

**South Norfolk Council**  
**Statement of Accounts**  
**2025/26**

# STATEMENT OF ACCOUNTS TABLE OF CONTENTS

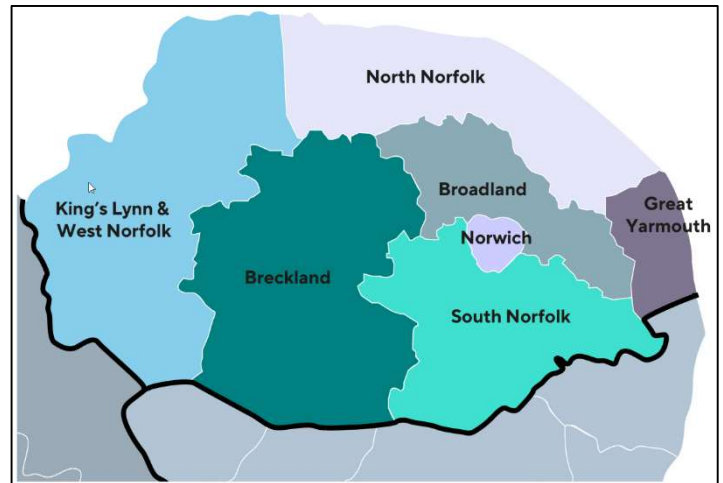
NARRATIVE REPORT .....	3
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS .....	10
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT .....	11
MOVEMENT IN RESERVES STATEMENT .....	13
BALANCE SHEET .....	14
CASHFLOW STATEMENT .....	15
NOTES TO THE ACCOUNTS.....	17
COLLECTION FUND .....	75
NOTES TO THE COLLECTION FUND .....	76
ANNUAL GOVERNANCE STATEMENT .....	77
INDEPENDENT AUDITOR'S REPORT .....	89
GLOSSARY .....	90
LIST OF ABBREVIATIONS.....	95

# NARRATIVE REPORT

## 1. About South Norfolk Council

South Norfolk Council is one of 7 district councils in Norfolk and is home to approximately 148,448 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 and Building Control
- Housing benefit payments
- Council Tax assistance
- Leisure and Tourism
- Open spaces.

The Council is made up of 46 councillors.

In 2025/26 the Conservatives were the largest group, and the Cabinet consisted of 6 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 2025/26 (excluding special expenses) was £175.

## **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 is also required to produce Group Accounts incorporating the Council's wholly or partly owned companies where these are material to the Council's group position.

## **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 from 1<sup>st</sup> 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.

#### 4. Strategic Plan 2024-2028

The Council in February 2024 adopted a Strategic Plan for 2024-2028 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 four 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 2025/26 targets.

#### Latest Performance Against Target

GREEN	18
AMBER	7
RED	3

#### Longer-Term Assurance

Consistently meeting targets	16
Inconsistent meeting targets	9
Consistently not meeting targets	3

#### 5. Other Matters to Report

We also report to you the following matters:

- The 2025/26 Code of Practice on Local Authority Accounting has introduced a change to the measurement of Property, Plant and Equipment. In essence, indexation is now applied to PPE in the intervening years between five yearly formal valuations. This change has been applied prospectively, with no restatement of prior year figures.
- There are no significant contingencies or material write offs to report.
- Apart from the matters disclosed in the Narrative Report, there are no other significant factors affecting the Accounts that require highlighting in 2025/26.

## 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	Actual	Variance (Bud-Act)
	£'000	£'000	£'000
<b>COST OF SERVICES</b>			
Chief of Staff	3,603	3,682	(79)
Finance & Corporate Costs	3,296	3,328	(32)
Local Government Reorganisation Costs	24	14	10
Transformation & ICT / Digital	3,745	3,503	242
Economic Growth	499	390	109
Regulatory	962	1,004	(42)
Planning & Business Support	789	89	700
Individuals & Families	3,314	2,857	457
Housing Benefit Payments	(113)	159	(272)
Community Services	3,795	3,554	241
Leisure Services	596	548	48
Opportunity Revenue Projects	95	95	0
<b>OTHER INCOME &amp; EXPENDITURE</b>			
Precepts - Parish Councils	5,803	5,803	0
Precepts - Internal Drainage Board Levy	261	249	12
Interest Payable	705	568	137
Minimum Revenue Provision (MRP)	750	1,180	(430)
Investment Income	(3,225)	(4,236)	1,011
Council Tax Surplus	(92)	(92)	0
Revenue Financing of Capital Programme	7,455	7,321	134
<b>TRANSFERS TO / (FROM) RESERVES</b>			
Transfers to/(from) Earmarked Reserves	(4,141)	(2,925)	(1,216)
Transfers to/(from) General Revenue Reserve	(1,031)	3,014	(4,045)
<b>BUDGET REQUIREMENT</b>			
Council Tax	(15,278)	(15,278)	0
NNDR (Business Rates)	(5,748)	(8,590)	2,842
Revenue Support Grant	(291)	(291)	0
New Homes Bonus	(1,392)	(1,392)	0
Government Grant - Other	(4,381)	(4,554)	173
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Surplus on Provision of Services	2,637
Adjustments between Accounting Basis and Funding Basis	(2,548)
Net Transfer from Earmarked Reserves	2,925
Increase in General Fund Reserve	(3,014)
<b>TOTAL</b>	<b>0</b>

## **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 £3m to £16.5m.
- Earmarked Reserves decreased by £3m to £39.4m.
- The Authority's Capital Receipts Reserve decreased by £0.7m to £0.5m.
- The Authorities Unusable Reserves decreased by £14.3m to £46.6m.

## **Capital Expenditure**

Capital expenditure during 2025/26 amounted to £31.8m. Of this sum, £23.7m was spent as capital grants, new investments and loans to external organisations and individuals and did not result in the acquisition of property plant and equipment 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 2025 £m	Value 31 March 2026 £m
<b>Assets</b>		
Property, Plant and Equipment	33.4	39.4
Right of Use Assets	11.9	7.5
Investment Properties	13.7	14.4
Long Term Investments	6.3	4.2
Long Term Debtors	17.1	10.8
Short Term Investments	35.2	30.0
Short Term Debtors	29.7	50.9
Cash and Bank holdings	18.3	19.1
<b>Liabilities</b>		
Short Term Creditors	(21.8)	(27.0)
PWLB Borrowing	(20.0)	(24.5)
Pension Scheme Liability	(2.3)	(19.1)

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 £138.3m, the liability is £117.4m and the effect of the asset ceiling is £39.9m, giving a net deficit of £19m as of 31 March 2026.

## **Cash Flow**

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

It shows that in 2025/26 the amount of cash and cash equivalents held by the Authority increased by £0.8m to £19.1m.

## **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 2025/26 South Norfolk Council raised £128.6m 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 2025/26 (£128.1m) equals the amount that was requested as part of the 2025/26 budget setting process.

During 2025/26 South Norfolk Council raised £37.8m in business rates. Business rate income is generally shared as follows: Central Government 50%; South Norfolk Council 40%; Norfolk County Council 10%.

## **Group Accounts**

The Council's Group Accounts incorporate the activities of its main subsidiary Big Sky Ventures Ltd (BSV). BSV made a consolidated loss of £2,113,339 in 2025/26 (2024/25 £1,389,516).

The net assets of BSV as of 31 March 2026 were £4,190,077 (2024/25 £6,303,416) and as the net asset value of BSV is now lower than the share value capital, the Council, in its single entity Accounts, has recognised an investment impairment of £2,113,339 (2024/25 £164,784) to reflect this.

The Council continues to support BSV, and its business plan envisages a return to profitability as existing projects proceed to completion.

Further details about the Council's investments in companies is provided in Note 14 to the Accounts.

## **7. Future Plans**

Looking forward our Delivery Plan 2024 - 2026 sets out some of the key projects and initiatives we will be delivering to help drive economic growth, and support and empower our communities.

## **Financial Outlook**

On 9<sup>th</sup> February 2026, the Government issued the Final 2026/27 Local Government Finance Settlement. This was the first multi-year settlement in a decade, and covers the three-year period 2026/27, 2027/28 and 2028/29.

The settlement sets out a reduction in the Authority's Core Spending Power from £23.0m in 2026/27 to £22.0m in 2027/28 and 2028/29. This represents a real funding reduction and will require either successful income generation schemes or additional efficiency savings to be made.

However, the Authority has consistently been able to deliver a balanced budget and has healthy levels of reserves and therefore remains in a strong sustainable financial position.

### **Local Government Reorganisation (LGR)**

On 25<sup>th</sup> March 2026, the Ministry of Housing, Communities and Local Government (MHCLG) announced plans for local government reorganisation in a number of areas including Norfolk.

Reorganisation in Norfolk is expected to take place on 1<sup>st</sup> April 2028 and will result in the creation of three new Unitary councils for Norfolk.

- Greater Norwich City Council,
- East Norfolk Council, and
- West Norfolk Council

These three new unitaries will replace Norfolk County Council and the 7 district councils in Norfolk.

All services / functions / contractual arrangements etc will novate to the new Unitary Councils so that services to residents will continue as normal throughout the transition to the new Unitary Councils.

### **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 2026.

*R Fincham*

Assistant Director of Finance

Date: 30 June 2026

## 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					
	Restated 2024/25			2025/26			Restated 2024/25			2025/26		
	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	4,943	(1,159)	3,784	3,906	(186)	3,720	4,943	(1,159)	3,784	3,906	(186)	3,720
Finance & Corporate Costs	1,630	(743)	887	2,071	(1,076)	995	6,306	(4,556)	1,750	11,565	(10,067)	1,498
Local Government Reorganisation Costs	25	0	25	123	(107)	16	25	0	25	123	(107)	16
Transformation & ICT / Digital	5,885	289	6,174	4,718	(18)	4,700	5,885	289	6,174	4,718	(18)	4,700
Economic Growth	7,072	(5,204)	1,868	7,957	(4,869)	3,088	6,967	(5,204)	1,763	7,849	(4,869)	2,980
Regulatory	1,099	(261)	838	1,257	(238)	1,019	1,099	(261)	838	1,257	(238)	1,019
Planning & Business Support	4,670	(4,366)	304	4,739	(4,812)	(73)	4,670	(4,366)	304	4,739	(4,812)	(73)
Individuals & Families	7,996	(5,278)	2,718	10,262	(5,996)	4,266	7,926	(5,278)	2,648	10,182	(5,996)	4,186
Housing Benefit Payments	17,480	(17,354)	126	15,055	(14,896)	159	17,480	(17,354)	126	15,055	(14,896)	159
Community Services	9,464	(5,419)	4,045	10,112	(5,439)	4,673	9,464	(5,419)	4,045	10,112	(5,439)	4,673
Leisure Services	5,886	(3,430)	2,456	9,110	(3,932)	5,178	5,886	(3,430)	2,456	9,110	(3,932)	5,178
Covid Support	0	(249)	(249)	0	0	0	0	(249)	(249)	0	0	0
Opportunity Projects	105	0	105	95	0	95	105	0	105	95	0	95
<b>Cost of Services</b>	<b>66,255</b>	<b>(43,174)</b>	<b>23,081</b>	<b>69,405</b>	<b>(41,569)</b>	<b>27,836</b>	<b>70,756</b>	<b>(46,987)</b>	<b>23,769</b>	<b>78,711</b>	<b>(50,560)</b>	<b>28,151</b>
<b>Other Operating Expenditure</b>												
Precepts - Parish Councils			5,296			5,803			5,296			5,803
Precepts - Internal Drainage Boards			237			249			237			249
(Gain) / loss on disposal of non-current assets			14			(980)			14			(980)
<b>Financing and Investment Income and Expenditure</b>												
Interest Payable & similar charges (Note 15)			635			576			635			576
(Gain)/Loss on Trading Accounts			(226)			(540)			(226)			(540)
Pensions - Net Interest Cost (Note 32)			6,083			7,392			6,083			7,392
Pensions - Expected Return (Note 32)			(5,865)			(7,323)			(5,865)			(7,323)
Interest Receivable & similar income			(4,361)			(4,237)			(3,220)			(2,330)
(Gain)/Loss on Investments			165			2,113			0			0
(Gain)/Loss on Revaluation of Investment Property and Assets Held for Sale			1,055			(778)			770			(848)
<b>Taxation and Non-Specific Grant Income and Expenditure</b>												
Council Tax income			(14,453)			(15,292)			(14,453)			(15,292)
Business Rates income & expenditure			(9,302)			(9,215)			(9,302)			(9,215)
Revenue Support Grant			(265)			(291)			(265)			(291)
New Homes Bonus			(1,018)			(1,392)			(1,018)			(1,392)
Rural Services Delivery Grant			(387)			0			(387)			0
Non-Service Related Grants			(2,660)			(4,554)			(2,660)			(4,554)
Capital Grants and Contributions			(1,035)			(2,004)			(1,035)			(2,004)
<b>(Surplus) or deficit on provision of services</b>			<b>(3,006)</b>			<b>(2,637)</b>			<b>(1,627)</b>			<b>(2,598)</b>

	Single Entity						Group					
	Restated 2024/25			2025/26			Restated 2024/25			2025/26		
	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
Tax expenses of subsidiaries									92			(35)
<b>Group (surplus) or deficit</b>			<b>(3,006)</b>			<b>(2,637)</b>			<b>(1,535)</b>			<b>(2,633)</b>
(Surplus) or deficit on revaluation of PPE assets (Note 11)			0			(767)			0			(767)
Remeasurement of the pensions net defined benefit liability/(asset) (Note 32)			(1,887)			18,937			(1,887)			18,937
<b>Other Comprehensive Income and Expenditure</b>			<b>(1,887)</b>			<b>18,170</b>			<b>(1,887)</b>			<b>18,170</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(4,893)</b>			<b>15,533</b>			<b>(3,422)</b>			<b>15,537</b>

The 2024/25 figures have been restated to show Local Government Reorganisation costs on a separate line.

## 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							Group						
	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance 1 April 2024</b>	<b>6,419</b>	<b>41,802</b>	<b>4,800</b>	<b>1,923</b>	<b>54,944</b>	<b>60,178</b>	<b>115,122</b>	<b>6,528</b>	<b>41,802</b>	<b>4,800</b>	<b>1,923</b>	<b>55,053</b>	<b>61,542</b>	<b>116,595</b>
Total Comprehensive Expenditure and Income	3,006	0	0	0	3,006	1,887	4,893	1,535	0	0	0	1,535	1,887	3,422
Adjustment amount transferred to commuted sums	0	0	(478)	0	(478)	0	(478)	0	0	(478)	0	(478)	0	(478)
Adjustments between accounting & funding basis under regulations (Note 8)	4,630	0	(3,109)	(350)	1,171	(1,171)	0	4,244	0	(3,109)	(350)	785	(785)	0
Transfers to Earmarked Reserves	(556)	556	0	0	0	0	0	(556)	556	0	0	0	0	0
Increase / (Decrease) in Year	7,080	556	(3,587)	(350)	3,699	716	4,415	5,223	556	(3,587)	(350)	1,842	1,102	2,944
<b>Balance 31 March 2025</b>	<b>13,499</b>	<b>42,358</b>	<b>1,213</b>	<b>1,573</b>	<b>58,643</b>	<b>60,892</b>	<b>119,535</b>	<b>11,751</b>	<b>42,358</b>	<b>1,213</b>	<b>1,573</b>	<b>56,895</b>	<b>62,644</b>	<b>119,539</b>
Total Comprehensive Expenditure and Income	2,637	0	0	0	2,637	(18,170)	(15,533)	2,633	0	0	0	2,633	(18,170)	(15,537)
Opening Balance Adjustments	0	0	12	92	104	(12)	92	0	0	12	92	104	(12)	92
Adjustments between accounting & funding basis under regulations (Note 8)	(2,548)	0	(691)	(687)	(3,926)	3,926	0	(4,517)	0	(691)	(687)	(5,895)	5,895	0
Transfers from Earmarked Reserves	2,925	(2,925)	0	0	0	0	0	2,925	(2,925)	0	0	0	0	0
Increase / (Decrease) in Year	3,014	(2,925)	(679)	(595)	(1,185)	(14,256)	(15,441)	1,041	(2,925)	(679)	(595)	(3,158)	(12,287)	(15,445)
<b>Balance 31 March 2026</b>	<b>16,513</b>	<b>39,433</b>	<b>534</b>	<b>978</b>	<b>57,458</b>	<b>46,636</b>	<b>104,094</b>	<b>12,792</b>	<b>39,433</b>	<b>534</b>	<b>978</b>	<b>53,737</b>	<b>50,357</b>	<b>104,094</b>

## 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.

	Note	Single Entity		Group	
		31 March 25 £'000	31 March 26 £'000	31 March 25 £'000	31 March 26 £'000
<b>Long Term Assets</b>					
Property, Plant & Equipment	11	33,404	39,432	33,839	39,454
Right of Use Assets	11	11,933	7,532	11,933	7,532
Intangible Fixed Assets		1,215	1,738	1,215	1,738
Investment Properties	12	13,671	14,449	23,088	24,165
Long Term Investments	17	6,328	4,215	25	25
Long Term Debtors	18	17,070	10,817	2,483	5,830
		<b>83,621</b>	<b>78,183</b>	<b>72,583</b>	<b>78,744</b>
<b>Current Assets</b>					
Short Term Investments	20	35,185	30,038	35,185	30,038
Assets Held for Sale		1,800	1,800	1,800	1,800
Inventories	21	67	67	23,077	25,830
Short Term Debtors	19	29,661	50,892	19,045	25,173
Cash and Cash Equivalents		18,293	19,102	19,814	21,000
		<b>85,006</b>	<b>101,899</b>	<b>98,921</b>	<b>103,841</b>
<b>Current Liabilities</b>					
Short Term Creditors	22	(21,837)	(27,027)	(24,226)	(23,581)
Short Term Provisions	23	(1,154)	(1,097)	(1,638)	(1,546)
Capital Grants Receipts in Advance		(1,428)	(1,884)	(1,428)	(1,884)
		<b>(24,419)</b>	<b>(30,008)</b>	<b>(27,292)</b>	<b>(27,011)</b>
<b>Long Term Liabilities</b>					
Long Term Creditors	24	(1,153)	(1,012)	(1,153)	(6,512)
Long Term Borrowing	15	(20,000)	(24,500)	(20,000)	(24,500)
Pension Scheme Liability	32	(2,259)	(19,138)	(2,259)	(19,138)
Grants Receipts in Advance		(1,261)	(1,330)	(1,261)	(1,330)
		<b>(24,673)</b>	<b>(45,980)</b>	<b>(24,673)</b>	<b>(51,480)</b>
<b>Net Assets</b>		<b>119,535</b>	<b>104,094</b>	<b>119,539</b>	<b>104,094</b>
<b>Usable Reserves</b>					
General Fund Balance		13,499	16,513	11,751	12,792
Earmarked Reserves	10	42,358	39,433	42,358	39,433
Usable Capital Receipts Reserve		1,213	534	1,213	534
Capital Grants Unapplied		1,573	978	1,573	978
<b>Unusable Reserves</b>	25				
Capital Adjustment Account		59,277	60,680	61,029	64,401
Collection Fund Adjustment Account		(932)	(384)	(932)	(384)
Deferred Capital Receipts Reserve		12	0	12	0
Financial Instruments Adjustment Account		(28)	(27)	(28)	(27)
Pension Fund Reserve		(2,259)	(19,138)	(2,259)	(19,138)
Revaluation Reserve		5,178	5,906	5,178	5,906
Short Term Accumulated Absences Account		(356)	(401)	(356)	(401)
<b>Total Reserves</b>		<b>119,535</b>	<b>104,094</b>	<b>119,539</b>	<b>104,094</b>

*R Fincham*

Assistant Director of Finance

Date: 30 June 2026

## 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	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Net (Surplus) / Deficit on Provision of Services	(3,006)	(2,637)	(1,535)	(2,633)
Adjustment for non-cash Movements	(892)	(2,589)	(6,472)	3,797
Adjustment for Investment and Finance Activities	2,427	(90,264)	2,429	(90,264)
<b>Net Cash Flows from Operating Activities</b>	<b>(1,471)</b>	<b>(95,490)</b>	<b>(5,578)</b>	<b>(89,100)</b>
<b>Investing Activities</b>				
Purchase of property, plant, equipment and intangible assets	10,253	8,142	12,739	8,174
Purchase of short- term and long-term investments	0	92,000	0	92,000
Other payments for investing activities	(1,032)	11,800	1,500	0
Proceeds from the sale of property, plant and equipment	(1,342)	(1,004)	(1,342)	(1,004)
Other receipts from investing activities	(7,411)	(11,189)	(4,411)	(6,189)
<b>Net Cash Flow from Investing Activities</b>	<b>468</b>	<b>99,749</b>	<b>8,486</b>	<b>92,981</b>
<b>Finance Activities</b>				
Cash receipts of short- and long-term borrowing	0	(4,500)	0	(4,500)
Cash payments for the reduction of outstanding liabilities relating to leases	21	20	22	20
Other receipts from financing activities	(460)	(588)	(460)	(587)
<b>Net Cash Flows from Financing Activities</b>	<b>(439)</b>	<b>(5,068)</b>	<b>(438)</b>	<b>(5,067)</b>
<b>Net Cash Flow</b>	<b>(1,442)</b>	<b>(809)</b>	<b>2,470</b>	<b>(1,186)</b>
<b>Cash and Cash Equivalents at 1 April</b>	<b>16,851</b>	<b>18,293</b>	<b>22,284</b>	<b>19,814</b>
<b>Cash and Cash Equivalents at 31 March</b>	<b>18,293</b>	<b>19,102</b>	<b>19,814</b>	<b>21,000</b>

<b>Analysis of Cash &amp; Cash Equivalents</b>				
Cash held	94	48	0	0
Bank current accounts	5,991	6,944	19,814	21,000
Short Term Deposits with Banks and other institutions	12,208	12,110	0	0
	<b>18,293</b>	<b>19,102</b>	<b>19,814</b>	<b>21,000</b>

The cash flows for operating activities include the following items:

	Single Entity		Group	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Interest received	(4,361)	(4,383)	(3,220)	(4,383)
Interest paid	635	(1,537)	635	576
	<b>(3,726)</b>	<b>(5,920)</b>	<b>(2,585)</b>	<b>(3,807)</b>

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

	Single Entity		Group	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Depreciation	(2,366)	(2,332)	(2,366)	(2,332)
Impairment and downward valuations	(4,262)	(4,085)	(4,262)	(4,085)
Amortisation	(244)	(318)	(244)	(318)
Increase/(decrease) in creditors	(1,867)	(4,638)	(4,156)	(4,305)
Increase/(decrease) in debtors	10,006	8,032	(431)	9,329
Increase/(decrease) in inventories	0	0	7,216	2,753
Movement in pension liability	928	2,055	928	2,055
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(2,204)	(24)	(2,203)	(24)
Other non-cash items charged to the net surplus or deficit on the provision of services	(883)	(1,279)	(954)	724
	<b>892</b>	<b>(2,589)</b>	<b>(6,472)</b>	<b>3,797</b>

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

	Single Entity		Group	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(3,052)	(97,000)	(3,052)	(97,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,156	1,004	2,156	1,004
Any other items for which the cash effects are investing or financing cash flows	3,323	5,732	3,325	5,732
	<b>2,427</b>	<b>(90,264)</b>	<b>2,429</b>	<b>(90,264)</b>

#### Reconciliation of Liabilities Arising from Financing Activities

	1 April 2025	Financing cash flows	Charges which are not financing cash flows	31 March 2026
	£'000	£'000	Other £'000	£'000
Lease liabilities	196	(29)	8	175
<b>Total liabilities from financing activities</b>	<b>196</b>	<b>(29)</b>	<b>8</b>	<b>175</b>

# NOTES TO THE ACCOUNTS

## 1. Accounting Policies

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

### General principles

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26 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 or 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.

Exceptions to this principle relate to:

- Utility bills which are charged at the date of meter reading rather than being apportioned between financial years.
- Annual subscription/licence fees with an annual value of less than £10,000.
- Low value items less than £5,000.

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. Exceptionally, the 2025/26 Code provides that changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures.

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 or 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 of 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. Thereafter they are 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 joint 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.

South Norfolk Council and Broadland District Council recharge income and expenditure incurred on jointly owned assets and overheads.

## Leases

### The Authority as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

### Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The Authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

### Low value and short lease exemption

As permitted by the Code, the Authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

### Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets are 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.

### 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 is 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 statute 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 accrual's 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 that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

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.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. In accordance with the Code, assets are now subject to a full revaluation on a five-year cycle, with annual indexation applied to assets during the four intervening years.

Where appropriate indices cannot be obtained without undue cost or effort, the Authority will revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

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 2026/27 Code of Practice on Local Authority Accounting:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

None of these changes are expected to have any 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. 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 five yearly intervals
- 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 2026 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. The net book value of Property, Plant and Equipment at 31 March 2026 was £46.9m.

Assets are valued on a five-year rolling basis, supported by indexation adjustments in years where assets are not valued. Where the authority is unable to obtain a suitable index, a desktop revaluation of the asset is carried out in year three of the five-year cycle.

Based on the assets that were valued in the year as part of the five-year rolling revaluation programme, the average decrease in the value of assets was -5.55%. For those assets where indexation was applied, the average decrease in the value of assets was -0.36%.

If the valuation percentage was applied to the assets valued using indices, this would decrease the Balance Sheet value by (£411k), compared to an indexation decrease of (£27k).

##### **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. The Pensions liability at 31 March 2026 was £19.1m. Further details can be found in Note 32.

##### **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 of £1.1m, details of which can be found in Note 23.

## **5. Events after the Reporting Period**

The Statement of Accounts were issued by the Assistant Director of Finance on 30 June 2026. 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 2026, 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 2026 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).

2025/26	Net Expend Chargeable to the General Fund	RoUA Accounting	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 CIES
	Funding £'000	£'000	£'000	£'000	£'000	£'000	£'000	Accounting £'000
Chief of Staff	3,683	0	0	21	6	0	10	3,720
Finance & Corporate Costs	3,327	0	0	(2,340)	7	0	1	995
Local Government Reorganisation Costs	14	0	0	0	2	0	0	16
Transformation & ICT / Digital	3,827	0	847	24	2	0	0	4,700
Economic Growth	925	0	2,249	9	9	0	(104)	3,088
Regulatory	1,004	0	0	11	4	0	0	1,019
Planning & Business Support	(77)	(6)	7	30	(7)	0	(20)	(73)
Individuals & Families	2,857	(7)	1,375	46	10	0	(15)	4,266
Housing Benefit Payments	159	0	0	0	0	0	0	159
Community Services	3,396	(2)	1,046	50	37	0	146	4,673
Leisure Services	548	(14)	4,656	25	(24)	0	(13)	5,178
Opportunity Revenue Projects	95	0	0	1	(1)	0	0	95
<b>Net Cost of Services</b>	<b>19,758</b>	<b>(29)</b>	<b>10,180</b>	<b>(2,123)</b>	<b>45</b>	<b>0</b>	<b>5</b>	<b>27,836</b>
Other income & expenditure from the Expenditure & Funding Analysis	(19,847)	9	(10,148)	68	0	(2)	(552)	(30,473)
<b>(Surplus)/Deficit for the year</b>	<b>(89)</b>	<b>(20)</b>	<b>32</b>	<b>(2,055)</b>	<b>45</b>	<b>(2)</b>	<b>(547)</b>	<b>(2,637)</b>
Opening General Fund (including Earmarked Reserves)	(13,499)							
(Surplus)/Deficit on General Fund Balance for the Year	(89)							
Transfers to / (from) Earmarked Reserves	(2,925)							
<b>Closing General Fund Balance (including Earmarked Reserves)</b>	<b>(16,513)</b>							

2024/25	Net Expend Chargeable to the General Fund	RoUA Accounting	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 CIES
	Funding £'000	£'000	£'000	£'000	£'000	£'000	£'000	Accounting £'000
Chief of Staff	3,722	0	0	85	(24)	0	2	3,785
Finance & Corporate Costs	2,841	0	0	(1,908)	(21)	0	0	912
Transformation & ICT / Digital	2,994	0	3,146	54	(20)	0	(1)	6,173
Economic Growth	810	0	1,252	39	(7)	0	(226)	1,868
Regulatory	825	0	0	33	(20)	0	0	838
Planning & Business Support	255	(10)	0	123	(58)	0	(6)	304
Individuals & Families	2,376	(6)	124	163	(41)	0	102	2,718
Housing Benefit Payments	126	0	0	0	0	0	0	126
Community Services	2,662	(6)	1,106	173	(41)	0	151	4,045
Leisure Services	715	(14)	1,736	87	(51)	0	(17)	2,456
COVID Support	(249)	0	0	0	0	0	0	(249)
Opportunity Revenue Projects	100	0	0	5	0	0	0	105
<b>Net Cost of Services</b>	<b>17,178</b>	<b>(36)</b>	<b>7,364</b>	<b>(1,146)</b>	<b>(283)</b>	<b>0</b>	<b>5</b>	<b>23,081</b>
Other income & expenditure from the Expenditure & Funding Analysis	(24,814)	10	(2,388)	218	0	(2)	887	(26,089)
<b>(Surplus)/Deficit for the year</b>	<b>(7,636)</b>	<b>(26)</b>	<b>4,976</b>	<b>(928)</b>	<b>(283)</b>	<b>(2)</b>	<b>892</b>	<b>(3,008)</b>
Opening General Fund	(6,419)							
(Surplus)/Deficit on General Fund Balance for the Year	(7,636)							
Transfers to / (from) Earmarked Reserves	556							
<b>Closing General Fund Balance</b>	<b>(13,499)</b>							

## 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.

	2024/25				2025/26			
	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
<b>Adjustments Primarily involving Capital Adjustment Account</b>								
Amortisation of Intangible Assets	244	0	0	(244)	318	0	0	(318)
Depreciation of Property, Plant and Equipment	2,366	0	0	(2,366)	2,332	0	0	(2,332)
Gain / (Loss) on Revaluation / Impairment of PPE	5,350	0	0	(5,350)	3,308	0	0	(3,308)
Revenue Expenditure funded from Capital Under Statute	4,387	0	0	(4,387)	7,355	0	0	(7,355)
Grants & Contributions	(4,505)	102	0	4,403	(5,539)	0	0	5,539
Disposals - Amounts of Non-Current Assets written off	14	0	0	(14)	(980)	0	0	980
Capital Expenditure financed from Revenue	(1,630)	0	0	1,630	(7,321)	0	0	7,321
Revaluation of Investments	165	0	0	(165)	2,113	0	0	(2,113)
Minimum Revenue Provision - General	(964)	0	0	964	(1,180)	0	0	1,180
Minimum Revenue Provision - NRP	0	0	0	0	(180)	0	0	180
Loan Repayments relating to Right of Use Assets	(26)	0	0	26	(20)	0	0	20
	<b>5,402</b>	<b>102</b>	<b>0</b>	<b>(5,504)</b>	<b>206</b>	<b>0</b>	<b>0</b>	<b>(206)</b>
<b>Adjustments Primarily involving Capital Receipts Reserve</b>								
Use of Capital Receipts Reserve to finance Capital Expenditure	0	(3,613)	0	3,613	0	(6,858)	0	6,858
New Capital Receipts - Grants Repaid	0	(191)	0	191	(100)	163	0	(63)
New Capital Receipts - Disposals - Transfer of Cash Sale Proceeds	0	593	0	(593)	0	1,004	0	(1,004)
New Capital Receipts - Big Sky Loan Repayments	0	0	0	0	0	5,000	0	(5,000)
New Capital grants unapplied	(144)	0	144	0	(94)	0	94	0
Gov Grants Unapplied used for financing	(307)	0	(494)	801	0	0	(781)	781
	<b>(451)</b>	<b>(3,211)</b>	<b>(350)</b>	<b>4,012</b>	<b>(194)</b>	<b>(691)</b>	<b>(687)</b>	<b>1,572</b>
<b>Adjustments Primarily involving Pensions Reserve</b>								
Net charges made for retirement benefits	3,411	0	0	(3,411)	2,521	0	0	(2,521)
Employers pension contribution	(4,339)	0	0	4,339	(4,576)	0	0	4,576
	<b>(928)</b>	<b>0</b>	<b>0</b>	<b>928</b>	<b>(2,055)</b>	<b>0</b>	<b>0</b>	<b>2,055</b>
<b>Other Adjustments</b>								
Collection Fund Adjustment Account	892	0	0	(892)	(548)	0	0	548
Short Term Accumulated Absences	(283)	0	0	283	45	0	0	(45)
Financial Instruments Adjustment Account	(2)	0	0	2	(2)	0	0	2
	<b>607</b>	<b>0</b>	<b>0</b>	<b>(607)</b>	<b>(505)</b>	<b>0</b>	<b>0</b>	<b>505</b>
<b>Net Additional amount charged / (credited) to the General Fund</b>	<b>4,630</b>	<b>(3,109)</b>	<b>(350)</b>	<b>(1,171)</b>	<b>(2,548)</b>	<b>(691)</b>	<b>(687)</b>	<b>3,926</b>

## 9. Income and Expenditure Analysed by Nature

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

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income</b>		
Fees, charges, and other income	(18,387)	(20,269)
Interest and investment income	(4,361)	(4,237)
Interest income - Pension Fund Expected Return	(5,865)	(7,323)
Income from Council Tax & Non-Domestic Rates	(30,507)	(30,385)
Government grants & contributions	(35,918)	(34,710)
<b>Total income</b>	<b>(95,038)</b>	<b>(96,924)</b>
<b>Expenditure</b>		
Employee benefits expenses	22,754	24,641
Depreciation, amortisation, impairment, & REFCUS	11,293	14,091
Interest payments - General	635	576
Interest payments - Pension Fund Interest Cost	6,083	7,392
Precepts and levies	5,533	6,053
Gain/loss on disposal of assets	14	(980)
Gain/loss on revaluation	1,055	(778)
Other expenditure	44,665	43,292
<b>Total expenditure</b>	<b>92,032</b>	<b>94,287</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(3,006)</b>	<b>(2,637)</b>

## 10. Transfers to / from Earmarked Reserves

	Balance at 31 March 2024 £'000	Transfers In £'000	Capital Funding £'000	Transfers Out £'000	Balance at 31 March 2025 £'000	Transfers In £'000	Transfers Between Reserves £'000	Capital Funding £'000	Transfers Out £'000	Balance at 31 March 2026 £'000
Revenue	9,107	0	0	0	9,107	0	(9,107)	0	0	0
Infrastructure Reserve	2,837	0	0	0	2,837	0	(2,837)	0	0	0
Street Lighting Replacement	0	7	(7)	0	0	7	0	0	0	7
Business Rates Reserve	2,000	0	0	0	2,000	0	(2,000)	0	0	0
District and Parish Elections	201	40	0	0	241	40	0	0	0	281
Local Development Reserve	905	0	0	0	905	0	0	0	(19)	886
Low-Cost Housing (NHB)	876	0	0	0	876	0	(876)	0	0	0
Car Park Upgrades Reserve	407	70	0	0	477	106	0	(57)	0	526
Enterprise Zone Reserve	975	75	0	0	1,050	155	0	0	0	1,205
3G Pitch Renewal Reserve	195	15	0	0	210	30	0	0	0	240
Tennis Courts Reserve	20	0	0	0	20	10	0	0	0	30
Depot works	5,000	0	(128)	0	4,872	0	(4,872)	0	0	0
New ways of working	3,553	0	0	0	3,553	0	(3,553)	0	0	0
Capital Funding Reserve	5,983	2,000	0	0	7,983	2,000	25,245	(7,228)	0	28,000
Collaboration saving reserve	768	0	0	0	768	0	(768)	0	0	0
Leisure Centres	1,423	0	(1,423)	0	0	0	0	0	0	0
Covid 19 Reserve	196	0	0	(196)	0	0	0	0	0	0
Leisure Services Recovery	1,000	0	0	(250)	750	0	0	0	(250)	500
Waste Reserve	500	279	0	0	779	38	0	0	0	817
Waste MRF Reserve	0	23	0	0	23	167	0	0	0	190
Planning Appeals	100	0	0	0	100	250	0	0	0	350
Compulsory Purchase Order	500	0	0	0	500	0	0	0	0	500
Projects	109	143	0	0	252	0	0	0	(8)	244
Feasibility Reserve	462	0	0	(103)	359	0	0	0	(9)	350
Opportunities	1,764	0	0	(100)	1,664	0	0	(36)	(95)	1,533
Economic Growth Reserve	909	0	0	(107)	802	0	250	0	0	1,052
Environmental / Infrastructure Reserve	500	0	0	0	500	0	(500)	0	0	0
Comm Infrastructure Fund Reserve	1,500	0	0	0	1,500	0	(1,500)	0	0	0
Community Infrastructure Levy Reserve	12	65	0	0	77	157	0	0	0	234
Devolution & LGR Reserve	0	150	0	0	150	0	518	0	(14)	654
Planning Referendum	0	0	0	0	0	19	0	0	0	19
South Norfolk House	0	0	0	0	0	370	0	0	(370)	0
Environmental Projects	0	0	0	0	0	600	0	0	0	600
EPR Reserve	0	0	0	0	0	1,215	0	0	0	1,215
<b>Total Earmarked Reserves</b>	<b>41,802</b>	<b>2,868</b>	<b>(1,557)</b>	<b>(755)</b>	<b>42,358</b>	<b>5,164</b>	<b>0</b>	<b>(7,321)</b>	<b>(765)</b>	<b>39,433</b>

## 11. Property, Plant and Equipment

### Movements in Property, Plant & Equipment

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Right of Use Asset	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Valuation as at 1 April 2025</b>	<b>23,468</b>	<b>13,058</b>	<b>50</b>	<b>2,954</b>	<b>64</b>	<b>12,178</b>	<b>51,772</b>
Reclassifications	0	0	0	(1,571)	1,571	0	0
Additions	3,346	1,845	19	0	2,091	0	7,301
Revaluation increase/(decrease) recognised in the Revaluation Reserve	326	0	0	330	0	0	656
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	(236)	0	0	(1)	0	(4,617)	(4,854)
De-recognition - disposals	0	(2,066)	0	0	0	0	(2,066)
<b>Value as at 31 March 2026</b>	<b>26,904</b>	<b>12,837</b>	<b>69</b>	<b>1,712</b>	<b>3,726</b>	<b>7,561</b>	<b>52,809</b>
<b>Accumulated Depreciation</b>							
<b>At 1 April 2025</b>	<b>(68)</b>	<b>(6,072)</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>(245)</b>	<b>(6,435)</b>
Reclassifications	0	0	0	0	0	0	0
Depreciation charge	(338)	(1,736)	0	0	0	(258)	(2,332)
Depreciation written out to the Revaluation Reserve	111	0	0	0	0	0	111
Depreciation written out to the Comprehensive Income & Expenditure Statement	294	0	0	0	0	474	768
De-recognition - disposals	0	2,043	0	0	0	0	2,043
<b>At 31 March 2026</b>	<b>(1)</b>	<b>(5,765)</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>(29)</b>	<b>(5,845)</b>
<b>Net Book Value at 31 March 2026</b>	<b>26,903</b>	<b>7,072</b>	<b>19</b>	<b>1,712</b>	<b>3,726</b>	<b>7,532</b>	<b>46,964</b>

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Right of Use Asset	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Valuation as at 1 April 2024</b>	<b>33,384</b>	<b>15,378</b>	<b>50</b>	<b>2,856</b>	<b>27</b>	<b>0</b>	<b>51,695</b>
Restatement of opening balances on transition to IFRS 16							
Leases:							
Reclassification of assets as RoU assets	(11,702)	0	0	0	0	11,702	0
Recognition of RoU assets on transition	0	0	0	0	0	217	217
<b>Adjusted Valuation as at 1 April 2024</b>	<b>21,682</b>	<b>15,378</b>	<b>50</b>	<b>2,856</b>	<b>27</b>	<b>11,919</b>	<b>51,912</b>
Additions	6,976	1,559	0	98	37	259	8,929
Revaluation increase/(decrease) recognised in the Revaluations Reserve	(73)	0	0	0	0	0	(73)
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	(3,042)	0	0	0	0	0	(3,042)
De-recognition - disposals	(2,075)	(3,879)	0	0	0	0	(5,954)
<b>Value as at 31 March 2025</b>	<b>23,468</b>	<b>13,058</b>	<b>50</b>	<b>2,954</b>	<b>64</b>	<b>12,178</b>	<b>51,772</b>
<b>Accumulated Depreciation</b>							
<b>At 1 April 2024</b>	<b>(43)</b>	<b>(8,101)</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,194)</b>
Depreciation charge	(377)	(1,745)	0	0	0	(245)	(2,367)
Depreciation written out to the Revaluation Reserve	73	0	0	0	0	0	73
Depreciation written out to the Comprehensive Income & Expenditure Statement	253	0	0	0	0	0	253
De-recognition - disposals	26	3,774	0	0	0	0	3,800
<b>At 31 March 2025</b>	<b>(68)</b>	<b>(6,072)</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>(245)</b>	<b>(6,435)</b>
<b>Net Book Value at 31 March 2025</b>	<b>23,400</b>	<b>6,986</b>	<b>0</b>	<b>2,954</b>	<b>64</b>	<b>11,933</b>	<b>45,337</b>

## Analysis of Assets

	No. of Assets 31 March 2026	NBV as at 31 March 2025 £'000	NBV as at 31 March 2026 £'000s
<b>Operational</b>			
<b>Land &amp; Buildings</b>			
Car Parks	18	2,041	2,055
Depot	1	643	658
Hostel/ Homelessness	21	5,016	8,020
Leisure Centres	2	9,015	9,491
Office	1	3,691	3,684
Business Support Centre (EMB)	1	2,589	2,589
Public Conveniences	2	116	122
Sewage Treatment Plants	1	3	3
Travellers Site	2	286	280
<b>Land &amp; Buildings Total</b>		<b>23,400</b>	<b>26,902</b>
<b>Vehicles, Plant &amp; Equipment</b>			
Vehicles		3,381	3,649
Wheeled Bins		994	988
Other		2,612	2,435
<b>Vehicles, Plant &amp; Equipment Total</b>		<b>6,987</b>	<b>7,072</b>
<b>Infrastructure assets</b>			
Other		0	19
<b>Right of Use (ROU) Assets</b>			
ROU- Hostel/ Homelessness		55	50
ROU - Leisure Centres		11,856	7,470
ROU- Offices		15	7
ROU- Vehicles		6	5
<b>ROU Assets Total</b>		<b>11,932</b>	<b>7,532</b>
<b>Operational Total</b>		<b>42,319</b>	<b>41,525</b>
<b>Non-Operational</b>			
<b>Surplus Assets</b>			
Land Awaiting Development		2,954	1,712
<b>Surplus Assets Total</b>		<b>2,954</b>	<b>1,712</b>
<b>Assets Under Construction</b>			
Assets Under Construction		64	3,727
<b>Assets Under Construction Total</b>		<b>64</b>	<b>3,727</b>
<b>Non-Operational Total</b>		<b>3,018</b>	<b>5,439</b>
<b>Total Property, Plant &amp; Equipment (Including RoU)</b>		<b>45,337</b>	<b>46,964</b>

In addition to the above the Council owns areas of amenity land which have little or no value. They consist of general amenity land, woodland and play areas.

## Valuations

The Council ensures that all Property, Plant and Equipment required to be measured at current value is subject to a rolling programme of revaluations over a five-year-cycle, with annual indexation applied to assets during the four intervening years. Where indices cannot be obtained without undue cost or effort, we revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

- Indexation has been applied as an approximation to reflect movements in asset values between formal revaluations and does not constitute a valuation of individual assets.
- The selection of indices is based on professional judgement, with reference to appropriate published cost indices, rental data and market transaction evidence, to provide a reasonable estimate of changes in value over the financial year
- For specialised assets, indexation reflects movements in construction costs consistent with a Depreciated Replacement Cost valuation basis, while for non-specialised assets it reflects movements in market values consistent with Existing Use Value or Fair Value
- Indices have been applied consistently across asset classes and, where appropriate, separately to land and building elements in line with the underlying valuation methodology.
- The indices used are based on regional and national market evidence and are considered representative of the Authority's asset portfolio.
- The indexation exercise does not involve a detailed review of individual assets and is based on general movements in market conditions for each asset class.
- It is assumed that there have been no material changes, impairment indicators or other events during the year that would require a full revaluation outside the indexation process.
- Where suitable indices are not available for certain asset types, indexation has not been applied, and alternative valuation approaches are required in accordance with the Code
- The estimates are subject to inherent uncertainty, as they rely on market data and conditions at the reporting date, and actual values may differ from those determined at the next full revaluation.

Index	Average Change %	Valuation Change £'000
Other Indices	-0.36%	(27)
<b>Total Indexation applied</b>		<b>(27)</b>

	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Right of Use Asset £'000	Total £'000
Historical Cost	13	7,072	19	0	3,726	192	<b>11,022</b>
Valued at fair value as at							
31-Mar-23	483	0	0	0	0	0	<b>483</b>
31-Mar-24	1,064	0	0	0	0	0	<b>1,064</b>
31-Mar-25	5,977	0	0	0	0	0	<b>5,977</b>
31-Mar-26	19,993	0	0	1,712	0	7,340	<b>28,445</b>
Indexation applied to valuations above	(27)	0	0	0	0	0	<b>(27)</b>
	<b>26,903</b>	<b>7,072</b>	<b>19</b>	<b>1,712</b>	<b>3,726</b>	<b>7,532</b>	<b>46,964</b>

## **Ella May Barnes Building Valuation**

The Other Land & Buildings category of Property, Plant and Equipment includes the Ella May Barnes building.

The Local Enterprise Partnership (LEP) (now disbanded) provided funding towards the cost of this building, and in return Suffolk County Council (as the accountable body for the LEP) is entitled to 50% of the net rental income and 50% of the sale price on disposal.

## **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets with a finite useful.

	<b>Remaining Useful Life (years)</b>
Buildings	42- 54
Plant and Equipment	0 - 20
IT Hardware	0 - 7
Vehicles	0 - 7

## **Capital Commitments**

As at 31 March 2026, the Council had commitments related to:

- Waste Vehicles (£1.5m),
- Fuel Tanks (£3.7m),
- Roundwell Travellers Site (£1.7m),
- NRP Grow on Building (£1.1m) and
- Hethel Infrastructure (£4.2m).

## **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 2026 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.

	2024/25 £'000	2025/26 £'000
Rental income from property	(834)	(834)
Direct operating expenses arising from rental property	447	405
Net (gain)/loss	<b>(387)</b>	<b>(429)</b>

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:

	2024/25 £'000	2025/26 £'000
<b>Balance as at 1 April</b>	<b>14,434</b>	<b>13,671</b>
Purchases	292	0
Net Gain/(Loss) from Fair Value adjustments	(1,055)	778
<b>Balance as at 31 March</b>	<b>13,671</b>	<b>14,449</b>
Consolidate Council owned companies' investment properties	9,417	9,716
<b>Group balance at 31 March</b>	<b>23,088</b>	<b>24,165</b>

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 £11,818,100 (2024/25: £11,617,900). 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 2026 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

#### Authority as lessee

The authority's lease contracts comprise leases of operational land and buildings and motor vehicles.

#### Right-of-use assets

This table shows the change in the value of right-of-use assets held under leases by the authority:

	Land and Buildings £'000	Vehicles £'000	Total £'000
<b>Balance as at 1 April 2024</b>	<b>11,911</b>	<b>8</b>	<b>11,919</b>
Additions	259	0	259
Depreciation and Amortisation	(243)	(2)	(245)
<b>Balance as at 31 March 2025</b>	<b>11,927</b>	<b>6</b>	<b>11,933</b>
Depreciation and Amortisation	(257)	(2)	(259)
Revaluation	(4,143)	0	(4,143)
<b>Balance as at 31 March 2026</b>	<b>7,527</b>	<b>4</b>	<b>7,531</b>

#### Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

	2024/25 £'000	2025/26 £'000
<b>Comprehensive income and expenditure statement</b>		
Interest expense on lease liabilities	10	9
Expense relating to short-term leases	135	35
<b>Cash flow statement</b>		
Minimum lease payments	36	29

#### Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	2024/25 £'000	2025/26 £'000
Less than one year	29	21
One to five years	84	84
More than five years	142	121
<b>Total undiscounted liabilities</b>	<b>255</b>	<b>226</b>

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Total undiscounted lease receivables	255	226
Unearned finance income	(60)	(51)
<b>Lease liability as at 31 March</b>	<b>195</b>	<b>175</b>

### **Authority as lessor**

The authority's operating lease contracts comprise leases of property.

### Transactions under leases

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Operating leases: Total lease income	711	673

### Maturity analysis of lease receivables

	<b>Operating leases</b>	
	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Less than one year	702	576
One to two years	563	533
Two to three years	520	445
Three to four years	435	386
Four to five years	377	341
More than five years	5,412	3,559
<b>Total undiscounted receivables</b>	<b>8,009</b>	<b>5,840</b>

## **14. Investments in Joint Ventures and Subsidiaries**

### **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, Big Sky Property Management Ltd, Big Sky Living Ltd and Vertical Property Services 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 31<sup>st</sup> March.

The following companies reported the following results for the year ended 31<sup>st</sup> March 2026:

- **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 £2,113,339 (2024/25: loss of £1,389,516), with net assets of £4,190,077 (2024/25: £6,303,416).  
The group accounts of this company are consolidated into the Council's group accounts.

- **Big Sky Developments Ltd** – This is a property development company.  
The results for the year show a loss of £2,173,207 (2024/25: loss of £1,713,689), with net liabilities of £299,018 (2024/25: net assets of £1,874,189).
- **Big Sky Property Management Ltd** – This company primarily manages properties retained for private sector rental.  
The results for the year show a profit of £15,697 (2024/25: profit of £320,068), with net assets of £4,456,067 (2024/25: £4,440,370).

### **Norfolk Environmental Credits**

Norfolk Environmental Credits Limited is a company limited by guarantee, and South Norfolk Council is one of the five local authority members of the company.

The accounts of Norfolk Environmental Credits share the same year end of 31st March and have been prepared using similar accounting policies and practices to that of the reporting authority. The results for the year show a profit of £222,549 (2024/25: loss of £236,451).

These have not been consolidated into the Council's group accounts on the basis of materiality.

## **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				Totals	
	Investments		Debtors		March 2026	March 2025
	March 2026 £'000	March 2025 £'000	March 2026 £'000	March 2025 £'000	£'000	£'000
<b>Financial Assets</b>						
Amortised cost	0	0	582	620	582	620
Fair Value through other comprehensive income and expenditure	25	25	0	0	25	25
<b>Total Long Term Financial Assets</b>	<b>25</b>	<b>25</b>	<b>582</b>	<b>620</b>	<b>607</b>	<b>645</b>
Non-financial assets	6,468	6,303	4,987	14,587	11,455	20,890
<b>Total Long-Term Assets</b>	<b>6,493</b>	<b>6,328</b>	<b>5,569</b>	<b>15,207</b>	<b>12,062</b>	<b>21,535</b>

Note 15.1b - Current Financial Assets	Current				Totals	
	Investments		Debtors		March 2026	March 2025
	March 2026 £'000	March 2025 £'000	March 2026 £'000	March 2025 £'000	£'000	£'000
<b>Financial Assets</b>						
Amortised cost	49,140	53,476	39,615	19,645	88,755	73,121
<b>Total Current Financial Assets</b>	<b>49,140</b>	<b>53,476</b>	<b>39,615</b>	<b>19,645</b>	<b>88,755</b>	<b>73,121</b>
<b>Total Assets</b>	<b>55,633</b>	<b>59,804</b>	<b>45,184</b>	<b>34,852</b>	<b>100,817</b>	<b>94,656</b>

Note 15.2a Long Term Financial Liabilities	Non-Current				Totals	
	Borrowings		Creditors		March 2026	March 2025
	March 2026 £'000	March 2025 £'000	March 2026 £'000	March 2025 £'000	£'000	£'000
<b>Financial Liabilities</b>						
Amortised cost	24,500	20,000	1,269	1,311	25,769	21,311
<b>Total Long-Term Liabilities</b>	<b>24,500</b>	<b>20,000</b>	<b>1,269</b>	<b>1,311</b>	<b>25,769</b>	<b>21,311</b>

Note 15.2b Current Financial Liabilities	Current				Totals	
	Borrowings		Creditors		March 2026	March 2025
	March 2026 £'000	March 2025 £'000	March 2026 £'000	March 2025 £'000	£'000	£'000
<b>Financial Liabilities</b>						
Amortised cost	0	0	21,346	16,821	21,346	16,821
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>21,346</b>	<b>16,821</b>	<b>21,346</b>	<b>16,821</b>
<b>Total Liabilities</b>	<b>24,500</b>	<b>20,000</b>	<b>22,615</b>	<b>18,132</b>	<b>47,115</b>	<b>38,132</b>

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.

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 previously granted a number of soft loans, with one loan remaining as at the reporting date. The fair value of this loan has been determined by discounting it over its life using an interest rate based on PWLB rates, resulting in the following fair value:

	<b>Loan value £'000</b>	<b>Fair value £'000</b>	<b>Discount rate</b>
Long Stratton Parish Council	104	77	2.16%

### 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.

<b>Assets Fair Value Hierarchy</b>	<b>Fair Value Hierarchy</b>	<b>Amount £'000</b>
Equity shareholding in Big Sky Ventures Ltd	Level 3	6,303
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 the tables above are equal to the carrying amounts shown within the table.

<b>Fair Value disclosures Financial Liabilities</b>	<b>31 March 2026</b>		<b>31 March 2025</b>	
	<b>Carrying Amount £'000</b>	<b>Fair Value £'000</b>	<b>Carrying Amount £'000</b>	<b>Fair Value £'000</b>
PWLB Debt	20,000	13,882	20,000	12,544
Other Debt	4,500	4,646	0	0
<b>Total Financial Liabilities</b>	<b>24,500</b>	<b>18,528</b>	<b>20,000</b>	<b>12,544</b>

## Income Expenses Gains and Losses

Income, Expense, Gains and Losses	31 March 2026		31 March 2025	
	Surplus or Deficit on Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Interest Revenue:				
Financial Assets measured at amortised cost	(2,321)	0	(3,168)	0
Investment Income /Interest	0	(1,914)	0	(1,190)
Interest Expense	576	0	(636)	0
<b>Total Interest revenue</b>	<b>(1,745)</b>	<b>(1,914)</b>	<b>(3,804)</b>	<b>(1,190)</b>

### 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 2025/26, approved by members at Cabinet on 10 February 2025, 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 2025/26, 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 A+ or AA- 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 £4,698 and is not material.

<b>Borrower</b>	<b>Principal £'000</b>	<b>Historic Risk of default</b>	<b>Expected Credit Loss £</b>
Barclays Bank (NRFB)	6,300	0.000%	7
Lloyds Bank Plc (RFB)	3,000	0.000%	3
MMF Aberdeen Standard Investments	2,000	-	-
MMF Federated Investors (UK)	10,000	-	-
National Bank of Kuwait (International) Plc	3,000	0.000%	7
SMBC Bank International Plc	1,000	0.006%	56
SMBC Bank International Plc	1,000	0.008%	83
Standard Chartered Bank (ESG)	3,000	0.010%	294
First Abu Dhabi Bank PJSC	2,000	0.005%	109
First Abu Dhabi Bank PJSC	3,000	0.007%	224
Qatar National Bank	3,000	0.021%	633
National Bank of Kuwait (International) Plc	2,000	0.027%	531
National Bank of Canada	2,000	0.029%	582
National Bank of Canada	2,000	0.032%	643
Standard Chartered Bank (ESG)	2,000	0.036%	725
Qatar National Bank	2,000	0.040%	801
<b>Total</b>	<b>47,300</b>		<b>4,698</b>

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 2026, of the total debtor balances of £1,379,801 (2024/25: £1.427 million), the past due amount was £757,040 (2024/25: £955,326) and can be analysed by age as follows:

<b>Customer debts</b>	<b>31 March 2026 £'000</b>	<b>31 March 2025 £'000</b>
<b>Customer debts</b>		
Less than three months	52	56
More than three months	705	899
<b>Total</b>	<b>757</b>	<b>955</b>

### **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 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.

### 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

	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>
Other Local Authorities and Public Bodies	25	25
Council owned companies	6,303	4,190
<b>Total Long-Term Investments</b>	<b>6,328</b>	<b>4,215</b>
Eliminate Council owned companies' investments	(6,303)	(4,190)
<b>Group Long Term Investments</b>	<b>25</b>	<b>25</b>

## 18. Long Term Debtors

	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>
Housing Renewal Loans	523	483
Loans to Parish Councils	75	77
Loans to Council owned companies	14,588	4,987
Housing benefit overpayment debt	0	4,499
Community Infrastructure Levy	1,862	748
Works in Default	22	23
<b>Total Long-Term Debtors</b>	<b>17,070</b>	<b>10,817</b>
Elimination of inter-company balances	(14,587)	(4,987)
<b>Group Long Term Debtors</b>	<b>2,483</b>	<b>5,830</b>

## 19. Short Term Debtors

	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>
Trade debtors	2,649	1,746
Community Infrastructure Levy	3,510	4,459
DLUHC Business Rates Debtor	130	0
Local ratepayers - Council Tax and Business Rates (Council share)	1,343	1,537
Council owned companies (non-trade transactions)	9,885	26,559
Housing benefit overpayment debt	858	824
Other Entities and Individuals	11,942	16,313
Less: Provision for Debt Impairment	(656)	(546)
<b>Total Short-Term Debtors</b>	<b>29,661</b>	<b>50,892</b>
Elimination of inter-company balances	(11,162)	(26,579)
Consolidate Council owned companies' debtors	546	860
<b>Group Short Term Debtors</b>	<b>19,045</b>	<b>25,173</b>

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

	<b>NNDR Debtors</b>		<b>Council Tax Debtors</b>	
	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>
Less than three months	202	221	714	832
Three to six months	14	38	49	145
Six months to one year	52	23	185	87
More than one year	28	40	99	151
<b>Totals</b>	<b>296</b>	<b>322</b>	<b>1,047</b>	<b>1,215</b>

## 20. Short Term Investments

The authority has short term investments in various financial institutions of £30,038,000 as at 31 March 2026 (£35,185,000 as at 31 March 2025).

## 21. Inventories

	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>
Single Entity Total Inventories	67	67
Consolidate companies' inventories	23,010	25,763
<b>Group Inventories</b>	<b>23,077</b>	<b>25,830</b>

## 22. Short Term Creditors

	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>
Community Infrastructure Levy	(5,940)	(7,168)
Advance Maintenance Fees (s106 monies)	(988)	(774)
DLUHC Business Rates Creditor	(1,730)	(3,455)
Norfolk CC Council Tax/Business Rates Creditor	(1,208)	(295)
Grants received in advance	(28)	(420)
Other Entities and Individuals	(11,943)	(14,915)
<b>Total Short-Term Creditors</b>	<b>(21,837)</b>	<b>(27,027)</b>
Elimination of inter-company balances	11,165	26,579
Consolidate Council owned companies' creditors	(13,554)	(23,133)
<b>Group Short Term Creditors</b>	<b>(24,226)</b>	<b>(23,581)</b>

## 23. Provisions

	<b>Planning Provisions £'000</b>	<b>NDR Appeals Provision £'000</b>	<b>Total Provisions £'000</b>
Balance as at 1 April 2025	32	1,121	1,153
Amounts settled	(32)	0	(32)
Amounts unused in year	0	(24)	(24)
<b>Balance as at 31 March 2026 (all short term)</b>	<b>0</b>	<b>1,097</b>	<b>1,097</b>

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 Council's share of the NDR appeals provision totals £1,097,484. The total movement in provision for appeals can be found in the Collection Fund Statement.

## 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.

	<b>31 March 2025 £'000</b>	<b>31 March 2026 £'000</b>
Maintenance of grassed areas	(928)	(800)
Other Entities and Individuals	(50)	(50)
Leases	(175)	(162)
<b>Total Long-Term Creditors</b>	<b>(1,153)</b>	<b>(1,012)</b>

## 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.

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>9,900</b>	<b>5,178</b>
Upward Revaluation of Assets	0	794
Downward Revaluation of Assets and Impairment losses not charged to the Provision of Services	0	(27)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	0	767
Difference between fair value depreciation and historical cost depreciation	(40)	(39)
Balances written out of Reserve on disposal of assets	(4,682)	0
Amount written off to the Capital Adjustment Account	(4,722)	(39)
<b>Balance at 31 March</b>	<b>5,178</b>	<b>5,906</b>

### 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 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.

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
<b>Balance at 1 April</b>	<b>(5,073)</b>	<b>(2,259)</b>
Actuarial Gains / (Losses) on pensions assets and liabilities	1,886	(18,934)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(3,411)	(2,521)
Employer's pension contributions & direct payments to pensioners in the year	4,339	4,576
<b>Balance at 31 March</b>	<b>(2,259)</b>	<b>(19,138)</b>

### **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.

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
<b>Balance at 1 April</b>	<b>56,049</b>	<b>59,277</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for Depreciation and Impairment of non-current assets	(2,398)	(2,332)
Amortisation of Intangible Assets	(244)	(318)
Revenue Expenditure Funded from Capital Under Statute	(4,387)	(7,355)
Revaluation gains/(losses) on Property, Plant and Equipment	(4,262)	(4,085)
Revaluation gains/(losses) on Investment Properties	(1,055)	778
IFRS16 Lease Additions	26	0
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	2,512	(25)
Amounts of investments written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(165)	(2,113)
	<b>(9,973)</b>	<b>(15,450)</b>
Adjusting amounts written out of the Revaluation Reserve	40	39
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(9,933)</b>	<b>(15,411)</b>
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	8,394	6,858

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	5,058	6,318
Capital Expenditure charged against the General Fund Balance	1,557	7,321
Adjustment to CAA	0	0
NRP Enterprise Zone Loan Repaid	216	180
Statutory provision for financing of capital investment against the General Fund	964	1,200
Big Sky Loan Repaid	(3,000)	(5,000)
Home Improvement Loans Repaid	(28)	(63)
	<b>13,161</b>	<b>16,814</b>
<b>Balance at 31 March</b>	<b>59,277</b>	<b>60,680</b>

### **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.

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(39)</b>	<b>(932)</b>
Amount by which Council Tax and Business Rates income credited to The Comprehensive Income and Statement is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements.	(893)	548
<b>Balance at 31 March</b>	<b>(932)</b>	<b>(384)</b>

### **26. Members Allowances**

Payments to members for allowances and committee attendance expenses were £398,597 (2024/25 £389,850) and are included within the 'Chief of Staff' 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.

<b>2025/26</b>	Employing Authority	Salary incl. fees, allowances & performance related pay £	Employers pension contributions £	Total remuneration including employers pension contributions £	SNC Share Total remuneration including employers pension contributions £
Managing Director	BDC	191,454	28,718	220,172	121,095
Director - Resources	SNC	110,409	16,561	126,970	69,834
Director - Place	BDC	113,659	17,049	130,708	71,889
Director - People and Communities	SNC	110,409	15,697	126,106	69,358
Assistant Director - Transformation and Innovation	SNC	82,590	12,388	94,978	52,238
Assistant Director – Regulatory (left 31/07/25)	SNC	57,077	2,913	59,990	32,995
Assistant Director – Regulatory (from 01/10/25)	BDC	40,195	6,029	46,224	25,423
Assistant Director - Planning	SNC	82,590	12,388	94,978	52,238
Assistant Director - Individuals and Families (from 05/05/25)	SNC	75,167	11,275	86,442	47,543
Assistant Director - Finance	BDC	85,020	12,753	97,773	53,775
Assistant Director - Economic Growth	BDC	82,590	12,388	94,978	52,238
Assistant Director - Community Services	BDC	82,590	12,388	94,978	52,238
Assistant Director - Chief of Staff (left 31/12/25)	SNC	71,872	10,815	82,687	45,478

<b>2024/25</b>	Employing Authority	Salary incl. fees, allowances & performance related pay £	Employers pension contributions £	Total remuneration including employers pension contributions £	SNC Share Total remuneration including employers pension contributions £
Managing Director	BDC	185,518	27,828	213,345	117,340
Director - Resources	SNC	103,125	15,469	118,594	65,227
Director - Place	BDC	103,125	15,469	118,594	65,227
Director - People and Communities	SNC	103,125	14,432	117,557	64,656
Assistant Director - Transformation and Innovation	SNC	77,676	11,651	89,327	49,130
Assistant Director – Regulatory	SNC	77,676	11,651	89,327	49,130
Assistant Director - Planning	SNC	77,676	11,651	89,327	49,130
Assistant Director - Individuals and Families (left 01/12/24)	SNC	51,784	7,768	59,551	32,753
Assistant Director - Finance	BDC	80,029	12,004	92,033	50,618
Assistant Director - Economic Growth	BDC	77,676	11,651	89,327	49,130
Assistant Director - Community Services	BDC	77,676	11,651	89,327	49,130
Assistant Director - Chief of Staff	SNC	84,738	12,711	97,448	53,597

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	2024/25	2025/26
£50,000 - £54,999	24	19
£55,000 - £59,999	9	17
£60,000 - £64,999	4	7
£65,000 - £69,999	1	3
£70,000 - £74,999	0	3
£75,000 - £79,999	3	1
£80,000 - £84,999	1	2
£100,000 - £104,999	2	0
£110,000 - £114,999	0	2
	<b>44</b>	<b>54</b>

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 2025/26, 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	2025/26	100,491	0	100,491	0	100,491
Development Director	2024/25	97,434	0	97,434	0	97,434

### **Exit Packages**

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.

2025/26	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 £'000
Under £50,000	0	8	8	55
Total cost included in bandings				55
Total cost included in Comprehensive Income and Expenditure Statement				55

2024/25	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 £'000
Under £50,000	1	7	8	33
Total cost included in bandings				33
Total cost included in Comprehensive Income and Expenditure Statement				33

## 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.

	<b>2024/25</b> <b>£'000</b>	<b>2025/26</b> <b>£'000</b>
External audit services carried out by the appointed auditor (scale fee)	174	179

## 29. Grant Income

	<b>2024/25</b> <b>£'000</b>	<b>2025/26</b> <b>£'000</b>
<b>Revenue Grants Credited to Taxation and Non-Specific Grants</b>		
Business Rates Retention Scheme	(4,810)	(4,402)
Revenue Support Grant	(265)	(291)
New Homes Bonus Scheme	(1,018)	(1,392)
Rural Services Delivery / Services Grant (24/25 was the last year)	(409)	0
Funding Guarantee Grant	(2,601)	(2,144)
Extended Producer Responsibility (EPR) Funding	0	(2,102)
National Insurance Contribution (NIC) Grant	0	(134)
Other	(37)	(174)
	<b>(9,140)</b>	<b>(10,639)</b>
<b>Capital Grants Credited to Taxation and Non-Specific Grants</b>		
Local Authority Housing Fund (LAHF)	(900)	(1,676)
Other	(135)	(328)
	<b>(1,035)</b>	<b>(2,004)</b>
<b>Revenue Grants Credited to Services</b>		
Housing Benefit Subsidy	(17,087)	(14,741)
Housing Benefit Admin Grant	(226)	(224)
Homelessness Grants	(633)	(834)
Household Support Fund	(245)	(115)
Business Rates Cost of Collection	(180)	(180)
Health & Wellbeing Partnership	(36)	0
Shared Prosperity Fund	(856)	(404)
People From Abroad Support Funding	(500)	(180)
Other Grants	(623)	(520)
	<b>(20,386)</b>	<b>(17,198)</b>
<b>Capital Grants Credited to Services</b>		
Disabled Facilities Grants	(1,189)	(1,323)
Shared Prosperity Fund	(1,020)	(207)
Other Capital Grants	(1,714)	(2,378)
	<b>(3,924)</b>	<b>(3,908)</b>
<b>Total Grant Income</b>	<b>(34,484)</b>	<b>(33,749)</b>

### **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 2026 are disclosed in Note 26.

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

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 2026:

- 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, Big Sky Property Management Ltd, Big Sky Living and Vertical Property Services Limited.

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. During 2025/26, all three individuals resigned from their director roles.

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 2026, South Norfolk Council held £6.3 million in equity in Big Sky Ventures Ltd. It had outstanding loans to Big Sky Developments Ltd of £26.26 million and to Big Sky Property Management Ltd of £4.99 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 2025/26, the Council was due to receive £1,714,807 in interest, and associated fees, from Big Sky Developments Ltd and £199,492 in interest from Big Sky Property Management Ltd.

During 2025/26, the Council made payments of £29,534 to Big Sky Property Management Ltd and £1,359,370 to Vertical Property Services Ltd, principally for services relating to the Council's own commercial properties, project management and its property maintenance scheme.

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 £1,016,051 (£1,379,197 in 2024/25). 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.

In April 2023, South Norfolk Council entered a joint venture with other local authorities and initially Anglian Water to form Norfolk Environmental Credits Ltd, to source the mitigation of the constraints from Natural England in respect of nutrient neutrality.

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 £2,294,091 was paid during 25/26, of which £1,312,188 related to activity taking place during 2024/25. A further £2,096,305 was paid in April 2026 in respect of CIL due for 2025/26 activities.

### **Other Public Bodies**

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 2025/26 amounted to £249,311 (2024/25 £236,993).

### 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.

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>	<b>22,931</b>	<b>29,301</b>
CFR Adjustment relating to error in 2015/16	1,523	0
Historical Use of Enterprise Zone repayments used to reduce CFR	(547)	0
Right of Use Liabilities recognised on transition to IFRS16	217	0
<b>Capital Investment:</b>		
Property, Plant and Equipment	8,673	7,301
Right of Use Assets	259	0
Investment Properties	292	0
Intangible Assets	454	841
New Investments and loans	7,327	16,301
Revenue Expenditure Funded from Capital under Statute	4,387	7,355
<b>Total capital investment</b>	<b>21,392</b>	<b>31,798</b>
<b>Sources of Finance</b>		
Capital Receipts	(8,394)	(6,858)
Grants and Contributions	(4,986)	(5,539)
Grants and Contributions - From CGUA		(780)
Revenue Contributions	(1,630)	(7,321)
Minimum Revenue Provision (MRP)	(964)	(1,180)
Loan repayments relating to Right of Use Assets	(26)	(20)
Enterprise Zone repayments used to reduce CFR	(215)	(180)
<b>Total financed in the year</b>	<b>(16,215)</b>	<b>(21,878)</b>
<b>Closing Capital Financing Requirement</b>	<b>29,301</b>	<b>39,221</b>

## 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.

	2024/25			2025/26		
	Expenditure	Grants Received	Expenditure funded from other sources	Expenditure	Grants Received	Expenditure funded from other sources
	£'000	£'000	£'000	£'000	£'000	£'000
Improvement Grants	1,159	(1,159)	0	1,321	(1,321)	0
Section 106	1,504	(1,504)	0	299	(299)	0
Hethel Infrastructure	32	0	32	1,415	(1,184)	231
Temporary Accommodation	0	0		1,596	(399)	1,197
Rural Prosperity Fund	803	(200)	603	207	(207)	0
Queens Hill Community Park (GNGB Co-funded)	31	(31)	0	7	(7)	0
Shared Prosperity Fund	220	(687)	(467)	0	0	0
Venta Icenorum (Caister St Edmond) (GNGB Co-funded)	73	(73)	0	2	(2)	0
Colney Roundabout Contribution	133	(133)	0	0	0	0
Rothbury Park (GNGB)	0	0	0	131	(131)	0
Co-Investment Grant Fund (Matched funding from Parishes)	413	0	413	0	0	0
BSPM & BSD Purchasing Loans	5,765	0	5,765	0	0	0
Discretionary Loan GYBC	18	(18)	0	1	(1)	0
Hethersett Surgery	0	0	0	6	0	6
Environmental Projects	0	0	0	87	0	87
Wym Baptist Church	0	0	0	198	(198)	0
Wymondham Town Centre	0	0	0	7	(7)	0
Moot Hill Redevelopment	0	0	0	34	(34)	0
Long Stratton Bypass – Loan to developer	0	0	0	4,500	0	4,500
Long Stratton Bypass Contribution	0	0	0	2,000	(52)	1,948
Big Sky Financing	0	0	0	11,800	0	11,800
Diss Business Centre	0	0	0	44	0	44
	<b>10,152</b>	<b>(3,804)</b>	<b>6,348</b>	<b>23,655</b>	<b>(3,842)</b>	<b>19,813</b>

## 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.

	2024/25 £'000	2025/26 £'000
<b><u>Comprehensive Income and Expenditure Statement</u></b>		
<b>Service Cost:</b>		
<i>Cost of Services</i>		
Current service cost	3,193	2,446
(Gain)/loss from settlements		
Past service costs/(gain)		6
<i>Financing and Investment Income and Expenditure</i>		
Net interest expense	218	69
<b>Total Post-employment Benefits charged to the Surplus or (Deficit) on the Provision of Services</b>	<b>3,411</b>	<b>2,521</b>
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the new defined benefit liability comprising:		
Actuarial gains and losses arising on changes in demographic assumptions	(219)	(1,865)
Actuarial gains and losses arising on changes in financial assumptions	(20,934)	(2,838)
Effect of limiting the net defined benefit asset to the asset ceiling	18,726	20,168
Other experience	(1,221)	7,568
Return on plan assets (excluding the amount included in the net interest expense)	1,762	(4,099)
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(1,886)</b>	<b>18,934</b>
<b><u>Movement in Reserves Statement</u></b>		
Reversal of net changes made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code Employers' contributions payable to the scheme	3,411	2,521
	(4,339)	(4,576)
<b><u>Pensions Assets and Liabilities Recognised in the Balance Sheet</u></b>		
Present value of the defined benefit obligation	(109,210)	(117,467)
Effect of the asset ceiling	(18,726)	(39,979)
Fair value of plan assets	125,677	138,308
<b>Net liability arising from defined benefit obligation</b>	<b>(2,259)</b>	<b>(19,138)</b>

## **Assets and Liabilities in relation to Post-Employment Benefits**

Reconciliation of present value of the scheme assets:

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value	120,462	125,677
Interest Income	5,865	7,323
Other experience	0	37
Remeasurement gain / (loss): Return on assets, excluding amounts included in net interest	(1,762)	4,099
Employer contributions	4,293	4,534
Contributions from scheme participants	1,146	1,240
Benefits Paid	(4,327)	(4,602)
<b>At 31 March</b>	<b>125,677</b>	<b>138,308</b>

Reconciliation of fair value of the scheme liabilities:

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Opening Balance	(125,535)	(109,210)
Current Service Cost	(3,193)	(2,446)
Past Service Costs (Gain)	0	(6)
Interest Cost	(6,083)	(6,307)
Contributions from scheme participants	(1,146)	(1,240)
Actuarial gains / (losses) arising from changes in demographic assumptions	219	1,865
Actuarial gains / (losses) arising from changes in financial assumptions	20,934	2,838
Effect of limiting the net defined benefit asset to the asset ceiling	0	0
Other experience gains / (losses)	1,221	(7,605)
Benefits Paid	4,373	4,644
<b>At 31 March</b>	<b>(109,210)</b>	<b>(117,467)</b>

The initial calculation of the pension position as at 31 March 2026 resulted in a net asset of £18 million. However, when the calculation results in an asset for the Council, the asset must be recognised at the lower of that asset and the asset ceiling.

### **Calculation of the Pension Asset Ceiling**

Under IAS19 if the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. When an entity has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of; a) the surplus in the defined benefit plan and b) the asset ceiling.

The Pension Asset Ceiling is calculated by working out the difference of the present value (PV) of future employer's contributions and the present value (PV) of employer's future costs. If the PV of future service costs is less than future contributions, then the Asset Ceiling is set at £0.

Calculation	2024/25 £'000	2025/26 £'000
PV Future employer's cost	98,736	98,936
PV Future employer's contributions	166,364	120,848
Amount by which future contributions exceed future costs	(67,628)	(21,912)
Asset ceiling	0	0
PV of past service contributions	1,918	18,831
PV of net assets	16,808	21,148
<b>Pension Asset Ceiling Adjustment</b>	<b>18,726</b>	<b>39,979</b>

This Pension Asset Ceiling adjustment appears in the Comprehensive Income and Expenditure Statement and is included under Other Comprehensive Income and Expenditure in the Remeasurement of the pensions net defined liability/(asset) line.

The pension scheme assets consist of the following:

	2024/25 £'000	% of total assets	2025/26 £'000	% of total assets
Debt securities: UK Government	2,382	2.0%	3,296	2.0%
	2,382		3,296	
Property:				
UK property	8,011	6.0%	7,179	5.0%
Overseas property	1,177	1.0%	1,257	1.0%
Sub-total property *	9,189		8,436	
Private equity:				
All	16,079	13.0%	18,059	13.0%
Sub-total private equity *	16,079		18,059	
Investment Funds and Unit Trusts:				
Equities	70,200	56.0%	56,132	41.0%
Bonds	9,488	8.0%	27,885	20.0%
Infrastructure	14,043	11.0%	16,242	12.0%
Sub-total other investment funds	93,732		100,259	
Derivatives Foreign Exchange	72	0.0%	(101)	0.0%
	72		(101)	
Cash and Cash Equivalents:	4,224	3.0%	8,360	6.0%
	4,224		8,360	
<b>Total</b>	<b>125,677</b>		<b>138,308</b>	

### **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 2026.

The principal financial assumptions are summarised below:

	<b>31 March 2025 % per annum</b>	<b>31 March 2026 % per annum</b>
Pension Increase Rate (CPI)	2.75	3.00
Salary Increase Rate	3.45	3.70
Discount Rate	5.80	6.20

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:

	<b>Males</b>	<b>Females</b>
Current Pensioners	22.3 years	24.9 years
Future Pensioners	22.9 years	26.4 years

A commutation allowance is included for future retirements to elect to take 55% 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.

<b>Change in Assumptions at year ended 31 March 2026</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate Monetary Amount £'000</b>
0.1% increase in the Salary Increase Rate	0%	72
1 year increase in member life expectancy	4%	4,699
0.1% increase in the Pension Increase Rate	2%	1,827
0.1% decrease in Real Discount Rate	2%	1,900

## **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 £4,097,000 expected contributions to the scheme in 2026/27.

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

There are no material contingent assets.

#### Contingent Liabilities

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.

However, in most cases, the cause of the delay is due to issues with the application and extensions of time are required, as otherwise the applications would need to be refused and resubmitted.

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.

A recent Valuation Office decision has established that for multi-phase developments, Community Infrastructure Levy (CIL) payments should be calculated based on the index rates at the time of outline planning permission, rather than the later date of reserved matters.

This will require the Authority to refund a number of historic CIL payments.

However, CIL income is shared between the Authority, the relevant Parish, and a Pooled fund held by Norfolk County Council.

The current expectation is that the pooled fund will cover the full cost of any refunds, and thus a provision for potential repayment is not included in the Accounts. If the Authority does need to cover its share of the repayment this could amount to approximately £201,000.

The authority occasionally receives legal challenges to our planning decisions, and there are a few active cases. We are disputing these, but there is a potential liability if the applicant wins proceedings.

### **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 2026, the Infrastructure Investment Fund had a cash balance of £33.344m 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 2025/26 (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 2027, 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 published 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 30 June 2026. 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 2026, 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 2025/26 £'000	Business Rates £'000	Council Tax £'000	Total 2024/25 £'000	Business Rates £'000	Council Tax £'000
<b>Income</b>						
Business Rates Receivable	37,792	37,792	0	34,069	34,069	0
Council Tax Receivable	128,629	0	128,629	121,374	0	121,374
Council Tax Benefits	27	0	27	46	0	46
	<u>166,448</u>	<u>37,792</u>	<u>128,656</u>	<u>155,489</u>	<u>34,069</u>	<u>121,420</u>
<b>Expenditure</b>						
<b>Precepts, Demands and Shares</b>						
Central Government	18,579	18,579	0	16,964	16,964	0
Norfolk County Council	98,690	3,716	94,974	92,374	3,393	88,981
South Norfolk Council (including Parish Councils re: Council Tax)	30,141	14,863	15,278	27,921	13,571	14,350
Norfolk Police and Crime Commissioner	17,844	0	17,844	16,811	0	16,811
<b>Charges to Collection Fund</b>						
Cost of Collection	186	186	0	180	180	0
Designated Area/Renewable Energy Schemes (Disregarded)	1,173	1,173	0	1,123	1,123	0
Interest charged to Collection Fund	44	44	0	69	69	0
Transitional Protection payments due to/(from) central government	(152)	(152)	0	(719)	(719)	0
Increase/(decrease) in allowance for impairment of debts/appeals	514	75	439	487	71	416
Increase/(decrease) in provision for appeals	(61)	(61)	0	(509)	(509)	0
<b>Apportionment of Previous Year Surplus/ (Deficit)</b>						
Contribution to Central Government	(333)	(333)	0	144	144	0
Contribution to Norfolk County Council	504	(67)	571	942	29	913
Contribution to South Norfolk Council	(174)	(266)	92	263	115	148
Contribution to Norfolk Police and Crime Commissioner	108	0	108	174	0	174
	<u>167,063</u>	<u>37,757</u>	<u>129,306</u>	<u>156,224</u>	<u>34,431</u>	<u>121,793</u>
<b>Surplus/(Deficit) for Year</b>	<u>(615)</u>	<u>35</u>	<u>(650)</u>	<u>(735)</u>	<u>(362)</u>	<u>(373)</u>
<b>Collection Fund Balance</b>						
Balance at beginning of the Year	156	(542)	698	891	(180)	1,071
Surplus/(Deficit) (+/-) for Year	(615)	35	(650)	(735)	(362)	(373)
Balance at End of the Year	<u>(459)</u>	<u>(507)</u>	<u>48</u>	<u>156</u>	<u>(542)</u>	<u>698</u>

## NOTES TO THE COLLECTION FUND

### 1. 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 2025/26 was £100.03 million (2024/25 £99.38 million).

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

	2024/25	2025/26
Non-domestic rating multiplier	54.6p	55.5p
Small business non-domestic rating multiplier	49.9p	49.9p

### 2. Income from Council Tax

The average total Band D Council Tax for the year was £2,367.89 (2024/25 £2,257.67).

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	4,153	6/9	2,769
B	14,450	7/9	11,239
C	14,554	8/9	12,937
D	11,309	9/9	11,309
E	7,359	11/9	8,995
F	3,177	13/9	4,590
G	1,473	15/9	2,455
H	103	18/9	206
			54,505
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.			(408)
			54,097

# 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.

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 2025/26 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 2026 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 2025/26 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 2025/26, South Norfolk Council's vision and priorities were set out in the Strategic Plan 2024-2028:

**THE VISION:** Build a future where our community thrives, individuals are inspired, and the quality of life is continuously enhanced.

#### **OUR PRIORITIES:**

1. Enhancing our environment
2. Growing a prosperous economy
3. Enriching our communities
4. Moving with the times

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

From 1 April 2024, the Council adopted a new Strategic Plan covering the period 2024-2028 and a Delivery Plan covering 2024-2026. The Delivery Plan has since been updated and agreed by Council in February 2026.

The Delivery Plan 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 Strategic Plan 2024-2028, and the Delivery Plan 2026-2028 can be accessed [here](#).

#### 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 and the Section 151 Officer. CLT is also supported by eight Assistant Directors.

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

The 4-year Strategic Plan sets out our priorities together with targets for success over this time. The 2026-2028 Delivery Plan outlines the proposed activities needed to achieve the Council's strategic aims set out in the Strategic Plan and sets delivery measures to track performance against achieving key ambitions. The delivery measures are tracked and reported in quarters 2, 3 and 4 to Cabinet as part of the Performance Framework.

Between February and March, 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.

### Defining and Documenting Roles and Responsibilities of Councillors and Officers and how decisions are taken:

The Council's constitution, Scheme of Delegation, Local Member Protocol, Protocol on Member / Officer relations, Contract Procedure Rules, Rules for Financial Governance and Rules of Procedure set the framework in which the organisation makes decisions.

### Codes of Conduct Defining Standards of Behaviour for Councillors and Officers:

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 has adopted the Local Government Association Model Councillor Code of Conduct, which provides a robust framework for standards amongst members. Regular training is provided to ensure a clear understanding of expectations under both codes.

### The Council conforms to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016):

The Rules for 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 with the Head of Paid Service and the Monitoring Officer.

### 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.

### The Finance, Resources, Audit and Governance Committee:

The Finance, Resources, Audit and Governance 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.

### Whistle-blowing Policy and Investigating Complaints:

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 operated as part of the Council's performance management framework.

### 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.

Each internal audit undertaken recognises fraud risks and assesses the adequacy and effectiveness of the controls in place to mitigate such risks and 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 complete such statements on an annual basis.

### Development Needs of Members and Officers:

#### **Members**

There is a 4-year Member 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 Richard Wills Training Associates and Link Support Services. In 2025/26, the following Member training took place:

- A session to demonstrate to AI Co-Pilot
- Licensing Committee
- A briefing session on Local Government Reorganisation
- A briefing session on Regulatory Services
- Planning Training (3 separate sessions)
- Operation Ford – A session provided by Norfolk Constabulary
- Shareholder Committee
- Various bite size training sessions relating to Finance, Resources, Audit and Governance Committee
- Leadership Training for Cabinet members
- Cyber Security bite size sessions
- A range of training on Skillgate (the Council's internal leaning 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, and at “in person” training events.

An extensive onboarding programme is in place to ensure that officers have the best possible start with the Council and understand the culture and values of working within a local authority setting.

A management development programme remains in place and has been further improved 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.

The Councils have also developed a “Match Fit” programme, which provides training for all staff to ensure they are as prepared as possible for the opportunities and challenges Local Government Reorganisation will bring.

Investment has also been made in the Council’s 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.

### Establishing Communication with all Sections of the Community and Other Stakeholders:

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 and the development of the Local Plan. The Council, alongside Broadland Council, has established a ‘Customer Insights’ Group, 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 ensuring continued improvement and 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 via the Project Management Office, with transformation projects and programmes being governed through a portfolio approach. Staff have been trained in project management and work within services to deliver projects.

### **4. Roles in assessing the effectiveness of the Councils' governance arrangements**

#### 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 agreed a range of strategies and policies during the year, including the Treasury Management Strategy, the Medium-Term Financial Strategy and recommending 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 or making recommendations to Council if appropriate.

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

The activity of the Committee during the financial year is outlined at part 3 of this statement. The Committee 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

The work of the Scrutiny Committee is summarised to Full Council in an Annual Report.

## Role of the Monitoring Officer

As of January 2026, the Council appointed a new 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 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 2025/26.

Internal Audit is arranged through a consortium, Eastern Internal Audit Services, which comprises Breckland, Broadland, North Norfolk, Norwich City, South Norfolk and Great Yarmouth Borough Councils 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. Over the last year some of the audit fieldwork and reporting has also been provided by BDO and Hertfordshire County Council as the service explores different delivery models.

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

The Internal Audit Service assesses itself annually to ensure conformance against the Global Internal Audit Standards 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.

### The Role of External Review Bodies

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.

### Effectiveness of Risk Management

A risk management policy is in place which has recently been revised and approved by Cabinet for adoption. The Finance, Resources, Audit and Governance Committee have 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.

### Effectiveness of Other Organisations

#### **Big Sky**

The Council established a group structure in the 2015/16 financial year, with all companies held under Big Sky Ventures Ltd. The Big Sky Ventures Ltd Board receives quarterly reports on the company's performance and carries out an annual review.

From 2024/25, the Directors of Big Sky Ventures Ltd began providing quarterly reports to the Council's Finance, Resources, Audit and Governance Committee (FRAG) on Group performance and the annual business plan for the year ahead. Following a governance review carried out during 2024/25 and into 2025/26, and subsequent reports to Scrutiny and FRAG, Council agreed in July 2025 a set of recommendations to align the governance of the Group's companies with best practice, including a review against the Local Partnerships "Local Authority Company Review Guidance". As a result, there were changes to directorships across the Group, including the appointment of two new Directors to the holding company and individual companies, and the removal of Statutory Officers and Members from company boards.

In line with best governance practice, a Shareholder Board was established in February 2026, replacing FRAG in overseeing the governance and performance of the Big Sky Group. This includes monitoring risks associated with the delivery of St Giles Park and future development sites. During the year, Council also agreed a new funding model for Big Sky Developments Ltd to better align with the cash-flow requirements of the development industry. The Council's Constitution sets out the Shareholder Board's remit and membership, and its advisory role to the Shareholder's Representative appointed by Council.

#### **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.

Breckland, Broadland, North Norfolk, Norwich City and South Norfolk District Councils are Members of the Joint Venture.

Governance arrangements for the 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. 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.

## **Governance of Companies**

It is critical that the Council ensures that good governance is in place from a client side (i.e. the Council). A review has been completed in 2025/26, following the Local Partnerships "Local Authority Company Review Guidance" and reported to Scrutiny and FRAG. All recommendations as a result of the review, have either been implemented or are in the process of being implemented.

## **5. Our assessment of effectiveness**

### **How the review was conducted**

The annual review of governance was coordinated by the Monitoring Officer and considered by the Corporate Leadership Team. It drew on:

- Quarterly Assurance Statements from Assistant Directors (AD) and senior managers (including evidence and actions), with quarterly updates on partial compliance. 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.
- The Council's risk management framework and reporting to Cabinet and the Finance, Resources, Audit and Governance Committee;
- Internal Audit's work during 2025/26 and the Head of Internal Audit's annual opinion (once finalised);
- External audit conclusions and other external review activity relevant to governance;
- The effectiveness of governance across significant partnerships and companies (including Big Sky and Norfolk Environmental Credits governance arrangements).

### **Results of the review**

The review considered whether governance arrangements were adequately aligned to support delivery of planned outcomes in the Strategic Plan and Delivery Plan, and whether they supported the Council's responsibilities for value for money/best value.

The review also considered whether the Council's governance arrangements (as set out in the Code of Corporate Governance) were operating effectively in practice and continued to support the principles of good governance. Where arrangements were not operating as effectively as intended, these have been reflected in the AGS action plan. Crucially, the AGS has highlighted that there are **no significant governance issues** and governance arrangements are mainly consistent across the Council.

## **Where our governance needs to improve**

### How we improved our governance arrangements in 2025/26 -

In 2025/26 the Council progressed governance improvements identified in the previous year's AGS and strengthened arrangements in the following areas:

**Procurement (actions now closed)** – Procurement was raised by a number of services as an issue in both 2022/23 and 2023/24. The service was being overseen through a procurement consortium; however, the support arrangements were not working effectively. In response to this, the Council moved to a new Procurement partner in January 2025 (East Suffolk Procurement Service), and training has been provided to those officers involved in procurement. No significant issues have since been reported by services; therefore, this is now closed.

**Budget monitoring (actions now closed)** – In addition to the action taken and reported upon in the previous year, there have been further improvements made over recent months, with tools (such as new Teams channel) and training in place to increase the understanding and increase awareness of the role of budget managers and Finance Business Partners. No significant issues have since been reported by services; therefore, this is now closed.

### Issues that will continue to be monitored (through AGS action plan) -

**Delegated Decisions** – A review of the recording of delegated decisions has taken place and has resulted in new processes being put in place. Officers have been informed and whilst awareness has increased and the recording of decisions has improved; it is felt necessary to continue to closely monitor this issue.

**Outstanding Internal Audit Recommendations** – Some managers highlighted this is an area whereby recommendations were not always implemented in line with the agreed timeline. This is something that the Section 151 Officer and Monitoring Officer have kept a close eye on and in year improvements have been realised. This will continue to be monitored.

### New issues identified in 2025/26 to be addressed (through AGS action plan) -

**Equality Impact Assessments** - It has been identified that Equality Impact Assessments are not always completed consistently or at an early enough stage in the development of new policies and projects. While this has not resulted in any significant issues to date, it is important that assessments are undertaken in a timely and proportionate way to ensure that the Council is meeting its Public Sector Equality Duty and fully considering the impact of its decisions on all communities.

## Annual Governance Statement Action Plan for 2025/26

The review identified the following areas where governance needs to improve or where continued focus is required. These actions will be monitored through quarterly assurance updates, reported to Management.

Code of Corporate Governance Principle	Governance area	Issue	Action to be taken	Lead	Timeline
Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	Recording of delegated decisions.	Further improvement and consistency required.	Embed updated process further into the organisation. Continued communication and training. Implement periodic compliance checks.	Monitoring Officer and Corporate Leadership Team collectively.	Ongoing with periodic checks.
Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	Implementation of internal audit recommendation.	Timeliness of implementation not always achieved.	Strengthen tracking and escalation; management accountability for overdue actions.	Director of Resources and Corporate Leadership Team collectively.	Ongoing with periodic checks.
Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	Equality Impact Assessments.	Equality Impact Assessments are not always being completed in a timely way or consistently for relevant new projects and policies. This is not considered a major risk but arrangements need tightening up.	Reinforce expectations and guidance for completing Equality Impact Assessments, ensure they are considered early for relevant new projects and policies, and introduce management oversight to improve timeliness and consistency.	Corporate Leadership Team collectively.	Ongoing through 2026/27

## **External Audit**

The 2024/25 Accounts were signed off on 20 February 2026.

Like many local authorities affected by the national backlog of local authority external audits, these Accounts received disclaimed opinions as EY did not have the required resources available to complete all the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit opinion before the statutory backstop dates.

## **Internal Audit**

To be completed following completion of the internal audit plan for 2025/26 and the approval of the Head of Internal Audit Report and Opinion by the FRAG Committee for 2025/26.

## **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 Head of Governance & 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.

---

Trevor Holden, Managing Director

---

Daniel Elmer, Leader of the Council

# INDEPENDENT AUDITOR'S REPORT

To be added once audit complete.

# 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**

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.

**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**

Accumulated balances built up or set aside in the accounts for the purpose of meeting particular future expenditure.

**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.

**Right of Use Assets**

Assets that represent an organisation's legal right to use an underlying asset (such as property, equipment, or vehicles) for a specified period under a lease agreement.

**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
MRP	Minimum Revenue Provision
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