South Norfolk Council Statement of Accounts 2023/2024

STATEMENT OF ACCOUNTS
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NARRATIVE REPORT

1. About South Norfolk Council

South Norfolk is home to approximately 144,593 people. It is equally divided between urban and rural locations, and comprises 118 parishes of varying sizes.

There are 100 towns and villages, including five Market Towns. The Market Towns: Loddon; Harleston; Diss; Wymondham and Hingham provide vital amenities for local residents and visitors and are employment centres for many residents. Other large and small settlements play a vital role in supporting the local economy and providing key facilities for residents including Long Stratton, Costessey and Cringleford.

We anticipate significant growth over the next five years from a strong and diverse business base, which is home to leading innovation centres and enterprises. Key local business clusters are:

- Agri-food and Life Sciences
- Manufacturing and Engineering
- Visitor Economy and Cultural Sectors
- Finance, Insurance and Professional Services
- Clean Energy and Technology.

South Norfolk has excellent transport connections, by air through Norwich International Airport and by sea through the East Coast ports of Felixstowe, Great Yarmouth, Harwich and Lowestoft. There are also mainline train connections, including an express service to London. Road links South are good, and work has been undertaken to strengthen routes westwards, to the Midlands and beyond.

The Council delivers services including:

- Waste and recycling
- Street cleansing
- Car parking
- Electoral registration
- Planning
- Housing benefit payments
- Council Tax assistance
- Leisure and Tourism
- Open spaces.

The Council is made up of 46 councillors.
Elections in May 23 resulted in a reduced conservative majority.
In 2023/24 the Conservatives were the majority group, and the Cabinet consisted of 7 portfolio members of the Conservative Group.

South Norfolk Council is headed by a Corporate Leadership Team consisting of a Managing Director, 3 Directors and 8 Assistant Directors. Each Assistant Director has overall responsibility for their service areas.

South Norfolk District Council’s Band D Council tax for 2023/24 (excluding special expenses) was £165.

2. Format of Accounts

The financial statements are prepared on an accruals basis and follow best practice recommended by the Code of Practice on Local Authority Accounting. The various statements include, where relevant, comparative figures relating to the previous financial year and supporting notes.

The statements summarise the overall financial position of the Authority and include the following:

Comprehensive Income and Expenditure Statement - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices and shows how that cost has been financed from Council Taxpayers, Business Rate income and Government grants.

Movement in Reserves Statement - This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Balance Sheet – This statement shows the assets and liabilities of all the activities of the Authority and the balances and reserves at the Authority's disposal.

Cash Flow Statement – This statement shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Collection Fund – This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Authority as a billing authority in relation to Council Tax and Non-Domestic Rates, and the way in which the total amount collected has been distributed to the precepting authorities and central Government.

Group Accounts – The Council has adopted a Group Structure which means that it also is required to produce Group Accounts incorporating the Council's wholly or partly owned companies.

3. Joint Working Arrangement with Broadland District Council

On 12 July 2018, Broadland District Council and South Norfolk Council agreed collaborative working arrangements. This included the proposal to form one joint officer team across the two autonomous Councils. Consequently, the authorities shared a Corporate Management Team throughout 2019/20 and the remainder of the workforce worked jointly from 1st January 2020.

However, the authorities remain sovereign independent bodies, and keep their separate identities, retain their own Councillors and budgets, and set their own council taxes.

In September 2022 the Council jointly purchased with South Norfolk Council the Horizon building at Broadland Business Park in Norwich. Following refurbishment and the installation of a Council Chamber, full occupation by both Councils started on 30 May 2023.

The new building has significantly reduced the Council overheads and running costs, delivering savings and significantly reducing the Council's carbon footprint. As part of this ambition, in 2023/24, new air source heat pumps were installed in the building as part of the public sector decarbonisation programme.

4. Strategic Plan 2020-24

The Council in February 2020 adopted a Strategic Plan for 2020-2024 which outlines our vision to **create the best place for everyone now and for future generations**, alongside our key priority areas and ambitions for the next three years.

Alongside the Strategic Plan, more regular Delivery Plans are produced setting out key service delivery and major projects/programmes of work.

The following table sets out a summary of our performance against our 2023/24 targets.

Performance Against Target

Green	26
Amber	7
Red	2

Direction of Travel

Improving ↑	17
Static ↔	2
Declining ↓	16

5. Other Matters to Report

We also report to you the following matters:

- Apart from the matters disclosed in the Narrative Report, there are no other significant factors affecting the Accounts that require highlighting in 2023/24.
- There are no significant changes in accounting policy to report.
- There are no significant contingencies or material write offs to report.

6. Financial Outturn

Revenue Income and Expenditure

The table below summarises the Authority's revenue income and expenditure and compares this to the budget for the year. It also shows how the overall Authority expenditure was funded by income from Council Taxpayers, Business Rate income, and Government Grants. The numbers here differ to the figures shown on the Comprehensive Income and Expenditure Statement as some items of expenditure, such as depreciation, are presented differently.

	Budget £'000	Actual £'000	Variance (Bud-Act) £'000
COST OF SERVICES			
Chief of Staff	3,359	3,607	(248)
Finance & Corporate Costs	2,847	3,116	(269)
One off VAT Refund	-	(1,025)	1,025
Transformation & ICT / Digital	3,087	3,231	(144)
Economic Growth	831	822	9
Regulatory	770	803	(33)
Planning & Business Support	782	511	270
Individuals & Families	2,110	2,214	(105)
Housing Benefit Payments	(250)	43	(293)
Community Services	3,369	2,744	625
Leisure Services	906	485	421
COVID Support	-	32	(32)
Opportunity Revenue Projects	8	209	(201)
OTHER INCOME & EXPENDITURE			
Precepts - Parish Councils	4,854	4,852	2
Precepts - Internal Drainage Boards	207	217	(10)
Interest Payable	480	648	(168)
Minimum Revenue Provision (MRP)	500	549	(49)
Interest Receivable - Big Sky	(1,372)	(1,197)	(175)
Interest Receivable - General	(978)	(3,291)	2,313
Interest due to VAT refund	0	(311)	311
Council Tax Surplus	(112)	(93)	(19)
Revenue Financing of Capital Programme	-	102	(102)
TRANSFERS TO / (FROM) EARMARKED RESERVES			
Transfers to / (from) Earmarked Reserves	1,748	2,052	(304)
Transfer to General Revenue Reserve	(25)	-	(25)
Transfer (from) Leisure Services Reserve	(500)	(505)	5
Transfer to Leisure Services Reserve	-	1,000	(1,000)
Transfer (from) Covid Reserve	-	(32)	32
Transfer (from) Op Project Reserve	-	(209)	209
Earmarked Reserves used to fund Capital Programme	-	(102)	102
BUDGET REQUIREMENT	**22,619**	**20,472**	**2,147**
Council Tax	(13,497)	(13,497)	0
NNDR (Business Rates)	(4,856)	(7,047)	2,191
NNDR (Business Rates) - Pooling Benefit	(250)	(943)	693
Revenue Support Grant	(249)	(249)	0
New Homes Bonus	(778)	(778)	0
Government Grant - Other	(2,989)	(3,255)	266
NET DEFICIT / (SURPLUS) FOR THE YEAR	**-**	**(5,297)**	**5,297**

The following table then reconciles the above figures to the figures in the Statement of Accounts.

Surplus / (Deficit) on Provision of Services	(6,875)
Adjustments between Accounting Basis and Funding Basis	(630)
Net Transfer to Earmarked Reserves	2,208
(Increase) / Decrease in General Fund Reserve	**(5,297)**

Movement in Reserves

The Movement in Reserves Statement shows the movement in the year of the different reserves held by the Authority.

The key movements in the Authority's usable reserves are as follows.

- The General Fund Balance increased by £5.3m to £6.4m.
- Earmarked Reserves increased by £2.2m to £41.8m.
- The Authority's Capital Receipts Reserve increased by £0.5m to £4.8m.
- The Authorities Unusable Reserves increased by £7.5m to £62.8m.

Capital Expenditure

Capital expenditure during 2023/24 amounted to £17.5m. Of this sum, £4.2m was spent as capital grants to external organisations and individuals and did not result in the acquisition of assets on the Authority's balance sheet.

Financial Position at Year End

The Balance Sheet shows the Authority's assets and liabilities as of 31 March and the following table provides a summary of the Authority's key assets and liabilities.

	Value 31 March 2023 £m	Value 31 March 2024 £m
Assets		
Property, Plant and Equipment	39.9	46.1
Investment Properties	14.5	14.4
Long Term Investments	6.7	6.6
Long Term Debtors	20.5	17.7
Short Term Investments	29.8	38.2
Short Term Debtors	24.8	21.7
Cash and Bank holdings	19.0	16.9
Liabilities		
Short Term Creditors	(18.3)	(18.6)
PWLB Borrowing	(20.0)	(20.0)
Pension Scheme Liability	(15.3)	(5.1)

The Authority, as part of the terms and conditions of employment, offers retirement benefits to staff. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

This pension liability has been accounted for under International Accounting Standard 19 Employee Benefits (IAS19). For South Norfolk the pension asset value is £120.4m and the liability £125.5m giving a net deficit of £5.1m as of 31 March 2024.

Cash Flow

The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with third parties.

It shows that in 2023/24 the amount of cash and cash equivalents held by the Authority decreased by £2.1m to £16.9m.

Collection Fund

The Collection Fund Statement shows the transactions of the Authority, as a billing authority, in relation to council tax and non-domestic rates.

During 2023/24 South Norfolk Council raised £113.5m in Council Tax. Council Tax income is paid over to the precepting bodies (Norfolk County Council, Office of the Police & Crime Commissioner and South Norfolk Council) and the amount paid over in 2023/24 (£112.7m) equals the amount that was requested as part of the 2023/24 budget setting process.

During 2023/24 South Norfolk Council raised £31.3m in business rates. Business rate income is generally shared as follows: Central Government 50%; South Norfolk Council 40%; Norfolk County Council 10%.

7. Future Plans

Looking forward our Delivery Plan 2024 - 2026 sets out some of the key projects and initiatives we will be delivering to support our Council go from strength to strength, by driving economic growth and by supporting and empowering our communities.

The key vision and priorities are to build a future where our community thrives, individuals are inspired, and the quality of life is continuously enhanced.

Financial Outlook

The outlook for the public sector in general remains uncertain, with levels of Government funding forecast to decrease in real terms.

The Authority's Medium Term Financial Plan currently shows a funding gap over the next few years. This will require either successful income generation schemes or additional efficiency savings to be made.

Future year funding figures are also uncertain due to the Governments' ongoing funding review and potential changes to the Business rates retention scheme.

8. Further Information

Additional information relating to these accounts is available from:

Assistant Director – Finance
South Norfolk Council
The Horizon Centre
Peachman Way
Norwich
NR7 0WF

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

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

The Assistant Director of Finance's Responsibilities

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

In preparing this Statement of Accounts, the Assistant Director of Finance has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.

The Assistant Director of Finance has also:

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

I confirm that the Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31 March 2024.

RFincham

Assistant Director of Finance
Date: 21 February 2025

I confirm that these accounts were approved by the Finance, Resources, Audit and Governance Committee at the meeting held on 21st February 2025.

T Graham

Acting Chair of Finance, Resources, Audit and Governance Committee
Date: 21 February 2025

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, which is likely to be different from the accounting cost.

	Single entity						Group					
	2022/23			2023/24			2022/23 Restated			2023/24		
	Gross expenditure £'000	Gross income £'000	Net expenditure £'000	Gross expenditure £'000	Gross income £'000	Net expenditure £'000	Gross expenditure £'000	Gross income £'000	Net expenditure £'000	Gross expenditure £'000	Gross income £'000	Net expenditure £'000
Chief of Staff	4,222	(469)	3,753	4,372	(657)	3,715	4,222	(469)	3,753	4,372	(657)	3,715
Finance & Corporate Costs	2,200	(455)	1,745	1,691	(1,395)	296	21,211	(21,580)	(369)	12,799	(12,467)	332
Transformation & ICT / Digital	3,423	(26)	3,397	3,402	378	3,780	3,423	(26)	3,397	3,402	378	3,780
Economic Growth	4,862	(2,161)	2,701	7,906	(2,772)	5,134	4,771	(2,161)	2,610	7,813	(2,772)	5,041
Regulatory	1,078	(214)	864	1,099	(242)	857	1,078	(214)	864	1,099	(242)	857
Planning & Business Support	4,787	(3,919)	868	5,887	(3,957)	1,930	4,787	(3,919)	868	5,887	(3,957)	1,930
Individuals & Families	7,000	(4,505)	2,495	7,841	(5,305)	2,536	6,975	(4,505)	2,470	7,841	(5,305)	2,536
Housing Benefit Payments	17,234	(16,985)	249	17,288	(17,245)	43	17,234	(16,985)	249	17,288	(17,245)	43
Community Services	8,533	(4,311)	4,222	8,831	(4,849)	3,982	8,533	(4,311)	4,222	8,831	(4,849)	3,982
Leisure Services	5,133	(3,003)	2,130	5,482	(3,346)	2,136	5,133	(3,003)	2,130	5,482	(3,346)	2,136
Covid Support	1,587	(609)	978	127	(105)	22	1,587	(609)	978	127	(105)	22
Energy Rebate Schemes	347	(162)	185	73	(73)	0	347	(162)	185	73	(73)	0
Opportunity Projects	300	0	300	215	0	215	300	0	300	215	0	215
Cost of Services	60,706	(36,819)	23,887	64,214	(39,568)	24,646	79,601	(57,944)	21,657	75,229	(50,640)	24,589
Other Operating Expenditure												
Precepts - Parish Councils			4,457			4,852			4,457			4,852
Precepts - Internal Drainage Boards			197			217			197			217
(Gain) / loss on disposal of non-current assets			(322)			137			(322)			137
Financing and Investment Income and Expenditure												
Interest Payable & similar charges			565			648			565			648
(Gain)/Loss on Trading Accounts			(483)			(524)			(471)			(512)
Pensions - Net Interest Cost			**4,811**			**5,893**			**4,811**			**5,893**
Pensions - Expected Return			**(2,951)**			**(5,183)**			**(2,951)**			**(5,183)**
Interest Receivable & similar income			(2,982)			(4,802)			(1,512)			(3,702)
(Gain)/Loss on Revaluation of Investment Property and Assets Held for Sale			373			(203)			(78)			(517)
Taxation and Non-Specific Grant Income and Expenditure												
Council Tax income			(13,089)			(13,512)			(13,089)			(13,512)
Business Rates income & expenditure			(7,250)			(7,263)			(7,250)			(7,263)
Revenue Support Grant						(249)						(249)
New Homes Bonus			(2,093)			(778)			(2,093)			(778)
Rural Services Delivery Grant			(299)			(334)			(299)			(334)

Non-Service Related Grants		(1,592)		(2,924)		(1,592)		(2,924)
Capital Grants and Contributions		(1,082)		(7,496)		(1,082)		(7,496)
(Surplus) or deficit on provision of services		**2,147**		**(6,875)**		**948**		**(6,134)**
Tax expenses of subsidiaries		0		0		309		(49)
Group (surplus) or deficit		**2,147**		**(6,875)**		**1,257**		**(6,183)**
(Surplus) or deficit on revaluation of PPE assets (Note 25)		(532)		72		(532)		72
Remeasurement of the pensions net defined benefit liability/(asset)		(57,126)		(10,186)		(57,126)		(10,186)
Other Comprehensive Income and Expenditure		**(57,658)**		**(10,114)**		**(57,658)**		**(10,114)**
Total Comprehensive Income and Expenditure		**(55,511)**		**(16,989)**		**(56,401)**		**(16,297)**

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/ Decrease before the Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Single entity						Restated Group					
	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Unusable Reserves	Total Council Reserves	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance 1 April 2022	1,400	39,477	1,867	395	2,075	45,214	1,797	39,477	1,867	395	2,951	46,487
Total Comprehensive Expenditure and Income	(2,147)				57,658	55,511	(1,257)				57,658	56,401
Adjustments between accounting basis & funding basis under regulations (Note 8)	1,986		2,387	46	(4,419)		1,700		2,387	46	(4,133)	
Transfers (to) / from Earmarked Reserves	(117)	117					(117)	117				
Increase / (Decrease) in Year	(278)	117	2,387	46	53,239	55,511	326	117	2,387	46	53,525	56,401
Balance 31 March 2023	1,122	39,594	4,254	441	55,314	100,725	2,123	39,594	4,254	441	56,476	102,888
Total Comprehensive Expenditure and Income	6,875				10,114	16,989	6,183				10,114	16,297
Adjustments between accounting basis & funding basis under regulations (Note 8)	630		546	1,482	(2,658)		430		546	1,482	(2,458)	
Transfers (to) / from Earmarked Reserves	(2,208)	2,208					(2,208)	2,208				
Increase / (Decrease) in Year	5,297	2,208	546	1,482	7,456	16,989	4,405	2,208	546	1,482	7,656	16,297
Balance 31 March 2024	6,419	41,802	4,800	1,923	62,768	117,712	6,528	41,802	4,800	1,923	64,132	119,185

BALANCE SHEET

The Balance Sheet shows the value, as at the Balance Sheet date, of assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

		Single Entity		Group	
	Note	31 March 23 £'000	31 March 24 £'000	31 March 23 Restated £'000	31 March 24 £'000
Long Term Assets					
Property, Plant & Equipment	11	39,931	46,091	39,937	46,122
Intangible Fixed Assets		620	1,020	620	1,020
Investment Properties	12	14,549	14,434	21,950	22,148
Long Term Investments	17	6,729	6,620	25	25
Long Term Debtors	18	20,546	17,654	550	661
		82,375	**85,819**	**63,082**	**69,976**
Current Assets					
Short Term Investments	20	29,771	38,236	29,771	38,236
Assets Held for Sale	11	3,296	3,304	3,296	3,304
Inventories	21	64	67	22,073	15,861
Short Term Debtors	19	24,863	21,694	13,117	18,515
Cash and Cash Equivalents		18,975	16,851	33,120	22,284
		76,969	**80,152**	**101,377**	**98,200**
Current Liabilities					
Short Term Creditors	22	(18,314)	(18,558)	(20,964)	(18,877)
Short Term Provisions	23	(48)	(1,326)	(48)	(1,739)
Grant Receipts in Advance		0	(1,338)	0	(1,338)
Capital Grants Receipts in Advance		(127)	(383)	(127)	(383)
		(18,489)	**(21,605)**	**(21,139)**	**(22,337)**
Long Term Liabilities					
Long Term Creditors	24	(798)	(612)	(1,100)	(612)
Long Term Borrowing from PWLB	15	(20,000)	(20,000)	(20,000)	(20,000)
Pension Scheme Liability	32	(15,326)	(5,073)	(15,326)	(5,073)
Grants Receipts in Advance		(4,006)	(969)	(4,006)	(969)
		(40,130)	**(26,654)**	**(40,432)**	**(26,654)**
Net Assets		**100,725**	**117,712**	**102,888**	**119,185**
Usable Reserves					
General Fund Balance		1,122	6,419	2,123	6,528
Earmarked Reserves	10	39,594	41,802	39,594	41,802
Usable Capital Receipts Reserve		4,254	4,800	4,254	4,800
Capital Grants Unapplied		441	1,923	441	1,923
Unusable Reserves	25				
Capital Adjustment Account		59,635	57,862	60,797	59,226
Collection Fund Adjustment Account		765	(39)	765	(39)
Deferred Capital Receipts Reserve		12	12	12	12
Financial Instruments Adjustment Account		(33)	(30)	(33)	(30)
Pension Fund Reserve		(15,326)	(5,073)	(15,326)	(5,073)
Revaluation Reserve		10,891	10,677	10,891	10,677
Short Term Accumulated Absences Account		(630)	(641)	(630)	(641)
Total Reserves		**100,725**	**117,712**	**102,888**	**119,185**

These financial statements replace the draft financial statements certified by R Fincham on 31 May 2024.

RFincham

Assistant Director of Finance

Date: 21 February 2025

CASHFLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Authority.

	Single Entity		Group	
	2022/23 £'000	2023/24 £'000	2022/23 (Restated) £'000	2023/24 £'000
Net (Surplus) / Deficit on Provision of Services	2,112	(6,875)	1,257	(6,183)
Adjustment for non-cash Movements	12,203	(3,097)	(4,168)	(7,270)
Adjustment for Investment and Finance Activities	2,277	8,393	2,277	8,393
Net Cash Flows from Operating Activities	**16,592**	**(1,579)**	**(634)**	**(5,060)**
Investing Activities				
Purchase of PPE and intangible assets	7,931	13,645	7,931	14,283
Purchase of short- term and long-term investments	10,258	8,466	10,258	8,466
Other payments for investing activities	228	(1,332)	11,228	(1,332)
Proceeds from the sale of PPE	(224)	(1,208)	(224)	(1,208)
Other receipts from investing activities	(3,716)	(19,650)	(3,716)	(8,094)
Net Cash Flow from Investing Activities	**14,477**	**(79)**	**25,477**	**12,115**
Finance Activities				
Other receipts from financing activities	(2,930)	3,782	(2,930)	3,781
Net Cash Flows from Financing Activities	**(2,930)**	**3,782**	**(2,930)**	**3,781**
Net Cash Flow	**28,139**	**2,124**	**21,913**	**10,836**
Cash and Cash Equivalents at 1 April	**(47,114)**	**(18,975)**	**(55,033)**	**(33,120)**
Cash and Cash Equivalents at 31 March	**(18,975)**	**(16,851)**	**(33,120)**	**(22,284)**

Analysis of Cash & Cash Equivalents				
Cash held	(5)	(5)	(5)	(5)
Bank current accounts	(6,970)	(5,512)	(6,970)	(6,179)
Short Term Deposits with Banks and other institutions	(12,000)	(11,334)	(26,145)	(16,100)
	(18,975)	**(16,851)**	**(33,120)**	**(22,284)**

The cash flows for operating activities include the following items:

	Single Entity		Group	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Interest received	(2,982)	(4,802)	(1,471)	(4,802)
Interest paid	565	648	565	648
	(2,417)	**(4,154)**	**(906)**	**(4,154)**

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	Single Entity		Group	
	2022/23 £'000	2023/24 £'000	2022/23 (Restated) £'000	2023/24 £'000
Depreciation	(1,648)	(1,855)	(1,648)	(1,855)
Impairment and downward valuations	(253)	(4,137)	(253)	(4,553)
Amortisation	(121)	(160)	(121)	(160)
Increase/(decrease) in creditors	19,676	151	11,676	2,784
Increase/(decrease) in debtors	(1,790)	4,755	(3,712)	4,995
Increase/(decrease) in inventories	3	3	(7,281)	(6,212)
Movement in pension liability	(5,145)	67	(5,145)	67
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(26)	(654)	(26)	(654)
Other non-cash items charged to the net surplus or deficit on the provision of services	1,507	(1,268)	2,342	(1,682)
	12,203	**(3,097)**	**(4,168)**	**(7,270)**

The deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	Single Entity		Group	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	349	516	349	516
Any other items for which the cash effects are investing or financing cash flows	1,928	7,877	1928	7,877
	2,277	**8,393**	**2,277**	**8,393**

NOTES TO THE ACCOUNTS

1. Accounting Policies

These accounting policies cover both the Council's single entity and group accounts.

General

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services of the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

An exception to this principle relates to utility bills and other quarterly payments, which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied and does not have a material effect on the year's accounts.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Services are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Council Tax and Non-Domestic Rate

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central Government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g., time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to the surplus of deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

Post-Employment Benefits

Employees of the Authority are members of the Local Government Pension Scheme, administered by Norfolk County Council.

This scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Authority.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high-quality corporate bond.

The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pension's liability is analysed into the following components:

Service cost, comprising:
- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any change in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements, comprising:
- The return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset). Charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. Charged to the Pensions Reserve as Other Comprehensive Income & Expenditure.
- Contributions paid to the pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

Events after the Reporting Period

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate if interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial Assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority holds financial assets measured at:
- amortised cost, and
- fair value through profit or loss (FVPL).

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurement of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Authority's financial assets are based on the following techniques.

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels.

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

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

- the Authority will comply with the conditions attached to the payments, and
- the grants and contributions will be received.

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

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

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

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy is pooled with other Norfolk authorities and will be used to fund a number of infrastructure projects to support the development of the area.

The CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g., software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the Intangible Asset to the Authority.

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no Intangible Asset held by the Authority meets this criterion, and they are therefore carried at cost less accumulated depreciation and any accumulated impairment loss. The depreciable amount of an Intangible Asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an Intangible Asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Interest in Companies and Other Entities

The Authority has the following interests.

- The Authority controls the following companies through 100% ownership of the share capital in Big Sky Ventures Ltd which acts as a holding company for: Big Sky Developments Ltd and Big Sky Property Management Ltd. This arrangement has been classified as a subsidiary in accordance with the guidelines set out in CIPFA's codes of best practice in group accounting. Group accounts have been prepared as the overall change between the single entity and the group statements is material.

- Norse Environmental Waste Limited (NEWS) has contracted to provide recycling sorting and processing and garden waste composting to seven second tier Norfolk councils, with voting arrangements that give 7% influence to each minor body (including South Norfolk) and 51% to Norse Group. This relationship has been assessed as a joint venture, as the Authority has neither significant influence nor control.
  The Council's Group accounts do not incorporate NEWS, on the grounds of materiality.

- The Authority is a founding member of Norfolk Environmental Credits Ltd. This company was registered on 5 January 2023 to help source mitigation, to offset the adverse nutrient impacts of development on the River Wensum Special Area of Conservation and the Broads Special Area of Conservation. The company is limited by guarantee and has been assessed as a joint venture, as the Authority has neither significant influence nor control.

Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment applies to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the

General Fund Balance in the Movements in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators.

In relation to its interest in a joint operation, the Authority as a join operator recognises:

- its assets, including its share of any assets held jointly.
- its liabilities, including its share of any liabilities incurred jointly.
- its revenue from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation.
- its expenses, including its share of any expenses incurred jointly.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the Property, Plant or Equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

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

Operating Leases

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

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority’s net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statements also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset as the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by stature to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

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

Property, Plant & Equipment

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

Recognition

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

Schemes that cost less than £10,000 are generally classified as de minimis, and these schemes are classed as revenue rather than capital expenditure.

Measurement

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value.

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

- Infrastructure, Community assets and Assets Under Construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of existing use value.
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to reflect unrealised gains. Exceptionally gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight-line allocation over the useful life of the property.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful economic life.
- Infrastructure – straight-line allocation.

Where an item of Property, Plant and Equipment has major component parts whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Componentisation Policy

Where an item of property or plant has more than one major component, the Code states that the Authority needs to apply the principles of component accounting and depreciate it separately over that major component's remaining useful economic life. Any asset deemed to be of sufficient value, in line with this Authority’s componentisation policy, shall be depreciated separately in accordance with the Code, unless the componentisation makes no material difference to the overall depreciation charge.

It is the Authority’s componentisation policy to account separately for any major class of component, in respect of enhancement expenditure, disposal or valuation, where the following criteria are met:

- Firstly, the major component value must be more than 20% of the property value as a whole.
- Secondly, the value of the major component must be above a £200,000 de minimis level.
- Thirdly, the separate depreciation of the major component will make a material difference to the overall depreciation charge against the Council's assets.

Where a component is an integral part of a property, it is only accounted for separately from the main structure where it satisfies all of the above criteria.

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

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

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

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

Amounts received for a disposal in excess of £10,000 are categorised as Capital Receipts. The Capital Receipt is credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the Authority a present obligation.
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.
If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some of all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Authority.

Revenue Expenditure funded from Capital under Statute

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

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

Fair Value Measurement of Non-Financial Assets

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset, or
- in the absence of a principal market, in the most advantageous market for the asset.

The Authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly

- Level 3 – unobservable inputs for the asset.

2. Accounting Standards that have been issued but have not yet been adopted

The Code requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued, but not yet adopted by the Code for the relevant financial year.

The following relevant changes are being introduced in the 2024/25 Code of Practice of Local Authority Accounting:

- IFRS 16 Leases issued in January 2016.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

IFRS 16 Leases will require the authority to remove (for lessees) the traditional distinction between finance leases and operating leases.

Under the current accounting arrangements, finance leases have effectively been accounted for as acquisitions (with the asset on the Balance Sheet, together with a liability to pay for the asset acquired).

In contrast, operating leases have been treated as 'pay as you go' arrangements, with rentals expensed in the year they are paid.

IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Adoption of this standard will primarily change the presentation of leases in the accounts, rather than affecting the financial position.

None of the other changes are expected to have an impact on the Authority.

3. Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future funding levels for local government, with a funding review due and future changes to the Business Rates system. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision.

- Judgement is applied to decisions concerning the Authority's property, plant and equipment in matters such as determining the classification of each asset and the appropriate basis for valuation. Assets are classified according to their characteristics, after comparing them to the guidelines set out within the Code, with these classifications kept under review. Valuations are made by a professional with appropriate and relevant qualifications at intervals not exceeding five years.

- Appeals lodged against Business Rates assessments may succeed, resulting in the need to refund all or part of the Business Rates paid by the business concerned. The Authority has considered the potential effect of the appeals outstanding as of 31 March 2024 and has made a reasoned judgement of the potential effect of these appeals.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows.

Property, Plant and Equipment

Property, Plant and Equipment assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.
If the Council was unable to sustain its current spending on repairs and maintenance, this would bring into doubt the useful lives assigned to assets.
If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Currently these assumptions are calculated for South Norfolk Council by expert actuaries, Hymans Robertson LLP. They provide South Norfolk Council with expert advice about the assumptions that need to be applied. Further details can be found in Note 34.

Business Rates Appeals Provision

Billing authorities are required to estimate and make provision for the liabilities likely to arise from successful appeals against NNDR (Business Rates) bills issued as of 31 March each year. The Authority has made a provision for these appeals.

5. Events after the Reporting Period

The Statement of Accounts were issued by the Assistant Director of Finance on 21 February 2025. Events taking place after this date are not reflected in the financial statement or notes.

Where events taking place before this date provided information about the conditions existing at 31 March 2024, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

The financial statement and notes would not be adjusted for events which took place after 31 March 2024 if they provide information that is relevant to an understanding of the Authority's financial position, but do not relate to conditions at that date. However, where a category of events would have a material effect, disclosure would be made in the notes of the nature of the events and their estimated financial effect.

6. Material Items of Income and Expense

There are no Material items of income and expense to report, that are not already disclosed separately on the face of the Comprehensive Income and Expenditure Statement.

7. Expenditure and Funding Analysis

This note reconciles the **Funding Presentation** (i.e., the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure) to the **Accounting Presentation** (i.e., the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice).

2022/23	Net Expend Chargeable to the General Fund	Adjustments for Capital Purposes	Net Change for Employee Absences	Net Change for Pension Adjustments	Other Differences (Eg internal recharges)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	Funding £'000	£'000	£'000	£'000	£'000	**Accounting** £'000
Chief of Staff	3,258	(16)	(11)	508	14	3,753
Finance & Corporate Costs	3,336	0	4	(1,595)	0	1,745
Transformation & ICT / Digital	2,901	201	1	296	(2)	3,397
Economic Growth	1,008	1,593	(2)	207	(105)	2,701
Regulatory	649	0	4	211	(0)	864
Planning & Business Support	(35)	(91)	(4)	991	7	868
Individuals & Families	2,934	(1,271)	3	831	(2)	2,495
Housing Benefit Payments	249	0	0	0	0	249
Community Services	2,170	848	19	1,056	129	4,222
Leisure Services	1,179	427	21	518	(15)	2,130
Covid Support	1,018	(279)	(0)	239	0	978
Energy Rebate Schemes	185	0	0	0	0	185
Opportunity Projects	273	0	3	24	0	300
Net Cost of Services	**19,125**	**1,412**	**38**	**3,286**	**26**	**23,887**
Other income & expenditure from the Expenditure & Funding Analysis	(18,965)	(733)	0	1,860	(3,904)	(21,740)
	160	**679**	**38**	**5,146**	**(3,878)**	**2,147**

2023/24	Net Expend Chargeable to the General Fund	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Net Change for Employee Absences	Net Change for Financial Instruments	Other Differences (Eg internal recharges)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	Funding £'000	£'000	£'000	£'000	£'000	£'000	**Accounting** £'000
Chief of Staff	3,607	0	101	5	0	2	3,715
Finance & Corporate Costs	2,091	0	(1,789)	(5)	0	0	297
Transformation & ICT / Digital	3,231	467	71	13	0	(2)	3,780
Economic Growth	1,350	3,897	46	(2)	0	(157)	5,134
Regulatory	803	0	47	7	0	0	857
Planning & Business Support	511	1,192	179	25	0	23	1,930
Individuals & Families	2,214	89	209	3	0	21	2,536
Housing Benefit Payments	43	0	0	0	0	0	43
Community Services	2,744	936	238	(71)	0	135	3,982
Leisure Services	485	1,509	111	50	0	(19)	2,136
COVID Support	32	0	1	(11)	0	0	22
Energy Rebate Schemes	0	0	0	0	0	0	0
Opportunity Revenue Projects	209	0	9	(3)	0	0	215
Net Cost of Services	**17,320**	**8,090**	**(777)**	**11**	**0**	**3**	**24,647**
Other income & expenditure from the Expenditure & Funding Analysis	(24,825)	(8,205)	710	0	(3)	801	(31,522)
	(7,505)	**(115)**	**(67)**	**11**	**(3)**	**804**	**(6,875)**

8. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year in accordance with generally accepted accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	2022/23				2023/24			
	General Fund / Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000	General Fund / Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
Adjustments Primarily involving Capital Adjustment Account								
Amortisation of Intangible Assets	121			(121)	160			(160)
Depreciation of PPE	1,683			(1,683)	1,855			(1,855)
Gain / (Loss) on Revaluation / Impairment of PPE	254			(254)	4,350			(4,350)
Revenue Expenditure funded from Capital Under Statute	2,930			(2,930)	4,204			(4,204)
Grants & Contributions	(2,632)			2,632	(8,485)			8,485
Disposals - Amounts of Non-Current Assets written off	27			(27)	654			(654)
Capital Expenditure financed from Revenue	(1,643)			1,643	(102)			102
Revaluation of Investment Properties	373			(373)	(203)			203
Minimum Revenue Provision					(549)			549
	1,113	**0**	**0**	**(1,113)**	**1,884**	**0**	**0**	**(1,884)**
Adjustments Primarily involving Capital Receipts Reserve								
Big Sky Loan Repayment (reclaim UCR)		2,000		(2,000)				
Use of CRR to finance Capital Expenditure						(70)		70
New Capital Receipts - Grants Repaid	(387)	387				99		(99)
New Capital Receipts - Disposals - Transfer of Cash Sale Proceeds					(517)	517		
New Capital grants unapplied	(46)		46		(1,482)		1,482	
	(433)	**2,387**	**46**	**(2,000)**	**(1,999)**	**546**	**1,482**	**(29)**
Adjustments Primarily involving Pensions Reserve								
Net charges made for retirement benefits	9,049			(9,049)	4,082			(4,082)
Employers pension contribution	(3,904)			3,904	(4,149)			4,149
	5,145	**0**	**0**	**(5,145)**	**(67)**	**0**	**0**	**67**
Other Adjustments								
Collection Fund Adjustment Account	(3,878)			3,878	804			(804)
Short Term Accumulated Absences	39			(39)	11			(11)
Financial Instruments Adjustment Account					(3)			3
	(3,839)	**0**	**0**	**3,839**	**812**	**0**	**0**	**(812)**
Net Additional amount charged / (credited) to the General Fund	**1,986**	**2,387**	**46**	**(4,419)**	**630**	**546**	**1,482**	**(2,658)**

9. Income and Expenditure Analysed by Nature

The Authority’s income and expenditure is analysed as follows:

	2022/23 £'000	2023/24 £'000
Income		
Fees, charges and other income	(14,988)	(15,813)
Interest and investment income	(2,982)	(9,985)
Income from Council Tax & Non-Domestic Rates	(27,799)	(26,560)
Government grants & contributions	(30,978)	(40,619)
Total income	**(76,747)**	**(92,977)**
Expenditure		
Employee benefits expenses	24,750	21,872
Depreciation, amortisation, impairment & REFCUS	4,988	10,020
Interest payments	2,425	6,541
Precepts and levies	4,457	4,852
Gain/loss on disposal of assets	(322)	137
Gain/loss on revaluation	373	(203)
Other expenditure	42,223	42,883
Total expenditure	**78,894**	**86,102**
(Surplus)/Deficit on Provision of Services	**2,147**	**(6,875)**

10. Transfers to / from Earmarked Reserves

		Movements in 2022/23					Movements in 2023/24				
	Balance at 31 March 2022 £'000	Transfers In £'000	Transfers between reserves £'000	Capital Funding £'000	Transfers Out £'000	Balance at 31 March 2023 £'000	Transfers In £'000	Transfers between reserves £'000	Capital Funding £'000	Transfers Out £'000	Balance at 31 March 2024 £'000
Revenue	3,300	296	7,808	(800)	(0)	10,604	3	(1,500)			9,107
Infrastructure Reserve	2,837					2,837					2,837
Street Lighting Replacement	20			(4)	(4)	12				(12)	0
Business Rates Reserve	2,000					2,000					2,000
District and Parish Elections	115	50			(13)	151	50				201
Local Development Reserve	905					905					905
Low Cost Housing (NHB)	876					876					876
Car Park Upgrades Reserve	267	70				337	70				407
Enterprise Zone Reserve	788	90				877	98				975
3G Pitch Renewal Reserve	72	15	78			165	15	15			195
Tennis Courts Reserve	0		10			10	10				20
Depot works	5,000					5,000					5,000
New ways of working	3,553					3,553					3,553
Asset Replacement Reserve	2,190	1,900		(7)		4,083	1,900				5,983
Collaboration saving reserve	768					768					768
Leisure Centres	1,926		(78)	(410)		1,438		(15)			1,423
Covid 19 Grants	968				(740)	228				(32)	196
Covid 19 s31 Grant	7,818		(7,818)			0					0
Energy Rebate	185				(185)	0					0
Leisure Services Recovery	1,451				(946)	505	1,000			(505)	1,000
Waste Reserve	500					500					500
Waste MRF Reserve	0					0					0
Planning Appeals	100					100					100
Compulsory Purchase Order	500					500					500
Projects	239				(130)	109					109
Feasibility Reserve	600				(138)	462					462
Opportunities	2,500			(150)	(275)	2,075			(102)	(209)	1,764
Economic Growth Reserve	0	1,000				1,000				(91)	909
Environmental / Infrastructure Reserve	0	500				500					500
Comm Infrastructure Fund Reserve	0					0		1,500			1,500
Community Infrastructure Levy Reserve	0	0	0			0	12				12
Total Earmarked Reserves	**39,477**	**3,921**	**0**	**(1,372)**	**(2,432)**	**39,594**	**3,158**	**0**	**(102)**	**-848**	**41,802**

11. Property, Plant and Equipment

Movements in Property, Plant & Equipment were as follows:

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Valuation as at 1 April 2022	**30,379**	**13,894**	**50**	**1,381**	**21**	**45,725**
Reclassifications	(3,296)	21	0	0	(21)	(3,296)
Additions	4,662	2,099	0	0	40	6,801
Revaluation increase/(decrease) recognised in the Revaluation Reserve	249	0	0	0	0	249
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	(421)	0	0	0	0	(421)
Impairment losses written out to the Comprehensive Income & Expenditure Statement	0	0	0	0	0	0
De-recognition - disposals	0	(1,430)	0	0	0	(1,430)
Value as at 31 March 2023	**31,573**	**14,584**	**50**	**1,381**	**40**	**47,628**
Accumulated Depreciation						
At 1 April 2022	(119)	(7,699)	(50)	0	0	(7,868)
Reclassifications	0	0	0	0	0	0
Depreciation charge	(401)	(1,283)	0	0	0	(1,684)
Depreciation written out to the Revaluation Reserve	283	0	0	0	0	283
Depreciation written out to the Comprehensive Income & Expenditure Statement	167	0	0	0	0	167
De-recognition - disposals	0	1,404	0	0	0	1,404
At 31 March 2023	**(70)**	**(7,578)**	**(50)**	**0**	**0**	**(7,698)**
Net Book Value at 31 March 2023	**31,503**	**7,006**	**0**	**1,381**	**40**	**39,930**

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Valuation as at 1 April 2023	**31,573**	**14,584**	**50**	**1,381**	**40**	**47,628**
Reclassifications	0	21	0	0	(21)	0
Additions	9,394	1,672	0	1,475	8	12,548
Revaluation increase/(decrease) recognised in the Revaluation Reserve	(413)	0	0	0	0	(413)
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	(4,490)	0	0	0	0	(4,490)
De-recognition - disposals	(91)	(899)	0	0	0	(990)
Value as at 31 March 2024	**35,973**	**15,378**	**50**	**2,856**	**27**	**54,284**
Accumulated Depreciation						
At 1 April 2023	**(70)**	**(7,578)**	**(50)**	**0**	**0**	**(7,698)**
Depreciation charge	(454)	(1,401)	0	0	0	(1,855)
Depreciation written out to the Revaluation Reserve	339	0	0	0	0	339
Depreciation written out to the Comprehensive Income & Expenditure Statement	140	0	0	0	0	140
De-recognition - disposals	2	878	0	0	0	880
At 31 March 2024	**(42)**	**(8,101)**	**(50)**	**0**	**0**	**(8,194)**
Net Book Value at 31 March 2024	**35,930**	**7,277**	**0**	**2,856**	**27**	**46,090**

Other Land & Buildings includes the Ella May Barnes building. The funding for this project was provided in conjunction with the Local Enterprise Partnership (LEP) and the LEP is entitled to 50% of the net rental income and 50% of the sale price on disposal. The CIPFA Code of Practice requires that the carrying amount of any property be accounted for gross of any grants or contributions towards the property’s acquisition. Therefore 100% of the value of this asset is reflected in Other Land & Buildings.

Analysis of Assets

	No. of Assets	NBV as at 31 March 2023 £000s	NBV as at 31 March 2024 £000s
Operational			
Land & Buildings			
Car Parks	18	2,336	2,038
Depot	1	470	523
Hostel/ Homelessness	11	862	4,022
Leisure Centres	3	18,547	18,957
Office	1	9,052	4,771
Business Support Centre (EMB)	1	0	5,178
Public Conveniences	3	180	117
Sewage Treatment Plants	1		3
Travellers Site	1	55	321
Land & Buildings Total		**31,502**	**35,929**
Vehicles, Plant & Equipment			
Vehicles		3,346	3,363
Wheeled Bins		782	639
Other		2,878	3,276
Vehicles, Plant & Equipment Total		**7,006**	**7,278**
Infrastructure assets			
Access road		**0**	**0**
Operational Total		**38,508**	**43,207**
Non-Operational			
Surplus Assets			
Land Awaiting Development		1,382	2,856
Surplus Assets Total		**1,382**	**2,856**
Assets Under Construction			
Assets Under Construction		40	27
Assets Under Construction Total		**40**	**27**
Non-Operational Total		**1,422**	**2,883**
Total Property, Plant & Equipment		**39,930**	**46,091**

Valuations

The Council carries out a rolling programme that ensures that all Land and Buildings required to be measured at fair value are revalued at least every 5 years by an external valuer in accordance with the Council's Accounting Policy.

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Carried at historical cost	13	15,379	50	5	27	**15,474**
Valued at fair value as at:						
01-Apr-21	98	0	0	288	0	**386**
01-Apr-22	479	0	0	1,089	0	**1,568**
01-Apr-23	949	0	0	0	0	**949**
01-Apr-24	34,434	0	0	1,474	0	**35,908**
	35,973	**15,379**	**50**	**2,856**	**27**	**54,285**

Depreciation

Assets are depreciated on a straight-line basis over the useful life of the asset as determined by the valuer (for buildings) and internally (for vehicles, plant and equipment). A review of remaining useful life was undertaken, and revisions made where necessary.

Class of Asset	Remaining Useful Life (years)
Buildings	42- 52
Plant and Equipment	0 - 20
IT Hardware	0 - 7
Vehicles	0 - 7

Capital Commitments

As of 31 March 2024, the Council no significant capital commitments.

Fair Value Hierarchy

All of the Council's surplus assets valued as part of the five-year rolling programme have been assessed as Level 2 on the fair value hierarchy for valuation purposes (see Accounting Policy 16 for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Surplus Assets

The fair value for surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar assets are actively purchased and sold and the level of observable inputs are significant, leading to the assets being categorised at Level 2 in the fair value hierarchy.

In estimating the fair value of the Council's surplus assets, the highest and best use of the assets is their current use.

Valuation Process for Surplus Assets
The Council's surplus assets that are due for valuation as part of the five-year rolling programme, have been valued as at 31st March 2023 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

12. Investment Properties

The Council has let out some of its properties and surplus land under operating leases. The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement within the lines (Gain)/Loss on trading accounts and other investment property income.

	2022/23 £000s	2023/24 £000s
Rental income from property	(659)	(710)
Direct operating expenses arising from rental property	374	383
Net (gain)/loss	**(285)**	**(327)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement except for those properties which it leases out and is obliged to repair when necessary.

The following table summarises the movement in fair value of the investment properties over the year:

	2022/23 £000s	2023/24 £000s
Balance as at 1 April	**14,810**	**14,549**
Additions:		
Subsequent Expenditure	111	0
Disposals	0	(318)
Net Gain/(Loss) from Fair Value adjustments	(372)	203
Balance as at 31 March	**14,549**	**14,434**
Consolidate Council owned companies' investment properties	7,401	7,714
Group balance at 31 March	**21,950**	**22,148**

With regard to the Council's activity as a lessor, the gross value of assets held for use and leased out under operating leases was £11,738,900 (2022/23: £11,197,400). As these assets are held as investment properties, in accordance with the Code, no depreciation is charged upon them.

Fair Value Hierarchy

All of the Council's investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes.

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value for the investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Valuation Process for Investment Properties

The Council's investment properties have been valued as at 31st March 2023 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

13. Leases

Finance Lease where the Council is Lessee

The Council holds Wymondham leisure centre under a finance lease which is accounted for as an operational asset under property, plant and equipment as part of its non-current assets. A peppercorn rent is payable for this lease to Norfolk County Council, which began in 1993 for a lease term of 125 years. As at the 31 March 2024 the value of this asset was £11,702,000.

	Net Book Value as at 31 March 2022	Additions 2022/23	Depreciation 2022/23	Revaluations 2022/23	Net Book Value as at 31 March 2023
	£000s	£000s	£000s	£000s	£000s
Leisure Centre	11,177	133	(164)	296	11,442
Total Property, Plant & Equipment	**11,177**	**133**	**(164)**	**296**	**11,442**

	Net Book Value as at 31 March 2023	Additions 2023/24	Depreciation 2023/24	Revaluations 2023/24	Net Book Value as at 31 March 2024
	£000s	£000s	£000s	£000s	£000s
Leisure Centre	11,442	54	(172)	378	11,702
Total Property, Plant & Equipment	**11,442**	**54**	**(172)**	**378**	**11,702**

Operating Leases where the Council is Lessee

Lessor

With regard to the Council's activity as a lessor, some of its properties and surplus land are held by tenants under operating leases. Rentals received are shown below:

	2022/23 £000s	2023/24 £000s
Land	6	10
Car Parks	56	56
Other Buildings	0	97
Total Rentals Received	**62**	**163**

The gross value of assets held and leased out under operating leases was £647,300.

The Council leases out property under operating leases for the following purposes:
- for economic development purposes to provide local business with affordable premises and agricultural land to local farmers.
- for the provision of community services such as town council premises, garage/garden plots etc.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2023 £000s	31 March 2024 £000s
Not later than 1 year	55	55
Later than 1 year but not later than 5 years	205	168
Later than 5 years	646	628
Total Payments Receivable	**906**	**851**

14. Investments in Associates and Joint Ventures

Big Sky Living Group

The Council owns 100% of the shares in its subsidiary Big Sky Ventures Ltd, the parent company of Big Sky Developments Ltd and Big Sky Property Management Ltd. The results of the Big Sky Group are consolidated into the Council’s Group Accounts on a line-by-line basis.

The accounts of Big Sky Ventures Ltd and its subsidiaries have been prepared using similar accounting policies and practices to that of the reporting authority and there are no material differences to be reported. All entities share the same year end of 31st March.

The following companies reported the following results for the year ended 31st March 2024:

- **Big Sky Ventures Ltd –** This is the top-level holding company for Big Sky Developments Ltd and Big Sky Property Management Ltd. The Council is sole shareholder of this company which in turn is sole owner of the other companies in the group.
  The results for the year show a loss of £692,215 (2022/23: profit before tax of £889,282) with net assets of £7,938,430 (2022/23: £8,630,645).
  The group accounts of this company are consolidated into the Council's group accounts.

- **Big Sky Developments Ltd –** This is a property development company and was formerly named Rosebery Park Developments Limited.
  The results for the year show a loss of £892,596 (2022/23 profit of £586,773), with net assets of £3,833,376 (2022/23 £4,725,972).

- **Big Sky Property Management Ltd –** This company primarily manages properties retained for private sector rental.
  The results for the year show a loss of £204,052 (2022/23 profit of £305,290), with net assets of £4,120,302 (2022/23 £3,916,250).

Norfolk Environmental Credits

The Council owns 25% of the shares in its joint venture Norfolk Environmental Credits Limited.

The accounts of Norfolk Environmental Credits share the same year end of 31st March 2024 and have been prepared using similar accounting policies and practices to that of the reporting authority. The results for the year show a loss of £8,990, with net assets of -£87,087.

15. Financial Instruments

Categories of Financial Instruments

The following categories of Financial Instruments are carried in the Balance Sheet.

Note 15.1a Long Term Financial Assets	Non-Current: Investments March 2024 £000s	Non-Current: Investments March 2023 £000s	Non-Current: Debtors March 2024 £000s	Non-Current: Debtors March 2023 £000s	Totals March 2024 £000s	Totals March 2023 £000s
Financial Assets						
Amortised cost	-	-	661	666	661	666
Fair Value through other comprehensive income and expenditure	25	25	-	-	25	25
Total Long Term Financial Assets	**25**	**25**	**661**	**666**	**686**	**691**
Non-financial assets	6,595	6,704	-124	20,120	6,471	26,824
Total Long Term Assets	**6,620**	**6,729**	**537**	**20,786**	**7,157**	**27,515**

Note 15.1b - Current Financial Assets	Current: Investments March 2024 £000s	Current: Investments March 2023 £000s	Current: Debtors March 2024 £000s	Current: Debtors March 2023 £000s	Totals March 2024 £000s	Totals March 2023 £000s
Financial Assets						
Amortised cost	55,755	48,745	25,024	25,450	80,779	74,195
Total Current Financial Assets	**55,755**	**48,745**	**25,024**	**25,450**	**80,779**	**74,195**
Non-financial assets	-	-	-	-	-	-
Total Current Assets	**55,755**	**48,745**	**25,024**	**25,450**	**80,779**	**74,195**
Total Assets	**62,375**	**55,474**	**25,561**	**46,236**	**87,936**	**101,710**

Note 15.2a Long Term Financial Liabilities	Non-Current Borrowings March 2024 £000s	Non-Current Borrowings March 2023 £000s	Non-Current Creditors March 2024 £000s	Non-Current Creditors March 2023 £000s	Totals March 2024 £000s	Totals March 2023 £000s
Financial Liabilities						
Amortised cost	20,000	20,000	2,589	4,056	22,589	24,056
Total Long Term Liabilities	**20,000**	**20,000**	**2,589**	**4,056**	**22,589**	**24,056**

Note 152b Current Financial Liabilities	Current Borrowings March 2024 £000s	Current Borrowings March 2023 £000s	Current Creditors March 2024 £000s	Current Creditors March 2023 £000s	Totals March 2024 £000s	Totals March 2023 £000s
Financial Liabilities						
Amortised cost	-	-	7,909	5,192	7,909	5,192
Total Current Liabilities	**-**	**-**	**7,909**	**5,192**	**7,909**	**5,192**
Total Liabilities	**20,000**	**20,000**	**10,498**	**9,248**	**30,498**	**29,248**

The Financial Assets include equity invested in shareholding companies incorporated by the Council (Big Sky Ventures Group). The equity shares are non-elected and are therefore categorised as Fair Value through Profit and Loss. Elected shares would be at Fair Value Other Comprehensive Income.

Where financial assets are solely payments of principal and interest, these are categorised at Amortised cost.

The above figures do not include Pension Liability which is already disclosed in Note 32.

Financial liabilities are accounted for at amortised cost unless they are held for trading. The Council does not hold any such debt instruments.

The Council has granted a number of soft loans. The calculation of the fair value of these loans are arrived at by discounting the loans over their life by an interest rate based on PWLB rates, resulting in the following fair values:

	Loan value £000s	Fair value £000s	Discount rate
Long Stratton Parish Council	104	74	2.16%
Big Sky Developments Ltd	2,000	2,000	2.21%
Big Sky Developments Ltd	3,440	3,440	2.09%
Wicklewood Parish Council	21	21	2.17%

Fair Values of Assets

Some of the Council's assets are measured at fair value on a recurring basis. The fair value hierarchy for categorising instruments is as follows:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Assets Fair Value Hierarchy	**Fair Value Hierarchy**	**Amount £'000**
Equity shareholding in Big Sky Ventures Ltd	Level 3	£6,595
Equity shareholding in LGA Municipal Bonds Agency	Level 3	£25

There have been no transfers between input levels during the year and no changes in valuation techniques.

The fair values of the items in table 14.1 and 14.2 above are equal to the carrying amounts shown within the table.

	31 March 2024		**31 March 2023**	
Note 15.3 Fair Value disclosures Financial Liabilities	**Carrying Amount £000s**	**Fair Value £000s**	**Carrying Amount £000s**	**Fair Value £000s**
PWLB Debt	20,000	13,529	20,000	14,227
Total Financial Liabilities	**20,000**	**13,529**	**20,000**	**14,227**

Income Expenses Gains and Losses

	31-Mar-24		**31-Mar-23**	
Note 15.4 Income, Expense, Gains and Losses	**Surplus or Deficit on Provision of Services £000s**	**Other Comprehensive Income and Expenditure £000s**	**Surplus or Deficit on Provision of Services £000s**	**Other Comprehensive Income and Expenditure £000s**
Interest Revenue:				
Financial Assets measured at amortised cost	(3,291)	-	(1,470)	-
Investment Income /Interest	-	(1,197)	-	(1,511)
Interest Expense	(648)	-	(565)	-
Total Interest revenue	**(3,939)**	**(1,197)**	**(2,035)**	**(1,511)**

16. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks.

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Council. Credit risk arises from deposits with banks and financial institution as well as credit exposures to the Council's customers.

The risk is minimised through the Annual Investment Strategy. The Annual Investment Strategy for 2023/24, approved by members at Cabinet on 22 February 2023, set the criteria determining the counterparties regarded as suitable for investment purposes.

The rating criteria used by the Council, and supplied by the three Credit Rating Agencies, is that of the lowest common denominator method of selecting counterparties and applying limits. During 2023/24, deposits were made with banks and financial institutions that were either rated independently with a minimum score of A- or equivalent and had a sovereign rating minimum of AA or AAA for non UK sovereigns. In accordance with the counterparty list a maximum of £10 million of the Council's Investments were deposited in excess of 1 year and up to 2 years. The Council has a policy of not lending more than £12.5 million to one institution at any one time. This limit with the approval of the Section 151 Officer and Members can be exceeded if necessary.

Amounts Arising from Expected Credit Losses

The following inputs, assumptions and estimation techniques have been used in calculating impairment loss allowances:

The expected credit loss (ECL) model applies only to contractual financial assets measured at amortised cost in respect of this Council (or Fair Value at Other Comprehensive Income if applicable). For loans and investments, the loss allowance is equal to 12 Months expected credit losses unless credit loss has increased significantly in which case its equal to lifetime ECL's. There are no significant impairment losses expected within the Council's model for managing impairment, therefore a provision for losses has not been made during the year due to low materiality. The following table shows that the Council's ECL model has calculated expected credit losses for the year to be £6,202 and is not material.

Borrower	Principal £'000	Historic Risk of default	Expected Credit Loss £
Barclays Bank (NRFB)	5,900	0.000%	7
Lloyds Bank Plc (RFB)	5,000	0.000%	6
MMF Federated Investors (UK)	10,000	-	-
National Bank of Kuwait (International) Plc	3,000	0.000%	15
First Abu Dhabi Bank PJSC	2,000	0.006%	118
Standard Chartered Bank (ESG)	2,000	0.011%	225
First Abu Dhabi Bank PJSC	3,000	0.006%	182
Standard Chartered Bank (ESG)	2,000	0.017%	334

Borrower	Principal £'000	Historic Risk of default	Expected Credit Loss £
Goldman Sachs International Bank	3,000	0.020%	603
Lloyds Bank Corporate Markets Plc (NRFB)	2,000	0.020%	402
Standard Chartered Bank (ESG)	3,000	0.022%	647
Qatar National Bank	3,000	0.022%	672
Lloyds Bank Corporate Markets Plc (NRFB)	1,000	0.028%	282
National Bank of Kuwait (International) Plc	2,000	0.028%	564
National Bank of Kuwait (International) Plc	3,000	0.031%	934
Qatar National Bank	2,000	0.039%	775
Landesbank Hessen-Thueringen Girozentrale (Helaba)	1,000	0.044%	436
Total	**52,900**		**6,202**

The Council has no past experience of default on any classes of its surplus funds deposited with financial institutions.

The Council does not generally extend credit to its customers beyond 30 days. At 31 March 2024, of the total debtor balances of £1.800 million (2022/23: £3.796 million), the past due amount was £1,013,799 (2022/23: £982,000) and can be analysed by age as follows:

Note 14.5 Customer debts	**31 March 2024 £000s**	**31 March 2023 £000s**
Customer debts		
Less than three months	167	75
More than three months	847	907
Total	**1,014**	**982**

These figures exclude £185,935 of past due debts in relation to the Community Infrastructure Levy (CIL), since this is a statutory charge on property developments in the district. Most of the CIL debts are being paid in agreed instalments.

Liquidity risk

Liquidity Risk is the possibility that the Council might not have funds available to meet its commitments to make payments.

As the Council has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments.

Market Risk

Market Risk is the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Interest rate risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council. For example, an increase in interest rates would have the following effect:

Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
Investments at fixed rates – the fair value of the assets will fall.

The finance team have an active strategy for assessing interest rate exposure that feeds into setting the annual and revised budgets, which allows for positive or adverse changes to be accommodated.

Price Risk

The Council does not invest in equity shares traded on the open market, so is not exposed to price risk.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies so has no exposure to losses arising from movements in exchange rates.

17. Long Term Investments

	31 March 2023 £000s	31 March 2024 £000s
Other Local Authorities and Public Bodies	25	25
Council owned companies	6,704	6,595
Total Long Term Investments	**6,729**	**6,620**
Eliminate Council owned companies' investments	(6,704)	(6,595)
Group Long Term Investments	**25**	**25**

18. Long Term Debtors

	31 March 2023 £'000	31 March 2024 £'000
Housing Renewal Loans	567	563
Loans to Parish Councils	79	78
Loans to Council owned companies	19,996	16,993
Housing benefit overpayment debt	769	0
Community Infrastructure Levy	(885)	0
Works in Default	20	21
Total Long Term Debtors	**20,546**	**17,654**
Elimination of inter-company balances	(19,996)	(16,993)
Group Long Term Debtors	**550**	**661**

19. Short Term Debtors

	31 March 2023 £'000	31 March 2024 £'000
Trade debtors	3,498	4,536
Community Infrastructure Levy	2,622	(44)
Local ratepayers - Council Tax and Business Rates (Council share)	748	1,274
Council owned companies (non-trade transactions)	12,181	2,965
Housing benefit overpayment debt	83	814
Other Entities and Individuals	6,407	12,835
Less: Provision for Debt Impairment	(676)	(686)
Total Short Term Debtors	**24,863**	**21,694**
Elimination of inter-company balances	(12,924)	(5,561)
Consolidate Council owned companies' debtors	1,178	2,382
Group Short Term Debtors	**13,117**	**18,515**

The past due but not impaired amount for total local taxation (Council Tax and Non-Domestic Rates) can be analysed by age as follows:

	NNDR Debtors		Council Tax Debtors	
	31 March 2023 £000s	31 March 2024 £000s	31 March 2023 £000s	31 March 2024 £000s
Less than three months	125	388	439	827
Three to six months	11	4	38	8
Six months to one year	11	0	38	0
More than one year	44	19	155	33
Totals	**191**	**407**	**670**	**868**

20. Short Term Investments

The capital receipts resulting from the transfer of the Council's housing stock to the Saffron Housing Association and other receipts generated from asset sales together with working capital, has enabled short term investments to be made in various financial institutions of £38,236,000 as at 31 March 2024 (£29,771,000 as at 31 March 2023).

21. Inventories

	Restated 31 March 2023 £000s	31 March 2024 £000s
Single Entity Total Inventories	64	67
Consolidate companies' inventories	22,009	15,794
Group Inventories	**22,073**	**15,861**

22. Short Term Creditors

	31 March 2023 £'000	31 March 2024 £'000
Community Infrastructure Levy	(4,171)	(1,194)
Advance Maintenance Fees (s106 monies)	(55)	(356)
DLUHC Business Rates Creditor	(2,305)	(1,457)
Norfolk CC Council Tax/Business Rates Creditor	(2,156)	(1,675)
Grants received in advance	(1,097)	(325)
Other Entities and Individuals	(8,530)	(13,551)
Total Short Term Creditors	**(18,314)**	**(18,558)**
Elimination of inter-company balances	12,596	5,561
Consolidate Council owned companies' creditors	(15,246)	(5,880)
Group Short Term Creditors	**(20,964)**	**(18,877)**

23. Provisions

The Provisions figure relates to an estimate of the outcome of appeals against Business Rates assessments. This is classified as being due within 1 year.

The Provisions figure has increased by £3.2m as there have been large appeals submitted in the past year.

24. Long Term Creditors

Included here are payments received from developers of housing estates transferring the responsibility for the upkeep of grassed areas to the Council. These sums are transferred to the General Fund over ten years to offset the costs incurred.

	31 March 2023 £'000	31 March 2024 £'000
Maintenance of grassed areas	(748)	(562)
Other Entities and Individuals	(50)	(50)
Total Long Term Creditors	**(798)**	**(612)**

25. Unusable Reserves

Unusable reserves are those reserves which cannot be used to fund expenditure or to reduce Council Tax.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant & Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2022/23 £000s	2023/24 £000s
Balance at 1 April	**10,462**	**10,891**
Upward Revaluation of Assets	641	520
Downward Revaluation of Assets and Impairment losses not charged to the Provision of Services	(110)	(593)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	531	(74)
Difference between fair value depreciation and historical cost depreciation	(102)	(110)
Balances written out of Reserve on disposal of assets	0	(31)
Amount written off to the Capital Adjustment Account	(102)	(140)
Balance at 31 March	**10,891**	**10,677**

Pensions Fund Reserve

The Pensions Fund Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are due to be paid.

	2022/23 £'000	**2023/24 £'000**
Balance at 1 April	(67,308)	(15,326)
Actuarial Gains / (Losses) on pensions assets and liabilities	57,126	10,186
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(9,048)	(4,082)
Employer's pension contributions & direct payments to pensioners in the year	3,904	4,149
Balance at 31 March	(15,326)	(5,073)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition or enhancement of those assets under statutory provisions.

The account is charged with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition and enhancement.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2022/23 £000s	2023/24 £000s
Balance at 1 April	**62,644**	**59,635**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for Depreciation and Impairment of non-current assets	(1,683)	(1,855)
Amortisation of Intangible Assets	(121)	(160)
Revenue Expenditure Funded From Capital Under Statute	(2,130)	(4,204)
Revaluation gains/(losses) on Property, Plant and Equipment	(253)	(4,350)
Revaluation gains/(losses) on Investment Properties	(373)	203
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(26)	(623)
	(4,586)	(10,989)
Adjusting amounts written out of the Revaluation Reserve	102	110
Net written out amount of the cost of non-current assets consumed in the year	(4,484)	(10,879)
Capital financing applied in the year:		
Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,851	8,267
Capital Expenditure charged against the General Fund Balance	572	102
Adjustment to CAA		35
NRP Enterprize Zone Loan Repaid	73	189
Statutory provision for financing of capital investment against the General Fund	0	549
Big Sky Loan Repaid	(2,000)	0
Home Improvement Loans Repaid	(21)	(35)
	1,475	9,106
Balance at 31 March	**59,635**	**57,862**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of local taxation income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying amounts to the General Fund from the Collection Fund.

26. Members Allowances

Payments to members for allowances and committee attendance expenses were £381,851 (2022/23 £362,592) and are included within the 'Governance and Business Support' line of the Comprehensive Income & Expenditure Statement.

27. Officers' Remuneration

The following table shows the remuneration of senior employees whose salaries are more than £50,000 per year. Senior employees are those that have the power to direct or control the major activities of the Council.
No bonuses have been paid to any senior officer in either year.

South Norfolk Council (SNC) and Broadland District Council (BDC) share a joint Senior Management Team. The employees detailed below therefore work across the two authorities and the costs are shared.

2023/24	Employing Authority	Salary incl. fees, allowances & performance related pay £	Compensation for loss of office £	Employers pension contributions £	Total remuneration including employers' pension contributions £	SNC Share Total remuneration including employers pension contributions £
Managing Director	BDC	179,649	0	26,330	205,979	113,288
Director – Resources	SNC	99,727	0	14,959	114,686	63,077
Director – Place	BDC	99,727	0	14,959	114,686	63,077
Director - People and Communities	SNC	99,727	0	13,922	113,649	62,507
Assistant Director - Transformation and ICT/Digit	SNC	72,255	0	10,838	83,093	45,701
Assistant Director - Regulatory	SNC	72,048	0	10,807	82,855	45,570
Assistant Director – Planning (left 01/04/24)	SNC	72,882	0	10,932	83,814	46,098
Assistant Director – Planning (started 18/03/24)	SNC	2,893	0	434	3,327	1,830
Assistant Director - Individuals & Families	SNC	72,048	0	10,807	82,855	45,570
Assistant Director - Finance	BDC	77,543	0	11,631	89,174	49,046
Assistant Director - Economic Growth	BDC	74,626	0	11,194	85,820	47,201
Assistant Director - Community Services	BDC	72,048	0	10,807	82,855	45,570
Assistant Director - Chief of Staff	SNC	78,188	0	11,728	89,916	49,454

2022/23	Employing Authority	Salary incl. fees, allowances & performance related pay £	Compensation for loss of office £	Employers pension contributions £	Total remuneration including employers pension contributions £	SNC Share Total remuneration including employers pension contributions £
Managing Director	BDC	173,573	0	26,036	199,609	109,785
Director – Resources	SNC	96,855	0	14,528	111,383	61,261
Director – Place	BDC	95,855	0	14,378	110,233	60,628
Director - People and Communities	SNC	95,855	0	13,341	109,196	60,058
Assistant Director - Transformation and ICT/Digit	SNC	69,312	0	10,397	79,709	43,840
Assistant Director - Regulatory	SNC	69,312	0	10,397	79,709	43,840
Assistant Director - Planning	SNC	69,312	0	10,397	79,709	43,840
Assistant Director - Individuals & Families	SNC	72,312	0	10,847	83,159	45,737
Assistant Director - Finance	BDC	74,621	0	11,193	85,814	47,198
Assistant Director - Economic Growth	BDC	72,602	0	10,890	83,492	45,921
Assistant Director - Community Services	BDC	69,312	0	10,397	79,709	43,840
Assistant Director - Chief of Staff	SNC	74,621	0	11,193	85,814	47,198

The number of employees whose total remuneration (excluding employer's pension contributions) was £50,000 or more in bands of £5,000 was.

Remuneration Band	**2022/23**	**2023/24**
£50,000 to £54,999	13	19
£55,000 to £59,999	3	9
£60,000 to £64,999	0	1
£65,000 to £69,999	3	1
£70,000 to £74,999	2	4
£75,000 to £79,999	0	1
£95,000 to £99,999	2	2
Total	**23**	**37**

Remuneration bands are shown by employing Authority, before recharges, and are exclusive of Compensation for Loss of Office.

Big Sky Developments Ltd and Big Sky Property Management Ltd

In 2023/24, the remuneration of senior employees who have the power to direct or control the major activities of the companies, in particular activities involving the expenditure of money, and whose annual salaries were between £50,000 and £150,000 were as per the table below. Disclosed are annualised salaries of £50,000 or more: amounts paid are shown below.

Role	Financial Year	Salary £	Expenses £	Total Remuneration (Excl. Pension Contributions) £	Pension Contributions £	Total Including Pension Contributions £
Development Director	2023/24	74,863	0	74,863	0	74,863
Development Director	2022/23	98,163	0	98,163	0	98,163

Exit Packages 2023/24

The number of exit packages with total cost per band, and the total cost of the compulsory and other redundancies are set out in the table below.

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £000s
Under £50,000	1	3	4	10
Total cost included in bandings				10
Amounts provided for in Comprehensive Income and Expenditure Statement not included in bandings				-
Total cost included in Comprehensive Income and Expenditure Statement				10

Exit Packages 2022/23

The number of exit packages with total cost per band, and the total cost of the compulsory and other redundancies are set out in the table below.

Exit Package Cost Band	Number of compulsory redundancies	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
Under £50,000	7	9	67
Total cost included in bandings			67
Amounts provided for in Comprehensive Income and Expenditure Statement not included in bandings			-
Total cost included in Comprehensive Income and Expenditure Statement			67

28. External Audit Costs

Ernst & Young LLP have been appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors and PSAA sets a scale for external audit fees.
Without the distortions of payments to auditors falling in different financial years, the proposed scale level of audit fees payable are as follows.

	2022/23 £'000	2023/24 £'000
External audit services carried out by the appointed auditor (scale fee)	53	159
Certification of grant claims and returns	TBC	TBC

29. Grant Income

	2022/23 £'000	2023/24 £'000
Revenue Grants Credited to Taxation and Non-Specific Grants		
Business Rates Retention Scheme	(3,208)	(4,340)
Revenue Support Grant	-	(249)
New Homes Bonus Scheme	(2,093)	(778)
Rural Services Delivery Grant	(299)	(334)
Services Grant	(215)	(126)
Lower Tier Services Grant	(1,175)	-
Funding Guarantee Grant	-	(2,529)
Council Tax Support Fund	-	(181)
Other	(201)	(87)
	(7,192)	(8,625)
Capital Grants Credited to Taxation and Non-Specific Grants		
Local Authority Housing Fund (LAHF)	-	(2,856)
Decarbonisation Grant	-	(1,638)
EMB Building	-	(683)
Other	(1,082)	(2,319)
	(1,082)	(7,496)
Revenue Grants Credited to Services		
Housing Benefit Subsidy	(17,023)	(17,110)
Housing Benefit & Council Tax Support Admin Grant (22/23 only)	(360)	(218)
Energy Rebate Grants	(162)	(73)
Energy Rebate Grants - Agency Basis	(7,582)	(218)
Homelessness Grants	(492)	(630)
Household Support Fund	(182)	(222)
Business Rates Cost of Collection	(178)	(180)
Health & Wellbeing Partnership	(279)	(23)
Shared Prosperity Fund	(44)	(274)
Ukraine Support Funding	(447)	(785)
Covid Grants	(57)	-
Other Grants	(570)	(399)
	(27,375)	(20,133)
Capital Grants Credited to Services		
Disabled Facilities Grants	(1,311)	(1,246)
Other Capital Grants	(562)	(1,226)
	(1,873)	(2,472)
Total Grant Income	**(37,522)**	**(38,726)**

30. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides substantial funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g., Council Tax bills, Housing Benefits). Grants received from government departments are set out in Grants Note 29.

Members & Chief Officers

Members of the Council have direct control over the Council's financial and operating policies. Members Allowances paid during the year to 31st March 2024 are disclosed in Note 26.

Forms were sent to all Members of the Council and those Officers in key management posts to declare any related party transactions existing during the year.

The following related party transactions existed during the year to 31 March 2024:

- Members are provided with individual Ward Member budgets of £1,000 annually to spend within their ward.

In all instances, grants and contributions were made with proper consideration of the declarations of interest. The relevant Members and Officers did not take part in any discussion or decision relating to them, except in relation to grants from Ward Member budgets.

The Council controls the following companies through 100% ownership of the share capital in Big Sky Ventures Ltd which acts as a holding company for: Big Sky Developments Ltd and Big Sky Property Management Ltd.

Two Members of the Council were Directors of Big Sky Ventures Ltd. The Managing Director of South Norfolk Council was a Director of Big Sky Ventures Ltd, Big Sky Developments Ltd and Big Sky Property Management Ltd.

Detailed 'Related Party' transactions are disclosed in the individual accounts of these companies. Group Accounting details and senior officer remuneration are disclosed.

As of 31 March 2024, South Norfolk Council held £6.47 million in equity in Big Sky Ventures Ltd. It had outstanding loans to Big Sky Developments Ltd of £16.96 million and to Big Sky Property Management Ltd of £3.16 million. The Council charges a commercial rate of interest on each loan, that can vary to reflect the level of risk and asset base of each company.

During 2023/24, the Council was due to receive £1,070,836 in interest from Big Sky Developments Ltd and £126,392 in interest from Big Sky Property Management Ltd.

During 2023/24, the Council made payments of £234,190 to Big Sky Property Management Ltd, principally for services relating to the Council's own commercial properties, project management and its property maintenance scheme.

The Council is collaborating with Broadland District Council with all officers now serving both Councils and sharing a single officer structure.

In October 2014, South Norfolk District Council entered into a joint venture agreement with Norse Environmental Waste Services Limited (NEWS), a subsidiary of Norse Group, to provide recycling sorting and processing. There is currently one member of the council appointed as a Director of NEWS. The company provides services to the seven second tier Norfolk councils and Norfolk County Council Household Waste Recycling Centres. Payments to NEWS for the year amounted to £1,139,038 (£565,322 in 2022/23). The joint venture is set up to allow the districts a 7% income from any profit the company makes and potential income from the sale of materials once a set amount of income is made.

South Norfolk District Council works in partnership with Norwich City Council, Broadland District Council and Norfolk County Council as the Greater Norwich Development Partnership to deliver large-scale projects that transcend authority boundaries. Contributions are made from the Authority's Community Infrastructure Levy (CIL) income into the Infrastructure Investment Fund to support the Greater Norwich Growth Board's Strategic Infrastructure Programme. A total of £3,293,273 was paid during 23/24, of which £1,585,457 related to activity taking place during 2023/24. A further £752,710 was paid in April 2024 in respect of CIL due for 2023/24 activities.

<u>Other Public Bodies</u>

The Authority derives most of its funding from the UK Government. The Authority's relationships with central Government and other local government bodies fall within the scope of usual activities between such organisations.

South Norfolk Council pays levies to three Internal Drainage Boards (IDB's) in the district; Waveney, Lower Yare and Lothingland IDB, Broads IDB and Norfolk Rivers IDB. These levies are determined by the boards of these organisations. Although members of the Council represent the Authority on these boards, they do not have a controlling influence on their decisions, and the Authority is compelled under statute to pay the levy demanded. The total levies paid to the IDB's in 2023/24 amounted to £216,625 (2022/23 £197,196).

31. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	2022/23 £000s	2023/24 £000s
Opening capital financing requirement	**19,735**	**25,757**
Capital Investment:		
Tangible Fixed Assets	6,801	12,555
Investment Properties	111	0
Intangible Fixed Assets	403	787
Revenue Expenditure Funded from Capital under Statute	2,930	4,204
	10,245	**17,546**
Sources of Finance:		
Capital Receipts	0	(176)
MRP	0	(549)
Repayment of loans fund advances	0	(11,440)
Revenue Contributions	(1,372)	(102)
Grants & Contributions	(2,851)	(8,105)
	(4,223)	**(20,372)**
Closing Capital Financing Requirement	**25,757**	**22,931**

Revenue Expenditure Funded from Capital Under Statute

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

	2022/23			2023/24		
	Expenditure	**Grants Received**	**Expenditure funded from other sources**	**Expenditure**	**Grants Received**	**Expenditure funded from other sources**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Improvement Grants	1,311	(1,311)	0	1,309	(1,162)	147
Section 106	748	(748)	0	383	(383)	0
Hethel Infrastructure	70	0	70	85	0	85
Loddon Bridge Works	1	0	1	1	0	1
Harleston Public Realm Works	800	0	800	106	(106)	0
East Wymondham Green	0	0	0	50		50
Rural Prosperity Fund	0	0	0	113	(113)	0
Queens Hill Community Park (GNGB Co-funded)	0	0	0	6		6
Easton Village Hall	0	0	0	1,000	(555)	445
Shared Prosperity Fund	0	0	0	51	(50)	1
Venta Icenorum (Caister St Edmond) (GNGB Co-funded)	0	0	0	70	0	70
Tennis Refurb GNGB funded	0	0	0	4	0	4
Colney Roundabout Contribution	0	0	0	133	0	133
Changing Places (Disabled Public Conveniences)	0	0	0	40	0	40
Co-Investment Grant Fund (Matched funding from Parishes)	0	0	0	853	0	853
	2,930	**(2,059)**	**871**	**4,204**	**(2,369)**	**1,835**

32. Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not be payable until employees retire, the Authority has a commitment to make payments that needs to be disclosed at the time that employees earn their future entitlement.

Employees may participate in the Norfolk Pension Fund. The fund is administered by Norfolk County Council in accordance with the Local Government Pension Scheme Regulations 1997 as amended and is a defined benefit salary scheme. The scheme is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension fund's liabilities with investment assets. Contributions to the scheme are determined by the Fund's actuary on a triennial basis.

Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the net cost of services within the Income and Expenditure account when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge to council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have appeared in the core financial statements.

	2022/23 £000s	2023/24 £000s
Comprehensive Income and Expenditure Statement		
Service Cost:		
Cost of Services		
Current service cost	(7,162)	(3,372)
(Gain)/loss from settlements		
Past service costs/(gain)	(27)	
Financing and Investment Income and Expenditure		
Net interest expense	(1,860)	(710)
Total Post-employment Benefits charged to the Surplus or (Deficit) on the Provision of Services	**(9,049)**	**(4,082)**
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the new defined benefit liability comprising:		
Actuarial gains and losses arising on changes in demographic assumptions	1,042	730
Actuarial gains and losses arising on changes in financial assumptions	70,418	7,777
Other experience	(10,147)	(4,048)
Return on plan assets (excluding the amount included in the net interest expense)	-4,186	5,727
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	**57,127**	**10,186**
Total post-employment benefits charged / (credited) to the Comprehensive Income & Expenditure Statement		
Movement in Reserves Statement		
Reversal of net changes made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	(9,049)	(4,082)
Employers' contributions payable to the scheme	(3,904)	(4,149)
Pensions Assets and Liabilities Recognised in the Balance Sheet		
Present value of the defined benefit obligation	124,032	125,535
Fair value of plan assets	(108,706)	(120,462)
Net liability arising from defined benefit obligation	15,326	5,073

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of fair value of the scheme assets:	2022/23 £000s	2023/24 £000s
Opening fair value	108,839	108,706
Interest Income	2,951	5,183
Remeasurement gain / (loss): Return on assets, excluding amounts included in net interest	(4,186)	5,727
Employer contributions	3,904	4,149
Contributions from scheme participants	980	1,076
Benefits Paid	(3,782)	(4,379)
	108,706	120,462

Reconciliation of present value of the scheme liabilities:	2022/23 £000s	2023/24 £000s
Opening Balance	176,147	124,032
Current Service Cost	7,162	3,372
Past Service Costs (Gains)	27	0
Interest Cost	4,811	5,893
Contributions from scheme participants	980	1,076
Actuarial gains / (losses) arising from changes in demographic assumptions	(1,042)	(730)
Actuarial gains / (losses) arising from changes in financial assumptions	(70,418)	(7,777)
Other experience gains / (losses)	10,147	4,048
Benefits Paid	(3,782)	(4,379)
At 31 March	124,032	125,535

The pension scheme assets consist of the following:

	Fair value of scheme assets 2022/23 £000s	% of total assets	2023/24 £000s	% of total assets
Equity instruments:				
By industry type				
Consumer	0	0.0%	0	0.0%
Manufacturing	0	0.0%	0	0.0%
Energy and utilities	0	0.0%	0	0.0%
Financial institutions	0	0.0%	0	0.0%
Health and care	0	0.0%	0	0.0%
Information Technology	0	0.0%	0	0.0%
Other	0	0.0%	0	0.0%
Sub-total equity	0		0	
Debt securities:				
UK Government	934	1.0%	3,010	2.0%
	934		3,010	
Property:				
By type				
UK property	9,408	9.0%	9,013	7.0%
Overseas property	1,616	1.0%	1,360	1.0%
Sub-total property *	11,024		10,373	
Private equity:				
All	10,386	10.0%	15,167	13.0%
Sub-total private equity *	10,386		15,167	
Investment Funds and Unit Trusts:				
Equities	51,697	47.0%	51,234	43.0%
Bonds	20,969	19.0%	22,964	19.0%
Infrastructure	12,211	11.0%	13,737	11.0%
Other	0	0.0%	0	0.0%
Sub-total other investment funds	84,877		87,935	
Derivatives:				
Foreign Exchange	(330)	0.0%	2,144	2.0%
Other	0	0.0%	0	0.0%
	(330)		2,144	
Cash and Cash Equivalents:				
All	1,815	2.0%	1,832	2.0%
	1,815		1,832	
Total assets	108,706		120,462	

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Hymans Robertson, an independent firm of actuaries. Estimates are based on the latest full valuation of the scheme as at 31 March 2024.

The principal financial assumptions are summarised below:

	31 March 2023 % per annum	31 March 2024 % per annum
Pension Increase Rate (CPI)	2.95	2.75
Salary Increase Rate	3.65	3.45
Discount Rate	4.75	4.85

Mortality rates are based on recent analyses of actual case histories to determine a reasonable estimate of life expectancy. The average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.6 years	24.2 years
Future Pensioners	22.4 years	26 years

A commutation allowance is included for future retirements to elect to take 45% of the maximum additional tax-free cash up to HMRC limits.

The estimate of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in Assumptions at year ended 31 March 2024	Approximate % increase to Employer Liability	Approximate Monetary Amount £'000
0.1% increase in the Salary Increase Rate	0%	98
1 year increase in member life expectancy	4%	5,021
0.1% increase in the Pension Increase Rate	2%	2,420
0.1% decrease in Real Discount Rate	2%	2,473

Impact on the Council’s Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2016. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council is anticipated to pay £4,096,000 expected contributions to the scheme in 2024/25.

Further information can be found in the Norfolk Pension Fund Annual Report, which is available on request from: Department of Finance & Information, Norfolk County Council, County Hall, Martineau Lane, Norwich, NR1 2DW.

Virgin Media Judgement upheld by Court of Appeal

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, South Norfolk Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

33. Contingent Assets and Liabilities

Contingent Assets

On 17th February 2023, the Authority submitted a claim against a law firm and is seeking costs for negligence / breach of a S106 agreement retainer, relating to the negotiation and completion of a S106 legal agreement. The total claim is for £1,050,000, however only half of this would be due to SNC.

Contingent Liabilities

The Authority is currently in the middle of defending a planning appeal at a public Inquiry.
This is incurring significant legal fees for the Authority, and it is likely that we will submit a claim for recovery of some of our costs.
However, particularly if the findings of the inquiry go against the Authority, then there is a potential exposure to a cost claim from the appellant, potentially in the order of £250,000 to £500,000.

The Planning Guarantee under the Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) Regulations 2012 requires that certain planning application fees must be refunded to an applicant where a valid application has not been determined within 26 weeks, unless an extension of time has been agreed in writing by the applicant and the local authority.

A number of planning applications are currently held up due to Nutrient Neutrality requirements and extensions of time are required, as otherwise the applications would need to be refused.
As such we do not believe that there are many cases where applicants would ask for the fee to be returned, however this is a potential liability.

34. Community Infrastructure Levy (CIL)

Broadland District Council, Norwich City Council and South Norfolk Council have adopted and implemented their own Community Infrastructure Levy (CIL) schemes and agreed to pool a significant proportion of their CIL income.

On 21 October 2015, an agreement including Norfolk County Council was signed to pool the CIL income (excluding the neighbourhood element and the proportion retained to cover administrative costs) to support the Greater Norwich Growth Board's Strategic Infrastructure Programme. Norfolk County Council, designated the accountable body in the agreement, established the Infrastructure Investment Fund from the CIL income it has received from each of the authorities.

At 31 March 2024, the Infrastructure Investment Fund had a cash balance of £32.882m which will be used to support projects.

35. Going Concern

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2026, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

The Council's most recent year end balances are reported in the Movement in Reserves Statement.

The expected General Fund and Earmarked Reserve position is predicted to remain above the minimum level set by the Council's Assistant Director of Finance (s151 officer) throughout the going concern period.

The cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing (except as planned for to fund the capital programme).

The key assumptions within this forecast included for example that central Government funding remains in line with current levels. We have considered a downside scenario where central Government funding falls, and the above projections would not be significantly affected with both minimum levels of reserves and liquidity remaining through the same period.

On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

36. Authorised for Issue

The Statement of Accounts was authorised for issue by the Assistant Director of Finance on 21 February 2025. This is the date up to which events after the balance sheet date were considered.

Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

No events have occurred that require changes to the accounting statements.

COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund.

The statement shows the transactions of the billing authority in relation to the collection of council tax and business rates, and the distribution of this income.

	Total 2023/24 £000s	Business Rates £000s	Council Tax £000s	Total 2022/23 £000s	Business Rates £000s	Council Tax £000s
Income						
Business Rates Receivable (Note 2)	31,301	31,301	-	28,636	28,636	-
Council Tax Receivable (Note 3)	113,543	-	113,543	106,978	-	106,978
	144,844	31,301	113,543	135,614	28,636	106,978
Expenditure						
Precepts, Demands and Shares						
Central Government	15,996	15,996	-	15,085	15,085	-
Norfolk County Council	86,550	3,199	83,351	81,034	3,017	78,017
South Norfolk Council (including Parish Councils re.Council Tax)	26,294	12,797	13,497	25,018	12,068	12,950
Norfolk Police and Crime Commissioner	15,854	-	15,854	14,812	-	14,812
Charges to Collection Fund						
Cost of Collection	180	180	-	178	178	-
Designated Area/Renewable Energy Schemes (Disregarded)	918	918	-	842	842	-
Interest charged to Collection Fund	8	8	-	0	0	-
Transitional Protection payments due to/(from) central government	(2,707)	(2,707)	-	65	65	-
Increase/(decrease) in allowance for impairment of debts/appeals	705	(10)	715	189	146	43
Increase/(decrease) in provision for appeals	3,193	3,193	-	(4,697)	(4,697)	-
Apportionment of Previous Year Surplus/ (Deficit)						
Contribution to Central Government	(865)	(865)	-	(3,382)	(3,382)	-
Contribution to Norfolk County Council	387	(173)	560	(253)	(676)	423
Contribution to South Norfolk Council	(599)	(692)	93	(2,636)	(2,706)	70
Contribution to Norfolk Police and Crime Commissioner	107	-	107	80	-	80
	146,021	31,844	114,177	126,335	19,940	106,395
Surplus/(Deficit) for Year	(1,177)	(543)	(634)	9,279	8,696	583
Collection Fund Balance						
Balance at beginning of the Year	2,068	363	1,705	(7,211)	(8,333)	1,122
Surplus/(Deficit) (+/-) for Year	(1,177)	(543)	(634)	9,279	8,696	583
Balance at End of the Year	891	(180)	1,071	2,068	363	1,705

NOTES TO THE COLLECTION FUND

1. Covid Business Rates Reliefs

In response to the Covid 19 pandemic, the Government announced new Business Rates reliefs. These reliefs significantly reduced the amount of Business Rates income being collected.

	2022/23 £'000	2023/24 £'000
Retail, Hospitality and Leisure Relief	2,457	3,356
Nursery Relief	1	-
Covid 19 Additional Relief Fund (CARF)	2,215	-8
	4,673	**3,348**

The Government however committed to fully compensate local authorities for these new reliefs, and grant funding has been received in the General Fund Account to cover the cost of awarding these new reliefs.

2. Income from Business Rates

The total non-domestic Rateable Value (RV) of hereditaments in South Norfolk, as reported to central Government on the NNDR1 return, for 2023/24 was £98.76 million (2022/23 £89.92 million).

The rateable value of a business is multiplied by the relevant specified multiplier to produce the business rates due.

	2022/23	2023/24
Non-domestic rating multiplier	51.2p	51.2p
Small business non-domestic rating multiplier	49.9p	49.9p

3. Income from Council Tax

The average total Band D Council Tax for the year was £2,153.48 (2022/23 £2,056.76).

The Council's council tax base is calculated by multiplying the number of dwellings estimated to be in each valuation band (adjusted for dwellings where discounts apply) by a proportion to obtain the equivalent number of band D dwellings.

Band	Total Number of Chargeable Dwellings Adjusted for Discounts	Relevant Proportion	Relevant Number
A (Disabled)	9	5/9	5
A	3,961	6/9	2,641
B	13,891	7/9	10,803
C	14,145	8/9	12,572
D	11,035	9/9	11,035
E	7,069	11/9	8,640
F	3,059	13/9	4,418
G	1,445	15/9	2,408
H	103	18/9	206
			52,728
Less adjustment for losses on collection and for anticipated changes during the year for successful appeals against valuation banding, new properties, demolition and exempt properties.			-393
			52,335

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

South Norfolk Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. South Norfolk 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, South Norfolk Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and making proper arrangements for the management of risk.

As part of its Constitution, South Norfolk Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government". In May 2024, the Council adopted a revised Code of Corporate Governance which has been updated to reflect the latest best practice guidance. This Annual Governance Statement is reflective of the Code which was in place at the time of writing. The Statement for 2024/25 will then reflect the new Code the Council has adopted.

A copy of the Code is available on our website, within the Constitution, and can be downloaded here.

This statement explains how South Norfolk Council has complied with the code and also meets the requirements of regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control, and accompanies the 2023/24 Statement of Accounts of the Council. The Annual Governance Statement is subject to detailed review and approval by the Finance, Resources, Audit and Governance Committee.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of South Norfolk Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at South Norfolk Council for the year ended 31 March 2024 and up to the date of approval of the statement of accounts.

3. The Governance Framework

An annual review of the Governance Framework at South Norfolk Council was completed prior to the preparation of the Annual Governance Statement, with key officers completing full assurance statements for their area of responsibility, and these being signed off by the relevant member of the Corporate Leadership Team (CLT). These are in place to ensure the governance arrangements across the Council are adequate, and to also recognise where any further work needs to be done.

The code of corporate governance was in place for the 2023/24 financial year. This Code is the framework of policies, procedures, behaviours and values which determine how the Council will achieve its priorities and is based upon the seven principles of the International Framework for Corporate Governance in the Public Sector.

The Council’s Vision and Priorities:

For the year 2023/24, South Norfolk Council’s vision and priorities were set out in the Strategic Plan 2020-2024:

THE VISION: Working together to create the best place and environment for everyone, now and for future generations.

OUR PRIORITIES, OUR PEOPLE, OUR APPROACH:

1. Growing the economy;
2. Supporting individuals and empowering communities;
3. Protecting and improving the natural and built environment, whilst maximising quality of life; and
4. Moving with the times, working smartly and collaboratively.

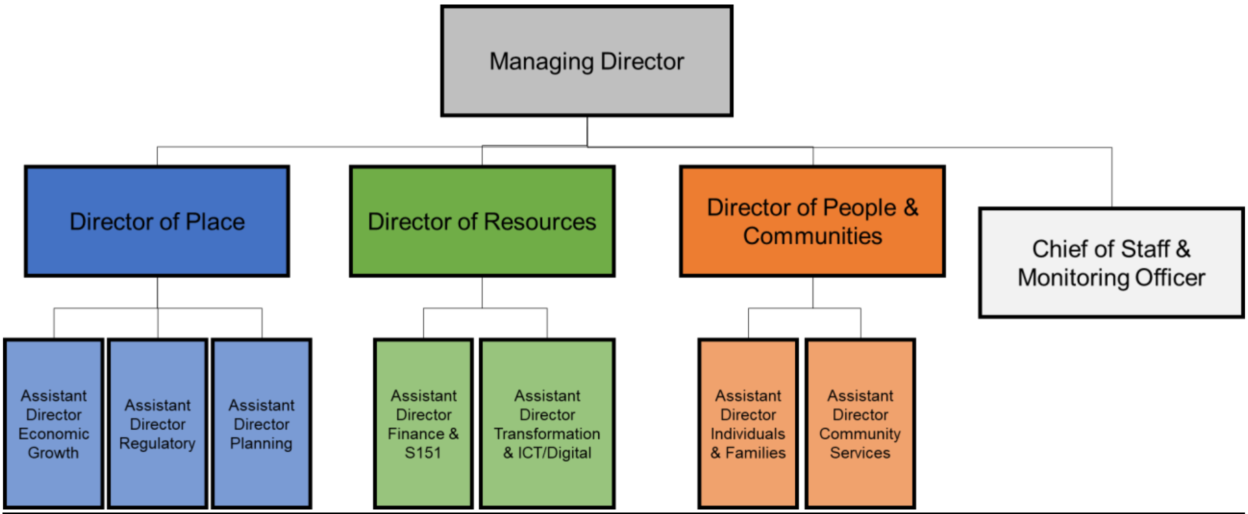
The vision and priorities are communicated through the Strategic Plan, plus regular briefings, press releases, website and the Link magazine, which is delivered 2 times a year to every household and business in the District.

To underpin the Strategic Plan, a detailed Delivery Plan is produced. This describes our intended activities for the 12 months from April to March each year to support the priorities set out in the Strategic Plan. This plan is produced as an integrated process with the Council’s annual budget setting and Medium-Term Financial Plan revision. The 2022-2024 Plan can be accessed here.

From 1 April 2024, the Council has adopted a new Strategic Plan covering the period 2024-2028 and a Delivery Plan covering 2024-2026.

Review of the Council’s Governance Arrangements:

The Council regularly reviews its organisational structure as part of aligning resources with demand to deliver the priorities above. The Council’s collaboration with Broadland District Council established one officer team across the two Councils, which includes a Corporate Leadership Team (CLT), consisting of the Managing Director, three Directors, the Monitoring Officer (Chief of Staff) and the Section 151 Officer (Assistant Director Finance). CLT is also supported by a further six Assistant Directors, as follows:



<u>Measuring the Quality of Services for Users and ensuring they are delivered in accordance with the Council's objectives and best use of resources:</u>

The 4-year Strategic Plan sets out our Priorities together with targets for success over this time. The 2022-2024 Delivery Plan set out the 'Delivery Measures' which aim to track the performance of our services and how well we are achieving our key ambitions. The Delivery Measures are tracked and reported in quarters 2, 3 and 4 to Cabinet as part of the Performance Framework.

The Delivery Plan set out the proposed activities and 'business as usual' operational services that would be undertaken for the financial year 2023/24. Between February and April 2023, staff personal objectives are set for the year and reflect the proposed activities they will be working on from the Delivery Plan. These personal objectives are reviewed regularly during the year and are normally assessed as part of annual staff performance reviews in March/April each year.

<u>Defining and Documenting Roles and Responsibilities of Councillors and Officers and how decisions are taken:</u>

The Council's constitution, scheme of delegation, Local Member Protocol, protocol on Member / officer relations, contract procedure rules, rules of financial governance and rule of procedure set the framework in which the organisation makes decisions.

<u>Codes of Conduct Defining Standards of Behaviour for Councillors and Officers:</u>

The Council operates Codes of Conduct for Councillors and Officers, with clear processes embedded to respond to any concerns raised regarding the standards of behaviour. The Council reviewed its Councillors Code of Conduct during 2022/23, which resulted in Full Council adopting a new Code of Conduct based on the Local Government Association Model Code in May 2023, which provides a more robust framework for standards amongst members. In 2023/24, a review of processes in relation to Code of Conduct complaints and new guidance was issued on our website to support individuals submitting complaints.

<u>The Council conforms to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)</u>

The Rules of Financial Governance explain the statutory duties of the Section 151 Officer including the responsibility under direction of the Cabinet for the proper administration of the Council's financial affairs. The Council's governance arrangements allow the Section 151 Officer to bring influence to bear on all material business decisions. The Section 151 Officer supports the CLT and has the authority to bring matters directly to the attention of the Managing Director if required. Regular specific meetings are also held to discuss matters relating to the Section 151 role.

CIPFA Financial Management Code

The Council has assessed itself against the CIPFA Financial Management code and has concluded that it complies with the key requirements therein, alongside this conclusion an action plan has been developed to make further improvements.

The Finance, Resources, Audit and Governance Committee

The Committee met regularly during the year. Its key tasks are to monitor the work of Internal and External Audit, support risk management, to approve the statutory accounts, and to oversee the internal and external audit work in supporting the production of this Annual Governance Statement.

Ensuring Compliance with Laws and Regulations, Internal Policies and Procedures:

Responsibilities for statutory obligations are formally established. The Head of Paid Service disseminates statutory instruments to Managers responsible for acting on them. The relevant professional officers are tasked with ensuring compliance with appropriate policies and procedures to ensure all Officers work within them.

Decisions to be taken by Councillors as part of the Council's Committee processes are subject to a rigorous scrutiny process by the Monitoring Officer, Section 151 Officer and in most cases CLT before they are considered by Cabinet or Full Council.

Assistant Directors have completed an Assurance Statement covering key governance aspects with their area of responsibility. The outcomes of these Assurance Statements are described under *Managers' Assurance within Governance Issues.*

Whistle-blowing Policy and Investigating Complaints:

As employees, councillors and others who deal with the Council are often the first to spot things that may be wrong or inappropriate at the Council, a Whistle-blowing Policy is in place to provide help and assistance with such matters. There is also a formal complaints procedure in place.

Tackling Fraud and Corruption:

The Council has a Counter Fraud, Corruption and Bribery Strategy in place to ensure that we can deliver against our priorities whilst minimising losses to fraud, corruption, and bribery.

An Annual Fraud Return is provided to the External Auditor which summarises the Head of Internal Audit's views on risk of fraud at the Authority. In addition, the Monitoring Officer, the Section 151 Officer and the Chair of the Finance, Resources, Audit and Governance Committee also complete such statements on an annual basis.

During 2022/23, Internal Audit carried out a review of the Council's fraud and corruption arrangements against the latest best practice guidance. The recommendations from this audit were followed up during 2023/24 for progress with implementation and three remain in progress. An audit is planned again in 2024/25.

Development Needs of Members and Officers:

Members
There is a 4-year training programme in place for Members aimed at supporting Councillors in their role and ensuring Councillors can take on all aspects of their role confidently and legally. Training is provided through a mixture of service delivery, via internal staff, experts in the field and external

trainers such as East of England Local Government Association, Richard Wills Training Associates, Link Support Services and the Centre for Public Scrutiny. In 2023/24, the following Member training took place:

- Induction Day for new and returning Members following elections
- IT workshops
- Development Management – accredited session for those who sit on the Committee
- Licensing and Regulatory – accredited session for those who sit on the Committee
- Civic - The role of the Chairman of the Council
- Introduction Event for Newly Elected Members LGA / East of England LGA
- Governance including decision making, the Code of Conduct, and Data Protection (DP) and Freedom of Information (FOI)
- The Role of the Member
- Overview of the Help Hub, Community engagement and Member funding
- The Role of Scrutiny
- Chairing of meetings
- Audit and Accounts Training
- Local Government Finance and Budgeting
- Allocation of Housing
- Homelessness and Prevention
- A range of training on Skillsgate (our internal learning platform)

Officers
The Council has made extensive investment in training in line with its Learning and Development Strategy for staff. Staff Training is delivered in various ways including via our digital learning platform that allows staff to undertake learning remotely, at a time that is convenient for them, in person training events and via qualified train the trainers such as in our operational areas.

An extensive onboarding programme has also been developed to ensure that officers have the best possible start with the Councils and understand the culture and values of working within a local authority setting.

A management development programme has also been developed through engagement with existing managers who have helped shape the programme. The programme includes a mix of internal and externally led subject areas and includes the opportunity for aspiring managers to take part in the programme and develop future skills. Myers Briggs Type Indicator (MBTI) development is also available to teams and managers to enable officers to better understand themselves and in turn work more effectively with colleagues and teams across the Councils.

Investment has also been made in the Councils Apprenticeship and Graduate schemes ensuring that we are investing in future skills and providing a development pathway to colleagues at the early stages of their career or in the process of retraining.

<u>Establishing Communication with all Sections of the Community and Other Stakeholders:</u>

The Council works with the County Council, other Norfolk District Councils, the Police, NHS, Central Government departments, businesses, and voluntary and community groups.

The Council consults with members of the public through a number of avenues from workshops, telephone calls, social media channels and the website, to gauge public opinion on a number of issues such as shaping the budget, the development of the Local Plan and the Council Tax Support Scheme. The Council has established a ‘Customer Panel’, which is made up of residents and those who work in the districts. This Panel will provide valuable feedback on services with a view to ensure continued improvement and a first-class customer experience.

Good Governance Arrangements with Partnerships:

Partnership arrangements take the form of Service Level Agreements. These are reviewed as part of the budget setting process and in advance of the date of cessation. The Council maintains a formal protocol on how it enters into funding arrangements with voluntary and third sector organisations.

The CIPFA Framework for Corporate Governance places a high degree of emphasis on partnership working. In practice, the Council takes a collaborative approach to working, recognising that there are a variety of means to engage with third parties.

Governance of project/programme delivery

The Council has further embedded the project and programme management approach during 2023/24 via a new Project Management Office, with transformation projects and programmes now being governed through a portfolio approach. The structure beneath this is still to be finalised along with resources and capacity. Staff have been trained in project management and work within services to deliver projects.

4. Review of Effectiveness

The Role of the Council

South Norfolk Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Managers and Councillors within the authority who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and by comments made by the External Auditors and other review agencies. Full Council approve the Revenue and Capital Budget and the Treasury Management Strategy annually.

The Role of the Cabinet

The Cabinet approved the Strategic Plan and Delivery Plan and agreed a range of strategies and policies during the year, including the Treasury Management Strategy, the Medium-Term Financial Strategy and the Revenue and Capital Budget. Cabinet regularly received reports on performance, risk and financial positions. Policy development is delegated to Policy Committees with Cabinet making the final decisions.

The Role of the Finance, Resources, Audit and Governance Committee

The activity of the Committee in the financial year is described above. It has also ensured that it is satisfied that the control, governance and risk management arrangements have operated effectively. The work of the Finance, Resources, Audit and Governance Committee is summarised in an Annual Report to Council.

The Role of the Scrutiny Committee

The Scrutiny Committee can undertake any work relating to the four key principles of scrutiny as follows:

- Hold the Executive to account (Call-In of Reports before final decision)
- Performance management
- Assist policy reviews
- Internal/external scrutiny

As referred elsewhere in this report, members of the Scrutiny Committee have undergone specific training this year. The work of the Scrutiny Committee is summarised to Full Council in an Annual Report.

Role of the Monitoring Officer

The Chief of Staff is the Council's Monitoring Officer. The Monitoring Officer has the specific duty to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. The Monitoring Officer's legal basis is found in Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000. The Monitoring Officer has three main roles:

- To report on matters they believe are, or are likely to be, illegal or amount to maladministration (such a report has not been required).
- To be responsible for Matters relating to the conduct of Councillors and Officers.
- To be responsible for the operation of the Council's Constitution.

The Monitoring Officer is supported in their role by the Council's legal service, which is provided by Birketts and the Deputy Monitoring Officers.

The Role of the Chief Financial Officer

The Assistant Director Finance is designated as the Section 151 Officer for the purposes of Section 151 of the Local Government Act 1972 and is responsible under the general direction of the Cabinet for the proper administration of the Council's affairs. This statutory responsibility cannot be overridden. Responsibilities include:

- Setting and monitoring compliance with financial management standards
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.

Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the full Council, Cabinet and External Auditor if the authority or one of its Officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- Is about to make an unlawful entry in the authority's accounts.

The Section 151 Officer has not been required to make such a report.

The Role of Internal Audit

All audits are performed in accordance with the good practice contained within the Public Sector Internal Audit Standards (PSIAS) 2013. Internal Audit report to the Finance, Resources, Audit and Governance Committee and provides an opinion on the system of internal control, which is incorporated in the Head of Internal Audit's Annual Report and Opinion 2023/24.

Internal Audit is arranged through a consortium, Eastern Internal Audit Services, which comprises Breckland, Broadland, North Norfolk, Norwich City and South Norfolk Councils, Great Yarmouth Borough Council and the Broads Authority. The Head of Internal Audit is employed by South Norfolk Council and the operational and field management staff are employed by an external provider, TIAA Ltd.

In addition, the Head of Internal Audit role only is now provided to the Borough of Kings Lynn and West Norfolk.

The Internal Audit Service assesses itself annually to ensure conformance against the PSIAS, and are also required to have an external assessment every five years. The most recent external assessment in January 2023, concluded that the internal audit service conforms to the professional standards and the work has been performed in accordance with the International Professional Practices Framework.

<u>The Role of External Review Bodies</u>

Ernst and Young LLP review the Council's arrangements for:

- preparing accounts in accordance with statutory and other relevant requirements
- ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- managing performance to secure economy, efficiency and effectiveness in the use of resources

Ernst & Young LLP were appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors. The auditors give their opinion on whether the financial statements of the Council give a true and fair view of the financial position as at the year end and of the income and expenditure for the year then ended; and they also provide an opinion on the Council's arrangements to secure economy, efficiency and effectiveness (Value for Money). The Council takes appropriate action where improvements need to be made.

<u>Effectiveness of Risk Management</u>

A risk management policy is in place and was reviewed in 2023/24 and a revised Policy was agreed by Council. The Finance, Resources, Audit and Governance Committee has oversight of the strategic risks, which are also considered by the Cabinet on a quarterly basis and committee members continued to ask challenging questions and raise issues on matters before it.

<u>Effectiveness of Other Organisations</u>

Governance of Companies

In 2023/24, as mentioned above, South Norfolk Council was involved in the set up of a new Joint Venture with 3 other Local Authorities – Norfolk Environmental Credits. It is critical that the Council ensures that good governance is in place from a client side (i.e., the Council) for both its wholly owned companies and the new Joint Venture and a review of governance arrangements needs to take place. This review will take place in 2024/25 against the Local Partnerships "Local Authority Company Review Guidance.

Big Sky

The Council established a group structure in 2015/16 with all companies held by Big Sky Ventures Ltd.

Big Sky Ventures Ltd is the holding company for Big Sky Developments Ltd, a property development company, and Big Sky Property Management Ltd, a property rental company, both were actively trading during 2023/2024. However Big Sky Developments Ltd has been hampered, throughout 2023/2024, in moving forward the next phase of development at its St Giles site due to Nutrient Neutrality. The purchase of Nutrient Neutrality credits from Norfolk Environmental Credits in March 2024 will now enable Big Sky Developments Ltd to restart its construction programme on site in 2024/2025.

During 2023/2024 the Council significantly increased its temporary housing stock through the purchase of additional units to service the material increase in demand. Consequently, the Council wishes to utilise the expertise within Big Sky Property Management Ltd to manage all the Council's temporary housing stock when these properties are brought into service. A review of the existing Big Sky Group structure has therefore been undertaken, informed by tax, legal and accountancy advice, which has resulted in a recommendation to full council during 2024/2025 to restructure the Big Sky Group to enable the Council to award Council contracts to Big Sky, compliant with the Procurement Act 2023.

The Council was successful in 2023/2024 in receiving a grant from the Local Authority Housing Fund to provide 40% funding towards the purchase of some of the additional temporary housing stock mentioned above but also the provision of Afghan Refugee Housing. The Council took a decision in 2023/2024 to provide the Afghan Refugee Housing through Big Sky Property Management Ltd and has therefore provided a loan to allow the Company to purchase and own, six properties for Afghan Refugees. The Council will retain tenancy nomination rights within the contractual arrangements with Big Sky on these six properties.

The effectiveness of internal controls within the companies has improved since 2022/23 following recommendations from the Peer Review and an internal audit. The Big Sky Ventures Ltd Board receive quarterly reports on the performance of the company and an annual review. The Directors of Big Sky Ventures Ltd also report annually to the Council's Finance, Resources, Audit and Governance Committee on the performance of the Group and its annual business plan for the forthcoming year. The Council's five-year capital plan, approved by Council, includes any planned new loans to the Big Sky Group and the repayment of loans as they fall due. There were no significant control weaknesses identified during the year that are required to be included in this statement.

Norfolk Environmental Credits Ltd

In March 2022 Natural England imposed constraints on the building of dwellings due to the nutrients in waterways and rivers. One of the most significantly affected areas is Norfolk where multiple Districts have been unable to grant planning permission for new homes, leading to a backlog of approximately 16,000 new homes.

A number of Norfolk Authorities agreed to the establishment of a Joint Venture, initially with Anglian Water, to provide a solution that would assist in unlocking the halt on development. Norfolk Environmental Credits was incorporated in January 2023 as a company limited by guarantee to provide a range of environmental credits, initially focusing on nutrient neutrality.

Currently Breckland, Broadland, North Norfolk and South Norfolk District Councils are Members of the Joint Venture and have each contributed £30,000 to establish the Joint Venture. Norwich City Council have also made a £30,000 contribution but have not yet become a Member and Anglian Water, who were a Member for the period May 2023 to October 2023, have contributed £150,000. In addition, Broadland District Council also provided a £150,000 loan.

Governance arrangements for the new Joint Venture were developed with the advice and assistance of Birketts. Directors of the Company are Officers from each Council, and the Board of Directors must meet a minimum of four times a year, currently this is monthly as the company gets established. A Member Group consisting of a Shareholder Representative from each member Council of the Joint Venture has also been established and meets as required to discharge matters reserved to the Members. The Company started trading nutrient neutrality credits in February 2024.

5. Governance Issues & Control Weaknesses Identified

Managers' Assurance Statements

On an annual basis, Assistant Directors (AD) across the Council complete an Assurance Statement relating to their service area, the template of which has remained consistent since 2019/20. The statements are then signed off by either the Managing Director or Director responsible for the service area.

For 2024/25, the Assurance Statements will be updated to reflect the new Code of Corporate Governance which has been adopted by Council and we will now be seeking regular updates (quarterly) from managers on areas where we are not compliant.

Assurance Statements - looking back on the issues raised in 2022/23

> **Procurement –** Procurement was raised as an issue in 2022/23 and remains an issue, as highlighted below.

Assurance Statements for 2023/24.

The Assurance Statement asked specific questions about: policy and procedure, effectiveness of key controls, alignment of services with the Delivery Plan, human resources, finance, risks and controls, health and safety, procurement, insurance, information technology, data protection, freedom of information, business continuity, partnerships and equalities. A yes / partial / no response was required, with evidence and action needed to be noted. Each AD also needed to note any issues that they felt represented a significant control item or governance issue.

In terms of emerging themes for the organisation, the below areas have been highlighted as requiring further attention to become fully compliant. At this stage, they are not considered to be significant issues, but action will still be taken:

> **Procurement –** A number of services have highlighted issues with the level of service being provided by Procurement, which has led to some issues with the process of awarding contracts. The AD Finance (s151) who is responsible for this service has been addressing issues with Breckland District Council, who oversee the service through the Procurement Consortium. An update on progress will be sought in the first quarter review of the assurance statements.
>
> **Documentation of major systems –** Some service areas highlighted that with a move to new systems, not all work has yet been completed on ensuring teams have written procedural notes which reflect the new ways of working on the new systems. Though this is not a major issue, areas which have identified this have provided information on how they plan to become fully compliant, and an update will be provided in the mid-year review of the Assurance Statements.
>
> **Whistleblowing Policy –** The policy is currently being reviewed and training is being arranged for all staff in order to become fully compliant.
>
> **Budget monitoring –** Some services have highlighted partial compliance with budget monitoring, highlighting that budget managers do meet regularly with their Finance Business Partners (FBPs) to review budgets; however, some have identified issues with producing an accurate Forecast of Outturn which proves challenging with conducting accurate monitoring. Over recent months action has been taken to put the tools and training in place and increase awareness of the role of budget managers and FBPs. This will now be further embedded across the organisation.

Business continuity – Two managers highlighted that their business continuity plans require reviewing to ensure they are up to date. In addition, the IT/Digital team in particular have highlighted that they plan to introduce tabletop exercise on an annual basis in relation to disaster recovery.

Crucially, the responses have highlighted that there are no significant governance issues and governance arrangements are mainly consistent across the Council. Where partial responses have been provided, managers have already identified actions that are being progressed to address these areas and the Chief of Staff / Monitoring Officer will review progress during 2024/25, with updates being sought quarterly.

External Audit

The Councils External Auditors, Ernst and Young LLP, have not yet completed the audits for 2021/22 and 2022/23. Nationally, there is a high backlog of audit opinions for local government bodies, with only 1% of local bodies having published audited accounts on time last year. Government have outlined proposals to introduce secondary legislation to set a statutory backstop of 13 December 2024 for the publication of audited accounts for all financial years up-to-and-including 2022/23.

However, the Value for Money Interim Report presented to the Finance, Resources, Audit and Governance Committee on 22 March 2024 outlined no significant weaknesses in the arrangements of the Council in 2021/22 and 2022/23.

Internal Audit

The Head of Internal Audit Report has provided an overall opinion in relation to the framework of governance, risk management and controls at South Norfolk Council. For 2023/24 a reasonable assurance grading overall has been given.

As recommended by the Head of Internal Audit, the Council's annual governance statement will include details of any internal audit actions that remain outstanding from work carried out in year and any limited opinions from the year.

<u>Limited opinions</u>

Two limited assurance opinions were issued in draft in 2023/24 and key control weaknesses were identified as detailed below. These control weaknesses represent unresolved risks for the Council.

Key Controls and Assurance (Draft report issued 1 July 2024)
This audit focused on the key controls within housing benefits and council tax support, council tax and National Non-Domestic Rates (NNDR), Accounts Payable and the Annual Governance Statement (AGS). Ten important recommendations have been made which are currently with management for responses. These recommendations relate to raising of purchase orders and verification checks on suppliers; potential risks therefore are budget overspends due to unauthorised committed expenditure and increased risk of supplier fraud and false payments. The other recommendations relate to reconciliations between the housing benefits system and the general ledger (there are also outstanding recommendations from the BRD/SNC2307 and 2308 housing benefits and council tax reports for these as well), exemptions/discounts for council tax and NNDR, quality checks in relation to NNDR and council tax, and the completion of reconciliations between the reports from the Valuation Agency Office and the council tax system. Potential risks therefore are the impact on the integrity and accuracy of data on these systems which could lead to error or fraud not being identified and corrected and financial loss. The due dates for management action have not been agreed yet.

Accounts Receivable and Income (Draft report issued 8 July 2024)
Six important recommendations have been made which are currently with management for responses. These recommendations relate to the completion of debt recovery action, debt write off approval, raising credit notes and their approval and approval limits, and the various reconciliations that are completed for income received to the bank and other systems and their review. Potential risks therefore are the impact on the ability of the Council to receive all the income it is due and to detect errors and fraud. The due dates for management action have not been agreed yet.

<u>Outstanding audit recommendations 2023/24</u>

FOIs and Complaints – A reasonable assurance grading was given in this area for 2023/24. The following recommendations remain outstanding from this audit;

- Ensure that lessons learned are captured by complaints handlers in line with internal procedures, with results incorporated into the healthcheck reporting to the Corporate Leadership Team (CLT).
- Procedures relating to handling complaints over the telephone to be documented to ensure a consistent approach and that appropriate items are covered on calls in line with expectations for written correspondence.

Homelessness and Home Options - A reasonable assurance grading was given in this area for 2023/24. The following recommendations remain outstanding from this audit;

- Review how Personal Housing Plans are agreed and monitored to ensure that they are effective for the customer and the Council. Guidance governing the processing of PHPs should be formally documented and communicated to officers.
- Undertake a review of processes and responsibilities for rent collection and former tenancy debt, relating to temporary accommodation.

We also recommend that outstanding recommendations from previous years 'Limited' assurance reviews continue to be referenced in the Annual Governance Statement.

<u>Outstanding audit recommendations 2022/23</u>

Procurement and Contract Management

- Review of all current contracts to ensure all key documentation is located, including quotations/tenders and contracts and thereafter all records to be held centrally by South Norfolk Council and accessible by Breckland Procurement Consortium staff. Where information cannot be located, in particular contracts, copies to be obtained from the provider and filled centrally. Management to then implement controls to ensure all of the required documentation is retained, and accessible, moving forward.

Key Controls and Assurance

- Processes need to be developed to reconcile BDC income streams to the general ledger.
- The Revenues Bank Account reconciliation to the General Ledger be brought up to date as soon as possible.

Council Tax and National Non-Domestic Rates

- Management to implement controls to ensure that general ledger reconciliations are performed and checked by the appropriate members of staff within 30 days of month end.
- Management to implement a defined QA checking regime of staff work at regular intervals.

Local Council Tax Support and Housing Benefit

- Reconciliations between benefits system and GL to be reinstated. Risk: If there is no reconciliation, there is a greater risk of errors going undetected.

6. Assurance statement

The review, as detailed above, provides strong evidence of good overall assurance of the council's system of internal control and that the arrangements are fit for purpose in accordance with the governance framework.

7. Review and Approval of the Annual Governance Statement

The annual review of governance is coordinated by the Chief of Staff & Monitoring Officer, involving senior managers across the Council and reviewed by the Corporate Leadership Team. This Annual Governance Statement is considered in draft by the Finance, Resources, Audit and Governance Committee and amended to reflect the Committee's considerations and the views of the external auditor. The (revised) Annual Governance Statement is published with the Council's annual accounts.

8. Certification

We are satisfied that appropriate arrangements are in place to address improvements in our review of effectiveness. Progress on these improvements and mitigation of risks will be monitored through the year and considered at our next annual review.

T Holden

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Trevor Holden, Managing Director

Delme Thompson

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(Chairman of the Finance, Resources, Audit and Governance Committee) – Lead Councillor

Date: 26 July 2024

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH NORFOLK COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of South Norfolk Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2024. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 1 to 36 of the Council including material accounting policy information,
- Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

The audits of the financial statements for the years ended 31 March 2022 and 31 March 2023 for South Norfolk Council were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 9 December 2024.

Due to the disclaimers of opinion on the prior years and the limited time between the backstop dates we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council's financial statements for the year ended 31 March 2024.

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

Matters on which we report by exception

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

We report to you if:

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

Accountability Act 2014 (as amended)

- we are not satisfied that the Group and the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

Responsibility of the Assistant Director of Finance

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 8, the Assistant Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Group and Council financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Assistant Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Delay in certification of completion of accounts

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of South Norfolk Council.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of South Norfolk Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group members as a body, for our audit work, for this report, or for the opinions we have formed.

David Riglar

ERNST & YOUNG LLP

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

Date: 21 February 2025

GLOSSARY

Accounting Period
The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

Accruals
Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.

Amortisation
The writing off of intangible assets to provision of services over an appropriate period of time.

Accounting Policies
Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements.

Assets Held for Sale
Asset category for those where it is probable that the carrying amount will be recovered principally through a sale transaction rather than through continued use (classified as a current asset).

ACOP
Accounting Code of Practice - A code of accountancy good practice published by CIPFA.

Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in deficits or surpluses that arise because either events have not coincided with the assumptions made by the actuary for the last valuation (experience gains and losses), or the assumptions themselves have changed.

Billing Authority
An authority which issues demands to local residents for payment of Council Tax on their residences, usually in respect of its own services and as an agent for other authorities serving the property.

Capital Charges
Charges made to provision of services based on the value of the assets they use.

Capital Expenditure
Expenditure on new assets such as land and buildings, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

Capital Receipts
The money received from the sale of assets.

Carrying Value
See ‘Net Book Value’ below.

Capital Financing
Resources used to meet the capital expenditure incurred in accordance with statutory controls.

Cash Equivalents
Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CIPFA
Chartered Institute of Public Finance & Accountancy - the main public sector accounting body.

Collection Fund
A statement of transactions relating to Council Tax and NNDR (National Non-Domestic Rates).

Community Infrastructure Levy
The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge.

Creditors
Amounts incurred by the Council but not yet paid.

Contingency
A condition exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Contingent Liability
Either a potential obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control, or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Current Assets
Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities
Amounts which will become due or could be called upon during the next accounting period.

Current Value
The amount that would be paid for an asset in its current condition and use.

Debtors
Amounts due to the Council but not yet received.

Deferred Capital Receipts
Amounts due to the Council from the sale of non-current assets which are not receivable immediately on sale e.g., repayments on mortgages granted on the sale of Council Houses.

Defined Benefit Scheme
A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation
The estimated losses in value of an asset, owing to age, wear and tear, deterioration, or obsolescence.

Direct Revenue Financing
A method of financing capital expenditure from revenue resources in the year of account instead of spreading the cost over a period of years.

Fixed Asset (also known as Property, Plant and Equipment)
Assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Fair Value
The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee.

General Fund
The main account of the Council which records the cost of services.

Government Grants
Payments by central government towards local authority expenditure. They may be specific, for example Housing Benefit Subsidy, or general such as the Revenue Support Grant.

Gross Book Value
The gross value of an asset prior to depreciation.

Intangible Asset
Non-current assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights, e.g., software licences.

IFRS
International Financial Reporting Standard – one of the standards by which a body reporting their financial results in accordance with accepted international accountancy practices must abide.

Impairment
A reduction in the value of a fixed asset due to physical damage or detrimental changes in the local environment. Examples of impairment include
Damage to a footpath due to severe erosion, or
An event causing severe long-term pollution in the immediate area of a building.

Infrastructure Asset
Fixed assets that are useful only in the location in which they have been constructed, such that expenditure is recoverable only by continued use of the asset created. Examples of infrastructure assets include cycle tracks, footpaths and street lighting columns.

Market Value
The amount that would be paid for an asset in its highest and best use.

Materiality
An assessment of how much influence a figure or disclosure may have on a reader's judgement. This is not a set amount; rather, it is judged by the size of the figure in relation to related amounts within the authority's accounts, or the extent of the activity in relation to the authority's other operations.

Minimum Revenue Provision (MRP)
This is the minimum amount which must be charged to an authority's revenue account each year and set aside as provision for repayment of external debt.

Net Book Value
Also known as the carrying value, this is the value at which the authority carries an asset on its balance sheet. It is equal to the cost of the asset minus accumulated depreciation.

Net Realisable Value
The estimated selling price of an asset in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Non-Current Assets (formerly Fixed Assets)
Assets which can be expected to be of use or benefit the Council in providing its service for more than one accounting period.

Operating Lease
A lease under which the ownership of the asset remains with the lessor.

Operational Assets
Non-current assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Precept
Formal instructions issued to a billing authority to collect local taxation on behalf of the instructor and pay it to them. Norfolk County Council, the Office for the Police and Crime Commissioner and town and parish councils within the area issue precepts to the Council each year for the total amount of Council Tax to be collected from local residents in respect of their services.

Present Value
The value of an asset at the balance sheet date, discounting for future inflation.

Prior Period Adjustment
Where an authority discovers a misstatement, error or omission considered to be material in a set of accounts published in a previous financial year, the authority is obliged to make a prior period adjustment to correct the statements. This involves publishing the corrected statements for the previous financial year, together with a corrected opening balance sheet for the start of that previous year. Prior period adjustments require an explanatory note disclosing the reason for the adjustment and all amounts which have been affected in the restated statements.

Provisions
Monies set aside for liabilities which are likely to be incurred but where exact amounts or dates are uncertain.

Related Party
Corporate bodies or individuals that have the potential to control or influence the Council’s decisions, or to be controlled by or influenced by the Council.

Related Party Transaction
The transfer of assets or liabilities or the performance of services by, to or for a related party.

Remuneration
All amounts paid to or received by a person, and includes sums due by way of expenses, allowances (so far as those sums are chargeable to UK income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.

Reserves
Amounts set aside in the accounts for the purpose of meeting particular future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

Residual Value
The estimated amount that the authority would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revenue Expenditure Funded from Capital under Statute
Capital expenditure for which the Council either never had, or no longer holds a capital asset.

Restated
This word in the statements or notes to the accounts indicates that some of the figures have been changed from those shown in the same statement or note published in the previous year. This is usually as a result of either:
A change to the Code, requiring the previous year's accounts to be changed in the same way to provide an accurate comparison between the years, or
The correction of a material error or retrospective reclassification involving material amounts, as described in 'Prior Period Adjustments' above.

Revenue Expenditure
Recurring expenditure on day-to-day expenses such as salaries, electricity, and telephones.

Revenue Support Grant
Paid by central government to assist in the provision of local government services.

Support Service Costs
The cost of certain departments that provide professional and administrative services to the Council e.g., human resources and accountancy.

Temporary Loan
Money borrowed on a short-term basis. Funds deposited with this Council by other organisations for treasury purposes are treated as temporary loans.

LIST OF ABBREVIATIONS

CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
DFG	Disabled Facilities Grant
DHC	Depreciated Historical Cost
DRC	Depreciated Replacement Cost
EUV	Existing Use Value
FTE	Full time equivalent
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
NNDR	National Non-Domestic Rates
PWLB	Public Works Loan Board
REFCUS	Revenue Expenditure Funded from Capital under Statute
RSG	Revenue Support Grant
SOLACE	Society of Local Authority Chief Executives