



# Statement of Accounts 2018/2019



# STATEMENT OF ACCOUNTS 2018/19

## CONTENTS

|                                                            | Pages       |
|------------------------------------------------------------|-------------|
| Narrative Report                                           | i – xii     |
| Statement of Responsibilities                              | xiii        |
| Annual Governance Statement                                | xv - xxiii  |
| <br><b>Core Financial Statements and Associated Notes:</b> |             |
| Expenditure & Funding Analysis Note                        | 1           |
| Comprehensive Income and Expenditure Statement             | 2           |
| Movement in Reserves Statement                             | 3           |
| Balance Sheet                                              | 4-5         |
| Cash Flow Statement                                        | 6           |
| Notes To The Financial Statements                          | 7 – 67      |
| <br><b>Collection Fund</b>                                 | <br>68 – 70 |
| Glossary                                                   | 71 – 74     |
| Index to the Notes to the Core Statements                  | 75 – 76     |

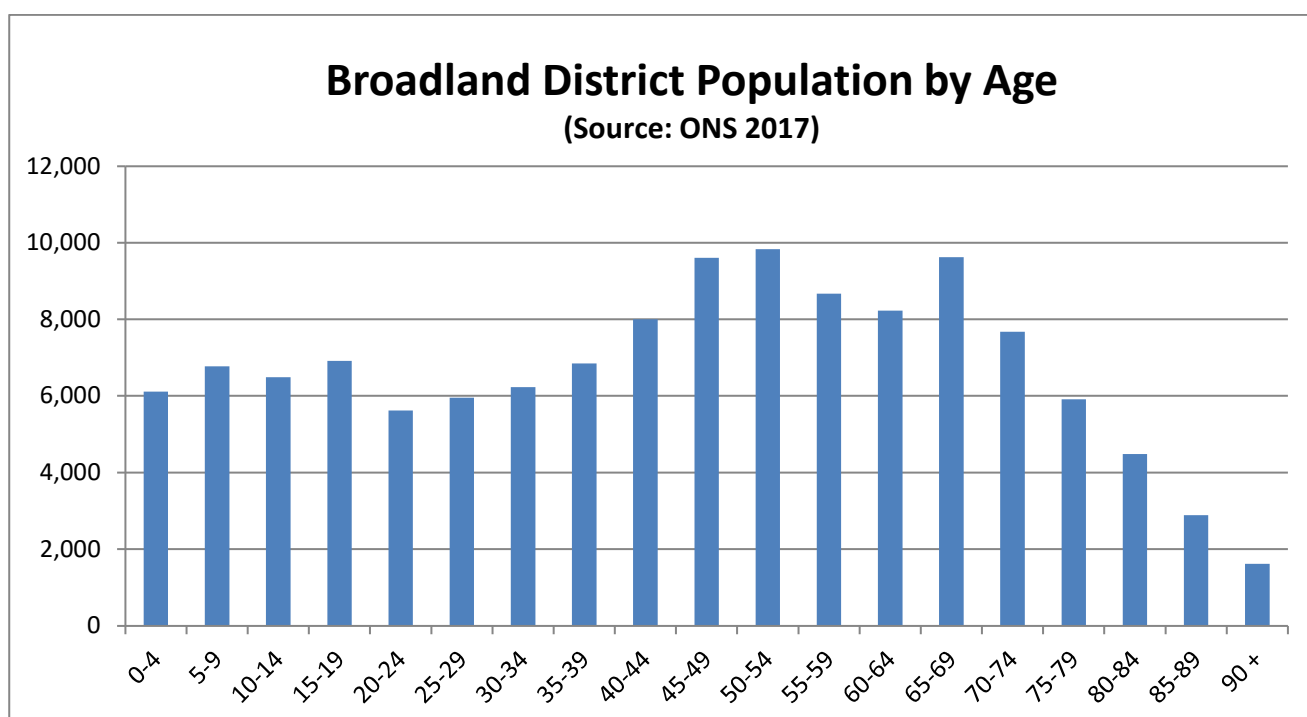
# STATEMENT OF ACCOUNTS 2018/19

## NARRATIVE REPORT

### 1. Introduction

Broadland District Council is a district council covering an area of approximately 213 sq. miles to the North and East of Norwich city. The district is split between rural areas, market towns and the urban fringe of the city of Norwich and, as the name suggests covers some of the Norfolk Broads which is considered to be an area of outstanding natural beauty. The Council delivers services to approximately 128,535 residents (Source: ONS 2017). These services include:-

- Waste and recycling
- Street cleansing
- Car parking
- Electoral registration
- Planning
- Housing benefits
- Council Tax benefits
- Tourism and Leisure
- Open spaces



## 2 Broadland District Council

Broadland Council comprises 63 parishes of varying sizes. The Council is made up of 47 councillors and the current composition is 41 Conservatives and 6 Liberal Democrats. The Cabinet consists of seven portfolio members of the Conservative Group:-

|                                             |                                                  |
|---------------------------------------------|--------------------------------------------------|
| Policy                                      | Councillor Shaun Vincent (Leader of the Council) |
| Economic Development                        | Councillor Jo Copplestone                        |
| Environmental Excellence                    | Councillor John Fisher                           |
| Housing & Wellbeing                         | Councillor Roger Foulger                         |
| Planning                                    | Councillor Ian Moncur                            |
| Finance                                     | Councillor Trudy Mancini-Boyle (Deputy Leader)   |
| Transformation & Organisational Development | Councillor Greg Peck                             |

These Portfolios all link directly to the Aims and Ambitions of the Council

## 3 Broadland's Business Plan for 2015 to 2019

The Council's Business Plan for 2015-19 contains key ambitions to improve the district for all who live, work or visit Broadland. Some of the major achievements against these ambitions during the year were:-

### To deliver economic success in our area

- 322 businesses offered support and advice directly and via the New Anglia Better Business for All Initiative
- 89 businesses offering apprenticeships
- 188 attendees at training courses covering health and safety, first aid and emergency care (also to increase levels of health and wellbeing)
- 61 residents assisted by the Business Essential Start-up programme to start their own businesses.

### To achieve environmental excellence in everything we do

- Energy improvements in homes including 87 energy company obligations, 36 discretionary grants and 22 from the warm homes fund
- 36 homes had work completed on improvements to heating systems via the Better Care Fund locality plan
- 335 (271 in 2017/18) homes able to install energy efficiency measures with the assistance of Energy Company Obligation funding (up to December 2018)

### To plan and provide well housed communities

- A further 43 empty homes brought back into use
- 78 (79 in 2017/18) Disabled Facilities Grants provided for older people
- £898,890 (£769,089 in 2017/18) paid out in home improvement grants

#### To increase levels of health and wellbeing

- An average 978 per week taking part in Park Runs
- 83% positive results demonstrated for 131 completed Broadly Active participants
- 404 participants completed the 10<sup>th</sup> anniversary Marriott's Way event
- 2,193 spaces taken on Tots2Teens sessions
- 42 subsidised boiler services
- 249 (197 in 2017/18) residents making savings via collective switching

#### To keep people safe and secure

- 4 cases completed in the Roots Cause Project
- 779 (608 in 2017/18) requests for assistance from the Handyperson + scheme

#### To continue to provide high quality, value for money services on our own or as a trusted partner

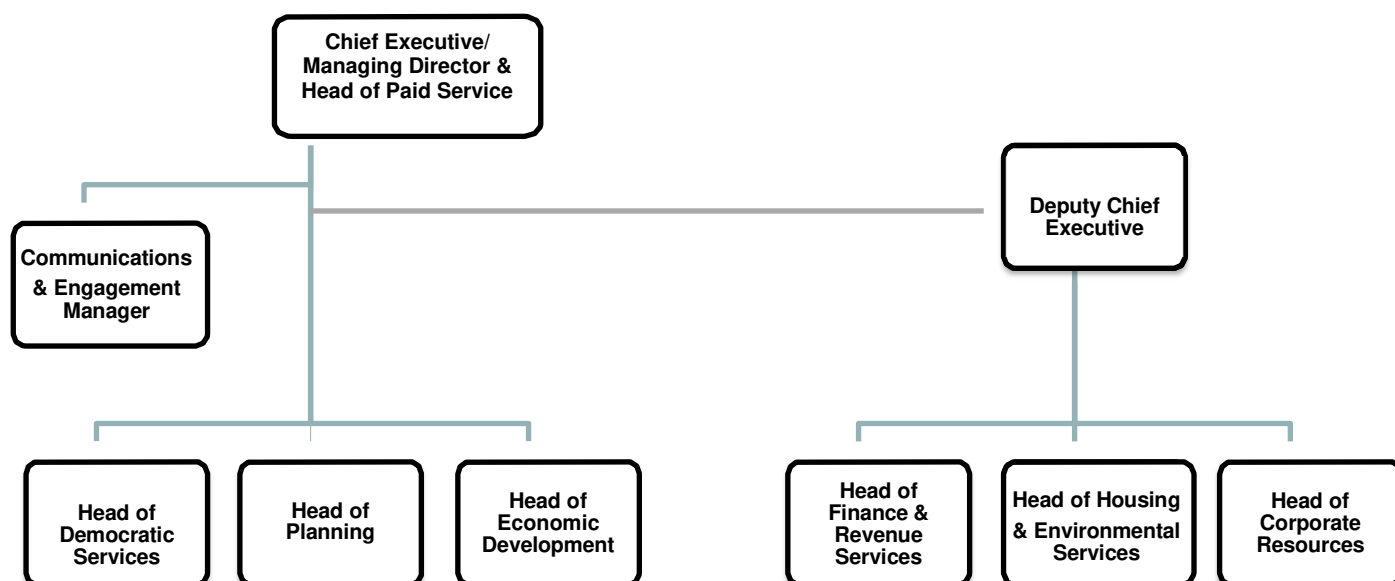
- 99.0% (99.0% in 2017/18) Council Tax and 99.2% (99.3% in 2017/18) Business Rates collected
- £700,470 (£677,158 in 2017/18) recovered in respect of Housing Benefit overpayments

The Broadland Business Plan 2015 -19 is available on the Council's website at the following location <https://www.broadland.gov.uk/businessplan>

## **4 Corporate Governance**

The authority is headed by a Corporate Management Team consisting of a Chief Executive (replaced by a Managing Director January 2019), a Deputy Chief Executive and six Heads of Service. Each Head of Service has overall responsibility for their service area. The Council is now entering a period of restructure with the collaboration with South Norfolk District Council, new governance arrangements will come into being during 2019/20

The structure during 2018/19 was:-



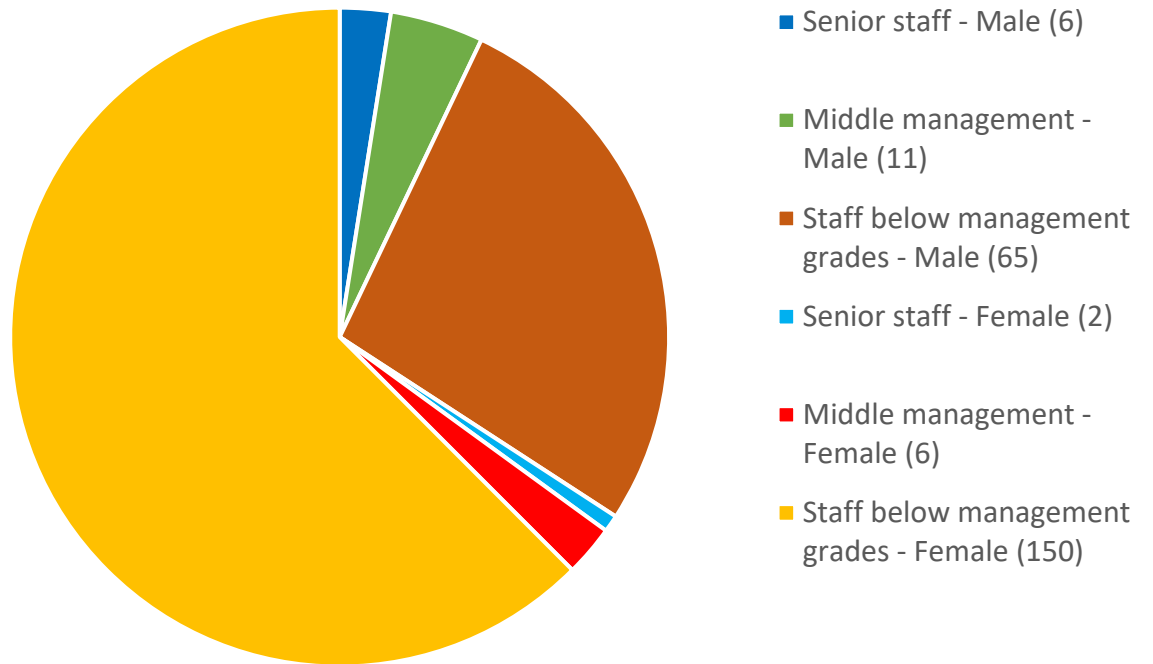
The authority's Annual Governance Statement 2018-19 accompanies the Statement of Accounts and comments on the effectiveness of its internal controls and how it manages the various risks it faces.

The authority's most valuable resource is its staff. Annual appraisals measure each officer's effectiveness and their efforts are recognised through a performance related pay scheme. The authority has a strong ethic of training staff to be good in their current role and ready for the next step up. The authority runs a staff survey every two years; in October 2016, staff were given the chance to participate in the Sunday Times "Best Companies" survey. The results were largely positive, with staff voicing their approval of the work/life balance policies, the flexibility offered by managers and the friendly atmosphere. The authority was placed 95<sup>th</sup> on the Best Not-for-Profit Companies To Work For and named as One To Watch (having narrowly missed out on joining the One Star Company list).

The authority monitors a range of diversity factors as part of the recruitment process and educates all staff on the full range of diversity issues. The Financial Reporting Council's *Guidance on the Strategic Report* gives prominence to the gender balance within the organisation at all levels. The number of male and female staff at Broadland is as follows:

|                               | Male      |              | Female     |              |
|-------------------------------|-----------|--------------|------------|--------------|
| Senior staff                  | 6         | 75%          | 2          | 25%          |
| Middle management             | 11        | 64.7%        | 6          | 35.3%        |
| Staff below management grades | 65        | 30.3%        | 150        | 69.7%        |
| <b>All staff</b>              | <b>82</b> | <b>34.2%</b> | <b>158</b> | <b>65.8%</b> |

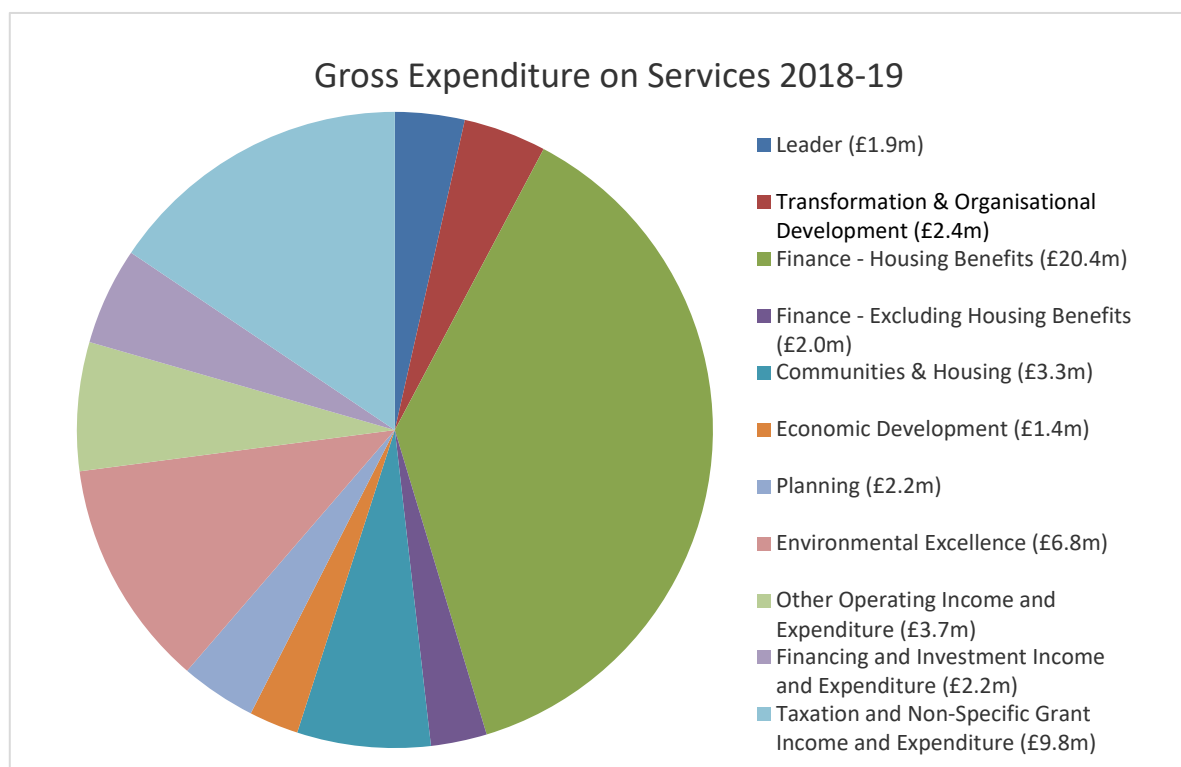
## Staffing



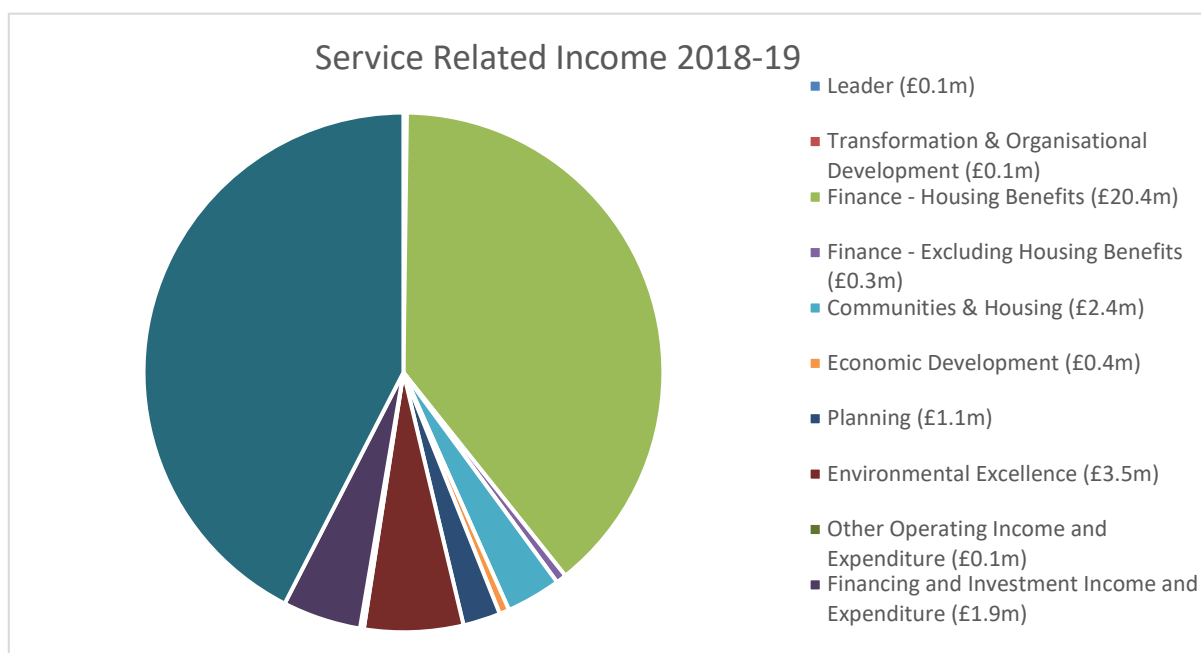
## 5 Revenue Income and Expenditure

The Comprehensive Income & Expenditure Statement on page 2 of this document shows that gross revenue service expenditure amounted to £40.0 million, with service related income of £28.3 million being received.

| 2017-18<br>Actuals<br>£m | Gross Expenditure on Services                              | Budget<br>£m | 2018-19<br>Actual<br>£m | Variance<br>£m |
|--------------------------|------------------------------------------------------------|--------------|-------------------------|----------------|
| 2.1                      | Leader                                                     | 2.0          | 1.9                     | (0.1)          |
| 2.3                      | Transformation & Organisational Development                | 2.4          | 2.4                     | -              |
| 20.4                     | Finance – Housing Benefits                                 | 21.1         | 20.4                    | (0.7)          |
| 2.0                      | Finance – Excluding Housing Benefits                       | 1.6          | 2.0                     | 0.4            |
| 1.7                      | Communities & Housing                                      | 3.8          | 3.3                     | (0.5)          |
| 1.9                      | Economic Development                                       | 1.4          | 1.4                     | -              |
| 2.2                      | Planning                                                   | 2.2          | 2.3                     | 0.1            |
| 7.8                      | Environmental Excellence                                   | 6.5          | 6.8                     | 0.3            |
| <b>40.4</b>              | <b>Cost of Services</b>                                    | <b>41.0</b>  | <b>40.5</b>             | <b>(0.5)</b>   |
| 4.4                      | Other Operating Expenditure                                | 3.7          | 3.7                     | -              |
| 2.1                      | Financing & Investment Net Expenditure                     | 2.8          | 2.2                     | (0.6)          |
| 9.7                      | Taxation and Non-Specific Grant Income & Expenditure       | 8.8          | 9.9                     | 1.1            |
| <b>56.6</b>              | <b>Total Expenditure on Provision of Services</b>          | <b>56.3</b>  | <b>56.3</b>             | <b>-</b>       |
| -                        | Surplus on revaluation of non-current assets               |              | (0.5)                   |                |
| (2.4)                    | Actuarial (gains)/losses on pension assets and liabilities |              | 5.5                     |                |
| <b>(2.4)</b>             | <b>Other Comprehensive Expenditure</b>                     |              | <b>5.0</b>              |                |
| <b>54.2</b>              | <b>Total Comprehensive Expenditure</b>                     |              | <b>61.3</b>             |                |



| 2017-18<br>Actuals<br>£m | Service Related Income                               | Budget<br>£m | 2018-19<br>Actual<br>£m | Variance<br>£m |
|--------------------------|------------------------------------------------------|--------------|-------------------------|----------------|
| 0.6                      | Leader                                               | 0.1          | 0.1                     | -              |
| -                        | Transformation & Organisational Development          | 0.1          | 0.1                     | -              |
| 20.6                     | Finance – Housing Benefits                           | 21.2         | 20.4                    | 0.8            |
| 0.5                      | Finance – Excluding Housing Benefits                 | 0.3          | 0.3                     | -              |
| 2.2                      | Communities & Housing                                | 1.8          | 2.4                     | (0.6)          |
| 0.9                      | Economic Development                                 | 0.3          | 0.4                     | (0.1)          |
| 1.2                      | Planning                                             | 1.3          | 1.1                     | 0.2            |
| 3.4                      | Environmental Excellence                             | 3.3          | 3.5                     | (0.2)          |
| <b>29.4</b>              | <b>Service Income</b>                                | <b>28.4</b>  | <b>28.3</b>             | <b>0.1</b>     |
| -                        | Other Operating Income                               | 0.1          | 0.1                     | -              |
| 1.5                      | Financing & Investment Net Expenditure               | 2.6          | 1.9                     | 0.7            |
| 25.1                     | Taxation and Non-Specific Grant Income & Expenditure | 23.0         | 25.3                    | (2.3)          |
| <b>56.0</b>              | <b>Total Income from Services</b>                    | <b>54.1</b>  | <b>55.6</b>             | <b>(1.5)</b>   |



Having kept its council tax to 2010/11 levels until 2016/17, the authority raised the band D tax by £5.00 in 2017/18, followed by a further £5.00 in 2018/19. However it should be noted that our council tax rate remains the ninth lowest of all 201 English district authorities.

## **6 Pension Fund**

Broadland District Council offers membership of the Local Government Pension Scheme (LGPS), which is backed by a fund managed by Norfolk County Council. The fund is formally valued every three years, and its ability to honour the obligations to pay current and future pensioners is assessed within the terms of International Accountancy Standard 19 (Pensions). Between formal valuations, the Fund's actuaries roll forward the value of the liability, using reasonable assumptions.

The Fund was formally valued as at 31 March 2016, and the Fund's actuaries have rolled forward this valuation to 31 March 2019. The deficit on the Fund is estimated to be £30.376m as at 31 March 2019. This represents an increase of £6.473m since March 2018. This is a notional deficit, presenting a snapshot of the Fund's adequacy if no further contributions were made, life expectancy continues at its present level and the market continues to add value to the Fund at the same rate as in 2018/19.

The scale of the fund deficits in public sector pension schemes is being monitored at a national level, although the nature of the scheme - backed by a fund with regular checks on its adequacy - gives a measure of reassurance. Employers subscribing to the scheme are paying towards their share of past service deficits alongside their contributions for current employees; Broadland's past service deficit cash contribution for 2018/19 was £629,000. A fuller explanation of the transactions and regulations relating to the pension fund is provided in Note 38.

## **7 Material Revenue Items**

The authority has a statutory duty to assess and (where appropriate) pay housing benefit claims from residents of the district on behalf of the Department of Work and Pensions (DWP). Payments are partially reimbursed by the DWP. These are the largest items of expenditure and income within the Comprehensive Income & Expenditure Statement, and are shown as a separate item. In 2018/19, Total Housing Benefits payments were £20.13m (£20.35m in 2017/18) and the claim for reimbursement was £20.47m (£20.62m in 2017/18).

## **8 Capital Expenditure**

Capital expenditure during 2018/19 amounted to £2.4 million. Of this sum, £1.1m was spent as capital grants to external organisations and individuals, and did not result in the acquisition of assets on the authority's balance sheet.

Broadland can borrow an unlimited amount from the Debt Management Office via the Public Works Loans Board (PWLb) to fund capital expenditure, provided that it has fully considered the affordability and sustainability of the debt beforehand. The authority evaluated the cost of borrowing and concluded that it was more cost effective to fund the 2018/19 capital programme from internal resources.

## **9 Major changes affecting the 2018/19 accounts**

There are no major changes to the statement of accounts in 2018/19.

## **10 Performance monitoring**

Broadland adopted the Vanguard Systems Thinking approach to performance monitoring in 2012. This entails an examination of a section's work and procedures to determine whether any part of the process is inefficient or unnecessary, and whether the purpose of the service is met. New procedures are designed to ensure that the staff are working efficiently and are meeting their customers' needs in full.

As part of the Vanguard system, the authority presents Service Plans and Business Plans to Cabinet twice yearly, usually in December and July. Each department has agreed a range of measures relevant to its purpose and reports on its performance against these measures with a short narrative on significant events during the period under review. The objectives are listed in Section 3 above followed by the 2018/19 achievements.

## **11 Elements contained within the Accounts**

The accounts are drawn up according to the requirements of the International Financial Reporting Standards (IFRS), and consist of the following elements:-

### **a) Expenditure and Funding Analysis**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded by local authorities from resources such as Government grants, rents, Council Tax and Business Rates, in comparison with resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the authority's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. Although this is not a statement, guidance from the Chartered Institute for Public Finance & Accountancy (CIPFA) recommends that it is given high prominence, placed either before the core statements or as the first of the notes.

### **b) 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. The authority raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement on Reserves as the balances as at 31 March.

### **c) Movement in Reserves Statement**

This summarises the movement over the financial year on the different reserves held by the authority. It is analysed into

- usable reserves (those that can be applied to fund expenditure or reduce local taxation)
- unusable reserves (those that represent either unrealised gains or losses, such as the Pension Fund Reserve, or balances arising from timing differences between recognition and receipt of funds, such as the Collection Fund Adjustment Account).

The surplus/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 & Expenditure Statement. This differs from the statutory amounts required to be charged to the General Fund Reserve for council tax setting purposes. The net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

#### **d) Balance Sheet**

This statement shows the value as at the Balance Sheet date of the 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. Reserves are reported in two categories:

- Usable reserves may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may be used only to fund capital expenditure or repay debt).
- Unusable reserves cannot be used to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would become available to provide services only if the assets were sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

#### **e) Cash Flow Statement**

This 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 the 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 Council's future service delivery.
- Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

#### **f) Collection Fund**

Broadland District Council is a billing authority, responsible for the billing, collection and distribution of Council Tax and Business Rates (NNDR). Billing authorities have a statutory obligation to maintain a separate fund for local taxation transactions, with the activity for the financial year shown in the Collection Fund Statement. The Collection Fund statement is an agent's statement, and shows the authority's transactions in relation to the collection from taxpayers and the distribution to local authorities and to the Government of Council Tax and Non-Domestic rates.

## **g) Notes to the Accounts**

The accounts are illustrated by the Notes to the Financial Statements. The Notes include a summary of significant accounting policies, further detail relating to items in the main financial statements, assumptions made about the future and major estimations. A separate set of Notes follow the Collection Fund Statement, to expand on matters relating to local taxation transactions.

## **12 Future plans**

The 2019/20 Budget estimated the authority's funding sources to be split as follows; 48% from Council Tax income, 18% from central Government grants, 20% from Business Rates and 14% from the General Reserve. £1.65m was added to revenue reserves in 2018/19. With budgets cut each year and pressure on services likely to grow, it is forecast that the budgeted draw on reserves will increase – and that the draw will be required unless the authority can put successful income generation schemes and efficiency measures into place. To that end the Council agreed in July 2018 to collaborate with South Norfolk Council, a neighbouring authority. The feasibility report highlighted estimated indicative savings of £8.6m. Both councils remain separate but a joint workforce will deliver high quality services. The first stage of this work has been completed with the appointment of a managing director and directors in the new joint management structure. Assistant Director appointments are underway.

The outlook for the public sector in general remains uncertain, with austerity measures still in place and levels of external funding forecast to decrease. General forecasts of Revenue Support Grant (RSG) decreasing to zero by 2020/21 have been borne out by the four year funding settlement advised in February 2017; the final RSG settlement, in 2019/20, is £30,000. This funding has been rolled up for 2019/20 into the Council's business rate funding as Norfolk has been selected as a pilot for 2019/20 modelling 75% retention.

Central Government proposed in 2015 that local authorities as a group would be allowed to keep up to 100% of their business rates income from 2020 onwards, although this income would still be subject to tariffs and levies to redistribute nationally. However, recent political events have changed the focus of attention to other matters, and the idea of re-designing the business rates system still needs to be reviewed by the Secretary of State. The proposal for 2020/21 is now to introduce a 75% retention model as this will not require primary legislation.

Pressures on the authority's services are increasing as the economic situation affects the district's residents and businesses. Broadland's members have approved plans to increase the draw on reserves to maintain service levels in the short term; however, the authority's focus for the future is to introduce suitable income generating schemes and to work on more efficient ways of providing the same level of service.

Actions to take the United Kingdom out of the European Union continue at the time of finalising the 2018/19 accounts. No clear forecast can be made of the effect of these events on Broadland's funding or its plans. As Broadland begins to plan for the 2020-21 Budget negotiations, the uncertainty surrounding its funding has prompted a cautious and measured approach

## **13 Further Information**

Additional information relating to these accounts is available from The Director of Resources, Broadland District Council, Thorpe Lodge, 1 Yarmouth Road, Thorpe St. Andrew, Norwich NR7 0DU (email: [debbie.lorimer@broadland.gov.uk](mailto:debbie.lorimer@broadland.gov.uk)). Alternatively, information is held on the Council's website at [www.broadland.gov.uk](http://www.broadland.gov.uk).

**Debbie Lorimer**  
**Director of Resources**  
25 July 2019

## **STATEMENT OF ACCOUNTS 2018/19**

### **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 Head of Finance & Revenue Services.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the statement of accounts

**Date: 25 July 2019**

**Signature:**

#### **The Head of Finance & Revenue Services' Responsibilities**

The Head of Finance & Revenue Services 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 of Local Authority Accounting in the United Kingdom (the Code of Practice).

In preparing this statement of accounts, the Head of Finance & Revenue Services 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 Head of Finance & Revenue Services has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- signed and dated the Statement of Accounts, stating that it gives a true and fair view of the financial position of the authority at the reporting date and its income and expenditure for the year ended 31 March 2019.

**Date: 25 July 2019**

**Signature:**

**This page does not contain any information relating to the Statement of Accounts.**

# **Broadland District Council**

## **Annual Governance Statement (AGS) 2018/19**

### **Why we have prepared this AGS**

To fulfil the statutory requirement for each local authority to conduct a review of its system of internal control. This is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process by which Heads of Service :

- understand the risks to the achievement of the Council's policies, aims and objectives,
- understand the likelihood of those risks being realised and the impact should they be realised, and
- manage them efficiently, effectively and economically.

To demonstrate whether, and to what extent, the council complied with its Code of Corporate Governance ('the Local Code')

To demonstrate our achievements and help us to be more effective and take action to improve

### **What we mean by governance**

The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

How the council makes sure it

- does the right things
- in the right way
- for the right people

### **Our responsibility**

Broadland District Council is responsible for ensuring that there is a sound system of governance (incorporating the system of internal control) and complying with its local code of governance.

The preparation of an **Annual Governance Statement** is required in order to meet the statutory requirement to produce such a statement in paragraph 4(3) of the Accounts and Audit (England) Regulations 2015 and which requires authorities to conduct a review at least once a year of the effectiveness of its system of internal control. The purpose of the Annual Governance Statement is to explain how the Council has complied with the Code of Corporate Governance; to review the effectiveness of the governance framework; to identify any significant governance issues and to describe the actions taken or proposed to address those issues. The Statement is signed by the Leader and Managing Director.

### **The Governance framework**

Our governance framework comprises of the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.

The key elements include:

- The Council's current **Code of Corporate Governance** which has been updated to reflect the changes made in the new framework published by CIPFA/SOLACE in 2016.
- As a council our vision for the future is to grow a strong and vibrant Broadland, with more jobs, more homes and more opportunities for all. Our **Broadland Business Plan 2015-19** sets out our ambitions and how we aim to realise this vision. It includes our key ambitions and objectives and every six months a Performance Report is prepared and presented to Cabinet to reflect our performance against those objectives. Corporate and service objectives are also cascaded to members of staff to inform their own individual objectives agreed through annual appraisals. The **Business Plan 2019-2023** is due for approval at the Annual General Meeting in May 2019.
- The **Constitution** sets out how the Council operates; how decisions are made by defining and documenting the roles and responsibilities of the Cabinet, Portfolio Holders, the non-executive and scrutiny functions; and the procedures and codes of conduct which are followed – such as the financial regulations and contracts procedure rules. It also covers the roles of the statutory officers of the Council – the Head of Paid Service, the Monitoring Officer and the Section 151 Officer – and their responsibilities relating to compliance with the law and ensuring sound financial control. It includes the delegations to officers and various protocols and codes on standards of behaviour for members and staff. The aim of the Constitution is to improve the accountability and responsiveness of the Council to the residents it serves. The Constitution is reviewed regularly which enables the range of financial regulations, the scheme of delegation and decision making arrangements to be updated as required.
- **Managing Performance and Risk.** The Overview & Scrutiny Committee reviews the Business Plan Performance reports it can make recommendations to Officers or Portfolio Holders and Cabinet. Risks to delivery of the corporate objectives also form part of the Business Plan Performance report and risk implication paragraphs continue to appear in all Cabinet reports. Progress and updates are monitored by the Council's Corporate Management Leadership Team.
- The Council's **Communications and Engagement Strategy** focusses on bringing a more collaborative, whole council approach to communications, with Officers and Members united in a coordinated way to deliver key messages, calls to action and better engagement with the people who live and work in Broadland. The Community at Heart Awards reflect all that is good about working and living in Broadland.

- The **Standards Committee** is made up of five district councillors with four co-opted representatives from parish and town councils and is advised by the Monitoring Officer. It is responsible for promoting and maintaining high standards of conduct by Broadland District, parish and town councillors. The Council has adopted a procedure for dealing with complaints made against Broadland Members. In cases where an investigation has been authorised by the Monitoring Officer concerning a complaint about a Broadland District Council Member, following consultation with the Independent Person if a potential breach of the code has been identified then the case may be referred to the Standards Committee for decision
- The Council has an **Audit Committee**, whose functions ensure we deliver the core activities as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities
- The Council has a contract with Norfolk Public Law (NP Law) for the provision of **legal advice**. This is managed by the Head of Democratic Services & Monitoring, with quarterly review meetings with the Practice Director of NP Law. All service managers are consulted in advance of the meetings to ascertain whether there are any issues that need to be raised to ensure the contract and delivery of the service remain appropriate to the Council's needs. The arrangement with NP Law is supplemented by additional specialist legal advice from other providers as required. All reports to Members contain a legal implications section.
- The Council operates a **complaints procedure** and monitoring reports on formal complaints (including Local Government Ombudsman decisions) are considered by Cabinet every six months within the performance report. In addition procedures and policies exist for handling Freedom of Information requests, General Data Protection Regulation queries and Environmental Information Regulations issues. All of these provide an important framework for members of the public to seek information and raise complaints.
- The Council provides a range of **training and development** opportunities for its **Members** to help them fulfil their roles as elected representatives and community leaders. The arrangements are overseen by the Member Development Panel which has cross party representation. Following the 2015 elections mandatory training was identified that Members are required to undertake before they can serve on certain Committees, namely Audit Committee; Appeals Panel; Licensing Committee; Planning Committee and Regulatory Committee. In addition, all Members received a briefing on the Member Code of Conduct. Arrangements are in place to provide all Members with Code of Conduct training following the 2019 elections, with a number of other corporate wide training sessions for Members. An audit of Member training and development was undertaken with the outcome reported to the Member Development Panel and Audit Committee.
- The Council's **Overview and Scrutiny Committee** consists of 15 Members. It meets in public eighteen times a year to discuss and make recommendations

on the development of policies and to hold the Cabinet to account for their actions. It has a key role in considering other matters of local concern and may be proactive in ensuring the well-being of the Council's residents. Its key roles are to:

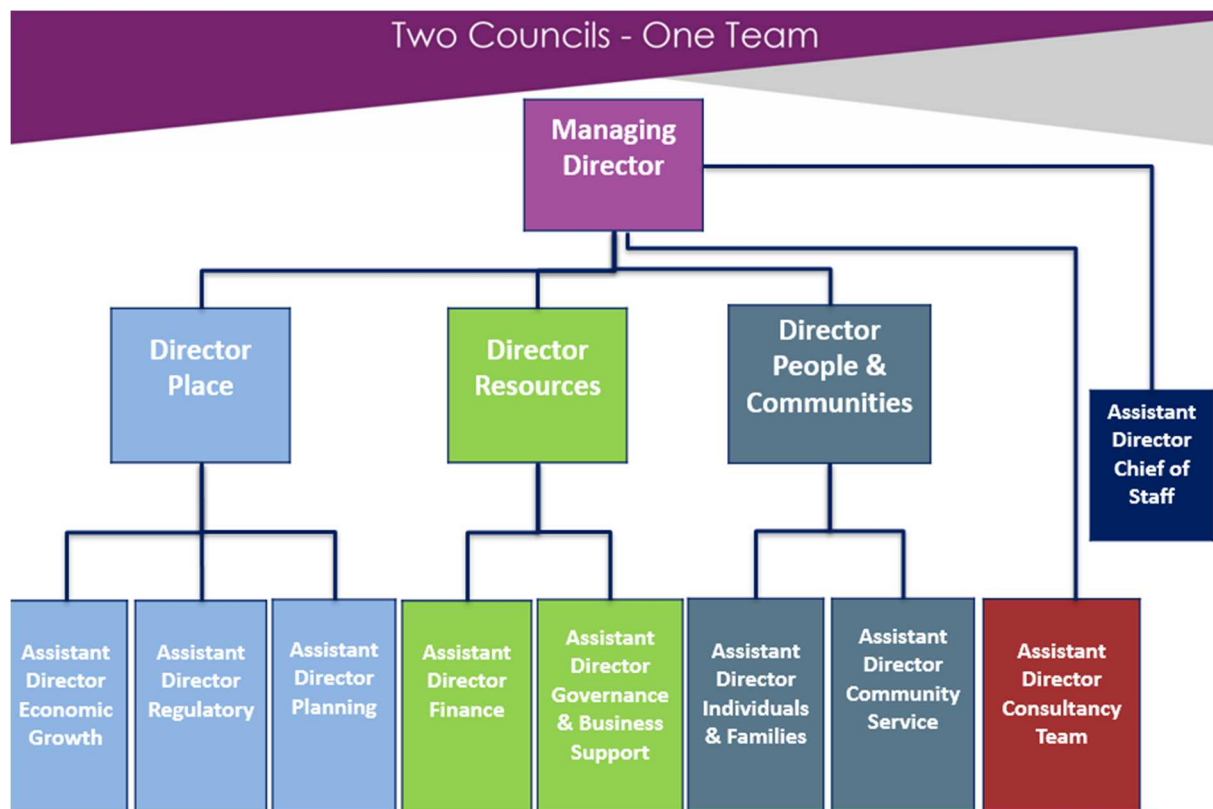
- Develop the overview and scrutiny work plan
- Allocate work between time and task limited panels
- Receive reports from time and task limited panels as appropriate
- Monitor the performance of the Council and Cabinet through scrutiny of decisions taken
- "Call in" for scrutiny Cabinet decisions and key decisions made by officers

The Constitution requires the Committee to report to the Council on its activity at the end of the municipal year.

- The **Internal Audit** service arrangements, managed through the agreement with South Norfolk Council, ensure that through the contractor's annual work plan, reviews of controls based on risk are undertaken to provide assurance and recommendations for improvement.
- The **Medium Term Financial Plan** is agreed by the Council each year, and future funding issues are raised so that current budget/tax setting plans are placed into a longer term context.
- The Council is involved in a variety of **partnerships**, many of which take the form of collaborative working arrangements with local authorities and other partners. The Council's Overview and Scrutiny Committee has a role in reviewing these arrangements, which now takes the form of an annual refresh of the partnerships' register allowing the opportunity to highlight any future reviews of particular partnerships this was presented on 26 March. As part of the register the Committee has developed an agreed definition of partnership working and the steps taken to monitor the performance of partnerships.
- **Staff** are bound by various policies including the Employee Code of Conduct, the Officer Employment Procedure Rules and the Personal Relationships at Work Policy. In addition there is a comprehensive Induction process and a Policies and Procedures file within My Job on the intranet which contains an up to date list of policies and practices such as the Electronic Access Policy.
- The Counter Fraud Strategy, the Raising Concerns at Work Policy (i.e. the Council's Whistle Blowing Policy), and the Personal Relationships at Work Policy all support the Council's governance processes and **anti-fraud and corruption culture**. The Council has a Corporate Fraud Officer who works closely with Internal Audit in monitoring and combatting Corporate Fraud as well as educating staff and members about its importance and increasing awareness of potential risks. A report on the Council's activity in combatting fraud is considered by Audit Committee annually.
- **Risks** to delivery of the corporate objectives form part of the Cabinet performance report and in addition a Risk Implications paragraph is required in all appropriate Cabinet reports.
- The Council is open to **external reviews and assessments**, such as the LGA peer challenge, 'Best Companies to Work For' surveys, Food Standards

Agency inspections and Office of Surveillance Commissioners (OSC) inspections.

- In 2018/19 the Authority's **financial management arrangements** largely conformed to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The only area of non-conformity was in the reporting arrangements for the Head of Finance and Revenue Services who did not report directly to the Chief Executive, but to the Deputy Chief Executive. However, this is mitigated by direct access to the Chief Executive being available and being part of regular management team meetings.
- Progression of the **Council's collaboration with South Norfolk Council** has resulted in the establishment of a joint management structure. This comprises a joint Managing Director, three Directors, and nine Assistant Directors, as shown below:



The recruitment of joint posts has been subject to a new shared process that has been developed and agreed at meetings of both authorities Full Councils. The Managing Director was appointed at the end of 2018 following an external recruitment drive and took up post on 2 January 2019. The recruitment process for the remaining posts in the new structure began in early 2019, with Director positions being appointed to initially on 18 March. Five out of the nine Assistant Director roles have also been appointed. The remaining vacant Assistant Director roles will be advertised internally initially, with a view to publicise externally if internal recruitment is not successful. In addition, the Director and statutory posts appointments were formally endorsed by South Norfolk and Broadland Full Council meetings on 23 and 25 April respectively.

## Review of Effectiveness

The 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:

- (i) the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment,
- (ii) the Head of Internal Audit's annual reports on the Effectiveness of Systems of Internal Audit, Internal Audit Activity and the Status of Agreed Actions arising from Final Audit Reports,
- (iii) comments made by the external auditors and other review agencies and inspectorates.

The detailed functions of the **Council** are set out in Part Two of paragraph 4.2 of the Council's Constitution and those matters reserved to itself are set out in Part 3 paragraph 14.1 of the Council's constitution. The Full Council determines the overall policy framework and approves the Council's Revenue and Capital budget. Some key governance related reports considered by Council over the last year include

- July 2018 - adopted a Policy to implement a Non-Domestic Rate Business Growth Discount Scheme.
- July 2018 - resolved that Broadland and South Norfolk Councils would form One Joint Officer Team across the two autonomous Councils.
- February 2019 - resolved to increase the Long-Term Empty Property Premium.
- March 2019 - resolved to adopt a revised Discretionary Housing Payments Policy and Period of Award Matrix.

**Cabinet** monitors the effectiveness of the governance framework through budget monitoring reports twice a year and performance which are presented half yearly. Cabinet and individual portfolio holders monitor performance and effect changes to improve where necessary. Portfolio holders also receive budget variance reports from their respective senior managers through the Head of Finance and Revenues Services. Issues of strategic and corporate importance are considered by Cabinet regularly and updates are provided and decisions made regarding commercially sensitive activity. Regular financial monitoring reports are presented to the relevant committees and then to Cabinet. This includes the presentation by the Council's External Auditor of its Annual Audit Letter. Some key governance related reports considered by Cabinet over the last year include:

- June 2018 Cabinet agreed that engagement activities for the Broadland Business Plan 2019/23 should comprise of:
  - holding face to face meetings between the Chief Executive/Leader and major stakeholders across the District;
  - conducting externally facilitated stakeholder workshops; and
  - commissioning a market research company to carry out a residents' survey.

The above helped shape the vision, ambitions and objectives of the Council for inclusion in the Broadland Business Plan 2019-23.

The **Overview and Scrutiny Committee** undertakes its work programme throughout the year, including planned projects as well as more reactive items. The two roles of the Committee are; the development and review of policies for a wide range of subjects and services and the critical examination of the Council's performance and effectiveness of its decisions. The Committee's Recommendation Report, which monitors progress and outcomes from O&S recommendations was presented on 26 March 2019. The Committee Chairman presented his annual report on the activity of the Committee to the **Council** meeting on 28 March 2019. During 2018/19 the Committee undertook a review of the Neighbourhood Development Plans and established a panel to investigate the Eco Cube. They also continually monitor certain activities which have included monitoring the corporate policy register, receiving updates on the Broadland Economy, Resilience and Community Safety. Receiving outcomes on the Police and Crime Panel, Public Health, Health and Well Being Board, Corporate Equalities Group and receiving a Norfolk Health Overview. Over the last year there was one call-in for a decision made by Cabinet regarding the extension of the Enforcement Agent Contract.

During 2018/19 the **Service Improvement and Efficiency Committee's** received regular updates on the collaborative working project with South Norfolk Council.

The terms of reference of **Audit Committee** require that a formal annual report on the committee's work and performance during the year is taken to Full Council and this was presented on 21 May 2019. This report gives an overview of the key items considered and reviewed in 2018/19 which were: Annual Governance Statement, Statement of Accounts, Finance Updates, Risk Management, Internal Audit, External Audit, Fraud update and Training. The Audit Committee began a review of the approach to risk management towards the end of the financial year, and this will progress over 2019/20.

The **Head of Internal Audit's Annual Report and Opinion** on Internal Audit Activity 2018/19 was considered by the Council's Audit Committee on 4 July 2019. The Statements in the report relevant to this Annual Governance Statement are as follows:

The overall opinion in relation to the framework of governance, risk management and controls at Broadland District Council is reasonable.

It is encouraging to note all nine assurance audits completed within the year concluded in a positive assurance grading. A substantial assurance grading was given for Council Tax and NNDR.

There are therefore no issues that we feel are significant enough to be referenced in the Annual Governance Statement in relation to Governance, Risk Management and Control for 2018-19.

The External Auditor's (Ernst and Young) **Annual Audit Letter 2017/18** summarises the findings from the audit of the 2017/18 statement of accounts. The letter was presented to Audit Committee on 20 September 2018. The audit concluded an opinion on:

- The audit of the Council's financial statements and consistency of other information published within the financial statements
- An assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

The letter highlights that the main messages for the Council are:

*Audit opinion and financial statements*

- An unqualified opinion was issued in 26 July 2018.

*Value for Money*

- An unqualified Value for Money Conclusion was issued on 26 July 2018. . No significant risks were identified in relation to these criteria nor were any significant weaknesses identified in our arrangements to ensure we take properly informed decisions and deploy resources to achieve planned and sustainable outcomes for taxpayers and local people.

The **Localism Act 2011** made fundamental changes to the Standards regime which came into effect on 1 July 2012. The Council was required to adopt its new arrangements, including the adoption of a new **Member's Code of Conduct** and these were approved by Council on 28 June 2012. During 2018/19 there were three complaints made against Broadland Members. In one case the complaint involved two breaches where the member gave apologies to the complainant. In the other case the matter was dealt with as a matter of concern which resulted in an apology being given to the member of staff raising the concern. There had been three formal complaints involving parish/town council members (one of whom was also a Broadland Member). Under his delegated powers the Monitoring Officer determined that having undertaken preliminary enquiries, no breach was identified in any of these cases. One of the parish council's involved would be receiving support to avoid a repetition. In addition there have been interventions with three parish councils in relation to governance and staffing issues.

All **relevant senior managers** have completed assurance statements confirming that the governance framework has been operating within their areas of responsibility and that they are fully compliant.

The Head of Democratic Services and Monitoring Officer's ongoing **review of the Constitution** is carried out to ensure it is up to date and takes account of legislative and operational changes which have a bearing on its contents. There have been a number of minor changes made throughout the year which have been undertaken using delegated powers – reflecting council decisions, changes in legislation, job titles and changes in portfolio responsibilities.

## **Governance Issues**

It is recognised that governance regarding closer working relationships with South Norfolk Council is a key area that needs to remain under review. Although not resulting in non-compliance, it is right to reflect that key policies and procedures will require review in light of the collaboration.

It would be beneficial for the council to adopt a broader approach to reviewing governance arrangements through the introduction of management assurance statements to support this AGS. This will be developed over the following financial year.

Finally, a review of the approach to risk management at the council was commenced by the Audit Committee with the Internal Audit Manager progressing this collaboratively across Broadland and South Norfolk Councils over the 2019/20 year.

## **Review and Approval of the Annual Governance Statement**

The Draft Annual Governance Statement was submitted with the Draft Statement of Accounts and was then considered by the Audit Committee in July 2019 and amended to reflect the Committee's considerations and the views of the external auditor. The (revised) Annual Governance Statement is then finalised and included in the final Statement of Accounts.

## **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.

### **Signed:**

Councillor Shaun Vincent  
Leader of Broadland District Council

### **Signed:**

Trevor Holden  
MD Broadland District Council

**Date:** 17 July 2019

## Expenditure and Funding Analysis

This is a note rather than a statement; however, CIPFA requires that it is given high prominence within the accounts document, placed either before the core statements or as the first of the notes. Further analysis of the figures below can be found in Notes 5 and 6.

| 2017/18                                        |                                                      |                                                                     |                                                                     | 2018/19                                        |                                                      |                                                                     |
|------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------|
| Net Expenditure Chargeable to the General Fund | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income & Expenditure Statement |                                                                     | Net Expenditure Chargeable to the General Fund | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income & Expenditure Statement |
| £'000                                          | £'000                                                | £'000                                                               |                                                                     | £'000                                          | £'000                                                | £'000                                                               |
| 1,431                                          | 93                                                   | 1,524                                                               | Leader                                                              | 1,731                                          | 73                                                   | 1,804                                                               |
| 1,922                                          | 340                                                  | 2,262                                                               | Transformation & Organisational Development                         | 2,035                                          | 272                                                  | 2,307                                                               |
| 1,138                                          | 158                                                  | 1,296                                                               | Finance                                                             | 1,072                                          | 75                                                   | 1,147                                                               |
| (312)                                          | (115)                                                | (427)                                                               | Communities & Housing                                               | 931                                            | 22                                                   | 953                                                                 |
| 927                                            | 59                                                   | 986                                                                 | Economic Development                                                | 1,004                                          | 61                                                   | 1,065                                                               |
| 859                                            | 162                                                  | 1,021                                                               | Planning                                                            | 981                                            | 148                                                  | 1,129                                                               |
| 3,822                                          | 568                                                  | 4,390                                                               | Environmental Excellence                                            | 2,798                                          | 492                                                  | 3,290                                                               |
| <b>9,787</b>                                   | <b>1,265</b>                                         | <b>11,052</b>                                                       | <b>Net Cost of Services</b>                                         | <b>10,552</b>                                  | <b>1,143</b>                                         | <b>11,695</b>                                                       |
| 3,456                                          | 879                                                  | 4,335                                                               | Other Operating Income and Expenditure                              | 3,598                                          | (10)                                                 | 3,588                                                               |
| 522                                            | 106                                                  | 628                                                                 | Financing and Investment Income and Expenditure                     | (65)                                           | 382                                                  | 317                                                                 |
| (15,655)                                       | 229                                                  | (15,426)                                                            | Taxation and Non-Specific Grant Income and Expenditure              | (15,739)                                       | 356                                                  | (15,383)                                                            |
| <b>(1,890)</b>                                 | <b>2,479</b>                                         | <b>589</b>                                                          | <b>(Surplus) / Deficit on Provision of Services</b>                 | <b>(1,654)</b>                                 | <b>1,871</b>                                         | <b>217</b>                                                          |
| (19,003)                                       |                                                      |                                                                     | Opening General Fund Balance (incl. Earmarked Reserves)             | (20,893)                                       |                                                      |                                                                     |
| (1,890)                                        |                                                      |                                                                     | Adjusted by the (surplus) / deficit on General Fund Balance in year | (1,654)                                        |                                                      |                                                                     |
| <b>(20,893)</b>                                |                                                      |                                                                     | Closing General Fund Balance (incl. Earmarked Reserves)             | <b>(22,547)</b>                                |                                                      |                                                                     |

Adjustments shown above are further analysed in Notes 5 and 6

## Comprehensive Income and Expenditure Statement

| 2017/18           |                 |                 | Portfolio                                              | Note | 2018/19           |                 |                 |
|-------------------|-----------------|-----------------|--------------------------------------------------------|------|-------------------|-----------------|-----------------|
| Gross Expenditure | Gross Income    | Net Expenditure |                                                        |      | Gross Expenditure | Gross Income    | Net Expenditure |
| £'000             | £'000           | £'000           |                                                        |      | £'000             | £'000           | £'000           |
| 2,114             | (590)           | 1,524           | Leader                                                 |      | 1,874             | (70)            | 1,804           |
| 2,328             | (66)            | 2,262           | Transformation & Organisational Development            |      | 2,372             | (65)            | 2,307           |
| 20,349            | (20,622)        | (273)           | Finance - Housing Benefits                             |      | 20,425            | (20,466)        | (41)            |
| 2,039             | (470)           | 1,569           | Finance - Excluding Housing Benefits                   |      | 1,985             | (354)           | 1,631           |
| 1,737             | (2,164)         | (427)           | Communities & Housing                                  |      | 3,340             | (2,387)         | 953             |
| 1,868             | (882)           | 986             | Economic Development                                   |      | 1,428             | (363)           | 1,065           |
| 2,195             | (1,173)         | 1,022           | Planning                                               |      | 2,242             | (1,113)         | 1,129           |
| 7,757             | (3,368)         | 4,389           | Environmental Excellence                               |      | 6,799             | (3,509)         | 3,290           |
| <b>40,387</b>     | <b>(29,335)</b> | <b>11,052</b>   | <b>Net Cost of Services</b>                            |      | <b>40,465</b>     | <b>(28,327)</b> | <b>12,138</b>   |
| 4,424             | (89)            | 4,335           | Other Operating Income and Expenditure                 | 7    | 3,725             | (137)           | 3,588           |
| 2,135             | (1,507)         | 628             | Financing and Investment Income and Expenditure        | 8    | 2,211             | (1,894)         | 317             |
| 9,675             | (25,101)        | (15,426)        | Taxation and Non-Specific Grant Income and Expenditure | 9    | 9,840             | (25,223)        | (15,383)        |
| <b>56,621</b>     | <b>(56,032)</b> | <b>589</b>      | <b>(Surplus) / Deficit on Provision of Services</b>    |      | <b>56,241</b>     | <b>(55,581)</b> | <b>660</b>      |
|                   | (34)            |                 | (Surplus) / Deficit on revaluation of long-term assets |      |                   |                 | (508)           |
|                   | (2,371)         |                 | Remeasurement of the net defined benefit liability     |      |                   |                 | 5,493           |
|                   | <b>(2,405)</b>  |                 | <b>Other Comprehensive Income and Expenditure</b>      |      |                   |                 | <b>4,985</b>    |
|                   | <b>(1,816)</b>  |                 | <b>Total Comprehensive Income and Expenditure</b>      |      |                   |                 | <b>5,645</b>    |

## 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.

|                                                                         | Note<br>10 | General<br>Fund<br>Balance<br>£'000 | Capital<br>Grants<br>Unapplied<br>£'000 | Usable<br>Capital<br>Receipts<br>Reserve<br>£'000 | Total<br>Usable<br>Reserves<br>£'000 | Unusable<br>Reserves<br>£'000 | Total<br>Reserves<br>£'000 |
|-------------------------------------------------------------------------|------------|-------------------------------------|-----------------------------------------|---------------------------------------------------|--------------------------------------|-------------------------------|----------------------------|
| <b>Balance at 31 March 2017</b>                                         |            | 19,003                              | 133                                     | 3,890                                             | 23,026                               | (16,970)                      | 6,056                      |
| Surplus or (deficit) on the provision of services (accounting basis)    |            | (589)                               | -                                       | -                                                 | (589)                                | -                             | (589)                      |
| Other Comprehensive Income and Expenditure                              |            | -                                   | -                                       | -                                                 | -                                    | 2,405                         | 2,405                      |
| <b>Total Comprehensive Income and Expenditure</b>                       |            | (589)                               | -                                       | -                                                 | (589)                                | 2,405                         | 1,816                      |
| Adjustment between accounting basis and funding basis under regulations |            | 2,479                               |                                         | 82                                                | 2,561                                | (2,561)                       | -                          |
| <b>Increase or (Decrease) in year</b>                                   |            | 1,890                               | -                                       | 82                                                | 1,972                                | (156)                         | 1,816                      |
|                                                                         |            |                                     |                                         |                                                   |                                      |                               |                            |
| <b>Balance at 31 March 2018</b>                                         |            | 20,893                              | 133                                     | 3,972                                             | 24,998                               | (17,126)                      | 7,872                      |
| Surplus or (deficit) on the provision of services (accounting basis)    |            | (660)                               |                                         |                                                   | (660)                                | -                             | (660)                      |
| Other Comprehensive Income and Expenditure                              |            | -                                   |                                         |                                                   | -                                    | (4,985)                       | (4,985)                    |
| <b>Total Comprehensive Income and Expenditure</b>                       |            | (660)                               | -                                       | -                                                 | (660)                                | (4,985)                       | (5,645)                    |
| Adjustment between accounting basis and funding basis under regulations |            | 2,314                               | -                                       | (1,251)                                           | 1,063                                | (1,063)                       | -                          |
| <b>Increase or (Decrease) in year</b>                                   |            | 1,654                               | -                                       | (1,251)                                           | 403                                  | (6,048)                       | (5,645)                    |
|                                                                         |            |                                     |                                         |                                                   |                                      |                               |                            |
| <b>Balance at 31 March 2019</b>                                         |            | 22,547                              | 133                                     | 2,721                                             | 25,401                               | (23,174)                      | 2,227                      |
|                                                                         |            |                                     |                                         |                                                   |                                      |                               |                            |

## 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. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ' Adjustments between accounting basis and funding basis under regulations'.

|                                            |          | 31 March 2018   |  | 31 March 2019   |
|--------------------------------------------|----------|-----------------|--|-----------------|
|                                            | Notes    | £'000           |  | £'000           |
| Property, Plant and Equipment              | 12       | 6,852           |  | 7,122           |
| Heritage Assets                            | 13       | -               |  | -               |
| Intangible Assets                          | 14       | 193             |  | 158             |
| Investments in Associates & Joint Ventures | 15       | 10              |  | 10              |
| Long Term Debtors                          | 16       | 789             |  | 1,724           |
| <b>Long Term Assets</b>                    |          | <b>7,844</b>    |  | <b>9,014</b>    |
| Assets Held for Sale                       | 17       | 365             |  | 381             |
| Short Term Investments                     | 18       | 25,409          |  | 25,965          |
| Stock                                      |          | 3               |  | 3               |
| Short Term Debtors                         | 19       | 2,651           |  | 6,161           |
| Cash & Cash Equivalents                    | 21       | 6,829           |  | 6,908           |
| <b>Current Assets</b>                      |          | <b>35,257</b>   |  | <b>39,418</b>   |
| Short Term Creditors                       | 22       | (9,836)         |  | (12,946)        |
| Current Provisions                         | 23       | (250)           |  | (437)           |
| Capital Grants Receipts in Advance         | 23       | (24)            |  | (14)            |
| <b>Current Liabilities</b>                 |          | <b>(10,110)</b> |  | <b>(13,397)</b> |
| Other Long Term Liabilities                | 24       | (24,023)        |  | (31,121)        |
| Long-Term Provisions                       | 24       | (984)           |  | (1,669)         |
| Capital Grants Receipts in Advance         | 24       | (112)           |  | (18)            |
| <b>Long Term Liabilities</b>               |          | <b>(25,119)</b> |  | <b>(32,808)</b> |
| <b>Total Net Assets</b>                    |          | <b>7,872</b>    |  | <b>2,227</b>    |
| Usable Reserves                            | 10 11 26 | (24,998)        |  | (25,401)        |
| Unusable Reserves                          | 27       | 17,126          |  | 23,174          |
| <b>Total Reserves</b>                      |          | <b>(7,872)</b>  |  | <b>(2,227)</b>  |

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2019 and of its income and expenditure for the year ended 31 March 2019. These financial statements replace the unaudited financial statements signed by the Head of Finance and Revenue Services on 24 May 2019.

Signature:

**Debbie Lorimer FCCA**  
**Director of Resources**  
**25 July 2019**

## Cash Flow 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.

|                                                  | Note | 2017/18<br>£'000 | 2018/19<br>£'000 |
|--------------------------------------------------|------|------------------|------------------|
| Net (Surplus) / Deficit on Provision of Services |      | 589              | 660              |
| Adjustment for Noncash Movements                 |      | (3,957)          | (1,624)          |
| Adjustment for Investment and Finance Activities | 28   | 443              | 149              |
| Net Cashflows from Operating Activities          |      | (2,925)          | (815)            |
| Investment Activities                            | 29   | (2,937)          | 756              |
| Finance Activities                               | 30   | 974              | (19)             |
|                                                  |      | (4,888)          | (78)             |
| Cash and Cash Equivalents at 1 April             |      | (1,941)          | (6,829)          |
| <b>Cash and Cash Equivalents at 31 March</b>     | 21   | (6,829)          | (6,907)          |

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Accounting Policies

#### a. General

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at 31 March 2019. The Council is required to prepare the 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 ('the Code'), International Financial Reporting Standards (IFRS) and statutory guidance issued under part 3 of the 2015 Act.

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

#### b. Accruals of Income and Expenditure

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

- Income from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Income from the provision of services is recognised when the Council can reliably measure the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- The Council has adopted IFRS 15 *Revenue from contracts with customers* in accordance with the Code; however, this has no material impact on the financial statements.
- 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 stocks 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 the payments are made;
- Where income 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

An exception to this principle relates to utility bills and other quarterly payments, which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied and does not, therefore, have a material effect on the year's accounts. The amount affected by this exception is estimated at less than £5,000 per year.

#### c. 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 defined in the Code as "short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value", with the definition of short-term left for the user to define for themselves. Broadland District Council has set two working days or less as the definition of short-

term in this respect. 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 Council's cash management.

**d. 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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. Should this be the case, full disclosure of the error and its effects will be made within the Notes to the accounts, providing details of all balances affected.

**e. Charges to Revenue for Non-Current Assets**

Service revenue accounts and support services are debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses used by the service where there are no accumulated gains in the Revaluation Reserve to write them off against
- Amortisation of intangible fixed assets attributable to the service

These charges are reversed out of the General Fund Balance by way of an adjustment to the Capital Adjustment Account in the Movement in Reserves Statement, so that there is no net impact on the council tax payer.

**f. Employee Benefits**

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year end) such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year.

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable

by the Council to the pension fund or pensioner in the year, not the amount calculated according to 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 termination benefits related to pensions enhancements and replace them with the actual amount due to be paid to the pension fund and pensioners.

#### Post Employment Benefits

The Local Government Pension Scheme is accounted for as a defined benefits scheme. From 1<sup>st</sup> April 2014, pensions paid will be based on the employee's average salary throughout their career: prior to this date, pensions have been based on the individual's final salary. Pension costs are assessed in accordance with the advice of a professionally qualified actuary. Accounts relating to the fund are produced by Norfolk County Council and are available from the County on request.

The liabilities of the pension fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 2.7 % based on the indicative rate of return on Government bonds over 15 years.

The assets of the Pension Fund attributable to the Council 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 pensions liability is analysed into six 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 arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- *Net interest cost* – 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.

#### Re-measurements, comprising:

- *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 arising 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 Norfolk Pension Fund: cash paid as employer's contributions to the pension fund. This is not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with the amount due to the Pension Fund for the year. The 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.

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

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

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts 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.

#### **h. 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. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

The Council'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 an 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.

### **i. Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council 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 for interest payable are based on the carrying amount of the liability.

The Council's financial liabilities consist wholly of embedded leases within the Council's refuse and street cleansing contracts.

### **j. Government Grants and Contributions**

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. A failure to meet the required conditions could result in repayment of the grant or contribution.

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 or to the Taxation and Non-Specific Grant Income 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. When the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Revenue grants and contributions that are not general grants described above shall be credited to service revenue accounts, support services, trading accounts and corporate accounts as appropriate.

## **k. Collection Fund Transactions**

Broadland District Council is a billing authority – it issues council tax bills and non-domestic rate demands in its district on behalf of itself and of other relevant organisations, collects the income as an agent of the various entities and distributes that income to local authorities and the Government. As a billing authority, it is obliged to maintain a separate fund for all such transactions, known as the Collection Fund.

The transactions of the Collection Fund are wholly prescribed by legislation. The Council has no discretion to determine which receipts and payments are accounted for within the fund and which are outside. However, decisions have to be made in relation to the application of accounting concepts to the prescribed transactions in the calculation of accruals and provisions, and critical judgement must be made in respect of estimations such as the provision for uncollectable Business Rates in respect of successful appeals.

The statutory provisions for Collection Fund accounting are to be found in the following sections of the Local Government Finance Act 1988:

- Section 90(1) sets out the categories of income which must be paid directly into the Collection Fund (Council Tax, NDR, Business Rate Supplement (BRS) receipts, and sums received from precepting authorities to meet a deficit on the fund arising in the previous year).
- Section 90(2) defines the main types of expenditure which must be made directly from the Collection Fund; Council Tax precepts (excluding parish precepts), shares of NDR to precepting authorities and central Government, distributions of a surplus on the fund arising in the previous year in respect of Council Tax and NDR, Council Tax and NDR refunds, and payments to BRS levying authorities.
- Section 97 provides for transfers between the General Fund and the Collection Fund in relation to the billing authority's own demand on the latter.
- Regulations made under section 99 prescribe the timing of transactions specified in the sections cited above and arrangements for holding and investing surplus cash within the fund.

The effect on the Collection Fund is as follows:

- Council Tax income is paid from the Collection Fund in accordance with the taxation demand of the billing authority, the precepts (taxation requirements) approved by the authority's major precepting bodies and an estimate (made on or before 15 January of the preceding year) of any surplus or deficit relating to Council Tax arising in prior years.
- NDR income is paid from the Collection Fund in accordance with an estimate (made on or before 31 January of the preceding year) of income received for the financial year, together with any surplus or deficit arising from prior years. The proportions distributed to each body are set out in The Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 452 2013). In Broadland's case, 50% is remitted to central Government ('the central share'), 40% to Broadland District Council and 10% to Norfolk County Council.
- Shares of Collection Fund income distributed to major preceptors and the billing authority are credited to their respective Comprehensive Income and Expenditure Statements. However, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis (i.e. sharing out in full the actual surplus or deficit on the Collection Fund at the end of the financial year, even though it will be distributed to or recovered from the authorities in a subsequent financial year).
- Parish precepts are paid from the General Fund of billing authorities and will be accounted for within their Comprehensive Income and Expenditure Statement.
- Interest is not payable on cash flow transfers between the General Fund and the Collection Fund.

## **I. Property, Plant and Equipment**

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

### **Recognition**

All capital expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that adds to, and not merely maintains, the value of Property, Plant and Equipment has been capitalised, provided that it yields benefits to the authority and the services it provides for a period of more than one year.

Expenditure that has been capitalised includes expenditure on the:

- acquisition, reclamation, enhancement or laying out of land;
- acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- acquisition, installation or replacement of movable or immovable plant, machinery, apparatus and vehicles.

In this context, enhancement means the carrying out of works which are intended to:

- lengthen substantially the useful life of the asset, or
- increase substantially the open market value of the asset, or
- increase substantially the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the local authority concerned.

Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

### **Measurement**

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The cost of assets acquired other than by purchase is deemed to be its fair value. Infrastructure assets are included in the balance sheet at historical cost.

All significant assets included in the balance sheet at fair value are formally revalued at intervals of not more than five years and the revised amounts are included in the balance sheet. A full valuation of a property is conducted by a qualified external valuer who holds a recognised and relevant professional qualification, has recent post qualification experience and sufficient knowledge of the state of the market in the location and category of the asset being valued. Non-specialised properties have been valued on the basis of open market value in existing use.

The definition of fair value in respect of surplus assets, certain financial instruments and investment properties has been redefined by the introduction of IFRS 13, and is set out in the Glossary. The authority had no investment properties and some minor areas of land at minimal value defined as surplus assets during 2018/19. The authority is required to measure the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, 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 and liabilities 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 or liabilities 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 or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

Where an asset has been included in the balance sheet at fair value, any increases in valuations are matched by credits to the revaluation reserve to reflect unrealised gains. Exceptionally gains might be credited to the Comprehensive Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where a decrease in value is determined, the revaluation loss is accounted for:

- 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 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 in the Comprehensive Income and Expenditure Statement.

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

### **Impairment**

A review of all the Council's assets is undertaken annually to assess whether the value has changed materially during that period. This may be due to obsolescence, physical damage or changes in the way the authority performs its statutory duties or delivers its services. Where impairment is identified as part of this review or as a result of a valuation exercise, the accounting treatment depends on past contributions to the Revaluation Reserve in respect of the asset;

- 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 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 in the Comprehensive Income and Expenditure Statement.

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

## **Disposals**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. 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. 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, 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 Income and Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (netted off against the carrying value of the asset at the time of disposal). Any revaluation gains held in the Revaluation Reserve are transferred to the Capital Adjustment account. Any amounts in excess of £10,000 are categorised as capital receipts. The capital receipt is required to be credited to the Capital Receipts Reserve and is then held in reserves pending their application to fund new capital expenditure or to redeem related loan debt. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of assets is fully provided for under separate arrangements for capital financing.

## **m. Heritage Assets**

Although the standard governing the accounting treatment of heritage assets has been withdrawn, the Code contains provisions to account for this class of assets within the statement of accounts. Broadland will continue to classify any assets which are held principally for their contribution to knowledge and culture as heritage assets, and to choose the most appropriate basis for the asset concerned. The authority's heritage assets, bridges, culverts and a tunnel along a stretch of the Bure Valley Railway line are discussed in Note 13.

The authority considers that the most appropriate basis of valuation for the bridges is historical cost, which is nil (the original cost to the authority). A valuation based on open market price or replacement cost would not be appropriate, as the authority does not intend to either sell the bridges or to rebuild them in their current style or location if the need should arise. The valuation will be reconsidered at least every five years.

The authority will honour its commitment to maintain these assets, but does not seek to acquire or purchase heritage assets of any kind in future.

## **n. Intangible Fixed Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. computer software licences and system implementation costs) is capitalised when it will bring benefits to the Council of more than one financial year. They are included in the balance sheet at historic cost and written down on a straight line basis over 5 years, to the relevant service line within the Comprehensive Income and Expenditure Statement.

**o. Depreciation**

Depreciation is charged on all Property, Plant and Equipment assets with a finite useful life that can be determined at the time of acquisition or revaluation. The charge is calculated by allocating the cost (balance sheet asset value) over the expected useful life of the asset. The useful lives of assets are estimated to be 5 years for vehicles, plant and machinery, 50 years for most buildings, 120 years for bridges and 10 years for street lighting infrastructure. Depreciation is not charged on freehold land. Where an asset has major component parts whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

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.

**p. Revenue Expenditure funded from Capital under Statute**

Expenditure on capital grants to third parties can be capitalised enabling it to be funded from capital resources, although no asset exists to be placed on the balance sheet. This expenditure is charged to the Comprehensive Income and Expenditure Statement and the capital resources utilised to meet this expenditure are transferred from the Capital Adjustment Account to the General Fund Balance within the Movement in Reserves Statement so that there is no impact on the year's council tax.

**q. Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

**The Council as Lessee: Finance Leases**

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

Lease payments are apportioned between:

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

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

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

#### **The Council as Lessee: Operating Leases**

Rentals payable under operating leases are charged to the relevant service line within the Comprehensive Income and Expenditure Statement when the expenditure is incurred, in accordance with the terms and conditions of individual lease contracts.

#### **The Council as Lessor: Finance Leases**

The Council does not currently grant finance leases for any property, plant or equipment.

#### **The Council as Lessor: Operating Leases**

Where the Council 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 Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made when the income is due, in accordance with the terms and conditions of individual lease contracts.

### **r. VAT**

Income and expenditure excludes any amounts related to VAT, as all VAT collected on income is payable to HM Revenue and Customs and all VAT paid on expenditure invoices is recoverable from them.

### **s. Interest in Companies and Other Entities**

The Code requires local authorities to consider their interests in other organisations and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The boundary for group accounts is determined by the extent of the Council's control or influence over an arrangement, the rights to any distribution of assets or liabilities of any separate entity involved and the materiality of the relationship to users of the Council's accounts.

- Control is the ability to govern an entity's financial and operating matters, which is presumed to be the case where the authority holds more than half of the voting rights either directly or through other parties.
- Significant influence is exerted when the authority has the power to participate in financial and operating matters, giving the opportunity to guide but not control the outcome of a vote. This is presumed to be the case where the authority's share of voting rights is greater than 20%.
- Where the authority has agreed to share control with another party or parties, the arrangement is classed as a joint venture or joint operation.

Assessments of the authority's relationship with an organisation will involve a careful examination of the facts to evaluate whether the presumptions are reasonable.

Broadland District Council has an interest in one company and one joint arrangement;

- The authority and NPS Group jointly control Broadland Growth Limited, with voting arrangements that allow for each party to participate in all decisions. This arrangement has been classified as a joint venture in accordance with the guidelines set down in CIPFA's codes of best practice in group accounting, and would therefore be consolidated by the equity accounting method if transactions are material enough to require group accounts to be prepared.
- Norfolk 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 Broadland) and 51% to Norse Group. This relationship has been assessed as a joint venture, as the authority has neither significant influence nor control.

Group accounts have not been prepared in 2018/19 as the overall change between the single entity and the group statements is not considered to be material.

**t. Allocation of Departmental Salaries and Overheads**

Before March 2017, all central staff and overhead costs were recharged to services on the basis of departmental time allocations estimated by managers, and agreed support service charges. All overhead costs were dealt with in accordance with previous versions of CIPFA's Service Reporting Code of Practice. However, in following the changes required by CIPFA's 'Telling the Story' review, the authority is obliged to follow the pattern of budgetary reporting undertaken throughout the year. During the year, the authority reports to budget holders only those costs they have a direct influence over, recharging, support service costs at year end. In deference to the intentions of CIPFA's review, the 2018/19 accounts have been reported without support cost recharges, showing support and overhead costs within their respective portfolio lines.

**u. Reserves**

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

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent resources available to spend. These are classified as Unusable Reserves to denote their status as unavailable to support revenue expenditure. Earmarked reserves are kept for insurance, repairs and renewals, carry forwards (for revenue spending delays), building control trading activities, spend equalisation, housing assistance policy and specific grant funded projects. These reserves are regularly reviewed and adjusted to ensure that they are adequate for their designated purpose.

**v. Provisions, Contingent Liabilities and Assets**

Provisions are included in the accounts for potential liabilities that are likely to be incurred, where there is some uncertainty of the amounts involved or the dates on which these liabilities may arise. A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will be confirmed only by the occurrence or otherwise of uncertain future events not wholly in the control of the Council. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

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

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

The Code requires the authority to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. This year there are five changes being introduced in the 2019/20 Code of Practice of Local Authority Accounting in the United Kingdom:-

- 1) IAS 40 *Investment Property: Transfers of Investment Property* – amended to state that “...an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. The change of use shall consist of the property meeting, or ceasing to meet, the definition of investment property”. The Council does not hold investment property, the amendment therefore does not affect the Council's financial assets
- 2) Annual Improvements to IFRS Standards 2014 - 2016 Cycle – the amendment to *IFRS 1 First-time Adoption of International Financial Reporting Standards* is not applicable to the Council. The clarification on *IFRS 12 Disclosure of Interests in Other Entities* and *IAS 28 Investments in Associates and Joint Ventures* have been reviewed and the type of asset held by us are not affected by the changes.
- 3) IFRIC 22 *Foreign Currency Transactions and Advance Consideration* – IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Council does not undertake foreign currency transactions, the amendment therefore does not affect the Council's financial assets
- 4) IFRIC 23 *Uncertainty over Income Tax Treatments* – The interpretation applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. No such uncertainty exists for the Council and therefore there will be no impact on its financial assets.
- 5) IFRS 9 *Financial Instruments: Prepayment Features with Negative Compensation* - amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payment. The Council has no borrowing and therefore there will be no impact on the Councils financial liabilities.

### 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1 above, 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 degree of uncertainty about future levels of funding for local government, with Revenue Support Grant due to end by 2020 and further changes to the Business Rates system. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to 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 and accountancy standards, with these classifications kept under review. Valuations are made by a professional with appropriate and relevant qualifications at intervals not exceeding five years.
- The authority assesses any lease it enters into under the requirements of IAS 17 *Leases*. In addition, the authority's waste collection contract is deemed to contain an implied finance lease over the vehicles used in the operation of the contract. The vehicles have been added to the authority's balance sheet at a gross value of £1,023,800 and are depreciated in line with the term of the contract. Further details appear in Note 36.
- 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 at 31 March 2019 and has made a reasoned judgement of the potential effect of these appeals. Further details are given in Note 4 (below) and Note 5 to the Supplementary Statements on page 67.
- Group Accounts - The authority has considered the nature of its relationships with the two limited companies in which it holds interests, and has classified them according to proper accounting practice (Note 1s). Although there is a requirement to produce group accounts where an entity has interests in subsidiaries, associates or joint arrangements, the authority has considered the effect of the transactions as at 31 March to result in group statements that do not differ materially from the single entity statements. In 2018/19 Broadland Growth Limited has been operating on funds generated by the company. Broadland Growth Limited's accounts to 31 March 2019 show a profit of £172,554.

### 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:-

**Pensions Liability** - Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Norfolk Pension Fund employs Hyman Robertson, a firm of consulting actuaries, to provide expert advice about the assumptions to be applied. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:-

| Change in assumptions at year ended 31 March 2019 | Approximate increase to employer liability |                                 |
|---------------------------------------------------|--------------------------------------------|---------------------------------|
|                                                   | %                                          | £'000                           |
| 0.5% decrease in Real Discount Rate               | 11                                         | 9,771                           |
| Increase in member life expectancy of one year    | Between 3% and 5%                          | Dependent on age group affected |
| 0.5% increase in the salary increase rate         | 2                                          | 1,622                           |
| 0.5% increase in the pension increase rate        | 9                                          | 7,924                           |

**Business Rates Appeals provision** - Billing authorities are required to estimate and make provisions for the liabilities likely to arise from successful appeals against Business Rates bills issued as at 31 March. The authority has made a total provision for appeals of £5,263m, with 40% of this shown in its balance sheet as its share. The estimate was calculated by a specialist organisation in the field whose modelling takes into account factors such as the type of proposal and type of hereditament before identifying similar or comparable cases on which to base its results. Yield loss figures are calculated using the relevant multipliers for each affected financial year and the potential losses in rateable value; allowances are made for Small Business Rates Relief supplement losses where this is a factor. As part of the process, certain appeal records that could potentially be withdrawn are also flagged based on the appeal history for the hereditament in the current and previous rating lists. Should the value of appeals settlements vary by +/- 1% of the total rateable value of the district, this will result in a variation of £772,800 in the refund. This would be allocated amongst the participants as follows; £386,400 to Central Government, £309,120 to Broadland District Council and £77,280 to Norfolk County Council.

## 5. Expenditure and Funding Analysis

The following tables analyse the 'Adjustments between the Funding and Accounting Bases' shown in the Expenditure and Funding Analysis note on Page 1 above between capital, pensions and other purposes.

### Adjustments for Capital Purposes

Within this category, items such as depreciation, impairment and revaluation gains and losses are added to the service lines. The 'Other Income and Expenditure from the Expenditure and Funding Analysis' line includes the following adjustments:

- Other Operating Expenditure – amounts written off on capital disposals where there is a transfer of income.
- Financing and Investment Income & Expenditure – the statutory charges for capital financing such as revenue contributions to capital outlay and Minimum Revenue Provision are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and Non-Specific Grant Income & Expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied during the year. The line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### **Net Change for Pensions Adjustments**

Includes the net change resulting from the removal of pension contributions and the addition of pension related expenditure and income as calculated under IAS 19 *Employee Benefits*.

- Service lines – the removal of employer's pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- Financing and Investment Income & Expenditure – the net interest on the defined benefit liability is charged to this line.

### **Other Difference**

Any differences other than amounts debited or credited to the Comprehensive Income & Expenditure Statement and amounts payable or receivable to be recognised under statute.

- Taxation and Non-Specific Grant Income and Expenditure – the adjustment represents the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is related to timing, as any difference will form part of future surpluses or deficits on the Collection Fund.

| <b>Note 5: Adjustments from General Fund to arrive at Comprehensive Income &amp; Expenditure Statement amounts</b>            | <b>Adjustment for Capital Purposes</b> | <b>Net Change for the Pension Adjustments</b> | <b>Other Differences</b> | <b>Total Adjustments</b> |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------|--------------------------|--------------------------|
| <b>2017/18</b>                                                                                                                | £'000                                  | £'000                                         | £'000                    | £'000                    |
| Leader                                                                                                                        | -                                      | (94)                                          | -                        | (94)                     |
| Transformation and Organisational Development                                                                                 | (251)                                  | (89)                                          | -                        | (340)                    |
| Finance                                                                                                                       | (2)                                    | (156)                                         | -                        | (158)                    |
| Communities & Housing                                                                                                         | 115                                    | -                                             | -                        | 115                      |
| Economic Development                                                                                                          | 23                                     | (82)                                          | -                        | (59)                     |
| Planning                                                                                                                      | (13)                                   | (149)                                         | -                        | (162)                    |
| Environmental Excellence                                                                                                      | (355)                                  | (212)                                         | -                        | (567)                    |
| Net Cost of Services                                                                                                          | <b>(483)</b>                           | <b>(782)</b>                                  | -                        | <b>(1,265)</b>           |
| Other income and expenditure from the Expenditure & Funding Analysis                                                          | (147)                                  | (656)                                         | (411)                    | (1,214)                  |
| Difference between General Fund Deficit and Comprehensive Income & Expenditure Statement Surplus on the Provision of Services | <b>(630)</b>                           | <b>(1,438)</b>                                | <b>(411)</b>             | <b>(2,479)</b>           |
| <b>2018/19</b>                                                                                                                | £'000                                  | £'000                                         | £'000                    | £'000                    |
| Leader                                                                                                                        | -                                      | (74)                                          | -                        | (74)                     |
| Transformation and Organisational Development                                                                                 | (202)                                  | (70)                                          | -                        | (272)                    |
| Finance                                                                                                                       | 53                                     | (128)                                         | -                        | (75)                     |
| Communities & Housing                                                                                                         | (22)                                   | -                                             | -                        | (22)                     |
| Economic Development                                                                                                          | (15)                                   | (46)                                          | -                        | (61)                     |
| Planning                                                                                                                      | (22)                                   | (126)                                         | -                        | (148)                    |
| Environmental Excellence                                                                                                      | (306)                                  | (185)                                         | -                        | (491)                    |
| Net Cost of Services                                                                                                          | <b>(514)</b>                           | <b>(629)</b>                                  | -                        | <b>(1,143)</b>           |
| Other income and expenditure from the Expenditure & Funding Analysis                                                          | 384                                    | (1,096)                                       | (459)                    | (728)                    |
| Difference between General Fund Deficit and Comprehensive Income & Expenditure Statement Surplus on the Provision of Services | <b>(130)</b>                           | <b>(1,725)</b>                                | <b>(459)</b>             | <b>(2,314)</b>           |

## 6. Expenditure and Income Analysed by Nature

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

|                                                                     | 2017/18<br>£'000 | 2018/19<br>£'000 |
|---------------------------------------------------------------------|------------------|------------------|
| <b>Expenditure</b>                                                  |                  |                  |
| Employees' benefits expenses                                        | 9,449            | 9,439            |
| Housing Benefit expenditure                                         | 20,346           | 20,123           |
| Other services expenses                                             | 9,983            | 10,453           |
| Depreciation, amortisation, impairment                              | 608              | 450              |
| Interest payments                                                   | 2,135            | 2,211            |
| Precepts and levies                                                 | 3,545            | 3,725            |
| Non-domestic rates expenditure (tariff and levy)                    | 9,675            | 9,840            |
| Loss on disposal of assets                                          | 879              | -                |
| <b>Total expenditure</b>                                            | <b>56,620</b>    | <b>56,241</b>    |
| <b>Income</b>                                                       |                  |                  |
| Fees, charges and other service income                              | (5,003)          | (4,920)          |
| Interest and investment income                                      | (1,507)          | (1,894)          |
| Authority's share of income from Council Tax and Non-Domestic Rates | (20,565)         | (21,172)         |
| Housing Benefit contributions and allowances                        | (20,622)         | (20,466)         |
| Grants and Contributions (excluding Housing Benefits)               | (8,334)          | (7,119)          |
| Gain on disposal of assets                                          | -                | (10)             |
| <b>Total income</b>                                                 | <b>(56,031)</b>  | <b>(55,581)</b>  |
| <b>(Surplus) or Deficit on the Provision of Services</b>            | <b>589</b>       | <b>660</b>       |

## Segmental Income

Income received on a segmental basis is analysed below

|                                                   | 2017/18<br>£'000 | 2018/19<br>£'000 |
|---------------------------------------------------|------------------|------------------|
| Revenues from external customers                  | (5,445)          | (4,916)          |
| Other income                                      | (48,026)         | (47,921)         |
| <b>Total income analysed on a segmental basis</b> | <b>(53,471)</b>  | <b>(52,837)</b>  |

**7. Comprehensive Income and Expenditure Statement - Other Operating Income and Expenditure**

|                                                    | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|----------------------------------------------------|--------------------------|--------------------------|
| Parish Precepts                                    | 3,299                    | 3,471                    |
| Payment to the Housing Capital Receipts Pool       | -                        | -                        |
| Community Infrastructure Levy                      | (89)                     | (127)                    |
| Apprenticeship Levy                                | 15                       | 16                       |
| Precepts paid to Internal Drainage Boards          | 231                      | 238                      |
| (Gains) / Losses on disposal of non-current assets | 879                      | (10)                     |
| <b>Total</b>                                       | <b>4,335</b>             | <b>3,588</b>             |

**8. Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure**

|                                        | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|----------------------------------------|--------------------------|--------------------------|
| Interest payable and similar charges   | 46                       | 17                       |
| Pensions interest cost                 | 2,089                    | 2,194                    |
| Expected return on pension assets      | (1,433)                  | (1,541)                  |
| Interest receivable and similar income | (74)                     | (353)                    |
| <b>Total</b>                           | <b>628</b>               | <b>317</b>               |

**9. Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Income and Expenditure**

|                                   | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|-----------------------------------|--------------------------|--------------------------|
| Council Tax income                | (8,602)                  | (9,050)                  |
| Non Domestic Rates/RSG            | (3,092)                  | (2,720)                  |
| Non Ring-fenced Government grants | (3,732)                  | (3,613)                  |
| <b>Total</b>                      | <b>(15,426)</b>          | <b>(15,383)</b>          |

# 10. Movement in Reserves Statement – Adjustment between Accounting Basis and Funding Basis under Regulations

|                                                                                                          | 2017/18 (Restated)            |                                   |                                          |                                        |                                     | 2018/19                       |                                   |                                          |                                        |                                     |
|----------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------|------------------------------------------|----------------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------------------|----------------------------------------|-------------------------------------|
|                                                                                                          | General Fund Balance<br>£'000 | Capital Grants Unapplied<br>£'000 | Usable Capital Receipts Reserve<br>£'000 | Movement in Unusable Reserves<br>£'000 | Total Movement in Reserves<br>£'000 | General Fund Balance<br>£'000 | Capital Grants Unapplied<br>£'000 | Usable Capital Receipts Reserve<br>£'000 | Movement in Unusable Reserves<br>£'000 | Total Movement in Reserves<br>£'000 |
| <b>Adjustments involving the Capital Adjustment Account</b>                                              |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| <u>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</u>      |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| Revaluation gains/losses on Property, Plant and Equipment                                                | (85)                          |                                   |                                          | 85                                     | -                                   | 55                            |                                   |                                          | (55)                                   | -                                   |
| Charges for Depreciation and Impairment of non-current assets                                            | (475)                         |                                   |                                          | 475                                    | -                                   | (418)                         |                                   |                                          | 418                                    | -                                   |
| Amortisation of Intangible Assets                                                                        | (79)                          |                                   |                                          | 79                                     | -                                   | (87)                          |                                   |                                          | 87                                     | -                                   |
| Government Grants and Contributions                                                                      | 851                           |                                   |                                          | (851)                                  | -                                   | 1,062                         |                                   |                                          | (1,062)                                | -                                   |
| Revenue Expenditure funded from Capital under Statute                                                    | (845)                         |                                   |                                          | 845                                    | -                                   | (1,167)                       |                                   |                                          | 1,167                                  | -                                   |
| Amounts of non-current assets written off on disposal to the CI&ES                                       | (879)                         |                                   |                                          | 879                                    | -                                   | -                             |                                   |                                          | -                                      | -                                   |
| <u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u> |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| Statutory provision for the financing of capital expenditure                                             | 228                           |                                   |                                          | (228)                                  | -                                   | 205                           |                                   |                                          | (205)                                  | -                                   |
| Capital Expenditure charged against the General Fund Balance                                             | 207                           |                                   |                                          | (207)                                  | -                                   | 66                            |                                   |                                          | (66)                                   | -                                   |
| <b>Adjustments involving the Capital Grants Unapplied Account</b>                                        |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| Reversal of Unapplied Capital Grants and Contributions credited to the CI&ES                             | 181                           | (181)                             |                                          |                                        | -                                   | 104                           | (104)                             |                                          |                                        | -                                   |
| Application of Grants to Capital Financing                                                               |                               | 181                               |                                          | (181)                                  | -                                   |                               | 104                               |                                          | (104)                                  | -                                   |
| <b>Subtotal carried forward</b>                                                                          | <b>(896)</b>                  | <b>-</b>                          | <b>-</b>                                 | <b>896</b>                             | <b>0</b>                            | <b>(180)</b>                  | <b>-</b>                          | <b>-</b>                                 | <b>180</b>                             | <b>-</b>                            |

|                                                                                                                                                       | 2017/18 (Restated)            |                                   |                                          |                                        |                                     | 2018/19                       |                                   |                                          |                                        |                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------|------------------------------------------|----------------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------------------|----------------------------------------|-------------------------------------|
|                                                                                                                                                       | General Fund Balance<br>£'000 | Capital Grants Unapplied<br>£'000 | Usable Capital Receipts Reserve<br>£'000 | Movement in Unusable Reserves<br>£'000 | Total Movement in Reserves<br>£'000 | General Fund Balance<br>£'000 | Capital Grants Unapplied<br>£'000 | Usable Capital Receipts Reserve<br>£'000 | Movement in Unusable Reserves<br>£'000 | Total Movement in Reserves<br>£'000 |
| <b>Subtotal brought forward</b>                                                                                                                       | <b>(896)</b>                  | <b>-</b>                          | <b>-</b>                                 | <b>896</b>                             | <b>-</b>                            | <b>(180)</b>                  | <b>-</b>                          | <b>-</b>                                 | <b>180</b>                             | <b>-</b>                            |
| <b>Adjustments involving the Capital Receipts Reserve</b>                                                                                             |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| Transfer of Sale Proceeds credited as part of gain / loss on disposal to the CIES                                                                     |                               |                                   |                                          |                                        | -                                   | 10                            |                                   | (10)                                     |                                        | -                                   |
| Transfer of Receipts from Deferred Capital Receipts Reserve                                                                                           |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| Cash receipts of a capital nature                                                                                                                     | 261                           |                                   | (261)                                    |                                        | -                                   | 35                            |                                   | (35)                                     |                                        | -                                   |
| Use of Capital Receipts Reserve to finance new Capital Expenditure                                                                                    |                               |                                   | 198                                      | (198)                                  | -                                   |                               |                                   | 1,331                                    | (1,331)                                | -                                   |
| Transfers between reserves required by legislation                                                                                                    |                               |                                   | (19)                                     | 19                                     | -                                   |                               |                                   | (35)                                     | 35                                     | -                                   |
| <b>Adjustments involving the Financial Instruments Adjustment Account</b>                                                                             |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| Amount by which finance costs calculated in accordance with the Code differ from finance costs calculated according to statute                        | 5                             |                                   |                                          | (5)                                    | -                                   | 5                             |                                   |                                          | (5)                                    | -                                   |
| <b>Adjustments involving the Pensions Reserve</b>                                                                                                     |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&ES             | (3,068)                       |                                   |                                          | 3,068                                  | -                                   | (3,317)                       |                                   |                                          | 3,317                                  | -                                   |
| Employers Pension contributions and direct payments to pensioners payable in the year                                                                 | 1,630                         |                                   |                                          | (1,630)                                | -                                   | 1,592                         |                                   |                                          | (1,592)                                | -                                   |
| <b>Adjustments involving the Collection Fund Adjustment Account</b>                                                                                   |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| Amount by which local taxation income credited to the CIES is different from income calculated for the year in accordance with statutory requirements |                               |                                   |                                          |                                        |                                     |                               |                                   |                                          |                                        |                                     |
| Business Rates                                                                                                                                        | (374)                         |                                   |                                          | 374                                    | -                                   | (429)                         |                                   |                                          | 429                                    | -                                   |
| Council Tax                                                                                                                                           | (37)                          |                                   |                                          | 37                                     | -                                   | (30)                          |                                   |                                          | 30                                     | -                                   |
| <b>Total Adjustments</b>                                                                                                                              | <b>(2,479)</b>                | <b>-</b>                          | <b>(82)</b>                              | <b>2,561</b>                           | <b>-</b>                            | <b>(2,314)</b>                | <b>-</b>                          | <b>1,251</b>                             | <b>1,063</b>                           | <b>-</b>                            |

| 11. Transfers to/from Earmarked Reserves                                                                                                                         | Balance at<br>31 March<br>2017 | Transfers<br>Out<br>2017/18 | Transfers<br>In<br>2017/18 | Net<br>Movement<br>2017/18 | Balance at<br>31 March<br>2018 | Transfers<br>Out<br>2018/19 | Transfers<br>In<br>2018/19 | Net<br>Movement<br>2018/19 | Balance at<br>31 March<br>2019 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------------|
|                                                                                                                                                                  | £'000                          | £'000                       | £'000                      | £'000                      | £'000                          | £'000                       | £'000                      | £'000                      | £'000                          |
| <b>Repairs &amp; Renewals (General)</b><br>To finance significant irregular replacement, repair or maintenance works to Council owned assets.                    | (339)                          | 11                          | (20)                       | (9)                        | (348)                          | 38                          | (6)                        | 32                         | (316)                          |
| <b>Repairs &amp; Renewals (Street Lighting)</b><br>To finance replacement and maintenance to footway lighting managed on behalf of six town and parish councils. | (16)                           | 98                          | (82)                       | 16                         | -                              | 68                          | (83)                       | (15)                       | (15)                           |
| <b>Spend Equalisation</b><br>To smooth out fluctuations in revenue expenditure incurred in irregular annual patterns.                                            | (383)                          | 148                         | (303)                      | (155)                      | (538)                          | 139                         | (161)                      | (22)                       | (560)                          |
| <b>Recession Mitigation Fund</b><br>To assist the Broadland community during a period of economic recession.                                                     | (127)                          | 87                          | -                          | 87                         | (40)                           | 40                          | -                          | 40                         | -                              |
| <b>Economic Success Fund</b><br>To create jobs and foster economic growth within the Broadland area.                                                             | (143)                          | 53                          | (234)                      | (181)                      | (324)                          | 18                          | -                          | 18                         | (306)                          |
| <b>Insurance</b><br>To cover increased excess charges that were agreed as part of the revised insurance contract.                                                | (59)                           | -                           | -                          | -                          | (59)                           | -                           | -                          | -                          | (59)                           |
| <b>Building Control Trading</b><br>To cover expected losses in revenue on the formation of the CNC Building Control Partnership.                                 | (14)                           | -                           | -                          | -                          | (14)                           | -                           | -                          | -                          | (14)                           |
| <b>External Funding Reserve</b><br>To cover projects that are funded by specific government grants and contributions.                                            | (143)                          | -                           | (120)                      | (120)                      | (263)                          | 142                         | (101)                      | 41                         | (222)                          |
| <b>Housing Assistance Policy</b><br>To earmark repayments of housing loans in accordance with the Housing Assistance Policy.                                     | (219)                          | -                           | (19)                       | (19)                       | (238)                          | -                           | (21)                       | (21)                       | (259)                          |
| <b>Developer Contributions – Adopted Land</b><br>To earmark S106 agreement receipts for the future maintenance of adopted amenity land.                          | (470)                          | 46                          | (2)                        | 44                         | (426)                          | 17                          | (3)                        | 14                         | (412)                          |
| <b>Developer Contributions - Play Areas</b><br>To earmark receipts received under S106 Agreements for the provision of children's play areas.                    | (144)                          | 98                          | (151)                      | (53)                       | (197)                          | 73                          | -                          | 73                         | (124)                          |
| <b>SUBTOTAL:</b>                                                                                                                                                 | <b>(2,057)</b>                 | <b>541</b>                  | <b>(932)</b>               | <b>(391)</b>               | <b>(2,446)</b>                 | <b>535</b>                  | <b>(375)</b>               | <b>160</b>                 | <b>(2,287)</b>                 |

| 11. Transfers to/from Earmarked Reserves                                                                                                             | Balance at<br>31 March<br>2017 | Transfers<br>Out<br>2017/18 | Transfers<br>In<br>2017/18 | Net<br>Movement<br>2017/18 | Balance at<br>31 March<br>2018 | Transfers<br>Out<br>2018/19 | Transfers<br>In<br>2018/19 | Net<br>Movement<br>2018/19 | Balance at<br>31 March<br>2019 |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------------|
|                                                                                                                                                      | £'000                          | £'000                       | £'000                      | £'000                      | £'000                          | £'000                       | £'000                      | £'000                      | £'000                          |
| <b>SUBTOTAL BROUGHT FORWARD:</b>                                                                                                                     | <b>(2,057)</b>                 | <b>541</b>                  | <b>(932)</b>               | <b>(391)</b>               | <b>(2,446)</b>                 | <b>535</b>                  | <b>(375)</b>               | <b>160</b>                 | <b>(2,287)</b>                 |
| <b>Neighbourhood Plans - Front Runner</b><br>To fund work on the district's Forward Plan.                                                            | (144)                          | 25                          | (60)                       | (35)                       | (179)                          | 23                          | (25)                       | (2)                        | (181)                          |
| <b>Community Infrastructure Levy Reserve</b><br>To contain income from the Community Infrastructure Levy for expenditure on infrastructure projects. | (214)                          | 68                          | (91)                       | (23)                       | (237)                          | 84                          | (151)                      | (67)                       | (304)                          |
| <b>Community Right to Challenge Reserve</b><br>To meet expenditure incurred on the challenges to potential community asset sales.                    | (46)                           | -                           | -                          | -                          | (46)                           | -                           | -                          | -                          | (46)                           |
| <b>Business Rates Reserve</b><br>To offset the effects of successful appeals against business rates charges.                                         | (705)                          | -                           | (598)                      | (598)                      | (1,303)                        | -                           | (1,400)                    | (1,400)                    | (2,703)                        |
| <b>I.T. Reserve</b><br>To fund a rolling programme of hardware and software upgrades.                                                                | (174)                          | -                           | (12)                       | (12)                       | (186)                          | -                           | (28)                       | (28)                       | (214)                          |
| <b>Broadland Growth Reserve</b><br>To fund projects to encourage economic growth within the district.                                                | (2,117)                        | 73                          | (78)                       | (5)                        | (2,122)                        | 1                           | (12)                       | (11)                       | (2,133)                        |
| <b>Systems Thinking Reserve</b><br>To fund future Systems Thinking projects.                                                                         | (71)                           | 1                           | -                          | 1                          | (70)                           | -                           | -                          | -                          | (70)                           |
| <b>Bridge Maintenance Reserve</b><br>To fund maintenance on Marriott's Way Bridges.                                                                  | (20)                           | -                           | (20)                       | (20)                       | (40)                           | -                           | (270)                      | (270)                      | (310)                          |
| <b>Total Earmarked Reserves and Balances</b>                                                                                                         | <b>(5,548)</b>                 | <b>708</b>                  | <b>(1,791)</b>             | <b>(1,083)</b>             | <b>(6,629)</b>                 | <b>643</b>                  | <b>(2,261)</b>             | <b>(1,618)</b>             | <b>(8,248)</b>                 |

## 12. Property, Plant and Equipment: Movements in 2017/18

|                                                                                                   | Land & Buildings | Vehicles, Plant & Equipment | Infrastructure | Surplus Land & Buildings | Total          |
|---------------------------------------------------------------------------------------------------|------------------|-----------------------------|----------------|--------------------------|----------------|
|                                                                                                   | £'000            | £'000                       | £'000          | £'000                    | £'000          |
| <b>Cost or Valuation</b>                                                                          |                  |                             |                |                          |                |
| At 1 April 2017                                                                                   | 6,207            | 3,895                       | 471            | 1,219                    | 11,792         |
| Additions                                                                                         | 272              | 20                          | -              | -                        | 292            |
| Revaluation Increases / (Decreases):                                                              |                  |                             |                |                          |                |
| - Included within the Deficit on Provision of Services (posted to the Capital Adjustment Account) | (84)             | -                           | -              | -                        | (84)           |
| - Included within Other Comprehensive Income & Expenditure (posted to the Revaluation Reserve)    | 34               | -                           | -              | -                        | 34             |
| Reclassification                                                                                  |                  |                             |                |                          |                |
| To Surplus:                                                                                       | (37)             | -                           | -              | 37                       | -              |
| To Assets Held For Sale:                                                                          | (365)            | -                           | -              | -                        | (365)          |
| Disposal                                                                                          | (690)            | (306)                       | -              | -                        | (996)          |
| <b>At 31 March 2018</b>                                                                           | <b>5,337</b>     | <b>3,609</b>                | <b>471</b>     | <b>1,256</b>             | <b>10,673</b>  |
| <b>Depreciation and Impairment</b>                                                                |                  |                             |                |                          |                |
| At 1 April 2017                                                                                   | (442)            | (3,043)                     | (237)          | -                        | (3,722)        |
| Adjusted Balance Brought Forward                                                                  | 27               | (58)                        | -              | -                        | (31)           |
| Depreciation charges                                                                              | (137)            | (306)                       | (26)           | -                        | (469)          |
| Depreciation written out on Disposal/Revaluation                                                  | 95               | 306                         | -              | -                        | 401            |
| <b>At 31 March 2018</b>                                                                           | <b>(457)</b>     | <b>(3,101)</b>              | <b>(263)</b>   | <b>-</b>                 | <b>(3,821)</b> |
| <b>Net Book Value as at 31 March 2018</b>                                                         | <b>4,880</b>     | <b>508</b>                  | <b>208</b>     | <b>1,256</b>             | <b>6,852</b>   |
| <b>Net Book Value 1 April 2017</b>                                                                | <b>5,765</b>     | <b>852</b>                  | <b>234</b>     | <b>1,219</b>             | <b>8,070</b>   |

**Property, Plant and Equipment: Movements in 2018/19 (Continuation of Note 12)**

|                                                                                                   | <b>Land &amp; Buildings</b> | <b>Vehicles, Plant &amp; Equipment</b> | <b>Infrastructure</b> | <b>Surplus Land &amp; Buildings</b> | <b>Total</b>   |
|---------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------|-----------------------|-------------------------------------|----------------|
|                                                                                                   | <b>£'000</b>                | <b>£'000</b>                           | <b>£'000</b>          | <b>£'000</b>                        | <b>£'000</b>   |
| <b>Cost or Valuation</b>                                                                          |                             |                                        |                       |                                     |                |
| At 1 April 2018                                                                                   | 5,337                       | 3,609                                  | 471                   | 1,256                               | 10,673         |
| Adjusted Balance Brought Forward                                                                  | 1                           | -                                      | -                     | (1)                                 | -              |
| Additions                                                                                         | 90                          | 32                                     | 18                    | -                                   | 140            |
| Revaluation Increases / (Decreases):                                                              |                             |                                        |                       |                                     |                |
| - Included within the Deficit on Provision of Services (posted to the Capital Adjustment Account) | -                           | -                                      | -                     | 55                                  | 55             |
| - Included within Other Comprehensive Income & Expenditure (posted to the Revaluation Reserve)    | 55                          | -                                      | -                     | (12)                                | 43             |
| Reclassification                                                                                  |                             |                                        |                       |                                     |                |
| To Surplus:                                                                                       | -                           | -                                      | -                     | -                                   | -              |
| To Assets Held For Sale:                                                                          | -                           | -                                      | -                     | -                                   | -              |
| Disposal                                                                                          | -                           | -                                      | -                     | -                                   | -              |
| <b>At 31 March 2019</b>                                                                           | <b>5,483</b>                | <b>3,641</b>                           | <b>489</b>            | <b>1,298</b>                        | <b>10,911</b>  |
| <b>Depreciation and Impairment</b>                                                                |                             |                                        |                       |                                     |                |
| At 1 April 2018                                                                                   | (457)                       | (3,101)                                | (262)                 | -                                   | (3,820)        |
| Adjusted Balance Brought Forward                                                                  |                             |                                        |                       |                                     |                |
| Depreciation charges                                                                              | (134)                       | (258)                                  | (26)                  | -                                   | (418)          |
| Depreciation written out on Disposal/Revaluation                                                  | 449                         | -                                      | -                     | -                                   | 449            |
| <b>At 31 March 2019</b>                                                                           | <b>(142)</b>                | <b>(3,359)</b>                         | <b>(288)</b>          | <b>-</b>                            | <b>(3,789)</b> |
| <b>Net Book Value as at 31 March 2019</b>                                                         | <b>5,341</b>                | <b>282</b>                             | <b>200</b>            | <b>1,298</b>                        | <b>7,122</b>   |
| <b>Net Book Value 1 April 2018</b>                                                                | <b>4,880</b>                | <b>508</b>                             | <b>208</b>            | <b>1,256</b>                        | <b>6,852</b>   |

## Property, Plant and Equipment

The Council owned the following operational assets at 31 March 2018 and 31 March 2019:

| Breakdown of assets                                    | 31 March 2018<br>(Restated) | 31 March 2019 |
|--------------------------------------------------------|-----------------------------|---------------|
| Offices                                                | 2                           | 2             |
| Depots                                                 | 1                           | 1             |
| Car Parks                                              | 4                           | 4             |
| Public Conveniences                                    | 6                           | 6             |
| Shared Equity Properties                               | 1                           | 1             |
| Quayside                                               | 1                           | 1             |
| Properties for the Provision of Homeless Accommodation | 2                           | 2             |
| <b>Total</b>                                           | <b>17</b>                   | <b>17</b>     |

The total number of car parks owned by the Council has been reduced by one to four for the comparative prior year. The Bure Valley Railway car park was included in the reclassification of this whole asset to an asset held for sale in 2017/18 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.

## Valuation

The Council ensures that all Property, Plant and Equipment required to be measured at fair value is revalued every five years. Valuations of land and buildings were carried out by a professionally qualified employee of the District Valuer and Valuations Office in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

| <b>Property, Plant &amp; Equipment Carried at Current Value</b> | <b>Land and Buildings</b> | <b>Vehicles, Plant &amp; Equipment</b> | <b>Infrastructure Assets</b> | <b>Surplus Assets</b> | <b>Total</b>  |
|-----------------------------------------------------------------|---------------------------|----------------------------------------|------------------------------|-----------------------|---------------|
|                                                                 | <b>£'000</b>              | <b>£'000</b>                           | <b>£'000</b>                 | <b>£'000</b>          | <b>£'000</b>  |
| <b>Valued at Historical Cost</b>                                |                           | 3,641                                  | 489                          |                       | 4,130         |
| <b>Valued at Current Value in:</b>                              |                           |                                        |                              |                       |               |
| Year ended 31 March 2019                                        | 2,759                     |                                        |                              | 1,261                 | 4,020         |
| Year ended 31 March 2018                                        | 535                       |                                        |                              | 37                    | 572           |
| Year ended 31 March 2017                                        | 141                       |                                        |                              |                       | 141           |
| Year ended 31 March 2016                                        | 204                       |                                        |                              |                       | 204           |
| Year ended 31 March 2015                                        | 1,845                     |                                        |                              |                       | 1,845         |
| <b>Total</b>                                                    | <b>5,484</b>              | <b>3,641</b>                           | <b>489</b>                   | <b>1,298</b>          | <b>10,911</b> |

### Depreciation

Depreciation on operational assets is charged to the Income and Expenditure account on a straight line basis, with an adjustment in the Movement in Reserves Statement to ensure that Council Tax is not overstated. Repair and maintenance works to buildings have not increased the value of the assets. The useful lives of assets are assumed to be 5 years for vehicles, plant and machinery, although there are exceptions such as the ongoing programme of provision of domestic waste bins which are assumed to have a 10 year life. Useful lives of buildings are assumed to be between 25 - 50 years, dependent on building method and condition. The majority of the council's infrastructure assets comprise parish street lighting columns and land drainage structures, with useful lives of 10 and 40 years respectively.

## Fair Value Hierarchy

As part of the adoption of IFRS13, the Surplus Assets held by the authority were revalued during 2016/17 according to the prescribed valuation techniques as detailed below. Further valuations of the surplus land were carried out in 2018/19. There were no transfers between levels 1 and 2 during 2018/19.

| Surplus Assets Held at Fair Value        | Quoted Value in Active Markets for Identical Assets (Level 1)<br>£'000 | Other Significant Observable Inputs (Level 2)<br>£'000 | Significant Other Un-observable Inputs (Level 3)<br>£'000 | Fair Value as at 31 March 2019<br>£'000 |
|------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------|
| <b>Recurring Fair Value Measurements</b> |                                                                        |                                                        |                                                           |                                         |
| Land                                     | -                                                                      | 1,298                                                  | -                                                         | 1,298                                   |
| <b>Total</b>                             | -                                                                      | <b>1,298</b>                                           | -                                                         | <b>1,298</b>                            |

### Valuation Techniques Used to Determine Fair Values for Surplus Assets

Significant Observable Inputs – Level 2

The valuation technique applied was the **market approach**. This uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. The level 2 inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

There has been no change in the valuation techniques used during the year for Surplus Assets.

### Highest and Best Use of Surplus Assets

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 fair value of the Council's surplus assets is measured on a cyclical basis in line with the Council's policy stated in Note 11- Measurement.

### 13. Heritage Assets

The authority owns twenty-three bridges, seven culverts and one tunnel along a nine mile section of the Bure Valley Railway line. These structures were built in the 1870's as part of the East Norfolk Railway line, and were transferred to the authority at no cost in 1989 by the British Railways Board to hold in trust and to maintain in a safe condition. The bridges have been considered on the basis of their background history and the authority's intentions in acquiring the asset, and it was concluded that, as they were acquired purely for their value as historical artefacts, they fulfilled the definition of heritage assets.

Heritage assets are carried at valuation rather than at fair value, reflecting the fact that historical assets rarely change ownership. Valuations may be made on any basis that is appropriate and relevant. The authority is unlikely to replace the structures with exact replicas of the originals in the event that one or all of the structures are destroyed or severely damaged, so a valuation on depreciated replacement cost is not appropriate. The authority would not seek to sell the bridges, and has considered that if it were to attempt to do so, the purchaser would require the authority to pay to offset the obligation of maintaining the bridges in a safe condition. After careful consideration, the authority has opted to value the structures at historical cost. This is defined in the Code as the carrying amount of the asset as at 1 April 2007 or at the date of acquisition if later, adjusted for depreciation or impairment if appropriate. As the structures were transferred to the authority at nil cost in 1989 and held at nil value on the authority's balance sheet as at 31 March 2007, their historical cost valuation has been deemed to be nil. Capital expenditure undertaken to rectify damage and deterioration will be written off against the impairment to value that the damage represents. The overall valuation of the structures will be formally reassessed at intervals of not less than five years.

No work of material value has been undertaken on these structures in the last five financial years.

The authority has built a path for walkers and cyclists along the length of the line which is open to public access at any time, from which the bridges and culverts can be seen. The path is classified as an infrastructure asset within Property, Plant and Equipment on the balance sheet and is valued separately.

#### 14. Intangible Assets

The purchase of software licences and project implementation costs are treated as intangible assets. Amortisation of intangible assets is charged to the revenue account on a straight line basis over a period of five years. The Council has no internally generated assets.

| <b>Intangible Assets</b>            | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|-------------------------------------|--------------------------|--------------------------|
| <b>Cost</b>                         |                          |                          |
| Opening Gross Balance               | 1,167                    | 1,212                    |
| Adjusted Balance Brought Forward    | 1                        | -                        |
| Additions                           | 44                       | 52                       |
| Disposals                           | -                        | -                        |
| Reclassifications                   | -                        | -                        |
| <b>Closing Gross Balance</b>        | <b>1,212</b>             | <b>1,264</b>             |
| <b>Amortisation</b>                 |                          |                          |
| Opening Accumulated Balance         | (949)                    | (1,019)                  |
| Adjusted Balance Brought Forward    | 9                        | -                        |
| Amortisation Charge                 | (79)                     | (87)                     |
| Disposals                           | -                        | -                        |
| Reclassifications                   | -                        | -                        |
| <b>Closing Amortisation Balance</b> | <b>(1,019)</b>           | <b>(1,106)</b>           |
| <b>Closing Net Book Value</b>       | <b>193</b>               | <b>158</b>               |
| Opening Net Book Value              | 219                      | 193                      |

#### 15. Investments in Associates and Joint Ventures

Broadland District Council has an interest in Broadland Growth Limited, which has been assessed as a joint venture with NPS Group. The company was formed in December 2013 to undertake housing development in the district. The authority agreed to contribute £10,000 initial capital to the company and to provide rechargeable services such as book-keeping and liaison with the company's accountants (Aston Shaw). The £10,000 capital investment forms are shown within the Investments in Associates and Joint Ventures line in the balance sheet. The company has generated £172,554 in trading profit after tax in 2018/19 (£88,537 in trading profit in 2017/18). As at the end of March 2019 a new development of 22 properties is in the process of being built, none of which have been sold to date.

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 2019, the Infrastructure Investment Fund had a cash balance of £3,634m (estimated at £3,544m in 2018) which will be used to support projects currently in progress, projects already approved but not yet started or future projects.

## 16. Long Term Debtors

The Council's long term debtors at 31 March 2019 is composed of a transferred debt held on behalf of Great Yarmouth Borough Council (an obligation dating back to the 1974 Local Government Reorganisation scheme), loans to staff for car purchases, advances for the purchase of former council house stock and amounts receivable beyond twelve months in respect of debtor payment arrangements. The debt for Great Yarmouth Council shown below excludes £32,700 (£22,900 in 2017/18) due within 12 months and shown as part of the short-term debtors.

|                                                      | 31 March 2018<br>£'000 | 31 March 2019<br>£'000 |
|------------------------------------------------------|------------------------|------------------------|
| Transferred Debt                                     | 234                    | 209                    |
| Car Loans                                            | 17                     | 4                      |
| Housing Advances                                     | 61                     | 61                     |
| Housing benefit overpayment debt                     | 206                    | 120                    |
| Deferred capital receipt on shared equity properties | 230                    | 235                    |
| Loans to Parish Councils                             | 40                     | 105                    |
| Loan to Broadland Growth Ltd                         | -                      | 990                    |
| <b>Total</b>                                         | <b>788</b>             | <b>1,724</b>           |

The deferred capital receipt refers to an agreement to take a 25% interest in six shared equity properties on the Carrowbreck Meadow development. The purchasers of these properties have signed a legal agreement to pay the authority for the remaining equity within 25 years. As the authority will not receive any interest on this deferred payment this has been classified as a soft loan, and the £378,750 value as at 31 March 2017 has therefore been discounted to a fair value of £235,313 using a commonly available mortgage rate of 2.09%. The impairment in value is held within the Financial Instruments Adjustment Account, and will be reversed in instalments each year until the payment is received.

The Parish Council loan scheme is a new initiative funded through the Broadland Growth Reserve to establish a community infrastructure fund. The aim of the fund is to provide a borrowing facility for Parish and Town Councils to submit bids for local infrastructure projects which are underwritten by the respective Parish or Town Council's future CIL (Community Infrastructure Levy) receipts. £500,000 has been ring-fenced within the Broadland Growth earmarked reserve for this purpose. Two loans have been advanced.

A loan of £990,000 to Broadland Growth Limited is part of an agreed £2 loan facility extended to the company to fund a housing development project at Rosebery Road, Great Plumstead. The remainder of the loan is due to be paid during 2019/20. The loan will be repaid as a priority after the houses are sold; the timing of sales are uncertain, and the authority has deemed it prudent to estimate a return of the funds after March 2020.

**17. Assets Held For Sale**

|                                                                         | <b>31 March 2018<br/>£'000</b> | <b>31 March 2019<br/>£'000</b> |
|-------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Balance outstanding at the start of the year:                           | 237                            | 365                            |
| Assets sold during the year: - Property, Plant & Equipment              | -                              | -                              |
| Gains / (Losses) on disposal                                            | (237)                          | -                              |
| Assets newly classified as held for sale: - Property, Plant & Equipment | 365                            | -                              |
| Gains / (Losses) on revaluation                                         | -                              | 16                             |
| <b>Balance outstanding at year end</b>                                  | <b>365</b>                     | <b>381</b>                     |

The assets held for sale are the land and buildings as at 31 March 2019 relating to the Bure Valley Railway asset. It was anticipated that the sale of the site to the current operators would have taken place in 18/19; however, the process is still ongoing as at 31 March 2019.

## 18 Financial Instruments

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost or at fair value through or loss as per IFRS9.

All investments are measured in accordance with the Council's accounting policy and IFRS9, detailed in Note 1h on page 10.

### Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

### Financial Assets

|                                                            | Non-Current      |                  |                  |                  | Current          |                  |                  |                  | Total  |
|------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------|
|                                                            | Investments      |                  | Debtors          |                  | Investments      |                  | Debtors          |                  |        |
|                                                            | 31 March<br>2018 | 31 March<br>2019 | 31 March<br>2018 | 31 March<br>2019 | 31 March<br>2018 | 31 March<br>2019 | 31 March<br>2018 | 31 March<br>2019 |        |
|                                                            | £'000            | £'000            | £'000            | £'000            | £'000            | £'000            | £'000            | £'000            |        |
| Fair value through profit or loss                          | -                | -                | -                | -                | 14,521           | 13,421           | -                | -                | 13,421 |
| Amortised cost - soft loan on shared equity properties     | -                | -                | 230              | 235              | -                | -                | -                | -                | 235    |
| - Simple Deposits                                          | -                | -                | -                | -                | 10,888           | 12,541           | -                | -                | 12,541 |
| - financial assets carried at contract amounts             | -                | -                | 370              | 1,370            | -                | -                | 1,071            | 5,036            | 6,406  |
| Fair value through other comprehensive income - designated | -                | -                | -                | -                | -                | -                | -                | -                | -      |
| equity instruments                                         | -                | -                | -                | -                | -                | -                | -                | -                | -      |
| Fair value through other comprehensive income – other      | -                | -                | -                | -                | -                | -                | -                | -                | -      |
| <b>Total Financial Assets</b>                              | -                | -                | 600              | 1,605            | 25,409           | 25,962           | 1,071            | 5,036            | 32,603 |
| Non-financial assets                                       | -                | -                | -                | -                | -                | -                | -                | -                | -      |
| <b>Total</b>                                               | -                | -                | 600              | 1,605            | 25,409           | 25,962           | 1,071            | 5,036            | 32,603 |

## Financial Liabilities

|                                                     | Non-Current |          |           |          | Current    |          |           |          | Total   |
|-----------------------------------------------------|-------------|----------|-----------|----------|------------|----------|-----------|----------|---------|
|                                                     | Borrowings  |          | Creditors |          | Borrowings |          | Creditors |          |         |
|                                                     | 31 March    | 31 March | 31 March  | 31 March | 31 March   | 31 March | 31 March  | 31 March |         |
|                                                     | 2018        | 2019     | 2018      | 2019     | 2018       | 2019     | 2018      | 2019     |         |
|                                                     | £'000       | £'000    | £'000     | £'000    | £'000      | £'000    | £'000     | £'000    |         |
| Fair value through profit or loss                   | -           | -        | -         | -        | -          | -        | -         | -        | -       |
| Amortised cost- finance lease liabilities           | (120)       | -        | -         | -        | (205)      | (120)    | -         | -        | (120)   |
| - financial liabilities carried at contract amounts | -           | -        | -         | -        | -          | -        | (1,163)   | (1,295)  | (1,295) |
| <b>Total Financial Liabilities</b>                  | (120)       | -        | -         | -        | (205)      | (120)    | (1,163)   | (1,295)  | (1,415) |
| Non-financial liabilities                           | -           | -        | -         | -        | -          | -        | -         | -        | -       |
| <b>Total</b>                                        | (120)       | -        | -         | -        | (205)      | (120)    | (1,163)   | (1,295)  | (1,415) |

As at 31 March 2019, the fair values of the items in the table above are equal to the carrying amounts shown within the table.

The soft loan consists of a deferred capital receipt arising from a 25% share in each of six shared equity properties built by the authority's joint venture housing development company. The value must be paid over to the authority on or before the 25<sup>th</sup> anniversary of each property's purchase. The calculation of the loss in value arising from the delay in payment – effectively, an interest-free loan – has been made by discounting the estimated value of the receipt by 2.09%, based on a readily available mortgage offer to first-time buyers, resulting in a fair value of £235,313. The process of returning the debtor to its full value is described in the accounting policy described in Note 1h.

Financial assets and financial liabilities represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value is assessed by calculating the present value of the cash flows that are expected to take place over the remaining life of the instruments, with the following assumptions:

- No early repayment or impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- The fair value of an instrument due to mature within the next 12 months is taken to be the carrying amount.

## Income Expense Gains and Losses

|                                                                                  | 2017/18                                                  |                                                     | 2018/19                                                  |                                                     |
|----------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------|
|                                                                                  | Surplus or Deficit on the Provision of Services<br>£'000 | Other Comprehensive Income and Expenditure<br>£'000 | Surplus or Deficit on the Provision of Services<br>£'000 | Other Comprehensive Income and Expenditure<br>£'000 |
| <b>Interest revenue:</b>                                                         |                                                          |                                                     |                                                          |                                                     |
| financial assets measured at amortised cost                                      | (115)                                                    | -                                                   | (183)                                                    | -                                                   |
| financial assets measured at fair value through profit or loss                   | 42                                                       | -                                                   | (170)                                                    | -                                                   |
| other financial assets measured at fair value through other comprehensive income | -                                                        | -                                                   | -                                                        | -                                                   |
| <b>Total interest revenue</b>                                                    | (73)                                                     | -                                                   | (353)                                                    | -                                                   |
|                                                                                  |                                                          |                                                     |                                                          |                                                     |
| <b>Interest expense</b>                                                          | 15                                                       | -                                                   | 17                                                       | -                                                   |

## Short Term Temporary Investments

The following investments were held at 31 March, valued at bid price in line with current local authority practice. The figures below include accrued interest.

|                                                   | 31 March 2018<br>£'000 | 31 March 2019<br>£'000 |
|---------------------------------------------------|------------------------|------------------------|
| Banks/Building Societies                          | 11,016                 | 13,027                 |
| Externally Managed Pooled Funds                   | 14,521                 | 13,422                 |
| Gross Funds Invested                              | 25,537                 | 26,449                 |
| Less: Investments made of behalf of third parties | (128)                  | (484)                  |
|                                                   | <b>25,409</b>          | <b>25,965</b>          |

**19. Debtors**

The following sums of income are due to be received in the next financial year.

|                                     | <b>31 March 2018</b> | <b>31 March 2019</b> |
|-------------------------------------|----------------------|----------------------|
|                                     | <b>£'000</b>         | <b>£'000</b>         |
| Community Infrastructure Levy       | 595                  | 4,259                |
| Other Entities and Individuals      | 2,503                | 2,252                |
|                                     | 3,098                | 6,511                |
| Less: Provision for Debt Impairment | (447)                | (350)                |
|                                     | <b>2,651</b>         | <b>6,161</b>         |

**20. Debtors for Local Taxation**

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

|                                         | <b>31 March 2018</b> | <b>31 March 2019</b> |
|-----------------------------------------|----------------------|----------------------|
|                                         | <b>£'000</b>         | <b>£'000</b>         |
| Six months to one year                  | 159                  | 112                  |
| More than one year                      | 28                   | 31                   |
| <b>Total Debtors for Local Taxation</b> | <b>186</b>           | <b>143</b>           |

**21. Cash and Cash Equivalents**

|                                        | <b>31 March 2018</b><br><b>£'000</b> | <b>31 March 2019</b><br><b>£'000</b> |
|----------------------------------------|--------------------------------------|--------------------------------------|
| Cash held by officers                  | 1                                    | 1                                    |
| Bank current accounts                  | (476)                                | (100)                                |
| Short Term Deposits with Banks         | 7,304                                | 7,007                                |
| <b>Total Cash and Cash Equivalents</b> | <b>6,829</b>                         | <b>6,908</b>                         |

**22. Creditors**

The following sums were outstanding at 31 March:

|                                       | <b>31 March 2018</b><br><b>£'000</b> | <b>31 March 2019</b><br><b>£'000</b> |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Community Infrastructure Levy         | (1,626)                              | (5,480)                              |
| Advance Maintenance Fees – Play Areas | (1,232)                              | (1,194)                              |
| MHCLG Business Rates Creditor         | (830)                                | (1,253)                              |
| Other Entities and Individuals        | (6,147)                              | (5,019)                              |
|                                       | <b>(9,835)</b>                       | <b>(12,946)</b>                      |

**23. Other Current Liabilities**

Within the Current Liabilities section are the miscellaneous creditors described in Note 22 above, Current Provisions of £436,600 (£249,800 in 2017/18) and Capital Grants Received in Advance of £14,100 (£23,900 in 2017/18). The Current Provisions figure relates to an estimate of the outcome of appeals against Business Rates assessments which are expected to be settled during the next twelve months. Further details on the calculation and use of this provision are set out in Note 5 to the Supplementary Statements on page 67. Capital Grants Received in Advance refers to grants of a capital nature received where the grant carries conditions that have not yet been fulfilled, and where the funds must be used within twelve months or returned to the donor. Accordingly, the authority must carry these as potential creditors rather than register them as income and include them within its assets.

## 24. Long Term Liabilities

The following sums were outstanding at 31 March:

|                                                                                              | 31 March 2018<br>£'000 | 31 March 2019<br>£'000 |
|----------------------------------------------------------------------------------------------|------------------------|------------------------|
| Pension Fund liability                                                                       | (23,903)               | (31,121)               |
| Rental payments on finance leases due after 12 months                                        | (120)                  | -                      |
| Subtotal: Other Long-Term Liabilities                                                        | (24,023)               | (31,121)               |
| Provision for appeals on Business Rates assessments likely to be settled after twelve months | (984)                  | (1,669)                |
| Capital Grants received in advance                                                           | (112)                  | (18)                   |
|                                                                                              | <b>(25,119)</b>        | <b>(32,808)</b>        |

Further details on the calculation and use of the Business Rates provision are set out in Note 5 to the Supplementary Statements on page 67.

## 25. Section 106 Receipts

The Council has received contributions from developers in respect of Section 106 Planning Agreements that have not yet been recognised as income, as the funds must be returned to the donor if the conditions attached are not met. These are held as creditors – within Short-Term Creditors for receipts with a revenue purpose and as Capital Grants Receipts in Advance where the intended expenditure is capital in nature.

These sums are included in the Balance Sheet at year end as follows:-

| Balance Sheet category             | Purpose of Funds                                | 31 March 2018<br>£'000 | 31 March 2019<br>£'000 |
|------------------------------------|-------------------------------------------------|------------------------|------------------------|
| Short Term Creditors               | Provision of Play Areas (Conditional)           | (1,242)                | (1,194)                |
| Short Term Creditors               | Maintenance of Adopted Land (Conditional)       | (31)                   | (31)                   |
| Capital Grants Receipts in Advance | Provision of Affordable Housing (Unconditional) | (121)                  | (30)                   |

## 26. Balance Sheet – Usable Reserves

Usable reserves are those which can be used to fund expenditure or reduce Council Tax. Movements in the Council's usable revenue reserves are detailed in the Movement in Reserves Statement and Notes 10, with further details of the movements in earmarked revenue reserves in Note 11. In addition to this, the Usable Reserves category includes the General Fund Reserve of £14,298,800 (£14,263,400 in March 2018) and the Capital Grants Unapplied Reserve of £132,900 (£132,900 in March 2018).

### Capital Receipts Reserve

These are proceeds from the sale of assets that have not been used to finance new capital expenditure.

|                                       | <b>2017/18</b> | <b>2018/19</b> |
|---------------------------------------|----------------|----------------|
|                                       | <b>£'000</b>   | <b>£'000</b>   |
| Balance at 1 April                    | (3,890)        | (3,972)        |
| Usable Capital Receipts Received      | (280)          | (80)           |
|                                       | (4,170)        | (4,053)        |
| Less Usable Capital Receipts Applied: |                |                |
| Funding of Capital Expenditure        | 198            | 1,331          |
| Pooled Housing Capital Receipts       | -              | -              |
|                                       | <b>(3,972)</b> | <b>(2,721)</b> |

## 27. Balance Sheet – Unusable Reserves

Unusable reserves are those reserves which cannot be used to fund expenditure or to reduce Council Tax. The five unusable reserves held on the authority's Balance Sheet as at 31 March are detailed below:

|                                          | 31 March 2018<br>£'000 | 31 March 2019<br>£'000 |
|------------------------------------------|------------------------|------------------------|
| Pensions Reserve                         | 23,903                 | 31,121                 |
| Capital Adjustment Account               | (5,812)                | (6,950)                |
| Revaluation Reserve                      | (1,731)                | (2,217)                |
| Collection Fund Adjustment Account       | 678                    | 1,137                  |
| Deferred Capital Receipts                | (60)                   | (60)                   |
| Financial Instruments Adjustment Account | 148                    | 143                    |
|                                          | <b>17,126</b>          | <b>23,174</b>          |

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are due to be paid.

|                                                                                                                                                                                    | 2017/18<br>£'000 | 2018/19<br>£'000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>                                                                                                                                                          | <b>(24,836)</b>  | <b>(23,903)</b>  |
| Actuarial Gains or (Losses) on pensions assets and liabilities                                                                                                                     | 2,371            | (5,493)          |
| Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (3,068)          | (3,317)          |
| Employer's pension contributions and direct payments to pensioners in the year                                                                                                     | 1,630            | 1,592            |
| <b>Balance at 31 March</b>                                                                                                                                                         | <b>(23,903)</b>  | <b>(31,121)</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 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>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|--------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Balance at 1 April</b>                                                                                    | <b>(6,110)</b>           | <b>(5,812)</b>           |
| Restated Balance B/F                                                                                         | 22                       | -                        |
| <u>Capital Financing applied in the year</u>                                                                 |                          |                          |
| Capital receipts                                                                                             | (179)                    | (201)                    |
| Application of grants from the Capital Grants Unapplied account                                              | (181)                    | (1,198)                  |
| Capital expenditure charged against General Fund balances                                                    | (207)                    | (66)                     |
| Subtotal                                                                                                     | (6,655)                  | (7,277)                  |
| <u>Reversal of capital items debited or credited to the Comprehensive Income &amp; Expenditure Statement</u> |                          |                          |
| Depreciation and amortisation                                                                                |                          |                          |
| - Charge for the year                                                                                        | 305                      | 277                      |
| - Written out on Revaluation                                                                                 | (74)                     | -                        |
| Revaluation Reserve Balance Written out on Disposal                                                          | (424)                    | -                        |
| Impairment                                                                                                   | 31                       | -                        |
| Disposals                                                                                                    | 927                      | -                        |
| Revaluations                                                                                                 | 84                       | (55)                     |
| Government Grants and Contributions                                                                          | (851)                    | (1,062)                  |
| Revenue expenditure funded from capital under statute                                                        | 845                      | 1,167                    |
| Subtotal                                                                                                     | 843                      | 327                      |
| Balance at 31 March                                                                                          | <b>(5,812)</b>           | <b>(6,950)</b>           |

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and 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, or
- Disposed of and the gains are realised.

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

| <b>Revaluation Reserve Movements</b>                                                                                 | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|----------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Balance at 1 April                                                                                                   | (2,116)                  | (1,731)                  |
| Removal of revaluation balance for assets disposed of in year                                                        | 425                      | -                        |
| Upward revaluation of assets                                                                                         | (34)                     | (117)                    |
| Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of services | -                        | 58                       |
| Depreciation written back on revaluation                                                                             | (21)                     | (449)                    |
| Difference between fair value depreciation and historical cost depreciation                                          | 15                       | 22                       |
| <b>Balance at 31 March</b>                                                                                           | <b>(1,731)</b>           | <b>(2,217)</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. From 1 April 2013, this system has applied to both Council Tax and Business Rates.

|                                                                                                                                                                                                                                     | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Balance at 1 April                                                                                                                                                                                                                  | 267                      | 678                      |
| 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. | 411                      | 459                      |
| <b>Balance at 31 March</b>                                                                                                                                                                                                          | <b>678</b>               | <b>1,137</b>             |

### Deferred Capital Receipts

Deferred capital receipts are amounts due to be received from the sale of council houses for which funds are received over a number of years. Capital receipts are minimal, amounting to less than £1,000 in each year.

|                            | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|----------------------------|--------------------------|--------------------------|
| Balance at 1 April         | (60)                     | (60)                     |
| Receipts transferred out   | -                        | -                        |
| <b>Balance at 31 March</b> | <b>(60)</b>              | <b>(60)</b>              |

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences between the value of a financial instrument according to accounting practices and statutory requirements. The balance relates to the impairment in value to a soft loan resulting from the deferred capital receipt on six shared equity properties.

|                                                                                                                                                                                               | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Balance at 1 April                                                                                                                                                                            | 153                      | 148                      |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | (5)                      | (5)                      |
| <b>Balance at 31 March</b>                                                                                                                                                                    | <b>148</b>               | <b>143</b>               |

## 28. Cash Flow Statement – Operating Activities

The surplus or deficit on provision of services has been adjusted for the following items:

|                                                                                 | 31 March 2018<br>£'000 | 31 March 2019<br>£'000 |
|---------------------------------------------------------------------------------|------------------------|------------------------|
| Depreciation                                                                    | (418)                  | (418)                  |
| Impairment and downward valuations                                              | (115)                  | -                      |
| Amortisation                                                                    | (79)                   | (87)                   |
| (Increase) or decrease in creditors                                             | (766)                  | (2,790)                |
| Increase or (decrease) in interest debtors                                      | (48)                   | -                      |
| Increase or (decrease) in other debtors                                         | (132)                  | 4,280                  |
| Increase or (decrease) in inventories                                           | 1                      | -                      |
| Movement in pension liability                                                   | (1,438)                | (1,725)                |
| Contributions (to) or from provisions                                           | (35)                   | -                      |
| Carrying amount of non-current assets held for sale, sold or de-recognised      | (927)                  | -                      |
| Other non-cash items charged to net surplus or deficit on provision of services | -                      | (884)                  |
| <b>Net cash flow from operating activities</b>                                  | <b>(3,957)</b>         | <b>(1,624)</b>         |

The cash flows for operating activities include the following items:-

|                   | 31 March 2018<br>£'000 | 31 March 2019<br>£'000 |
|-------------------|------------------------|------------------------|
| Interest Received | (117)                  | (438)                  |
| Interest Paid     | 19                     | 21                     |
|                   | <b>(98)</b>            | <b>(417)</b>           |

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

|                                                                                  | 31 March 2018 | 31 March 2019 |
|----------------------------------------------------------------------------------|---------------|---------------|
| Capital grants credited to surplus or deficit on the provision of services       | -             | -             |
| Proceeds from the sale of non-current assets                                     | 151           | 10            |
| Any other items for which the cash effects are investing or financing cash flows | 292           | 139           |
|                                                                                  | <b>443</b>    | <b>149</b>    |

**29. Cash Flow Statement – Investing Activities**

|                                                                 | <b>31 March 2018</b> | <b>31 March 2019</b> |
|-----------------------------------------------------------------|----------------------|----------------------|
|                                                                 | <b>£'000</b>         | <b>£'000</b>         |
| Purchase of Property, Plant and Equipment and intangible assets | 336                  | 193                  |
| Purchase of short- term and long-term investments               | 22,969               | 37,644               |
| Other Payments for investing activities                         | 22                   | -                    |
| Proceeds from the sale of property, plant and equipment         | (152)                | (10)                 |
| Proceeds from short-term and long-term investments              | (25,970)             | (37,000)             |
| Other receipts from investing activities                        | (142)                | (71)                 |
| <b>Net Cash Flow from Investing Activities</b>                  | <b>(2,937)</b>       | <b>756</b>           |

**30. Cash Flow Statement – Financing Activities**

|                                                                                           | <b>31 March 2018</b> | <b>31 March 2019</b> |
|-------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                           | <b>£'000</b>         | <b>£'000</b>         |
| Billing Authorities – Council Tax and Business Rates adjustments                          | 746                  | (221)                |
| Other receipts from financing activities                                                  | -                    | (3)                  |
| Cash Payments for the reduction of the outstanding liabilities relating to finance leases | 228                  | 205                  |
| <b>Net Cash Flows from Financing Activities</b>                                           | <b>974</b>           | <b>(19)</b>          |

**31. Members Allowances**

Payments to members for allowances and committee attendance expenses were £231,203 (£227,600 in 2017/18) and are included within the “Leader” line of the Comprehensive Income & Expenditure Statement.

### 32. Officers' Remuneration

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   | 2017/18  | 2018/19   |
|---------------------|----------|-----------|
| £50,000 - £54,999   | 2        | 5         |
| £55,000 - £59,999   | 1        | 3         |
| £60,000 - £64,999   | -        | 1         |
| £65,000 - £69,999   | 3        | 1         |
| £70,000 - £74,999   | 1        | 2         |
| £75,000 - £79,999   | -        | 1         |
| £95,000 - £99,999   | 1        | -         |
| £100,000 - £104,999 | -        | 1         |
| £115,000 - £119,999 | -        | -         |
| £120,000 - £124,999 | 1        | -         |
| <b>Total</b>        | <b>9</b> | <b>14</b> |

### Exit Packages

There were no exit packages, compulsory or otherwise, paid during the year ended 31 March 2019 (year ended 31 March 2018, 18 exit packages at a total cost of £155.245)

## Senior Employees Remuneration

The following table shows the remuneration of senior employees whose salary is less than £150,000 but more than £50,000 per year. Senior employees are those that have the power to direct or control the major activities of the Council, i.e. Directors and Statutory Officers, and are included in the remuneration bands above. The Chief Executive's salary costs include additional payments in respect of Returning Officer fees for election duties.

The Chief Executive retired on 1st January 2019 and was replaced by a Managing Director, who is employed jointly by Broadland and South Norfolk District Councils. This is the first step in creating a joint management team, who will oversee the creation of one joint officer team, delivering services to two autonomous councils. No officers of the authority were paid £150,000 or more during either year. No bonuses have been paid to any senior officer in either year.

| Post Holder Information                                                                      | Year    | Salary, fees and allowances | Payment for loss of employment | Employers pension contributions | Net Cost to Broadland District Council | Net Cost to South Norfolk District Council |
|----------------------------------------------------------------------------------------------|---------|-----------------------------|--------------------------------|---------------------------------|----------------------------------------|--------------------------------------------|
| Chief Executive<br>(Retired 01/01/2019)                                                      | 2018/19 | 71,826                      | -                              | 305                             | <b>72,131</b>                          |                                            |
|                                                                                              | 2017/18 | 121,621                     | -                              | 17,252                          | <b>138,873</b>                         |                                            |
| Managing Director (Started 02/01/2019)<br>(Shared 50:50 with South Norfolk District Council) | 2018/19 | 40,247                      | -                              | 6,000                           | <b>23,124</b>                          | 23,124                                     |
|                                                                                              | 2017/18 | -                           | -                              | -                               | -                                      | -                                          |
| Deputy Chief Executive                                                                       | 2018/19 | 100,607                     | -                              | 15,041                          | <b>115,648</b>                         |                                            |
|                                                                                              | 2017/18 | 98,124                      | -                              | 14,564                          | <b>112,688</b>                         |                                            |
| Head of Corporate Services                                                                   | 2018/19 | 64,585                      | -                              | 8,916                           | <b>73,501</b>                          |                                            |
|                                                                                              | 2017/18 | 67,014                      | -                              | 8,613                           | <b>75,627</b>                          |                                            |
| Head of Finance & Revenue Services                                                           | 2018/19 | 68,214                      | -                              | 9,482                           | <b>77,696</b>                          |                                            |
|                                                                                              | 2017/18 | 65,864                      | -                              | 9,112                           | <b>74,976</b>                          |                                            |
| Head of Economic Development                                                                 | 2018/19 | 58,818                      | -                              | 8,130                           | <b>66,948</b>                          |                                            |
|                                                                                              | 2017/18 | 57,867                      | -                              | 7,873                           | <b>65,740</b>                          |                                            |
| Head of Corporate Resources                                                                  | 2018/19 | 72,552                      | -                              | 10,883                          | <b>83,435</b>                          |                                            |
|                                                                                              | 2017/18 | 71,523                      | -                              | 10,669                          | <b>82,192</b>                          |                                            |
| Head of Planning                                                                             | 2018/19 | 78,252                      | -                              | -                               | <b>78,252</b>                          |                                            |
|                                                                                              | 2017/18 | 69,606                      | -                              | 9,568                           | <b>79,174</b>                          |                                            |
| HR & Customer Services Manager                                                               | 2018/19 | 54,274                      | -                              | 8,207                           | <b>62,481</b>                          |                                            |
|                                                                                              | 2017/18 | 53,634                      | -                              | 7,938                           | <b>61,572</b>                          |                                            |
| Housing Manager                                                                              | 2018/19 | 59,954                      | -                              | 8,993                           | <b>68,947</b>                          |                                            |
|                                                                                              | 2017/18 | 54,776                      | -                              | 8,216                           | <b>62,992</b>                          |                                            |
| Total cost of senior officers - 2018/19                                                      |         |                             |                                |                                 | <b>722,163</b>                         | 23,124                                     |
| Total cost of senior officers - 2017/18                                                      |         |                             |                                |                                 | <b>753,835</b>                         | -                                          |

**33. Grant Income: The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:**

|                                                                 | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|-----------------------------------------------------------------|--------------------------|--------------------------|
| <b>Credited to Taxation and Non-Specific Grant Income</b>       |                          |                          |
| Revenue Support Grant                                           | (804)                    | (438)                    |
| New Homes Bonus Scheme                                          | (2,066)                  | (2,008)                  |
| Business Rates Retention Scheme                                 | (1,255)                  | (1,429)                  |
| Council Tax Annex Grant                                         | (21)                     | (27)                     |
| Transparency                                                    | (8)                      | (8)                      |
| Land Release Grant                                              | (160)                    | -                        |
| Local Council Tax/Business Rates Support & Administration       | (101)                    | (97)                     |
| EU Exit Preparation                                             | -                        | (17)                     |
| Planning Delivery Fund Grant (Community Led Planning)           | (120)                    | (101)                    |
| <b>Total Credited to Taxation and Non-Specific Grant Income</b> | <b>(4,535)</b>           | <b>(4,125)</b>           |
| <b>Credited to Services</b>                                     |                          |                          |
| DWP Housing Benefits                                            | (20,248)                 | (20,045)                 |
| Business Rates Cost of Collection                               | (140)                    | (139)                    |
| Disabled Facilities Grant                                       | (851)                    | (920)                    |
| Young Persons, Skills & Future Funding                          | (301)                    | -                        |
| Homelessness Grants                                             | (460)                    | (490)                    |
| Section 106 Contributions                                       | (151)                    | (91)                     |
| Elections / IEREG                                               | (547)                    | (41)                     |
| Private Sector Housing Renewal                                  | (7)                      | (395)                    |
| Sports Development                                              | (29)                     | (36)                     |
| Economic Development Pooled Funding Projects                    | (248)                    | (150)                    |
| Second Homes Funding                                            | (127)                    | (65)                     |
| Community Infrastructure – Admin/Surcharges                     | (3)                      | (24)                     |
| Public Health Partnership                                       | (17)                     | (17)                     |
| Neighbourhood Planning Frontrunners                             | (60)                     | (25)                     |
| Planning Registers Set-Up                                       | (35)                     | (34)                     |
| Recycling Partnership                                           | (164)                    | (122)                    |
| Parks and Woodlands                                             | -                        | (20)                     |
| Street Cleansing – Litter Collection                            | -                        | (23)                     |
| Other Grants                                                    | (8)                      | (41)                     |
| <b>Total Credited to Services</b>                               | <b>(23,396)</b>          | <b>(22,678)</b>          |
| <b>Total Grant Income</b>                                       | <b>(27,931)</b>          | <b>(26,803)</b>          |

### 34. External Audit Costs

The Public Sector Audit Appointments organisation (PSAA) sets a scale for external audit fees which the Council's external auditors, Ernst & Young, comply with. Without the distortions of payments to auditors falling in different financial years, the basic level of audit fees payable for 2017/18 and 2018/19 are as follows:

|                                                              | 2017/18<br>£  | 2018/19<br>£  |
|--------------------------------------------------------------|---------------|---------------|
| External audit services carried out by the appointed auditor | 41,587        | 32,022        |
| Certification of grant claims and returns                    | 11,024        | 14,500        |
|                                                              | <b>52,611</b> | <b>46,522</b> |

The scale fees for authorities (for external audit services) are now set by type of organisation, and are published on the PSAA website. The 2018/19 Audit Fee Scale page of the PSAA website states that "...fees have been reduced by 23% from the fees applicable for 2017/18."

### 35. 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 effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of the many transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding at 31 March 2019 are shown within the debtors listed in Note 19.

#### Members & Chief Officers

Members of the authority have direct control over its financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 31. A review of related party transactions between the Council, members and chief officers was undertaken in 2017/18, and members are required to complete a declaration of all relevant interests each year. In respect of 2018/19, the following relationships should be declared as there have been amounts paid to the organisation concerned by the authority which are either in excess of £1,000 or are potentially material to the organisation concerned:

- Councillor Judy Leggett is a trustee of Leeway Domestic Violence and Abuse Services. Leeway received £39,354 during the year in respect of an agreement to provide support services to Broadland residents
- Councillor Proctor, Councillor Vincent, Chief Executive (retired 31/1/18) Philip Kirby and Trevor Holden (Managing Director from 1/1/19) are Directors of Broadland Growth Ltd; Head of Democratic Services Martin Thrower is Company Secretary of Broadland Growth Ltd. Further details of Broadland Growth Ltd.'s transactions with Broadland District Council are provided in Note 15 and in a paragraph on partnership working in this Note. None of the four named above receive financial rewards from the company.

A number of grant payments are made by the Council to voluntary organisations where members or chief officers may have an interest. These are made with proper consideration of declarations of interest and the relevant members and chief officers did not take part in any discussion or decision relating to the grants. Broadland works through various forms of partnership with other organisations and authorities;

- The authority formed Broadland Growth Limited in December 2013 in partnership with NPS Group to undertake housing development within the district. The relationship has been classified as a joint venture. The cost of a loan to Broadland Growth Ltd. of £990,000 is included in the statements and Note 16. Details of the company's trading results are set out within Note 15.
- In October 2014, Broadland 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. 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 £664,360 (£614,855 in 2017/18). The joint venture is set up to allow the districts a 7% income from any profit the company makes and also potential income from the sale of materials once a set amount of income is made. Due to a decline in the recycling markets this year there will not be any profit share or income from materials.
- Broadland District Council works in partnership with Norwich City Council, South Norfolk 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 £1,752,435 was paid during 2018/19, of which £813,661 related to activity taking place during 2017/18. A further £971,466 was paid in April 2019 in respect of CIL due for 2018/19 activities. Further details of the Infrastructure Investment Fund are given in Note 15.
- Other Public Bodies

The authority derives the majority of its funding from the UK Government, as detailed in Note 9. The authority's relationships with central Government and other local government bodies fall within the scope of usual activities between such organisations. Broadland District 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 2018/19 amounted to £237,771 (£230,802 in 2017/18).

### 36. Leases

#### Finance Lease where the Council is Lessee

The Council has contracted with Veolia UK to perform refuse and recycling collections on its behalf. This contract requires the contractor to hold a fleet of specialist vehicles. An assessment of this arrangement in accordance with the Code of Practice on Local Authority Accounting revealed that there was judged to be an embedded lease in respect of the fleet of vehicles used in the contract. These are treated as being purchased under finance leases, although legal title to the vehicles will remain with the contractor after the contract is completed. The vehicles are included as Property, Plant and Equipment on the Council's balance sheet, in accordance with IAS 16 and 17.

The amounts included in the balance sheet in respect of the contract are:-

|                               | 31 March 2018 | 31 March 2019 |
|-------------------------------|---------------|---------------|
| Property, Plant and Equipment | 325           | 120           |

The Council is committed to making minimum payments for the contract. This includes an element separated to represent the deemed finance lease on the vehicles used to perform the contract. The estimated minimum lease payments for future years are made up as follows:-

|                                  | 31 March 2018 | 31 March 2019 |
|----------------------------------|---------------|---------------|
| Payable within 12 months         | 205           | 120           |
| Payable within two to five years | 120           | -             |
| Payable after five years' time   | -             | -             |

#### Operating Leases where the Council is Lessee

The Council uses leased cars under the terms of an operating lease. The amount paid under this arrangement in 2018/19 was £15,989 (£13,242 in 2017/18). The future cash payments required under these leases as at 31 March 2019 are £1,525.

### 37. 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. Commitments for future capital expenditure at 31 March 2019 include local community and homeowner home improvement grants, social housing grants, Thorpe Lodge works, commitments relating to a new ICT strategy and forthcoming major repairs to the authorities Heritage Assets (Bridges). The total commitment is estimated at £1.2 million.

|                                                       | 2017/18<br>£'000 | 2018/19<br>£'000 |
|-------------------------------------------------------|------------------|------------------|
| <b>Opening Capital Financing Requirement</b>          | <b>554</b>       | <b>326</b>       |
| <b>Capital Investment</b>                             |                  |                  |
| Property, Plant and Equipment                         | 292              | 140              |
| Intangible Assets                                     | 44               | 52               |
| Long-Term Debtors                                     | -                | 1,090            |
| Revenue Expenditure funded from Capital under Statute | 845              | 1,167            |
|                                                       | <b>1,181</b>     | <b>2,449</b>     |
| <b><u>Sources of Finance</u></b>                      |                  |                  |
| Capital Receipts                                      | (102)            | (237)            |
| Grants and Contributions                              | (872)            | (2,147)          |
| Revenue/Internal Funds                                | (435)            | (271)            |
| <b>Closing Capital Financing Requirement</b>          | <b>326</b>       | <b>120</b>       |

### 38. Retirement Benefits

#### (a) Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers and other employees, Broadland District Council 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. Following the formal valuation of the fund as at 31 March 2016, the fund actuaries provided the authority with a schedule of past service deficit contribution rates for three years beginning on 1 April 2017.

## **(b) Guaranteed Minimum Pension (GMP)**

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the State Second Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of Broadland District Council for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards.

The estimate as it applies to Broadland District Council is that total liabilities could increase by £257,000 as at 31 March 2019.

These numbers are approximate estimates based on employer data as at 31 March 2016 and will be revised at the upcoming valuation.

## **(c) The McCloud Judgement**

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied.

The impact of the ruling is uncertain. It is looking likely that benefits accrued from 2014 may need to be enhanced so that all members, regardless of age, will benefit from the underpin. However, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. In this outcome, there would likely be a retrospective increase to members' benefits, which in turn would give rise to a past service cost for the Fund employers when the outcome is known.

Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Norfolk Pension Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate as it applies to Broadland District Council is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.4% higher as at 31 March 2019, an increase of approximately £181,000.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

**(d) 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:-

|                                                                                                                                              | 2017/18<br>£'000 | 2018/19<br>£'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b><u>Comprehensive Income &amp; Expenditure Statement</u></b>                                                                               |                  |                  |
| Service Cost, comprising:                                                                                                                    |                  |                  |
| <i>Cost of services</i>                                                                                                                      |                  |                  |
| Current Service Cost                                                                                                                         | 2,341            | 2,221            |
| Past Service costs / (gain)                                                                                                                  | 71               | 437              |
| <i>Financing and Investment Income and Expenditure</i>                                                                                       |                  |                  |
| Net Interest Expense                                                                                                                         | 656              | 659              |
| <b>Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services</b>                                         | <b>3,068</b>     | <b>3,317</b>     |
| <i>Other post-employment benefits charged to the Comprehensive Income &amp; Expenditure Statement</i>                                        |                  |                  |
| Re-measurement of the net defined benefit liability, comprising:                                                                             |                  |                  |
| Actuarial gains and losses arising on changes in demographic assumptions                                                                     | -                | -                |
| Actuarial gains and losses arising on changes in financial assumptions                                                                       | (1,609)          | 7,003            |
| Other experience                                                                                                                             | (13)             | 91               |
| Return on plan assets (excluding the amount included in the net interest expense)                                                            | (749)            | (1,601)          |
| <b>Total post-employment benefits charged / (credited) to Other Comprehensive Income and Expenditure</b>                                     | <b>(2,371)</b>   | <b>5,493</b>     |
| <b>Total post-employment benefits charged / (credited) to the Comp. Income &amp; Expenditure Statement</b>                                   | <b>697</b>       | <b>8,810</b>     |
| <b><u>Movement in Reserves Statement</u></b>                                                                                                 |                  |                  |
| Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code | 3,068            | 3,317            |
| Employers' contributions payable to scheme                                                                                                   | (1,630)          | (1,592)          |
| <b><u>Pension Assets &amp; Liabilities recognised within the Balance Sheet</u></b>                                                           |                  |                  |
| Present value of the defined benefit obligation                                                                                              | (81,202)         | (91,191)         |
| Fair value of plan assets                                                                                                                    | 57,299           | 60,070           |
| <b>Net liability arising from defined benefit obligation</b>                                                                                 | <b>(23,903)</b>  | <b>(31,121)</b>  |

**(e) Assets and Liabilities in Relation to Post-Employment Benefits**

Reconciliation of present value of the scheme liabilities:

|                                                                              | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|------------------------------------------------------------------------------|--------------------------|--------------------------|
| Opening balance                                                              | (80,060)                 | (81,202)                 |
| Current Service Cost                                                         | (2,341)                  | (2,221)                  |
| Past Service Costs                                                           | -                        | (437)                    |
| Interest Cost                                                                | (2,089)                  | (2,200)                  |
| Contributions from scheme participants                                       | (396)                    | (392)                    |
| Re-measurement gains / (losses):                                             |                          |                          |
| • Actuarial gains / (losses) arising from changes in demographic assumptions | -                        | -                        |
| • Actuarial gains / (losses) arising from changes in financial assumptions   | 1,609                    | (7,003)                  |
| • Other experience gains / (losses)                                          | 13                       | (91)                     |
| Benefits Paid                                                                | 2,133                    | 2,355                    |
| Past Service Costs                                                           | (71)                     | -                        |
| <b>At 31 March</b>                                                           | <b>(81,202)</b>          | <b>(91,191)</b>          |

Reconciliation of fair value of the scheme assets:

|                                                                                            | <b>2017/18<br/>£'000</b> | <b>2018/19<br/>£'000</b> |
|--------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Opening fair value                                                                         | 55,224                   | 57,299                   |
| Interest income                                                                            | 1,433                    | 1,541                    |
| Re-measurement gain / (loss): Return on assets, excluding amounts included in net interest | 749                      | 1,601                    |
| Employer contributions                                                                     | 1,630                    | 1,592                    |
| Contributions by scheme participants                                                       | 396                      | 392                      |
| Benefits Paid                                                                              | (2,133)                  | (2,355)                  |
| <b>At 31 March</b>                                                                         | <b>57,299</b>            | <b>60,070</b>            |

|                                         | Period ended 31 March 2018 |                       |               |                            |  | Period ended 31 March 2019 |                       |               |                            |
|-----------------------------------------|----------------------------|-----------------------|---------------|----------------------------|--|----------------------------|-----------------------|---------------|----------------------------|
| Asset category                          | Quoted prices              |                       | Total         | Percentage of total assets |  | Quoted prices              |                       | Total         | Percentage of total assets |
|                                         | Active markets             | Not in active markets |               |                            |  | Active markets             | Not in active markets |               |                            |
|                                         | £'000                      | £'000                 | £'000         |                            |  | £'000                      | £'000                 | £'000         |                            |
| <b>Equity securities</b>                |                            |                       |               |                            |  |                            |                       |               |                            |
| Consumer                                | 3,768                      | -                     | 3,768         | 7%                         |  | 3,724                      | -                     | 3,724         | 6%                         |
| Manufacturing                           | 3,213                      | -                     | 3,213         | 6%                         |  | 3,076                      | -                     | 3,076         | 5%                         |
| Energy and utilities                    | 1,022                      | -                     | 1,022         | 2%                         |  | 1,345                      | -                     | 1,345         | 2%                         |
| Financial institutions                  | 3,197                      | -                     | 3,197         | 6%                         |  | 3,257                      | -                     | 3,257         | 5%                         |
| Health and care                         | 1,050                      | -                     | 1,050         | 2%                         |  | 1,446                      | -                     | 1,446         | 2%                         |
| Information technology                  | 1,797                      | -                     | 1,797         | 3%                         |  | 2,940                      | -                     | 2,940         | 5%                         |
| Other                                   | -                          | -                     | -             | -                          |  | 2                          | -                     | 2             | 0%                         |
| <b>Debt Securities</b>                  |                            |                       |               |                            |  |                            |                       |               |                            |
| Corporate bonds (investment grade)      | -                          | -                     | -             | 0%                         |  | -                          | -                     | -             | 0%                         |
| Corporate bonds (non-investment grade)  | -                          | -                     | -             | 0%                         |  | -                          | -                     | -             | 0%                         |
| UK Government                           | 863                        | -                     | 863           | 2%                         |  | 688                        | -                     | 688           | 1%                         |
| <b>Private Equity</b>                   | -                          | 3,166                 | 3,166         | 6%                         |  | -                          | 3,709                 | 3,709         | 6%                         |
| <b>Real Estate</b>                      |                            |                       |               |                            |  |                            |                       |               |                            |
| UK Property                             | -                          | 5,026                 | 5,026         | 9%                         |  | -                          | 5,946                 | 5,946         | 10%                        |
| Overseas property                       | -                          | 824                   | 824           | 1%                         |  | -                          | 1,148                 | 1,148         | 2%                         |
| <b>Investment Funds and Unit Trusts</b> |                            |                       |               |                            |  |                            |                       |               |                            |
| Equities                                | 15,340                     | -                     | 15,340        | 27%                        |  | 10,336                     | -                     | 10,336        | 17%                        |
| Bonds                                   | 15,855                     | -                     | 15,855        | 28%                        |  | 20,800                     | -                     | 20,800        | 35%                        |
| <b>Derivatives</b>                      | 44                         | -                     | 44            | 0%                         |  | 155                        | -                     | 155           | 0%                         |
| <b>Cash and Cash Equivalents</b>        | -                          | 2,135                 | 2,135         | 4%                         |  | -                          | 1,500                 | 1,500         | 2%                         |
| <b>Totals</b>                           | <b>46,148</b>              | <b>11,151</b>         | <b>57,299</b> | <b>100%</b>                |  | <b>47,768</b>              | <b>12,302</b>         | <b>60,070</b> | <b>100%</b>                |

The liability shows the underlying commitments that the Council has in the long run to pay retirement benefits. Although the liability has a negative impact on the net worth of the Council as recorded in the balance sheet, statutory arrangements for the funding of the deficit mean that the financial position of the Council remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. The total contributions expected to be paid to the scheme in the year 2019/20 is £1,535,000 (£1,503,000 in 2018/19).

**(f) 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 2016.

The principal assumptions made by the actuary are summarised below:-

|                                     | <b>31 March 2018</b><br><b>% per annum</b> | <b>31 March 2019</b><br><b>% per annum</b> |
|-------------------------------------|--------------------------------------------|--------------------------------------------|
| Inflation / Pension Increases (CPI) | 2.4                                        | 2.5                                        |
| Salary Increases                    | 2.7                                        | 2.8                                        |
| Discount Rate                       | 2.7                                        | 2.4                                        |

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>Men</b> | <b>Women</b> |
|--------------------|------------|--------------|
| Current Pensioners | 22.1 years | 24.4 years   |
| Future Pensioners  | 24.1 years | 26.4 years   |

A commutation allowance of 50% is assumed for future retirements to elect to take additional tax free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

### 39 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, including:

**Credit Risk** – 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, Appendix 3 of the Council's Treasury Management Policy available on the authority's website

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

**Market Risk** – 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.

#### a) Credit Risk Exposure

The Council has the following exposure to credit risk at 31 March 2019. The table below categorises outstanding investments by their current credit rating as determined by Fitch Long Term Issuer Default.

|                                                   | Credit Rating | Gross carrying amount at 31 March 2019<br>£'000 |
|---------------------------------------------------|---------------|-------------------------------------------------|
| <b>12 month expected credit losses -</b>          |               |                                                 |
| Banks                                             | A+            | (9,017)                                         |
|                                                   | A             | (4,007)                                         |
| Less: Investments made on behalf of third parties | n/a           | 484                                             |
| Pooled Funds                                      | AAA           | (13,421)                                        |
|                                                   |               | <b>(25,961)</b>                                 |
| <b>Simplified Approach -</b>                      |               |                                                 |
| Debtors                                           | n/a           | (7,885)                                         |
| <b>Total Credit Risk Exposure</b>                 |               | <b>(33,846)</b>                                 |

## **Credit Risk Management Process**

The Annual Investment Strategy for 2018/19, approved by members at Cabinet on 6 February 2018, set the criteria determining the counterparties regarded as suitable for investment purposes. The policy set a limit for internal investments of £5 million on the amount that can be invested with a single counterparty, with the exception of the Debt Management Office, but increased the limits on deposits placed for initial terms in excess of 364 days to £15m maximum (£10m in deposits of terms up to five years, £5m for deposits up to ten years).

### **Amounts Arising from Expected Credit Losses**

The Council has had no historical experience of default; this in part guides the estimation techniques that have been used in calculating impairment loss allowances. For those instruments classified as being held at amortised cost the 12 month expected credit loss model (ECL) has been applied by use of Historical Default Tables. These are produced by combining multi-year historic default rate data to 31 March 2019 from the three main credit rating agencies, Fitch, Moody's and Standard and Poor's.

The Council's investments with banks are rated at either A or A+. The expected credit loss is 0.04% of the total invested and is therefore immaterial (approximately £5,000 overall). The remainder of the Council's investments are with externally managed pooled funds (classified as revenue, measured at fair value through profit and loss) and current market prices are considered to be an appropriate reflection of credit risk with all movements in fair value impacting on the carrying amount and being posted to the Surplus or Deficit on the Provision of Services when they arise.

The Council does not generally allow credit to its customers. A provision is made in the accounts for bad or doubtful debts based on historical experience of collection using the simplified approach permissible, automatically based on lifetime expected credit losses. The risk of default has therefore been accounted for in the balance sheet.

The authority has acquired a 25% interest in six properties on the Carrowbreck Meadow development, with a legal agreement that the purchasers will pay the authority the value on the twenty-fifth anniversary of the purchase at the latest. This has been deemed to be a soft loan, and the current valuation of £378,750 has been discounted back to a fair value of £235,313 by use of a readily available mortgage rate of 2.09%. The loan has been classed as a long-term debtor, and appears within Note 16, with the impairment registered in the Financial Instruments Adjustment Account on page 48.

## **b) Liquidity Risk**

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

### **c) Market Risk**

#### **Interest Rate Risk**

The Annual Investment Strategy determines the Council's investment strategy and interest rate exposure that feeds into the setting of the annual budget and the Treasury Strategy Statement determines the interest rates to be used. The Council assumes a cautious percentage return and employs a professional treasury management advisor to provide interest rate forecasts. Interest rates have remained low during 2018/19, which has continued to impact on investment returns. A 0.25% increase in rates earned by internally managed investments with all other variables being constant would have resulted in a rise of £56,856 (£48,839 in 2017/18) within the Income and Expenditure Account. The impact of a fall of 0.25% in interest rates would have been decreased income of the same amount.

#### **Price Risk**

The Council does not invest in equity shares and consequently is not exposed to this risk.

#### **Foreign Exchange Risk**

None of the authority's financial assets or liabilities is denominated in foreign currencies; therefore, it has no exposure to loss arising from movements in exchange rates.

#### **40. Contingent Assets and Liabilities**

There are no contingent assets or liabilities.

#### **41. Post Balance Sheet Events**

There have been no other events occurring after the reporting date that would have a material impact on these financial statements.

#### **42. Authorised for Issue**

The Statement of Accounts was authorised for issue by the Director of Resources on 25 July 2019. 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 2019, 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.

## The 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 from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

|                                                          | 2017/18              |                            | 2018/19              |                            |
|----------------------------------------------------------|----------------------|----------------------------|----------------------|----------------------------|
|                                                          | Council Tax<br>£'000 | Business<br>Rates<br>£'000 | Council Tax<br>£'000 | Business<br>Rates<br>£'000 |
| <b>Income</b>                                            |                      |                            |                      |                            |
| <b>Council Taxpayers</b>                                 | 74,854               |                            | 80,054               |                            |
| <b>Business Ratepayers (Non-Domestic Rates)</b>          |                      | 29,262                     |                      | 31,928                     |
| Transitional Protection Receivable                       |                      |                            |                      |                            |
|                                                          | <b>74,854</b>        | <b>29,262</b>              | <b>80,054</b>        | <b>31,928</b>              |
| <b>Expenditure</b>                                       |                      |                            |                      |                            |
| <b>Precepts and Demands</b>                              |                      |                            |                      |                            |
| Central Government                                       |                      | 14,718                     |                      | 14,893                     |
| Norfolk County Council                                   | 56,310               | 2,944                      | 60,495               | 2,979                      |
| Office of Police and Crime Commissioner                  | 9,799                |                            | 10,480               |                            |
| Broadland DC (incl.parishes for Council Tax)             | 8,623                | 11,775                     | 9,094                | 11,915                     |
| <b>Charges to Collection Fund</b>                        |                      |                            |                      |                            |
| Costs of Collection Allowance                            |                      | 140                        |                      | 139                        |
| Provision for Non Payment of Council Tax/NNDR            | 167                  | 117                        | 199                  | 155                        |
| Write Offs                                               | 130                  | 105                        | 180                  | 206                        |
| Transitional Protection Payable                          |                      | 705                        |                      | 686                        |
| Provision for Appeals (Non-Domestic Rates)               |                      | 100                        |                      | 2,177                      |
| Disregarded Amounts (Renewable Energy)                   |                      | 147                        |                      | 163                        |
| <b>Distribution of Previous Year's Surplus/(Deficit)</b> |                      |                            |                      |                            |
| To/(From) Central Government                             |                      | (282)                      |                      | (118)                      |
| To/(From) Broadland DC General Fund                      | 17                   | (226)                      | (15)                 | (95)                       |
| To/(From) Office of Police and Crime Commissioner        | 20                   |                            | (16)                 |                            |
| To/(From) Norfolk County Council                         | 111                  | (56)                       | (94)                 | (24)                       |
|                                                          | <b>75,177</b>        | <b>30,187</b>              | <b>80,323</b>        | <b>33,076</b>              |
| <b>Surplus/(Deficit) for the Year</b>                    | (323)                | (925)                      | (269)                | (1,148)                    |
| <b>Surplus/(Deficit) Brought Forward</b>                 | 307                  | (1,180)                    | (16)                 | (2,105)                    |
| <b>Surplus/(Deficit) Carried Forward</b>                 | <b>(16)</b>          | <b>(2,105)</b>             | <b>(285)</b>         | <b>(3,253)</b>             |

## Notes to the Collection Fund

### 1. General

The Collection Fund account demonstrates the statutory requirement for a billing authority to maintain a separate record showing transactions in relation to National Non Domestic Rates and Council Tax.

### 2. Precepts and Demands on the Collection Fund

|                                             | 2017/18              |                         | 2018/19              |                         |
|---------------------------------------------|----------------------|-------------------------|----------------------|-------------------------|
|                                             | Council Tax<br>£'000 | Business Rates<br>£'000 | Council Tax<br>£'000 | Business Rates<br>£'000 |
| Norfolk County Council                      | 56,310               | 2,944                   | 60,495               | 2,979                   |
| Office of Police and Crime Commissioner     | 9,799                |                         | 10,480               |                         |
| Central Government                          |                      | 14,719                  |                      | 14,893                  |
| Broadland District Council (incl. parishes) | 8,623                | 11,775                  | 9,094                | 11,915                  |
|                                             | 74,732               | 29,438                  | 80,069               | 29,787                  |

### 3. Income from Council Tax

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 No. of Chargeable Dwellings Adjusted for Discounts | Relevant Proportion (Ninths) | Relevant No.    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|------------------------------|-----------------|
| A (Disabled )                                                                                                                                                                                                                                                                     | 5                                                        | 5                            | 3               |
| A                                                                                                                                                                                                                                                                                 | 2,670                                                    | 6                            | 1,780           |
| B                                                                                                                                                                                                                                                                                 | 11,743                                                   | 7                            | 9,133           |
| C                                                                                                                                                                                                                                                                                 | 17,650                                                   | 8                            | 15,689          |
| D                                                                                                                                                                                                                                                                                 | 9,421                                                    | 9                            | 9,421           |
| E                                                                                                                                                                                                                                                                                 | 4,613                                                    | 11                           | 5,638           |
| F                                                                                                                                                                                                                                                                                 | 1,980                                                    | 13                           | 2,860           |
| G                                                                                                                                                                                                                                                                                 | 757                                                      | 15                           | 1,262           |
| H                                                                                                                                                                                                                                                                                 | 79                                                       | 18                           | 158             |
| 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 with the addition of 21 Band D equivalent (contributions in lieu of Ministry of Defence). |                                                          |                              | 45,944<br>(209) |
| Council Tax Base 2018/19 ( = amount raised from £1 levy)                                                                                                                                                                                                                          |                                                          |                              | 45,735          |

The tax requirement of the Council (including parishes) and the County Council / Police Authority (£80.1 million) is divided by the tax base to obtain the band D property tax (£1,750.72 average for 2018/19). This basic amount of council tax for a band D property is multiplied by the proportion specified for other bands to give an individual amount due. The exact council tax payable is also dependent upon local parish precept requirements. The actual amount collected will depend on collection efficiency and occupation of properties.

#### 4. Income from Business Rates

Rates on business properties are organised on a national basis with the rate in the pound being specified by Central Government (49.3p in 2018/19; small businesses were charged at 48.0p). The rateable value of a business is multiplied by this amount to produce the business rates due. The total non-domestic rateable value of hereditaments in the Broadland District as reported to Central Government on the NNDR1 return for 2018/19 was £77.3 million.

Broadland District Council continued to be part of the Norfolk Business Rates pooling arrangement in 2018/19. As in previous years, Broadland District Council, along with the other pool members, will not be entitled to the Safety Net payment distributed by Central Government if its anticipated Business Rates income falls below the funding baseline. However, the council is entitled to retain 50% of any Levy due to Central Government (if Business Rates income exceeds the baseline) and this retained Levy is returned to the pool. The combined pooled Levy amounts can be utilised by the pool members on joint allocation to economic development projects.

#### 5. Business Rates: Provision for Appeals

As part of the new arrangements for BRRS, local authorities will assume the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. Authorities assuming these liabilities need to recognise a provision of liabilities. Billing authorities acting as collecting agents on behalf of the major preceptors, central government and themselves are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. The council has made a total provision for new appeals of £2,329,804 shared with preceptors on the percentage splits described above. The estimate was calculated using a combination of data supplied by a specialist organisation in the field (their modelling takes into account type of proposal and type of hereditament amongst other factors before identifying similar or comparable cases on which to base its results) and the councils retained data relating to previous years. The figure in the main statement above (£2,177,215) is the net in year appeals position and includes a total of £152,589 of appeals settled in 2018/19.

|                               | Total Collection Fund |                  | Broadland District Council |                  |
|-------------------------------|-----------------------|------------------|----------------------------|------------------|
|                               | 2017/18<br>£'000      | 2018/19<br>£'000 | 2017/18<br>£'000           | 2018/19<br>£'000 |
| Balance at 1 April            | 2,986                 | 3,086            | 1,194                      | 1,234            |
| Additional Provision required | 1,292                 | 2,330            | 517                        | 932              |
| Appeals settled in year       | (1,192)               | (153)            | (477)                      | (61)             |
| Balance at 31 March           | 3,086                 | 5,263            | 1,234                      | 2,105            |

Provisions are included in the accounts for potential liabilities that are likely to be incurred, where there is some uncertainty of the amounts involved or the dates on which these liabilities may arise. Of Broadland District Council's share of the total provision above (£2,105m), £436,600 is estimated to be settled within 12 months and is included in the Balance Sheet under current provisions. Where there is greater uncertainty but appeals are likely to be settled in the long term (after 12 months) this total (i.e. the remainder of £1,668,500) is included in the Balance Sheet under long-term provisions.

#### 6. Collection Fund Surplus and Deficit

The deficit for Council Tax carried forward is shared with major preceptors. At 31 March 2019, the proportion due from Broadland District Council is £31,587 (a deficit of £2,403 in 2017/18) and the in-year deficit amount resulting in this figure has therefore been included in the Council's Income and Expenditure Account. The deficit for Business Rates carried forward is shared with major preceptors. At 31 March 2019, the proportion due from Broadland District Council is £1,105,835 (a deficit of £676,107 in 2017/18). This total is the net result of the year end general business rates deficit (40% share - £1,300,993) offset by the year end surplus on renewable energy hereditaments (£195,158 – 100% retained by Broadland District Council). The in-year deficit resulting in this figure has therefore been included in the Council's Income and Expenditure Account.

## **LOCAL AUTHORITY FINANCE – GLOSSARY OF TERMS**

### **ACCRUALS**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **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.

### **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 CHARGE**

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition, construction or enhancement of an asset which is expected to yield benefits to the Council for more than one year.

### **CAPITAL FINANCING**

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

### **CAPITAL RECEIPT**

A receipt arising from the disposal of an interest in a tangible asset.

### **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).

### **CONTINGENCY**

A condition which 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.

## CORPORATE AND DEMOCRATIC CORE

This comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs.

## CREDIT APPROVALS

These are issued by Government departments as authorisation to use credit to finance capital expenditure. They permit the use of borrowing or credit arrangements or, in the case of debt free authorities, the use of reserved receipts.

## DEFERRED CHARGES

Expenditure which may properly be deferred, but which does not result in, or remain matched with tangible assets. Examples of deferred charges are expenditure on items such as improvement grants and the expenses of private acts.

## 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 measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

## FIXED ASSETS

Assets that yield benefits to the local authority and the services it provides for a period of more than one year.

## FRS

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

## IFRS

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

## IMPAIRMENT

A reduction in the value of a fixed asset due to physical damage or detrimental changes in the local environment. Examples of impairment include

- damage to a footpath due to severe erosion, or
- an event causing severe long-term pollution in the immediate area of a building.

## INFRASTRUCTURE ASSET

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

## INTANGIBLE ASSETS

Fixed assets that have no physical substance - for example, computer software.

## 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.

## NON - OPERATIONAL ASSETS

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

## OPERATIONAL ASSETS

Fixed 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.

## PRIOR PERIOD ADJUSTMENT

Where an authority discovers a mis-statement, 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.

## PROVISION

An amount set aside for potential liabilities which may arise or will be incurred, where there is uncertainty as to the amounts concerned or the dates on which these liabilities may arise.

## 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 Broadland area issue precepts to Broadland District Council each year for the total amount of Council Tax to be collected from local residents in respect of their services.

## 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.

## RESERVE

Accumulated balances built up from revenue contributions or specific income.

## 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 ACoP, 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.

## 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.

## TOTAL COST

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes an appropriate share of all support services and overheads, which need to be apportioned.

## UNAPPORTIONABLE CENTRAL OVERHEADS

These are overheads for which no user now benefits and should not be apportioned to services.

## INDEX TO NOTES TO THE CORE FINANCIAL STATEMENTS

| Note      | Title                                                                             | Page |
|-----------|-----------------------------------------------------------------------------------|------|
| <b>1</b>  | Accounting Policies                                                               | 7    |
| <b>1a</b> | General                                                                           | 7    |
| <b>1b</b> | Accruals of Income and Expenditure                                                | 7    |
| <b>1c</b> | Cash and Cash Equivalents                                                         | 7    |
| <b>1d</b> | Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors | 8    |
| <b>1e</b> | Charges to Revenue for Non-Current Assets                                         | 8    |
| <b>1f</b> | Employee Benefits                                                                 | 8    |
| <b>1g</b> | Events After the Reporting Period                                                 | 10   |
| <b>1h</b> | Financial Assets                                                                  | 10   |
| <b>1i</b> | Financial Liabilities                                                             | 11   |
| <b>1j</b> | Government Grants and Contributions                                               | 11   |
| <b>1k</b> | Collection Fund transactions                                                      | 12   |
| <b>1l</b> | Property, Plant and Equipment                                                     | 13   |
| <b>1m</b> | Heritage Assets                                                                   | 15   |
| <b>1n</b> | Intangible Fixed Assets                                                           | 15   |
| <b>1o</b> | Depreciation                                                                      | 16   |
| <b>1p</b> | Revenue Expenditure funded from Capital under Statute                             | 16   |
| <b>1q</b> | Leases                                                                            | 16   |
| <b>1r</b> | VAT                                                                               | 17   |
| <b>1s</b> | Interest in Companies and Other Entities                                          | 17   |
| <b>1t</b> | Allocation of Departmental Salaries and Overheads                                 | 18   |
| <b>1u</b> | Reserves                                                                          | 18   |
| <b>1v</b> | Provisions, Contingent Liabilities and Assets                                     | 19   |
| <b>2</b>  | Accounting Standards that have been issued but have not yet been adopted          | 19   |
| <b>3</b>  | Critical Judgements in Applying Accounting Policies                               | 20   |
| <b>4</b>  | Assumptions Made about the Future and Other Major Sources of Uncertainty          | 20   |
| <b>5</b>  | Expenditure and Funding Analysis                                                  | 21   |
| <b>6</b>  | Expenditure and Income Analysed by Nature                                         | 24   |
| <b>7</b>  | Other Operating Income & Expenditure                                              | 25   |
| <b>8</b>  | Financing and Investment Income and Expenditure                                   | 25   |
| <b>9</b>  | Taxation and Non Specific Grant Income                                            | 25   |

|           |                                                                   |    |
|-----------|-------------------------------------------------------------------|----|
| <b>10</b> | Adjustment between Accounting and Funding Bases under Regulations | 26 |
| <b>11</b> | Transfers to and from Earmarked Reserves                          | 28 |
| <b>12</b> | Property, Plant and Equipment                                     | 30 |
| <b>13</b> | Heritage Assets                                                   | 35 |
| <b>14</b> | Intangible Assets                                                 | 36 |
| <b>15</b> | Investments in Associates and Joint Ventures                      | 36 |
| <b>16</b> | Long Term Debtors                                                 | 37 |
| <b>17</b> | Assets Held For Sale                                              | 38 |
| <b>18</b> | Financial Instruments                                             | 39 |
| <b>19</b> | Debtors                                                           | 42 |
| <b>20</b> | Debtors for Local Taxation                                        | 42 |
| <b>21</b> | Cash and Cash Equivalents                                         | 43 |
| <b>22</b> | Creditors                                                         | 43 |
| <b>23</b> | Other Current Liabilities                                         | 43 |
| <b>24</b> | Long-Term Liabilities                                             | 44 |
| <b>25</b> | Section 106 Receipts                                              | 44 |
| <b>26</b> | Usable Reserves                                                   | 45 |
| <b>27</b> | Unusable Reserves                                                 | 46 |
| <b>28</b> | Cash Flow - Operating Activities                                  | 50 |
| <b>29</b> | Cash Flow - Investing Activities                                  | 51 |
| <b>30</b> | Cash Flow - Financing Activities                                  | 51 |
| <b>31</b> | Members' Allowances                                               | 51 |
| <b>32</b> | Officers' Remuneration                                            | 52 |
| <b>33</b> | Grant Income                                                      | 54 |
| <b>34</b> | External Audit Costs                                              | 55 |
| <b>35</b> | Related Party Transactions                                        | 55 |
| <b>36</b> | Leases                                                            | 57 |
| <b>37</b> | Capital Expenditure and Capital Financing                         | 58 |
| <b>38</b> | Retirement Benefits                                               | 58 |
| <b>39</b> | Nature and Extent of Risks Arising from Financial Instruments     | 65 |
| <b>40</b> | Contingent Assets and Liabilities                                 | 67 |
| <b>41</b> | Post Balance Sheet Events                                         | 67 |
| <b>42</b> | Authorised for Issue                                              | 67 |