced way, mindful of the Council's risk appetite, considering risk level, risk reduction potential, cost/benefit and relationship to resource constraints.
- Raise awareness of the need for effective risk management.

The objectives and outcomes of this strategy will be achieved by working closely with teams across all the Council by ensuring:

- Risk management is integral to the decision-making process of the Council Elected Members, Corporate Leadership Team, external regulators and the public at large can obtain necessary assurance that the Council is managing its risks.
- Strategic, service and project risks are discussed on a regular basis.
- All risks within projects are fully identified, assessed and managed in accordance with the Council methodologies.
- Joint working across directorates on projects to protect the Council and comply with statutory responsibilities such as Health and Safety.
- Opportunities for shared learning on risk management across the Council's partners is provided.
- Measurement of what is done and participation in comparison and benchmarking activity.

3. Risk Management Guidance

What is risk?

Risk can be defined as anything that poses a threat to the achievement of the Council's Corporate Plan ambitions, programmes or service delivery to residents, businesses and communities. It can come from inside or outside the organisation; may involve financial loss or gain; reputational damage; physical damage to people or property; customer dissatisfaction; failure of equipment; fraudulent activity, etc. Failure to take advantage of opportunities may also have risks such as not embracing an opportunity to bid for external funding, etc.

What is risk management?

Risk management is a management tool and forms part of the governance system of every public service organisation. When applied appropriately risk management can bring an organisation multiple benefit. It can help organisations achieve their stated objectives and better deliver on intended outcomes. It can also help managers to demonstrate good governance, better understand their risk profile and better mitigate risks (particularly uninsurable risks). Externally it can help the organisation to enhance political and community support and satisfy stakeholders' expectations on internal control.

Risk management is the range of activities that an organisation intentionally undertakes to understand, and reduce the effects of, risk in a manner consistent with the virtues of economy, efficiency and effectiveness. Put simply when things go wrong then the cost of rectification brings about an unexpected draw on resources, i.e. waste, this distracts from delivering services and achieving objectives and, in the worst case, can de-rail the Council completely. It is also about making the most of opportunities that present themselves and knowing that the Council is able to respond appropriately when it is in the Council's interests to do so and help achieve objectives.

There is no such thing as a risk-free environment, but many risks can be avoided, managed, reduced or eliminated through good risk management.

Benefits of risk management

- Better delivery of intended outcomes
- Supports the achievement of objectives
- Demonstration of good governance
- Protection of assets
- Improved efficiency of operations
- Protection of budgets from unexpected financial losses
- Better mitigation of key risks
- Increased effectiveness of projects
- Protection of reputation
- Enhanced political and community support

Areas of risk

The following areas of risk have been identified as relevant to the Council to ensure suitable coverage – strategic, operational, emerging and business as usual.

These will form the basis of reporting and monitoring on risks, controls and actions and are explained further below:

Strategic
• Risks that may be materially damaging to the achievement of one, some or all of the Council's key objectives • High level and cross cutting risks which need to be considered in judgements and decisions being made in connection with the Council's priorities, plans and objectives • Identified as part of the process of preparing the Corporate Plan and other related strategies e.**g.** the **Medium-Term** Financial Plan • Members and officers are involved in the identification, assessment and treatment of those risks • Cyclically assurance will be sort from Council management that the strategic risk controls are operating effectively • Strategic risks could be triggered or influenced by the materialisation of operational risks or emerging risks (see below)

Operational risk areas:

Service
• Risks that relate to activity at service level (or projects) and are considered exceptional (or not considered business as usual) in that they have come about through a change in activities (internally/externally) that cannot be managed through normal day to day controls • Risks could also be the result of a failure in control that threatens the ability to maintain business as usual and jeopardises the Council's ability to achieve its objectives (thus by its nature is exceptional) • These risks are likely to be specific to one service area
Financial
• Risks that have explicit financial implications for the Council and could jeopardise financial management and the Medium-Term Financial Plan i.e. failure in or lack of key financial controls, fraud, quantifiable economic uncertainty, commercial risks etc • Risks are considered exceptional (or not considered business as usual) in that they have come about through a change in activities (internally/externally) that cannot be managed through normal day to day controls • They could be a result of failure in control that threatens the ability to maintain business as usual and jeopardises the Council's ability to achieve its objectives (thus by its nature is exceptional) • These risks could relate to one specific service or the Council as a whole
Compliance and Regulatory Risks
• Risks that have explicit compliance and/or regulatory implications for the Council and could jeopardise the Council's ability to remain legal, meet specific or mandatory standards required to deliver services, ensure a positive outcome from inspection etc. • Risks are considered exceptional (or not considered business as usual) in that they have come about through a change in activities (internally/externally) that cannot be managed through normal day to day controls • They could be a result of failure in control that threatens the ability to maintain business as usual and jeopardises the Council's ability to achieve its objectives (thus by its nature is exceptional) • These risks could relate to one specific service or the Council as a whole
Emerging
• Risks that are still morphing. The full nature, understanding and implications of these risks on the Council is yet to be determined. They are often triggered by external events globally, nationally or locally and therefore by their nature are worthy of monitoring • These risks may disappear, contribute to a change or be subsumed within an existing risk or become a risk in their own right, either at strategic or operational level. Once it is understood what these emerging risks might mean for the Council they will be allocated accordingly to one of the areas of risk • These risks could relate to one specific operation, the Council as a whole or be strategic by nature

The provision of good risk intelligence promotes discussion, encourages challenge and enables the organisation to consider risks and opportunities as an integrated element of the day-to-day management of the business.

All reports to committees are required to consider and make explicit the implications they present for the Council's risk appetite and the management of strategic risks, operational risks and business as usual risks.

Business as usual
• Risks that are associated with the failure of the Council's controls and arrangements that are put in place to ensure the continued delivery of services on a day-to-day basis, ensuring probity, regularity and value for money as far as possible • This includes areas such as adherence with policies and procedures, risk assessment of activities and decisions, completion of actions stemming from business planning or continuous improvement plans etc, performance management and measurement, learning and development, management or committee monitoring, review, oversight and scrutiny. The emphasis is therefore on ensuring that these controls remain effective and being assured that this is so

Assurance

Assurance is a level of confidence provided, or obtained, that a given outcome will be achieved as expected.

The Council has various assurance routines including completion of the management Annual Assurance Statements, the cyclical assurance provided over key controls in the Strategic Risk Register and the work of internal audit and other independent reviews of activities that may be undertaken. All outcomes of assurance work will be captured, reported and reviewed via the Corporate Management Team and then presented to consideration to the Governance and Audit Committee as appropriate.

Failures in business-as-usual controls will require rectification and progress of these improvements will be tracked, monitored and reported, as well the implications on the Council's risk profile being considered, with amendment or updating of the risks areas and risk registers as required. Where the failure is so material that it presents a significant ongoing risk to the Council then this could require the creation of a new risk record in an appropriate risk area.

Assurance will be provided that the Council's approach to risk management is working by:

Action	Evidence
Risk registers	Risks identified with risk owners, risk treatment and reporting mechanism
Review of the risk management system	• Performance and Productivity Oversight Board • Governance, Risk and Audit Committee • Internal and external audit
Annual Assurance Statements	Ensures the efficient application and integration of risks, controls and assurances coupled with their reporting
Committee reports	Integration of risk identification as part of the member review and approval process

4. Leadership and Responsibility

Given the diversity of Council services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear.

- The Cabinet Member for Finance and Resources and the Corporate Leadership Team are jointly responsible for ensuring that risk management is embedded throughout the Council. Assistant Directors and Service Managers are responsible for ensuring that, within their areas, risks are being effectively managed.
- The GRAC is responsible for scrutinising risk management systems
- The principles of this framework should be communicated to partners and that the arrangements for managing risk are clearly understood
- The Governance & Risk Officer will provide advice and assurance on a day-to-day basis

The framework of roles and responsibilities in Appendix One shows how these are allocated.

5. Corporate Governance

NNDC has adopted a Local Code of Corporate Governance setting out the framework through which it will carry out its responsibilities to deliver effective services.

Core principle four requires "taking informed and transparent decisions which are subject to effective scrutiny and managing risk". This requires that an effective risk management system is in place.

As part of the Local Code it states that the authority should prepare and publish an Annual Governance Statement (AGS). This statement is a key corporate document and will include an assessment of the authority's effectiveness of managing risk; it is signed by the Corporate Director and Head of Paid Service and Leader of the Council.

The assessment of the authority's effectiveness of managing risk is provided by an annual report to the GRAC.

6. Resourcing Risk Management

Risk management is not a new issue and, as identified in the Leadership and Responsibility Section, every Member and Officer is responsible for considering risk implications as they relate to their actions. Since the adoption and implementation of the Risk Management Framework in 2010 the concept of risk management has been formalised and is part and parcel of the culture of the Council.

The role of Corporate Risk Officer is held by the Director of Resources.

7. Officer and Member Roles

Whilst acknowledging the wide variety of risks that face the Council, and the differing circumstances that apply in different services, it is essential that there is some consistency in the way that risks are identified and assessed. This helps to ensure that all areas of risk are adequately considered and relative priorities for action can be judged.

The Performance and Productivity Board manages risk on behalf of the authority, with the Corporate Risk Register being managed by Corporate Leadership Team and GRAC.

The Corporate Risk Register is a standing item on the agenda to review at every GRAC meeting and is considered and reviewed by CLT on a quarterly basis.

8. Risk Management Role in the Cabinet and Governance, Risk and Audit Committee

The Cabinet is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council.

The GRAC was established in 2006 when it replaced the Audit Committee. The GRAC is responsible for monitoring the arrangements in place for the identification, monitoring and management of strategic and operational risk.

To provide the GRAC with the necessary information to undertake these responsibilities, regular progress updates on the Corporate Risk Register are reported at every meeting.

9. Risk Management Approach

The development of a consistent, corporate approach to risk management is done in a methodical and proportionate way to avoid the creation of a self-defeating bureaucratic burden.

Risk assurance and review procedures

To ensure the Risk Management Framework remains fit for purpose, the Council will continually seek to review and improve its risk management methodology and embrace new initiatives and industry practices that suit the needs of the organisation. The Council will adapt to its changing operating environment and economic conditions and have a risk framework with sufficient flexibility to cope with these changes.

Risk management is subject to the Council's internal audit practices and is periodically audited to enable the auditors to provide assurance that processes are in place to identify, assess and manage the risks the Council faces. Any recommendations arising from audits are channelled back through annual work plans to ensure they are implemented.

To enable links to be made to the Corporate Plan and Delivery Plan, the Corporate Risk Register (CRR) identifies the Corporate Objective/Service priority to which that risk is identified.

10. Methodology

A methodology for identifying, assessing and managing risk within the Council is in operation. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service and project planning processes.

Guidance for managers on the application of the risk management methodology has been produced and is available on the intranet for all officers. Risk review meetings between the Policy and Performance Management Officer and Service Managers are held at least every six months to review and updated the assessment of existing risk and their management, to identify new risks and risks that should be put forward for inclusion in the Corporate Risk Register (CRR). Processes have also been improved in respect of individual risk registers whereby any risk classified as 'high' is escalated for inclusion within the CRR.

Risk assessments should be produced to support strategic policy decisions and all major projects. The Guide to Project Management (on the Intranet) includes how to assess risk and has forms to capture the data. The Council's risk management methodology should be followed to produce these risk assessments and a summary of the findings given in reports to Members.

Risk management training will be provided for managers to assist with implementing the risk management methodology. Managing Risk is a tutorial in the e-learning portal.

11. Risk Scoring, Matrix and Risk Tolerance

Corporate Risks

Each corporate risk (a similar matrix is used for service risks) will be assessed against the following criteria:

Corporate Risk					
Impact Type	**Catastrophic 5**	**Critical 4**	**Moderate 3**	**Marginal 2**	**Negligible 1**
Objectives	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success of the Corporate Plan.	Some impact on more than one Service.	Insignificant impact on more than one Service.
Financial Impact (Loss)	Over £1.5m	£500k - £1.5m	£300k - £500k	£20k - £300k	£0-20k

Likelihood ratings and dimensions are tabled below

Grade	Likelihood	Probability	Timing
5	Very High	Over 90%	Within six months
4	High	60 - 90%	Within a year
3	Moderate	40 - 60%	Within 1 to 2 years
2	Low	10 - 40%	Probably within 15 years
1	Very Low	below 10%	Probably over 15 years

Service Risks

Impact ratings and dimensions are tabled below.

Service Risk					
Impact Type	**Catastrophic 5**	**Critical 4**	**Moderate 3**	**Marginal 2**	**Negligible 1**
Objectives	The key objectives in the Business Plan will not be achieved	One or more Key Objectives in the Business Plan will not be achieved.	Significant impact on the success of the Service Business Plan.	Personal or team objectives not met.	Insignificant impact.
Financial Impact (Loss)*	Over £500k	£300k - £500k	£75k - £300k	£10k - £75k	£0-10k
Service provision	Service suspended long term or statutory duties not delivered.	Service suspended short term.	Service reduced significantly	Slightly reduced	No effect

* Note: these are indicative figures it may be better to use % of budget for some of the smaller services.

Likelihood ratings and dimensions are tabled below.

Grade	Likelihood	Probability	Timing
5	Very High	Over 90%	Within six months
4	High	60 - 90%	Within a year
3	Moderate	40 - 60%	Within 1 to 2 years
2	Low	10 - 40%	Probably within 15 years
1	Very Low	below 10%	Probably over 15 years

The probability and timing are guidelines only and should be used with judgement. For example: an identified risk happened in the last six months but had not occurred previously for over 10 years. The likelihood of it happening again is still probably still Low, particularly if you feel that any new controls put in place since the risk happened have made it less likely.

Risk Matrix

The scoring by using a 5x5 matrix, which multiplies the numbers together, gives a wider range of scores.

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
Multiply	**1**	**2**	**3**	**4**	**5**

A very high likelihood with a catastrophic impact would score 25 but something that was very low likelihood and negligible impact would only score 1.

Risk Tolerance

The scoring is again a 5x5 matrix, which multiplies the numbers together.

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
Multiply	**1**	**2**	**3**	**4**	**5**

A score of 6 or under is deemed marginal and requires no further action. A score of between 7 and 14 is deemed moderate and requires action to reduce the score. A score of over 15 is deemed critical and requires immediate action.

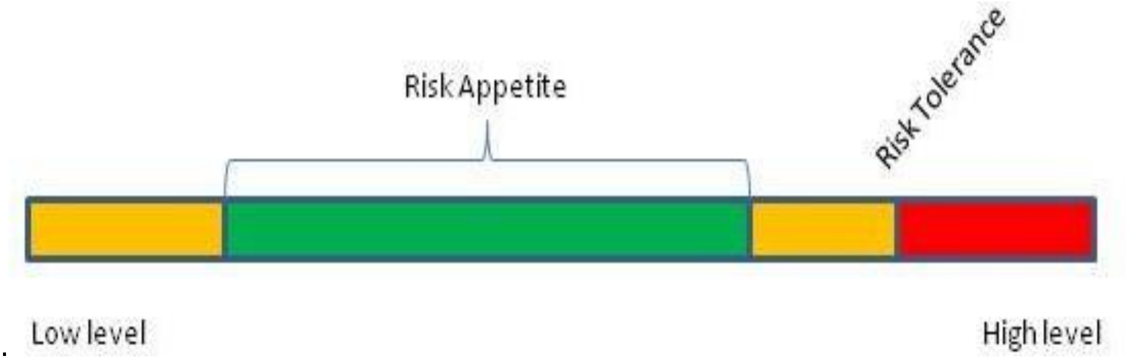
12. Risk Appetite

Risk appetite can be defined as the amount of risk that an organisation is willing to take on in pursuit of its strategic (corporate) objectives. There is no one size fits all, neither is risk appetite easy to define. The Council's appetite for risk can vary dependent on the nature of the risk and the prevailing operating conditions or circumstances.

Risk management is not about being 'risk averse'. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities and about achieving objectives once those decisions are made. In defining its risk appetite, the Council is in a better position to avoid threats and take advantage of opportunities. A clearly understood and articulated risk appetite assists the Council through more informed risk focused decision-making.

Factors such as the external environment, people, business systems and polices, and how key stakeholders perceive the Council, will all influence the Council's risk appetite.

The diagram below shows where the risk appetite sits and what the tolerance is.



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Risk Themes

All risks should be considered in the context of the Council's risk appetite. To assist this further the Council has identified a number of risk appetite themes, driven by the Council's strategic objectives, against which they have assigned a risk appetite. Therefore, in the instances where risks are associated with the theme and dependent on the risk score assigned, the Council will be more easily able to determine how they respond and so make best use of mitigation resources.

Risk	Appetite
Financial	High appetite for a range of asset classes, property and longer-term investments, subject to careful due diligence and an emphasis on security as well as matching with the Council's required liquidity profile. High appetite for high volatility investments as long as this is within a balanced portfolio so that the overall risk exposure is minimised. Medium risk for consideration of emerging markets with a lower appetite for capital growth-oriented investments versus income generating investments. No appetite for currency risk.
Macroeconomic	High appetite for exposure to local and national economic growth. No appetite for exposure to global growth, interest rate risk, inflation risk, geopolitical and tail risk events.
Credit and counterparty	High appetite for exposure to highly rated counterparties, investment grade or secured credit risk and financial institutions with strong balance sheets, all subject to careful due diligence and an assessment of the transaction versus the Council's resources, capacity, funding needs, broader goals and cash flow requirements. No appetite for unsecured non-investment grade debt.
Operational	Medium appetite for BAU (Business as Usual) operational risks with staff empowered to make decisions. Low appetite for operational risks such as pricing errors, errors in administration, IT, cybersecurity etc. The Council maintains Risk Registers for key initiatives and significant investments to assess and mitigate specific risks on a more granular level. Business continuity plans have also been established to mitigate external occurrences. No appetite for fraud, regulatory breaches and exceeding risk tolerances.

Strategic	High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.
Environmental and Social	No appetite for environmentally negative risks or for social risks e.g. income, education, employment, health and housing, especially in the local region.
Governance	Low risk appetite in respect of compliance with Council policies, alignment with the Corporate Plan, delegation levels, fraud, transparency and major organizational change programmes. Medium appetite for partnership related risks.
Reputational	High risk appetite in respect of national media coverage, medium risk appetite for local media coverage and no risk appetite where social media and internal reputation are concerned.

It is recognised that a certain amount of risk is inherent in all of our activities and that it can be a positive driver in the development of the services we provide and our approach to investment.

The Council has developed a risk appetite. The risk appetite is not absolutely prescriptive, but instead provides a number of underlying component parts that encourages structured thinking. The aim of the risk appetite being to allow the Council to reach an informed conclusion as to whether the risk can be accepted, and to what extent, to achieve the desired outcomes

Averse	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.
Cautious	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
Moderate	Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes.
Open	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.
Hungry	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return

It is recommended that an appetite of “moderate” is adopted.

Risk appetite monitoring and reporting

The Council will continue to keep under review its risk appetite, fully recognising that this may be susceptible to change due to various factors, both internal and external, that could shape the nature and extent the Council is prepared to take risks.

13. Risk Identification

To meet the requirements of this framework, risk(s) must be capable of being identified at any level, and by anybody within the Council.

The key people are the service managers who will be actively monitoring their service plan to identify risks and change management practices and controls to reduce their impact. They can also be escalated to being a corporate risk through CLT.

14. Risk Registers

The authority has three levels of risk register. The Corporate Risk Register (CRR) is maintained by the Corporate Risk Officer (Director of Resources) and monitored by CLT and GRAC. The service risks are monitored through the service plans. There are also individual risk registers for certain projects. Reviewing service risks is the responsibility of the service manager with the support of the Policy and Performance Management Officer.

There is no "classic" definition of corporate risk as each organisation is different, however, as a guide a risk that would be described as corporate is one that would adversely affect the delivery of the Corporate Plan or mean the failure to deliver a corporate objective or affects more than one area of operation.

The Corporate Risk Register (CRR) is in the following format:

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer

The method of scoring likelihood and impact is in section 10. Similarly, there is no "classic" definition of service risk, and it is the clear intention to only collect and monitor the main risks that face a service. In a similar way to the corporate risk, a service risk is one that would adversely affect the delivery of the services business plan or mean the failure to deliver a service objective or affects more than one area within the service.

The service risks are gathered in a similar way.

All service plans will have the risk element completed and signed off by the relevant Director. For each risk the category or categories of risk are identified to assist in assessing the kind of control, mitigation and contingencies that should be put in place.

Categories of risk;

a. Financial
b. Macroeconomic
c. Credit and counterparty
d. Operational (including capacity/delivery/resources/health & safety)
e. Strategic
f. Environmental and Social
g. Governance
h. Reputational

15. Involvement of Other Related Groups

There are other officer groups in existence which deal with specific areas of risk management e.g. the Health and Safety Group and the Corporate Business (Service) Continuity Group. These groups include various Heads of Service so that their work can be coordinated with the overall management of the risks facing the Council.

In addition to the above, the Council's Internal Audit section also contributes to the management of risk. The work of Internal Audit is based on a needs and risk assessment process that identifies and focuses resources on higher risk areas. Audit findings are reported to the relevant Chief Officer and Service Manager together with recommendations for improvement and an action plan. Checks are undertaken by Internal Audit to ensure agreed recommendations are implemented. Outstanding audit recommendations are monitored by GRAC at its meetings.

The Corporate Risk Officer will receive copies of all finalised internal and external audit reports to assess if any change is required to the risk registers.

16. External Contacts

The potential risks faced by the Council are in many cases similar to those faced by other authorities and it is practical and cost effective to learn from the experience of others.

In order to share risk management information and experiences, the Council has established networks with other authorities and agencies. Specifically, the Council is a member of the Norfolk Risk Managers' Group. This Group, whose members include local authorities, police authority and others from Norfolk, meets on a regular basis to discuss risk management issues that are common to organisations and to share examples of best practice.

17. Linked Policies

There are several policies that are or will be linked to this framework:

- Health and Safety Policy
- IT Security Policy
- Information Management Strategy
- Business Continuity Policy
- Information Risk Policy
- Data Protection Policy

18. Review Process

This Framework will be reviewed by the CLT, and any amendments will be agreed by the GRAC.

Appendix 1: Shared Leadership – Role and Responsibilities

All Officers and Members have a responsibility to ensure that risk management is effective across the whole of the Council's operations. Specific roles and responsibilities are set out below:

The Council	• Overall responsibility for risk management • Provide a corporate perspective on the risk appetite of the Council • Ensure risk management is embedded into all processes and activities
Cabinet Member for Finance & Resources	• Strategic endorsement of the overall approach and attitude to risk management • Champion risk management
Governance, Risk and Audit Committee	• Approve and monitor the implementation of the Risk Management Framework • Review Annual Governance Statement including effectiveness of risk management • Provide assurance to members that risks are being identified and managed, which includes oversight of the Strategic Risk Register, and scrutinise the system of internal control
Chief Executive	• Strategic leadership that endorses the implementation of the Risk Management Framework across the Council
Section 151 Officer	• Overall responsibility for maintenance and delivery of risk management across the Council • Disseminate and promote the framework • Champion risk management
Corporate Leadership Team	• Take ownership of the identified strategic risks, consider their importance against strategic objectives and action further controls as required • Monitor the Strategic Risk Register • Create an environment and culture where risk management is promoted, facilitated and appropriately undertaken • Raise awareness of risk with Members and officers as appropriate • Monitor project risk registers

Directors, Assistant Directors and Service Managers	• Understands the Risk Management Framework and their accountabilities • Communicate risk management approach and framework throughout the Council • Identify, assess and communicate risks within their area of responsibility • Provide support/assistance to employees in fulfilling their risk management duties • Undertakes assessment of risk for their service in relation to service planning and budget setting process • Identifies partnership and contractual arrangements where there are shared risks, ensuring these are recorded and properly managed • Reviews risks on a regular basis and discusses the management of risks with relevant team members
Performance and Productivity Board	• Provide a forum for the discussion of risk management issues • Review and monitor the Service Risk Register • Promote and embed risk management throughout service areas • Help ensure commitment of key stakeholders is obtained • Share best practice across the risk champion network

Document Information and Version Control

Document Name	Risk Management Policy and Framework
Document Description	The framework outlines responsibilities for managing risks and defines how risk management should be applied across the Council.
Document Status	Under Review
Lead Officer	Duncan Ellis
Sponsor	Steve Blatch
Produced by (service name)	Finance
Relevant to the services listed or all NNDC	All
Approved by	
Approval date	
Type of document	Policy and Framework
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Next review date	

Version	Originator	Description including reason for changes	Date
1	Peter Gollop		August 2010
1.01	Helen Thomas	Transferred to policy template	23 October 2015
1.02	Helen Thomas	Marked up version showing out-of-date elements and suggested changes	09/11/2015
1.03	Karen Sly	Draft refresh presented to Audit Committee pending further review	February 2016
1.04	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	March 2017
1.05	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	March 2018
1.06	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	June 2020
1.07	Tina Stankley	Updated provided to the Governance, Risk and Audit Committee	November 2024

Interim Corporate Risk Register as at November 2024

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Overview

The new Labour Government delivered its first Autumn Budget on 30 October 2024. The anticipated announcements around funding reforms, 3 year financial settlements and increased levels of funding to address specific local government budget pressures were not forthcoming in any great level of detail. A "local government financial policy statement" will be issued during November which will "set out further details on 2025-26 and the multi-year settlement from 2026-27". Actual allocations and final decisions about the settlement will not be released until December. So the sustainability of the Council's financial position remains a significant risk.

The four 'red' risks are all ones where having sufficient funding in place is critical to reducing the level of risk. These are the major coastal projects, the delivery of housing and the medium term financial plan.

The Council has now received confirmation of the funding for the Fakenham Leisure and Sports Hub (FLASH). The scheme can now proceed but there is concern over the timeframe for the delivery of the project. This will be closely monitored. The Council is waiting for approval from MHCLG to extend the timeline without affecting the allocated funding.

It is recommended that two of the corporate risks are removed from the Corporate Risk Register, these being CR030 Sheringham Leisure Centre and CR032 Fakenham Roundabout as the Leisure Centre has been operational for some time and the funding has been received for the Roundabout and it is now under construction.

The Corporate Leadership Team propose the inclusion of a new risk. The Government is drawing up a White Paper about English Devolution. The White Paper will "set out more detail on its devolution plans including on working with councils to move to simpler structures that make sense for their local areas, with efficiency savings from council reorganisation helping to meet the needs of local people." The risk is around the capacity to address all that this will involve – the governance, the structures and the finance along with other emerging issues e.g. the implementation of a separate food waste collection by March 2026.

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Risk Matrix

5					
4		CR 038	CR 008 CR 034	CR 002 CR 015 CR 036	CR 010
3		CR 009 CR 037 CR 040	CR 001 CR 013 CR 025 CR 035 CR 039	CR 024	
2		CR 028 CR 030 CR 032	CR 026 CR 029		
1					
Impact **Likelihood**	**1**	**2**	**3**	**4**	**5**

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CR 001 Deteriorating/ underused property assets

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Council: Opportunity: 3 Increasing the rates of occupation on all council's commercial properties	1. Deteriorating/ underused property assets. 2. Lack of funding to repair and maintain assets and increased maintenance costs. 3. Loss of revenue / legal liability/ not achieving value for money /reputational risk/ capital commitment. 4. Primary - A Financial, Secondary - H Reputational 5. High appetite for a range of asset classes, property and longer-term investments, subject to careful due diligence and an emphasis on security as well as matching with the Council's required liquidity profile.	3 x 4 = 12	Business cases for commercialisation of assets to deliver future income and efficiencies. Adequate budget provision both from revenue and capital to support R&M works and capital investment. Asset Condition Surveys. Compliance policies in place and up to date. Compliance works undertaken in a timely fashion. Adequate staff or appropriately qualified external contractor support.	3 x 3 = 9 →	Production and approval of the Asset Management Plan	2 x 2 = 4	The Asset Management Plan is going through an internal consultation process.	Daniel King

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CR 002 Flooding, erosion and loss of assets and delivery of services

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Greener: Coast: 3 Continuing our programme of investment in coastal and resort infrastructure and amenities, building on the progress made in recent years	1. Lack of ability to maintain coast defences and / or to support local coastal adaption needs. 2. Lack of Government funding. 3. Inability to adapt to climate change - increased coastal erosion and flooding. 4. Primary – E Strategic, Secondary - F Environmental and Social 5. High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.	5 x 5 = 25	Corporate Planning / Service Planning. Net Zero 2030 Strategy and Climate Action Plan. Shoreline Management Plan (SMP). Repairs & Maintenance Programme. Procurement practices. Health & Safety checking and monitoring. DEFRA funding of capital schemes. Coastal Monitoring including the use of drones. Control of coastal management schemes through procurement and regular checking. Coastal Partnership East set up. Environment Forum. Health and Safety repairs as needed	4 x 4 = 16 →	10-year capital programme. Refurbish coastal defences at Mundesley. Refurbish coastal defences at Cromer.	3 x 3 = 9	Construction of the Cromer and Mundesley Scheme started 5 March 2024. Schemes are progressing in line with the programme. Cromer is forecast to be complete in winter 2024 and the Mundesley part of the scheme is due to complete summer 2025. Urgent health and safety repairs to assets are being undertaken. Non urgent repairs are being included in the ongoing repairs and maintenance programme. Ongoing cliff slips and asset deterioration is being investigated and assessed and plans of action being considered.	Tamzen Pope

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CR 008 Loss of Information

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do	1. Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do 2. Loss of information assets. 3. Operational disruption, impact on customers. 4. Primary – A Financial, Secondary – H Reputational 5. Low appetite for operational risks such as pricing errors, errors in administration, IT, cybersecurity etc.	5 x 4 =20	PSN Code of Connection compliance. ICT Strategy. IT Security Policies. Implement data security protocols. IT Monitoring. Data Protection training. Regular audits of IT security arrangements. Regular 3rd party data protection and integrity testing. Information Risk Policy and Role Description. GDPR compliance Framework. Certificated Security Professional Training Cyber security training	4 x 3 = 12 →		3 x 3 = 9	Ongoing cyber security training for all staff taking place. The risk is no deemed moderate and is well managed by the IT team and the Data Protection Team, taking reasonable steps to guard against and mitigate this risk. IT Security Policy recently updated, and all staff required to sign that they have read and understood it. The Council has recently obtained an external IT service review which considers governance issues and recommendations which is now being reviewed by CLT.	Cara Jordan

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CR 009 Poor Procurement

orporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do	1. Inadequate procurements 2. Procurement policies and procedures not followed or not fit for purpose. 3. Poor Procurement - poor value for money, poor strategic and operational outcomes, legal challenge, loss of public confidence, lack of transparency 4. Primary – A Financial, Secondary – H Reputational 5. Low risk appetite in respect of compliance with Council policies	3 x 4 = 12	Procurement Strategy. Procurement Framework. Joint procurement protocol and opportunities for joint/ shared procurement with other authorities. Advice for external suppliers. Procurement responsibility assigned. Publish updated and complete contracts register.	3 x 2 = 6 ⟶	Implement new Procurement Act 2023 – implementation date delayed until February 2025 by the Government	2 x 2 = 4	An audit of procurement has been carried out and recommendations implemented. New procurement legislation has been delayed until February 2025 will result in changes in the way we carry out procurement. The Procurement Officer, her manager and the AD Legal will be undertaking training and will take action to ensure NNDC complies with the legislation.	Tina Stankley

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CR 010 Housing Delivery -

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Housing: Housing Need: 1 Supporting the delivery of more affordable housing, utilising partnership and external funding wherever possible	1. Potentially many factors that could cause this risk – both at a national and a local level e.g. the state of the economy and/or nutrient neutrality related matters. Governments draft NPPF, July 2024, suggests that NNDCs housing target should be increased by approximately 70% per annum. 2. Non delivery of housing targets 3. Increasing homelessness, impact on NHB, vibrancy of local communities, impact on social infrastructure, loss of temporary accommodation in district, lack of social housing. 4. Primary – E Strategic, Secondary - F Environmental and Social 5. High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.	4 x 5 = 20 ??	Housing Strategy. Support and assist affordable housing providers. Use of capital. Local Plan. Development Management. Responded to NPPF consultation. Annual Local Plan monitoring report.	4 x 5 = 20 ⟶	Work to produce a new Local Plan. Delivery of the Planning Service Improvement Plan. Work with partners on Nutrient Neutrality matters.	2 x 4 = 8	Local Plan – further consultation started. Progress on PSIP being made. Reported to O&S October 2024. Norfolk Nutrient Mitigation Fund was launched on 16 May 2024. Second phase of funding was successful, £8.85m secured for the Nutrient Mitigation Fund Partnership.	Russell Williams

CR 013 Emergency Event

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Statutory obligation	1. These events could include those that affect the Council and its resources or an event that affects the wider district. 2. Any Internal or external event that has a significant impact on the Council. 3. The ability of the Council to deliver services is reduced. 4. Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety), H Reputational 5. Medium appetite for BAU (Business as Usual) operational risks with staff empowered to make decisions.	4 x 3 = 12	Corporate Planning / Service Planning. Budget Process / Budget Monitoring. Project management framework. Emergency Response & Recovery Planning. Business Continuity Planning. Services' Business Continuity Plans (BCP). Corporate Business Continuity key role training. Corporate Policies and Procedures. Employment Policies. Forward adverse weather guidance. Emergency Response Plan EH out of hours duty officer	3 x 3 = 9 →	Review of strategic level response guidance, training and exercises.	2 x 3 = 6	Service managers have completed the business impact analysis and updated all business continuity plans during 2024. The Environment Agency and the Met Office have indicated that there is the potential for persistent flooding issues this autumn and winter due to high ground water levels. Multi-Agency planning for this is currently taking place.	Alison Sayer

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CR 015 Medium Term Financial Plan

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Council: Effective & Efficient: 1 Managing our finances and contracts robustly to ensure best value for money	1. Reduced funding to fund current service levels and produce a balanced budget. Use of reserves is not sustainable strategy to bridge income/ expenditure. 2. Forecast funding reductions and shift to local financing from business rates, council tax and hew homes bonus. 3. Funding gaps in the medium to long term. 4. Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety). 5. High appetite for a range of asset classes, property and longer-term investments, subject to careful due diligence and an emphasis on security as well as matching with the Council's required liquidity profile. High appetite for high volatility investments as long as this is within a balanced portfolio so that the overall risk exposure is minimised. Medium risk for consideration of emerging markets with a lower appetite for capital growth oriented investments versus income generating investments. No appetite for currency risk.	5 x 4 = 20	Reporting - New legislation and consultation. Policy Work. Lobbying Central Government. Medium Term Financial Strategy. Corporate Planning / Service Planning. Budget Process / Budget Monitoring. Monitoring impact of the business rates retention. Annual review of the Council's reserves. Timely agreement of the annual Localised Council Tax Support Scheme. Balanced budget agreed. Growth forecasting models. Business cases for commercialisation of assets to deliver future income and efficiencies. Annual review of fees and charges. **Monitoring of savings and additional income.**	4 x 4 = 16 ⟶		3 x 3 = 9	The MTFS will be taken to the Cabinet meeting in January 2025 followed by the Overview and Scrutiny meeting. Introduced monitoring of savings and additional income in the 2024/25 budget – first report to Cabinet was presented to Cabinet at the meeting in October 2024.	Tina Stankley

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CR 024 People Resources

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Council: Effective & Efficient: 5 Creating a culture that empowers and fosters an ambitious, motivated workforce	1. Failure to retain and recruit adequately trained and experienced staff. 2. Employment market conditions. 3. Negative impact on corporate plan, business transformation, performance and delivery. 4. Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety) 5. Medium appetite for BAU (Business as Usual) operational risks with staff empowered to make decisions. Low appetite for operational risks such as pricing errors, errors in administration, IT, cybersecurity etc.	4 x 3 = 12	Corporate Planning / Service Planning. Review Pay Policy. Review relocation policy. Employee Referral Scheme. Market Pay Review report. Apprenticeship programme. Check-in process. HR 006 New Ways of Working - Policy Creation. Updated Recruitment Guidelines for Hiring Managers and Employees. Additional information and guidance to support employees when applying for roles at NNDC.	2 x 3 = 6 ↓	People Strategy will be drafted and approved in 2024. A Learning and Development Strategy. The aim of this strategy will be to retain current employees. Agile Working Policy	2 x 2 = 4	People Strategy and Learning and Development Strategy are at final draft stage before being presented to CLT and Cabinet for approval. In the previous quarter there has been an increase in turnover in some departments and attempts to backfill have been unsuccessful. This predominantly in professional roles particularly in Environmental Health and may also include areas such as Finance and IT. HR are supporting managers regarding recruitment and retention. New ways of Working Policy under review and to be replaced by Agile Working Policy.	Susan Sidell

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CR 025 Contract Failure

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Council: Effective & Efficient: 1 Managing our finances and contracts robustly to ensure best value for money	1. The Council has a number of contracts for service delivery. 2. Failure of a contractor 3. Increased costs and operational disruption. 4. Primary – D Operational (including capacity/ delivery/ resources/ health & safety), Secondary – H Reputational 5. Medium appetite for BAU (Business as Usual) operational risks with staff empowered to make decisions.	4 x 4 = 16	Procurement Strategy. Procurement Framework. Joint procurement protocol and opportunities for joint/shared procurement with other authorities. Advice for external suppliers. Procurement Officer post established.	3 x 3 = 9 ⟶		2 x 2 = 4	Review of contract management arrangements has taken place and implementation is being planned.	Tina Stankley

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CR 026 Impact of Economic fluctuations on the North Norfolk economy

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Economy: Thriving Business: 2 Providing support to allow rural businesses to thrive, recognising that many of our larger employers operate outside of our main towns	1. Inability of the local economy to adapt to the fluctuations. 2. Fluctuations in the Local, National and Global economies. 3. Local Economic position- impact on NNDR, revenue streams, higher demand for services, business failure, increased unemployment, and deprivation. National Economic position - central government funding challenges. Global Economic position - potential negative impact on council investments resulting in reduced income. 4. Primary – C Credit and counterparty, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety) 5. High appetite for exposure to local and national economic growth. No appetite for exposure to global growth, interest rate risk, inflation risk, geopolitical and tail risk events.	2 x 3 = 6	HS 003 - Monitor the need for temporary accommodation and ensure suitable provision. Medium Term Financial Strategy. Corporate Planning / Service Planning. Treasury Management Strategy. Fund Management advice from Arlingclose. Business Survey. Operation of the Council Tax Hardship Fund. Economic Growth Team maintain contact with key businesses to monitor issues and provide support. Economic Growth Strategy – adopted early 2024.	2 x 3 = 6 ↓	Businesses are being monitored closely by new engagement processes.	2 x 2 = 4	Economic Growth Strategy approved by Full Council. We are in the final year of administering United Kingdom Share Prosperity Fund (UKSPF) and Rural England Prosperity Fund programmes which support the local economy. It is expected that there will be a further year of funding for the UKSPF. Details are not yet known.	Rob Young

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CR 028 Governance failures

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do	1. Lack of governance, inadequate implementation and enforcement of governance. 2. Ignorance or non-observance of the Council's agreed governance protocols 3. Poor or illegal decision making. 4. Primary – F Environmental and Social, Secondary - H Reputational 5. No appetite for environmentally negative risks or for social risks	4 x 3 = 12	Corporate Planning / Service Planning. Clear robust corporate governance framework. Monitoring Officer actions to ensure governance risk is minimised. Section 151 Officer actions to ensure governance risk is minimised. Constitution/Standing Orders/Scheme of Delegations. Committee report templates. Member/ Officer Protocol. Operation of Overview and Scrutiny Committee. Annual Governance Statement supported by assurance framework. Operation of Standards Committee. Annual Monitoring Officer Report. Head of Internal Audit assurance. Audit programme. Operation of Constitution Working Party. Annual Assurance Statements. Annual Audit Report.	2 x 2 = 4 →		2 x 2 = 4	The review of the Constitution is currently taking place with a target date for completion of end of March 2025. The Monitoring Officer has recently completed her Annual Monitoring Officer report which addresses issues of governance and decision making at the Council. This will be presented to Governance Risk and Audit Committee at their meeting in December 2024.	Tina Stankley/ Cara Jordan

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CR 029 Poor reputation of the Council in the Community

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Council: Effective & Efficient	1. The Council is perceived as inefficient, unresponsive to local need and/ or not transparent. 2. Related to the Council's dealings, interests and performance, and the impact of adverse outcomes. 3. The Council's reputation is adversely affected, and public confidence reduced. 4. Primary – H Reputational, Secondary - E Strategic. 5. High risk appetite in respect of national media coverage, medium risk appetite for local media coverage and no risk appetite where social media and internal reputation are concerned.	3 x 4 = 12	Develop and Implement a Communications Strategy. Clear robust corporate governance framework. 3.1.2 Review and refine our Customer Strategy. Training including FOI training. Dedicated PR & Communications Team Local Code of Corporate Governance **Updating complaint handling process to match the Local Government Ombudsman code of practice. – completed this quarter and due to be implemented shortly.** **Performance and Productivity Oversight Board is reviewing complaint response performance - completed this quarter**	2 x 3 = 6 ⟶	Review the Customer Service Strategy, Revise the Constitution. Further training activity in relevant areas. Complaint handling guide. Complaint response letters templates.	2 x 2 = 4	NNDC are a pilot authority for the LGSCO complaints code of practice revision. Pilot meetings being attended by the Director for Communities. Letter templates for stage 1 and stage 2 letters have been drafted. Those and the complaint handling guide will shortly be shared with managers to improve the quality of complaint response.	Steve Hems

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CR 030 Sheringham Leisure Centre

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Communities: Culture: 1 Championing North Norfolk as a place where residents and visitors can enjoy inclusive cultural opportunities and healthy leisure and sports activities	1. Failure of contractor or issue with the construction sector, consents not given. 2. Building facility did not go ahead. 3. Facility not delivered. 4. Primary – A Financial, Secondary - H Reputational 5. ????		Operation of Overview and Scrutiny Committee. Project management & reporting procedures - Sheringham Leisure Centre.	2 x 2 = 4 →		2 x 2 = 4	No longer a risk to the Council. However, the final account remains to be settled. There are a small number of snagging issues to be addressed. And the cost of this will be paid from the contract retention. Recommend removing from the Corporate Risk Register.	Tina Stankley

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CR 032 Fakenham new roundabout - Delivery of highway infrastructure (roundabout) on A148

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Housing: Housing Need: 1 Supporting the delivery of more affordable housing, utilising partnership and external funding wherever possible	1. Funding not available / timing of works. 2. Rising construction and materials costs. 3. Failure to deliver a new roundabout at Fakenham, necessary to unlock housing growth. 4. Primary – I Projects, Secondary - H Reputational 5. High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.	3 x 3 = 9	Emerging Local Plan. Stakeholders monthly meeting. Regular dialogue with Norfolk County Council. Liaising with NNDC Chief Executive. Keeping ward Members informed. Successful bids for funding via NCC. Close liaison with stakeholders in exploring potential funding opportunities. Norfolk County Council project manager appointed. Contractor in place. Regular stakeholder meetings – meetings taking place weekly – completed in the last quarter	2 x 2 = 4 ↓	Emerging Local Plan – inspector letter received, plan expected to be in place for spring 2025 Continued input and financial support in relation to design to ensure that infrastructure can be delivered autumn 2024 if funding matter is resolved. Submitted a bid to DLUHC for additional funding. – outcome still awaited. Liaising with landowner in considering cost implication.	2 x 2 = 4	Scheme commenced 9 September 2024 and is due to finish spring 2025. Recommend removal of the risk from the risk register.	Martyn Fulcher

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CR 034 Not achieving the Net Zero 2030 target

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Greener: Net Zero: 1 Continuing our own annual emissions reductions to reach Net Zero by 2030	1. Not delivering the Climate Action Plan or parts of it. Current Climate Action Plan will not achieve net zero target. Contractors unable to deliver services with net zero carbon.. All Council input not achieved. Failing to secure contracts that do not result in net zero. 2. Inaction/ inability to reduce emissions to net zero. 3. Not achieving net zero by 2030. Impact on the reputation of the Council. Financial impact - needing to offset emissions. 4. Primary – E Strategic, Secondary – F Environmental and Social and H Reputational 5. High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.	4 x 5 = 20	Delivering NZSAP and considering the formation of a decarbonisation board. Formal review of NZSAP every two years. Update and adapt the plan to meet the net zero target. Continual monitoring of the delivery of the NZSAP as a major project through the project board. Quarterly monitoring delivery through the Performance Management Framework. Opportunities to offset from general operations and developments. Ensure net zero considerations are at the forefront of all Council decision making. Decarbonisation board meeting regularly. **Ensure all staff and Members are carbon aware - training programme delivered.**	4 x 3 = 12 ⟶	Additional investment in renewable generation and/ or other offsetting initiatives. Introduce carbon pricing across all workstreams.	4 x 3 = 12	External funding bids for renewable generation have been submitted. Solar panels to be installed at Victory Leisure Centre. Due to be completed by the end of 2024. Trial of EV pool cars started May 2024 and running until Christmas 2024. Review of business travel arrangements being undertaken. Climate emergency staff forum group set up. FLASH (Fakenham Leisure and Sports Hub) – sustainable features under consideration e.g. gas boilers v. air source heat pump.	Martyn Fulcher

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CR 035 Failure to deliver the Local Plan

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Statutory obligation	1. Loss of key staff, changes in legislation and political expectations 2. Local Plan process being delayed. 3. Failure to deliver corporate objectives for all themes. 4. Primary – D Operational (including capacity/ delivery/ resources/ health & safety), Secondary – E Strategic and H Reputational 5. High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.	4 x 5 = 20	Effective project management. Ensuring there is a pool of suitably skilled and knowledgeable Planning staff that can be called on to contribute to the Local Plan process. Member Training. Following the departure of the Planning Policy Manager transitional arrangements have been put in place (Spring 2024) **Responded to the Planning Inspectors letter.**	3 x 3 = 9 ↑	Local Plan – further consultation.	2 x 2 = 4	Local Plan – further consultation started. Councillors have been briefed and a press release issued. It is recommended that this risk be reviewed to relate to the adoption of the new Local Plan and when and if the plan is adopted the risk is replaced with one relating to the delivery of the plans ambitions.	Russell Williams

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CR 036 Cromer and Mundesley Coastal Management Schemes

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Greener: Coast: 2 Implementing the Cromer and Mundesley Coast Protection Schemes	1. Additional application made for Cromer. This may not be approved. Costs will increase as a result of delays. Difficulties and delays in receiving consents will have an impact on timescales and costs. 2. Funding, consents. 3. Funding – rescope the project, Consents – increased costs and programme delays and subsequent cost revisions leading to funding issues. 4. Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety), H - Reputational, I – Project 5. High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.	5 x 4 = 20	Project risk register and management of risks monitored monthly. Monthly project meetings with contractor. Regular risk reduction meetings. The risk overseen by the project board. Retaining the design consultant during the project -implemented in the previous quarter. Close liaison with the contractor to identify engineering options has been agreed and is ongoing. A Fisheries Liaison Officer acting as a liaison between the contractor and the local fishermen for rock deliveries which is already showing benefits for the scheme and the fishermen– put in place last quarter.	4 x 4 = 16 →	Anglian Water originally committed funding to the Mundesley scheme when it was planned for 2019/20. As the scheme was not able to go ahead in that timeframe they were not able to provide that funding. The Council has approached Anglian Water recently but they are still unable to contribute. Alternative funding sources are being explored.	3 x 3 = 9	Construction is progressing on both schemes according to the planned programme. Cromer is forecast to be complete in winter 2024 and the Mundesley part of the scheme is due to complete summer 2025. Submitted a business case to the Regional Flood and Coastal Committee requesting additional funding. Decision expected 17 January 2025. The delivery of the rock onto the beach was delayed due to adverse weather conditions. This resulted in additional costs associated with the delay. Value engineering has been carried out to rescope the project such that the spend comes in within the fund secured. CLT gave approval for this process.	Tamzen Pope

CR 037 High cost and resource issues from prosecutions, enforcement action and litigation

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Corporate Plan and statutory duties	1. Statutory obligation to investigate and apply enforcement action including health and safety, food safety, licensing, environmental protection, planning. Public suing NNDC, Equality Act. 2. Requirement to take costly action in financial and other resource terms 2. 3. Potential overspends not budgeted for. Not being able to carry out statutory and non-statutory functions due to the large call on staff resources. Also, a risk if decide not to take enforcement action – risk of Judicial Review and to reputation 4. Primary=A Financial, Secondary=D Operational (including capacity/delivery/resources/health & safety) E Strategic F Environmental and Social G Governance H Reputational 5. Medium appetite for BAU (Business as Usual) operational risks with staff empowered to make decisions.	4 x 3 = 12	Case decision making process. Apply two stage evidential and public interest tests Enforcement Policy Apply HSE enforcement matrix Liaise with relevant Portfolio Holder Refer to constitution for procedures EH reserve Staff training in understanding and interpreting legislation Regular inspections General reserve maintained at recommended levels. Qualified lawyers and officers under their supervision conduct legal case.	3 x 2 = 6 →	Require resource within the relevant departments, in particular, Environmental and Public Protection, to carry out routine visits regarding health and safety and food hygiene so as to have a preventative impact and potentially reduce the need for prosecution at an early stage.	2 x 2 = 4	Discussed at a Management Team meeting in May 2024 and added to the Corporate Risk Register. The likelihood score has been reduced after reviewing known and likely cases that may arise in the next quarter. The Monitoring Officer will give some detail regarding this risk to the next Governance Risk and Audit Committee in December 2024.	Cara Jordan

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CR 038 Fakenham Leisure and Sports Hub (FLASH) – threat to building within funding window

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Developing our communities - Promote Health, Wellbeing and Independence for all - Working with partners to promote healthy lifestyles and address the health inequalities faced by our communities.	1. This is a complex project, with a large number of stakeholders and contractors involved. 2. Timeline for building the facility is tight. Completion to draw down funding has to be before the end of March 2026. 3. If the project cannot be delivered on time this could lead to reduced funding being drawn down and not all outcomes being achieved. 4. Primary - A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety) and H - Reputational 5. High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.	**5 x 5 = 25**	Project Management processes Liaison with the Ministry of Housing and Local Government (MHCLG) Timeline prepared. Procurement process for consultants, architects, engineers in place. NNDC project team established. External steering group established and monthly meetings taking place. Members of the steering group include NNDC, Everyone Active, local councillors, Fakenham Town Council, MP, Football Foundation, Fakenham Academy. Ensuring decision making follows NNDC protocols. Follow NNDC Procurement Guidance. Procurement Officer support. Risk Management Policy and Framework Project Risk Register – reviewed monthly Review with Director for Resources the NNDC appetite for financial risk relating to this project – risk appetite established. Reporting regularly to MHCLG.	4 x 2 = 8 ↓		2 x 2 = 4	Full confirmation has been received from MHCLG that the funding will be provided. The first meeting with the MHCLG liaison and quarterly reporting requirements have been provided to NNDC. The procurement of the main contractor process is underway, and the contract will be awarded shortly (November 2024). Planning of the project is ongoing and adjustment of the timeline to take account of the change of Government is taking place. This amended timeline will be submitted to MHCLG for approval.	Steve Hems

CR 039 Rocket House building repair and energy improvement works

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Strong and Responsible – Maximising Opportunity - Increasing the rates of occupation on all council's commercial properties.	1. Exceeds capital budget allocated. Works might not be successful in dealing with damp and increasing EPC rating. 2. Building needs repair and energy performance works to be fully lettable. 3. Repairs could not be made as planned. Scaled back action may be necessary. Additional funds may have to be requested. This could cause delays. Unknown additional repair issues arise. Damage due to weather events may occur after any repairs are made. 4. Primary - A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety), H Reputational 5. High appetite for a range of asset classes, property and longer-term investments, subject to careful due diligence and an emphasis on security as well as matching with the Council's required liquidity profile.	4 x 4 = 16	Independent surveys (3) of the building. Budgeted repair costs prepared by independent quantity surveyor. Indicative timeline prepared. Capital budget of £1m approved. Agreement made with a tenant vacating to enable the works to go ahead. **Procurement of contractors to do works.** **Agree and implement contract management process**. **Valuation advice is being sought regarding the long term lease.** **Technical advice on waterproofing.**	3 x 3 = 9 →	Reletting of the ground floor vacant area of the building once repairs complete. EPC rating assessment. Cabinet approval planned for new lease agreements during 2025. Technical design for repairs. Planning application. Project management arrangements.	2 X 2 = 4	Tenant has vacated. Preparation for the procurement process has been completed. Technical design for repairs started in June 2024. Planning application made November 2024. Architects have been appointed. Works have started.	Renata Garfoot

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CR 040 Management Information System – failure to complete development and maintain when in use

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score I x L	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer
Strong and responsible - Effective and Efficient - Continuing a service improvement programme to ensure our services are delivered efficiently and ensuring that strong governance is at the heart of all we do	1. Development of the MIS system is not complete or once complete is unable to be supported and maintained. 2. MS Office not maintaining tools used to build the system. Charging system changes to make MS Office use uneconomic. Project not being properly managed to the required timescales. 3. NNDC is without a system to monitor and present performance, action plan and risk reports 4. Primary - G Governance, Secondary – E Strategic 5. Low risk appetite in respect of compliance with Council policies, alignment with the Corporate Plan, delegation levels, fraud, transparency and major organizational change programmes. Medium appetite for partnership related risks.	4 x 3 = 12	Project Management process including regular project team meetings Project risk register Documentation of functionality Training for users Training for development and support staff for the system	3 x 2 = 6	Training of IT staff to maintain the system Senior management support Thorough testing before implementation	2 x 2 = 4	A demo of the system was shown to the Director of Resources who endorsed further development as planned. Groups to test the new system are being assembled from across the Council. The next project team meeting and review takes place at the end of November and subsequently in early 2025. The launch of the system is planned for spring 2025	Tina Stankley

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KEY

Impact

Corporate Risk					
Impact Type	**Catastrophic** **5**	**Critical** **4**	**Moderate** **3**	**Marginal** **2**	**Negligible** **1**
Objectives	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success of the Corporate Plan.	Some impact on more than one Service.	Insignificant impact on more than one Service.
Financial Impact (Loss)	Over £1.5m	£500K - £1.5m	£300K - £500K	£20K - £300K	£0-20K

Likelihood ratings and dimensions

Grade	Likelihood	Probability	Timing
5	Very High	Over 90%	Within six months
4	High	60 - 90%	This year
3	Moderate	40 - 60%	Next year
2	Low	10 - 40%	Probably within 15 years
1	Very Low	below 10%	Probably over 15 years

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Risk Scoring

Inherent risk score - Impact x Likelihood = Total rating. Risk score if no controls were in place.

Residual Risk Score - Impact x Likelihood = Total Rating. Risk score after current controls are taken into account.

Target Score – Impact x Likelihood = Total Rating. Risk score needed to ensure the risk score matches the risk appetite.

Rating score of 1 to 6 = Green, 8 to 12 = Amber, 15 to 25 = Red.

Change of direction

Rating score the same as the previous quarter ⟶

Rating score higher than the previous quarter ↑

Rating score lower than the previous quarter ↓

Categories of risk

A Financial

B Macroeconomic

C Credit and counterparty

D Operational (including capacity/ delivery/ resources/ health & safety)

E Strategic

F Environmental and Social

G Governance

H Reputational

I Projects

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North Norfolk District Council

Treasury Management Mid-Year Review Report 2024/25

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1. Background

1.1 Capital Strategy

In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.2 Treasury management

The Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning to ensure the Authority can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Authority risk or cost objectives.

Accordingly, treasury management is defined as:

> "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).
The primary requirements of the Code are as follows:

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

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

3. Receipt by the full Council/Board of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year. (Quarterly reports are also required for the periods ending April to June and October to December but may be assigned to a designated committee or panel as deemed appropriate to meet the Treasury Management governance and scrutiny aspects of the Authority.)

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

5. Delegation by the Authority of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Authority, the delegated body is Cabinet.

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

- An economic update for the first half of the 2024/25 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Authority's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Authority's investment portfolio for 2024/25;
- A review of the Authority's borrowing strategy for 2024/25;
- A review of any debt rescheduling undertaken during 2024/25;
- A review of compliance with Treasury and Prudential Limits for 2024/25.

Key Changes to the Treasury and Capital Strategies

There are no proposals to amend the 2024/25 Treasury/Capital Strategies of the Council:

- The approved prudential indicators outlined in the 2024/25 strategies are still appropriate for the Council's borrowing and investments.

- The approved investment criteria outlined in the 2024/25 strategies are still appropriate for the Council's current financial position. Risk assessment and credit ratings are provided regularly to Officers by Link Treasury Services.

- There are no changes to the Council's treasury management policy that need to be recommended to full Council. The treasury management main focus is still to facilitate the financing of the Council's essential services, and financing of the approved capital programme.

3. Economics and Interest Rates

3.1 Economics Update

- The third quarter of 2024 (July to September) saw:
  - GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
  - A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
  - CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
  - Core CPI inflation increasing from 3.3% in July to 3.6% in August;
  - The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
  - 10-year gilt yields falling to 4.0% in September.
- The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.
- The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
- The government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.
- The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.
- Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.
- CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.

- The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.00%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.00%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.
- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3.00%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.00%, rather than the 3.25-3.50% currently priced in by financial markets.
- Looking at gilt movements in the first half of 2024/25, the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 threshold on several occasions recently, and is continuing to grow in the latter parts of the calendar year. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in AI.
- The treasury advisors forecast is due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.

MPC meetings: 9 May, 20 June, 1 August, 19 September 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.
- November still looks most likely to be the next month to see a rate cut to 4.75% but, thereafter, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024/25 and into 2025/26.

3.2 Interest Rate Forecasts

The Authority has appointed Link Group as its treasury advisors and part of their service is to assist the Authority to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

The latest forecast on sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

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

Link Group Interest Rate View	28.05.24									
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2024/25 was approved by this Authority at the Full Council on the 21st of February 2024.

- The underlying TMSS approved previously requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the changes are set out below:

Prudential Indicator 2024/25	Original £m	Revised Prudential Indicator £m
Authorised Limit	15.000	15.000
Operational Boundary	15.000	15.000
Capital Financing Requirement	14.515	19.563

If fixed/variable rates or maturity profile treasury indicators require adjustment, please also include.

5. The Authority's Capital Position (Prudential Indicators)

This part of the report is structured to update:

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

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2024/25 Original Estimate £m	Current Position £m	2024/25 Revised Estimate £m
Our Greener Future	21.246	9.878	20.876
Developing our Communities	5.672	0.583	6.173
Meeting our Housing Needs	4.428	1.278	4.828
Investing in our Local Economy & Infrastructure	5.588	3.042	7.133
A Strong, Responsible & Accountable Council	0.406	-	0.404
Total capital expenditure	37.340	14.781	39.414

- Our Greener Future has mainly changed from the reprofiling of the Cromer & Mundesley coastal schemes (to reflect additional expenditure being made in 2025/26 as opposed to 2024/25) and the approval of a £150k Coastal Defences Budget for coastal defence renovations across other locations of the district.

- Developing our Communities has mainly changed from the addition of the Cabbell Park Clubhouse project (£237k) and the extra approval of funding for the Public Conveniences Project (£20k for Fakenham & Wells retention, £100K for Sheringham renovation).

- Meeting our Housing Needs has mainly changed from the increase in Disabled Facilities Grant budget of £400k, this is using unspent grant allocations receive in prior years.

- Investing in our Local Economy & Infrastructure has mainly changed from the removal of the Cromer Offices Floor Power Boxes project (£50k) no longer required.

- A Strong, Responsible & Accountable Council has mainly changed from the removal of the Digital Mailroom Scanners project (£2k) no longer required.

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Authority by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2024/25 Original Estimate £m	Current Position £m	2024/25 Revised Estimate £m
Total capital expenditure	**37.340**	**14.781**	**39.414**
Financed by:			
Capital receipts	**6.233**	**0.836**	**2.577**
Capital grants and contributions	**27.823**	**13.911**	**29.683**
Capital reserves	**2.331**	**0.021**	**2.353**
Revenue	**-**	**-**	**-**
Total financing	**34.153**	**14.768**	**34.613**
Borrowing requirement	**0.953**	**0.013**	**4.801**

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

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

The Council is on target to achieve an acceptable Capital Financing Requirement balance (negative total debt shows that the Council is not in a debt position).

However, compared to the 2024/25 original estimate, the Council's CFR estimate is now expected to be 2.886m more than forecasted. This is a consequence of diminishing capital receipts expected to be received by the Council (sale of owned land and assets) expected in the current year and so more projects will need to be funded from borrowing as capital receipts will not be available to finance schemes as previously anticipated.

To highlight the reasons for the fall in capital receipts available to finance capital projects:

- It was originally anticipated that a £1m capital receipt would be received in 2024/25 for the sale of the Sheringham Enabling Land. This has sale is now anticipated to be deferred to 2025/26.

- The Council has historically received an annual capital receipt of between £500k - £1m from Flagship Housing as part of an income share agreement made between NNDC and Flagship Housing, when the Council transferred its housing stock to Flagship.

  This annual capital receipt has helped finance the Council's capital programme for many years, however this agreement will come to end in 2026/27 and in the last couple of years has only generated £200-£300k of capital receipts to the Council. It therefore needs to be considered that the amount of capital receipts available to finance the Capital Programme will be minimal in future years unless other assets are sold.

  Future projects that are not funded by external grants or contributions will likely need to be funded by borrowing. This will have an impact on the Council's revenue budget by increasing the amount of borrowing interest costs.

Prudential Indicator – the Operational Boundary for external debt

	2024/25 Original Estimate £m	Current Position £m	2024/25 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			
Total CFR	14.515	13.575	19.563
Net movement in CFR	**0.953**	**0.013**	**5.048**
Prudential Indicator – the Operational Boundary for external debt			
Borrowing	5.000	6.800	8.600
Total debt - year end position	**(9.515)**	**(6.775)**	**(9.326)**

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Authority has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2024/25 Original Estimate £m	Current Position £m	2024/25 Revised Estimate £m
Total debt (Borrowing)	9.000	6.800	8.600
CFR (year end position)	14.515	13.575	19.563

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

Authorised limit for external debt	2024/25 Original Indicator	Current Position	2024/25 Revised Indicator
Actual Borrowing	9.000	6.800	8.600
Authorised Limit	15.000	15.000	15.000

The authorised limit for external debt was not exceeded in 2024/25.

6. Borrowing

The Authority's revised capital financing requirement (CFR) for 2024/25 is £19.563m. The CFR denotes the Authority's underlying need to borrow for capital purposes. If the CFR is positive the Authority may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The tables in Section 5.4 shows the Authority has borrowings of £6.800m as at the end of period 6 and has utilised £6.775m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if gilt yields remain elevated, particularly at the longer-end of the yield curve (25 to 50 years).

Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), new external short-term borrowing was undertaken throughout the first half of the year, long-term (PWLB) borrowing is still at £5m which is the same as at the end of the previous financial year. The capital programme is being kept under regular review because of on-going budgetary pressures. The borrowing strategy will be regularly reviewed and revised if necessary, this is to achieve optimum value and lower risk exposure in the long-term.

It is anticipated that further borrowing will not be undertaken during this financial year as the Council is anticipating a large capital grant in January to finance the Fakenham Leisure and Sports Hub scheme which will not be fully spent immediately. The treasury will benefit from the time between receiving and spending this grant which will hopefully negate the need for short-term borrowing over the last quarter of the financial year. The Council should note that once the FLASH grant has been spent as outlined by the scheme, the Council may need to consider taking our short or long-term borrowing to refinance borrowing not refinanced earlier in the year. This activity is prudent to avoid unnecessary borrowing costs when not required.

PWLB maturity certainty rates (gilts plus 80bps) year to date to 30 September 2024

Gilt yields and PWLB certainty rates were less volatile than at this time last year. Overall, the 10, 25 and 50-year part of the curve endured a little volatility but finished September very much as it started in April.

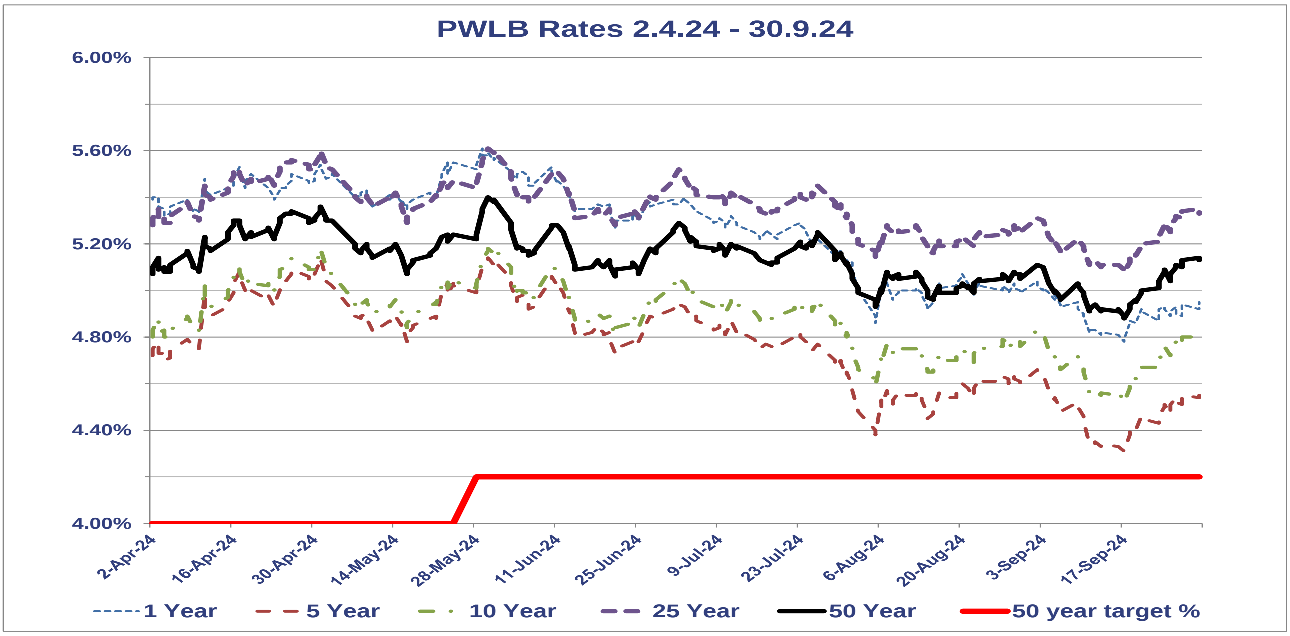
While there has been some movement downwards, this came in the shorter part of the curve as markets positioned themselves for Bank Rate cuts in the second half of 2024 and into 2025, the continued stickiness of inflation and the prevailing tight labour market is a concern for those looking for more sizeable falls ahead.

At the beginning of April, the 5-year certainty rate was the cheapest part of the curve at 4.72% whilst the 25-year rate was relatively expensive at 5.28%. May saw yields at their highest across the whole curve.

Conversely on the 17th of September we saw a low point for the whole curve, with the 5-year certainty rate falling to 4.31% before rebounding to 4.55% by the end of the month. Similarly, the 50-year certainty rate fell to 4.88% but finished the month at 5.13%, slightly higher than at the start of April.

We still forecast rates to fall back over the next two to three years as inflation dampens, although there is upside risk to our Bank Rate forecast at present. The CPI measure of inflation is expected to fall below 2% in the second half of 2025, however, and we forecast 50-year rates to stand at 4.20% by the end of September 2026. The major caveats are that there is considerable gilt issuance to be digested by the market over the next couple of years, and geo-political uncertainties – which are generally negative for inflation prospects – abound in Eastern Europe and the Middle East, in particular.

PWLB RATES 02.04.24 - 30.09.24



HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 30.09.24

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
30/09/2024	4.95%	4.55%	4.79%	5.33%	5.13%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.14%	5.18%	5.61%	5.40%
High date	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
Average	5.21%	4.76%	4.88%	5.35%	5.14%
Spread	0.83%	0.83%	0.66%	0.53%	0.52%

- The current PWLB rates are set as margins over gilt yields as follows: -.
    - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
    - **PWLB Certainty Rate (GF)** is gilt plus 80 basis points (G+80bps)
    - **PWLB Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)
    - **PWLB Certainty Rate (HRA)** is gilt plus 40bps (G+40bps)

- The **UK Infrastructure Bank** will lend to local authorities that meet its scheme criteria at a rate currently set at gilt plus 40bps (G+40bps).

7. Debt Rescheduling

Debt repayment and rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt repayments or rescheduling have been undertaken to date in the current financial year as there was no benefit to the Council's current debt portfolio.

8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. During the half year (ending 30 September 2024), the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2024/25. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

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

9. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by Full Council on 21 February 2024. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Authority's investment priorities as being:

- Security of capital
- Liquidity
- Yield

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

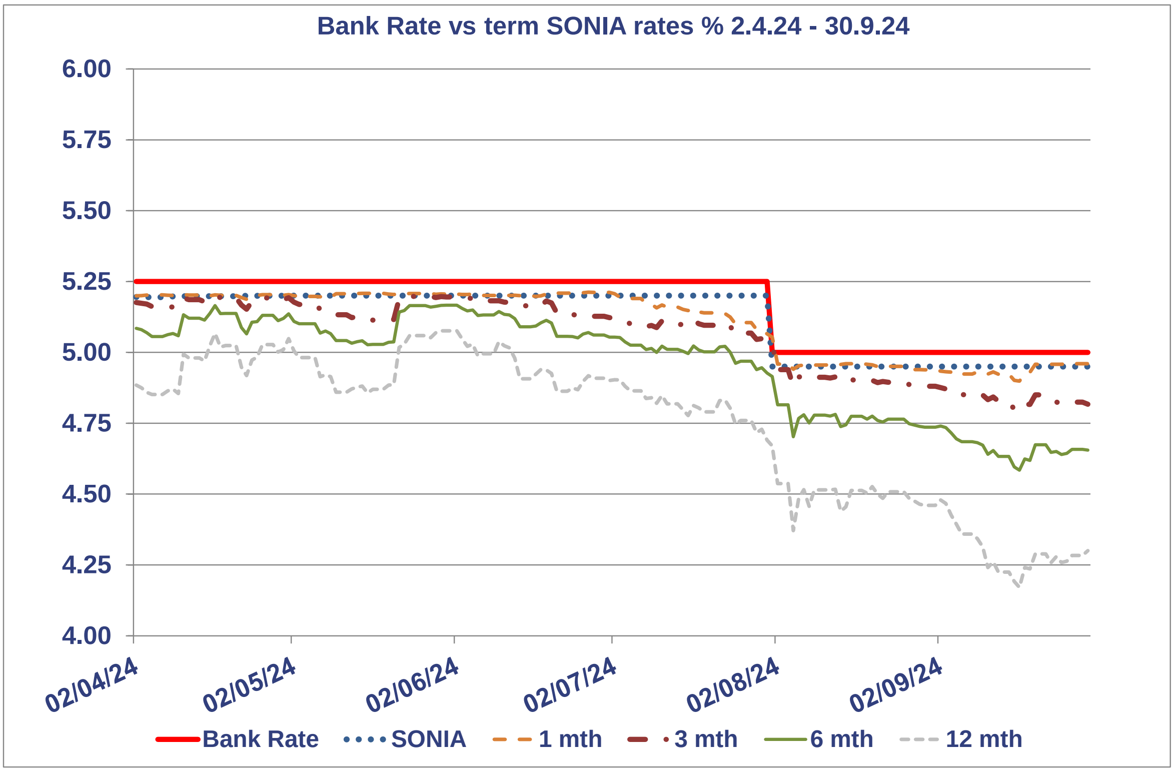
Creditworthiness.
The UK's sovereign rating has proven robust through the first half of 2024/25. The new Labour Government is expected to outline in detail its future fiscal proposals in the Budget scheduled for 30 October 2024.

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

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

Investment balances
The average level of funds available for investment purposes during the first half of the financial year was **£26.613m**. Of this an average of **£6.613m** was available on a temporary basis for short-term investing, with this level of funds available mainly dependent on the timing of precept payments, receipt of grants and progression of capital programme schemes. The Authority had an average of **£20.000m** in long-term investments (invested for more than one year) which was all invested in pooled funds.
The authority also has housing loan investments total **£1.994m.**

Investment performance year to date as of 30 September 2024, base rate history.



	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.20	5.21	5.20	5.17	5.08
High Date	02/04/2024	03/05/2024	27/06/2024	17/04/2024	31/05/2024	30/05/2024
Low	5.00	4.95	4.90	4.79	4.58	4.17
Low Date	01/08/2024	01/08/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
Average	5.17	5.12	5.11	5.06	4.96	4.75
Spread	0.25	0.25	0.31	0.41	0.58	0.91

The table above covers the first half of 2024/25.

Investment performance year to date as of 30 September 2024
(Please insert your chosen backward or forward-looking SONIA benchmark which should reflect the average duration/risk appetite inherent to the Authority's investment portfolio.)

Period	SONIA benchmark return %	Authority performance (average rate achieved %)	Investment interest earned
Short-term investments (<12 months)	5.12	5.02	166,453
Long-term investments (>12 months)	4.75	5.09	551,348
Housing Loans (>12 months)*		4.69	40,796
Overall	4.96	5.37	758,596

** Housing loans have been issued to support affordable housing in the district, not to generate an interest return to the Council. These loans are issued at the PWLB rate at time of issue to ensure the Council is not financing private businesses. The interest earnt on these loans can be added to the Council's year interest income*

As illustrated, the Authority *outperforming* the benchmark during the first half of 2024/25. The Authority's budgeted investment return for 2024/25 is £1.866m.

However, as highlighted in the period 6 budget monitoring report (non-service) interest rate performance for the year to date has been lower during the 2024/25 financial year than anticipated at budget setting (November 2023 anticipated an average of 6% interest rates throughout 2024/25 from advisors).

Also, less investment principle has been available as forested due to less grant money being received in advance of expenditure from large schemes in the capital programme (budgeted for an average of £33.8m available for investing, but only an average of £28.3m has been realised).

Therefore, a shortfall of £446k is anticipated (total earnings of £1.420m against the budget of £1.866m).

Fund investments:

A high-level of the Council's average investment portfolio is shown below.

Treasury Investments, average position period 6			
Type of Investment	**Capital Value**	**Interest**	**Average interest rate %**
Strategic bond funds	5,000,000	87,280	3.48
Equity income funds	4,000,000	130,743	6.52
Property funds	5,000,000	163,769	6.53
Multi-asset income funds	6,000,000	128,992	4.29
Total Long-Term Investments	**20,000,000**	**510,784**	**5.09**
Money Market Funds	6,613,302	166,453	5.02
Total Short-Term Investments	**6,613,302**	**166,453**	**5.02**
Total Treasury Investments	**26,613,302**	**677,237**	**5.08**

Housing Loans

LN0001 - Broadland Housing Association	**1,750,005**	**35,808**	3.80
LN0002 - Homes for Wells	**138,679**	**4,988**	3.00
LN0002 - Homes for Wells	**40,603**	**2,338**	5.50
LN0002 - Homes for Wells	**64,488**	**3,713**	5.50
Total Loans Investments	**1,993,775**	**46,846**	**4.69**

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Total Loans Investments	**1,993,775**	**46,846**	**4.69**

The Council’s long-term pooled fund investments will be affected by the ending of the IFRS 9 pooled fund override which is due to expire on 31 March 2025. This means that a treasury reserve will need to be established at the amount of any net loss in fair value of the investments, this is so that if an emergency event occurred where all of the Council’s investments needed to be sold, there would be no net loss to the Council on the sum originally invested into funds.

As at the end of period 6, the Council’s £20m investments into pooled funds has a fair value of £19.885m, a capital loss of £115k. This means that under the current valuations a treasury reserve of £115k will need to be held at the end of the 2024/25 financial year.

Fair values rise and fall depending on the current bid price of shares in each fund, the values of shares across all funds dropped during the last couple of years following the economic impact of COVID and the Russian-Ukrainian war. These values have steadily recovered but were largely negative (which is why the IFRS 9 statutory override was extended). It is now anticipated that fair values will have largely recovered by the end of the 2024/25 financial year, and it is anticipated that any loss in fair value for the Council will be minimal by the end of March 2025.

The Council will continue to monitor the fair values of its investments on a monthly basis and will need to make a contribution to the treasury reserve if values do not full recover by the end of the fiscal year.

Approved limits
Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30 September 2024.

10. Other

1. Changes in risk appetite
The 2021 CIPFA Codes and guidance notes place importance on risk management. Where an authority changes its risk appetite e.g., for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.

2. Sources of borrowing
The 2024/25 treasury management strategy only allowed borrowing from local government sources (PWLB and other public sector bodies (such as Council's, Pension authorities, Police authorities and Fire authorities). Short-term public sector borrowing is obtained by contacting brokers which charge a small fee to facilitate borrowing and lending between public sector bodies.

Previously the Council only had two approved brokers (King & Shaxson and Tradition). To allow for more borrowing opportunities and access to competitive interest rates, the Council set up accounts with two new brokers (Imperial and BGC) in April 2024.

11. : Approved Countries for Investments as of 30 September 2024

Below is the approved acceptable counterparty ratings adopted by the Council and as advised by Link treasury services.

The Council currently only invests in UK based funds that are rated AA- or above and has no investments in other countries.

AAA

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

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar (upgraded from AA- 20/3/24)

AA-

- Belgium
- France
- U.K

Exemptions granted from 19 August 2024 to 18 November 2024

Date	Contractor	Type of Work	Amount (rounded to nearest pound)	Exemption (Chapter 9, Paragraph 11, Constitution)
18/10/24	Stopsexualmisconduct.co.uk	Specialist training provider that delivers e-learning and face to face training that specifically related to the meeting the legislative requirements of preventing sexual harassment	£8,400 including VAT	(c) are of a proprietary type only available from a single supplier
24/10/24	Exacom	3 year contract for software product to collate, use and manage effectively the i large quantities of information/data obtained regarding Biodiversity Net Gain	£13,000	(c) are of a proprietary type only available from a single supplier

Notes

- The previous period reported to GRAC was for the period 10 June 2024 to 19 August 2024
- In that period 2 exemptions were reported to the Committee.
- The next reporting period to GRAC will follow on from the last reporting period.

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NNDC GRAC Self-assessment Action Plan

Action	Owner	Date for completion	Progress
1. Understand how the Governing Body holds the GRAC to account and identify any improvements to be made (this may be by the Full Council receiving GRAC's Annual Report) (Q7)	Cara Jordan Assistant Director Legal and Governance	March 2025	The GRAC annual report has not been written since 22/23 due to the recent staffing challenges faced by Democratic services. This will be reinstated for 24/25 and will go to Full Council following its approval at GRAC.
2. For the next annual report of the GRAC ensure the following are included: - • Compliance with the CIPFA Position Statement 2022 • Results of the annual evaluation, development work undertaken and planned improvements • How it has fulfilled its terms of reference and the key issues escalated in the year. (Q8)	Cara Jordan Assistant Director Legal and Governance and Democratic Services Officer for the Committee	March 2025	These details will be included in the next annual report.
3. Update the GRAC Committee's terms of	Cara Jordan	March 2025	To be updated for the next GRAC meeting.

	reference to explicitly address all the core areas identified in CIPFA's Position Statement	Assistant Director Legal and Governance and Democratic Services Officer for the Committee		
4.	Ensure that only agenda items that align with the Committee's core functions or selected wider functions are addressed. (Q11)	Democratic Services Officer for the Committee	Every meeting	
5.	GRAC to meet privately with the external auditors and head of internal audit each year. (Q12)	Chair of GRAC	Needs to be arranged	
6.	GRAC to consider its size, whether the use of substitutes should continue and the inclusion of lay/co-opted independent members. (Q13)	Cara Jordan Assistant Director Legal and Governance	March 2024	Discussion to be included as part of the update to the Committee's terms of reference
7.	GRAC members to undertake an evaluation of their knowledge, skills and training needs every two years. (Q15)	Teresa Shaman, Head of Internal Audit to circulate this assessment	Summer 2024	Completed and reported to GRAC at Sep 24 meeting.
8.	As a result of the evaluation in 8 above, develop a training plan to	Cara Jordan Assistant Director Legal and Governance and	Training now needs to be arranged	

address training needs of GRAC Members and arrange training. (Q16)	Governance and Democratic Services Officer for the Committee		
9. As a result of 9 above, if training cannot address any skills or knowledge gaps to a satisfactory level, consider revising the membership of the GRAC to address this. (Q14 & Q17)	Cara Jordan Assistant Director Legal and Governance and Democratic Services Officer for the Committee		
10. Obtain feedback on GRAC performance from those interacting with the committee or relying on its work (Q20)	Teresa Sharman, Head of Internal Audit to circulate feedback questionnaire	Summer 2024	Completed and reported to GRAC at Sep 24 meeting.
11. Review results of Self-Assessment of Good Practice exercise at a committee meeting. (Q29)	Is on the agenda	June 2024	Completed
12. Chair to ensure that: - a) Issues and concerns are escalated promptly to senior mgmt. (Q6) b) The Committee has good working relationships with the internal and external	Chair of GRAC	During 2024/25	

auditors and the DoR (19) c) Agenda items are well discussed, with engagement from all members (Q22) d) The Committee maintains a non-political approach to discussions (Q23) e) The Committee engages with officers as necessary in the discussions of the Committee’s business (Q24) f) Makes recommendations to improve risk, governance and control as necessary (Q25) and ensures these have traction with mgmt. (Q26)			
13. Chair to ensure that a self-assessment exercise is completed annually (Q27) and that all the members participate. (Q29)	Chair of GRAC	March 2025	

GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2023/2024

Topic	Lead Officer	Comments	Cycle
9 July 2024			
Corporate Risk Register	Director for Resources – Tina Stankley	To review the corporate risk register	Quarterly
Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
Internal Audit Progress & Follow-up Report	Internal Audit – Teresa Sharman	To review progress on internal audit recommendations	Quarterly
External Audit Interim VFM Report for 2021/22 and 2022/23	External Auditor		Annual
External Audit Plan for 2023/24	External Auditor		Annual
Annual Report/ Opinion & Review of the Effectiveness of Internal Audit	Internal Audit – Teresa Sharman		Annual
Appointment of an independent member	Monitoring Officer – Cara Jordan		Committee Request
GRAC self-assessment	Internal Audit – Teresa Sharman		Annual
10 September 2024			
Corporate Risk Register	Director for Resources – Tina Stankley	To review the corporate risk register	Quarterly
Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
Internal Audit Progress & Follow-up Report	Internal Audit – Teresa Sharman	To review progress on internal audit recommendations	Quarterly
AGS 23/24 & Local Code of Corporate Governance	Director for Resources – Tina Stankley	Review & approve AGS & Local Code of Corporate Governance	Annual
GRAC training needs	Internal Audit – Teresa Sharman		Annual
Effect of changes to Land Charges	Director for Resources – Tina Stankley		Committee Request
3 December 2024			
External Audit Letter	External Audit		Annual
Sign off accounts	Director for Resources – Tina Stankley		
Risk Management Framework	Director for Resources – Tina Stankley		
Corporate Risk Register	Director for Resources – Tina Stankley		Quarterly

Internal Audit Progress & Follow-up Report	Internal Audit – Teresa Sharman	To review progress on internal audit recommendations	Quarterly
Civil Contingencies Update	Resilience Manager – Alison Sayer		Annual
Business Continuity Framework	Resilience Manager – Alison sayer		Bi Annually
Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
Committee Self-Assessment Action Plan	Monitoring Officer – Cara Jordan	To complete the action plan	
Monitoring Officer's Report	Monitoring Officer – Cara Jordan		Annual
Responding to Complaints	Director for Communities – Steve Hems	Why the Council was not consistently achieving its target timescale for 15 days for responding to complaints and what remedial work was being undertaken	Committee Request
Oversight boards	Director for Communities – Steve Hems	Update on the work of the oversight boards	Quarterly
Treasury Management Strategy	Director for Resources – Tina Stankley		Annual
Principles of good governance	Monitoring Officer – Cara Jordan		Committee Request
25 March 2025			
Strategic and annual plans internal audit plan 2023/24	Internal Audit – Teresa Sharman		Annual
GRAC self-assessment	Internal Audit – Teresa Sharman		Annual
Corporate Risk Register	Director for Resources – Tina Stankley	To review the corporate risk register	Quarterly
Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
Review of Council's Asset Register	Director for Resources – Tina Stankley	To review the number and value of Council assets	Committee Request
Internal Audit Progress & Follow-up Report	Internal Audit – Teresa Sharman	To review progress on internal audit recommendations	Quarterly