

Governance, Risk and Audit Committee



Please contact: Democratic Services

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Date Not Specified

A meeting of the **Governance, Risk and Audit Committee** of North Norfolk District Council will be held in the **Council Chamber - Council Offices** on **Tuesday, 2 June 2026** 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. Further information on the procedure for public speaking can be obtained from Democratic Services, Tel: 01263 516047, Email: democraticservices@north-norfolk.gov.uk.

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 A Fletcher, Cllr C Cushing, Cllr V Holliday, Cllr S Penfold, Cllr W Fredericks and Platten

All other Members of the Council for information.

Members of the Management Team, appropriate Officers, Press and Public



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

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A G E N D A

1. TO RECEIVE APOLOGIES FOR ABSENCE

2. SUBSTITUTES

3. PUBLIC QUESTIONS

To receive public questions, if any.

4. 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.

5. 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.

6. MINUTES

7 - 12

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 24th March 2026.

7. EXTERNAL AUDITORS ANNUAL REPORT (AAR) 2024/25

13 - 46

To receive and consider the External Auditors Annual Report (AAR) for 2024/2025.

8. EXTERNAL AUDIT PLAN 2025/2026

47 - 96

To receive and consider the Provisional Audit Planning report for the 2025/2026 Audit. The report provides the Governance, Risk and Audit Committee of North Norfolk District Council (the Council) with a basis to review the proposed audit approach and scope for the 2025/26 audit by the Council's External Auditor, EY.

9. INTERNAL AUDIT PROGRESS & FOLLOW-UP REPORT

97 - 136

This report provides details of progress with the 2025/26 Internal audit Plan and outstanding recommendations.

The Committee is requested to receive and note progress with the 2025/26 Internal Audit Plan and outstanding recommendations.

10. ANNUAL REPORT/OPINION & REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

137 - 162

This report concludes on the Internal Audit Activity undertaken during 2025/26, provides an annual opinion concerning the Council's framework of governance, risk management and control, concludes on

the effectiveness of internal audit and provides key information for the Annual Governance Statement.

The Committee is requested to: -

- Receive and consider the contents of the Annual Opinion Report of the Head of Internal Audit.
- Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2026.
- Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration when developing and reviewing the Council's Annual Governance Statement for 2025/26.
- Note the outcomes of the Internal Audit's performance measures and the Quality Assurance and Improvement Programme (QAIP).

11. TREASURY MANAGEMENT OUTTURN REPORT 163 - 190

The report sets out the Treasury Management activities undertaken during 2025/26 compared with the Treasury Management Strategy for the year.

To review and recommend to Full Council

12. MAJOR PROJECTS OVERSIGHT BOARD REPORT MAY 2026 191 - 198

Major Projects Oversight Board update

The Committee is asked to note the report

13. CORPORATE RISK REGISTER 199 - 230

To receive and comment on the Interim Corporate Risk Register

Corporate risks proposed for removal from the register:

CR 035 - Failure to achieve adoption of the Local Plan is recommended to be removed from the Corporate Risk Register as the Local Plan was adopted at a Full Council meeting on the 17 December 2025 and the period of potential legal challenge has now passed.

Corporate risks recommended for addition to the register:

That a new corporate risk **CR 046** is developed to reflect that following the adoption of the Local Plan the Government has introduced a requirement to review all adopted Local Plans and for local planning authorities to prepare new-style Local Plans under the Planning and Compulsory Purchase Act (PCPA) 2004, as modified by the Levelling-up and Regeneration Act (LURA) 2023 and Local Planning Regulations 2026.

14. UPDATE FROM THE PERFORMANCE AND PRODUCTIVITY OVERSIGHT BOARD 231 - 234

Mid-Year Update from the Performance and Productivity Oversight Board – June 2026

The Committee is asked to note the update.

15. PROCUREMENT EXEMPTIONS REGISTER 235 - 236

To review Procurement Exemptions

16. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST 237 - 238

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

17. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME 239 - 240

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

18. 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.”

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

	<p>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 —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>'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.</p>
Licenses	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
Corporate tenancies	<p>Any tenancy where (to the councillor's knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(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.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(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</p>

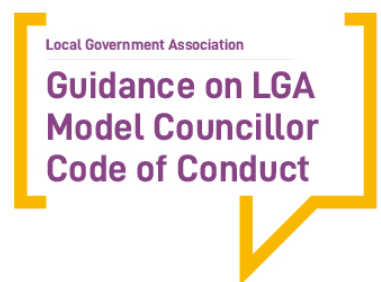
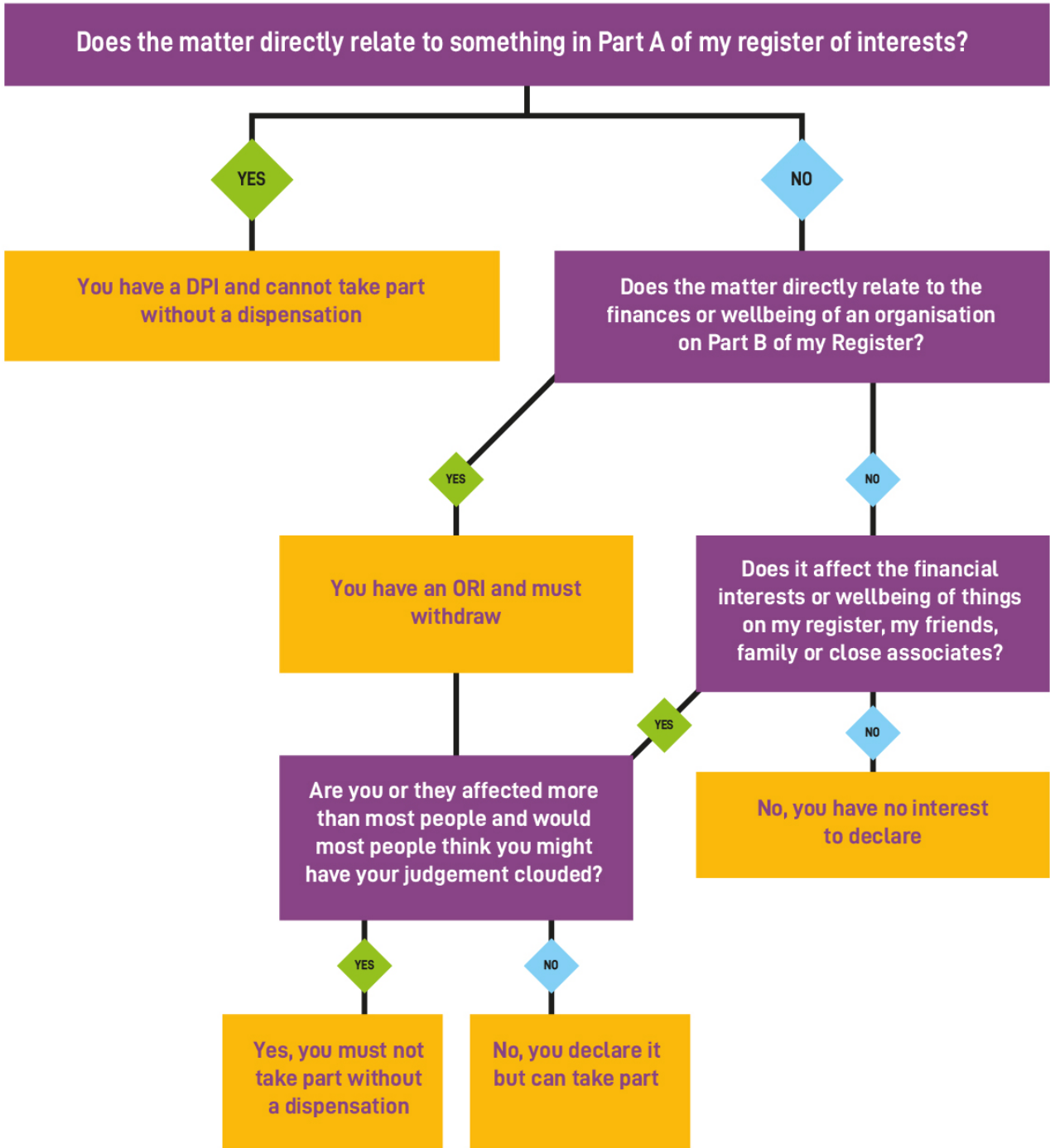
	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

* '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

<p>You have a personal interest in any business of your authority where it relates to or is likely to affect:</p> <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> (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)
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GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 24 March 2026 at the Council Chamber - Council Offices at 2.00 pm

Committee

Members Present:

Cllr A Fletcher (Acting Chair)	Cllr C Cushing
Mr V Platten(IP)	Cllr E Tooke
Cllr P Heinrich	Cllr V Holliday
Cllr P Fisher	

Officers in

Attendance:

Director of Service Delivery (DSD), Director For Resources and S151 Officer (DFR), Assistant Director, Legal & Governance, Monitoring Officer (MO) Democratic Services Governance Officer (DSGO), Head of Internal Audit (HIA). Programme and Project Manager(s) (PPM)

1 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies received from Cllr S Bütikofer, Cllr W Fredericks and Cllr S Penfold

Cllr Fletcher introduced himself and confirmed that he would be chairing the meeting in the absence of Cllr Bütikofer.

2 SUBSTITUTES

Substitutes were Cllr P Heinrich, Cllr E Tooke and Cllr P Fisher.

3 PUBLIC QUESTIONS

None

4 ITEMS OF URGENT BUSINESS

None

5 DECLARATIONS OF INTEREST

None

6 MINUTES

Cllr Cushing proposed and Cllr Holliday seconded that the minutes of 12th February 2026 be approved as a correct record. It was **unanimously resolved** to do so by the members of the Committee who were present at that meeting.

7 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The DGSO provided the Committee with a brief update on the outcomes and action list noting that the Committee may wish to consider downgrading item 40 in accordance with the comment in the report.

8 INTERNAL AUDIT PLAN 26/27 CHARTER & MANDATE

The HIA presented the plan. She explained that an analysis of the 2024/25 recommendations, the risk register and a discussion with the Executive team informed the plan. She also referred the Committee to the updated mandate and charter which was before the Committee for approval, noting that it referred to the global internal audit standards in the public sector, the Nolan principles, and a new section on communication with key stakeholders.

The IP asked about the legacy of previous activity and what happens after an audit, namely how recommendations from audits were embedded into activities. DFR clarified that recommendations were assigned to a senior responsible officer and that regular updates were presented to this Committee.

Cllr Cushing asked for clarification as to the use of RAG ratings on page 29, particularly the status of the food waste activity and the housing delivery target, both being identified as amber. The HIA confirmed that these ratings were taken from the corporate risk register at the time of writing the report.

Cllr Heinrich proposed and Cllr Cushing seconded and the Committee **unanimously resolved** to approve the Internal Audit Plan 2026/27 and the Internal Audit Charter and Mandate.

9 INTERNAL AUDIT PROGRESS & FOLLOW-UP REPORT MARCH 2026

The HIA updated the Committee on matters since the report was written, namely that the procurement report had started, a draft report on Corporate Governance audit has been issued, the PPM audit remained behind target with the draft report awaited. There were 2 final executive report summaries for the follow up work relating to risk management and workforce strategy and development audits. In addition, the HR application audit planned had been cancelled as the new system had not been purchased at this point. She noted the 25 outstanding recommendation and explained that the recommendation relating to land charges had been closed.

Cllr Heinrich asked for clarification on the outstanding recommendations relating to Cyber Security. The Chair noted those recommendations were due at the end of the month. DFR confirmed the actions were due in the next 7 days and understood they related to documenting all data and assets, noting that this would be necessary for LGR in any event. The DSD added that the recommendations were reviewed monthly and there was a slight time lag in terms of what is reported to this Committee and the current position.

The IP noted the executive summary on risk management and asked whether the intention was to include some of those insights into the Committee's June session on risk management generally, together with his previously submitted thoughts on improving risk management. The HIA noted that the Committee received a monthly report on risk management. The IP reflected that the insights from this audit would

be useful for the June discussions.

Cllr Cushing referred to page 82 and the key control and assurance relating to sums due under penalty charge notices administered by KLWNBC. The DFR confirmed to the Committee that KLWNBC provided an outsource service and that the agreement included a 60/40 split of penalty charges. He believed the audit recommendation related to a lack of information to reconcile the payments, however there was no evidence to suggest NNDC was not receiving the correct sums. Recently there had been greater momentum of information from KLWNBC.

The Chair asked for further information relating to the S.106 arrangements (page 88). The DSD confirmed that the issue for potential clawback was under control and audit recommendations in this regard would be closed off at the next update. The DSD updated the Committee on the EXACOM system and appropriate staffing in this area and that the recommendation in this regard is close to be completed.

The IP asked for an explanation of the conditions that needed to exist to close a recommendation. The HIA explained that for some recommendations, such as “implement a procedure”, these were easier to identify closure evidence which would be signed off by the auditor. Some recommendations were not as clear and required a conversation between Officers and HIA to assess closure.

Cllr Tooke proposed and Cllr Fisher seconded that the Committee note the progress with the 2025/26, Internal Audit Action Plan and outstanding recommendations and approve the change to the Internal Audit Plan. It was **resolved unanimously** to do so.

10 CORPORATE RISK REGISTER

The Chair noted that it was recommended that the introduction of the Renters Rights Act be added to the corporate risk register and invited questions.

Cllr Cushing asked for clarification of the risks associated with failure to meet the statutory deadline for the collection of food waste. The DSD confirmed that this had been addressed in terms of likelihood in the most recent update whilst noting that NNDC was in a similar position to many other authorities given that NNDC placed its order for vehicles in May 2025 and they were yet to be delivered. He suggested implementation was likely in February 2027 to avoid a Christmas roll out.

The IP suggested an Executive Summary would be useful in the overview section, setting out what really matters in the document and the things the Committee might need to discuss. The DSD confirmed that the suggestions previously made by the IP had been reviewed by the Executive team and he was keen to incorporate those ideas together with the output from the Internal Audit in this area and an Executive Summary could be included highlighting the biggest risk.

Cllr Cushing asked a question regarding risk CR10, the housing target, the risk being that the Council wouldn't meet the higher target of 932 houses and he was unclear why the risk was classified as amber. The DSD stated the risk was identified during the local plan, the adoption of the local plan meant the number was reduced to 551 dwellings and therefore the risk should have been assessed accordingly. However, now the Government had stated that NNDC should start developing a new local plan within a 30-month window, a new target would become relevant and therefore the risk needed updating accordingly. Cllr Cushing suggested that given how the risks were currently structured, it was hard to identify

the risk, impact and consequence. The DSD stated that consideration of how risks were identified and consequences noted could be further improved, with training for risk owners as necessary.

Cllr Holliday asked about risks CR24, (people resources), which didn't appear to consider LGR, and CR26 (impact of economic fluctuations on North Norfolk), which referred to the medium-term financial strategy as a mitigation, noting that the strategy itself carried considerable risk. The DFR noted there was some officer vacancies which were to be filled and that there was an element of "churn", to mitigate the risk there had been a reserve identified for LGR to fund where additional resources were needed for the LGR process. He stated it was unclear how much resource would be needed which would be impacted by the "minded to" decision.

With regard to the MTFs, he stated that the strategy helped to assess the impact of key variables such as interest rate, reduction in tax collection on NNDC but that a lot had happened globally in the last few weeks. NNDC had a prudent level of reserves which would see the council through short term fluctuations.

The IP suggested the relevant officer might review risk CR24 once the "minded to" decision had been given as from his experience this risk could increase with a need to consider such things as business continuity and knowledge transfer. The DSD acknowledged the issue, believing that the risks could be different depending on the decision but given the number of areas where LGR was happening locally there was this may reduce the risk, but close monitoring would continue to take place.

Cllr Heinrich proposed and Cllr Fisher seconded, that risk CR045- "Introduction of Renters Rights Act will generate additional workload, through implementation requirements and actions of landlords prior to legislation taking effect" be added to the Corporate Risk Register. The Committee **resolved unanimously** to do so.

11 MAJOR PROJECTS OVERSIGHT BOARD

The DFR presented the report, explaining to the Committee that the Major Projects Oversight Board met bi-monthly, and whilst not a decision-making body, it reviewed the progress and risk management of significant projects, with any issue being reported to the appropriate channel.

Cllr Cushing asked whether the Board meeting every 2 months was sufficient. The DFR believed that it was sufficient at the present time, noting that many of the projects had their own delivery boards. He confirmed the board received information from the project management team and that some projects, at the discretion of the Board, would be subject to a "deep dive", recently including the projects relating to FLASH, Rocket House, Pier sub-structure work and the Watch House.

Cllr Holliday asked whether the list of projects was extensive enough. The DFR believed the list was comprehensive. The next deep dive would be on the domestic food waste project. The Coastwise programme would be scheduled at the Oversight Board at the following Board, given the change to funding of that programme, the Coastwise board itself needed to understand its direction of travel which would then be considered by the Oversight Board. The DFR referred to the full list of projects included within item 13 of the Agenda and suggested that the reports at item 11 and 13 be combined in the future. The IP believed that would be appropriate. He believed that it was appropriate for the Committee to be well sighted on Major Projects and that it was important for the Committee to see the detail.

Cllr Holliday proposed and Cllr Cushing seconded, and the Committee **resolved unanimously** that the reports within this item 11 and that contained within item 13 be amalgamated in future.

The Committee noted the report.

12 TREASURY MANAGEMENT Q3 REPORT

The DFR presented this regular report to ensure compliance with the Treasury Management Strategy. and noted that the economic overview was based on information up to December 2025. He brought the Committees attention to page 150 noting that the variation was caused by slippage in capital programmes. HE confirmed that where financing was required, internal borrowing was being utilised where possible to reduce financing costs.

The Chair noted that current events might impact the issue of homelessness and asked for information as to the use of the second homes council tax in this regard. The DFR noted a pressure on the revenue budget was the cost of bed and breakfast accommodation for families, the shortfall last year was approximately £400k. The decision was taken last year to use NNDC share of the second home council tax to fund this cost. NNDC was investing these funds in its own stock of temporary accommodation, intending to buy another 2 units this month and utilising additional grant funding, to buy a further 12 units next year. This meant that NNDC could guarantee accommodation and that it would be a cheaper solution. He suggested that both cost-of-living issues and the impact of the Renters Rights Act may impact on demand.

The IP suggested an Executive Summary would be useful identifying the conclusion and impact on the Council.

Cllr Holiday asked where any “buffering” would be available given the current global situation. The DFR stated that the cash balances were approximately £16m in short term cash deposits, and £20m in investment funds meaning that NNDC had a significant buffer. In terms of balancing fiscal challenges, there was a general reserve of approximately £2m and he anticipated this would increase by another £1m at the end of the year. Therefore, in terms of the next 6-12 months there was a robust buffer. As a s.151 Officer his concern was that the revenue support grant and other grants from government would be reduced.

Cllr Heinrich proposed and Cllr Fisher seconded that it be recommended to Full Council that the Treasury Q3 Report 2025/26 be noted. The Committee **resolved unanimously** to do so.

13 PROJECT MANAGEMENT UPDATE

The Corporate Project and Programme Managers (PPM's) provided the Committee with insight into their work. Since they had last appeared before the Committee, they had undertaken some work on strengthening project governance and this involved formation of a PM working group, reviewing project sizing, reaffirming the need for proposal documents, the establishment of a planning workshop and the development of process for a resourcing framework prior to LGR. They reported on the enhanced matrix management of project management and reporting into the Major Project Board, increased collaborative working with service areas, and the improved project closure process. They also noted the cross collaboration ongoing in connection with LGR.

The IP suggested that an executive summary highlighting reoccurring themes would be useful, he believed the quality of project delivery also worth capturing together with an idea of delivery confidence. The PPM's suggested that ongoing allocated oversight of project by the team together with their attendance at Project Boards assisted.

Cllr Cushing noted that he was used to seeing projects with one RAG rating but asked for definition of each RAG. PPM confirmed red reflected serious problems out of tolerance, amber, problems but within contingency plan, green equated to no problem or only minor issues. The IP asked that in future reports any project with a RAG other than green, a reason was identified.

The Committee noted the report

14 PROCUREMENT EXEMPTIONS REGISTER

The Monitoring Officer presented the report which was noted by the Committee.

15 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The DGSO updated the Committee.

16 EXCLUSION OF THE PRESS AND PUBLIC

The meeting ended at 3.40pm

Chairman

North Norfolk District Council

Auditor's Annual Report
Year ended 31 March 2025
13 April 2026



The better the question. The better the answer. The better the world works.



Shape the future
with confidence



Governance, Risk and Audit Committee
North Norfolk District Council
Council Offices
Holt Road
Cromer
NR27 9EN

13 April 2026

Dear Governance, Risk and Audit Committee Members

2024/25 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for North Norfolk District Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2024/25.

This report is intended to draw to the attention of the North Norfolk District Council any relevant issues arising from our work up to the date of issuing the report. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Governance, Risk and Audit Committee meeting 2 June 2026.

The [EY UK 2025 Transparency Report | EY - UK](#) provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as of 30 June 2025.

Yours faithfully

David Riglar

Partner,

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.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>)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Governance, Risk and Audit Committee and management of North Norfolk District Council in accordance with the statement of responsibilities. 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

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Executive Summary

Purpose

The Auditor's Annual Report summarises the year's audit work, including value for money commentary and confirmation of the financial statement opinion. It also references any use by the auditor of their additional powers and duties under the Local Audit and Accountability Act 2014. In line with the NAO Code of Audit Practice 2024 ("the 2024 Code") and Auditor Guidance Note 03 (AGN 03), this report provides an overview to North Norfolk District Council and the public, detailing current recommendations and a review of prior years' actions, including our assessment of whether they have been satisfactorily implemented.

Auditors must issue their draft annual report to those charged with governance by 30 November each year, reflecting the audit position and value for money assessment at that time, even if the 2024/25 audit is ongoing. We issued a draft Auditor's Annual Report to the S151 officer and Governance, Risk and Audit Committee Chair on 26 November 2025 reflecting the audit position and value for money assessment at that time to meet this requirement. As our audit work is now complete, and the Audit Results Report has been issued, this is the final version for the Committee.

Responsibilities of the appointed auditor

We have undertaken our 2024/25 audit work in accordance with the Audit Plan that we issued on 25 April 2025. We have complied with the 2024 Code, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- whether the financial statements give a true and fair view of the financial position of the Council and its expenditure and income for the year; and
- have been prepared properly in accordance with the relevant accounting and reporting framework.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the North Norfolk District Council;
- the use of additional powers and duties, for example making written recommendations under Section 24 and Schedule 7 of the Act or making a report in the public interest; and
- if we identify a significant weakness in the North Norfolk District Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

The Council is responsible for the preparation of the financial statement, including the narrative statement and governance statement, in accordance with the CIPFA Code and for having internal controls in place to ensure these financial statements are free from material error. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Executive Summary (cont'd)

2024/25 conclusions

Page 18

Financial statements	<p>As reported in our 15 February 2025 Completion Report we issued a disclaimer of opinion on the North Norfolk District Council's 2021/22, 2022/23 and 2023/24 Statement of Accounts under the arrangements to reset and recover local government audit.</p> <p>In 2024/25, we commenced audit work on the closing balance sheet and in-year transactions. While the level of assurance obtained increased compared with prior years, we were unable to obtain sufficient appropriate audit evidence to provide reasonable assurance over all in-year movements and closing balances.</p> <p>As a result of the disclaimer of opinion on the 2023/24 Statement of Accounts, we do not have assurance over brought forward balances from 2023/24 where we did not gain assurance (the opening balances). This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 Statement of Accounts. Taken together with the requirement to conclude our work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2024/25 Statement of Accounts are free from material and pervasive misstatement of the Statement of Accounts.</p> <p>Accordingly, we issued a disclaimer of opinion on the 2024/25 Statement of Accounts on 17 February 2026.</p>
Going concern	<p>Where a disclaimer of opinion is issued on the financial statements, we do not conclude on whether the use of the going concern basis of accounting is appropriate.</p>
Consistency of the other information published with the financial statements	<p>We were unable to complete our planned procedures to conclude on whether financial information in the narrative statement and published with the financial statements is consistent with the accounts as the Council was unable to provide satisfactory working papers during the allocated audit window.</p>
Value for money (VFM)	<p>We reported a VFM risk in our Audit Plan concerning the Council's financial reporting arrangements as this was reported as a significant weakness in 2023/24. This was identified as a significant weakness for 2024/25 within our audit report.</p> <p>We have not identified any additional VFM risks or matters to report by exception on the Council's VFM arrangements.</p>

Executive Summary (cont'd)

2024/25 conclusions (cont'd)

Consistency of the annual governance statement	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.
Additional powers and duties	We had no reason to use our auditor powers.
Whole of Government Accounts and Certificate	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.

Executive Summary (cont'd)

Value for money scope

Under the 2024 Code, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

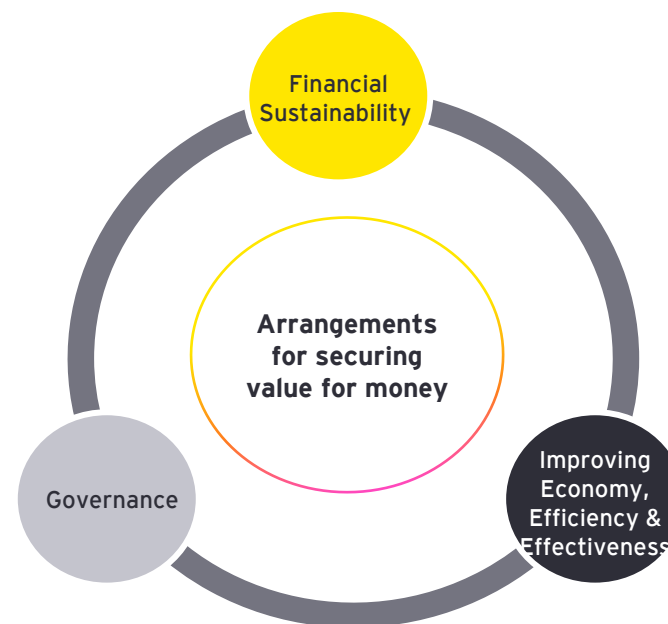
We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's report on the financial statements.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- 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.

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

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the S151 Officer;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.



Executive Summary (cont'd)

Reporting

Our commentary for 2024/25 is presented in Section 03. This section provides a summary of our understanding of the arrangements at the Council, as determined from our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2024/25 and up to the date of issuing this Auditor's Annual Report, which must be issued by 30 November.

The recommendations we have agreed upon with the Council are included in Appendix A.

In compliance with the 2024 Code, we are required to provide commentary against the three specified reporting criteria. The table below outlines these criteria, indicates whether a significant risk of weakness was identified during our planning procedures, and details our current conclusions regarding any significant weaknesses within your arrangements.

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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	No significant risks identified	We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements and the Council's ability to publish their unaudited accounts by the statutory deadline.
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

Executive Summary (cont'd)

Independence

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

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2025

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2025:

[EY UK 2025 Transparency Report | EY - UK](#)



02

Audit of financial statements

Audit of financial statements

Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On the 17 February 2026 we issued a disclaimer of opinion on the financial statements. We reported our detailed findings to Governance, Risk and Audit Committee. We outline below the key issues identified as part of our audit, reported against the significant risks we included in our audit plan.

Financial statement risks

Risks	Conclusion
Fraud Risk - Misstatement due to fraud or error	We have not identified any material weaknesses in controls, evidence of management override, instances of inappropriate judgements being applied or significant unusual transactions.
Fraud Risk - Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Our sample testing on PPE additions and REFCUS did not identify any significant unusual transactions or evidence of inappropriate capitalisation of revenue expenditure. Further, our data analytics procedures did not identify any movements from expenditure to capital outside of the normal course of business.

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Audit of financial statements

Financial Statement reporting assessment

Management, and the Governance, Risk and Audit Committee, as the Council's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. The table over-page sets out our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures.

Where we have been unable to undertake all planned procedures, this is likely to extend the timetable to recover assurance on the Council's financial statements.

In addition, the illustrative timescale for the process of re-building assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that and what still needs to be done to successfully rebuild assurance is set out on page 15. The timetable set out in LARRIG 01 assumes that disclaimers for 2022/23 and all prior open audit years were issued by the statutory backstop date of 13 December 2024.

Audit of financial statements

Financial Statement reporting assessment

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements	Requires improvement			The financial statements were not published by the 30th June 2025 deadline set out in the Accounts and Audit Regulations. The delay was due to staff changes in the finance team and the need for the Council to prioritise finalising the Council's outturn figures. In addition, the Council built in extra time to review the draft accounts for accuracy and compliance with the Cipfa Code of Practice. The required Notice of Delay was issued and the accounts were subsequently published on 18 July 2025.	N/A
Quality and completeness of the draft financial statements	Requires improvement			There are a number of non-material internal inconsistencies, typographical and arithmetic errors in the draft financial statements, that should have been detected through internal quality review prior to publication.	N/A
Delivery of working papers in accordance with agreed client assistance schedule	Requires improvement			Initial working papers were submitted in line with the agreed timetable; however, as the audit progressed, subsequent working papers and responses to follow-up queries were not consistently provided by the set deadlines. These delays impacted the audit team's ability to complete planned procedures within the expected audit window.	Regular discussions were held with the finance team to agree the additional supporting information required. This led to additional delays to the audit progress whilst the finance team prepared the working papers. We were unable to complete all planned procedures.
Quality of working papers and supporting evidence	Ineffective			Working papers did not consistently meet required standards, and complex accounting areas lacked reference to the CIPFA Code or relevant accounting standards. These issues hindered audit progress and contributed to areas where assurance could not be obtained.	We will work with the finance team to help improve the quality of working papers and supporting evidence for the 2025/26 audit.

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Audit of financial statements

Financial Statement reporting assessment

Area	Status			Explanation	
	R	A	G		
Timeliness and quality of evidence supporting key accounting estimates	Ineffective			We have experienced delays in the receipt of management specialist report for pensions. Initial working papers to support other estimates in the Statement of Accounts such as PPE Valuations and NDR Appeals Provision were provided as per our agreed project plan, however did not meet expected standard which resulted to follow-up queries, clarification and requests.	N/A
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement			<p>The Council's section 151 Officer left the Council just after the 2023/24 audit finished. The Council engaged a new section 151 Officer just before the year-end audit was due to start.</p> <p>The officer responsible for the Collection Fund also left the Council.</p> <p>The loss of knowledge and finance team capacity contributed to delays during the audit.</p>	N/A
Volume and value of identified misstatements	Ineffective			A large number of material misstatements were detected as a result of our work which were be corrected by management.	N/A

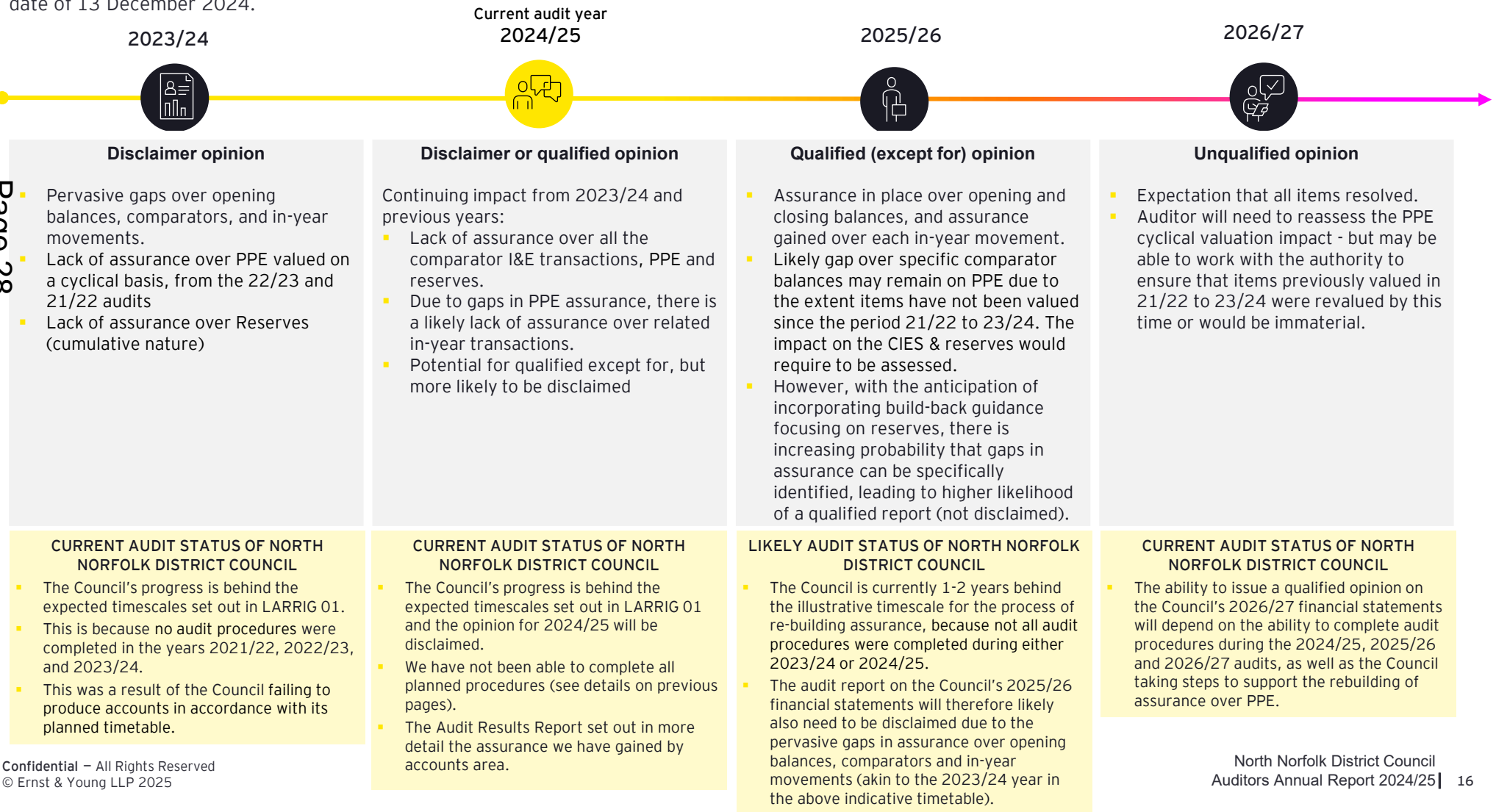
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Audit of financial statements

Progress to full assurance

Set out below is the illustrative timescale for the process of re-building assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that and what still needs to be done to successfully rebuild assurance. The timetable set out in LARRIG 01 assumes that disclaimers for 2022/23 and all prior open audit years were issued by the statutory backstop date of 13 December 2024.

EXPECTED STATUS
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03

Value for Money commentary

Value for Money

The Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Our responsibilities

Under the revised NAO Code we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period. Our summary is below:

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	Significant risk identified	Significant weakness identified
 <p>Financial sustainability How the Council plans and manages its resources to ensure it can continue to deliver its services.</p>	<ul style="list-style-type: none"> No significant risk identified. 	<ul style="list-style-type: none"> No significant weakness identified to date.
 <p>Governance How the Council ensures that it makes informed decisions and properly manages its risks.</p>	<ul style="list-style-type: none"> No significant risk identified. 	<ul style="list-style-type: none"> We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements and the Council's ability to published their unaudited accounts by the statutory deadline. These are set out on pages 14 to 16, detailed findings and recommendations have been included in our Audit Results Report.
 <p>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.</p>	<ul style="list-style-type: none"> No significant risk identified. 	<ul style="list-style-type: none"> No significant weakness identified to date.



VFM commentary: Financial Sustainability

Financial sustainability: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Financial Sustainability sub-criteria set out in AGN03:

- How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the body plans to bridge its funding gaps and identifies achievable savings;
- How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Significant risks identified during planning procedures

Within our Audit Planning Report, we identified no risks of a significant weakness in the Council's arrangements for financial sustainability. In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years. The Council's underlying arrangements in relation to financial sustainability are not significantly different in 2024/25.

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Overview of our conclusions

No significant weakness identified.



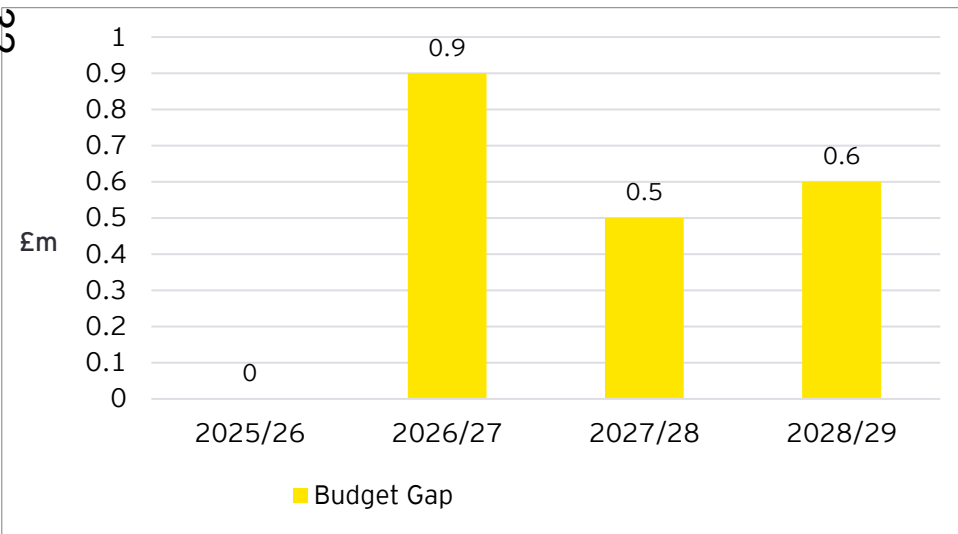
Financial Sustainability considerations

Medium Term Financial Strategy (MTFS)

In February 2025, North Norfolk District Council presented its updated Medium Term Financial Strategy for 2025/26 to 2028/29 to the Cabinet and Full Council. The Strategy highlights the continuing financial uncertainty across the local government sector and confirms that a significant pressure on residents and services persists due to the current economic challenges.

North Norfolk's planning identifies key challenges including inflationary pressures, funding cuts, demographic changes, and ongoing uncertainty around future government funding reforms expected in 2026/27. The budgets for 2025/26 are in a balanced position, there is a forecasted deficit for the following three years to 2028/29. The Council does hold sufficient reserves, based on their budget, to remain above the minimum level for the foreseeable future. As a result of the cost-of-living crisis and the potential impact it could have on the Council's resources, the budget has been revisited through Budget Monitoring Outturn reports. The Council continues to look for potential areas of savings as part of the budget-setting process, especially considering ongoing wider economic challenges.

Exhibit A: The Council's MTFS outlines the budget gap to 2028/29



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Financial Sustainability considerations

Budget Monitoring

The Council has established a structured timetable for its annual budget-setting process. This schedule includes regular briefings for the Corporate Leadership Team, formal meetings with elected Members, and engagement with key stakeholders such as local businesses, community organisations, and voluntary groups. Insights gathered during these stages feed into the Council's Medium-Term Financial Strategy, which forecasts financial performance over the next four years using cautious assumptions around inflation, funding risks, and income streams, including anticipated Government support. The Council uses this information to set a budget that is achievable and based on the most up to date information available.

These are reported to Cabinet and Full Council through the quarterly Budget Monitoring Reporting and to the Corporate Leadership Team, along with recommended action plans (if required) to ensure the overall budget can be met. The Council's net operating expenditure for the financial year 2024/25 was £20.64m, which was £4.12 million less than the revised budget, driven by lower employee-related costs, tight controls on supplies and services, and the generation of approximately £2 million in additional income from planning fees, car parking, and housing-related grants. Enhanced in-year forecasting allowed timely adjustments, reducing the planned drawdown from reserves from £4.49 million to £0.94 million, while maintaining service delivery.

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Exhibit B: Summary of the Council's 2024/25 Outturn

	Base Budget £m	Revised Budget £m	Outturn 2024/25 £m	(Underspend) /Overspend £m
Net Operating Expenditure	22.06	24.76	20.64	(4.12)
Income from Government Grant and Taxpayers	(20.27)	(20.27)	(20.32)	(0.05)
(Surplus)/Deficit	1.80	4.49	0.32	(4.17)
Contributions to/(from) Reserves	(1.80)	(4.49)	(0.94)	(3.55)
(Surplus)/Deficit Position	0.00	0.00	(0.62)	(0.62)



Financial Sustainability considerations

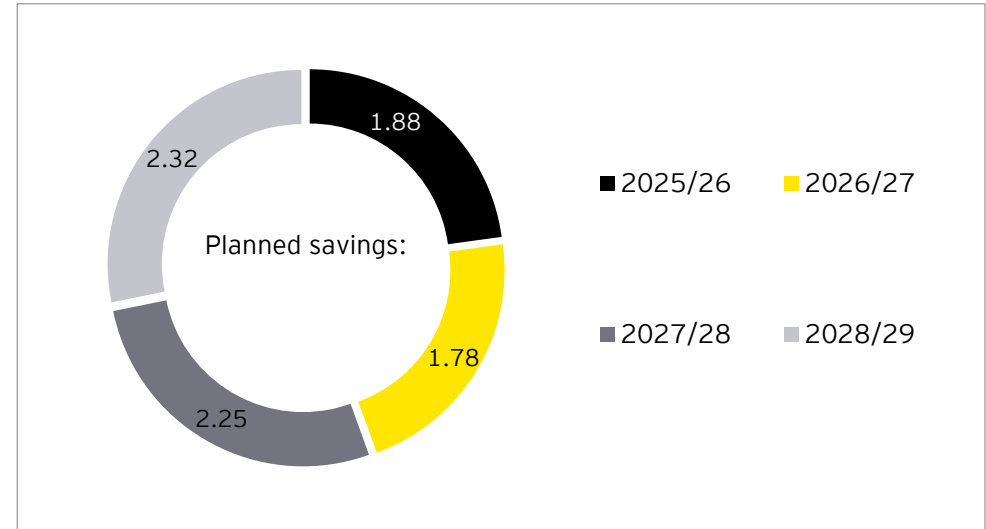
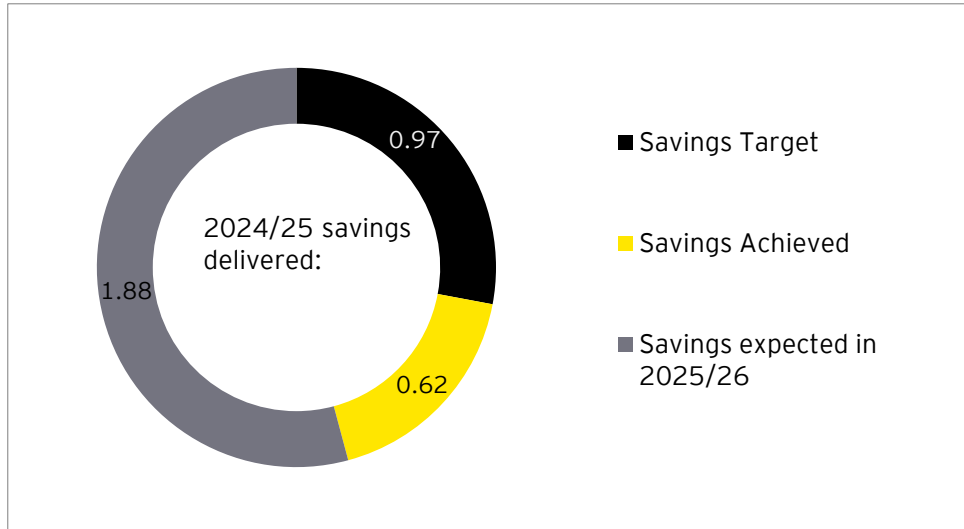
Savings plans

The Council faces a significant budget gap of £2.03 million over the next three years, as outlined in its MTFS. Internal factors include the Council's operational efficiency and the ability to innovate, while external factors range from economic conditions and government policy changes to unforeseen global, national or regional events. The Council's plan to close the budget gap includes service reviews and restructuring, efficiency improvements and automation, adjustments to service levels (including statutory and non-statutory services), shared services and collaboration, income generation (fees, charges, commercialisation) and careful use of reserves (short-term only).

The final outturn position for general fund income and expenditure for the 2024/25 financial year was an underspend of £0.62 million. The Council has budgeted a balanced budget in 2025/26, with the following years having a total budget gap of £2.03 million (2025/26 to 2028/29). The proposed savings plan presented to the Council in February 2025 suggests total savings of £8.23 million from 2025/26 until 2028/29, leaving net projected surplus of £6.21 million.

Exhibit C: The Council delivered £0.62 million savings, 64% of planned savings for 2024/25. The Council also planned a cumulative total savings of £8.23 million for the years 25/26 to 25/29.

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Financial Sustainability considerations

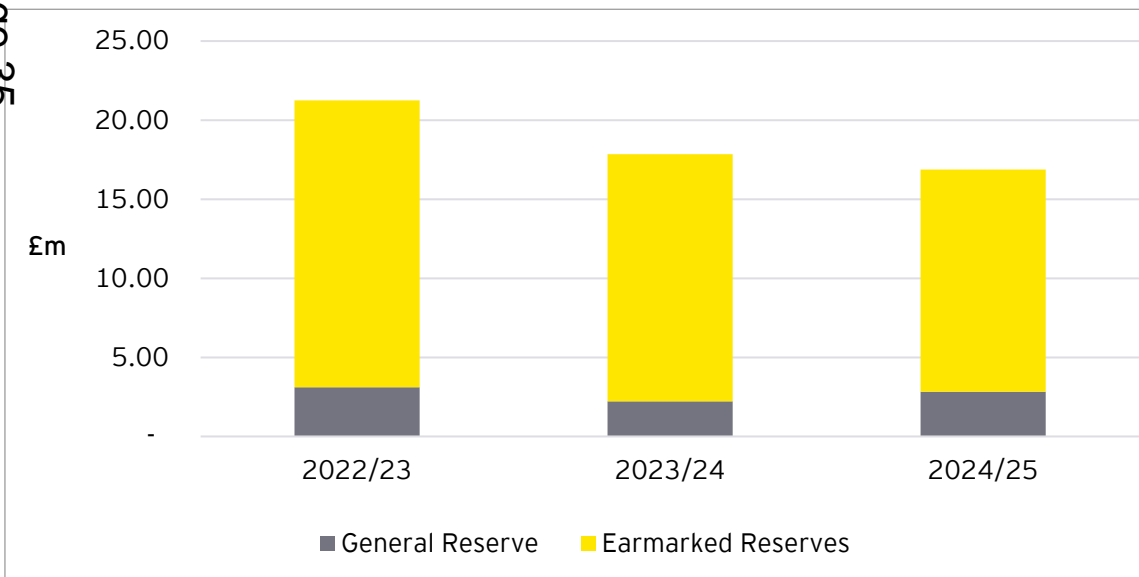
Reserves position

Reserves are regularly reviewed to determine if funds or reserve balances are still required and if the levels are still appropriate. When setting the budget each year the adequacy of all reserves is assessed along with the optimum level of general reserve that an authority should hold. The optimum level of the general reserve considers a risk assessment of the budget and the context within which it has been prepared. The council holds both 'useable' reserves for revenue and capital purposes, including the General Reserve and Earmarked reserve. The Council's reserves provide short-term flexibility and support for transformation projects, but the overall reserves position is expected to decline over the next four years as funds are used to address budget gaps and invest in savings initiatives.

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 General Fund balance is £2.8 million as at 31 March 2025, which is above the recommended minimum currently £2.1 million.

Exhibit D: The Council's unallocated General Reserve has increased to £0.6 million in 2024/25

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VFM commentary: Governance

Governance: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Governance sub-criteria set out in AGN03:

- How the body monitors and assesses risk and how the body gains assurance over the effective operations of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- 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, including in relation to significant partnerships;
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/Governance, Risk and Audit Committee; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer and member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

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Significant risks identified during planning procedures

Within our Audit Planning Report, we identified a risk of significant weakness in the Council's governance arrangements the Council's ability to meet financial reporting duties for publishing draft accounts, specifically the Council's arrangements for producing reliable and timely financial reporting that supports the delivery of strategic priorities, as the 2021/22 to 2023/24 draft statement of accounts were published after the statutory deadline. In prior years, we identified a significant weakness relating to the Council's ability to meet financial reporting duties.

Overview of our conclusions

We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements and the Council's ability to published their unaudited accounts by the statutory deadline. These are set out on pages 14 to 15, detailed findings and recommendations have been included in our Audit Results Report.



Governance considerations

Annual Governance Statement

The Council's Annual Governance Statement sets out the core governance arrangements for the year, including an Action Plan to address previously identified matters, which demonstrates how the Council's Code of Governance reflects the seven principles of good governance.

A reasonable/limited opinion was given by the Head of Internal Audit (HIA) for 2024/25 concerning the framework of risk management, governance, and internal control. The split opinion given by the HIA reflects the potential direction of travel in the control environment at the Council based on the information reported by the HIA.

Risk Management

North Norfolk District Council adopts a proactive approach to risk management, embedding it within its governance and decision-making processes. Risks are identified, assessed, and monitored through a structured framework aligned with CIPFA principles and the Council's Risk Management Policy. Strategic and operational risks are reviewed regularly by senior officers and reported to the Governance, Risk & Audit Committee, ensuring transparency and accountability. Mitigation plans are developed for high-priority risks, covering financial resilience, service delivery, and compliance obligations. The Council also integrates risk considerations into budget monitoring and project planning, enabling early intervention and informed resource allocation.

Informed decision making and member challenge

The Council's Constitution sets out the decision-making framework, which includes specifying which decisions are reserved for the Full Council and which are for the executive or a committee of the Council. Some decisions within the Constitution are delegated to officers, and these delegations are outlined in the Constitution.

The Governance, Risk, and Audit Committee and the Overview and Scrutiny Committee play important roles in ensuring transparency and informed decision-making. The Governance, Risk, and Audit Committee provides oversight and monitors the governance, risk management, and internal control arrangements of the Council, assuring their effectiveness and efficiency. This is achieved through items received by the Committee, including but not limited to internal and external audit, key finance items, governance reviews, and strategic risk management reporting. The Overview and Scrutiny Committee is the Council's primary oversight committee that seeks to ensure the Cabinet is held to account, reliable services are provided, and value for money is achieved.



Governance considerations

Internal audit arrangements, including arrangements to prevent and detect fraud

The Council has an established internal audit function through Eastern Internal Audit Services. The Internal Audit plan is based on a risk-based approach, and the plan is approved by the Governance, Risk, and Audit Committee. Audit reports are presented to the Committee throughout the year, reporting on audit results and progress against recommendations.

On 26 March 2024, GRAC approved the 2024/25 Internal Audit Plan, allocating 177 days for 15 reviews across key governance, risk management, and control themes. On 3 June 2025, the Head of Internal Audit reported that 15 audits were completed in 2024/25 (up from 13 in 2023/24).

At year-end 2024/25, 19 audit recommendations remained outstanding, with none classified as urgent. Management has made notable progress in recent months, and revised due dates are in place for earlier items. This position has been considered in forming the overall annual opinion on governance and control effectiveness. The overall HIA opinion for 2024/25 was reasonable/limited, consistent with the previous year, indicating a mixed but stable control environment with potential areas for improvement.

The Council has a Counter Fraud, Corruption, and Bribery Policy, as well as a Whistleblowing Policy. The Council seeks to deter and prevent fraud, corruption, and theft to ensure that all risks in these areas are reduced to the lowest level possible.

The offence of failing to prevent fraud, as introduced by the Economic Crime and Corporate Transparency Act 2023, became effective on 1 September 2025. The Home Office has published statutory guidance (most recently updated in October 2025) which organisations must consider. This guidance outlines the core principles for establishing, reviewing, or enhancing anti-fraud procedures. We recommend that this should be prioritised to ensure compliance with the Act and to mitigate the risk of enforcement action.

Local Government Reorganisation

Local Government Reorganisation is expected to pose challenges for local authorities. During this period of change, the Council must maintain essential services and fulfil statutory duties. According to the Ministry of Housing, Communities, and Local Government (MHCLG) guidance issued in July 2025, decisions made by the Council prior to reorganisation regarding ongoing service delivery and the medium-term financial strategy should focus on providing value for money for taxpayers and avoid limiting future decisions or sustainability of new councils.

The government has stated that it will issue directions under section 24 of the 2007 Act after Structural Changes Orders are made, specifying a person authorised to give consent on relevant matters and outlining how this authority should be exercised. MHCLG has noted these directions will follow previous precedents, requiring written consent from the successor council for land disposals and contracts exceeding a specified value.

To comply with MHCLG guidance and forthcoming directions, councillors and statutory officers need to be aware of their responsibilities and ensure that appropriate accounting and governance systems are maintained.



Governance considerations

Reporting Arrangements

We reported a significant weakness in our Completion Report for the financial years ended 31 March 2022, 31 March 2023, and 31 March 2024 as the Council was unable to publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015. As reported to the Governance, Risk and Audit Committee, the delays were caused by staff shortages and the need to prioritise closing the budget gap. This, alongside Internal Audit findings concerning non-compliance with key financial controls, demonstrated the consequence of not having a fully resourced Finance Team to be able to provide services needed by the Council.

The Council have taken action to increase the capacity in the Finance team. For 2024/25, the Council was unable to published their unaudited accounts by the statutory deadline of 30 June 2025. They did however correctly publish a notice of delay explaining the reasons and expected publication date. The delay was due to staff changes in the finance team and the need for the Council to prioritise finalising the Council's outturn figures. In addition, the Council built in extra time to review the draft accounts for accuracy and compliance with the Cipfa Code of Practice. The required Notice of Delay was issued and the accounts were subsequently published on 18 July 2025.

Our value for money procedures are on going at the time of this report, we will provide our final conclusions as part of issuing the 2024/25 Audit Report.



VFM commentary: Improving economy, efficiency and effectiveness

Improving economy, efficiency and effectiveness: Our audit procedures

Our audit procedures include:

- How financial and performance information has been used to assess performance to identify areas for improvement;
- How the body evaluates the service it provides to assess performance and identify areas for improvement;
- How the body ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess where it is meeting its objectives; and
- Where the body commissions or procures services, how it assesses whether it is realising the expected benefits.

Significant risks identified during planning procedures

Page 40 Within our Audit Planning Report, we identified no risks of a significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness. In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years. The Council's underlying arrangements in relation to improving economy, efficiency and effectiveness are not significantly different in 2024/25.

Overview of our conclusions

No significant weakness identified.



Improving economy, efficiency and effectiveness considerations

Financial and performance information

The Council's Performance Management Framework promotes the communication and understanding of performance management and provides guidance to those responsible for ensuring that performance management is applied effectively and consistently. It defines what performance management is, the key components, types of performance measures, the reporting framework, and roles and responsibilities. Performance management reports are presented to Cabinet on a quarterly basis and are reviewed by Overview and Scrutiny Committee.

Each department sets performance targets annually. Benchmarking information against similar councils in England, using CIPFA's Nearest Neighbours model, is provided to assess relative performance and identify high-achieving councils. This comparison aims to review service delivery and improve outcomes for our customers. As part of the Corporate Plan for 2023-2027, a Performance Portal has been established where the public can access the Council's key targets and metrics, and view performance information relative to these targets.

Financial performance data is regularly reported to committees through the budget monitoring reports.

Procurement and contract management

The Council employs an officer as a procurement specialist who can provide knowledge and expertise to other officers, with assistance from the Council's in-house legal service when required. A Procurement Strategy, which is vital for securing best value, supports the Council's priorities and provides information about the Council's procurement values and principles. The Council's Constitution contains Contract Procedure Rules that set out the required procedures depending on the expected value of a contract and the situations in which an exemption from these rules can be granted. The Chief Financial Officer and the Monitoring Officer have oversight in such circumstances.



Improving economy, efficiency and effectiveness considerations

Partnership working

The Council has a Customer Service Strategy and a complaints procedure, which, along with other processes such as Freedom of Information requests, allow for internal reviews of decisions. Members of the public have the opportunity to attend and ask questions at Full Council meetings and participate in other committees. The Performance Portal provides further transparency into the achievement of targets. The Council also works closely with neighbouring authorities to ensure efficiencies where possible.

Decisions regarding Council representation in partnerships follow a set delegation scheme. The Cabinet approves delegations and plays a key role in forging partnerships with local organizations, provided there is no major policy change. While the Cabinet can delegate partnership-related functions, it remains accountable to the Full Council. The Monitoring Officer ensures high standards of conduct in financial dealings with partners and monitors the risk appraisal for contracts with external bodies. The Chief Financial Officer must confirm that satisfactory accounting arrangements will be adopted in relation to partnerships and joint ventures, including the verification of third-party identities. Directors must secure approvals prior to finalizing negotiations with external entities.



04 Appendices

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Appendix A – Recommendations from previous years

Recommendations brought forward from previous years

The table below sets out the recommendations arising from the value for money work in the prior year, 2023/24, and progress made in the current year. All recommendations have been agreed by management.

Issue	Recommendation	Progress made in 2024/25
<p>Governance</p> <p>The Council's ability to publish its Statement of Accounts by the target date required by the Accounts and Audit Regulations 2015 and its ability to effectively support an audit of its financial statements.</p>	<p>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.</p>	<p>The Council have taken action to increase the capacity in the Finance team. For 2024/25, the Council was unable to published their unaudited accounts by the statutory deadline of 30 June 2025. They did however correctly publish a notice of delay explaining the reasons and expected publication date. The delay was due to staff changes in the finance team and the need for the Council to prioritise finalising the Council's outturn figures. In addition, the Council built in extra time to review the draft accounts for accuracy and compliance with the Cipfa Code of Practice. The required Notice of Delay was issued and the accounts were subsequently published on 18 July 2025.</p> <p>Working papers and supporting evidence were not provided in line with the agreed timetable and did not meet the expected quality requirements. This is due to ongoing resourcing difficulties faced by the Council, historic delays in the 2021/22, 2022/23 and 2023/24 financial statements which have impacted the timeliness and quality of its statement of accounts preparation. See pages 14 to 16 for further details.</p>

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North Norfolk District Council

Provisional Audit Planning Report

Year ended 31 March 2026

30 April 2026



The better the question. The better the answer. The better the world works.



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Private and Confidential

30 April 2026

Governance, Risk and Audit Committee
North Norfolk District Council
Council Offices
Holt Road
Cromer
NR27 9EN

Dear Governance, Risk and Audit Committee Members

Provisional Audit Planning Report 2025/26

We are pleased to attach our provisional audit planning report for the forthcoming meeting of the Governance, Risk and Audit Committee. The purpose of this report is to provide the Committee with a basis to review our proposed audit approach and scope for the 2025/26 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements.

This report is intended solely for the information and use of 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.

We welcome the opportunity to discuss this report with you on 2 June 2026 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

David Riglar

Partner

For and on behalf of Ernst & Young LLP

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Contents

- 1 Overview of our 2025/26 audit strategy
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Public Sector Audit Appointments Ltd (PSAA) issued the 'Statement of responsibilities of auditors and audited bodies'. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). 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 ([Terms of appointment and further guidance from 1 October 2025 - PSAA](#)) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO 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

Overview of our 2025/26 audit strategy

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2025/26 audit strategy overview: Rebuilding Assurance

The purpose of this report

As the Council's body charged with governance, the Governance, Risk and Audit Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support a timely and efficient audit. Failure to achieve this will significantly increase the level of resources required to fulfil our respective responsibilities.

As part of our responsibilities, we assess and report on the adequacy of the Council's external financial reporting arrangements, as well as the effectiveness of the Governance, Risk and Audit Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. Wherever necessary, we will consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements. We direct Governance, Risk and Audit Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

Our shared strategy to rebuild assurance

We are now in Phase 2 of the implementation of the Ministry for Housing, Communities and Local Government's (MHCLG) measures to address the backlog facing local government audit. Throughout 2023/24 and 2024/25, we have applied a structured, risk-based prioritisation approach to local government audits to support a return to unqualified audit opinions wherever feasible, while still meeting statutory backstop requirements. Our approach recognises that recovery depends heavily on the Council's own capacity and preparedness and that audit effort must be targeted where it can deliver meaningful assurance.

Management has overall responsibility for leading and sustaining the Council's recovery from a disclaimed audit opinion. This includes ensuring that the financial statements are prepared in accordance with proper practices and supported by complete, accurate and timely audit evidence.

To deliver this, it is essential that management:

- Strengthen the underlying control environment in relation to the preparation of the financial statements, particularly in areas linked to prior year disclaimers and misstatements.
- Provide high quality working papers and ensure that all audit evidence is complete, consistent and readily accessible.
- Allocate sufficient, knowledgeable resources throughout the audit cycle.
- Actively engage with auditors, promptly addressing findings and resolving weaknesses in financial reporting arrangements.
- Communicate transparently with the Governance, Risk and Audit Committee, as Those Charged with Governance, ensuring that Committee members have clear visibility of risks, progress and emerging issues.

In line with the National Audit Office's Local Audit Reset and Recovery Implementation Guidance (LARRIGs) - and specifically the guidance on rebuilding assurance following a disclaimed opinion - management must support the restoration of reliable opening balances and enable a phased progression from disclaimed to qualified and ultimately unmodified audit opinions. Achieving this requires sustained delivery of the "natural rebuild," through the completion of all planned audit procedures across successive annual cycles, alongside targeted work to rebuild assurance over historical balances, including both usable and unusable reserves, where cumulative gaps in evidence present the most significant challenges.

2025/26 audit strategy overview: Rebuilding Assurance

Our shared strategy to rebuild assurance continued

Appendix A explains the expected timeline to full assurance set out within the NAO's LARRIG 01 guidance, along with our assessment of the Council's status. During 2024/25, the focus of the rebuild process has been on this "natural" rebuild, to complete all planned audit procedures for each respective audit year. As set out in our Audit Results Report dated 17/02/2026, we were not able to complete all planned audit procedures in 2024/25 for the following reasons:

- Disclaimers of opinions were issued on the Council's 2023/24, 2022/23 and 2021/22 financial statements under the arrangements to reset and recover local government audit;
- The Council had been unable to publish its statement of accounts for the years 2021/2022, 2022/23, 2023/24 and 2024/25 by the target dates required by the Accounts and Audit Regulations 2015. We therefore did not undertake all of our planned procedures on the 2024/25 financial statements and have not been able to start rebuilding assurance ahead of the planned backstop date of 27 February 2026;
- In 2024/25, although the level of assurance gained increased, we did not have sufficient assurance over some brought forward balances from 2023/24;
- As a result, we were unable to gain sufficient assurance over the 2024/25 in-year movements or the 2023/24 comparative balances as disclosed in the 2024/25 financial statements;

We were also unable to complete planned procedures over a number of areas in 2024/25 due to a lack of sufficient evidence, which includes Short-Term Debtors, Short Term Creditors, Capital Grants Receipts in Advance, Short-Term Provisions, IFRS 16 - Leases, Reserves, Taxation and Non Specific Grant Income, Government Grants and Contributions, Fees, Charges and Other Service Income, Other Service Expenditure and Support Service Recharges, Cash Flow Statement, Collection Fund, Financial Instruments, Contingent Assets and Liabilities, Narrative Report.

As part of our interim audit procedures for 2025/26, we will undertake a detailed risk assessment to evaluate the risk of material misstatement in the opening reserves balances at 1 April 2025, and to assess management's readiness to support the historic rebuild process over transactions and balances in 2022/23 (and earlier years, if applicable) that were not subject to audit. This work is expected to be completed by 30 June 2026 and is essential to determining whether the pre-2023/24 gaps in assurance - particularly those relating to reserves and other cumulative balances - can be sufficiently addressed to support future progression towards qualified or unmodified audit opinions.

We will discuss the outcome of our risk assessment over the opening reserves balances with management to confirm our planned approach for 2025/26. However, because we were unable to complete all planned audit procedures for 2023/24 and 2024/25 for the reasons outlined above, it is unlikely that we will commence any rebuilding of assurance over the historic position during the 2025/26 audit cycle. In line with our established prioritisation principles, we will focus our audit resources on rebuilding assurance for those bodies where planned audit procedures were completed in 2023/24 and 2024/25, in order to support the sector wide objective of returning to unmodified audit opinions as quickly and sustainably as possible.

It is therefore critical that management ensure they can provide high quality working papers, robust audit evidence, and resolve the underlying issues identified in prior years as part of the 2025/26 audit cycle. This will be essential to avoid any further delay in the eventual process for rebuilding assurance over the Council's historic position.

2025/26 audit strategy overview: Rebuilding Assurance

Preparedness for audit

Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. Our 2024/25 reporting included our assessment of the effectiveness of the Council's arrangements to support the external audit process across a range of relevant measures (reproduced in Appendix A). We concluded that the Council was not fully prepared for the audit and that improvements were required in relation to:

- Publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015;
- The quality and completeness of the draft financial statements submitted for audit;
- The provision of working papers in line with the agreed Client Assistance Schedule and timetable;
- The provision of quality working papers which have been through sufficient internal review;
- The availability of key non-finance personnel to support the execution phase of the audit in accordance with the agreed project plan;
- The availability of key finance personnel to support the execution phase of the audit in accordance with the agreed project plan.

We will continue to report on our assessment of the quality of the Council's financial statements' preparation and support, to support ongoing transparency of the audit process to those charged with governance, and to facilitate benchmarking and tracking of progress in future years.

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Scope of our audit

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Council. Additionally, we aim to ensure that the Council has established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code. We will issue an Audit Results Report that summarises our opinion on the financial statements by 30 November 2026 and other procedures required by the Code. This includes our assessment of the control environment, including our follow up of the recommendations that we made in 2024/25 (refer to Appendix C). In addition, our Auditor's Annual Report will conclude on whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Timeline

An audit timetable has been agreed with management. In Section 7 we include a provisional timeline for the audit. It is essential that all parties collaborate to ensure compliance with this timeline.

Our independence considerations

Please refer to Appendix B for our update on independence.

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus

The purpose of our audit is to obtain reasonable assurance to express an opinion about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. There is one significant change to the scoping for the audit of the 2025/26 financial statements, relating to the implementation of CIPFA's Bulletin 22 in relation to the valuation of Property, Plant and Equipment.

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Governance, Risk and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

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Risk/area of focus	Risk identified	Change from PY	Details
Presumptive risk of management override of controls	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Valuation of Land & Buildings (including Investment Property and Right of Use Asset)	Inherent risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) and Investment Property represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. In the 2025/26 financial statements the Council will be required to apply CIPFA Bulletin 22 which reassesses the current regime of valuation for non-investment assets across the public sector. The guidance mandates a quinquennial revaluation or a five-year rolling programme for formal valuations, supported by annual indexation in the intervening years. Successful implementation will depend on the Council ensuring that their existing valuation programme is adapted in line with the guidance and that appropriate indices are selected to be applied in intervening years. We performed procedures around completeness of leases in 2024/25 audit. However, we were unable to obtain assurance over valuation of Right of Use Assets (ROU) 24/25 and there was no supporting valuation evidence provided by the client for the ROU valuation of Peppercorn Leases. The peppercorn lease ROU assets were £10.1 million in the prior year.

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus continued

Risk/area of focus	Risk identified	Change from PY	Details
Pension Valuation	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 its membership of the Local Government Pension Scheme. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. Procedures for 2025/26 will also include consideration of the 2025 triennial revaluation of the Pension Fund and its impact on the Council's net pension asset/liability.

2025/26 audit strategy overview: Audit risks and materiality

Materiality



Materiality has been set at £1.5 million, which represents 2% of total gross expenditure on the provision of services in 2024/25 (2024/25: £1.45 million, 2%).



Performance materiality has been set at £0.75 million, which represents 50% of materiality.



We will report all uncorrected misstatements relating to the income statement and balance sheet that have an effect on income and misstatements in the OCI over £0.075 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Governance, Risk and Audit Committee.

2025/26 audit strategy overview: Value for Money

Our risk assessment

Under the NAO Code we are required to:

- Satisfy ourselves that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources, having regard to [NAO AGN 03](#).
- Design work to provide sufficient assurance to support reporting against the Code's specified reporting criteria outlined below; and
- Apply a risk-based approach to our work, informed by sector knowledge, the annual governance statement, evidence from the financial statements audit and relevant work of other bodies.

In undertaking our risk assessment, we obtain an understanding of the key processes the Council has in place, including financial management, risk management and partnership working arrangements. Our Auditor's Annual Report, which will be issued before 30 November 2026 will include a summary of our commentary on the arrangements in place against each of the three value for money criteria and recommendations raised as a result of any significant weaknesses identified. A key part of our work will be the follow up of previous recommendations to provide the Committee with assurance on the pace of planned improvements.

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Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.

- No risks identified



Governance

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

- We have identified a value for money risk of significant weakness in the Council's arrangements to effectively support an audit of its financial statements and the Council's ability to publish their unaudited accounts by the statutory deadline.



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 risks identified

Risks of significant weaknesses in arrangements identified in 2025/26:



02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Presumptive risk of management override of controls*

What is the risk, and the key judgements and estimates?

In accordance with ISA 240, the presumptive risk of management override of controls is present at every entity and we design the appropriate procedures to consider such risk.

- Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.
- Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud.

Our response: Key areas of challenge and professional judgement

In order to address the risks outlined we will carry out a range of procedures including:

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- Considering the effectiveness of management's controls designed to address the risk of fraud and determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Undertaking procedures to identify significant unusual transactions.
- Considering whether management bias was present in the key accounting estimates and judgements in the financial statements.

Having evaluated this risk, we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required.

Our response to significant risks

Inappropriate capitalisation of revenue expenditure*

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Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:</p> <ul style="list-style-type: none"> Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger. Expenditure being classified as revenue expenditure financed as capital under statute (REFCUS) when it is inappropriate to do so. Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year. <p>If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE)/Investment Property (IP) additions and/or REFCUS in the financial statements.</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.</p>	<p>In order to address the risks outlined we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> Testing Property, Plant and Equipment (PPE)/Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature. Assessing whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred. Considering whether any development or other related costs that have been capitalised are reasonable to capitalize, i.e., the costs incurred are directly attributable to bringing the asset into operational use. Testing REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Based on our work at the planning stage of the audit we do not expect there to be material REFCUS in the year. Seeking to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year. Carrying out a review of capital budget monitoring and outturn reports to identify any unusual trends or significant under/overspends.

Other areas of audit focus

Financial statement impact

What is the risk, and the key judgements and estimates?

Our response: Key areas of challenge and professional judgement

Valuation of Land & Buildings (including Investment Property and Right of Use Assets)

The relevant 2024/25 account balances in the audited financial statements were:

- Property, plant and equipment: £94.695 million
- Relating to Other Land and Buildings: £57.793 million
- PPE Additions totalled: £19.703 million
- Investment Property: £1.138 million
- Right of Use Asset: £10.308 million

The fair value of land and buildings (including surplus assets) and investment properties represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

The valuation basis varies depending on the type of assets, and therefore subject to different input, estimation process and assumptions used. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

In the 2025/26 financial statements the Council will be required to apply CIPFA Bulletin 22 which reassesses the current regime of valuation for non-investment assets across the public sector. The guidance mandates a quinquennial revaluation or a five-year rolling programme for formal valuations, supported by annual indexation in the intervening years. These changes do not impact investment property which is still required to be revalued in full each year.

We performed procedures around completeness of leases in 2024/25 audit. However, we were unable to obtain assurance over valuation of Right of Use Assets (ROU) 24/25 and there was no supporting valuation evidence provided by the client for the ROU valuation of Peppercorn Leases. The peppercorn lease ROU assets were £10.1 million in the prior year.

In response to the risk, we will:

- Review and assess management's assessment and planned approach to CIPFA Bulletin 22, in the context of other challenges in the application. In particular considering the appropriateness of indices applied to assets not revalued during intervening years and triggers for revaluation;
- Review and appraise the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support price per square metre);
- Assess any changes to useful economic lives against the most recent valuer assessments;
- Test accounting entries have been correctly processed in the financial statements;
- Where material, sample test transfers from assets under construction and confirm for a sample that remain within assets under construction that development is still in progress;
- Review and assess management's impairment assessment of ongoing and completed capital projects to ensure assets are held at an appropriate value; and
- Consider involving EY internal specialists, based on a risk assessment, to challenge the work performed by the Council's valuers, focusing on more material assets or those subject to more complex judgements and assumptions.

For Right of Use (ROU) Assets, we will:

- Gain an understanding of the processes and controls developed by the Council relevant to the implementation of IFRS 16 for peppercorn lease arrangements,
- Consider the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date;
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to peppercorn lease arrangements, ensuring compliance with all disclosure requirements of the CIPFA code;
- Sample test peppercorn lease arrangements to ensure that they are classified correctly and that transition arrangements have been correctly applied; and
- Sample test ROU assets to confirm fair value measurement at initial recognition and the subsequent measurement under the Code.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>Valuation of Pension Assets and Liabilities</p>		
<p>The Council's net pension liability is measured as the sum of the long-term payments due to members as they retire against the Council's share of the Norfolk Pension Fund investments.</p> <p>At 31 March 2025 the Council's net liability totalled £4.768 million which was limited from a net asset in line with the accounting requirements of IFRIC 14.</p>	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme.</p> <p>The Council's pension fund position contains a material estimated balances and the Code requires that the net position is disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In response to the risk, we will:</p> <ul style="list-style-type: none"> ▪ Liaise with the auditor of Norfolk Pension Fund to obtain assurances over the information supplied to the actuary, including in relation to the triennial valuation, and confirm joint assurances in respect of employer and employee contributions. ▪ Engage our actuarial specialists to assess the work of the actuary. This will involve a consideration of the net asset/liability and any calculation of the asset ceiling in accordance with IFRIC 14 where relevant . ▪ Assessing the work of PwC, appointed to consider actuarial assumptions used at the year end for all local government sector bodies. ▪ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. ▪ Require an updated IAS19 report in July to ensure that there have been no material movement in the value of pension fund assets between the initial IAS19 report, and the signing of the financial statements. ▪ Consider the valuation and disclosure of unfunded liabilities, for which there are no plan assets to meet the pension liabilities. <p>As part of our audit procedures, we will request that the Council obtain an asset ceiling report from its actuaries. Our actuarial specialists will review the asset ceiling report to satisfy themselves that it is materially correct. Following review, we will also ensure that pension assets and liabilities are appropriately recorded within the Council's financial statements.</p>

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03 Value for money

Value for money

Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with the financial statements, the Council is required to bring together a commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor responsibilities

Under the NAO Code we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

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Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance

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



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.

Value for money

Planning and identifying risks of significant weakness in value for money arrangements

The NAO's guidance notes require us to conduct a risk assessment that collects sufficient evidence to document our evaluation of the Council's arrangements, allowing us to draft a commentary under the three reporting criteria. This involves identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. In considering the Council's arrangements, we consider:

- The annual governance statement;
- Evidence of arrangements during the reporting period;
- Evidence obtained from our audit of the financial statements;
- The work of inspectorates and other bodies; and
- Any other evidence that we deem necessary to facilitate the performance of our statutory duties.

We then evaluate whether there is evidence indicating significant weaknesses in arrangements. According to the NAO's guidance, determining what constitutes a significant weakness and the extent of additional audit work required to address the risk is based on professional judgment. The NAO indicates that a weakness can be considered significant if it:

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- Exposes, or could reasonably be expected to expose, the council to significant financial loss or risk;
- Leads to, or could reasonably be expected to lead to, significant impact on the quality or effectiveness of service or on the council's reputation or unlawful actions;
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

When planning work identifies a risk of significant weakness, the NAO's guidance requires us to consider the additional evidence needed to verify whether there is a significant weakness in arrangements. This involves conducting further procedures as necessary. We are required to report our planned procedures to the Governance, Risk and Audit Committee.

Reporting on value for money arrangements

If we determine that the Council has not made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, the NAO Code mandates that we reference this by exception in the audit report on the financial statements.

Additionally, we are required to provide a commentary on the value for money arrangements in the Auditor's Annual Report. The NAO Code specifies that this commentary should be clear, readily understandable, and highlight any issues we wish to draw to the Council's or the wider public's attention. This may include matters that are not considered significant weaknesses in arrangements but should still be brought to the Council's attention. It will also cover details of any recommendations from the audit and the follow-up of previously issued recommendations, along with our assessment of their satisfactory implementation. Our 2025/26 Auditor's Annual Report must be issued in draft by 30 November 2026 to comply with the revised requirements of the NAO Code.

Value for money

Value for money risk assessment

We have completed our initial value for money planning, where we have considered:

- Our entity level controls and understanding the business assessment
- The Council's Risk Register/the Annual Governance Statement
- Council meeting minutes and/or our planning meetings with management
- Key financial and budget information
- Key performance reports/internal audit reports
- Findings of other inspectorates, review agencies and other relevant bodies.

As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing value for money that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body's arrangements and report

Page 09

Criteria	2024/25 judgements on arrangements	2025/26 risk assessment	2025/26 expected procedures to respond
Financial sustainability	<ul style="list-style-type: none"> ▪ We did not identify any significant weaknesses or VFM recommendations in 2024/25. 	<ul style="list-style-type: none"> ▪ No risks identified 	<ul style="list-style-type: none"> ▪ N/A
Governance	<ul style="list-style-type: none"> ▪ We identified risk of significant weakness in the Council's arrangements to effectively support an audit of its financial statements and the Council's ability to publish their unaudited accounts by the statutory deadline. 	<ul style="list-style-type: none"> ▪ We have identified a risk of significant weakness in relation to how the body ensures effective processes and systems are in place to support its statutory financial reporting requirements, which has been informed by the areas for improvement identified in the 2024/25 audit. 	<ul style="list-style-type: none"> ▪ We will work with management to understand the progress against recommendations made in 2024/25, in order to improve the financial report and audit process for 2025/26. ▪ We will continue to assess the Council's arrangements for the production of financial statements and supporting working papers by the statutory deadline of 30 June 2026 and provide an updated "RAG" rating against each of the criteria for 2025/26.
Improving economy, efficiency and effectiveness	<ul style="list-style-type: none"> ▪ We did not identify any significant weaknesses or VFM recommendations in 2024/25. 	<ul style="list-style-type: none"> ▪ No risks identified 	<ul style="list-style-type: none"> ▪ N/A



04 Audit materiality

Materiality

Council materiality

For planning purposes, materiality for 2025/26 has been set at £1.5 million. This represents 2% of the Council's 2024/25 gross expenditure on provision of services. It will be reassessed throughout the audit process.

The Council is a public sector body and the main function of the entity is to provide services to the local community. For a public sector entity, the expectations of users (including regulators) of the entity are focused on the measurement of expenditure and, as such, the income statement is considered the most appropriate basis for determining materiality for public sector bodies. We consider that gross expenditure on the provision of services is the area of biggest interest to the users of the Council's accounts.

We have provided supplemental information about audit materiality in Appendix F.

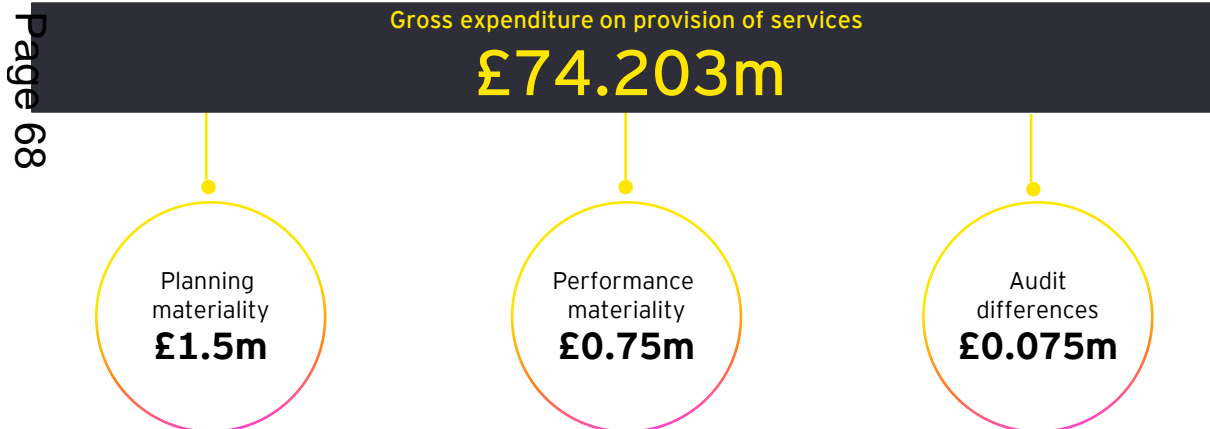
Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.75 million which represents 50% of planning materiality. As per our initial assessment, we believe the misstatements (including disclosure misstatements) identified in 2024/25 are indicative of a higher likelihood that misstatements may occur in the 2025/26 financial statements.

Audit difference threshold – We will report to you all uncorrected misstatements over £0.075 million, relating to the income statement and balance sheet that have an effect on income and misstatements in the OCI.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the Governance, Risk and Audit Committee, or are important from a qualitative perspective.



We request that the Governance, Risk and Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.



05 Scope of our audit

Audit process and strategy

Objectives of our audit scoping

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Council. Additionally, we aim to ensure that the Council has established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code. We will issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- Whether the financial statements give a true and fair view of the financial position of the Council and its expenditure and income for the period in question; and
- Whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the National Audit Office.

70. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

In 2024/25, the Council's Internal Audit Annual Report concluded a Reasonable / Limited Assurance in relation to the framework of risk management, governance, and internal control.



06 Audit team

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Audit team

Audit team leadership

The engagement team is led by David Riglar, who has overall responsibility for the performance of the audit and for the auditor's report issued on behalf of EY. There are no changes to the audit partner or engagement manager.

Our approach to the use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

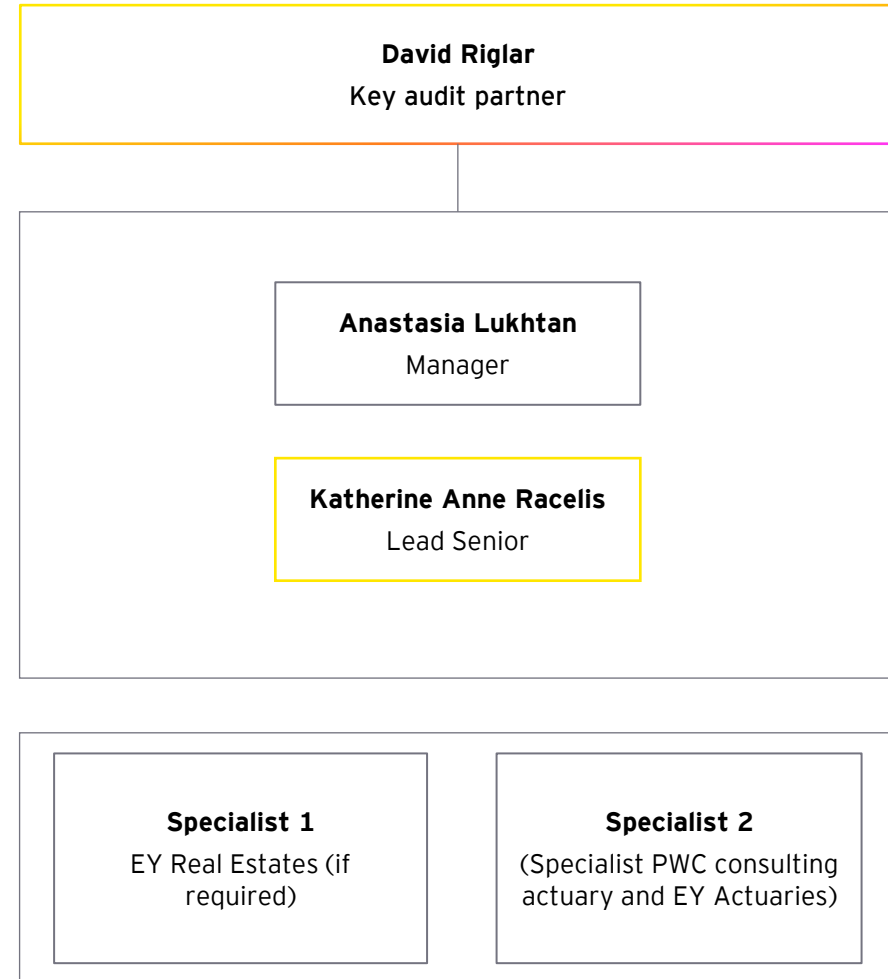
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Area	Specialists
Valuation of Land and Buildings and Investment Properties	EY Real Estates (if required, based on risk assessment at year-end)
Pensions disclosure	Specialist PWC consulting actuary and EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- Assess the reasonableness of the assumptions and methods used
- Consider the appropriateness of the timing of when the specialist carried out the work
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.





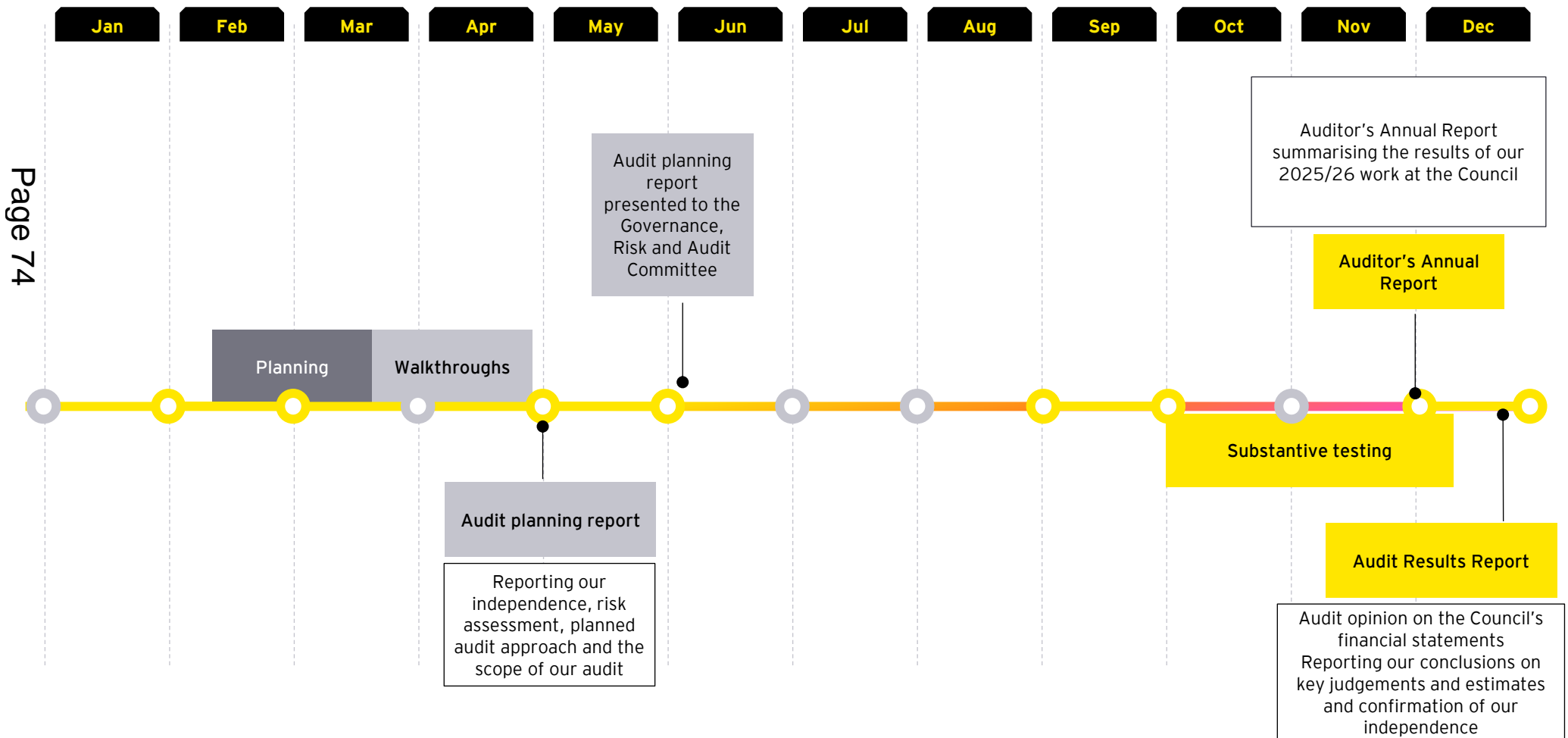
07 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2025/26.

From time to time matters may arise that require immediate communication with the Governance, Risk and Audit Committee and we will discuss them with the Governance, Risk and Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08 Appendices

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Appendix A – Rebuilding assurance: responsibilities

The Council's responsibilities

As set out in Appendix B our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/contract-monitoring-2023-24-to-2027-28/terms-of-appointment-from-2023-24/terms-of-appointment-and-further-guidance-from-1-october-2025/>. 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.

Observations from 2024/25

As we have outlined in prior years, our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. We presented our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures as part of our 2024/25 Audit Results Report.

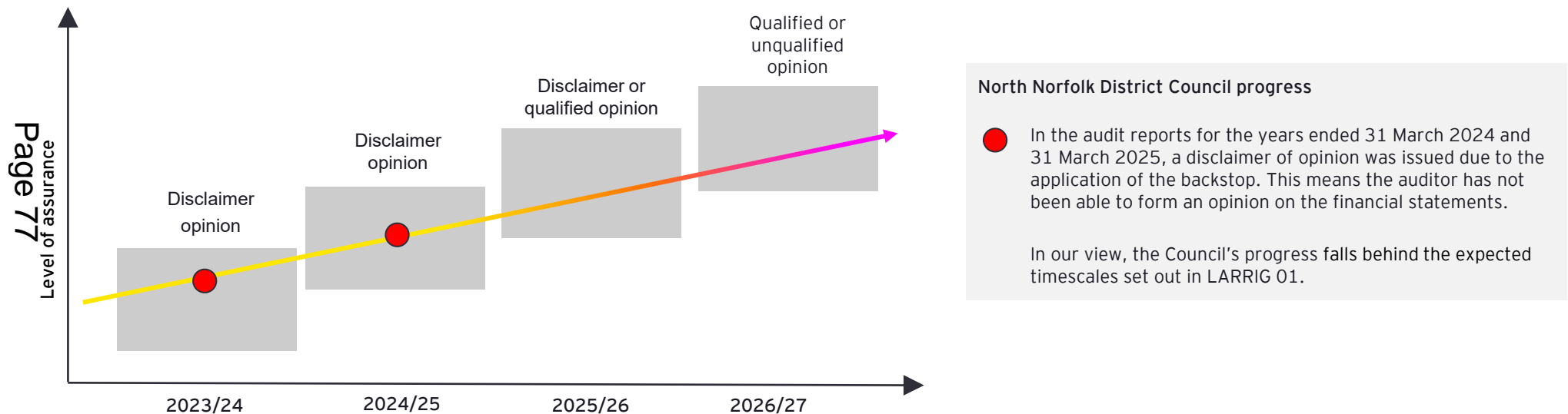
We have repeated this assessment on pages 32 and 33. Where we have been unable to undertake all planned procedures, this is likely to extend the timetable to recover assurance on the Council's financial statements, see page 31 for further details.

Appendix A – Rebuilding assurance continued

Progress to full assurance

The chart below sets out the illustrative timescale for the process of rebuilding assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that assessment and what still needs to be done to successfully rebuild assurance.

The guidance recognises that the path to full assurance, and therefore an unqualified opinion, will usually take a number of years to achieve, and depends upon co-ordination and engagement between the Council and audit team. Since 2022/23, we have applied a structured, risk-based prioritisation approach to local government audits to support a return to unqualified audit opinions wherever feasible, while still meeting statutory backstop requirements.



In 2024/25, additional assurance was achieved in relation to Property, Plant and Equipment, Investment Property, Local Government Pension Scheme, Long-Term Investments, Long-Term Debtors, Cash and Cash Equivalents, Short-Term Borrowing, REFCUS, Employee Benefits, Housing Benefit expenditure, Interest and Investment Income, Other Operating Expenditure - Parish Precepts and Internal Drainage Broads Levies, Other Disclosures, Annual Governance Statement and Journals. However, there is a continuing lack of assurance over Short-Term Debtors, Short Term Creditors, Capital Grants Receipts in Advance, Short-Term Provisions, IFRS 16 - Leases, Reserves, Taxation and Non Specific Grant Income, Government Grants and Contributions, Fees, Charges and Other Service Income, Other Service Expenditure and Support Service Recharges, Cash Flow Statement, Collection Fund, Financial Instruments, Contingent Assets and Liabilities, Narrative Report. As a result, we anticipate that for 2025/26:

- We will have limited assurance over the opening balances for 2025/26; and
- Limited assurance over the closing PPE and closing reserves balance, due to uncertainty over the opening amount.

We will continue to work with the Council to rebuild assurance over time. Our objective is to continue to rebuild assurance, by providing assurance over the in year 2025/26 transactions and movements, where possible, and closing balances which can be materially determined without the opening balance, such as debtors and creditors.

Appendix A – Rebuilding assurance: responsibilities continued

Factors impacting the execution of the 2024/25 audit

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements	Requires improvement			The financial statements were not published by the 30th June 2025 deadline set out in the Accounts and Audit Regulations. The delay was due to staff changes in the finance team and the need for the Council to prioritise finalising the Council's outturn figures. In addition, the Council built in extra time to review the draft accounts for accuracy and compliance with the CIPFA Code of Practice. The required Notice of Delay was issued and the accounts were subsequently published on 18 July 2025.	N/A
Quality and completeness of the draft financial statements	Requires improvement			There are a number of non-material internal inconsistencies, typographical and arithmetic errors in the draft financial statements, that should have been detected through internal quality review prior to publication.	N/A
Delivery of working papers in accordance with agreed client assistance schedule	Requires improvement			Initial working papers were submitted in line with the agreed timetable; however, as the audit progressed, subsequent working papers and responses to follow-up queries were not consistently provided by the set deadlines. These delays impacted the audit team's ability to complete planned procedures within the expected audit window.	Regular discussions were held with the finance team to agree the additional supporting information required. This led to additional delays to the audit progress whilst the finance team prepared the working papers. We were unable to complete all planned procedures.
Quality of working papers and supporting evidence	Ineffective			Working papers and supporting evidence were generally not to the expected standard in the first instance.	We will work with the finance team to help improve the quality of working papers and supporting evidence for the 2025/26 audit.
Timeliness and quality of evidence supporting key accounting estimates	Ineffective			We have experienced delays in the receipt of management specialist report for pensions. Initial working papers to support other estimates in the Statement of Accounts such as PPE Valuations and NDR Appeals Provision were provided as per our agreed project plan, however, did not meet expected standard which resulted to follow-up queries, clarification and requests.	N/A

Key:

Red: Ineffective. In our judgement, significant improvements are required in the Council's arrangements to support the rebuilding of assurance. Action should be taken to respond immediately.

Amber: Requires Improvement. Matters and/or issues had an impact on the delivery of the audit and should be addressed in future years.

Green: Effective. There were no significant matters that impacted the timing or effectiveness of audit procedures.

Appendix A – Rebuilding assurance: responsibilities continued

Factors impacting the execution of the 2024/25 audit

Area	Status			Explanation	Further detail
	R	A	G		
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement			<p>The Council's section 151 Officer left the Council just after the 2023/24 audit finished. The Council engaged a new section 151 Officer just before the year-end audit was due to start.</p> <p>The officer responsible for the Collection Fund also left the Council.</p> <p>The loss of knowledge and finance team capacity contributed to delays during the audit.</p>	N/A
Volume and value of identified misstatements and disclosure amendments	Ineffective			A large number of material misstatements were detected as a result of our work which was corrected by management.	See Section 05 of the Audit Results Report dated 17 February 2026 for details of corrected misstatements and disclosure misstatements.

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Key:

Red: Ineffective. In our judgement, significant improvements are required in the Council's arrangements to support the rebuilding of assurance. Action should be taken to respond immediately.

Amber: Requires Improvement. Matters and/or issues had an impact on the delivery of the audit and should be addressed in future years.

Green: Effective. There were no significant matters that impacted the timing or effectiveness of audit procedures.

Appendix B - Independence and Fees

The FRC Ethical Standard 2024 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 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

- 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
- The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the Governance, Risk and Audit committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).

Final stage

- 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 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 (for breaches of the FRC Ethical Standard include details of its significance); 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.

Appendix B - Independence and Fees continued

Relationships, services and related threats and safeguards

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.

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 company. Examples include where we have an investment in your company; 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 2024 (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 service for 2025/26 financial year. No additional safeguards are required.

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 FRC ES Section 4.

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

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review 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 company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decisions based on that work. There are no management threats at the date of this report.

Appendix B - Independence and Fees continued

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

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 30 June 2025 and can be found here: [EY UK 2025 Transparency Report](#).

Appendix B – Independence and Fees continued

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.

The agreed fee presented is based on the following assumptions:

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- officers meeting the agreed timetable of deliverables;
- our financial statement opinion and value for money conclusion being unqualified;
- appropriate quality of documentation is provided by the Council;
- an effective control environment; and
 - compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See [Terms of appointment and further guidance from 1 October 2025 - PSAA](#). 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 on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

	Current Year 2025/26	Prior Year 2024/25
	£	£
Total Fee – Code Work	169,009	164,407
Other	TBC (Note 2)	TBC (Note 1)
Total audit	TBC	TBC
Other non-audit services not covered above (Note 3)	0	0
Total other non-audit services	0	0
Total fees	TBC	TBC

All fees exclude VAT

Notes

1. The 2024/25 work has been completed and a final fee will be determined shortly. For 2024/25 the planned fee represents the base fee, i.e., not including any extended testing.
2. The scale fee also may be impacted by a range of other factors which will result in additional work, which include but are not limited to:
 - Consideration of correspondence from the public and formal objections.
 - New and revised accounting standards, for example CIPFA Bulletin 22
 - Non-compliance with law and regulation with an impact on the financial statements.
 - VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts.
 - The need to exercise auditor statutory powers.
 - Prior period adjustments.
 - Modified financial statement opinions
3. There are no non-audit services for 2024/25 or 2025/26. 2021/22 was the final year of housing benefits work.

Appendix C – Prior year recommendations

As part of our annual audit procedures we will follow up the specific open and in progress recommendations reported within our 2024/25 reporting, including those relating to value for money arrangements. The open recommendations from prior years are outlined below, along with the response from management.

Classification of recommendations		
High: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	Moderate: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	Low: Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

Internal control weaknesses

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No.	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
1	<p>Lack of Formal Grants Register</p> <p>The absence of a structured and comprehensive register increases the risk of incomplete or inaccurate accounting for grants, including failure to track grant conditions, utilisation, and potential liabilities arising from unspent or repayable amounts.</p>	<p>The Council should establish and maintain a formal Grants Register that records key information for each grant, including grant terms, opening balances, income received, and amounts utilised during the period. The register should clearly document any associated grant conditions, assess whether unutilised balances may be subject to repayment, and determine whether remaining balances should be classified as short-term or long-term. Implementing such a register will support accurate financial reporting, compliance with grant requirements, and improved monitoring of funding.</p> <p>Moderate</p>	<p>This will be followed up as part of our 2025/26 audit.</p>
2	<p>Errors within Cash and Cash Equivalents and Long-term Investments</p> <p>The year-end cash reconciliation correctly identified £1.784 million received in the cash book but not recorded in the General Ledger as at 31 March 2025; however, the necessary correcting journal entries were not posted. In addition, a £0.638 million variance was noted between the General Ledger and externally confirmed long-term investment balances, arising from unrecorded pooled fund disposal movements and a minor interest accrual not carried forward in the 2023/24 year-end rollover.</p>	<p>We recommend that the Council should ensure that all year-end cash reconciliation adjustments, including amounts received but not recorded in the General Ledger, are promptly posted through appropriate journal entries. The Council should also strengthen controls to confirm that all investment transactions and year-end adjustments are accurately recorded and reviewed as part of the rollover process to prevent misstatements in long-term investment balances.</p> <p>High</p>	<p>This will be followed up as part of our 2025/26 audit.</p>

Appendix C – Prior year recommendations

Internal control weaknesses (continued)

No.	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
3	<p>Errors within Property, Plant and Equipment (PPE)</p> <p>Our review of PPE has revealed several audit adjustments and disclosure errors. Some of which include:</p> <ul style="list-style-type: none"> ▶ Unsupported impairment: PPE addition immediately impaired to £0, without sufficient evidence ▶ Incorrect period of recognition: capital additions were recorded in wrong period ▶ Inappropriate capitalisation: <ul style="list-style-type: none"> - prepayment wrongly included in PPE and - capitalisation without evidence that capitalisation criteria were met. ▶ Delayed asset reclassification: A completed asset remained recorded as “asset under construction” at the year end. ▶ Incorrect classification & valuation uncertainty - land incorrectly classified as “assets held for sale” and no evidence of last valuation date or compliance with the five-year revaluation cycle. ▶ Incorrect valuation methodology: asset was valued using EUV instead of DRC, creating risk of valuation error. <p>These issues increases risk of material misstatements in the PPE balances.</p>	<p>Strengthen impairment processes: Ensure all impairments are supported by clear evidence, documented rationale, and consistent methodology.</p> <p>Improve cut-off controls: Reinforce procedures to ensure capital additions are recorded in the correct financial year.</p> <p>Enhance capitalisation controls: Apply the capitalisation policy consistently, use year-end checklists, and conduct periodic reviews of capital expenditure.</p> <p>Timely asset reclassification: Regularly reconcile project completion records with the asset register.</p> <p>Maintain valuation compliance: Keep a central log of valuation dates and regularly validate “held for sale” classifications against Code requirements.</p> <p>Robustly challenge valuation reports: Review assumptions, methods, and valuation movements, ensuring all agreed values are accurately reflected in the asset register.</p> <p>High</p>	<p>This will be followed up as part of our 2025/26 audit.</p>
4	<p>Lack of independent review and authorization of journal entries</p> <p>The Council’s current procedures allow journals to be prepared and posted by the same officer within the accountancy section, with no requirement for independent review or authorization prior to posting. User IDs in Civica show the preparer and approver as the same individual, indicating an absence of segregation of duties. While Management applies a risk-based approach and relies on restricted access, reconciliations, and budget monitoring and system access controls, the absence of an independent pre-posting review increases the risk of inappropriate or erroneous journals being processed without timely detection.</p>	<p>The Council should introduce an independent review and approval control for all journal entries. This should include clear segregation of duties, documented evidence of review, and restricted system permissions to prevent self-approval. Strengthening this control will enhance assurance over the accuracy and validity of journals and mitigate the risk of management override.</p> <p>Moderate</p>	<p>This will be followed up as part of our 2025/26 audit.</p>

Appendix C – Prior year recommendations continued

Value for money arrangements

No.	Value for money reporting criteria	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
1.	Governance The Council's ability to publish its Statement of Accounts by the target date required by the Accounts and Audit Regulations 2015 and its ability to effectively support an audit of its financial statements.	The audit identified significant weaknesses in the preparation of draft financial statements and the quality of supporting working papers. Capacity constraints and loss of organisational knowledge within the Finance Team led to delays, incomplete or insufficiently supported evidence, and responses that did not address audit queries. Working papers did not consistently meet required standards, and complex accounting areas lacked reference to the CIPFA Code or relevant accounting standards. These issues hindered audit progress and contributed to areas where assurance could not be obtained.	The Council should strengthen its financial reporting processes by enhancing team capacity, improving technical competency in local government accounting and CIPFA requirements, and providing targeted training on complex areas such as judgments and estimates. Robust processes should be implemented to ensure high-quality, well-referenced working papers and timely, complete responses to audit queries. Adherence to agreed turnaround times, clear escalation routes, and continued regular communication between Finance and the audit team will be essential to support efficient audit delivery. High	The Council have taken action to increase the capacity in the Finance team. For 2024/25, the Council was unable to published their unaudited accounts by the statutory deadline of 30 June 2025. They did however correctly publish a notice of delay explaining the reasons and expected publication date. The delay was due to staff changes in the finance team and the need for the Council to prioritise finalising the Council's outturn figures. In addition, the Council built in extra time to review the draft accounts for accuracy and compliance with the CIPFA Code of Practice. The required Notice of Delay was issued and the accounts were subsequently published on 18 July 2025. Working papers and supporting evidence were not provided in line with the agreed timetable and did not meet the expected quality requirements. This is due to ongoing resourcing difficulties faced by the Council, historic delays in the 2021/22, 2022/23 and 2023/24 financial statements which have impacted the timeliness and quality of its statement of accounts preparation. This will be followed up as part of our 2025/26 audit.

Appendix D – Regulatory update

Key regulatory changes

There are a number of key regulatory developments underway relating to local authority governance and the audit of the Council's financial statements. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on North Norfolk District Council
<p>English Devolution and Community Empowerment Bill</p>	<p>The Bill has completed all scrutiny stages in the House of Commons and is now at Committee stage (Grand Committee) in the House of Lords. The following measures therefore remain proposals until Royal Assent is granted:</p> <ul style="list-style-type: none"> ▪ Local audit system reforms: The Bill includes provisions to reform elements of the local audit framework in England alongside support measures intended to address the audit backlog. The Bill will also enable changes to the way audit oversight and local audit responsibilities operate. Section 61 of the Bill provides for the establishment of the Local Audit Office (LAO). Legislation will set out that the main objective of the LAO is to secure the effective operation of the system of audit, with a view to meeting the needs of users of audited accounts. The LAO will appoint auditors to non-NHS bodies, determine audit fees and prepare one or more Code of Audit Practice. ▪ Combined authorities and Combined County Authorities: The Bill expands powers and functions of combined authorities and places combined county authorities on a clearer statutory footing. This will allow further transfer of functions from constituent councils. ▪ Devolution of functions to “Strategic Authorities”: The Bill expands the category of Strategic Authorities and allows transfer of responsibilities from central government and councils. ▪ Local Government Reorganisation: The Bill supports changes to council structures to support devolution. 	<ul style="list-style-type: none"> ▪ Local audit system reforms may result in changes to audit timescales or responsibilities and there may therefore be transition risks in future years. ▪ The Bill provides that the Council must have an audit committee, and that at least one member of the committee be an independent person.
<p>Renters Right Act</p>	<ul style="list-style-type: none"> ▪ The Renter's Rights Act became law on 27th October 2025. Under the Act, Councils are going to gain new powers to investigate landlords; act against rogue landlords; and ensure landlord compliance with new standards expected of them. ▪ Local housing authorities will receive £18.2 million in 2025/26 to support preparations for the implementation of the Renters' Rights Act 2025 and to build enforcement capacity. Funding will be allocated based on the number of private rented sector properties in each local area. 	<p>Enforcement guidance for local Councils has now been published. The guidance provides the critical information that enforcement officers will need to know to carry out their work in line with the new legislation. There will be a bespoke programme of training, webinars and resources through 'Operation Jigsaw', a cross-local Councils initiative; Changes will start coming into effect from 1st May 2026.</p>

Appendix D – Regulatory update continued

Key regulatory changes continued

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Name	Summary of key measures	Impact on North Norfolk District Council
Public Office (Accountability) Bill	<p>The Public Office (Accountability) Bill aims to impose a duty on public authorities and public officials to “at all times act with candour, transparency and frankness in their dealings with inquiries and investigations.” Breach of the duty would be a criminal liability.</p> <p>The Bill is expected to apply not only to both core public bodies delivering public services but also private bodies delivering public functions such as those on a government contract.</p> <p>The Bill also proposes:</p> <ul style="list-style-type: none"> ▪ A new statutory duty on public authorities to promote and take steps to maintain high standards of ethical conduct, as defined by the Seven Principles of Public Life, or “Nolan Principles”; ▪ Reforms that will make it easier to prosecute misconduct in public office; and ▪ An offence of misleading the public. 	<ul style="list-style-type: none"> ▪ While the Bill continues to make its way through the House of Commons Committee processes, the Council should ensure that training and support for Councillors is enhanced to take account of greater expectations in relation to local government standards.
Fair Funding Review	<ul style="list-style-type: none"> ▪ On 20 November 2025, the government announced a multi-year Local Government Finance Settlement in a decade, together with the Fair Funding Review . Key measures include: ▪ There will be a single settlement for 2026/27 to 2028/29 ▪ The government plans to use up to date English Indices of Multiple Deprivation, together with up-to-date services cost and demand data to calculate individual council allocations for 2026/27 to 2028/29; and ▪ The Children and Young People’s Services formula will use the latest index of deprivation affecting children. 	<p>Using new indices will result in some Councils seeing increases in their allocations, whilst others see decreases. The government has, however, set out transitional arrangements to help with managing change:</p> <ul style="list-style-type: none"> ▪ A Recovery Grant funding guarantee to upper tier authorities in receipt of Recovery Grant; ▪ Funding floors and phasing in of new allocations across the multi-year settlement; and ▪ Additional money in the national settlement for children’s social care and a new ring-fenced combined Homelessness, Rough Sleeping and Domestic Abuse grant over three years.

Appendix D – Regulatory update continued

National Audit Office reporting

There are a number of key publications from the National Audit Office that have an impact on the Council. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key messages	Impact on North Norfolk District Council
Local government finance report 2026 to 2027	<p>The 2026-27 Local Government Finance Report introduces a multi-year settlement covering 2026/27 to 2028/29 and implements the Fair Funding Review 2.0. Updated distribution formulas will reallocate resources between councils, reflecting more recent demographic and deprivation data.</p> <p>The report confirms the continuation of council tax referendum principles and introduces significant changes to Special Educational Needs and Disabilities (SEND) funding, including the extension of the statutory override for DSG deficits to 2027/28 and a government-funded write-off of approximately 90% of historical DSG deficits. These policy changes represent one of the most substantial re-baselining exercises in recent years.</p>	<ul style="list-style-type: none"> ▪ Councils must re-model their Medium-Term Financial Plans (MTFPs) to account for formula redistribution effects and redesigned SEND funding arrangements. The ongoing restrictions on council tax increases will continue to limit local financial flexibility. For many authorities, particularly those with substantial DSG deficits, the reforms will have material implications for reserves management and financial stability.
Exceptional Financial Support for local authorities for 2025-26	<p>Exceptional Financial Support (EFS) remains a mechanism for councils facing acute short-term financial pressures.</p> <p>For 2025-26, thirty authorities received in-principal approval for EFS, allowing them to treat certain revenue costs as capital expenditure through capitalisation directions. The government has removed the additional 1% borrowing premium previously applied and has imposed conditions including enhanced assurance reviews and restrictions on community-asset disposals.</p> <p>The NAO notes that, although EFS can prevent immediate failure, it shifts the burden to future years through increased borrowing.</p>	<ul style="list-style-type: none"> ▪ For the sector, the continuation of EFS signals sustained financial fragility. Authorities using EFS must demonstrate credible, independently-scrutinised recovery and savings plans, along with significant improvements in governance, financial management, and internal controls. ▪ Councils should expect intensive oversight and stringent follow-up from central government when accessing this mechanism.
Local audit reform: Government response to the consultation to overhaul local audit in England	<p>The government response sets out a comprehensive overhaul of the local audit system in England. Central to the reforms is the creation of the Local Audit Office (LAO), which will assume responsibility for appointing auditors, preparing Codes of Audit Practice, enforcing quality standards, and overseeing audit delivery.</p> <p>A phased transition plan will move existing responsibilities from Public Sector Audit Appointments (PSAA) and other bodies to the NAO between 2026 and 2027, with the aim of stabilising the system, addressing audit backlogs, and restoring confidence in the timeliness and quality of local audit.</p>	<ul style="list-style-type: none"> ▪ For councils, the reforms will lead to more prescriptive expectations around audit readiness, governance, documentation quality, and responsiveness. Authorities should anticipate tighter reporting deadlines and increased scrutiny of working papers, internal controls, and VFM arrangements.

Appendix D – Regulatory update continued

National Audit Office reporting continued

Name	Summary of key messages	Impact on North Norfolk District Council
Local Government Financial Sustainability	<p>The National Audit Office most recently reported on the context of local government finances in February 2024, which included their consideration of service and financial pressures. They concluded that although total local government funding has risen modestly in recent years, it has not kept pace with population growth, rising service demand, or the increasing complexity and cost of supporting people with high needs. Real-terms funding per person fell between 2015-16 and 2023-24, while demand for essential services such as adult social care, children’s social care, SEND provision and homelessness continued to escalate. The NAO highlights growing evidence of strain across services, including delays in Education, Health and Care Plans and a sharp rise in families housed in temporary accommodation for longer than legally permitted. Repeated delays to long-promised funding reforms mean councils continue to rely on short-term, stop-gap measures. Exceptional Financial Support has become increasingly common, but while it prevents immediate failure, it also shifts financial risk into future years, reflecting underlying structural weaknesses in the local government finance system</p>	<ul style="list-style-type: none"> ▪ The report signals deepening financial fragility across the sector, with many councils facing heightened risk of issuing Section 114 notices unless systemic pressures are addressed. Rising demand and cost escalation in statutory services are absorbing an ever-greater share of local authority budgets, reducing the capacity to invest in preventative activity and long-term service improvement. The NAO warns that widespread reliance on temporary fixes—including Exceptional Financial Support—creates additional future liabilities and limits councils’ ability to plan sustainably. Without coordinated, cross-government reform of funding, accountability and service oversight frameworks, councils will remain locked in reactive financial management, with growing consequences for service quality, citizen outcomes and long-term financial resilience.
Unlocking land for housing	<p>The National Audit Office reported in February 2026 that the government aims to deliver 1.5 million new homes by July 2029. To support this ambition, various land-unlocking programmes have been introduced to address constraints such as inadequate infrastructure, land assembly challenges, and site viability issues. Since 2016, £10.5 billion has been allocated across 768 projects, with £8.4 billion committed and £5.7 billion spent.</p> <p>Although these programmes collectively predict enabling around 713,000 homes, the NAO highlights that only a small proportion—around 33,300 homes—can currently be evidenced as completed, pointing to gaps in monitoring and programme assurance. Additionally, the creation of the National Housing Delivery Fund and a new National Housing Bank from April 2026 signals a shift toward a more consolidated and strategic funding model.</p>	<ul style="list-style-type: none"> ▪ The sector will experience increased expectations to produce detailed and evidence-based infrastructure planning to secure funding from the new mechanisms. Councils will be required to strengthen the robustness of business cases, improve monitoring of actual housing delivery, and anticipate tighter central-government scrutiny of riskier or larger projects. The shift to a single-gateway funding structure will also compel councils to maintain well-developed pipelines to access multi-year support.
Improving local areas through developer funding	<p>The NAO identifies developer contributions—primarily Section 106 agreements and the Community Infrastructure Levy (CIL)—as essential tools for funding local infrastructure and affordable housing. However, the report finds significant variation across councils in both the application and governance of these mechanisms. Negotiated viability assessments often reduce the contributions developers agree to provide, while only around half of planning authorities have formally adopted CIL.</p> <p>Developer contributions account for roughly 44% of affordable housing delivery nationally, yet over 17,000 S106-linked affordable homes with planning consent lacked a housing association buyer at the time of review, indicating a delivery bottleneck. The government is providing additional planning capacity funding and establishing a Section 106 Affordable Homes Clearing Service to support councils in unlocking stalled developments.</p>	<ul style="list-style-type: none"> ▪ For councils, strengthening internal governance and transparency around developer contributions will be increasingly important. Authorities will need improved planning capacity, including specialist viability expertise, to mitigate risks of reduced contributions and ensure developer obligations are properly monitored. With the proposed Infrastructure Levy no longer being taken forward, councils must optimise and professionalise the existing S106 and CIL frameworks.

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Appendix E – Required communications with the Governance, Risk and 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 Governance, Risk and 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	<p>Communication of:</p> <ul style="list-style-type: none"> ▪ The planned scope and timing of the audit ▪ The planned use of internal audit ▪ The significant risks identified <p>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</p>	Audit Planning Report - 2 June 2026 - Governance, Risk and Audit Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▪ 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 ▪ Other significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management ▪ Circumstances that affect the form and content of our auditor's report ▪ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - TBC

Appendix E – Required communications with the Governance, Risk and Audit Committee continued

Required communications	What is reported?	Our Reporting to you
		When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▪ Whether the events or conditions constitute a material uncertainty related to going concern ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The appropriateness of related disclosures in the financial statements 	Audit Results Report - TBC
Misstatements	<ul style="list-style-type: none"> ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods 	Audit Results Report - TBC
Fraud	<ul style="list-style-type: none"> ▪ Enquiries of the Governance, Risk and 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, unless prohibited by law or regulation any identified or suspected fraud involving: <ul style="list-style-type: none"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ Others, when the identified or suspected fraud is other than clearly inconsequential. ▪ 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 Governance, Risk and Audit Committee responsibility 	Audit Results Report - TBC

Appendix E – Required communications with the Governance, Risk and Audit Committee continued

Required communications	What is reported?	Our Reporting to you
		When and where
Related parties	Significant matters arising during the audit in connection with the entity's related parties	Audit Results Report - TBC
Independence	Communication of the relevant ethical requirements, including those related to independence, that we apply for the audit engagement, including any independence requirements specific to audits of financial statements of the entity.	Audit Planning Report - 2 June 2026 - Governance, Risk and Audit Committee
	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▪ 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 ▪ Breaches of IESBA Code of Ethics, local independence regulations or professional standards (for breaches of the FRC Ethical Standard, include details of the breach and its significance) <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p> <p>Communication of relevant information to those charged with governance, to enable them to provide concurrence on the non-audit services being provided.</p>	Audit Results Report - TBC

Appendix E – Required communications with the Governance, Risk and Audit Committee continued

Required communications	What is reported?	Our Reporting to you
		When and where
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report - TBC
Consideration of laws and regulations	<ul style="list-style-type: none"> 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 Governance, Risk and 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 the Governance, Risk and Audit Committee may be aware of 	Audit Results Report - TBC
Internal controls	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit 	Audit Results Report - TBC
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - TBC
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit Results Report - TBC
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - TBC
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - TBC

Appendix F – Additional audit information

Objective of our audit

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Other required procedures during the course of the audit

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
 - Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
 - Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Concluding on the appropriateness of management's use of the going concern basis of accounting.
 - Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial statements. Reading other information contained in the financial statements is fair, balanced and understandable, the Governance, Risk and Audit Committee reporting appropriately addresses matters communicated by us to the Governance, Risk and Audit committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements
- The level of work performed on individual account balances and financial statement disclosures

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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Agenda Item 9

Governance, Risk and Audit Committee

2 June 2026

Report Title		Progress Report 2025/26	
Are there background papers?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Exempt	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Reason for Exemption?			
Decision for Full Council?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
List of Background Papers (if applicable)			

Agenda Item No _____

Progress Report 2025/26

Summary: This report provides details of progress with the 2025/26 Internal audit Plan and outstanding recommendations.

Conclusions: The 2025/26 Internal Audit Plan is in completed. Outstanding recommendations are progressing.

Recommendation: That the Committee is requested to:

- Receive and note progress with the 2025/26 Internal Audit Plan and outstanding recommendations.

Cabinet member(s):

All

Contact Officer, telephone number,
and e-mail:

Ward(s) affected:

All

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 Global Internal Audit Standards in the UK Public Sector require 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 2025/26 Internal Audit Plan is completed. Outstanding recommendations are also progressing.

4. Recommendation

1) That the Committee is requested to:

- Receive and note progress with the 2025/26 Internal Audit Plan and outstanding recommendations.

Appendices attached to this report:

Appendix A – Progress Report 2025/26

EASTERN INTERNAL AUDIT SERVICES



NORTH NORFOLK DISTRICT COUNCIL

Progress Report 2025/26

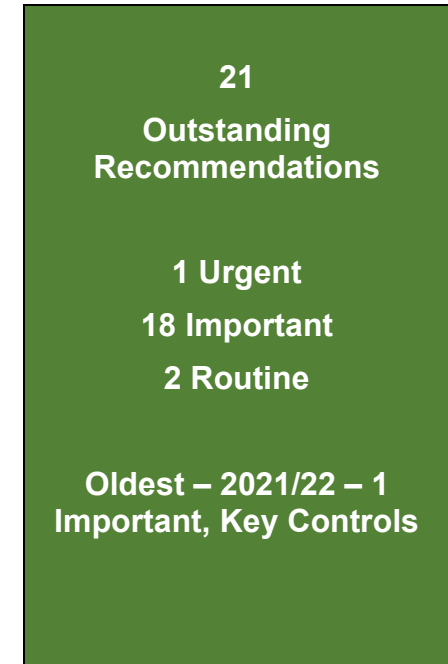
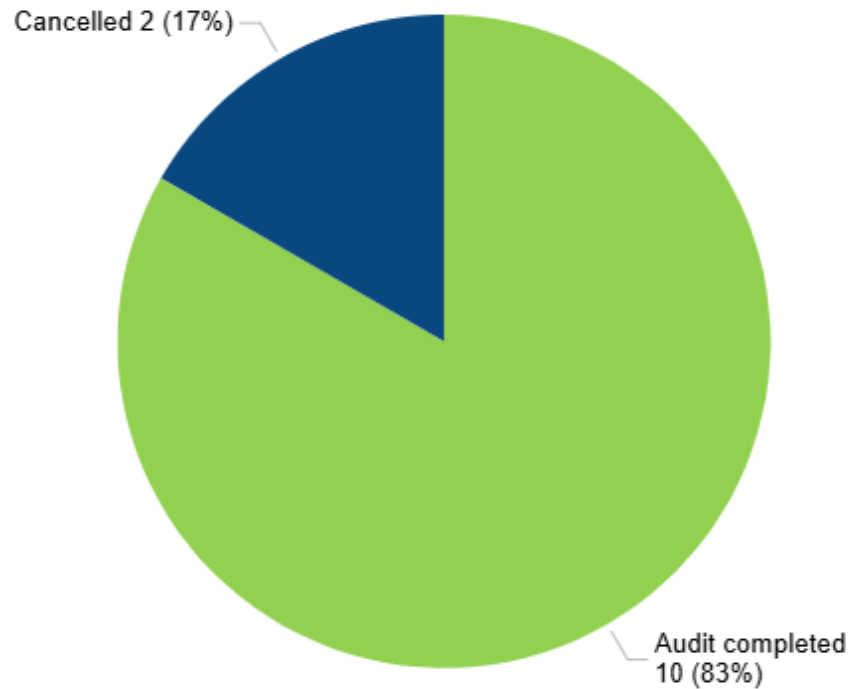
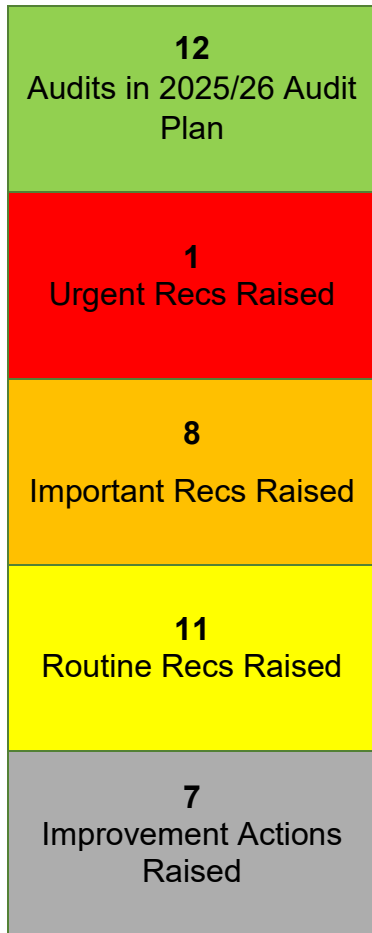
Head of Internal Audit: Teresa Sharman

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Progress at a glance

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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 Eastern Internal Audit Services (EIAS), which is hosted by South Norfolk Council, through a partnership arrangement. EIAS provides internal audit services to the district councils for Breckland, Broadland, North Norfolk, South Norfolk, Norwich City Council, Great Yarmouth Borough Council, and the Broads Authority.

The delivery of the Internal Audit Plan for the Council is provided by the EIAS's contractors, TIAA Ltd, BDO LLP and Hertfordshire County Council's Shared Internal Audit Service, supplemented by a small in-house Team

Internal audit provides an independent and objective opinion on the Council's internal controls by evaluation their effectiveness and operation in practice.

Changes to the 2025/26 Audit Plan

There have been no changes to the Internal Audit Plan since the last meeting.

Progress to date and audit outcomes

Audit Outcomes - Final Reports

During the period, the following final reports have been issued as detailed in the table below.

The Executive Summary for final reports issued in the period are provided in at **Appendix 1**, and a full copy of the report can be requested by Members.

Recommendations made on completion of audit work are prioritised and the definitions for these are detailed in **Appendix 3** along with those for the assurance level awarded on completion of each individual audit.

Audit	Assurance Level	Urgent Recommendations	Important Recommendations	Routine Recommendations
Corporate Governance	Substantial	0	0	0
Planned Preventative Maintenance of Council Owned Properties	Reasonable	0	0	4
Key Financial Controls	Reasonable	0	2	2
Health & Safety Statutory Compliance on Temporary Accommodation	Reasonable	0	3	1
Procurement	Reasonable	0	2	0
Total		0	7	7

Outstanding Recommendations

The table below now shows the total number of recommendations which are past and within their due date by year and priority rating.

The numbers in brackets after the audit name represents the total number of recommendations made in the final report and the colour denotes the overall assurance given. Also in table, U denotes the recommendation classification of urgent, I is important, and R is routine. See **Appendix 3** for more information on this.

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 2 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.

Audit Year	Audit Name	Past Due Date Priority U	Past Due Date Priority I	Past Due Date Priority R	Within Due Date Priority U	Within Due Date Priority I	Within Due Date Priority R	Total
2021/22	Key Controls and Assurance (4) (Closed – 3)	0	1	0	0	0	0	1
2021/22 Total		0	1	0	0	0	0	1
2024/25	Commercial Estates (5) (Closed - 2)	0	3	0	0	0	0	3
	ICT - Cyber Security (18) (Closed - 17)	0	1	0	0	0	0	1
	Leisure (6) (Closed - 5)	0	0	1	0	0	0	1
	Private Sector Housing (6) (Closed - 4)	0	2	0	0	0	0	2

Audit Year	Audit Name	Past Due Date Priority U	Past Due Date Priority I	Past Due Date Priority R	Within Due Date Priority U	Within Due Date Priority I	Within Due Date Priority R	Total
	Section 106 Agreements (10) (Closed - 2)	1	6	1	0	0	0	8
	Waste Management contract with Serco (9) (Closed - 8)	0	1	0	0	0	0	1
2024/25 Total		1	13	2	0	0	0	16
2025/26	Environmental Health – Licensing (3) (Closed – 2)	0	1	0	0	0	0	1
	Risk Management (6) (Closed – 0)	0	3	0	0	0	3	6
2025/26 Total		0	4	0	0	0	3	7
Priority Totals		1	18	2	0	0	3	24

Total Number of Recommendations Past Due Date	21	Total Number of Recommendations Within Due Date	3
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Progress with actions to Improve poor performance

Contractor Performance

Progress with actions being taken to improve contractor performance is outlined below: -

- **Contractors:** - Work across all Councils in the Consortium is split between three contractors, with the main contractor completing approximately half of the total audits. The remaining half split approximately equally between the two other contractors.
- **The Protocol, 'a ways of working together' and expectations of Council officers and Contractors:** - this document has been reiterated with all the Contractors and Councils to follow and escalate when responses are not received.
- **Regular meetings:** - meetings take place with the Director for the main contractor to discuss performance every quarter, and all contractors have scheduled meetings to monitor audit progress and performance.
- **Quarterly Review of the Audit Plan with senior management:** - these meetings enable issues to be raised and discussed directly with management.

Quality Assurance & Improvement Programme

- **Next External Quality Assessment (EQA):** - this is due in December 2027. A gap analysis against the new Global Internal Audit Standards in the UK Public Sector is now completed, and the results will be shared with the Committee at a future meeting.

Appendix 1 - Final Report Executive Summaries

Corporate Governance

Assurance Opinion

There is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved in relation to the operation of scheme of delegation and officers' decision making.

Arrangements for decision making are clearly outlined in the Constitution, including delegated authority to cover absence, in line with the Local Government Act. Decisions and key delegations are published on the website and testing confirmed these are made in accordance with the scheme of delegation and supported by appropriate documents. Some improvements points have been made for consideration to address minor anomalies.

Opinion provided	Substantial	Urgent recommendations	0	Important recommendations	0	Routine recommendations	0
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Areas of strength in control design and / or effectiveness

- The Council's Constitution, including the scheme of delegation, reflects the requirements of the Local Government Act for delegating officer decisions.
- There are processes for taking urgent decisions, managing conflicts of interest related to decision making, and call-in by the Overview and Scrutiny Committee.
- Officer decisions are published on the Council's website and evidence is retained by Democratic Services in line with the Constitution. Copies of the signed delegated decision forms are available from Democratic Services on request.
- The Constitution makes provision for cover in the absence of decision makers. Signed delegated authority forms are retained by the Monitoring Officer.

- The Constitution is clear on recording and monitoring arrangements for delegated decisions. Decisions are reported to Cabinet before being published on the website.
- The Cabinet work programme is updated monthly and sets out the forthcoming decisions for up to three months ahead.
- Officer decisions were made in accordance with the Constitution, supported by officer decision forms explaining the rationale and delegated authority, and all were signed.

Best practice points to note

- There is a clear flowchart to support decision making and recent training on the new Constitution which included decision making.

Added value or improvement points

- Consider adding a risk consideration box to the Officer Decision Form.
- Ensure that decision forms are dated and officer titles recorded.
- The delegated decision form templates refer to pages in the old Constitution; update this reference on the templates.
- Consider publishing retrospective decision lists or the actual decision forms on the Delegated Decisions page of the website.
- Consider stating on decision list and form whether the decision is eligible for call-in.

Planned Preventative Maintenance of Council Owned Properties

Assurance Opinion

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.

Based on the outcomes of our audit work, we confirmed that the Council has an organised system by which they upload Planned Preventative Maintenance (PPM) tasks to the Concerto system and assign either Multi-Skilled Operatives (MSOs) or Contractors and track work through to completion. The end-to-end workflow for PPM is followed in practice, with supporting photos of site and geo-location to support authorisation of completed work by the admin team. In all cases reviewed, the scheduled PPM was completed within the expected timeframes.

However, control improvement opportunities were identified. These relate to a lack of formal documentation of a written procedure, an annual programme of maintenance and resulting lack of Key Performance Indicators or metrics by which to assess progress or performance of MSOs through the year. With the acquisition of additional properties for use as temporary accommodation, the Service's current process may risk inefficient use of resource and/or increased risk of the need for reactive maintenance.

Opinion provided	Reasonable	Urgent recommendations	0	Important recommendations	0	Routine recommendations	4
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Areas of weakness in control design and / or effectiveness

We have provided overall a reasonable assurance opinion based on our findings which identify four areas for improvement. The audit identified the following: -

- Whilst regular planned maintenance records are held on the Concerto system against each asset, these are not formally recorded within an annual Planned Programme of Maintenance. Current process ensures that the Service have regular oversight and management of the condition of Council-owned properties; however, there is potential for reduced oversight of high value and/or longstanding planned preventative work. (Recommendation 1)

- The Service does not have formal Key Performance Indicators (KPIs) and does not have a metric in place to record progress made throughout the year. As the Service is unable to generate a report of all planned preventive maintenance completed during 2025/26, the Service has limited ability to track where and when work has been historically completed by the Service as a whole. (Recommendation 2)
- Written policy and/or procedure notes are not in place to confirm a specific process by which the Service will complete the end-to-end process for planned preventative maintenance, with the Service only providing a workflow of the process followed. (Recommendation 3)
- Property Services are asked to create new site records by the Estates Team following the loss of an admin officer for the Estates Team. The Property Services Team have worked on a data gap project to identify and minimise missing site data on asset records, with work still outstanding to update and confirm completeness of records on the Concerto system. However, not all asset records are fully set up on the Concerto system. Regarding PPM schedules, there are inconsistencies in dates showing for last scheduled work, and next scheduled work when compared to frequency of expected maintenance work across multiple PPM types. Some occasions were identified where the last scheduled date was recorded as a future date beyond the date the report was generated. (Recommendation 4)

Best practice points to note

Real-time updates to records - the Service have updated their Concerto system to allow live updates to the task records; this has allowed real-time updates to records (including images and summary of work completed), where internet connection allows.

Added value or improvement points

Asset Register – Council Website – On the Council website, the most current asset register is available to members of the public, but it is dated 2024. As this is dated prior to the Council's acquisition of additional temporary accommodation properties, this is not reflective of the entirety of the Council Owned Properties held and/or maintained by the Property Services Team. As such, we would advise that the Service should review this document and upload the latest asset register.

Management Action Plan

No.	Recommendation	Priority	Implementation Date	Responsible Officer
1	<p>Process for an Annual Programme of Maintenance</p> <p>Consider the means by which to record work scheduled or expected for completion within the financial year to support monitoring of performance.</p>	Routine	October 2026	Assistant Director Finance & Assets
2	<p>Process for formal monitoring of Service performance</p> <p>Introduce KPIs to monitor progress of PPM and integrate these within the regular management meetings taking place.</p> <p>Monitor the impact of reactive work being prioritised on PPM completion rates.</p>	Routine	October 2026	Assistant Director Finance & Assets
3	<p>Written process/procedure notes</p> <p>Create written process and procedure notes to support the established PPM workflow.</p>	Routine	October 2026	Assistant Director Finance & Assets

No.	Recommendation	Priority	Implementation Date	Responsible Officer
4	<p>Data Gap – Concerto</p> <p>Complete “Data Gap” project and relevant updates on the Concerto system to ensure completeness of site data records and expected frequency of PPM listed on the PPM scheduler.</p> <p>Ensure there is agreed process by which any updated records on the current asset register are carried across for inclusion on the Concerto system.</p>	Routine	October 2026	Assistant Director Finance & Assets

Health & Safety Statutory Compliance Checks on Temporary Accommodation

Assurance Opinion

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.

Health and safety compliance policies were either not be in place, in the case of Fire Safety and Electrical Safety, or did not include appropriate document owner or review date information, which may result in inconsistent or outdated practices being followed.

Currently, no performance monitoring or reports are being completed in relation to statutory compliance; therefore, it may be difficult for management to monitor compliance.

Electrical Installation Condition Reports (EICRs) do not include C1 or C2 actions or recommendations, meaning that there may not be a comprehensive record of issues identified.

Controls were found to be operating effectively in all other areas reviewed as part of the audit.

Opinion provided	Reasonable	Urgent recommendations	0	Important recommendations	3	Routine recommendations	1
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Areas of weakness in control design and / or effectiveness

- Fire and electrical policies relating to health and safety compliance of properties were not in place. (Recommendation 1)
- There are currently no formal performance monitoring arrangements in place that report on statutory compliance. The Council has legal duties to ensure statutory checks are completed; therefore, non-compliance areas and remedial works should be tracked to completion, and formal monitoring arrangements should be implemented to provide this assurance. (Recommendation 2)

- EICR certificates do not capture C1 or C2 recommendations, instead these issues are fixed on site by the contractor whilst at the asset location. As a result, there is no record of C1 or C2 detailed within EICR certificates or worksheets. In addition, it is unclear whether this arrangement is formally made within the MTC contract and as a result this should be updated to reflect the current practice. (Recommendation 3)
- Legionella, Awaab's Law, Asbestos Management, Electricity at Work and Gas related policies did not include a review date and responsible author. (Recommendation 4)

Areas of strength in control design and / or effectiveness

- Compliance and inspection due dates are appropriately stored and tracked through housing compliance software Concerto. This allows for full oversight of compliance due dates, prioritisation of actions, storage of compliance related certification and assigned/delegated action owners.
- Officers are adequately trained and external contractors hold appropriate qualifications to undertake statutory compliance works.
- Properties meet key statutory compliance requirements, including gas safety, electrical safety, fire risk assessments, legionella assessments and asbestos management, where applicable.
- No temporary accommodation properties have lifts or electric stair lifts. As a result, it was not possible to assess compliance with statutory requirements for these areas.
- Property inspections are completed at suitable frequencies including upon acquisition, void and annually. Inspection templates outline the areas that need to be reviewed, including damp and mould, fire safety equipment, electrical checks, general property maintenance, room-by-room analysis and pictures to support findings. Remedial actions identified are appropriately prioritised and allocated to officers or contractors.
- Valid and current contracts are in place for all compliance areas. However, it was not possible to assess whether contracts cover all requirements as contracts are held in hard copy format.

Added value or improvement points

- Good practice would include undertaking regular performance monitoring meetings (monthly or quarterly) that target status of compliance, outstanding actions and contractor performance against KPIs. Also, having scheduled performance meetings (monthly) to review statutory compliance reports, review gaps in reporting, review high-risk properties and agree action plans with deadlines.

Management Action Plan

No.	Recommendation	Priority	Implementation Date	Responsible Officer
1	Fire and electrical safety policies should be developed. These must be inclusive of implementation and review dates, responsible policy owners, roles and responsibilities of staff and include all relevant legislation and statutes that the policy is seeking compliance with.	Important	Immediate	Assistant Director Finance and Assets / Property Services Compliance Officer
2	Implement performance monitoring and oversight reports for health and safety statutory compliance checks of property assets.	Important	Immediate	Assistant Director Finance and Assets / Property Services Compliance Officer
3	Ensure all C1 and C2 issues are recorded within the EICR certificates or worksheets and that the arrangement of completing C1 and C2 related issues at inspection is formalised within the contract or MTC service specification.	Important	Ongoing	Assistant Director Finance and Assets / Property Services Compliance Officer

No.	Recommendation	Priority	Implementation Date	Responsible Officer
4	Update the Legionella, AWABB's, Asbestos Management, Electricity at work and Gas related policies to include a review date, responsible author which aligns with legislation.	Routine	Immediate	Assistant Director Finance and Assets / Property Services Compliance Officer

Key Financial Controls

Assurance Opinion

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.

Overall, the controls were operating effectively. However, control weaknesses were noted in the write-off of debts, with sample testing identifying examples of debts being written off without independent authorisation. In addition, a debt was authorised for write-off where the value exceeded the authoriser's limit, as documented in the Delegated Signatory List.

Creditor control and bank account reconciliations were not always completed and reviewed within the minimum control compliance expectation of one month.

Opinion provided	Reasonable	Urgent recommendations	0	Important recommendations	2	Routine recommendations	2
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Areas of weakness in control design and / or effectiveness

Debt Write-Offs

- Debt write-offs are ordinarily raised by a Finance Officer and, to ensure segregation of duties, authorised by either the Senior Finance Officer or Chief Group Accountant, in accordance with the Authorised Signatories List. It is the Council's policy not to self-authorise debt write-offs. In June 2025, two debts under £2k were both raised, and authorised for write-off, by the Senior Finance Officer without independent review. A review of write offs throughout the year confirmed that this did not happen on any other occasion. The CIVICA finance system does not force independent authorisation of debt write-offs. (Recommendation 1)

Delegated Signatory List

- One debt write-off in excess of £5k was incorrectly authorised by the Chief Group Accountant. It was believed that the Chief Group Accountant could authorise write-offs up to £10k but this was not formally reflected in the Authorised Signatories List where the limit is recorded as £5k. The Authorised Signatories List is to undergo a major overhaul to bring it in line with delegated authorities that are being formally updated in the Council's Constitution. (Recommendation 2)

Creditor Control Accounts Reconciliation

- Creditor controls account reconciliations are not consistently performed and reviewed in a timely manner. Out of the two months reviewed, the November 2025 creditor control reconciliation was not completed until 20th January 2026 and was reviewed on 21st January 2026. A review of the remaining 2025/26 creditor control account reconciliations revealed that both the May and June 2025 reconciliations were prepared on 8th August 2025 and reviewed on 12th August 2025. (Recommendation 3)

Bank Reconciliations (Receipts, Direct Credits, Payments and Rent Allowances bank accounts)

- Bank account reconciliations are not consistently performed and reviewed in a timely manner. The July 2025 Receipts Account reconciliation was not performed by the Senior Finance Officer until 9th October 2025 and was reviewed on 10th October 2025. In addition, whilst the July 2025 Direct Credits Account reconciliation was completed within a month of the period end, review did not take place until 8th October 2025. (Recommendation 4)

Management Action Plan

No.	Recommendation	Priority	Implementation Date	Responsible Officer
1	<p>To ensure that: -</p> <ul style="list-style-type: none"> All debt write-offs are independently authorised, in accordance with the Authorised Signatories List. All debt write-offs undertaken during 2025/26 without independent authorisation should be reviewed and confirmed as valid. 	Important	Immediate	Assistant Director, Finance & Assets & Deputy S151
2	To ensure that the Authorised Signatories List is promptly reviewed to ensure that it accurately reflects authorisation levels, with necessary changes formally approved, and is subsequently complied with.	Important	30th June 2026	Assistant Director, Finance & Assets & Deputy S151
3	To ensure that all creditor control account reconciliations are prepared and independently reviewed within one month of the period end.	Routine	Immediate	Assistant Director, Finance & Assets & Deputy S151
4	To ensure that all bank account reconciliations are prepared and independently reviewed within one month of the period end.	Routine	Immediate	Assistant Director, Finance & Assets & Deputy S151

Procurement

Assurance Opinion

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.

While core processes are in place to ensure that procurement is undertaken in accordance with legislation and internal policy, there were some control weaknesses identified. In particular, it was identified that the procurement strategy is out of date and in need of review; the contracts register does not capture all contracts held by the Council; and limited training has been provided to staff who may be involved in procurement on the new Procurement Act 2023 (PA23), with no expectation that anyone other than the Procurement Officer will undertake procurement exercises.

If appropriate staff are not trained on PA23, the Council may be at increased risk of non-compliant procurement and contract management activity occurring outside of the Procurement Officer's direct control, which could result in legal challenge, delayed/failed procurements, poor value for money, weakened governance and transparency, and reputational damage. The Council does not have the resources to complete this training and accepts the risks associated with this.

For business continuity, the Council has arrangements in place to utilise external support in the absence of the Procurement Officer.

Controls were found to be operating effectively in all other areas reviewed as part of the audit.

Opinion provided	Reasonable	Urgent recommendations	0	Important recommendations	2	Routine recommendations	0
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Areas of weakness in control design and / or effectiveness

- The current Procurement Strategy was implemented as of October 2021 with a listed review date of May 2025, indicating that the current strategy is outdated and requires review. As a result, the current strategy does not reflect the requirements of PA2023. (Recommendation 1)
- In some instances, a contract was not included on the contracts register indicating a lack of consistency and transparency between published and actual contracts in place. (Recommendation 2)
- Currently there is only one Procurement Officer within the Council, and only limited training on PA2023 has been provided to other staff who may be involved in procurement. This has been identified as a potential resourcing and business continuity issue; however, the Council accept these risks and have arrangements in place to utilise external support when necessary. As such, a recommendation has not been raised.

Areas of strength in control design and / or effectiveness

- The Council has in place detailed Contract Procedure Rules that refer to relevant legislation, including the Procurement Act 2023. Defined expenditure thresholds and full processes for each level are set out in the Contract Procedure Rules, and controls are detailed to ensure that contract decisions comply with key principles such as transparency, fairness and value for money.
- The Contracts and Tenders page of Council's website provides detailed information about how the Council procures goods and services and has been updated to reflect the Procurement Act 2023.
- For all procurement activity, appropriate tendering exercises are undertaken, including tender submission requirements, defined evaluation criteria, supplier due diligence, contracts in place, conflict of interest considerations, tender notice, award notices and demonstrating value for money.
- Exemptions are used only when necessary and in accordance with the Contract Procedure, with sufficient justification provided. Exemption forms are completed, approved and retained for all exemptions used.
- The Council have in place a Contracts Register that is utilised as a live list of current and historical contracts. The Contracts Register is uploaded on the Council's website quarterly.

Added value or improvement points

- Exemption form requests have a stated review date of July 2023; this review was completed but the section has not been updated. This section needs updating with the new review date.

Management Action Plan

No.	Recommendation	Priority	Implementation Date	Responsible Officer
1	Review and update the Procurement Strategy in line with the requirements of the new Procurement Act 2023.	Important	31/07/2026	Assistant Director Finance & Assets / Procurement Officer
2	Ensure all current contracts are included on the published contracts register, to promote transparency as detailed within the Procurement Act 2023.	Important	31/07/2026	Assistant Director Finance & Assets / Procurement Officer

Appendix 2 - Outstanding Recommendations by Year

Year 2021/22

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
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.	2	Assistant Director - Finance & Assets	25/05/22	30/06/2026	Terms of the SLA have been agreed with BCKLWN. and the relationship is working well. Need to consult internally with legal before finalising and signing the new SLA.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Commercial Estates	4a. The Council should Implement a regular inspection schedule to assess tenant compliance with maintenance responsibilities. This will help identify issues early, allowing for timely intervention and reducing long-term repair costs.4b. The Council should check if a compliance check has been completed for two samples (UPRN 1689, UPRN 5005) where we could not obtain evidence.	2	Assistant Director Finance & Assets	01/08/25	30/06/26	Inspections have begun to happen - a formal inspection schedule still needs to be finalised in order to close this recommendation.
Commercial Estates	1. The Estates team should monitor the completion of the Commercial Property Strategy and ensure that a formal policy and procedures for rent setting are included. The Strategy should outline the principles guiding rent setting, such as market demand, location, and economic indices like CPI and RPI. The policy should also specify the required procedures, including discussions and approvals necessary for setting rent. This would standardise the approach across all tenancies, ensuring that all rent	2	Assistant Director Finance & Assets	10/10/25	30/06/26	There was a delay in presenting the asset management plan to CLT, but it expected to be taken before CLT shortly - target completion is now end of May 2026

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
	setting decisions are made with a clear understanding of the necessary steps and considerations, enhancing accountability and clarity in the process.					
Commercial Estates	The Estates team should monitor the drafting process of the Commercial Property Strategy and ensure that clear standards and time frames for advertising vacant properties are included to ensure consistency and efficiency.	2	Assistant Director Finance & Assets	10/10/25	30/06/26	There was a delay in presenting the asset management plan to CLT, but it expected to be taken before CLT shortly - target completion is now end of May 2026
ICT - Cyber Security	The cyber security supply chain must be fully documented with type of data/asset, if sensitive information is being shared, level of access provided, if a Data Protection Impact Assessment (DPIA) has been conducted, supplier's key contact details and current security controls mapped out for each asset.	2	Networks Manager	31/03/25	30/06/26	In the process of getting this information up to date – new target date 31/05/26.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Private Sector Housing - HMOs, private rental enforcement and empty homes	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	Assistant Director - Environment & Leisure Services	31/01/25	30/06/26	Work continues and a draft policy is to be presented to CLT in due course- giving due consideration to the Renters' Rights Act.
Private Sector Housing - HMOs, private rental enforcement and empty homes	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	EP Team Leader	01/04/25	30/06/26	Still progressing through committee process to approve.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Section 106 Arrangements	To review all unspent available amounts that have exceeded their "spend deadline" dates and take appropriate action in accordance with the s106 agreements.	1	Development Manager and s106 Officer	30/09/25	30/06/26	The new Section 106 Officer has reviewed the available funds and respective due dates (prioritising the key risks) and has made significant progress.
Section 106 Arrangements	To ensure that, for each planning application, evidence is retained to confirm that all necessary consultations have been undertaken especially before the s106 agreement is signed.	2	Development Manager	30/09/25	30/06/26	These Section 106 procedures have been refreshed and guidance is in production.
Section 106 Arrangements	To ensure that the publicly available Exacom module on the NNDC website is complete and accurate regarding the amount available to spend on projects.	2	Section 106 Officer	30/09/25	30/07/26	The new Section 106 Officer is currently working on this element, needing to review all records to ensure income and expenditure is fully accounted for. This is a time-consuming

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
						exercise but will ensure that the on-line records are accurate. Exacom provides a direct link to Civica which will help moving forwards & is now being considered by IT.
Section 106 Arrangements	To promptly develop authorised, version controlled, end to end process documentation and Exacom user guides.	2	Development Manager and s106 Officer	31/12/25	30/06/26	January 2026: A new S106 officer has been recruited, starting on 5 January 2026 at 0.8 FTE alongside additional temporary resources from within the Council. The initial focus has been on processes and procedures related to the publication and distribution of S106 obligations - which is now completed. The remaining processes are being developed with the Planning Support Manager who is managing this team on a day-to-day basis with the Development Manager's support.
Section 106 Arrangements	To ensure that:- S106 agreements include a requirement for developers to notify the Council when a development commences and when key obligations are met;-	2	Development Manager and s106 Officer	31/12/25	30/06/26	January 2026: This work has commenced with the S106 officer working with others within the Council to agree a way forward for accurate and

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
	Intelligence across the Council be improved regarding housing developments (e.g., affordable housing, play areas);- Developers complete an annual return on each site with a s106 agreement, detailing work undertaken and progress against each obligation.- Exacom accurately reflects due obligations and is used to proactively ensure that obligation payments are invoiced at the due date.					timely information sharing. This will include how best to get responses from Developers. We are also visiting neighbouring authorities to identify best practice. The Development Manager will be working with Eastlaw to complete the standard clauses of the S106 agreements, subject to Eastlaw agreement and capacity. All S106 and Unilateral Undertakings are now loaded onto Exacom.
Section 106 Arrangements	To ensure that: - Exacom completely and accurately records all s106 agreements; - Appropriate action is promptly taken for pre-2012 agreements so that monies received and currently reported as being 'available' to spend on Exacom can be allocated to the appropriate project.	2	Development Manager and s106 Officer	31/12/25	30/06/26	January 2026: All new S106 obligations are uploaded onto the DMS prior to planning decisions being issued and are loaded into Exacom thereafter, in accordance with processes and procedures which will be confirmed once the updated version of Exacom is released and training given to S106 Officer. For older cases (pre-2012) this will take time to complete as the older cases are complex and the information not readily

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
						available. Work on the backlog has started but without further training on Exacom this is limited. The working Group proposal may need revisiting as this is not currently active following a director change. Although all agreements are on Exacom, their spend is not yet assigned so records are not complete.
Section 106 Agreements	To develop regular reporting of available s106 funds to appropriate key management and Parish/Town Councils.	2	Assistant Director - Planning	31/12/25	30/06/26	January 2026: Work is under way to ensure accurate records can be shared more widely. Reporting will be possible within six months.
Waste Management Contract with SERCO	<p>Policy/procedure notes be produced for all aspects of commercial and garden waste services. These notes to be version controlled and reviewed on a regular basis. This is to include: -</p> <ul style="list-style-type: none"> • Processing of new or cancelled customers. • Amendments to customers (frequency of bin collections, bin size, number of bins) 	2	Leisure Business Support Manager	01/09/25	30/06/26	System go live delayed until May 2026 due to year end and need to run annual invoice clashing with data transfer. Procedure notes to follow go live.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
	<ul style="list-style-type: none"> • Management of systems (Interface, M3, and Whitespace). • Maintenance of contracts/agreements. • Invoicing/income collection • Debt recovery processes. 					

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Environmental Health - Licensing	Review the Council's Licensing Policy to ensure it aligns with section 55A of the Licensing Act 2003 to suspend a premises licence if the holder has failed to pay the annual fee rather than reference to allowing a period of grace where annual payment has not been received. The legislative requirement to suspend licenses where payment has been requested but not received, should be invoked.	2	Assistant Dir & Business Support Manager- Environment & Leisure Services	01/03/26	30/06/26	A review of the Licensing Policy is under way, this policy will need to follow the statutory process for consultation before being presented at Committee-aiming for completion in June 2026
Risk Management	All risk owners to complete risk management training and follow up with refresher training. Ensure this training compliance is regularly monitored by Corporate Leadership Team (CLT).	2	Steve Hems, Director of Service Delivery (Deputy Chief Executive)	31/03/26	30/06/26	The use of the Skillsgate e-learning system to meet this requirement has been discussed including making the training mandatory for appropriate managers. The identification of those managers who need to undertake risk management training has been completed. It is anticipated that the training will go live during April 2026. Monitoring of compliance with the training requirements will

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
						be undertaken via the Skillsgate system with reporting into the performance and productivity board.
Risk Management	All service risks to be added to the Management Information System (MIS). Ensure mitigating actions are SMART.	2	Assistant Director Finance & Assets, Assistant Director	31/03/26	30/06/26	The MIS has been updated to enable the capturing of service risks. Service risks will be identified and managed through the MIS once the training on risk has been rolled out and the risk management policy and framework has been updated and adopted. so that there is a consistency of approach across all risk management across the authority.
Risk Management	Ensure the risk appetite field is completed for all risks on the Corporate Risk Register and review the risk appetite statement annually in line with best practice.	2	Steve Hems, Director of Service Delivery (Deputy Chief Executive)	31/03/26	30/06/26	Risk appetite will be added to the MIS system in due course once the risk management policy and framework has been updated appropriately.

Appendix 3 - For your information

Definitions for overall assurance opinions and recommendation ratings are shown below.

Improvement Actions are examples of how the Council could improve a process to be for example, more efficient or effective.

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 months.
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.

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Agenda Item 10

Governance, Risk and Audit Committee

2 June 2026

Report Title		Internal Audit Annual Opinion Report 2025/26	
Are there background papers?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Exempt	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Reason for Exemption?			
Decision for Full Council?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
List of Background Papers (if applicable)			

Agenda Item No _____

Internal Audit Annual Opinion Report 2025/26

Summary: This report concludes on the Internal Audit Activity undertaken during 2025/26, provides an annual opinion concerning the Council's framework of governance, risk management and control, concludes on the effectiveness of internal audit and provides key information for the Annual Governance Statement.

Conclusions: The Head of Internal Audit is able to give a **reasonable** opinion on the framework of governance, risk management and control overall at North Norfolk District Council.

That the Committee is requested to: -

Recommendation:

- Receive and consider the contents of the Annual Opinion Report of the Head of Internal Audit.
- Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2026.
- Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration when developing and reviewing the Council's Annual Governance Statement for 2025/26.
- Note the outcomes of the Internal Audit's performance measures and the Quality Assurance and Improvement Programme (QAIP).

Cabinet member(s):

All

Contact Officer, telephone number,
and e-mail:

Ward(s) affected:

All

Teresa Sharman
01603 430138

teresa.sharman@southnorfolkandbroadland.gov.uk

1. Background

- 1.1 The Head of Internal Audit should provide an annual report, detailing its opinion on the framework of governance, risk management and control, to those charged with governance to support the Council's Annual Governance Statement (AGS).

1.2 This report should include the following: -

- An opinion on the overall adequacy and effectiveness of the Council's governance, risk management and internal control environment;
- Disclose any qualifications to that opinion, together with the reasons for the qualification;
- Detail a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- Any control weakness considered by the Head of Internal Audit to be relevant to the preparation of the AGS;
- A summary of the work undertaken during the year to support the opinion, including any reliance placed on the work of other assurance bodies;
- An overall summary of the performance of the Internal Audit Service against its performance indicators; and
- The results of the internal audit quality assurance programme, including details of compliance with Internal Audit Standards.

1.3 The purpose of this report is to satisfy this requirement.

2. Overall Position

2.1 The attached report contains the annual opinion of the Head of Internal Audit and the outcomes of Internal Audit performance measures and QAIP

3. Conclusion

3.1 Having considered the audit work for 2025/26 for the Council, the Head of Internal Audit is able to provide **Reasonable Assurance** in relation to the framework of risk management, governance, and internal control. The Head of Internal Audit Annual Opinion Statement – Summary' within the report provides an outline of the implications for internal control, risk management and governance based on an analysis of the limited opinion reports and the position with outstanding recommendations at year-end.

3.3 Regarding the QAIP, a gap analysis with the GIAS in the UK Public Sector was completed this year and the outcomes will be shared the Committee later in the year..

4. Recommendation

1) That the Committee is requested to: -

- Receive and consider the contents of the Annual Opinion Report of the Head of Internal Audit.
- Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2026.
- Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration when developing and reviewing the Council's Annual Governance Statement for 2025/26.

- Note the outcomes of the Internal Audit's performance measures and the Quality Assurance and Improvement Programme (QAIP).

Appendices attached to this report:

Appendix A – Annual Opinion Report 2025/26



NORTH NORFOLK DISTRICT COUNCIL

Internal Audit Annual Opinion Report 2025/26

Head of Internal Audit: Teresa Sharman

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Summary: Internal Audit Work 2025/26

Page 143

<p style="text-align: center;">12 Audits in 2025/26 Internal Audit Plan</p>
<p style="text-align: center;">1 Urgent Recs Raised</p>
<p style="text-align: center;">8 Important Recs Raised</p>
<p style="text-align: center;">11 Routine Recs Raised</p>
<p style="text-align: center;">20 Total recommendations raised in year</p>

Assurance Opinion Level	Number of Audits
Substantial	1
Reasonable	5
Limited	1
None	0
Position Statement	3
Deferred	0
Cancelled	2

Head of Internal Audit's Opinion 2025/26	Reasonable
---	-------------------

23 outstanding
recommendations at
year-end.

2 – Urgent
18 – Important
3 - Routine

Oldest – 1 important
recommendation from
2021/22

Executive Summary

Purpose

The Head of Internal Audit should provide an annual report, detailing its opinion on the framework of governance, risk management and control, to those charged with governance to support the Council's Annual Governance Statement (AGS).

This report should include the following: -

- An opinion on the overall adequacy and effectiveness of the Council's governance, risk management and internal control environment.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Detail a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Any control weakness considered by the Head of Internal Audit to be relevant to the preparation of the AGS.
- A summary of the work undertaken during the year to support the opinion, including any reliance placed on the work of other assurance bodies.
- An overall summary of the performance of the Internal Audit Service against its performance indicators.
- The results of the internal audit quality assurance programme, including details of compliance with Internal Audit Standards.

The purpose of this report is to satisfy this requirement, and Members are asked to note its content.

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 three contractors, TIAA Ltd, the Shared Internal Audit Service at Hertfordshire County Council and BDO LLP. As well as the in-house Team at EIAS.

All audit work is completed in accordance with the Global Internal Audit Standards (GIAS) in the UK Public Sector and the CIPFA Local Government Application Note 2025.

Internal audit provides an independent and objective opinion on the Council's internal controls by evaluation their effectiveness and operation in practice.

Scope of Responsibility

The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

This opinion statement is provided for the use of the Council in support of its AGS for the year ended 31 March 2026.

Head of Internal Audit Annual Opinion Statement - Summary

Opinion

For 2025/26, I can provide **reasonable** assurance in relation to the framework of risk management, governance, and internal control.

Basis of opinion

I have considered the outcomes of audit work completed in 2025/26, other third-party assurances if available, the relative materiality of the issues arising from audit work as well as management's progress in addressing any control weaknesses identified, and management's progress with addressing outstanding recommendations from this year and previous years as detailed below.

From an analysis of the information summarised in the 'Head of Internal Audit Annual Opinion Statement – Detail' section below, the following is a summary of each area of the opinion, highlighting strengths and weaknesses and what that means for the Council: -

Internal Controls

Internal controls are not consistently designed or operating effectively within one particular area, Environmental Health – Licensing, where: -

Weaknesses in income collection, debtor identification, and reconciliation processes reduce the Council's ability to ensure completeness and timeliness of income.

Lack of alignment with statutory requirements (Licensing Act 2003) introduces a risk of non-compliance, including failure to appropriately suspend licences for non-payment.

More broadly, the volume of overdue recommendations, including urgent and important actions, indicates that previously identified control weaknesses remain unresolved, reducing confidence in the effectiveness of the control environment.

Internal control weaknesses may be persisting beyond acceptable timeframes.

Risk Management

Risk management arrangements are not always operating effectively, as evidenced by: -

Prolonged delays in implementing agreed actions, including urgent recommendations and longstanding issues (dating back to 2021/22).

Continued exposure in high-risk areas (e.g., Licensing income, Section 106 agreements, private sector housing, and contract management), where risks have been identified but not mitigated in a timely manner.

A pattern of revised deadlines and extended implementation periods, indicating challenges in managing and delivering risk mitigation plans.

The increase in overdue recommendations (from 19 (2024/25) to 23 (2025/26)) may suggest that risks are not being actively reduced at the required pace.

Control weaknesses expose the Council to financial loss, non-compliance, and service inefficiencies.

Governance

Governance arrangements may not be ensuring accountability and delivery of improvement, as demonstrated by: -

Failure to implement agreed actions within expected timeframes, including urgent and important recommendations. While improvements have been made in closing recommendations, this has not been sufficient to offset the overall level of outstanding and overdue actions.

Weak enforcement of statutory and internal policy requirements, particularly within Licensing and S106 arrangements.

Are governance mechanisms effectively monitoring, challenging, and driving progress on audit findings? If not, they may not be providing sufficient oversight or challenge to ensure that risks are effectively managed and that control improvements are delivered in a timely and sustained manner.

Overall

There are weaknesses in the Council's internal control, risk management, and governance arrangements. The persistence of overdue recommendations, including urgent actions, alongside areas of statutory non-compliance and ineffective control processes, reduces assurance that risks are being managed effectively. The Council remains exposed to risks of financial loss, regulatory breach, and reduced service effectiveness.

Head of Internal Audit Annual Opinion Statement - Detail

Third party assurances

No third-party assurance have been relied upon.

Limited opinions

Environmental Health – Licensing

The audit highlighted weaknesses in the monitoring and oversight of annual fees for premises licences which led to uncertainty over the payment of annual fees. It is a mandatory requirement of the Licensing Act 2003 to suspend a license where payment has not been received and non-compliance therewith, could expose the Council to legal challenge.

This audit contained one urgent and one important recommendation as follows: -

To integrate automated invoicing functionality to enable annual licence fees to be promptly billed and collected and introduce a reconciliation and tracking process to identify unpaid licences and recover outstanding fees to ensure that debtors are identified in a timely manner and dealt with in accordance with the Licensing Act 2003. (Urgent) This recommendation was closed post year-end.

Review the Council's Licensing Policy to ensure it aligns with section 55A of the Licensing Act 2003, suspend a premises licence if the holder has failed to pay the annual fee, and invoke the legislative requirement to suspend licenses where payment has been requested but not received. (Important) This recommendation is past its due date and has a revised due date of June 2026.

Outstanding Recommendations

In relation to the follow up of management actions, to ensure that they have been effectively implemented, the position at year end, as shown in the table below, is that 23 recommendations (2024/25 – 19) were past their due at year-end, two of which were urgent (2025/26 – Environmental Health (completed) and 2024/25 – Section 106 Arrangements (past the due date)).

Oldest outstanding recommendation

One important recommendation remains past its due date from 2021/22 - Key Controls and Assurance relating to the income from penalty charge notices; this now has a revised due date of June 2026.

Outstanding recommendations from 2024/25

I note that eight recommendations (one urgent, six important and one routine) out of the ten made in the 'Limited' Section 106 Arrangements 2024/25 audit remain past their due dates and are in progress, with revised due dates up to July 2026. This means that the ability of the Council to manage s106 agreements and funds effectively is still at risk.

I note that two recommendations (important) out of the six made in the 'Limited' Private Sector Housing 2024/25 audit remain past their due dates and are in progress, with revised due dates up to May 2026.

I note that one recommendation (important) out of the nine made in the 'Limited' Waste Management Contract 2024/25 audit remain past their due date and is in progress, with a revised due date up to May 2026.

I note that the recommendations in the other two 'limited' reports in this year, Environmental Charter and Risk Management, are all closed.

Please refer to the separate Progress Report June 2026, which shows the details of the progress made to date in relation to the implementation of agreed recommendations, and which also provides an update from management regarding all outstanding recommendations.

Audit Year	Total Number of Recs Past Due Date	Number of Urgent Recs	Number of Important Recs	Number of Routine Recs
2021/22	1	0	1	0
2024/25	17	1	13	3
2025/26	5	1	4	0
Total	23	2	18	3

Audit Outcomes

The outcome of all audits completed in 2025/26 is shown in the table below.

Audit Area	Status	Opinion	Total Number	Urgent	Important	Routine	Improvement Actions
Building Control	Audit completed	Reasonable	3	0	0	3	0
Environmental Health - Licensing	Audit completed	Limited	3	1	1	1	0
Artificial Intelligence Advisory Review	Audit completed	Advisory Work	N/A	N/A	N/A	N/A	N/A
Workforce Strategy and Learning Development Plan	Audit completed	Advisory Work	N/A	N/A	N/A	N/A	N/a
Risk Management	Audit completed	Follow Up	N/A	N/A	N/A	N/A	N/A
Corporate Governance	Audit completed	Substantial	0	0	0	0	5
Health & Safety Statutory Compliance Checks on Temporary Accommodation	Audit completed	Reasonable	4	0	3	1	1
Key Financial Controls	Audit completed	Reasonable	4	0	2	2	0
Planned Preventative Maintenance of Council Owned Properties	Audit completed	Reasonable	4	0	0	4	1
Procurement	Audit completed	Reasonable	2	0	2	0	1

Audit Area	Status	Opinion	Total Number	Urgent	Important	Routine	Improvement Actions
Budget Setting and Control	Cancelled	-	-	-	-	-	-
Applications Audit – HR System	Cancelled	-	-	-	-	-	-

Grant Certifications	The following grants have been certified by EIAS so far during 2025/26: - <ul style="list-style-type: none"> Disabled Facilities Capital Grants (Period end - 2024/25)
Low Priority Audits	These audits were Project Management Framework, Council Tax Support Scheme and Woodland Management and Country Park provision. There is not sufficient budget to complete them.
Follow Up	A provision of days is allowed to monitor progress with implementing recommendations made each month.

Performance Measures Outcomes

Overall Outcome

Detailed below are the outcomes of the performance measures which relate to the performance of the main contractor delivering internal audits across all the Councils in the Consortium. Performance measures are consortium wide measures.

The overall performance status is determined as 'Amber' with only five 'fully met', four 'partially met' and one 'not met'.

Other than KPI 1, which is measured annually and KPI 6 which is measured continuously, all KPIs are measured quarterly.

This is the overall performance status at the time of writing our report. There are still several reports to be finalised across the Consortium and feedback surveys to be returned.

Senior Management

KPI Reference	Description	Outcome
KPI 1	S151, S17 Satisfaction, annual minimum is good – three out of seven replies were received from S151 Officers	Not Met - Average

Internal Audit Process

KPI Reference	Description	Outcome	Details
KPI 2	APM issued minimum 20 working days before agreed start date - 90% quarterly	Partially Met	Only met in 2 out of 4 quarters
KPI 3	Draft reports issued within 10 working days of fieldwork end date - 95% quarterly	Partially Met	Met in 3 out of 4 quarters
KPI 4	Final reports issued within 5 working days of management responses - 95% quarterly	Partially Met	Met in 3 out of 4 quarters
KPI 5	Quarterly performance pack reported to the Contract Manager within 15 working days of the end of the quarter	Partially Met	Only met in 3 out of 4 quarters

KPI Reference	Description	Outcome	Details
KPI 6	Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received	Met	N/A
KPI 7	PSIAS compliance - deep dive review of files - 100%. Four files per quarter	N/A	Not completed on 2025/26 audits

Clients

KPI Reference	Description	Outcome	Outcome
KPI 8	Average feedback scores from key clients, quarterly minimum average	Met - Good	Overall score at time of writing the report was 3.2 (1 is poor and 4 is excellent)

Innovation and Capabilities

KPI Reference	Description	Outcome
KPI 9	Percentage of recommendations accepted by management - 90% overall	Met
KPI 10	Percentage of qualified / experienced staff working on the contract each quarter - 60%	Met
KPI 11	Number of training hours per members of staff completed each quarter - minimum 1 day per quarter	Met

Actions to Improve

As the tables above highlight, the Contractor has not met their targets for several of the KPIs this year.

As a result, the 10% quality payment, which is withheld until the end of the year, was adjusted accordingly and not paid in full.

Action to address poor performance

As the Contractor does not have exclusivity, BDO LLP and the shared internal audit service at Hertfordshire County Council continue to be used on half of the Consortium's Internal Audit Plan as well as EIAS auditors.

The contract is now being re-procured ready to be in place for the 2027/28 audit year.

Quality Assurance and Improvement Programme (QAIP)

QAIP

What do the Standards say?

The chief audit executive must develop, implement and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme has two elements, internal assessments and external assessments.

At least annually, the chief audit executive must communicate the results of the internal quality assessment to the Audit Committee and senior management covering the internal audit function's conformance with the Standards and achievement of performance objectives and plans to address deficiencies and opportunities for improvement.

A quality assurance and improvement programme is designed to evaluate and promote the internal audit function's conformance with the Standards, achievement of performance objectives, and pursuit of continuous improvement.

The Head of Internal Audit is responsible for ensuring that the internal audit function is continuously seeking improvement. This requires developing measures to assess the performance of internal audit engagements, internal auditors, and the internal audit function. These measures form the basis for evaluating progress toward performance objectives including continuous improvement.

Internal Assessment

What do the Standards say?

The Head of Internal Audit must establish a methodology for internal assessments, that includes ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives, periodic self-assessments to evaluate conformance with the Standards, and communication with the Audit Committee and senior management about the results of internal assessments. An action plan to address instances of nonconformance with the Standards and opportunities for improvement must be developed.

Ongoing monitoring

This involves the day-to-day supervision, review, and measurement of the internal audit function and is incorporated into ours and our contractor's routine policies and procedures used to manage the internal audit function. Ongoing monitoring is primarily achieved through supervisory reviews throughout audit work and the use of template working papers and documents, to ensure standardisation and consistency in the application of audit work.

Performance measures are in place to determine the efficiency and effectiveness of the internal audit function as reported above. Currently, we are only reporting against these for the main contractor. Performance measures have been agreed with the other two contractors and will be formally measured in 2026/27.

Weekly operational and quarterly performance meetings are held with the main Contractor, as will be the case for the other two contractors.

Periodic self-assessments

These enable the internal function to validate its conformance with all the Standards. These evaluate: -

- The adequacy of the internal audit function's methodologies.
- How well the internal audit function supports the achievement of the Council's objectives.
- The quality of internal audit services performed, and supervision provided.
- The degree to which stakeholder expectations are met and performance objectives are achieved.

Results of self-assessment

A self-assessment has not been completed for 2025/26. This is because a gap analysis was completed against the new GIAS in the UK Public Sector, the results of which will be presented to the Committee later this year.

External Assessment

What do the Standards say?

The chief audit executive must develop a plan for an external quality assessment (EQA) and discuss the plan with the Audit Committee. The EQA must be performed at least once every five years by a qualified, independent assessor or assessment team.

Last EQA

An EQA was carried out in October 2022 by the Chartered Institute of Internal Auditors (IIA) against the previous Standards. The Internal Audit Service received a 'generally conforms' result, with conformance in 60 out of 64 areas (two areas were not applicable, and two resulted in 'partially conforms').

Progress with actions

One area of partial conformance was highlighted in coordinating and maximising assurance. Within the Strategic and Annual Plans report for the audit year 2023/24 presented in March 2023, an Assurance Map was provided, outlining the then top risks, along with first, second and third lines of assurance. This has not been repeated since.

The second area of partial conformance was raised to ensure that all EIAS clients receive an external quality assessment as it falls due on the five-year anniversary. This will be ensured at the five-year anniversary in 2027.

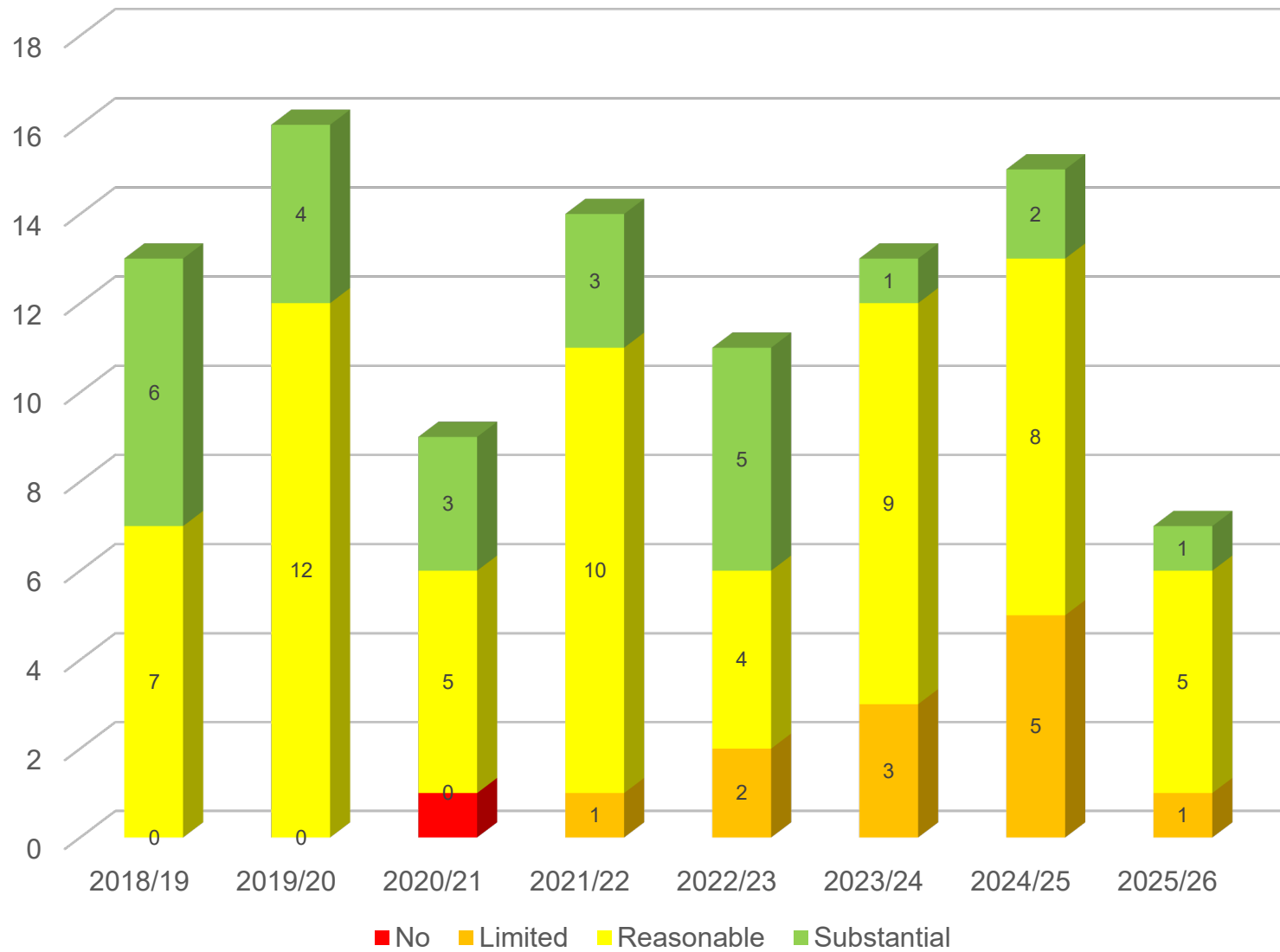
Appendix 1 – Summary of Audit Opinions

Audit Opinions by Year

The table below, and the bar chart on the following page, shows the audit opinions over the last eight years for assurance work outcomes only.

Audit Year	Total Audits	Number with Substantial assurance	Number with Reasonable assurance	Number with Limited assurance	Number with No Assurance
2018/19	13	6	7	0	0
2019/20	16	4	12	0	0
2020/21	9	3	5	0	1
2021/22	14	3	10	1	0
2022/23	11	5	4	2	0
2023/24	13	1	9	3	0
2024/25	15	2	8	5	0
2025/26	7	1	5	1	0
Total	98	25	60	12	1

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Appendix 2 - For Your Information

Definitions for overall assurance opinions and recommendation ratings are shown below.

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.

Treasury Outturn Report 2025/26	
Executive Summary	This report sets out the Treasury Management activities undertaken during 2025/26 compared with the Treasury Management Strategy for the year.
Options considered	For the Council to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (Prudential Code) and CIPFA Treasury Management in the Public Services Code of Practice an outturn report must be presented to Members to inform them of the outcome of the Treasury Management activity for the year. Therefore, no other option has been considered.
Consultation(s)	Link Treasury Services have provided the economic information in Appendix A of this report.
Recommendations	That Cabinet reviews and recommends the outturn position to Full Council for approval.
Reasons for recommendations	The Treasury Management activity for the year requires approval by Full Council for the Council to comply with the CIPFA Treasury Management and Prudential Codes.
Background papers	This report refers to the Council's Treasury Management Strategy 2025/26.

Wards affected	All
Cabinet member(s)	Cllr. Lucy Shires
Contact Officer	James.Moore James.Moore@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	This report shows the Council's current Treasury position and compares it with the cost of delivering its Capital Programme (CFR – Capital Financing Requirement). This shows the Council's current ability to finance its current Capital Programme.

Medium Term Financial Strategy (MTFS)	<p>The Treasury Management activity during the year has been undertaken to ensure that the Council has sufficient access to liquid funds that it requires to maintain its cashflow. Management of the Council's cash, investments and borrowing underpins the delivery of the Medium-Term Financial Strategy.</p> <p>This report provides details of the Council's investment and borrowing position and the Council's Capital Financing Requirement position, which together show the net debt position of the Council as at the end of the 2025/26 financial year.</p>
Council Policies & Strategies	This report refers to the Council's Treasury Management Strategy 2025/26.

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	This report is available to the public.
Details of any previous decision(s) on this matter	This is an annual report on the Council's Treasury position.

1. Purpose of the report

This report sets out the Treasury Management activities undertaken during 2025/26 compared with the Treasury Management Strategy for the year.

It is a requirement for this report to be presented Members to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (Prudential Code) and CIPFA Treasury Management in the Public Services Code of Practice. It provides Members with the current Treasury position of the Council.

2. Introduction & Background

This report shows the Council's current Treasury position compared with the cost of delivering its Capital Programme (CFR – Capital Financing Requirement). This shows the Council's current ability to finance its current Capital Programme.

The Council borrows and invests significant sums of money and is therefore exposed to financial risks including the losses in invested funds. There are also the revenue budget implications of a varying interest rate on the Council's investments. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy. **Appendix A – Annual Treasury Outturn Report 2025/26** provides the details of the Council's Treasury Management activity for the 2025/26 year and the final position as at 31 March 2026.

3. Proposals and Options

This report contributes towards the overall financial performance of the Council. It is recommended that the Council continues with its Treasury Management activity as outlined in the Treasury Management Strategy 2025-26.

4. Corporate Priorities

The Council's Treasury Management report supports the Medium-Term Financial Strategy through protecting the Council's funds and cash flow whilst minimising borrowing costs. This aligns with the corporate priority: A strong, responsible and accountable Council.

5. Financial and Resource Implications

The financial implications are contained in the report and in Appendix A. Treasury Management activities have been carried out in accordance with the Council's Treasury Management Strategy and comply fully with the CIPFA Codes of Practice. The Council has a Capital Programme that is fully funded.

Comments from the S151 Officer:

This Report provides details of the Treasury Management activity for the year. All activity has complied with the codes of practice and the Council's Treasury Management Strategy.

6. Legal Implications

This report must be presented to Members to ensure the Council is compliant with the CIPFA Treasury Management Code.

Comments from the Monitoring Officer

The Council needs to act in accordance with its Treasury Management Strategy and comply with the CIPFA codes of practice to keep Members informed.

7. Risks

This report addresses the potential risk that the Council does not have sufficient funds to finance its Capital Programme.

Full risks details are highlighted within Appendix A of this report.

8. Net Zero Target

Not applicable to this report.

9. Equality, Diversity & Inclusion

Not applicable to this report.

10. Community Safety issues

Not applicable to this report.

11. Conclusion and Recommendations

- 11.1. To conclude that Treasury activities for the year have been carried out in accordance with the CIPFA code and the Council's Treasury Strategy.
- 11.2. That Governance, Risk and Audit Committee recommend that the Treasury Management Outturn report for 2025/26 is approved by full Council.

Annual Treasury Management Outturn Report 2025/26

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ABBREVIATIONS USED IN THIS REPORT

This is an optional area which clients may wish to include in their report if they feel that members would appreciate having this list of abbreviations and definitions.

CE: Capital Economics - is the economics consultancy that provides MUFG Corporate Markets Treasury Limited, with independent economic forecasts, briefings and research.

CFR: capital financing requirement - the Authority's annual underlying borrowing need to finance capital expenditure and a measure of the Authority's total outstanding indebtedness.

CIPFA: Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.

CPI: consumer price index – the official measure of inflation adopted as a common standard by the UK and countries in the EU. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

MHCLG: the Ministry for Housing, Communities and Local Government - the Government department that directs local authorities in England.

ECB: European Central Bank - the central bank for the Eurozone

EU: European Union

EZ: Eurozone - those countries in the EU which use the euro as their currency

Fed: the Federal Reserve System, often referred to simply as "the Fed," is the central bank of the United States. It was created by the Congress to provide the nation with a stable monetary and financial system.

FOMC: the Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing/tightening policy. It is composed of 12 members - the seven members of the Board of Governors and five of the 12 Reserve Bank presidents.

GDP: gross domestic product – a measure of the growth and total size of the economy.

G7: the group of seven countries that form an informal bloc of industrialised democracies - the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom - that meets annually to discuss issues such as global economic governance, international security, and energy policy.

Gilts: gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a coupon and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); while the coupon rate is fixed, the yields will change inversely to the price of gilts i.e., a rise in the price of a gilt will mean that its yield will fall.

HRA: housing revenue account.

IMF: International Monetary Fund - the lender of last resort for national governments which get into financial difficulties.

MPC: the Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing/tightening.

MRP: minimum revenue provision - a statutory annual minimum revenue charge to reduce the total outstanding CFR, (the total indebtedness of a local authority).

PFI: Private Finance Initiative – capital expenditure financed by the private sector i.e., not by direct borrowing by a local authority.

PWLB: Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.

QE/QT: quantitative easing – is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, such as government bonds, (but may also include corporate bonds). This process aims to stimulate economic growth through increased private sector spending in the economy and also aims to return inflation to target. These purchases increase the supply of liquidity to the economy; this policy is employed when lowering interest rates has failed to stimulate economic growth to an acceptable level and to lift inflation to target. Once QE has achieved its objectives of stimulating growth and inflation, QE will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that it held which matures. This is called quantitative tightening. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation. Economic growth, and increases in inflation, may threaten to gather too much momentum if action is not taken to ‘cool’ the economy.

RPI: the Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – Consumer Price Index. The main differences between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.

SONIA: the Sterling Overnight Index Average. Generally, a set of indices for those benchmarking their investments. The benchmarking options include using a forward-looking (term) set of reference rates and/or a backward-looking set of reference rates that reflect the investment yield curve at the time an investment decision was taken.

TMSS: the annual treasury management strategy statement reports that all local authorities are required to submit for approval by the Full Council before the start of each financial year.

VRP: a voluntary revenue provision to repay debt, in the annual budget, which is additional to the annual MRP charge, (see above definition).

Annual Treasury Management Review 2025/26

Purpose

This Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2025/26. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2025/26 the minimum reporting requirements were that the Full Council should receive the following reports:

- an annual treasury strategy in advance of the year.
- a mid-year, (minimum), treasury update report.
- an annual review following the end of the year describing the activity compared to the strategy, (this report).

In addition, this Authority has received quarterly treasury management update reports.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by members.

This Authority confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Overview & Scrutiny Committee before they were reported to the Full Council.

Executive Summary

During 2025/26, the Authority complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	31.03.25 Actual £m	2025/26 Forecast £m	31.03.26 Actual £m
Capital Expenditure	25.724	38.280	13.112
Capital Financing Requirement:	17.544	22.573	17.794
Short-term Borrowing (under 1 year)	2.000	1.000	5.000
Long-term Borrowing (over 1 year)	5.000	5.000	0.000
Total External Debt	7.000	5.000	5.000
Short-term Investments (under 1 year)	5.317	7.822	15.397
Long-term Investments (over 1 year)	20.000	20.000	20.000
Non-treasury Investments (Housing Loans)	1.853	1.640	1.756
Total Investments	27.170	29.462	37.153
Net Borrowing/(Investments)	(20.170)	(24.462)	(32.153)

Other prudential and treasury indicators are to be found in the main body of this report. The Section 151 Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.

This report notes that the capital financing requirement as at the 31.03.25 has been reduced from the figure in the 2024/25 outturn report of £18.379m to £17.544m. This is to where additional capital receipts income was received after completion of the prior year report. This capital receipt was income relating to the 2024/25 accounting year and so could be allocated in retrospect to reduce in-year borrowing costs and future year MRP costs. This has also been reflected in the tables. As a consequence of this, the MRP charge for the 2024/25 was also changed and has also been reflected in the tables below.

Recommendations

The Authority is recommended to:

1. Approve the actual 2025/26 prudential and treasury indicators in this report
2. Note the annual treasury management report for 2025/26

Introduction and Background

This report summarises the following:

- Capital activity during the year,
- Impact of this activity on the Authority's underlying indebtedness, (the Capital Financing Requirement),
- The actual prudential and treasury indicators,
- Overall treasury position identifying how the Authority has borrowed in relation to this indebtedness, and the impact on investment balances,
- Summary of interest rate movements in the year,
- Detailed debt activity,
- Detailed investment activity.

1. The Authority's Capital Expenditure and Financing

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

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

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

General Fund	31 March 2025 Actual (£m)	2025/26 Budget (£m)	31 March 2026 Actual (£m)
Capital expenditure	25.702	38.280	13.112
Capital Receipts	1.071	2.953	0.995
Grants	21.507	26.509	10.680
Contributions	1.240	1.717	0.510
Reserves	1.079	1.468	0.325
Revenue Contribution to Capital (RCCO)	0.000	0.020	0.015
Total Financed in year	24.897	32.667	12.525
Unfinanced capital expenditure (Borrowing)	(0.805)	(5.613)	(0.587)

2. The Authority's Overall Borrowing Need

The Authority's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Authority's indebtedness. It represents the 2025/26 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Authority's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Authority's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies or utilising temporary cash resources within the Authority.

Reducing the CFR – the Authority's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Authority is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Authority's 2025/26 MRP Policy, (as required by MHCLG Guidance), was approved as part of the Treasury Management Strategy Report for 2025/26.

The Authority's CFR for the year is shown below, and represents a key prudential indicator.

CFR: General Fund	31 March 2025 Actual (£m)	2025/26 Budget	31 March 2026 Actual (£m)
Opening balance	16.999	17.544	17.544
Add unfinanced capital expenditure (from above financing table)	0.805	5.613	0.587
Add Finance Leases *	0.310	0.247	0.247
Less MRP	(0.507)	(0.522)	(0.522)
Less Finance Lease repayments	(0.063)	(0.062)	(0.062)
Closing balance	17.544	22.820	17.794

The authority has made no voluntary application of capital receipts (VRP) in 2025/26.

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Authority should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2024/25) plus the estimates of any additional capital financing requirement for the current (2025/26) and next two financial years. This essentially means that the Authority is not borrowing to support revenue expenditure. This indicator allowed the Authority some flexibility

to borrow in advance of its immediate capital needs. The table below highlights the Authority's gross borrowing position against the CFR. The Authority has complied with this prudential indicator.

CFR vs Gross Borrowing Indicator £m	31.3.25 Actual	2025/26 Budget	31.3.26 Actual
Gross borrowing position	7.000	5.000	5.000
CFR	17.544	22.820	17.794
Under / (over) funding of CFR	10.544	17.820	12.794

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Authority does not have the power to borrow above this level. The table below demonstrates that during 2025/26 the Authority has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Authority during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

Treasury Limits Indicator (£m)	2025/26
Authorised limit	40.000
Maximum gross borrowing position during the year	7.000
Operational boundary	30.000
Average gross borrowing position	5.000

The above table shows that the maximum borrowing undertaken by the authority did not exceed the authorised limit. It also shows that the average borrowing position was below the operational boundary.

3. Treasury Position as of 31st March 2026

The Authority's treasury management debt and investment position is organised by the treasury management service to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Authority's Treasury Management Practices.

At the end of 2025/26, the Authority 's treasury position was as follows:

DEBT PORTFOLIO	31 March 25 Principal (£m)	Rate/ Return (%)	Average Duration (Days)	31 March 26 Principal (£m)	Average Rate/Return (£m)	Average period (Days)
Fixed rate funding, short-term borrowing:						
Local Authority Borrowing	2.000	5.44	34	0.000	0.00	0
Police Authority Borrowing	0.000	0.00	0	0.000	0.00	0
Fire Authority Borrowing	0.000	0.00	0	0.000	0.00	0
Pension Fund Borrowing	0.000	0.00	0	0.000	0.00	0
Housing Authority Borrowing	0.000	0.00	0	0.000	0.00	0
Fixed rate funding, long-term borrowing:						
PWLB	5.000	5.39	28	5.000	6.35	365
Total debt	7.000	5.43	31	5.000	6.35	365
CFR (from table above)	17.544			17.794		
Over / (under) borrowing	(10.544)			(12.794)		
Total investments	27.170	4.95		37.453	6.35	
Net debt	(16.626)			(24.659)		

The maturity structure of the debt portfolio was as follows:

Debt Comparison £m	31 March 2025 Actual	31 March 2026 Actual
Under 12 months	2.000	5.000
12 months and within 24 months	5.000	0.000
24 months and within 5 years	0.000	0.000
5 years and within 10 years	0.000	0.000
10 years and within 20 years	0.000	0.000
20 years and within 30 years	0.000	0.000
30 years and within 40 years	0.000	0.000
40 years and within 50 years	0.000	0.000
Total Borrowing	7.000	5.000
Authorised Limit	40.000	40.000
Borrowing Limit Exceeded?	No	No

During 2025/26 the Council renewed a £5m long-term loan with the PWLB (Central Government Public Works Loans Board) running from the 1st of May 2025 to 1st of May 2026, secured at an interest rate of 4.59%.

The Treasury has identified through its cash flow monitoring that external borrowing of £5m was required throughout the whole fiscal year. Any extra borrowing above this sum was only required on a short-term basis caused by the timing differences between the Council's expenditure and sources of income.

To avoid interest rate risk, a PWLB long-term loan was secured instead of renewing short-term borrowing on an ad-hoc basis. Relying on short-term borrowing throughout the fiscal year leaves the Council vulnerable to fluctuations in the economy and subsequent unknown interest rate hikes. The PWLB loan was secured for one year only, to allow for a potential decrease in interest rates at the end of 2025/26 and avoid locking the Council into a long-term loan with a high fixed rate of interest. Interest rates have been declining in recent years which matches the forecast from the Treasury and the Council's Treasury Advisors. This downwards interest rate trend is expected to continue during 2026/27.

Overall, the Council's borrowing requirement has decreased by £2.0m between fiscal year ends. This is from keeps a strong management of the Council's cashflow, payment run processing and appropriate financing of the Council's capital programme by accountants and managers (limiting use of forward-funding projects etc.)

The Council's investment portfolio was as follows:

INVESTMENT PORTFOLIO	31 March 2025		31 March 2026	
	Actual (£m)	Percentage of Portfolio	Actual (£m)	Percentage of Portfolio
Treasury investments				
Money Market Funds	5.317	19%	15.397	42%
Total managed in house	5.317	19%	15.397	42%
Strategic Bond Funds	5.000	18%	5.000	13%
Equity Income Funds	4.000	15%	4.000	11%
Property Funds	5.000	18%	5.000	13%
Multi-Asset Income Funds	6.000	21%	6.000	16%
Total managed externally	20.000	72%	20.000	53%
TOTAL TREASURY INVESTMENTS	25.317	91%	35.397	95%
Non-Treasury investments				
LN0001 – Broadland Housing	1.615	6%	1.346	4%
LN0002 – Homes for Wells	0.133	1%	0.110	0%
LN0003 – Homes for Wells	0.041	1%	0.039	0%
LN0004 – Homes for Wells	0.064	1%	0.061	0%
LN0005 – Homes for Wells		New 25/26	0.200	1%
TOTAL NON-TREASURY INVESTMENTS	1.853	9%	1.756	5%
TOTAL ALL INVESTMENTS	27.170	100%	37.153	100%

The maturity structure of the investment portfolio was as follows:

COUNTERPARTY / INVESTMENT	Redemption Period	Investment Value 31 March 2026 (£m)
Aberdeen Standard / MMF	CALL	3.200
Blackrock / MMF	CALL	3.447
DWS / MMF	CALL	2.350
Federated Investors (UK) LLP / MMF	CALL	3.200
Goldman Sachs / MMF	CALL	0.000
Invesco AIM / MMF	CALL	3.200
CCLA (UK) Public Sector Deposit Fund / MMF	CALL	0.000
CCLA / Local Authorities Mutual Investment Trust	T + 6 months	5.000
M&G Securities / UK Income Distribution Fund	T + 3 days	2.000
Ninety-One / Diversified Income Fund	T + 3 days	3.000
Schroder Unit Trusts / Income Maximiser Fund	T + 4 days	2.000
Threadneedle / Strategic Bond Fund	T + 4 days	3.000
M&G Securities / Strategic Corporate Bond Fund	T + 3 days	2.000
Aegon Asset Management / Diversified Income Fund	T + 3 days	3.000
Broadland Housing (Housing Loan)	FIXED (Long-term housing loan)	1.346
Homes for Wells (Housing Loan)	FIXED (Long-term housing loan)	0.410
TOTAL		37.153

The Council has seven same day Money Market Fund (MMF) accounts which can be used to invest/redeem surplus cash around its daily cash requirements. For these MMF's there is no gain/loss on principal invested, they are secure but consequently provide a lower interest rate than alternative types of investment. Typically, interest rates match the current Bank of England Monetary Policy Committee set base rate or are slightly below. The cash balances invested in these counterparties fluctuate daily between £0.5m and £20m, the above table shows the balances at the outturn position.

The Council finished the year with seven investments in Pooled funds. These are intended for long-term investing to generate a higher interest return than the Council MMFs. The principal invested in Pooled Funds is more at risk than with MMFs as they are subject to gains/loss on fair value (change in sale price).

The Council has only invested in counterparties approved by its treasury advisors with thorough credit rating checks. All the Council's Pooled Fund investments are income funds, not accumulating funds.

The Council currently has five outstanding loans with Housing Associations (loans issued to support the provision of affordable housing in the district). These loans are agreed at the PWLB central government borrowing rate to ensure the Council is not funding private businesses at a cost to the authority.

To support the above investment portfolio, the below table summarises the interest earned on the average amounts of the Council's investments during the last two fiscal years. The purpose of this table is to give members an idea of the rate of return on the Council's portfolio for each type of investment.

INVESTMENT INTEREST (£m)	31 March 2025			31 March 2026		
	Average Amount Invested	Interest Earnt (£m)	Average interest rate	Average Amount Invested	Interest Earnt (£m)	Average interest rate
Money Market Funds	5.722	0.262	4.58%	14.328	0.584	4.08%
Total managed in house	5.722	0.262	4.58%	14.328	0.584	4.08%
Strategic Bond Funds	5.000	0.196	3.93%	5.000	0.217	4.35%
Equity Income Funds	4.000	0.222	5.54%	4.000	0.239	5.96%
Property Funds	5.000	0.317	6.34%	5.000	0.285	5.69%
Multi-Asset Income Funds	6.000	0.303	5.04%	6.000	0.294	4.90%
Total managed externally (Pooled Funds)	20.000	1.038	5.19%	20.000	1.035	5.18%
TOTAL TREASURY INVESTMENTS	25.722	1.300	5.05%	34.328	1.619	4.72%

Non-Treasury Investments (£m)	31 March 2025			31 March 2026		
	Actual Amount Invested	Interest Earnt (£m)	Loan interest rate	Actual Amount Invested	Interest Earnt (£m)	Loan interest rate (Fixed)
LN0001 - Broadland Housing Association	1.615	0.069	3.80%	1.346	0.059	3.80%
LN0002 - Homes for Wells	0.133	0.005	3.00%	0.110	0.007	3.00%
LN0003 – Homes for Wells	0.041	0.002	5.50%	0.039	0.002	5.50%
LN0004 – Homes for Wells	0.064	0.004	5.50%	0.061	0.004	5.50%
LN0005 – Homes for Wells			New 25/26	0.200	0.000	6.08%
Total Loans	2.144	0.080	3.95%	1.756	0.072	4.07%

The Council currently only issues loans to Housing Providers as part of the Corporate Plan objective to provide affordable housing in North Norfolk. No other forms of loans have been issued. Consequently, the aim of these loans is not to provide a financial return to the Council. The interest rate of these loans is agreed at the central government PWLB rate. This is to ensure that the Council is not potentially borrowing money in the future to fund private businesses or paying borrowing interest on to fund.

The non-treasury investments (housing loans) are amortised loans where an element of principal and interest is repaid at agreed instalment dates. This allows the lender to repay the loan over time, lowering interest costs towards the end of the loan duration (the interest is calculated based on the most recent ending balance of the loan at each repayment interval). This approach allows for clearer financial reporting and risk management for both the borrower and the Council.

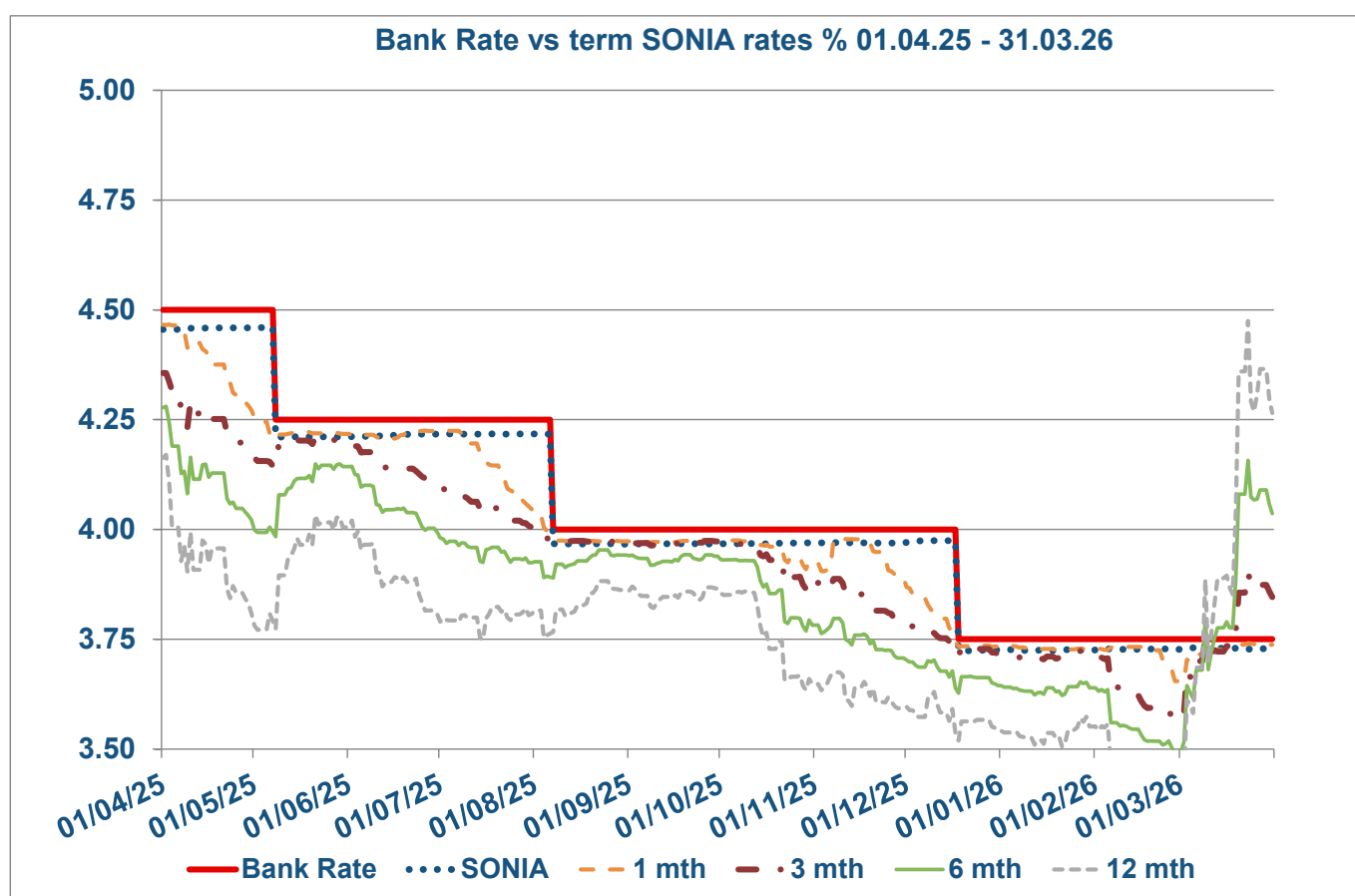
4. The Strategy for 2025/26

The Treasury strategy for managing the Council’s interest rate risk was to continue its PWLB loan of £5m (long-term borrowing) to reduce the authorities need to take out continuous short-term borrowing. This in turn reduced the interest rate risk to the authority. If the cashflow requirement identified an additional borrowing need beyond the £5m loan, it was policy to only take out short-term borrowing for the shortest possible duration to minimise any unplanned additional borrowing interest costs to the authority.

This process has been followed throughout the year and has led to a greater ability to forecast year end borrowing costs, which has in turn allowed the Authority to accurately forecast the required year-end funding required to meet external borrowing costs throughout the financial year

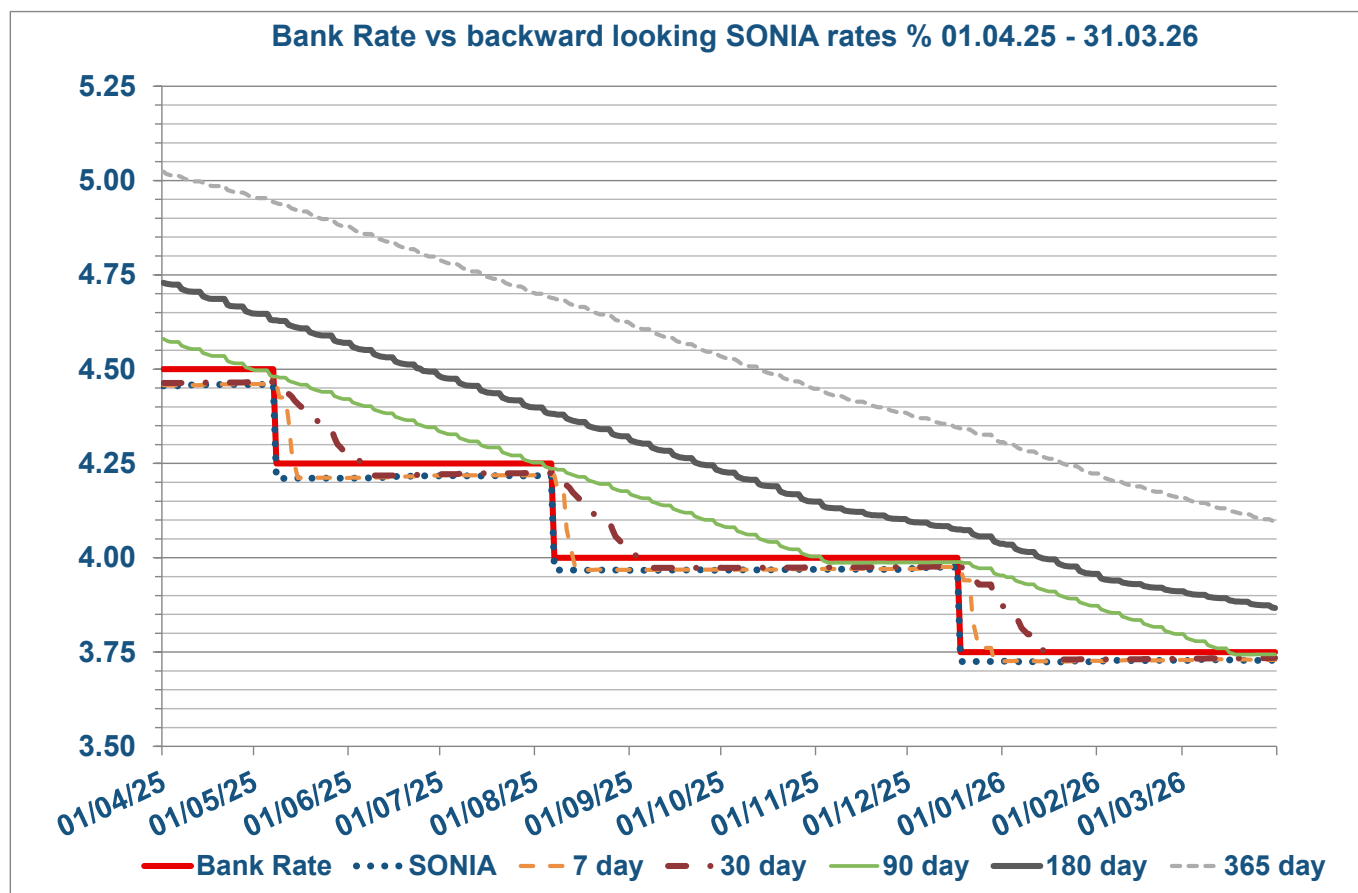
4.1 Investment strategy and control of interest rate risk

Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2025/26



FINANCIAL YEAR TO QUARTER ENDED 31/03/2026						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	4.50	4.46	4.47	4.36	4.28	4.47
High Date	01/04/2025	07/05/2025	03/04/2025	02/04/2025	02/04/2025	23/03/2026
Low	3.75	3.72	3.65	3.57	3.49	3.40
Low Date	18/12/2025	22/12/2025	27/02/2026	27/02/2026	27/02/2026	27/02/2026
Average	4.04	4.01	3.98	3.94	3.87	3.77
Spread	0.75	0.74	0.81	0.79	0.79	1.08

Investment Benchmarking Data – Sterling Overnight Index Averages (Backward-looking) 2025/26



FINANCIAL YEAR TO QUARTER ENDED 31/03/2026							
	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	4.50	4.46	4.46	4.47	4.58	4.73	5.02
High Date	01/04/2025	07/05/2025	28/04/2025	06/05/2025	01/04/2025	01/04/2025	01/04/2025
Low	3.75	3.72	3.73	3.73	3.74	3.87	4.09
Low Date	18/12/2025	22/12/2025	22/01/2026	21/01/2026	18/03/2026	31/03/2026	31/03/2026
Average	4.04	4.01	4.02	4.05	4.13	4.26	4.55
Spread	0.75	0.74	0.74	0.74	0.84	0.86	0.93

4.2 Borrowing strategy and control of interest rate risk

During 2025/26, the Authority maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Authority’s reserves, balances and cash flow was used as an interim measure. This strategy was prudent as near-term investment rates have been lower than medium to long-term borrowing costs. The latter are expected to fall a little through 2026 and 2027 in the light of economic growth concerns and the eventual dampening of inflation. The Authority has sought to minimise the taking on of long-term borrowing at elevated levels (>5%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<5 years on a maturity loan structure/ <10 year on an equal instalments of principal (EIP) loan structure) as appropriate.

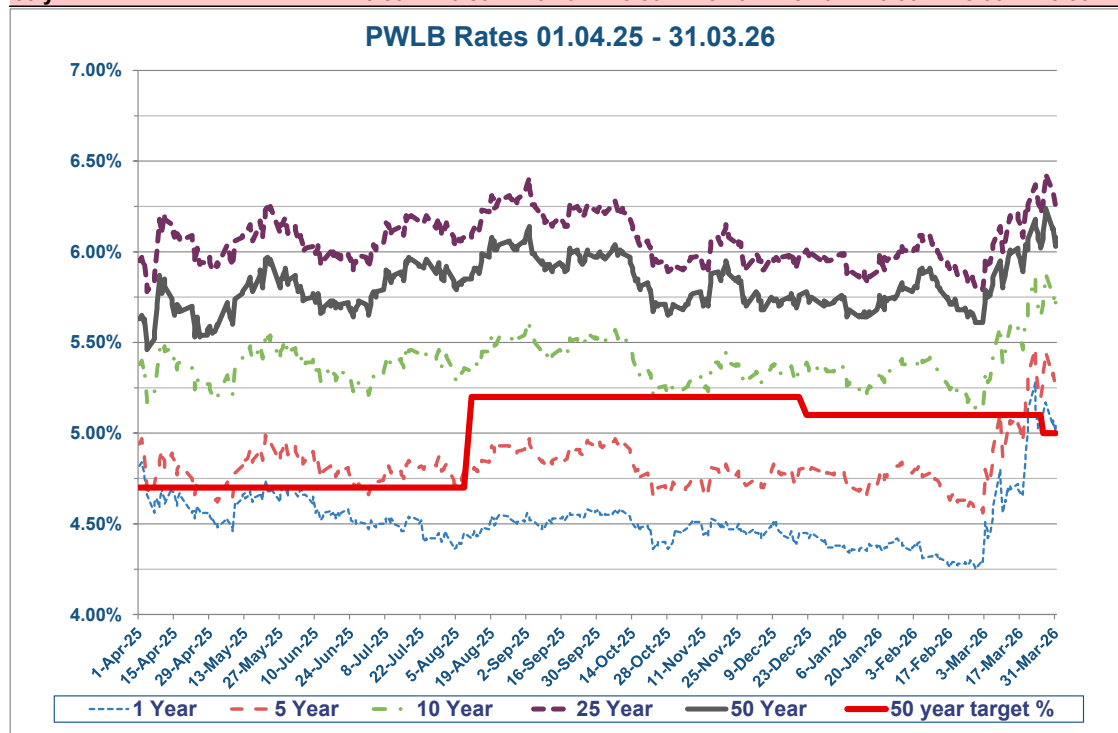
Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Treasury therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- If it had been felt that there was a significant risk of a sharp FALL in long and short-term rates (for instance, due to a marked increase of risks around a relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- If it had been felt that there was a significant risk of a much sharper RISE in long and short-term rates than initially expected, arising from the stickiness of inflation in the major developed economies, then the portfolio position would have been re-appraised. Fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

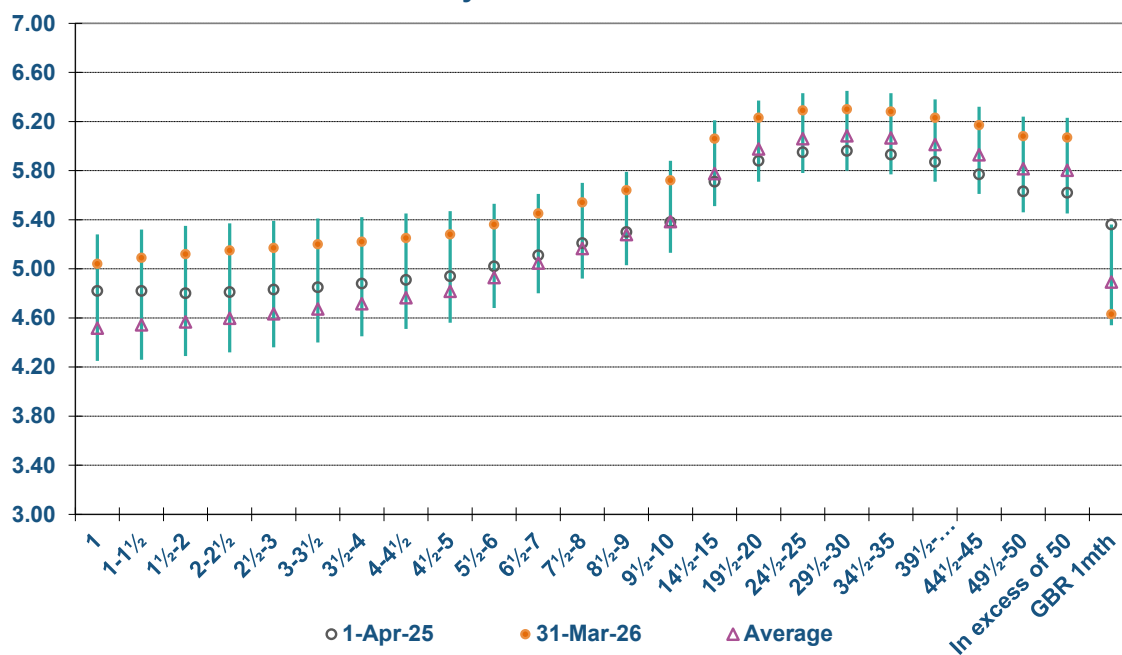
Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2025/26. Bank Rate did reduce to 3.75% as anticipated, but the initial expectation of significant rate reductions across the whole curve did not transpire, primarily because inflation concerns were very elevated in March 2026. At the start of April 2026, the market expected Bank Rate to increase over the coming months to 4% or 4.25%, from 3.75%, whilst all parts of the curve have also risen substantially through March. A significant fall in inflation will be required to underpin any material movement lower in the longer part of the curve.

Forecasts at the time of approval of the treasury management strategy report for 2025/26 were as follows:

MUG Corporate Markets Interest Rate View 25.03.26												
	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	3.90	3.80	3.80	3.70	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.20	4.10	4.00	3.90	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50
12 month ave earnings	4.60	4.50	4.40	4.20	4.20	4.00	4.00	3.80	3.80	3.80	3.80	3.80
5 yr PWLB	5.00	5.00	4.90	4.80	4.60	4.40	4.20	4.20	4.10	4.10	4.10	4.10
10 yr PWLB	5.50	5.50	5.40	5.30	5.10	4.90	4.70	4.70	4.60	4.60	4.60	4.60
25 yr PWLB	6.00	6.00	5.90	5.80	5.60	5.40	5.20	5.20	5.20	5.20	5.10	5.10
50 yr PWLB	5.80	5.80	5.70	5.50	5.40	5.20	5.00	5.00	5.00	5.00	4.90	4.90



PWLB Certainty Rate Variations 01.04.25 to 31.03.26



HIGH/LOW/AVERAGE PWLB RATES FOR 2025/26

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.25%	4.56%	5.13%	5.78%	5.46%
Date	27/02/2026	27/02/2026	02/03/2026	04/04/2025	04/04/2025
High	5.28%	5.47%	5.88%	6.43%	6.24%
Date	23/03/2026	23/03/2026	27/03/2026	27/03/2026	27/03/2026
Average	4.52%	4.82%	5.38%	6.06%	5.81%
Spread	1.03%	0.91%	0.75%	0.65%	0.78%

PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations, and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid, then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. Rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. More recently, the Middle East conflict is likely to see inflation spike higher from late spring 2026 through to early 2027.

Gilt yields have been volatile through 2025/26. The low point for long-term rates of 25 and 50 years' duration was reached early in April 2025 whilst the low points for short and medium dated rates were reached in early 2026, prior to the outbreak of the Middle East conflict.

At the close of 31 March 2026, the 1-year PWLB Certainty rate was 5.04% whilst the 5-, 10-, 25-and 50-year rates were 5.28%, 5.72%, 6.29% and 6.08% respectively.

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

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)*
 - **Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)
 - **HRA Borrowing rate** is gilt plus 40 basis points (G+40bps)
- *NNDC borrows at the PWLB Certainty Rate.

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

5. Borrowing Outturn

Treasury Borrowing - The following is a record of all borrowing undertaken by the authority in 2025/26 with the interest payable being a revenue expense to the Council.

Lender	Principal £m	Interest Rate Type	Interest Rate %	Borrowing Duration	Interest payable in 2025/26 (£)
Public Works Loans Board	5.000	Fixed	5.39	28	23,622
Public Works Loans Board	5.000	Fixed	4.59	335	210,637
Causeway Coast and Glen Borough Council	2.000	Fixed	6.35	14	4,871
Total					239,130

Borrowing in advance of need

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

Rescheduling

No debt rescheduling was done during the year as the approximate 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Early Repayments

The Council did not make early repayment of any agreed loans during 2025/26.

6. Investment Outturn

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

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

Investments held by the Authority

- The Authority maintained an average balance of £36,059 of internally managed funds.
- The internally managed funds earned an average rate of return of 4.69%
- The comparable performance indicator is the average overnight SONIA rate, which was 4.01%.
- This compares with a budget assumption of £29.463m investment balances earning an average rate of 3.00%.
- Total investment income was £1.690m compared to a budget of £1.418m.

7. The Economy and Interest Rates

UK Economy

As with 2024/25, UK inflation has proved somewhat stubborn throughout 2025/26. Having started the financial year at 3.5% y/y (April), the CPI measure of inflation peaked at 3.8% from July to September, before dipping to 3% in January and February. Core inflation picked up to 3.2% in February, from 3.1%, and the recent upward pressure on energy costs could see CPI inflation breach 4.5% later this year.

Against this backdrop, the continued lack of progress in ending the Russian invasion of Ukraine, and the potentially negative implications for global growth as a consequence of the implementation of US tariff policies, Bank Rate reductions look limited for the remainder of 2026 (as they do in the euro-zone). Bank Rate currently stands at 3.75%.

Moreover, borrowing has become more expensive in 2025/26. Gilt yields have risen materially in March 2026, more than reversing the falls earlier in the financial year. Additionally, the public finances have remained under pressure. The higher-than-expected public net sector borrowing of £14.3bn in February was £2.2bn above last February's outturn. But that borrowing overshoot was mainly due to timing effects relating to the £13.0bn government debt interest payment. That came in as the highest payment since June 2025, causing a 12.3% y/y jump in spending. On the flip side, sitting at £8.1bn, tax revenues were also higher than last February, largely on the back of solid growth in self-employment incomes in 2024/25, boosting self-assessment income tax receipts and stronger capital gains tax receipts.

However, the combination of some energy price support and pressures from higher inflation amid the ongoing energy price shock, higher interest rates and a weaker economy will ultimately put borrowing on an upward trend. With the rise in energy prices possibly pushing the Retail Prices Index inflation up to a peak of 5.7%, debt interest repayments will increase by about £10bn. A weaker growth profile, higher inflation, higher interest rates and gilt yields could erode about £11bn of the Chancellor's £23.6bn headroom.

The loosening in the labour market continues to bear down on wage growth. The 3myy growth rate of average earnings including bonuses slowed from 4.2% in December to 3.9% in January. Meanwhile, excluding bonuses, private earnings growth continued to fall from 3.4% to 3.3%.

The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies driven largely by the US administration.

	UK	Eurozone	US
Bank Rate	3.75%	2.0%	3.5%-3.75%
GDP	0.1%q/q Q4 (1.0%y/y)	+0.2%q/q Q4 (1.2%y/y)	0.7% Q4 Annualised
Inflation	3.0%y/y (Feb)	1.9%y/y (Feb)	2.4%y/y (Feb)
Unemployment Rate	5.2% (Jan)	6.2% (Jan)	4.4% (Feb)

The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 3.75% by a vote of 9-0, but suggesting rates may need to rise if inflation picks up markedly. The vote could best be described as moderately hawkish. The MPC stated it "stands ready to act as necessary" and "is alert to the increased risk of domestic inflationary pressures through second-round effects in wage and price-setting". Even so, we suspect the committee is likely to put equal weight on higher inflation and weaker growth, particularly the poor macroeconomic backdrop prior to the energy shock, keeping interest rates at 3.75% this year.

10-year Gilt yields have been exceptionally volatile in the final weeks of 2025/26, troughing at around 4.23% in late February before shooting up to 5.00% (and well through that on an intraday basis). That spike was driven by the outbreak of war in the Middle East, which prompted a dramatic reassessment of investors' Bank of England policy rate expectations. Having been pricing in rate cuts in late-February, as many as four rate hikes were discounted by late-March. The 10-year yield ended the quarter at 4.92% with around 65bp of rate hikes priced in over the coming

year. In addition to more hawkish monetary policy expectations, part of this increase in yields probably reflected an increase in term premia amid concerns that the government may react by loosening the fiscal purse strings.

As for equity markets, the FTSE 100 experienced another volatile quarter, surging to an all-time high of around 10,900 in late February, leaving it up 10% from the start of 2026, before giving back most of those gains in March after the outbreak of the Middle East conflict. That pullback leaves the index at around 10,176 at the end of the quarter. For context it was at 8,582 at the start of April. The £ has stayed relatively resilient also at \$1.33, strengthening from \$1.29 back in April.

US Economy

Despite a weak finish to 2025, the US economy has generally been the strongest among the developed economies, but with uncertainties growing surrounding President Trump's central economic tenet of being able to apply tariffs on an ad-hoc basis, and bend the FOMC Fed Funds rate decision-making to his will, there is something of a stalemate in place at present over when, and if, rates will be cut further in 2026.

Inflation is currently stuck at around 2.5%, unemployment is only a little above 4%, and tax refunds are in the process of being facilitated for many households. But will those refunds be – at least partially – offset by higher gasoline prices?

The S&P500 started April 2025 at 5,633 and finished March 2026 at 6,528 having peaked at just over 7,000. The 10-year Treasury yield finished March at 4.30% having been 4.17% back at the start of April, and during the year has been both above 4.50% and below 4.00%.

Eurozone Economy

The Eurozone economy has run in parallel with that of the UK. A slightly stronger finish to 2025 (GDP of 0.2% q/q) than that of the UK cannot hide the fact that the economy has been negatively impacted by German economic stagnation until late in 2025. France has also struggled against a difficult political backdrop but managed to post GDP growth of 0.3% for October to December.

With Eurozone headline inflation close to 2%, the ECB has been able to reduce its Deposit Rate to 2%. Whether it rises from that low point will very much be driven by how energy prices trend over the coming months. The Euro has appreciated against the dollar from 1.08 at the start of April 2025 to 1.16 at the end of March.

8. Other Issues

A. IFRS 9 fair value of investments

Following the consultation undertaken by the Ministry of Housing, Communities and Local Government (MHCLG) on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2029, except for any new pooled investments from 1st April 2024. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override for the Government to keep the override under review and to maintain a form of transparency.

This is beneficial to the authority. Previously the long-term Pooled Fund investments had a significant fair value gain, however during the COVID pandemic the values of all shares globally fell sharply in value during the tough economic times. Although share prices have slowly recovered since, as at the end of 2025/26, the Council's long-term investments have an overall fair value gain of £0.458m against an initial total value of £20m (£20.458m). If the IFRS9 statutory override had not been extended to 2029, the authority would have been required to set aside a treasury reserve to the value of any fair value loss.

B. Changes in risk appetite

The Treasury Strategy has not changed risk appetite during the year 2025/26. The focus of the Treasury Strategy is to safeguard taxpayers' money by investing in low-risk counterparties and maintaining a diverse portfolio, and then secondly to generate a return on investments. All borrowing is undertaken at the lowest rates available.

C. Counterparty limits

The counterparty limits have not changed during 2025/26 as set out in the Treasury Strategy 2025/26.

D. IFRS 16

From 1st April 2024, a new International Financial Report Standard, IFRS 16, came into effect for Local Authorities. IFRS 16 introduces a new 'Right of Use' asset class to the balance sheet from 2024/25 and onward and recognises the corresponding lease liability. The standard was primarily intended to bring transparency to leases in the financial statements of companies, by reducing the number of off-balance sheet leases, to enable informed comparisons within business sectors.

The impact from the 1st of April 2024, has meant any current or new operational leases, not exempt due to certain conditions, will now be recognised on the balance sheet as a 'Right of Use' asset with a corresponding lease liability. This has financial implications for the Council's Treasury Management Strategy, its Capital Programme, and its Financial Statements.

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Major Projects Oversight Board report May 2026	
Executive Summary	The Major Projects Oversight Board meets bi-monthly to review the progress and risk management of the significant projects. Specific projects are selected for closer examination in turn. No significant changes in risk profile, project delivery or outcomes have been identified that need to be escalated to the Committee.
Options considered	Not applicable report for information.
Consultation(s)	Not applicable report for information.
Recommendations	Committee is requested to note the report.
Reasons for recommendations	Report for information.
Background papers	None

Wards affected	Not applicable.
Cabinet member(s)	Not applicable.
Contact Officer	Don McCallum, Director of Resources and s151. don.mccallum@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	A strong, responsible and accountable council.
Medium Term Financial Strategy (MTFS)	Good governance supports delivery of the MTFS.
Council Policies & Strategies	Ensuring that strong governance is at the heart of all we do.

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	Not exempt
Details of any previous decision(s) on this matter	Not applicable.

1. Purpose of the report

To inform the Committee of the progress and findings of the Major Projects Oversight Board, and to reassure those charged with governance that the

approved major projects are within the scope, budget and risk appetite of the Council.

2. Introduction & Background

- 2.1. The Major Projects Oversight Board is an essential element of the NNDC project management and performance framework. The Board has responsibility for the oversight, direction and management of the Council's programme of Major Projects in terms of scale, leverage of and accountability for external funding, reputation and public expectation around projects which will deliver improved infrastructure and further investment opportunities in the district and/or the improved management of the Council's key assets.
- 2.2. The Board has responsibility for ensuring that projects financed (in whole or part) through the Council's Capital Programme and accountability for significant sources of external funding remain within scope, timeframe and budget. The Board does not have the remit to authorise spend. CLT/Cabinet approval should be sought by the Project Sponsor for any increase in budget, change in scope or budget re-profiling, in accordance with the Council's Constitution.

3. Proposals and Options

The Board last met on 20 May 2026 to discuss the following agenda;

Item No.	Item	Lead Officer	Time
1.	Apologies and Action Tracker Review Major Projects Action Tracker.xlsx	DM	5 min
2.	Project Focus <ul style="list-style-type: none"> • Coastwise <ul style="list-style-type: none"> ○ Examples of Board papers, Financial position and MEL attached 	RG	40 mins
3.	Review Highlight Reports for all Major Projects Highlight Reports	ALL	30 mins
4.	Any Other Business	ALL	15 mins
Date of Next Meeting: TBA			

3.1. Coastwise

- 3.1.1. The Board received a comprehensive overview of the impact of coastal change and the funding made available for adaptation.
- 3.1.2. Governance structures were presented including delegated authority, Coastwise Board membership and specimen quarterly papers.
- 3.1.3. The Board includes local and national stakeholders from neighbouring authorities and Government allowing for robust scrutiny and consensus decision making.
- 3.1.4. We explored the Risk Register and oversight of financing and resources.

- 3.1.5. The current list activities was presented and initial proposals for transition from the current CTAP program ending March 27 to the new CAP program ending March 2029. The new program will expand and enhance the ability for affected residents and infrastructure to prepare for future erosion.
- 3.1.6. The highest mitigated risk score remains the ability to deploy relatively short term grant funding on long term coastal adaptation solutions.

3.2. Domestic Food Waste

- 3.2.1. Ongoing meetings with collections provider to understand the proposed revenue cost implications.
- 3.2.2. Ongoing surveying of the potential depot site.

3.3. FLASH

- 3.3.1. Agreement has been reached on granting a substation lease to UKPN between UKPN, NNDC, FTC and Everyone Active.
- 3.3.2. Works to changing rooms are progressing whilst pool hall steels' specification and delivery issues are being resolved.
- 3.3.3. Planning application for play equipment will be aligned to the 3G pitch program.

3.4. Rocket House

- 3.4.1. RNLI have agreed to the specification within the approved budget.
- 3.4.2. Ongoing discussions with neighbouring property owners.

3.5. Review of Project list

- 3.5.1. Corporate Leadership Team and Management Team jointly reviewed the list of 89 open projects to ensure the Corporate Project Delivery Team is focussed on reporting, governance and project management in an effective and efficient manner. The extant project list is expected to reduce to less than 50.
- 3.5.2. Recommendations included;
 - 3.5.2.1. Closing substantively complete projects
 - 3.5.2.2. Removing business as usual activities that are monitored under existing management and Portfolio Holder reporting.
 - 3.5.2.3. Merging co-managed elements of closely related projects
 - 3.5.2.4. Adding significant projects not already captured such; as New Local Plan, Sheringham Sports Ground, Cromer filming and NNDC's contributions to the wider LGR program.

3.6. Future agenda

- 3.6.1. July 2026 deep dive Cromer Pier Substructure
- 3.6.2. September 2026 deep dive to be confirmed.

4. Corporate Priorities

This report on the activities of the Major Project Oversight Board contributes to;
A strong, responsible and accountable council.

5. Financial and Resource Implications

No direct financial implications arise from this report.

Comments from the S151 Officer:

This report is for information.

6. Legal Implications

No legal implications.

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 report itself does not attract risk, but its presence reduces the risk of governance failure.

8. Net Zero Target

The report itself does not have implications for the Net Zero Target.

9. Equality, Diversity & Inclusion

The report itself does not have implications for Equality, Diversity & Inclusion.

10. Community Safety issues

The report itself does not have implications for Community Safety.

Conclusion and Recommendations

No significant changes in risk profile, project delivery or outcomes have been identified that need to be escalated to the Committee. The Committee is recommended to note the report.

Appendix – Project oversight

To be used as reference for Corporate Project Delivery Team update.

Live project stages

Projects are classed into 3 sizes based on various factors, including budget, complexity and risk. We monitor high level stages of progress for each size. In-progress projects are broken down into further sub-stages.

Stages;

1. Proposed
2. In-progress – Mobilisation
3. In-progress – Planning
4. In-progress – Delivery
5. Closedown

Not Started – Proposal Accepted but not yet In-progress

Cancelled – No longer happening, pre or post proposal

Project Sizes/Stage Counts (May 2026)

	Large	Medium	Small	Total
Proposed	2	3	5	10
Not Started	0	0	6	6
In Progress	11	11	18	40

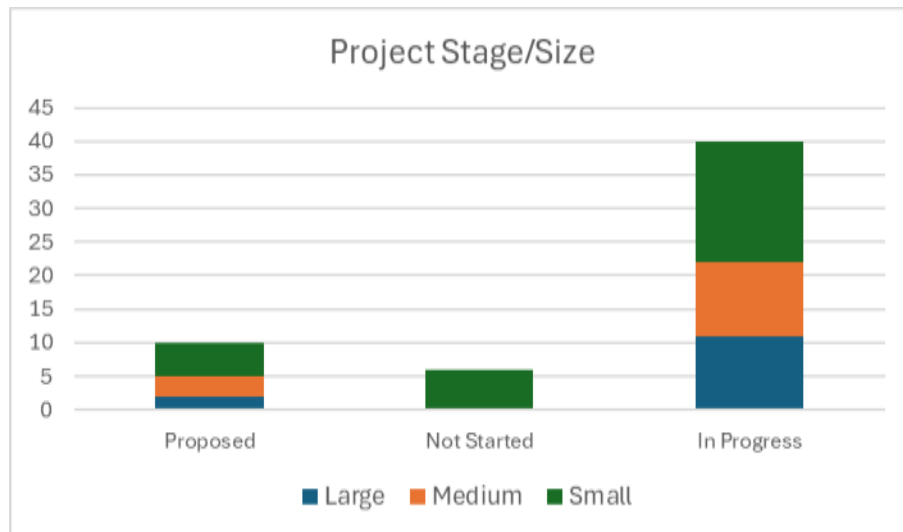


Chart above shows the number of projects at each stage, split by size

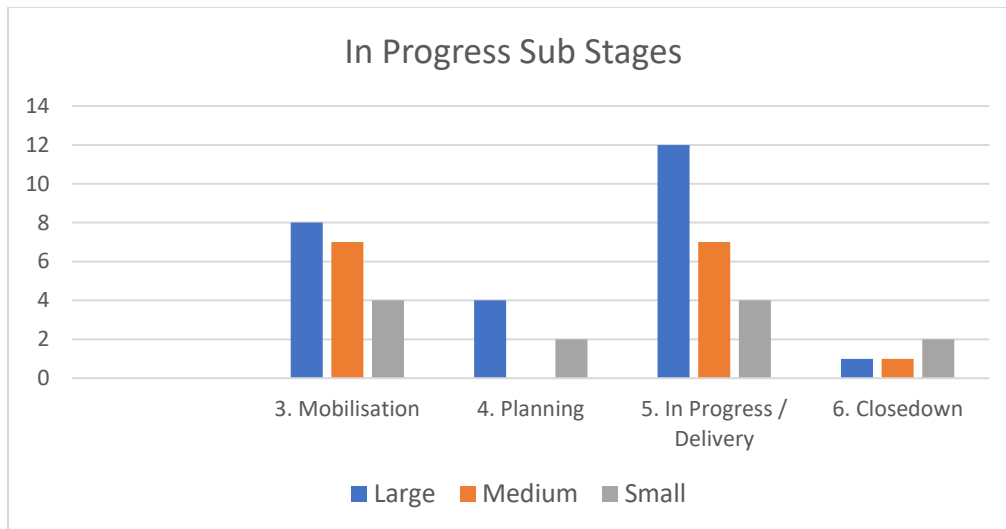


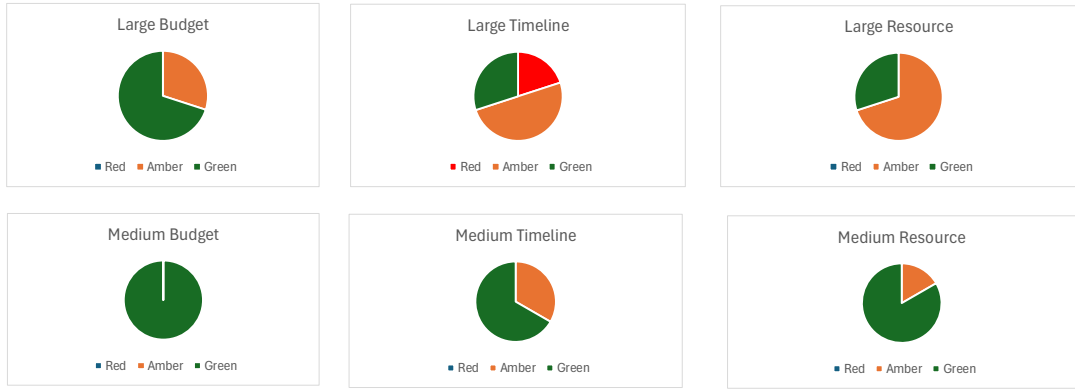
Chart above shows the substage of all in progress projects, split by size

Large Projects Overview (In Progress)

Cost Code	Project Name	Location	District Ward	Service Area	Size	Stage	Detailed Stage	Budget RAG	Timeline RAG	Resource RAG
8413	Fakenham Leisure Centre - FLASH	Fakenham	Lancaster - North	Environment & Leisure	Large	In Progress	5. In Progress / Delivery	Green	Amber	Green
8388396	Domestic Food Waste Roll Out	District Wide	All	Environment & Leisure	Large	In Progress	4. Planning	Amber	Amber	Amber
8408	UK Shared Prosperity Fund	District Wide	All	Sustainable Growth	Large	In Progress	6. Closedown	Green	Green	Green
8405	Rural England Prosperity Fund	District Wide	All	Sustainable Growth	Large	In Progress	6. Closedown	Green	Green	Green
8520	Rocket House - Refurbishment	Cromer	Cromer Town	Finance & Assets	Large	In Progress	3. Mobilisation	Green	Red	Amber
8594	Cromer Pier Substructure Works	Cromer	Cromer Town	Finance & Assets	Large	In Progress	5. In Progress / Delivery	Green	Amber	Amber
8380	Coastwise	District Wide	All	Sustainable Growth	Large	In Progress	5. In Progress / Delivery	Amber	Amber	Amber
8394	Overstrand Coast Protection Scheme	Overstrand	Poppyland	Sustainable Growth	Medium	In Progress	5. In Progress / Delivery	Amber	Green	Amber
8443	North Lodge Park - Car Park	Cromer	Cromer Town	Finance & Assets	Large	In Progress	4. Planning	Green	Red	Amber
8442	Watch House - Cliff Stabilisation	Cromer	Cromer Town	Finance & Assets	Large	In Progress	3. Mobilisation	Green	Amber	Amber
TBC	Temporary Accommodation - FY 26/27 Acquisitions & Management of Portfolio	District Wide	All	People Services / Finance & Assets	Large	In Progress	3. Mobilisation			

RAG/Size Counts (in progress projects)

	Large	Medium
Budget - Red	0	0
Timeline - Red	2	0
Resource - Red	0	0
Budget - Amber	3	0
Timeline - Amber	5	2
Resource - Amber	7	1
Budget - Green	7	6
Timeline - Green	3	4
Resource - Green	3	5



There has been no significant change in RAG, a slight decrease in risk towards green on budget generally

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Q4 - Corporate Risk Register	
Executive Summary	The Corporate Risk Register is reviewed by Committee annually and where the residual risk score has been met the target it is proposed that the risk is removed. Similarly, where a new risk is identified – this is added.
Options considered	Updating and sharing the Corporate Risk Register represents good governance so no other options were considered.
Consultation(s)	All officers with responsibility for managing specific risks.
Recommendations	<p>Corporate risks proposed for removal from the register:</p> <p>CR 035 - Failure to achieve adoption of the Local Plan is recommended to be removed from the Corporate Risk Register as the Local Plan was adopted at a Full Council meeting on the 17 December 2025 and the period of potential legal challenge has now passed.</p> <p>Corporate risks recommended for addition to the register:</p> <p>Following the adoption of the Local Plan the Government has introduced a requirement to review all adopted Local Plans and for local planning authorities to prepare new-style Local Plans under the Planning and Compulsory Purchase Act (PCPA) 2004, as modified by the Levelling-up and Regeneration Act (LURA) 2023 and Local Planning Regulations 2026. The plan will form an updated statutory development plan for North Norfolk, setting a clear vision, development strategy, and strategic land-use framework required to guide planning decisions. The statutory duty establishes that planning decisions must be taken in accordance with the development plan unless material considerations indicate otherwise, and each authority must identify and address its strategic priorities within its development plan documents.</p> <p>The timescale to complete the review in accordance with legislative requirements is set by Government as 30 months. This is an extremely tight timescale given the length of time that the recently adopted plan took to complete.</p> <p>On this basis it is recommended that a new corporate risk CR 046 is developed to reflect above. The wording will be developed with the service manager to ensure that it accurately reflects the risk factors and any control measure put in place.</p>

Reasons for recommendations	<p>CR 035 - This risk is recommended for removal as the risk it was intended to mitigate has been successfully resolved. The Local Plan was formally adopted by Full Council on 17 December 2025, and the statutory period during which the Plan could be subject to legal challenge has now expired. Consequently, the risk of failure to achieve adoption is no longer live or relevant, and continued inclusion on the Corporate Risk Register is not required.</p> <p>CR 046 - This new risk is recommended for addition to the Corporate Risk Register due to the introduction of new statutory requirements following the adoption of the Local Plan. The Government now requires local planning authorities to review and prepare a new-style Local Plan under updated legislation, including the Planning and Compulsory Purchase Act 2004 (as amended by the Levelling-up and Regeneration Act 2023), alongside emerging national policy and forthcoming Local Planning Regulations 2026.</p> <p>This creates a significant corporate risk due to the need to deliver a legally compliant, up-to-date development plan within a mandated 30-month timeframe. Given the complexity of plan-making and the extended duration of the previous Local Plan process, there is a heightened risk relating to capacity, resources, programme delivery, and compliance with evolving national requirements.</p> <p>As the development plan underpins all planning decisions and must address the authority's strategic priorities, failure to meet these requirements could have substantial legal, operational, and reputational implications. Consequently, a new corporate risk is required to ensure appropriate oversight, management, and mitigation.</p>
Background papers	Risk Management Policy and Framework adopted by GRAC 3 December 2024

Wards affected	All
Cabinet member(s)	All
Contact Officer	Don McCallum, Director for Resources & S151

Links to key documents:	
Corporate Plan:	A strong, responsible and accountable Council
Medium Term Financial Strategy (MTFS)	N/A
Council Policies & Strategies	Risk Management Policy and Framework

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	Previous iteration of the Corporate Risk Register was taken to GRAC on 24 March 2026.

1. Purpose of the report

1.1. To consider and amend the Corporate Risk Register.

2. Introduction & Background.

2.1. The Corporate Risk Register is a tool used to identify and monitor current and emerging risks facing the Council and to track the progress of mitigations.

3. Proposals and Options

3.1. The relevant risks and their mitigations are detailed in the report. Good governance requires continuous assessment of current and emerging risks. Not undertaking this work or the annual review by the Committee was not considered due to the wider duty of care to residents, businesses, members and other stakeholders.

4. Corporate Priorities

4.1. The report and recommendations contribute to the Council's corporate plan objective to be a strong, responsible and accountable Council.

5. Risk Management

5.1 The Corporate Leadership Team have reviewed the Corporate Risk Register on a periodic basis over the last quarter to provide oversight and challenge where appropriate.

5.2 Risk management training has been made available via the Skillgate e-learning system and is a mandatory requirement for all staff at Team Leader level and above. Completion of this training is being actively monitored, and any outstanding completions will be followed up.

5.3 The Risk Management Policy and Framework are currently undergoing a comprehensive ("root and branch") review. This review responds to the recommendations arising from the recent internal audit of risk management, as well as feedback and requests from the Independent Person, and seeks to ensure the framework is accessible, robust, and clearly understood by users.

5.4 The Management Information System (MIS) has been updated to enable the recording of service-level risks. Following adoption of the revised Risk

Management Policy and Framework, Service Managers will be required to develop and maintain risk registers for their respective service areas. It is anticipated that, as part of this process, some risks currently held at a corporate level may be more appropriately managed at the service level.

6. Financial and Resource Implications

6.1. The recommendations of this report do not have any direct financial implications.

6.2. Comments from the S151 Officer:

I support these recommendations

7. Legal Implications

7.1. None noted

Comments from the Monitoring Officer

To promote good governance, Members receive this update of risks, for review, oversight, monitoring and consideration of removal of risk elements where appropriate.

8. Risks

8.1. This report highlights the key risks faced by the Council.

9. Net Zero Target

9.1. The recommendations of this report do not have any direct implications for Net Zero save that it notes the emerging uncertainty of achieving this target after the proposed new unitary vesting day.

10. Equality, Diversity & Inclusion

10.1 The recommendations of this report do not have any direct implications for equality, diversity and inclusion.

11. Community Safety issues

11.1 There are no issues relating to community safety arising from this report.

12. Conclusion and Recommendations

12.1 **Corporate risks proposed for removal from the register:**

CR 035 - Failure to achieve adoption of the Local Plan is recommended to be removed from the Corporate Risk Register as the Local Plan was adopted at a

Full Council meeting on the 17 December 2025 and the period of potential legal challenge has now passed.

12.2 Corporate risks recommended for addition to the register:

Following the adoption of the Local Plan the Government has introduced a requirement to review all adopted Local Plans and for local planning authorities to prepare new-style Local Plans under the Planning and Compulsory Purchase Act (PCPA) 2004, as modified by the Levelling-up and Regeneration Act (LURA) 2023 and Local Planning Regulations 2026. The plan will form an updated statutory development plan for North Norfolk, setting a clear vision, development strategy, and strategic land-use framework required to guide planning decisions. The statutory duty establishes that planning decisions must be taken in accordance with the development plan unless material considerations indicate otherwise, and each authority must identify and address its strategic priorities within its development plan documents.

The timescale to complete the review in accordance with legislative requirements is set by Government as 30 months. This is an extremely tight timescale given the length of time that the recently adopted plan took to complete.

On this basis it is recommended that a new corporate risk **CR 046** is developed to reflect above. The wording will be developed with the service manager to ensure that it accurately reflects the risk factors and any control measure put in place.

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Overview

The number of corporate risks which have been assessed as Red has reduced from last quarter from three to two.

CR 015 Medium Term Financial Plan remains red with the residual risk score unchanged at 16. Whilst the narrative demonstrates progress has been made following the settlement in December 2025, setting of a balanced budget and forecast surplus in the 2025/2026 budget outturn, there remains uncertainty relating to global economics, upcoming expenditure relating to new statutory requirements (domestic food waste collections and Renters Rights Act implementation) alongside the preparation and progression of Local Government Reorganisation. It is anticipated that the uncertainty will reduce during the 2026/27 financial year when an updated Medium Term Financial Strategy is presented.

CR 034 Not achieving the Net Zero 2030 Target remains red with the residual risk score unchanged at 20. There have been a number of initiatives which have reduced the carbon footprint of the organisation, however other activities take the Council in the wrong direction in relation to its Net Zero aspirations. These include:

- The development of the Fakenham Leisure and Sports Hub project which, despite significant investment in carbon reduction measures both within the new build and retrofit to the existing building, will be a carbon intensive provision. This has to be balanced against the corporate plan objectives of providing new leisure facilities to promote health and wellbeing, and it is felt that the benefits provided through the development outweigh the carbon impact.
- The introduction of weekly domestic food waste collections is likely to have an overall carbon impact. This however is a mandatory requirement of Government and so the council has no option in the introduction of this service.
- The purchase of additional temporary accommodation (TA) as an alternative to nightly paid bed and breakfast accommodation means an increase in carbon production within scope of the council. Again, the additional carbon has to be balanced against the cost of provision as nightly paid accommodation is significantly more expensive and our own self-contained TA provides better quality outcomes for those who find themselves in housing crisis.

The main risk associated not achieving this target is reputational given the previous declaration of a climate emergency by the Council. Under the previous government, failure to meet certain carbon reduction targets could have resulted in financial penalty or the need to invest in carbon offsetting. The current Government has removed that requirement, and this has altered the risk appetite position, such that there is much greater willingness to tolerate this risk.

Risks with increased residual scores

Only one corporate risk has increased in score as detailed below.

CR 038 Fakenham Leisure and Sports Hub (FLASH) – threat to building within funding window has seen an increase in the residual risk score from two to four, although it remains green as it is at the target score for the risk. The change in score reflects two main issues:

- A delay in finalising the lease necessary to upgrade the substation with UK Power Networks, to ensure sufficient power on site to meet building running requirements with some spare capacity to meet future needs. The lease is now in the final stage of agreement which will allow progress to be made and assessment of the potential impact on the programme is currently being assessed and mitigated.
- Delays to the delivery of steelwork for the pool hall construction have arisen due to the conflict in the Middle East. This reflects a national position of shortage, but steelwork has now been delivered to site enabling this construction element to be completed.

The deadline set by Government for completion of the funded works has been extended for all projects to the end of March 2028. The anticipated completion works for the Flash project currently remains December 2026.

Risks with reduced residual risk scores

CR 013 Emergency Event has reduced from a residual score of twelve in Quarter 3 to a residual score of nine in Quarter 4. This relates to the reduction in likelihood of an event due to the end of the storm season, reducing the likelihood of tidal surge and inundation events impacting coastal communities.

CR 042 Coastwise – Delivery within Government Financial timeframes has seen the residual risk score reduce from sixteen to twelve since last quarter. This change reflects the recruitment of a backfill to a vacancy within the team which has enabled greater certainty in being able to deliver work in a timely manner and a reprofiling of the 2026/26 funding allocation reducing the financial risks associated with the spending targets.

CR 043 Introduction of Domestic Food Waste Collection has seen a reduction in the residual risk score from twelve to nine. This reflects progress in resolving lease issues relating to the additional depot requirements and the progression of consultancy support to provide benchmarking data as a comparator to the Serco costings. Delays to the delivery of collection vehicles have resulted in a delay to the go-live date for service introduction into early 2027 but this is felt nationally due to the high demand not being able to be met by suppliers. The delay to go-live date does provide more time for associated activity to be completed.

Recommendations

Corporate risks to be removed from the register

CR 035 - Failure to achieve adoption of the Local Plan is recommended to be removed from the Corporate Risk register as the Local Plan was adopted at a Full Council meeting on the 17 December 2025 and the period of potential legal challenge has now passed.

Corporate risks recommended for addition to the register

Following the adoption of the Local Plan the Government has introduced a requirement to review the adopted Local Plan and prepare a new-style Local Plan under the Planning and Compulsory Purchase Act (PCPA) 2004, as modified by the Levelling-up and Regeneration Act (LURA) 2023, and Local Planning Regulations 2026. The plan will form an updated statutory development plan for North Norfolk, setting a clear vision, development strategy, and strategic land-use framework required to guide planning decisions. The statutory duty establishes that planning decisions must be taken in accordance with the development plan unless material considerations indicate otherwise, and each authority must identify and address its strategic priorities within its development plan documents.

The timescale to complete the review in accordance with legislative requirements is set by Government as 30 months. This is an extremely tight timescale given the length of time that the recently adopted plan took to complete.

On this basis it is recommended that a new corporate risk **CR 046** is developed to reflect above. The wording will be developed with the service manager to ensure that it accurately reflects the risk factors and any control measure put in place.

Risk Matrix

5					
4			CR 008 CR 028 CR 042	CR 015	CR 034
3			CR 001 CR 002 CR 025 CR 037 CR 039 CR 043 CR 043 CR 044	CR 013 CR 045	
2	CR 035	CR 009 CR 029 CR 038	CR 024 CR 026	CR 010 CR 041	
1					
Impact	1	2	3	4	5
Likelihood					

Risk Name:

CR 001 Deteriorating/ underused property assets

Updated: March-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Council: Opportunity: 3 Increasing the rates of occupation on all council's commercial properties	Deteriorating/ underused property assets. Lack of funding to repair and maintain assets and increased maintenance costs. Loss of revenue / legal liability/ not achieving value for money /reputational risk/ capital commitment. Primary - A Financial, Secondary - H Reputational	4 x 3 = 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, approval and implementation of the Asset Management Plan	2 x 2 = 4	Capital project and 2026/2027 budgets have been approved on assets which have commercial tenants, work is progressing with these - consultants have been appointed to design works. There also are many works ongoing which directly impact other assets.	Daniel King

Risk Name: CR 002 Flooding, erosion and loss of assets and delivery of services

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	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	Lack of ability to maintain coast defences and / or to support local coastal adaption needs. Lack of Government funding Inability to adapt to climate change - increased coastal erosion and flooding Primary – E Strategic, Secondary - F Environmental and Social	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 Adequate budget provision both from revenue and capital to support R&M works and capital investment. Asset Condition Surveys. Adequate staff or appropriately qualified external contractor support	3 x 3 = 9 →	10-year capital programme	3 x 3 = 9	Cromer scheme complete. Mundesley Scheme in final phases. Maintenance Contract renewed. Recruitment of staff underway. Pre-season checks completed and works ordered. Capital Works Programme to be refreshed.	Rob Goodliffe

Budget Process / Budget Monitoring.
 Forward adverse weather guidance.

Risk Name:

CR 008 Loss of Information

Updated: March-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do	Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do Loss of information assets. Operational disruption, impact on customers. Primary – A Financial, Secondary – H Reputational	4 x 5 = 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	3 x 4 = 12 →	Self-Assessment as part of cyber assessment framework (CAF) is being undertaken by the IT manager	3 x 3 = 9	As at 31 March 2026 there were updates being made to the IT Strategy but still in the review process at this point in time, and responses to internal audit actions were made in a timely manner.	Daniel King

Risk Name:

CR 10 Housing Delivery not meeting targets

Updated: April-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Housing: Housing Need: 1 Supporting the delivery of more affordable housing, utilising partnership and external funding wherever possible	The draft local plan housing target is 557 new homes per annum. The revised nation government framework (dec 2024) increases the target further to 932 new homes per annum (approximately 70% increase). Every year the council reports on how many new homes have been delivered in North Norfolk. Insufficient units coming forward via the planning system. Lack of interest from house building market. Lack of funding - especially for affordable house provision. Fewer homes for people to live in. Increase in homelessness Lower income levels for the council e.g. via council tax. Primary – E Strategic, Secondary - F Environmental and Social	5 x 4 = 20	Housing Strategy. Support and assist affordable housing providers. Use of capital. Local Plan. Development Management.	4 x 2 = 8	Work to produce a new Local Plan. Delivery of the Planning Service Improvement Plan. Work with partners on Nutrient Neutrality matters.	4 x 2 = 8	The adoption of the new North Norfolk Local Plan (December 2025) sets the Council's annual housing delivery requirement at 557 dwellings per annum. The Ministry of Housing, Communities and Local Government (MHCLG) monitors delivery on a rolling three-year average in arrears and compares the average against the then adopted Local Plan requirements for the same period through the Housing Delivery Test (HDT). Last years published results by the Government (reflecting the 2023 HDT) demonstrates that delivery averaged 87%. In any updated results it is	David Glason

Responded to NPPF consultation.
 Annual Local Plan monitoring report
 Annual estimate of increase council tax receipts

forecast to fall because of persistent under delivery over the previous three-year period and it is expected that a 20% buffer will need to be added to the housing requirement moving forwards, unless completion rates (and planning permission rates) increase.

Risk Name:

CR 013 Emergency Event

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Statutory obligation	These events could include those that affect the Council and its resources or an event that affects the wider district.	3 x 4 = 12	Corporate Planning / Service Planning.	3 x 3 = 9	Review of strategic level response guidance, training and exercises.- review due to be completed spring 2025	3 x 2 = 6	The majority of storm season has now past, reducing the likelihood of tidal inundation events. Risk identification is in place through the Norfolk Resilience Forum and planning is in place and regularly reviewed to mitigate risks. Plans are regularly subjected to testing through exercising and structured debriefing processes. Strong arrangements are in place across Norfolk to provide resilience and share good practice.	Alison Sayer
	Any Internal or external event that has a significant impact on the Council.		Budget Process / Budget Monitoring.	→				
	The ability of the Council to deliver services is reduced.		Project management framework.					
	Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety), H Reputational		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

Risk Name:

CR 015 Medium Term Financial Plan

Updated: March-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Council: Effective & Efficient: 1 Managing our finances and contracts robustly to ensure best value for money	Reduced funding to fund current service levels and produce a balanced budget. Use of reserves is not sustainable strategy to bridge income/ expenditure. Forecast funding reductions and shift to local financing from business rates, council tax and new homes bonus. Funding gaps in the medium to long term. Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety).	4 x 5 = 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.	4 x 4 = 16 →		3 x 3 = 9	A balanced budget was set in February 2026. A Medium Term Financial Strategy was prepared as part of the budget papers presented before full Council. The latest budget monitoring forecasted a surplus as at period 10 monitoring, with the final results being scheduled to be presented to members in July 2026 in the outturn reporting. An updated Medium Term Financial Strategy will be presented during the 2026/2027 financial year once there is more certainty surrounding upcoming expenditure and service demands, including any new service requirements and LGR.	Daniel King

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.

Risk Name:

CR 024 People Resources

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Council: Effective & Efficient: 5 Creating a culture that empowers and fosters an ambitious, motivated workforce	Failure to retain and recruit adequately trained and experienced staff Employment market conditions. Negative impact on corporate plan, business transformation, performance and delivery. Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety)	3 x 4 = 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.	3 x 2 = 6	Workforce and Development People Strategy has been drafted and will be approved in early 2025. A Learning and Development Strategy is being developed alongside. The aim of this strategy will be to retain current employees. Agile Working Policy	2 x 2 = 4	The Workforce Development and People Strategy have been approved by CLT and Full Council and will be launched with the Learning and Development Strategy. Work is ongoing to launch this organisational wide.	Susan Sidell

Updated Recruitment Guidelines for Hiring Managers and Employees.

Additional information and guidance to support employees when applying for roles at NNDC.

Risk Name: CR 025 Contract Failure		Updated: May-2026						
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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	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	The Council has a number of contracts for service delivery.	4 x 4 = 16	Procurement Strategy.	3 x 3 = 9		2 x 2 = 4	Strong contract management is in place across all contracts and there is no evidence to indicate that there has been a significant change in either the likelihood of contract failure or on the impact should a contract fail. The significant contracts that the authority has in place with the highest impact are all subject to strong governance arrangements with regular management meetings as such they are not considered to be of concern at this time. It should be noted that the negotiations associated with the introduction of domestic food waste are continuing with the	Steve Hems
	Failure of a contractor		Procurement Framework.	→				
	Increased costs and operational disruption.		Joint procurement protocol and opportunities for joint/shared procurement with other authorities. Advice for external suppliers.					
	Primary – D Operational (including capacity/ delivery/ resources/ health & safety), Secondary – H Reputational		Procurement Officer post established.					

existing waste collection contractor.

Risk Name: CR 026 Impact of Economic fluctuations on the North Norfolk economy

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	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	Inability of the local economy to adapt to the fluctuations. Fluctuations in the Local, National and Global economies. 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)	3 x 2 = 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.	3 x 2 = 6 →		2 x 2 = 4	Our programme for the transitional year of UKSPF and REPF essentially ended in March and support programmes that benefited local businesses were strong, with full take-up and all funds defrayed. A programme of support for this financial year has been developed, proposing to utilise funds from local sources, matched with partner contributions. The new approach to business engagement is well established, which enables us to better liaise with local enterprises, keeping a finger on the	Robert Young

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.

pulse of local business sentiment - in order to respond accordingly - Currently, generally resilience appears to remain strong, however the national and global context remains uncertain, with particular concerns being high wage costs and inflation driven by high fuel costs.

Risk Name:

CR 028 Governance failures

Updated: April-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do	Lack of governance, inadequate implementation and enforcement of governance.	3 x 4 = 12	Corporate Planning / Service Planning.	4 x 3 = 12	Evaluate Improvement and assurance framework self-assessment from the LGA as a potential replacement for the Self-assessment assurance statements process.	2 x 2 = 4	Whilst the statutory officers are in place, and have deputies, these are small teams and there is some additional risk due to the resource and capacity pressures, including sufficiency of provision of support for statutory officers and anticipated increase of work connected to LGR	Cara Jordan
	Ignorance or non-observance of the Council's agreed governance protocols		Clear robust corporate governance framework.	→	Ensuring there are sufficient staff for S151 Officer and Monitoring Officer			
	Poor or illegal decision making		Monitoring Officer actions to ensure governance risk is minimised.		Recruitment of new Director for Resources and S151 Officer			
	Primary – F Environmental and Social, Secondary - H Reputational		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.

Risk Name:

CR 034 Not achieving the Net Zero 2030 target

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Greener: Net Zero: 1 Continuing our own annual emissions reductions to reach Net Zero by 2030	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. Inaction/ inability to reduce Not achieving net zero by 2030. Impact on the reputation of the Council. Financial impact - needing to offset emissions. Primary – E Strategic, Secondary – F Environmental and Social and H Reputational	5 x 4 = 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.	5 x 4 = 20 →	Additional investment in renewable generation and or other offsetting initiatives. Introduce climate impact assessment tool. Embed staff climate emergency group.	3 x 4 = 12	Monitoring of the Carbon footprint continues in an increasingly accurate manner, and vacant posts have been filled, however new sources of emissions are likely to arise (e.g. additional assets, eventual food waste collection) which will impact upon the ability to reach the 2030 target. The Net Zero Strategy and Action Plan has been revised and the Decarbonisation Board is overseeing its	Robert Young

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.

implementation. Carbon reduction projects to-date continue to be monitored and have so far yielded effective outcomes. The Board will ensure a focused approach is taken to targeting future investment and will oversee projects and actions that are likely to impact on emissions, utilising available data, and the available funding, as appropriate.

Risk Name: CR 035 Failure to achieve adoption of the current draft Local Plan		Updated: April-2026						
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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Statutory obligation	Loss of key staff, changes in legislation and political expectations	5 x 4 = 20	Effective project management.	1 x 2 = 2	Work through process to get local plan adopted.	2 x 2 = 4	The North Norfolk Local Plan was adopted in December 2025. Following Cabinet approval in March 2026, the Local Plan will begin its review. Resources for the team are also under review in order to achieve the 30 month delivery expectation.	David Glason
	Local Plan process being delayed.		Ensuring there is a pool of suitably skilled and knowledgeable Planning staff that can be called on to contribute to the Local Plan process.	→				
	Failure to deliver corporate objectives for all themes.		Member Training.					
	Primary – D Operational (including capacity/ delivery/ resources/ health & safety), Secondary – E Strategic and H Reputational		Following the departure of the Planning Policy Manager transitional arrangements have been put in place (Spring 2024)					

CR 037 High cost and resource issues from prosecutions, enforcement action and litigation

Updated: March-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Corporate Plan and statutory duties	Statutory obligation to investigate and apply enforcement action including health and safety, food safety, licensing, environmental protection, planning. Public suing NNDC, Equality Act. Requirement to take costly action in financial and other resource terms 2. 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	3 x 4 = 12	Case decision making process. Apply two stage evidential and public interest tests Enforcement Policy	3 x 3 = 9	Require resource within the relevant departments 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	The same controls are in place. The situation remains unchanged save for the risk of resource and capacity pressures from the work generated and anticipated from LGR	Cara Jordan

Primary=A Financial, Secondary=D Operational (including capacity/delivery/resources/health & safety) E Strategic F Environmental and Social G Governance H Reputational

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.

CR 038 Fakenham Leisure and Sports Hub (FLASH) – threat to building within funding window

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	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.	<p>This is a complex project, with a large number of stakeholders and contractors involved</p> <p>Timeline for building the facility is tight. Completion to draw down funding has to be before the end of March 2026.</p> <p>If the project cannot be delivered on time this could lead to reduced funding being drawn down and not all outcomes being achieved.</p> <p>Primary - A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety) and H - Reputational</p>	5 x 5 = 25	<p>Project Management processes</p> <p>Liaison with the Ministry of Housing and Local Government (MHCLG)</p> <p>Timeline prepared.</p> <p>Procurement process for consultants, architects, engineers in place.</p> <p>NNDC project team established.</p> <p>External steering group established and monthly meetings taking place.</p>	2 x 2 = 4	→	2 x 2 = 4	<p>Work on site continues however a number of issues have cause an increase in the likelihood score. The lease required to upgrade the electricity substation with UK Power Networks has been delayed due to the complexities between the parties and agreeing technical drawings. This may delay the ability to provide the required power upgrade in a timely manner and may potentially impact on the timeline although mitigation is being identified currently. The conflict in the middle east has caused delays nationally in the steel supply and the steelwork for the poolhall was affected. whilst</p>	Steve Hems

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.

there is a delay in the programme timetable for this element of the work the stell has now arrived on site and the contractor has rescheduled other work to minimise the impact.
 The planning application for the 3G pitch provision has received some objections which are currently been investigated and addressed. there may be a delay in the ability to determine the application but this is unlikely at this stage to impact on the timetable as this is scheduled at the end of the works programme. There may be a cost impact in addressing the objections but this is still unclear at this time.

Risk Name: CR 039 Rocket House building repair and energy improvement works

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Strong and Responsible – Maximising Opportunity - Increasing the rates of occupation on all council’s commercial properties.	Exceeds capital budget allocated. Works might not be successful in dealing with damp and increasing EPC rating.	4 x 4 = 16	Independent surveys (3) of the building.	3 x 3 = 9	Reletting of the ground floor vacant area of the building once repairs complete.	2 x 2 = 4	Regular project and update meetings are held to progress the design and update the tenants. Negotiations over legal restrictions are continuing.	Renata Garfoot
	Building needs repair and energy performance works to be fully lettable.		Budgeted repair costs prepared by independent quantity surveyor.	→	EPC rating assessment.			
	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.		Indicative timeline prepared.		Cabinet approval planned for new lease agreements during 2025.			

Primary - A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety), H Reputational

Capital budget of £1m approved.

Damp monitoring.

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.

Risk Name: CR 041 - Local Government Reorganisation – threat to organisational capacity

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Council: Strong and responsible - Effective and Efficient	Capacity issues generated by Devolution and Local Government Reorganisation (LGR) Whether there is sufficient capacity to address the work that will be involved in preparing for LGR including the necessary governance, the structures and finance alongside other emerging issues e.g. the implementation of a separate food waste collection by March 2026.	4 x 3 = 12	Work is being done collaboratively across the seven district councils, easing the burden on individual councils. Consultants appointed to deliver options based on common evidence base.	4 x 2 = 8 →	Continuation of joint working with other districts. Member updates	4 x 2 = 8	Devolution - Norfolk and Suffolk County Councils (as the responsible upper tier authorities) formally agreed to establish Mayoral Combined Authority in October 2025. Government announced in December that the Mayoral election scheduled for May 2026 would now be postponed until May 2028. Further	Steve Blatch

Work will not be able to be progressed with sufficient speed to meet the tight timescales and may impact on the delivery of other work.

Primary: D Operational (including capacity/ delivery/ resources/ health & safety) Secondary: E Strategic G

Member briefings and regular committee reports

Agreement to increase project management support to other projects such as the introduction of food waste.

Performance Management Framework compliance.

discussions with Government are taking place to establish a Foundation Strategic Authority to cover the period up until the May 2028 Mayoral election.

LGR - The Government announced its Minded To decision for 3 new unitary councils in Norfolk on the 25th March 2026, since which time all 8 councils in the County have continued to develop partnership, governance and workstream structures to support the transition to the new authorities over the period to April 2028. Inner Circle Consulting appointed as strategic partner/advisor. Appointments to be made to the East Norfolk Council joint committee at the annual meeting of council to be held on the 20th May 2026.

Risk Name: CR 042 - Coastwise – delivery within Government financial timeframes

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Greener: Coast: 1 Realising the opportunities of external funding to secure a sustainable future for our coastal communities through transition and adaptation responses	Inability to deliver well considered coastal transition activities within the limited timeframe offered by Government funding windows Urgent need from the government to progress but limited by national funding allocation time frames which don't fit community timeframes, the complexities of the project and development of completely new approaches.	4 x 4 = 16	Ongoing and timely discussions and updates with the Environment Agency Ongoing monitoring of financial forecast and programme	3 x 4 = 12	Approaching Government to extend programme timelines	3 x 3 = 9	Continued delivery of CTAP and work progressing preparing for CAP. Opportunity to seek external funds for the CAP contribution being explored. Recruitment of backfill to support coastwise and for	Rob Goodliffe

Government do not roll forward funding into future years and north Norfolk misses out on the opportunities this funding is enabling
 Primary – Financial, Secondaries – Strategic, Environmental and Social, Reputational, Projects

Ongoing reporting to Environment Agency and DEFRA
 Utilisation of Local Adaptation Fund
 Reprofiling of forecast spend where necessary and possible

community project delivery progressing. Reprofile of 26/27 funding allocation progressed, reducing financial risks regarding spending targets.

Risk Name: CR 043 - Introduction of Domestic Food Waste Collection

Updated: January-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Our Greener Future: Tackle Environmental Waste and Pollution & Statutory Obligation	Non-Delivery of domestic weekly food waste collections in line with the statutory obligation as part of the amended Environment Act 2021 and the introduction of Simpler Recycling. Our contractor Serco not being ready to deliver on the deadline of April 2026, as a result of high demand on national supply lines of equipment such as vehicles and	4 x 4 = 16	Risk Management Policy and Framework Project Management Framework	3 x 3 = 9 ↓	Working closely with contractors to address issues around depo capacity Looking for suitable alternatives and options	1 x 1 = 1	Progress has been made towards securing the lease for the depot space required which reduces the risk likelihood. The delay has pushed back the go live date into early 2027 but also allows more time to complete other elements of the project. The Council is commissioning benchmarking to provide	Emily Capps

receptacles. Issues relating to depo capacity.

comparative data and pricing to aid contact negotiations.

Non-compliance of statutory obligations. Potential reputational risk. Financial impact from the inclusion of food waste in the general loads.

Primary – G Governance, Secondary - F Environmental and Social, H Reputational

Adequate staff or appropriately qualified external contractor support

DEFRA funding of capital schemes.

Procurement responsibility assigned.

Budget Process / Budget Monitoring.

The risk overseen by the project board.

Regular stakeholder meetings – meetings taking place weekly – completed in the last quarter

Keeping ward Members informed.

Regular dialogue with Norfolk County Council.

Monthly project meetings with contractor.

Timeline prepared

Following project plan and meeting deadlines contained within.

Set up Project Board

Risk Name:

CR 044 - Cyber Risk

Updated: May-2026

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
Council: Strong and responsible - Effective and Efficient	Cyber risk refers to the potential for loss or damage resulting from a failure or breach in digital systems, often caused by malicious actors, system vulnerabilities, or human error. It's a key concern for businesses, governments, and individuals in our increasingly connected world.	4 x 4 = 16	Policies, procedures, and training(e.g. Security awareness training, incident response plans, access management policies).	3 x 3 = 9	Monitoring (SOC)	2 x 3 = 6	The IT department continues to deliver ongoing training via Boxphish elearning system to all staff on a range of relevant cyber security issues. Test emails to check staff are following good practice contuse to be sent periodically. This quarter only 13% of staff clicked in the	Kate Wilson

- Threats: Includes malware, ransomware, phishing, insider threats, and denial-of-service attacks.
 - Vulnerabilities: Weaknesses in software, hardware, or human behaviour that can be exploited.
 - Breaches through third-party vendors or partners.
 - The Cyber risk is increased as the postholder who was overseeing Cyber Security now has been promoted and has additional priorities and the post hasn't been back filled.
 - Financial Loss: From theft, fines, or downtime.
 - Reputational Damage: Loss of customer trust and brand value.
 - Legal Consequences: Violations of data protection laws like GDPR or CCPA.
 - Operational Disruption: Interruptions in service or production.
- Primary - D Operational (including capacity/ delivery/ resources/ health & safety) Secondary - A Financial, H Reputational

Technical Controls: Firewalls, antivirus software, encryption, intrusion detection systems (IDS), MFA, patch management, data Backup & Recovery, Access Control, Audit Logging & protective monitoring



Testing Recovery after a ransomware attack.

Purchase software that detects Data Loss

Policies, procedures, and training(e.g. Security awareness training, incident response plans, access management policies).

Technical Controls: Firewalls, antivirus software, encryption, intrusion detection systems (IDS), MFA, patch management, data Backup & Recovery, Access Control, Audit Logging & protective monitoring

phishing email, a significant improvement on the 30% who did in the last Quarter. Workload associated with the LGR workstreams provides an additional capacity burden that will need careful consideration to balance the need to service this agenda with that of preparing for the successor authority.

CR 045 - Introduction of Renters Rights Act will generate additional workload, through implementation requirements and actions of landlords prior to legislation taking effect

Updated: May-2026

Risk Name:

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 Likelihood x Impact	Existing Controls	Residual Risk Score Likelihood x Impact	Action (to achieve target score)	Target Score Likelihood x Impact	Progress update	Lead Officer
	Introduction of Renters' Rights Act 2025 will generate additional workload, through implementation requirements and actions of landlords prior to legislation taking effect	4 x 3 = 12	Regular officer meetings in place to discuss implementation requirements	4 x 3 = 12	Action plan developed and delivered	2 x 2 = 4	Significant progress has been made by the project team on delivery of the	Emily Capps

introduction of new legislation, impacting a number of service areas across the Council

The Council will not fully meet its statutory obligations leading to a risk of challenge

Primary - Operational (including capacity/ delivery/ resources/ health & safety), Secondary - Governance



tranche one of the introduction of the requirements of the legislation. The required policy has been completed and is on the next committee agenda for adoption. The background processes are developed ready for the 1st May enactment date.

KEY

Impact

Corporate Risk					
Impact Type	Catastrophic	Critical	Moderate	Marginal	Negligible
Objectives	5 The key objectives in the Corporate Plan will not be achieved.	4 One or more Key Objectives in the Corporate Plan will not be achieved.	3 Significant impact on the success of the Corporate Plan.	2 Some impact on more than one Service.	1 Insignificant impact on more than one Service.

Financial Impact (Loss)	Over £1.5m	£500K - £1.5m	£300K - £500K	£20K - £300K	£0-20K
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Likelihood ratings and dimensions

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

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

Mid-Year Update from the Performance and Productivity Oversight Board – June 2026

Introduction

The Council's 2023–2027 Corporate Plan includes 'a strong, responsible and accountable council' as one of its key priorities. This reflects the Council's commitment to maintaining a financially sound position, ensuring effective use of resources and delivering strong governance and accountability.

The Performance and Productivity Oversight Board (PPOB) continues to play a key role in supporting this priority. As an internal officer Board, it provides oversight, challenge and direction across core governance and performance areas, including audit, policies, risk management and contracts.

Since its establishment in July 2024, the Board has embedded routine monitoring and strengthened accountability. Following a recent review of its Terms of Reference, the Board now meets on a bi-monthly basis to maintain oversight while aligning with wider governance structures.

Progress Update

The Board continues to receive regular updates on all areas within its remit, agreeing actions and maintaining focus on sustained improvement.

Progress over the 6 months continues to demonstrate ownership, strong monitoring arrangements and increased engagement from services. The Board continues to adapt its approach to ensure that emerging risks, pressures and governance requirements are effectively managed.

Audit Recommendations

The Board maintains a strong focus on outstanding audit recommendations, particularly those that are overdue or have previously been subject to extension.

Monitoring arrangements are now well-established and continue to be positively received by Internal Audit, who have noted the value of regular updates and improved transparency.

As at April 2026, there are 7 audit recommendations either outstanding or due for review. The Board has recently asked for a completion plan in relation to the outstanding 2024/25 audit recommendation – key internal controls around car park management. The Board continues to challenge progress and seek assurance from responsible officers that actions are being completed in a timely manner.

The number of recommendations will continue to fluctuate as new audits are completed. Internal Audit reporting remains the primary source of detailed performance information.

Policy and Strategy Review

Of the 37 policies outstanding at the end of 2025, a further 6 policies have now completed the committee process and been updated on the Records Centre and 4 policies reviewed and review date updated, demonstrating continued progress in reducing the historic backlog.

In addition, of the 33 policies identified as due for review during 2026, 6 have already been updated and added to the Records Centre, reflecting a more proactive approach to managing the current review cycle.

The Board continues to prioritise:

- Early engagement with policy owners
- Clear sign-off routes through the appropriate governance channels
- Timely completion and recording within the Records Centre

Whilst steady progress is being made, the cyclical nature of policy reviews means that maintaining this momentum remains essential to ensure policies remain current and compliant.

Risk Management

Risk management arrangements continue to strengthen, with the Board maintaining oversight of both corporate and service-level risks.

The Q4 Risk Management update has been completed, with Corporate Leadership Team (CLT) reviewing and refreshing the corporate risk profile.

Corporate risks are now routinely updated within the Management Information System, with over 90% completion rates achieved when prompts are issued. Service-level risk functionality is also now in place, although further work is required to ensure these are fully embedded across all services.

The review of the Risk Management Policy and Framework revealed that previous piecemeal updates had led to a somewhat unwieldy document that was difficult to follow. This meant it was unlikely to allow officers responsible for risk management to understand their responsibilities in a structured way and was unlikely to engender a positive risk management culture. A more fundamental route and branch review is currently nearing completion which also aims to reflect the comments of the Independent Person.

Mandatory risk management training is currently live on the councils e-learning system, Skillgate, and compliance monitoring is planned to ensure that all staff of team leader level and above complete the training.

Embedding risk management within service planning and strengthening links to corporate reporting will remain a key area of focus.

Contracts Register

The Contracts Register continues to be monitored to ensure it remains accurate and up to date. Following recent detailed review work, the register is now considered to be in a good position.

However, the Board has noted increasing workload pressures, including a growing volume of data requests and additional complexity arising from external requirements such as Local Government Reorganisation.

Preparation is also underway for upcoming statutory changes, including those relating to the Public Procurement Act 2023.

The Board continues to highlight the importance of forward planning and early identification of pressures to ensure continued effectiveness.

Overall Position

The Board continues to demonstrate improved oversight, challenge and coordination across its areas of responsibility. Clear progress has been made in strengthening governance, improving monitoring and engaging services.

Whilst the overall position is positive, continued focus is required to sustain progress, particularly in embedding risk management, managing policy cycles and responding to increasing legislative and operational demands.

The PPOB will continue to provide assurance through regular reporting to support the Council's performance and governance framework.

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Agenda Item 15

Exemptions granted from 06 March 2026 to 14 May 2026

Date	Contractor	Type of Work	Amount (rounded to nearest pound)	Exemption (Chapter 9, Paragraph 9, Constitution)
16/3/26	Flowbird	Maintenance and back office costs to operate 46 pay and display machines on our car parks for two years.	£90,000	(l)The contract is an 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).
18/3/26	Civica	Implement Transparent Data Encryption (TDE) on the OPENRevenues database	£13,500	(c) are of a proprietary type only available from a single supplier
31/3/26	Bottomline	To enable the setup of a new contract with Bottomline software, this is used for the Council's Direct Debit collection and payment runs.	£44,502	(l) The contract is an 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).
08/4/26	Iken	Case management software, upgrade from desktop version of existing software to cloud based version.	£20,400	(l)The contract is an 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).
22/4/26	HOP Consulting Ltd	Consultants to provide both pre and post tender services to include structural design, tender documentation, CDM, temporary works design and full contract administration services	£69,050	(g) are for the supply of goods or services where there is only one supplier and no acceptable alternative

		including quantity surveying role relating to Cromer Pier.		
14/5/26	Flowbird	The purchase of 6 new Flowbird Pay and display machines to replace older, end of life, and problematic machines	£22,500	(g) are for the supply of goods or services where there is only one supplier and no acceptable alternative

Notes

- The previous period reported to GRAC was for the period 13 November 2025 to 6 March 2026
- In that period three exemptions were reported to the Committee.
- The next reporting period to GRAC will follow on from the last reporting period.

GOVERNANCE, RISK & AUDIT COMMITTEE 2 June 2026 – OUTCOMES & ACTIONS LIST

MINUTE NO.	ACTION OPENED	AGENDA ITEM AND ACTION	ACTIONED BY	DEADLINE	ACTION CLOSED
42		INTERNAL AUDIT PROGRESS & FOLLOW UP REPORT			
	Dec 2025	To update the Licensing Policy by March 2026.	DSD	By next meeting (March 2026)	19/12/2025: Update from ADELS The Licensing Policy is presently being updated for presentation to committee in June 2026 following the relevant consultation periods. Premises have the duty to pay annual fees when they are due. The revised policy will focus on that duty.
59		ANNUAL GOVERNANCE STATEMENT			
	Feb 2025	Independent Person asked that when there was a target date that it was baselined so changes to that target date would have visibility.	ADFA	The ADFA confirmed that tracking dates could be built in and progress reported against actions with an updated position	Sept 2026

				being reported to the Committee at a later date.	
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GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2025/2026

Topic	Lead Officer	Comments	Cycle
July 2026			
Annual Accounts sign-off	External Audit	<i>Likely to take place later in the year.</i>	
September 2026			
External Audit Results report 2024/2025	External Audit	<i>May slip to December</i>	Annual
Internal Audit Progress & Follow up report	Internal Audit	To review progress on internal audit recommendations	Quarterly
Draft Financial Statements 2025/2026	AD for Resources	To consider the draft financial statements for 2025/2026	Annual
Annual Governance Statement 2025/2026 and Local Code of Corporate Governance	Director for Resources	To consider, and approve, the Council's AGS for 2025/2026 and Local Code of Corporate Governance	Annual
GRAC Annual report	Committee Officer	To review the Committee's work over the previous year (tbc if Committee want to continue with this)	Annual
Monitoring Officer's Annual Report	Monitoring Officer	To review the MO Annual report	Annual
Corporate Risk Register	Director for Resources	To review the register	Quarterly
Licensing Policy	Director of Service Delivery	To review the Policy	One-Off
Project Management Update	Director for Resources	Update on the work of the Project Management Team.	Quarterly
Procurement Exemptions Register	Monitoring Officer	To receive the procurement exemption's register	Quarterly
December 2026			
Risk Management Framework	Director for Resources	To review and comment on the Risk Management Framework	Annual
Corporate Risk Register	Director for Resources	To review the register	Quarterly
Internal Audit Progress & Follow-up Report	Internal Audit	To review progress on internal audit recommendations	
Civil Contingencies Update	Resilience Manager	To receive the Civil Contingencies Update	Annual
Procurement Exemptions Register	Monitoring Officer	To review Procurement Exemptions	Quarterly
Project Management Update	Director for Resources	Update on the work of the Project	Quarterly

GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2025/2026

		Management Team.	
Performance and Productivity Oversight Board (PPOB)			Annual