

Statement of Accounts 2019/2020



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NARRATIVE REPORT

1. About South Norfolk Council

South Norfolk is a diverse District, home to approximately 130,000 people, equally divided between urban and rural locations. There are 88 towns and villages, including four Market Towns in South Norfolk.

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

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

- Advanced Manufacturing
- Engineering
- Agri-tech
- Energy
- ICT
- Digital Creative
- Life Sciences

The five largest employers employ 25% of the South Norfolk workforce. To complement the large employers is a strong base of smaller businesses with 90% employing fewer than 10 employees.

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

The Council delivers services including:

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

The Council is made up of 46 councillors and the current composition is 35 Conservatives, 10 Liberal Democrats and 1 Labour. The Cabinet consists of 7 portfolio members of the Conservative Group. South Norfolk comprises 118 parishes of varying sizes.

South Norfolk Council is headed by a Corporate Management Team consisting of a Managing Director, 3 Directors and 9 Assistant Directors. Each Assistant Director has overall responsibility for their service areas.

South Norfolk District Councils Band D Council tax for 2019/20 (excluding special expenses) was £150.00.

2. Format of Accounts

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

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

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

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

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

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

Collection Fund – This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Authority as a billing authority in relation to council tax and non-domestic rates, and the way in which the total amount collected has been distributed to the precepting authorities and central Government.

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

3. Joint Working Arrangement with Broadland District Council

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

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

4. South Norfolk Business Plan 2019-23

The South Norfolk Business Plan for 2019-23 contains key ambitions to improve the district for all who live, work or visit South Norfolk. Some of the major achievements against these ambitions during the year were:

- The Council continues to have good reputation locally and nationally.
- It remains strong in light of the implementation of the “one team” in January 2020 across South Norfolk and Broadland District Council.
- The positive variance against the revenue budget is a sign of the present strength of the Council’s financial position which needs to be protected in the future. It is recognised that there is a strategic risk that the Council is unable to deliver priority services should revenue funding fall short of required expenditure.
- The revenue surplus reflects the higher business rates income achieved to date due to good collection and S31 grant income from central government. The Council is participating in the Norfolk 75% business rates retention pilot during 2019/20.
- Looking ahead to 20/21, Covid 19 will have a significant financial and operating impact on the Council. It will therefore be important to closely monitor performance in 20/21.

5. Financial Outturn

Revenue Income and Expenditure

The table below summarises the Authority's revenue income and expenditure and compares this to the budget for the year. It also shows how the overall Authority expenditure was funded by income from Council Tax payers, Business Rate income and Government Grants.

	Expend £'000	Budget restated Income £'000	Net £'000	Expend £'000	Actual Income £'000	Net £'000
Finance & Revenues	4,606	(799)	3,807	3,308	(565)	2,743
Governance & Business Support	4,548	(693)	3,855	5,276	(1,212)	4,064
Managing Director and Chief of Staff	1,557	(83)	1,474	1,264	(62)	1,202
Resources / MD Chief of Staff	10,711	(1,575)	9,136	9,848	(1,839)	8,009
Economic Growth	4,493	(1,056)	3,437	3,328	(864)	2,464
Regulatory Services	963	(198)	765	1,249	(197)	1,052
Planning	3,859	(3,447)	412	4,082	(3,871)	211
Place	9,315	(4,701)	4,614	8,659	(4,932)	3,727
Individuals & Families	30,095	(27,407)	2,688	25,649	(23,526)	2,123
Leisure	4,499	(3,791)	708	4,429	(3,228)	1,201
Waste Services	5,905	(4,082)	1,823	7,402	(4,111)	3,291
People & Communities	40,499	(35,280)	5,219	37,480	(30,865)	6,615
	60,525	(41,556)	18,969	55,987	(37,636)	18,351
Precepts - Parish Councils			3,842			3,842
(Gain)/Loss on disposal of non-current assets			-			(701)
(Gain)/Loss on disposal of inv properties			-			10
Interest payable or similar charges			360			20
Investment property income			-			(30)
Trading accounts			-			(399)
Pensions interest (income)/expenditure			-			1,679
Investment interest income			(961)			(976)
Budget Requirement			22,210			21,796
Council Tax			(11,224)			(11,284)
Business Rates			(4,410)			(5,807)
Capital Grants			-			(4,097)
General Grants			(3,989)			(4,091)
Adjustments for Funding and Accounting Basis (Note 9)			(6,268)			-
			(3,681)			(3,483)

The numbers here differ to the figures shown in the Comprehensive Income and Expenditure Statement as some items of expenditure, such as depreciation, are presented differently.

The surplus on provision of services shown in the Comprehensive Income and Expenditure Statement is £3.5 million and after statutory accounting adjustments, results in an increase in General Fund Reserves of £3.1 million.

Movement in Reserves

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

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

- The General Reserves increased by £3.1 million to £22.7 million
- The Authority's Capital Receipts Reserve increased by £1.3 million to £1.9 million as funds were put aside to fund the capital investment programme. Capital Grants unapplied totalled £1.6 million.

The Authorities Unusable Reserves increased by £13.8 million. This is primarily because the Pension Fund deficit reduced by £11.7 million.

Capital Expenditure

Capital expenditure during 2019/20 amounted to £9.6 million. Of this sum, £2.4 million 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.

South Norfolk can borrow via the Public Works Loan 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 2019/20 capital programme from internal resources.

Financial Position at Year End

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

	Value 31 March 2020 £m	Value 31 March 2019 £m
Assets		
Property, Plant and Equipment	30.9	31.2
Investment Properties	12.8	12.6
Long Term Investments	6.6	6.5
Long Term Debtors	19.5	11.3
Cash and Bank holdings	22.7	13.2
Short Term Debtors	16.2	6.4
Short Term Investments	10.0	17.0
Liabilities		
Current liabilities	(25.3)	(12.7)
Pension Scheme Liability	(57.1)	(68.8)

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

This pension liability has been accounted for under International Accounting Standard 19 Employee Benefits (IAS19) and in common with many public and private companies, who offer defined benefit pension schemes, the current IAS19 valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For South Norfolk the pension asset value is £80.8 million and the liability £137.9 million giving a net deficit of £57.1 million as at 31 March 2020.

However the Authority's actual contributions to the pension fund are independently assessed by the scheme actuary on a different statutory basis to ensure that any deficit on the pension fund is made good over the period that the liabilities will arise and contributions to the fund are determined by the actuary's advice.

Cash Flow

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

It shows that in 2019/20 the amount of cash and cash equivalents held by the Authority increased by £9.5 million to £22.7 million.

Collection Fund

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

In 2019/20 SNC raised £91.4 million in Council Tax. Council Tax income is paid over to the precepting bodies (Norfolk County Council, Office of the Police & Crime Commissioner and SNC) and the amount paid over in 2019/20 (£90.6 million) equals the amount that was requested as part of the 2019/20 budget setting process.

In 2019/20 SNC raised £31.7 million in business rates. Business rate income is shared as follows: Central Government 25%; SNC 42.5%, Norfolk County Council 32.5%. Business rates income in excess of this figure is shared on a different basis as the Council was part of a Business Rates Pilot in 2019/20.

6. Other Matters to Report

On 23rd March 2020, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were 'furloughed' on 80% of their existing salary paid by central Government.

The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy. As the condition did exist at the 31 March 2020, this is therefore an adjusting event, for which an estimate of its financial effect on the reporting entity can be made as at 31 March 2020, particularly with regards to financial impact for 2019/20 in terms of Property, Plant and Equipment valuations and impairments, the provision for impairment on receivables and Pension liability valuations as at the balance sheet date.

Expenditure incurred on additional service provision, or reduced Income from services or investments pertaining to 2020/21 will be accounted for within the 2020/21 financial statements in accordance with our accounting policies and accepted accounting practice.

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 reimbursed by the DWP. These are the largest items of expenditure and income within the Comprehensive Income & Expenditure Statement. In 2019/20, total Housing Benefits payments were £21.3 million and the claim for reimbursement was £21.2 million.

We also report to you the following matters:

- Apart from the matters disclosed above, there are no other significant factors affecting the Accounts that require highlighting in 2019/20.
- There are no significant changes in accounting policy to report.
- There are no significant contingencies or material write offs to report.

7. Future Plans

The outlook for the public sector in general remains uncertain, with levels of Government funding forecast to decrease in real terms. The Authority's Medium Term Financial Plan estimates a funding gap from 2021/22 onwards of up to £1.8 million. This will require either successful income generation schemes or additional efficiency savings to be made.

Furthermore, pressures on the Authority's services are increasing as the economic situation due to Covid 19 affects the district's residents and businesses.

The Council in February 2020 adopted a new Strategic Plan for 2020-2024 which sets out the following priorities for the coming years.

OUR PRIORITIES, OUR PEOPLE, OUR APPROACH



Growing the economy



Supporting individuals and
empowering communities



Protecting our natural
and built environment,
whilst maximising quality
of life



Moving with the times,
working smartly and
collaboratively

8. Further Information

Additional information relating to these accounts is available from:

Assistant Director – Finance
South Norfolk Council
Cygnet Court
Long Stratton
Norwich
NR15 2XE

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

In discharging this overall responsibility, South Norfolk Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and making proper arrangements for the management of risk.

As part of its Constitution, South Norfolk Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”.

A copy of the Code is available on our website, within the Constitution, and can be downloaded [here](#).

This statement explains how South Norfolk Council has complied with the code and also meets the requirements of regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control, and accompanies the 2019/20 Statement of Accounts of the Council. The Annual Governance Statement is subject to detailed review and approval by the Finance, Resources, Audit and Governance Committee.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at South Norfolk Council for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

The Governance Framework

An annual review of the Governance Framework at South Norfolk Council was completed prior to the preparation of the Annual Governance Statement, with key officers completing full

assurance statements for their area of responsibility, and these being signed off by the relevant member of the Corporate Management Leadership Team (CMLT). These are in place to ensure the governance arrangements across the Council are adequate, and to also recognise where any further work needs to be done. In light of the recent events surrounding COVID key officers also provided assurance in terms of any changes or amendments to processes or internal controls and how staff working from home has impacted on service area work.

The code of corporate governance was in place for the 2019/20 financial year. This Code is the framework of policies, procedures, behaviours and values which determine how the Council will achieve its priorities and is based upon the seven principles of the International Framework for Corporate Governance in the Public Sector.

The Council's Vision and Priorities:

As a Council, we are committed to making South Norfolk one of the best places to live and work in the country. The Council has a Corporate Plan 2016-2020 which confirms our vision for South Norfolk as a place and our ambition for South Norfolk Council as an organisation:



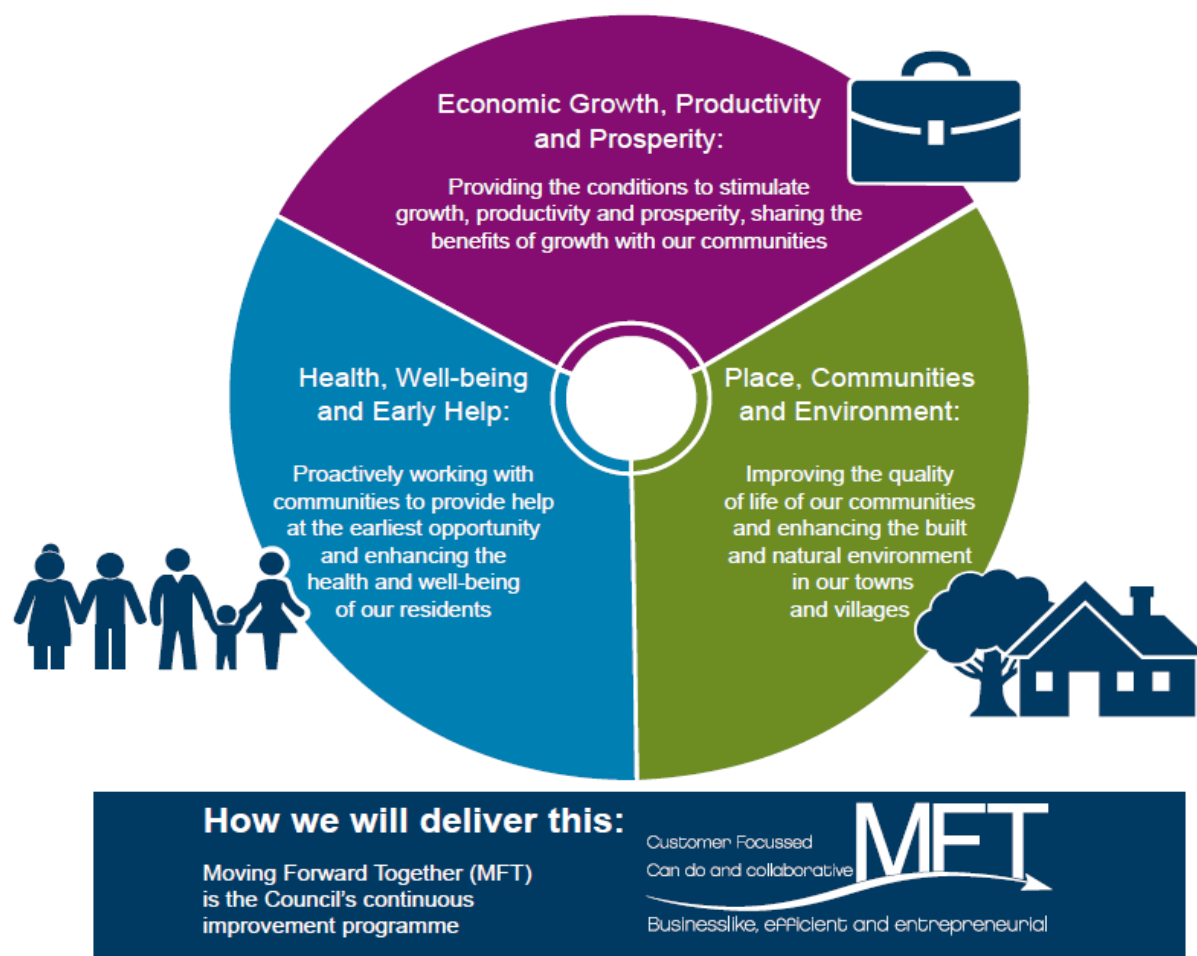
The main aims of the Corporate Plan are to:

- Set our overall vision and priorities for the District and the organisation
- Present an overview of the key strengths of the District and the context in which we operate
- Demonstrate how all our activities link together to achieve our overall ambition
- Showcase the innovative work that the Council is undertaking
- Demonstrate our focus on delivering better results for South Norfolk- the people and the place

The Corporate Plan is a digital and interactive document which acts as a gateway for more in-depth details of the priorities and work of the Council and can be found [here](#).

The vision and priorities are communicated through the Corporate Plan, plus regular briefings, press releases, website and the Link magazine, which is delivered 3 times a year to every household and business in the District.

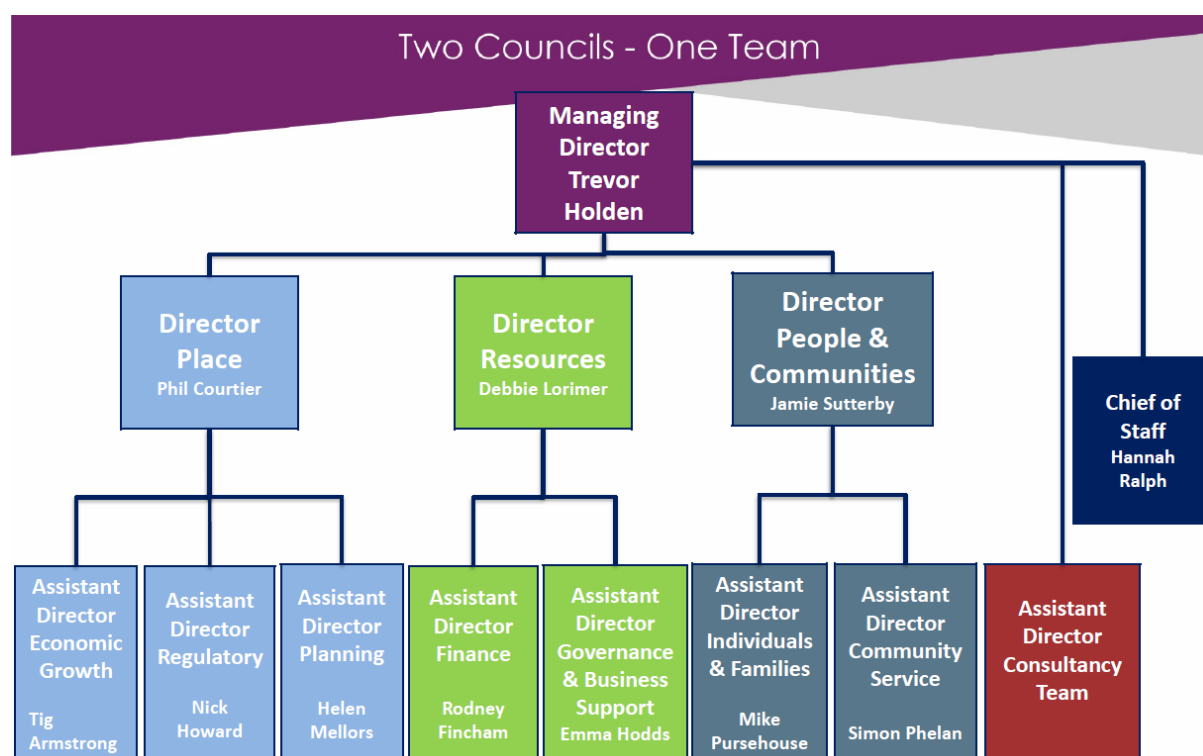
The 2016-2020 Corporate Plan identified three priority areas where we would focus our resources and efforts. These areas are supported by our customer focussed, collaborative and commercial approach to service delivery.



To underpin the Corporate Plan, a detailed Corporate Business Plan is produced annually. This describes our intended activities for the 12 months from April to March each year to support the priorities set out in the Corporate Plan. This plan is produced as an integrated process with the Council's annual budget setting and Medium-Term Financial Plan revision. The 2019/20 Plan can be accessed [here](#).

Review of the Council's Governance Arrangements:

The Council regularly reviews its organisational structure as part of aligning resources with demand to deliver the priorities above. In addition, the progression with the Council's collaboration with Broadland District Council has resulted in the establishment of one team across the two Councils. This includes a Corporate Management Leadership Team (CMLT), consisting of the Managing Director, three Directors, and nine Assistant Directors, as follows:

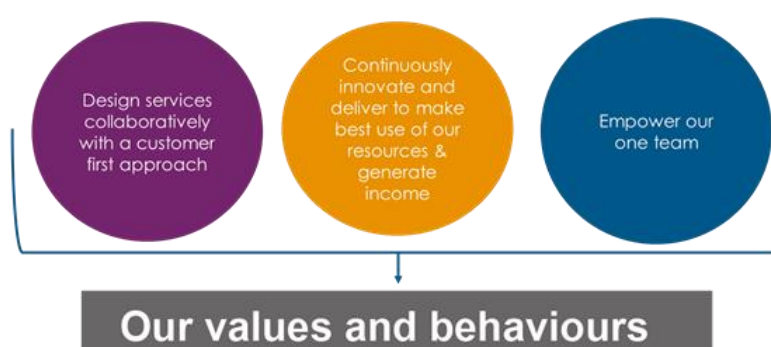


The Council has made ongoing savings through reviews of services and taking opportunities to make efficiencies; alongside this the authority has sought to grow income levels through a number of commercial initiatives.

Our annual staff awards continue to recognise staff achievement and Coaching and Leadership courses and workshops for staff at all levels of the organisation have been delivered in the financial year, particularly in light of the new one team officer structure.

A new process for identifying, organising and delivering our organisational transformation programme was introduced during 2019/20 that will support both Councils to deliver the ambitions set out in our new joint Strategic and Delivery Plan. This approach has been titled *Spark* and is designed around the three key philosophies outlined below, underpinned by our values and behaviours.

The Spark philosophy



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

The 5-year Corporate Plan sets out our key corporate priorities together with 5-year targets for success. The 2019/20 Business Plan uses these priorities and shows the 'Strategic Measures' with year-end targets for each priority. The Strategic Measures are tracked and reported each quarter to Cabinet as part of our Performance Framework.

The Corporate Business Plan sets out the proposed activities and 'business as usual' operational services that will be undertaken for the financial year ahead commencing 1 April. Between February and April staff personal objectives are set for the year and reflect the proposed activities they will be working on from the Business Plan. These personal objectives are reviewed regularly during the year and are normally assessed as part of annual staff performance reviews in March/April each year.



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

The Council's constitution, scheme of delegation, codes of conduct, Local Member Protocol, contract standing orders and rules of financial governance set the framework in which the organisation makes decisions.

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

The Council operates Codes of Conduct for Councillors and Officers, with clear processes embedded to respond to any concerns raised regarding the standards of behaviour.

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

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

The Finance, Resources, Audit and Governance Committee

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

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

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

Decisions to be taken by Councillors are subject to a rigorous scrutiny process by the Monitoring Officer, Section 151 Officer and in most cases CMLT before they are considered by Cabinet or Full Council.

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

Whistle-blowing Policies and Investigating Complaints:

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

Tackling Fraud and Corruption:

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

Each Internal Audit undertaken recognises fraud risks and assesses the adequacy and effectiveness of the controls in place to mitigate such risks and an Annual Fraud Return is provided to the External Auditor which summarises the Head of Internal Audit's views on risk of fraud at the Authority. In addition, the Monitoring Officer, the Section 151 Officer and the Chair of the Finance, Resources, Audit and Governance Committee also complete such statements on an annual basis.

Development Needs of Councillors and Officers:

There is a training programme in place for officers and Councillors. This is drawn up from new risks or legislation, in response to known and emerging key areas of focus and from the Business Plan and staff Performance Reviews. The Council has made extensive investment in training in line with its Learning and Development Strategy for staff.

In relation to Members, they have undergone a rigorous training schedule since being elected in May 2019, which begins with a general induction programme and continues throughout the year on more specific topics to ensure Members can take on all aspects of their role confidently and legally.

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

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

The Council consults with members of the public through a number of avenues from workshops, telephone calls, social media channels and the website, to gauge public opinion on a number of issues such as shaping the budget, the development of the Local Plan and the Council Tax Support Scheme.

Good Governance Arrangements with Partnerships:

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

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

As the collaboration with Broadland District Council has progressed appropriate governance has been put in place such as Joint Committees and Joint Informal Cabinet.

Review of Effectiveness

The Role of the Council

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

The Role of the Cabinet

The Cabinet approved the Corporate Business Plan and reviewed a range of strategies and policies during the year, including the Treasury Management Strategy, the Medium-Term

Financial Strategy and the Revenue and Capital Budget. It received regular reports on performance monitoring, projects and their financial implications. Cabinet received quarterly combined performance, risk and finance reports and delegates policy development to four policy committees.

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

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

The Role of the Scrutiny Committee

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

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

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

Role of the Monitoring Officer

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

- To report on matters they believe are, or are likely to be, illegal or amount to maladministration.
- To be responsible for Matters relating to the conduct of Councillors and Officers.
- To be responsible for the operation of the Council's Constitution.

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

The Role of the Chief Financial Officer

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

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

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

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

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

The Role of Internal Audit

All audits are performed in accordance with the good practice contained within the Public Sector Internal Audit Standards (PSIAS) 2013. Internal Audit report to the Finance, Resources, Audit and Governance Committee and provides an opinion on the system of internal control, which is incorporated in the Head of Internal Audit's Annual Report and Opinion 2019/20.

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

The Internal Audit Service assesses itself annually to ensure conformance against the PSIAS, and are also required to have an external assessment every five years. The most recent external assessment in January 2017, concluded that the internal audit service conforms to the professional standards and the work has been performed in accordance with the International Professional Practices Framework.

The Role of External Review Bodies

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

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

Ernst & Young LLP were appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors for 2019/20. The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made.

Effectiveness of Other Organisations

The Council established a group structure in 2015/16 with all companies held by Big Sky Ventures Ltd. At the end of 2017, Big Sky Ventures Ltd transferred its shares in Build Insight Ventures Ltd to the Council and the Council proceeded to establish a joint venture with Norfolk Property Services (NPS) Limited for the Build Insight group of companies. As at 31 March 2020, Build Insight Ltd, an Approved Inspector for Building Control, was actively trading, along with Build Insight Consulting.

Big Sky Developments Ltd, a property development company, and Big Sky Property Management Ltd, a property rental company, were also trading. Management have continued to monitor the effectiveness of internal controls within the companies over the course of the year. There were no significant control weaknesses identified during the year that are required to be included in this statement.

Training was organised for Directors in December 2019 which focused on the roles and responsibilities of Directors.

Following preparation of their accounts, the companies have been subject to independent review by external auditors. The governance arrangements for Big Sky Developments were subject to internal audit review during 2019/20 which resulted in a “reasonable” assurance opinion.

Governance Issues

Looking back on the issues raised in 2018/19

During 2018/19 the following significant areas of development or risk were highlighted, with the current position also now noted:

- There was one specific area whereby improvement in awareness was needed: adherence to procurement rules. It was reported that exemptions were often relied on. An improvement has been noted during 2019/20 as work carried out to ensure compliance has resulted in assurances being provided in this area. The Contract Standing Orders were also updated and approved in year.
- Another issue that was often raised related to alignment of procedures across the two Councils. This area of work has progressed as the development of one team across two councils has moved on at pace during 2019/20. This will continue into 2020/21 as the Council continues to adjust.

Managers’ Assurance Statements for 2019/20

Assistant Directors (AD) across the Council completed an Assurance Statement relating to their service area. The Assurance Statements were based on 2019/20 and presented a broadened reflection compared to previous years. The statements were then signed off by the Managing Director or Director responsible for the service area.

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

Overall, governance regarding closer working relationships with Broadland District Council emerged again as a key theme, as referenced above. Although not resulting in non-compliance, officers noted in their responses that policies, procedures etc would require review in light of the collaboration. This will be an area of work that is progressed at pace in light of the newly

established *one officer team*, which it is recognised requires aligned processes and procedures to ensure the envisaged efficiencies.

More specifically, many service areas highlighted the need to update documentation in relation to business continuity and delegations to reflect the new officer structure.

The responses have highlighted that there are no significant governance issues and governance arrangements are mainly consistent across the Council. Where partial responses have been provided, managers have already identified actions that are being progressed to address these areas and the Assistant Director of Governance and Business Support will review progress during 2020/21, with updates being sought from ADs.

COVID-19 - How the control environment has changed during the period of disruption and steps taken

As a result of COVID, 90% of the workforce are now working from home: staff log onto their IT equipment using two-factor authentication – once the secure connection has been made all staff then utilise the folders and systems they need in the same way as they would in the office, therefore in this regard controls remain.

The Constitution has been amended in line with the legislation to enable the Council to continue with its democratic decision-making process, albeit virtually.

Any site visits that are required are still being carried out but in line with social distancing guidelines and the compliance checklist provided by central government.

With particular reference to finance controls the following has been implemented:

- Accepted approval by email (as opposed to wet signatures)
- Authorisation of business grants carried out by s151 officer (over and above normal authorised signatory limit)
- Held more monies in bank account than normal, to respond to payment requests (particularly the business grants)
- Business grant payments were made based on requests as submitted with limited pre-payment checks (as requested by Government, in order to get payments out quickly)
- A change of system to pay hardship payments, payments are personally authorised by Assistant Director twice a week to ensure quick payment

Following the closure of all leisure centres processes and controls for ensuring safe operation/maintenance of facilities during close down were revised and updated, with safety tests and risk assessments being updated in line with Govt guidance.

At the depot commencement of rounds were changed to separate crews from each other, operation of vehicles were changed with third member of staff being removed from Cab of RVC to travel in separate vehicle behind to maintain social distancing as far as possible.

The impact of COVID has enabled the teams to review processes and practices in the working from home environment, which has realised positive impacts, such as improved times to process benefit claims.

Internal Audit

The Head of Internal Audit has concluded that the overall opinion in relation to the framework of governance, risk management and control at South Norfolk Council is reasonable. The Head of Internal Audit has highlighted that 10 of the 11 assurance audits completed within year resulted in a positive assurance.

The assurance report for Disaster Recovery resulted in a limited assurance opinion being raised with one urgent and four important recommendations agreed for implementation. One important recommendation remains open in relation to updating the Disaster Recovery Plan once the new solution is fully operational. This will be complete by November 2020.

In addition, the Head of Internal Audit reported that all urgent and important recommendations raised during the limited Cyber Crime report in 2018/19 and the limited Service Desk report from 2017/18 have now been addressed, with evidence provided by management. These areas will be considered for future reviews as part of the audit planning process.

Risk Management

A risk management framework is in place to ensure a consistent approach at the Council, with risks identified as Strategic, Directorate or Operational.

Reports on risk management were taken to the Cabinet on a quarterly basis during 2019/20. These reports cover all strategic risks that the Council actively manages; each risk has an agreed action plan managed by Officers and monitored on a quarterly basis by Councillors by way of the accompanied report. Directorate and Operational risks are reviewed quarterly with any significant changes also reported to Cabinet.

Risks are added to the register as and when they are identified and all risks are reviewed regularly with further consideration by CMLT.

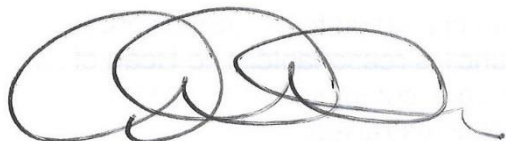
During 2019/20 the Internal Audit Manager has undertaken a review of the risk management strategy and process for South Norfolk and Broadland, there has been facilitated sessions with CMLT resulting in an agreed approach to risk management with a view to embedding this. A Risk Strategy is being finalised, and the training for staff will be provided.

Review and Approval of the Annual Governance Statement

The annual review of governance is coordinated by the Assistant Director Governance and Business Support, involving senior managers across the Council and reviewed by the Corporate Management Leadership Team. This Annual Governance Statement is considered in draft by the Finance, Resources, Audit and Governance Committee and amended to reflect the Committee's considerations and the views of the external auditor. The (revised) Annual Governance Statement forms part of the Council's annual 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.

A handwritten signature in black ink, appearing to read 'Trevor Holden', written over a faint blue horizontal line.

Trevor Holden, Managing Director

A handwritten signature in black ink, appearing to read 'Philip Hardy', written over a faint blue horizontal line.

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

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

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

The Assistant Director of Finance Responsibilities

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

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

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

The Assistant Director of Finance has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2020.



Rodney Fincham
(Assistant Director of Finance)

Date: 17 February 2021

Certificate of Approval

I can confirm that these accounts were provisionally approved by the Finance, Resources, Audit and Governance Committee at the meeting held on 5 February 2021 subject to final amendments and have been approved on 17 February 2021.



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

EXPENDITURE AND FUNDING ANALYSIS

Restated: Year ended 31 March 2019

	Net Expenditure Chargeable to the General Fund Balance £000s	Adjustments between the Funding and Accounting Basis (Note 9) £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
People & communities directorate	4,220	1,239	5,459
Place directorate	1,603	987	2,590
Resources directorate	5,572	600	6,172
Managing Director directorate	1,316	88	1,404
Corporate Management	868	642	1,510
Net Cost of Services	13,579	3,556	17,135
Other Income and Expenditure	(11,968)	(5,100)	(17,068)
(Surplus)/Deficit for the Year	1,611	(1,544)	67
Opening General Fund (including Earmarked Reserves)	(22,702)		
(Surplus)/Deficit on General Fund Balance for the Year	1,611		
Closing General Fund Balance (including Earmarked Reserves)	(21,091)		

Year ended 31 March 2020

	Net Expenditure Chargeable to the General Fund Balance £000s	Adjustments between the Funding and Accounting Basis (Note 9) £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
People & communities directorate	4,840	1,775	6,615
Place directorate	803	2,924	3,727
Resources directorate	5,572	1,358	6,930
Managing Director directorate	1,144	93	1,237
Corporate Management	(118)	(40)	(158)
Net Cost of Services	12,241	6,110	18,351
Other Income and Expenditure	(15,291)	(6,543)	(21,834)
(Surplus)/Deficit for the Year	(3,050)	(433)	(3,483)
Opening General Fund (including Earmarked Reserves)	(21,091)		
(Surplus)/Deficit on General Fund Balance for the Year	(3,050)		
Closing General Fund Balance (including Earmarked Reserves)	(24,141)		

The Expenditure and Funding Analysis is a note to the Financial Statements; however, it is positioned here as it provides a link from the figures reported in the Narrative Report to the Comprehensive Income and Expenditure Statement

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied Account £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Council Reserves £000s
Balance brought forward as at 1 April 2018	22,702	2,587	0	25,289	(2,227)	23,062
Movement in Reserves during 2018/19:						
Total Comprehensive Expenditure and Income	(67)	0	0	(67)	(10,603)	(10,670)
Adjustments between accounting basis & funding basis under regulations (Note 9)	(1,544)	(2,022)	588	(2,978)	2,978	0
Increase/Decrease in Year	(1,611)	(2,022)	588	(3,045)	(7,625)	(10,670)
Balance carried forward at 31 March 2019	21,091	565	588	22,244	(9,852)	12,392
Movement in Reserves during 2019/20:						
Total Comprehensive Expenditure and Income	3,483	0	0	3,483	15,692	19,175
Adjustments between accounting basis & funding basis under regulations (Note 9)	(433)	1,310	1,046	1,923	(1,923)	0
Increase/Decrease in Year	3,050	1,310	1,046	5,406	13,769	19,175
Balance carried forward at 31 March 2020	24,141	1,875	1,634	27,650	3,917	31,567

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Year ended 31 March 2020			Restated Year ended 31 March 2019		
	Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net
	£000s	£000s	£000s	£000s	£000s	£000s
Gross expenditure, gross income and net expenditure of continuing operations:-						
People & communities	37,480	(30,865)	6,615	38,768	(33,309)	5,459
Place	8,659	(4,932)	3,727	7,516	(4,926)	2,590
Resources	8,691	(1,761)	6,930	7,297	(1,125)	6,172
Managing Director	1,315	(78)	1,237	1,497	(93)	1,404
Corporate Management	(158)	0	(158)	1,510	0	1,510
Cost of Services	55,987	(37,636)	18,351	56,588	(39,453)	17,135
Other Operating Expenditure:						
Precepts paid to Parish Councils			3,842			3,632
(Gain)/Loss on disposal of non-current assets			(701)			(232)
Financing and Investment Income and Expenditure:-						
Interest payable or similar charges			20			20
(Gain)/Loss on trading accounts			(399)			(347)
Other investment property income			(30)			(30)
Pensions interest (income)/expenditure			1,679			1,510
Investment interest income			(976)			(927)
(Gain)/Loss on revaluation of Investment Property and Assets Held for Sale			10			952
Taxation and Non-Specific Grant Income and Expenditure:-						
Council Tax Income			(11,284)			(10,695)
Business Rates Income and Expenditure			(5,807)			(4,886)
Capital Grants (Note 29)			(4,097)			(1,601)
General Grants (Note 29)			(4,091)			(4,464)
(Surplus)/Deficit on provision of service for the Year			(3,483)			67
(Surplus)/deficit on revaluation of property, plant and equipment assets (Note 25)			(425)			398
Remeasurement of the pensions net defined benefit liability/(asset)			(15,267)			10,205
Other Comprehensive Income and Expenditure			(15,692)			10,603
Total Comprehensive Income and Expenditure			(19,175)			10,670

BALANCE SHEET

	As at 31 March 2020 £000s	As at 31 March 2019 £000s
Non Current Assets		
Property, Plant & Equipment (Note 10)	30,895	31,152
Intangible Fixed Assets	345	341
Investment Properties (Note 11)	12,788	12,596
Long Term Investments (Note 16)	6,577	6,493
Long Term Debtors (Note 15)	19,482	11,251
Total Non-Current Assets	70,087	61,833
Current Assets		
Cash and cash equivalents (Note 19)	22,703	13,194
Debtors (Note 17)	16,197	6,350
Short Term Investments (Note 20)	10,022	17,017
Inventories	59	5
Total Current Assets	48,981	36,566
Current Liabilities		
Creditors (Note 21)	(23,814)	(10,728)
Revenue Grants Receipts in Advance (Note 29)	0	(152)
Capital Grants Receipts in Advance (Note 29)	0	(72)
Short Term Provisions (Note 22)	(1,490)	(1,766)
Total Current Liabilities	(25,304)	(12,718)
Long Term Liabilities		
Long Term Creditors (Note 23)	(846)	(1,174)
Grants Receipts in Advance (Note 29)	(3,886)	(2,930)
Provisions (Note 22)	(341)	(371)
Pension Scheme Liability (Note 33)	(57,124)	(68,814)
Total Long Term Liabilities	(62,197)	(73,289)
Net Assets	31,567	12,392
Usable Reserves		
General Fund Balance	1,400	1,400
General Reserves (Note 24)	22,741	19,691
Usable Capital Receipts Reserve	1,875	565
Capital Grants Unapplied	1,634	588
Unusable Reserves (Note 25)		
Capital Adjustment Account	52,918	51,263
Collection Fund Adjustment Account	185	(98)
Deferred Capital Receipts Reserve	12	12
Financial Instruments Adjustment Account	(36)	0
Pension Reserve	(57,124)	(68,814)
Revaluation Reserve	8,157	7,849
Short Term Accumulated Absences Account	(195)	(64)
Total Net Worth	31,567	12,392

These financial statements replace the unaudited financial statements certified by Rodney Fincham (Assistant Director – Finance) on 27 August 2020.



17 February 2021

CASHFLOW STATEMENT

	31 March 2020 £000s	31 March 2019 £000s
Net Surplus/(Deficit) on the provision of services	3,483	(67)
Adjustment to surplus or deficit on the provision of services for noncash movements	11,701	10,847
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(5,879)	(4,355)
Net Cash flows from Operating activities	<u>9,305</u>	<u>6,425</u>
Net Cash flows from Investing Activities	1,393	(18,009)
Net Cash flows from Financing Activities	(1,189)	6,975
Net increase or (decrease) in cash and cash equivalents	<u>9,509</u>	<u>(4,609)</u>
Cash and cash equivalents at the beginning of the reporting period	13,194	17,803
Cash and cash equivalents at the end of the reporting period (Note 19)	22,703	13,194

The cash flows for operating activities include the following items:

	31 March 2020 £000s	31 March 2019 £000s
Interest received	993	910
Interest paid	(20)	(20)
	<u>973</u>	<u>890</u>

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

	31 March 2020 £000s	31 March 2019 £000s
Depreciation	1,536	1,481
Impairment and downward valuations	16	(723)
Amortisation	119	158
Movement in contract assets, liabilities and costs (IFRS 15)	45	657
Increase/(decrease) in creditors	14,700	(118)
(Increase)/decrease in debtors	(8,935)	4,608
(Increase)/decrease in inventories	(54)	2
Movement in pension liability	3,577	3,758
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	859	6
Other non-cash items charged to the net surplus on the provision of services	(179)	1,017
	<u>11,701</u>	<u>10,847</u>

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

	31 March 2020 £000s	31 March 2019 £000s
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,581)	(239)
Any other items for which the cash effects are investing or financing cash flows	(4,298)	(4,116)
	<u>(5,879)</u>	<u>(4,355)</u>

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING STANDARDS ISSUED BUT NOT YET 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 three main changes being introduced in the 2020/21 Code of Practice of Local Authority Accounting:

- Amendments to IAS 19 Employee Benefits will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.
- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures. Not expected to have a material impact.
- Annual Improvements to IFRS Standards 2015–2017 Cycle. Not expected to have a material impact.

Looking further ahead, IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021.

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

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.

Appeals lodged against NNDR assessments may succeed, resulting in the need to refund all or part of the NNDR paid by the business concerned. The authority has considered the potential effect of the appeals outstanding as at 31 March 2020 and has made a reasoned judgement of the potential effect of these appeals.

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Statement of Accounts requires the Council 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 those estimates. The key adjustments and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows :-

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Currently these assumptions are calculated for South Norfolk Council by expert actuaries, Hymans Robertson LLP. They provide South Norfolk Council with expert advice about the assumptions that need to be applied. The pension liability as at 31 March 2020 is £57.1 million. Further details can be found in Note 33.

NNDR Appeals and Localisation of Business Rates

Billing authorities are required to estimate and make provisions for the liabilities likely to arise from successful appeals against NNDR (Business Rates) bills issued as at 31 March each year. The authority has made a total provision for appeals of £1,531,000, which is detailed in Note 22 of the accounts. In addition it has an earmarked reserve to deal with all financial risks related to the Business Rates system and this is shown in Note 24 of the accounts. The operation of the Business Rates system is currently under review at a national level and changes are expected to impact from 2020/21 onwards.

Asset values

The outbreak of Covid-19, declared by the World Health Organisation as a global pandemic on 11 March 2020 has impacted on global financial markets. On 18 March 2020, the RICS published guidance to the profession in relation to material valuation uncertainty in response to Covid -19 impact on individual markets. Further RICS guidance – Impact of Covid-19 on Valuation - was issued on 2 April 2020.

This is an evolving and fast moving situation, as new government and regulatory requirements are announced daily alongside economic predictors & forecasts, and as an organisation the VOA are currently involved in RICS led profession discussions as to how to address the unprecedented circumstances.

4. MATERIAL ITEMS OF INCOME AND EXPENSE

Material items of income and expense which are not disclosed separately on the face of the Comprehensive Income and Expenditure Statement are as follows:

- Housing Benefit subsidy of £21.2 million is included in the Cost of Services section in the top half of the Comprehensive Income and Expenditure Statement. This income is the result of a claim made to the Department of Work and Pensions and reimburses the expenditure incurred by the authority for those amounts paid to recipients of housing benefit in the local community. (See Note 29).
- Pension costs charged to the Comprehensive Income and Expenditure Statement on page 28 are shown in Note 33.

5. EVENTS AFTER BALANCE SHEET DATE

The Statement of Accounts were authorised for issue by the Assistant Director of Finance on 17 February 2021. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statement and notes would not be adjusted for events which took place after 31 March 2020 if they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

6. GOING CONCERN

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis.

The Corona virus restrictions across the UK, have created significant issues for many businesses and residents and as a result from April 2020, Council income was affected detrimentally as payers sought to defer payments or were unable to pay at all. The government has provided some support for lost income and for the additional costs borne by authorities because of the crisis and the Council has received £1.465 million in this regard.

The Council's most recent year-end balances, as reported in these statements are as follows.

Date	General Fund	Earmarked reserves
31/3/20	£1.4 million	£22.7 million

The Council has carried out an assessment of the impact of Covid-19 on its future finances and is satisfied that there is no material uncertainty relating to the Council's going concern.

Through this assessment the following expected reductions in 2020/21 have been identified:

	Methodology	Original Budget £000s	New Budget £000s	Change £000s
Leisure Facilities	No income 1 Apr – 31 Jul 50% reduction 1 Aug – 31 Mar	3,371	1,124	-2,247
Planning	25% reduction	1,310	982	-328
Building Control SNC	25% reduction	505	379	-126
Building Control Other	Other parties to bear loss	1,352	1,352	-
Car Parking	50% reduction	356	178	-178
Waste Charges	25% reduction in bulky waste only	656	643	-13
Commercial Income	£100k reduction	520	420	-100
Land charges	25% reduction	330	247	-83
Housing Benefit Overpayment	25% reduction	400	300	-100
Pest control fees	25% reduction	60	45	-15
Council Tax recovery	25% reduction	170	127	-43
Licensing	No change proposed	165	165	-
Recycling credits	No change proposed	776	776	-
Green Waste	No change proposed	2,042	2,042	-
Other income & service specific grants	No change proposed	4,507	4,507	-
Total		16,520	13,287	-3,233

Additional general expenditure in 2020/21 relating to Covid-19 has been estimated at £500,000.

If the lockdown arrangements are to extend beyond 6 months, or there is a significant second wave of infections, the income losses and expenditure are likely to increase.

No additional central government grants have been assumed within the assumptions, and the Council is yet to make any assessment of further additional costs due to the uncertainty.

The expected 2020/21 revised outturn shows a deficit of £703,000, taking into account all the above factors.

The Council has undertaken cashflow modelling through to March 2022 which demonstrates the Council's ability to work within its Capital Financing Requirement and cash management framework, with a positive cash position throughout the period.

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the audit report, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances and the ability for borrowing under the Treasury Management Policy.

The Council expects the Comprehensive Spending Review to be announced in Autumn 2020, along with a review of Business Rates which is under consultation until October 2020. Outcomes will then be reviewed and reflected on in the 2021/22 budget setting process.

However, given the pandemic is still unfolding, the associated economic impact and service implications remain unclear, and there remains significant uncertainty over the final cost to the Council. However, current estimates indicate that there is a reasonable likelihood that the Council will need to undertake a limited draw down on its reserves in 2020/21. The Council has sufficient reserves to allow any drawn down to be managed.

The General Reserves are projected to remain at the s151 officer's minimum level of £1.4 million through to March 2022, as set out below.

Date	General Fund	Earmarked reserves	Total Usable Revenue Reserves
	£m	£m	£m
31 March 2020	1.4	22.7	24.1
31 March 2021 (estimated and unaudited)	1.4	23.8	25.2
31 March 2022 (estimated and unaudited)	1.4	22.3	23.7

Conclusion

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of approval of these financial statements, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances and the ability for borrowing under the Treasury Management Policy.

7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Restated

Year ended 31 March 2019

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

	Adjustments for Capital Purposes (Note 1) £000s	Net change for Pensions Adjustments (Note 2) £000s	Other differences (Note 3) £000s	Total Adjustments 2018/19 £000s
People & communities directorate	580	772	(113)	1,239
Place directorate	615	431	(59)	987
Resources directorate	263	369	(32)	600
Managing Director directorate	0	95	(7)	88
Corporate Management	0	641	0	641
Cost of Services	1,458	2,308	(211)	3,555
Other income and expenditure from the Expenditure and Funding Analysis	(5,722)	1,450	(501)	(4,773)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provisions of Services	(4,264)	3,758	(712)	(1,218)

Year ended 31 March 2020

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

	Adjustments for Capital Purposes (Note 1) £000s	Net change for Pensions Adjustments (Note 2) £000s	Other differences (Note 3) £000s	Total Adjustments 2019/20 £000s
People & communities directorate	681	975	119	1,775
Place directorate	2,371	519	34	2,924
Resources directorate	393	957	8	1,358
Managing Director directorate	0	85	8	93
Corporate Management	0	(40)	0	(40)
Cost of Services	3,445	2,496	169	6,110

Other income and expenditure from the Expenditure and Funding Analysis	(7,340)	1,081	(284)	(6,543)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provisions of Services	(3,895)	3,577	(115)	(433)

(1) Adjustments for Capital Purposes

- Adjustments for capital purposes – this column adds in depreciation, amortisation, impairment and revaluation gains and losses in the services line, and for:
 - Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - Financing and Investment income and expenditure – the statutory charges for capital financing i.e. Revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

(2) Net Change for Pensions Adjustments

- Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
 - For services this represents the removal of the employer pensions contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs,
 - For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

(3) Other Differences

- Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
 - For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
 - The charge under Taxation and Non-Specific Grant Income and Expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR 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 a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

8. EXPENDITURE AND INCOME ANALYSED BY NATURE

	2019/20 £000s	2018/19 £000s
Expenditure/Income		
Expenditure		
Employee benefits expenses	20,230	18,994
Depreciation, amortisation, impairment & REFCUS	4,732	3,500
Interest payments	1,705	1,530
Precepts and levies	3,842	3,632
Gain on disposal of assets	(701)	(232)
Gain/loss on revaluation	10	952
Other expenditure	40,595	43,508
Total expenditure	70,413	71,884
Income		
Fees, charges and other income	(15,222)	(14,028)
Interest and investment income	(309)	(221)
Income from Council Tax and Non-Domestic Rates	(26,792)	(24,367)
Government grants and contributions	(31,573)	(33,202)
Total income	(73,896)	(71,817)
(Surplus)/Deficit on Provision of Services	(3,483)	67

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

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

The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with generally accepted accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

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

Capital Grants Unapplied Account

This account holds grants and contributions received towards capital projects where the associated conditions have been met but have yet to be applied to meet expenditure.

Year ended 31 March 2019:	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments Primarily involving the Capital Adjustment Account				
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement				
Amortisation of Intangible Assets	158	0	0	(158)
Depreciation of Property, Plant & Equipment	1,482	0	0	(1,482)
Gain/(Loss) on revaluation of Property, Plant & Equipment	(565)	0	0	565
Government Grants & Contributions	(3,177)	0	0	3,177
Revenue Expenditure funded from Capital Under Statute	2,425	0	0	(2,425)
Amounts of Non Current Assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	6	0	0	(6)
Gain/(Loss) on revaluation of Investment Properties and Assets Held for Sale	952	0	0	(952)
Capital grants and contributions applied credited to the Comprehensive Income and Expenditure Account	(262)	0	262	0
	1,019	0	262	(1,281)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure financed from Revenue	(5,042)	0	0	5,042
	(5,042)	0	0	5,042
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer from Usable Capital Receipts	0	5,443	0	(5,443)
Transfer of Cash Sale Proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(241)	241	0	0
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(7,706)	0	7,706
	(241)	(2,022)	0	2,263
Adjustments primarily involving the Pensions Reserve				
Employers pension contribution	(2,658)	0	0	2,658
Net charges made for retirement benefits	6,416	0	0	(6,416)
	3,758	0	0	(3,758)
Other adjustments				
Adjustments involving the Collection Fund Adjustment Account	(501)	0	0	501
Short Term Accumulated Absences	(211)	0	0	211
Adjustments involving the Financial Instruments Adjustment Account	0	0	0	0
	(712)	0	0	712
Net Additional amount to be charged/(credited) to the General Fund	(1,218)	(2,022)	262	(2,978)

Year ended 31 March 2020:	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments Primarily involving the Capital Adjustment Account				
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement				
Amortisation of Intangible Assets	119	0	0	(119)
Depreciation of Property, Plant & Equipment	1,536	0	0	(1,536)
Gain/(Loss) on revaluation of Property, Plant & Equipment	130	0	0	(130)
Government Grants & Contributions	(4,298)	0	0	4,298
Revenue Expenditure funded from Capital Under Statute	2,353	0	0	(2,353)
Amounts of Non Current Assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	859	0	0	(859)
Gain/(Loss) on revaluation of Investment Properties and Assets Held for Sale	10	0	0	(10)
Capital grants and contributions applied credited to the Comprehensive Income and Expenditure Account	(1,046)	0	1,046	0
	(337)	0	1,046	(709)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure financed from Revenue	(1,972)	0	0	1,972
	(1,972)	0	0	1,972
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer from Usable Capital Receipts	(5)	84	0	(79)
Transfer of Cash Sale Proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(1,581)	1,581	0	0
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(355)	0	355
	(1,586)	1,310	0	276
Adjustments primarily involving the Pensions Reserve				
Employers pension contribution	(3,214)	0	0	3,214
Net charges made for retirement benefits	6,791	0	0	(6,791)
	3,577	0	0	(3,577)
Other adjustments				
Adjustments involving the Collection Fund Adjustment Account	(283)	0	0	283
Short Term Accumulated Absences	132	0	0	(132)
Adjustments involving the Financial Instruments Adjustment Account	36	0	0	(36)
	(115)	0	0	115
Net Additional amount to be charged/(credited) to the General Fund	(433)	1,310	1,046	(1,923)

10. PROPERTY, PLANT & EQUIPMENT

The outbreak of Covid-19, declared by the World Health Organisation as a global pandemic on 11 March 2020 has impacted on global financial markets. On 18 March 2020, the RICS published guidance to the profession in relation to material valuation uncertainty in response to Covid -19 impact on individual markets. Further RICS guidance – Impact of Covid-19 on Valuation - was issued on 2 April 2020.

This is an evolving and fast moving situation, as new government and regulatory requirements are announced daily alongside economic predictors & forecasts, and as an organisation the VOA are currently involved in RICS led profession discussions as to how to address the unprecedented circumstances.

Movements in Property, Plant & Equipment during 2018/19 were as follows:

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Valuation as at 1 April 2018	22,644	9,710	50	1,425	266	34,095
Reclassifications	1,836	25	0	0	(2,002)	(141)
Additions	36	2,437	0	0	1,791	4,264
Revaluation increase/(decrease) recognised in the Revaluation Reserve	(761)	0	0	0	0	(761)
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	566	0	0	0	0	566
Impairment losses written out to the Comprehensive Income & Expenditure Statement	0	(36)	0	0	0	(36)
De-recognition - disposals	0	(463)	0	0	0	(463)
Value as at 31 March 2019	24,321	11,673	50	1,425	55	37,524
Accumulated Depreciation						
At 1 April 2018	(52)	(5,651)	(50)	0	0	(5,753)
Reclassifications	0	0	0	0	0	0
Depreciation charge	(425)	(1,056)	0	0	0	(1,481)
Depreciation written out to the Revaluation Reserve	364	0	0	0	0	364
Depreciation written out to the Comprehensive Income & Expenditure Statement	14	21	0	0	0	35
De-recognition - disposals	0	463	0	0	0	463
At 31 March 2019	(99)	(6,223)	(50)	0	0	(6,372)
Net Book Value at 31 March 2019	24,222	5,450	0	1,425	55	31,152

Movements in Property, Plant & Equipment during 2019/20 were as follows:

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Valuation as at 1 April 2019	24,321	11,673	50	1,425	55	37,524
Reclassifications	0	10	0	0	(41)	(31)
Additions	74	1,083	0	0	24	1,181
Revaluation increase/(decrease) recognised in the Revaluation Reserve	135	0	0	0	0	135
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	(242)	0	0	0	0	(242)
Impairment losses written out to the Comprehensive Income & Expenditure Statement	0	0	0	0	0	0
De-recognition - disposals	-57	(725)	0	0	0	(782)
Value as at 31 March 2020	24,231	12,041	50	1,425	38	37,785
Accumulated Depreciation						
At 1 April 2019	(99)	(6,223)	(50)	0	0	(6,372)
Reclassifications	0	0	0	0	0	0
Depreciation charge	(365)	(1,171)	0	0	0	(1,536)
Depreciation written out to the Revaluation Reserve	290	0	0	0	0	290
Depreciation written out to the Comprehensive Income & Expenditure Statement	113	0	0	0	0	113
De-recognition - disposals	3	612	0	0	0	615
At 31 March 2020	(58)	(6,782)	(50)	0	0	(6,890)
Net Book Value at 31 March 2020	24,173	5,259	0	1,425	38	30,895

Analysis of Property, Plant & Equipment

	No. of Assets	NBV as at 31 March 2020 £000s	NBV as at 31 March 2019 £000s
Operational			
Land & Buildings			
Car Parks	18	2,156	2,101
Depot	1	312	315
Hostels	2	835	845
Leisure Centres	3	17,002	16,860
Office	1	3,290	3,455
Public Conveniences	6	564	632
Travellers Site	1	14	14
Land & Buildings Total		24,173	24,222
Vehicles, Plant & Equipment			
Vehicles		2,497	2,766
Wheeled Bins		695	660
Other		2,067	2,024
Vehicles, Plant & Equipment Total		5,259	5,450
Infrastructure assets			
Access road		0	0
Operational Total		29,432	29,672
Non Operational			
Surplus Assets			
Land Awaiting Development		1,425	1,425
Surplus Assets Total		1,425	1,425
Assets Under Construction			
Assets Under Construction		38	55
Assets Under Construction Total		38	55
Non Operational Total		1,463	1,480
Total Property, Plant & Equipment		30,895	31,152

Depreciation of Vehicles, Plant & Equipment

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

Class of Asset	Remaining Useful Life (years)
Buildings	37 - 55
Plant and Equipment	0 - 20
Vehicles	0 - 7

Capital Commitments and Revaluations

As at 31 March 2020, the Council had the following capital commitments:

- Norwich Research Park Enterprise Zone Office - £3,982,000
- Norwich Research Park Enterprise Zone Infrastructure - £2,054,000
- Refuse Collection Vehicles £171,000

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

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Carried at historical cost	13	12,041	50	0	38	12,142
Valued at fair value as at:						
31-Mar-16	43	0	0	26	0	69
31-Mar-17	605	0	0	1,052	0	1,657
31-Mar-18	518	0	0	347	0	865
31-Mar-19	2,547	0	0	0	0	2,547
31-Mar-20	20,505	0	0	0	0	20,505
	24,231	12,041	50	1,425	38	37,785

Fair Value Hierarchy

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

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

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

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 Council's surplus assets that are due for valuation as part of the five year rolling programme, have been valued as at 31st March 2020 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

11. INVESTMENT PROPERTIES

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

	2019/20 £000s	2018/19 £000s
Rental income from investment property	(479)	(449)
Direct operating expenses arising from investment property	144	167
Net (gain)/loss	(335)	(282)

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

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

	2019/20 £000s	2018/19 £000s
Balance as at 1 April	12,596	11,901
Additions:		
Purchases	615	1,593
Subsequent Expenditure	0	53
Investment Properties Under Construction	280	0
Disposals	(693)	0
Net Gain/(Loss) from Fair Value adjustments	(10)	(951)
Balance as at 31 March	12,788	12,596

With regard to the Council's activity as a lessor, the gross value of assets held for use and leased out under operating leases was £9,198,000 (2018/19: £9,652,300). As these assets are held as investment properties, in accordance with the Code, no depreciation is charged upon them.

Fair Value Hierarchy

All of the Council's investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes (see Accounting Policy 16 for an explanation of the fair value levels).

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

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

Highest and Best Use of Investment Properties

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

Valuation Process for Investment Properties

The Council's investment properties have been valued as at 31st March 2020 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

12. FINANCE LEASES

The Council holds Wymondham leisure centre under a finance lease which is accounted for as an operational asset under property, plant and equipment as part of its non-current assets. Only a peppercorn rent is payable for this lease which began in 1993 for a lease term of 125 years. As at the 31st March 2020 the value of this asset was £10,188,000.

	Net Book Value as at 31 March 2018	Additions 2018/19	Depreciation 2018/19	Revaluations 2018/19	Net Book Value as at 31 March 2019
	£000s	£000s	£000s	£000s	£000s
Leisure Centre	10,339	0	(219)	23	10,143
Total Property, Plant & Equipment	10,339	0	(219)	23	10,143

	Net Book Value as at 31 March 2019	Additions 2019/20	Depreciation 2019/20	Revaluations 2019/20	Net Book Value as at 31 March 2020
	£000s	£000s	£000s	£000s	£000s
Leisure Centre	10,143	0	(175)	220	10,188
Total Property, Plant & Equipment	10,143	0	(175)	220	10,188

13. OPERATING LEASES

Lessor

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

	2019/20	2018/19
	£000s	£000s
Land	8	11
Car Parks	57	59
Total Rentals Received	65	70

The gross value of assets held and leased out under operating leases was £401,768.

The Council leases out property under operating leases for the following purposes:

- for economic development purposes to provide local business with affordable premises and agricultural land to local farmers.

- for the provision of community services such as town council premises, garage/garden plots and travellers site.

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

	31 March 2020 £000s	31 March 2019 £000s
Not later than 1 year	55	55
Later than 1 year but not later than 5 years	220	220
Later than 5 years	796	851
Total Payments Receivable	1,071	1,126

14. FINANCIAL INSTRUMENTS

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

Note 14.1a Long Term Financial Assets	Non-Current				Totals	
	Investments		Debtors			
	31 March 2020 £000s	31 March 2019 £000s	31 March 2020 £000s	31 March 2019 £000s	31 March 2020 £000s	31 March 2019 £000s
Financial Assets						
Amortised cost	0	0	241	893	241	893
Fair Value through other comprehensive income and expenditure	25	25	0	0	25	25
Total LT Financial Assets	25	25	241	893	266	918
Non-financial assets	6,552	6,468	14,076	9,160	20,628	15,628
Total Long Term Assets	6,577	6,493	14,317	10,053	20,894	16,546
Note 14.1b Current Financial Assets	Current				Totals	
	Investments		Debtors			
	31 March 2020 £000s	31 March 2019 £000s	31 March 2020 £000s	31 March 2019 £000s	31 March 2020 £000s	31 March 2019 £000s
Financial Assets						
Amortised cost	32,725	30,211	9,905	3,386	42,630	33,597
Total Current Financial Assets	32,725	30,211	9,905	3,386	42,630	33,597
Non-financial assets	0	0	0	0	0	0
Total Current Assets	32,725	30,211	9,905	3,386	42,630	33,597
Total Assets	39,302	36,704	24,222	13,439	63,524	50,143

Note 14.2 Long Term Financial Liabilities	Non-Current			
	Creditors		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000s	£000s	£000s	£000s
Financial Liabilities				
Amortised cost	3,937	2,981	3,937	2,981
Total Long Term Liabilities	3,937	2,981	3,937	2,981

Note 14.2 Current Financial Liabilities	Current			
	Creditors		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000s	£000s	£000s	£000s
Financial Liabilities				
Amortised cost	5,448	5,390	5,448	5,390
Total Current Liabilities	5,448	5,390	5,448	5,390

Total Liabilities	9,385	8,371	9,385	8,371
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Non-Financial Assets include equity invested in shareholding companies incorporated by the Council (Big Sky Ventures Group). The equity shares are non-elected and are therefore categorised as Fair Value through Profit and Loss. Elected shares would be at Fair Value Other Comprehensive Income.

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

The above figures do not include Pension Liability which is already disclosed in Note 33.

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

The Council has granted 2 soft loans during 2019/20, one for £103,695 to Long Stratton Parish Council to contribute towards the construction of Long Stratton Pavilion and to be repaid via Community Infrastructure levy receipts (with no interest payable) and one for £2 million to Big Sky Developments Ltd for accelerated construction at its latest development which is funded by monies received from Homes England (interest at base rate of 0.1%). The calculation of the fair value of these loans is arrived at by discounting the loans over their life by 1.16% (based on PWLB rates) resulting in fair values of £67,630 and £1.9 million respectively.

Fair Values of Assets

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

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

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

Level 3 inputs – unobservable inputs for the asset.

14.3 Assets Fair Value Hierarchy	Fair Value Hierarchy	Amount £'000
Equity shareholding in Big Sky Ventures Ltd	Level 3	£6,552
Equity shareholding in LGA Municipal Bonds Agency	Level 3	£25

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

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

Income Expenses Gains and Losses – Financial Instruments

	31 March 2020		31 March 2019	
Note 14.4 Income, Expense, Gains and Losses	Surplus or Deficit on Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on Provision of Services	Other Comprehensive Income and Expenditure
	£000s	£000s	£000s	£000s
Interest Revenue:				
Financial Assets measured at amortised cost	309	0	222	0
Investment Income /Interest	0	674	0	706
Interest Expense	(26)	0	(20)	0
Total Interest revenue	283	674	202	706

Risk

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

Credit risk – the possibility that other parties might fail to pay amounts due to the Council.

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

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

Procedures for managing Risk

Risk management is carried out with the Finance Team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The rating criteria used by the Council, and supplied by the three Credit Rating Agencies, is that of the lowest common denominator method of selecting counterparties and applying limits. During 2019/20, deposits were made with banks and financial institutions that were either rated independently with a minimum score of A- or equivalent and

had a sovereign rating minimum of AA or AAA for non UK sovereigns. In accordance with the counterparty list a maximum of £7 million of the Council's Investments were deposited in excess of 1 year and up to 2 years. The Council has a policy of not lending more than £12.5 million to one institution at any one time. This limit with the approval of the Section 151 Officer and Members can be exceeded if necessary.

Impairment Losses in accordance with the Expected Credit Loss Model

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

The expected credit loss (ECL) model applies only to contractual financial assets measured at amortised cost in respect of this Council (or Fair Value at Other Comprehensive Income if applicable). For loans and investments, the loss allowance is equal to 12 Months expected credit losses unless credit loss has increased significantly in which case its equal to lifetime ECL's. There are no significant impairment losses expected within the Council's model for managing impairment, therefore a provision for losses has not been made during the year due to low materiality of 0.001%. The following table shows that the Council's ECL model has calculated expected credit losses for the year to be £1,300 and is not material.

Borrower	Principal £'000	Historic Risk of default	Expected Credit Loss £'000
Lloyds	7,000	0.013%	0.91
Goldman Sachs	3,000	0.013%	0.39
Central Bedfordshire Council	3,000	0.002%	0
Nottingham City Council	2,000	0.003%	0
Total	15,000		1.30

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

The Council does not generally extend credit to its customers beyond 30 days. At 31 March 2020, of the total debtor balances of £16.197 million (2018/19: £6.350 million), the past due amount was £699,000 (2018/19: £1,891,000) and can be analysed by age as follows:

Note 14.5 Customer debts	31 March 2020 £000s	31 March 2019 £000s
Customer debts		
Less than three months	517	1,179
More than three months	182	712
Total	699	1,891

These figures exclude £1.6 million of past due debts in relation to the Community Infrastructure Levy (CIL), since this is a statutory charge on property developments in the district. Most of the CIL debts are being paid in agreed instalments.

Liquidity risk

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

Market Risk

Interest rate risk

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

Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;

Investments at fixed rates – the fair value of the assets will fall.

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

Price Risk

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

Foreign exchange risk

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

15. LONG TERM DEBTORS

	31 March 2020 £000s	31 March 2019 £000s
Decent Home Loans	515	578
Loans to Council owned companies	14,076	9,160
Other loans	4,891	1,513
Total Long Term Debtors	19,482	11,251

16. LONG TERM INVESTMENTS

	31 March 2020 £000s	31 March 2019 £000s
Other Local Authorities and Public Bodies	25	25
Council owned companies	6,552	6,468
Total Long Term Investments	6,577	6,493

17. SHORT TERM DEBTORS

	31 March 2020 £000s	31 March 2019 £000s
Trade debtors	1,042	1,078
Community Infrastructure Levy	6,801	688
Local ratepayers - Council Tax and Business Rates (Council share)	1,239	1,026
Council owned companies	963	439
Other	6,152	3,119
Total Short Term Debtors	16,197	6,350

18. DEBTORS FOR LOCAL TAXATION

The data for the past due but not impaired amount for total local taxation (Council Tax and Non-Domestic Rates) was not available as at 31 March 2020.

19. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2020 £000s	31 March 2019 £000s
Cash held by the authority	4	2
Cash in Transit	102	130
Bank Current Accounts	22,597	13,062
Total Cash and Cash Equivalents	22,703	13,194

20. SHORT TERM INVESTMENTS

The capital receipts resulting from the transfer of the Council's housing stock to the Saffron Housing Association and other receipts generated from asset sales together with working capital, has enabled short term investments to be made in various financial institutions of £10,022,000 as at 31 March 2020 (£17,017,000 as at 31 March 2019).

21. SHORT TERM CREDITORS

	31 March 2020 £000s	31 March 2019 £000s
Trade creditors	463	1,257
Local ratepayers - Council Tax and Business Rates	263	522
Receipts in advance	3,261	1,125
Business Rates preceptors	1,339	2,713
Community Infrastructure Levy	13,003	2,489
Other	5,485	2,622
Total Creditors	23,814	10,728

22. PROVISIONS

	Planning Provisions £000s	NDR Appeals Provision £000s	Other Provisions £000s	Total Provisions £000s
Balance as at 1 April 2019	385	1,527	225	2,137
Additional provisions made	0	4	0	4
Amounts used in year	0	0	0	0
Amounts unused in year	(310)	0	0	(310)
Balance as at 31 March 2020	75	1,531	225	1,831
Short term	75	1,190	225	1,490
Long term	0	341	0	341

Provisions have been made in relation to ongoing planning and regulatory cases to cover the Council's own legal costs, totalling £75,000. These have been allocated as short term provisions. Other provisions of £225,000 have been made in relation to HMRC interest on disclosure of a VAT error.

Further details can be found in note 34.

The Council's share of the NDR appeals provision totals £1,531,000. The total movement in provision for appeals can be found in the Collection Fund Statement on page 71.

23. LONG TERM CREDITORS

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

	31 March 2020 £000s	31 March 2019 £000s
Maintenance of Grassed Areas	796	1,124
Other entities and individuals	50	50
Total Long Term Creditors	846	1,174

24. USABLE RESERVES

Movements in the Council's Usable Reserves are included within the General Fund Balance in the Movement in Reserves Statement on page 27. A breakdown of the movement in Earmarked General Reserves is detailed below:

Name of Reserve	Balance as at 31 March 2019	Movement in Year	Balance as at 31 March 2020
	£000s	£000s	£000s
Revenue	7,870	2,763	10,633
Infrastructure Reserve	3,407	(570)	2,837
Localisation of Business Rates Reserve	4,001	1,168	5,169
Localisation of Council Tax Benefit	500	0	500
Vehicle and Equipment Procurement and Replacement Reserve	771	(17)	754
District and Parish Elections Reserve	182	(117)	65
Local Development Reserve	855	0	855
3G Pitch Renewal Reserve	26	15	41
Non-Commercial Assets Replacement Reserve	893	(343)	550
Street Lighting Replacement Reserve	0	5	5
Low Cost Housing (New Homes Bonus) Reserve	876	0	876
Communities and Localism Reserve	181	0	181
Enterprise Zone Reserve	59	91	150
Car Parks Reserve	70	57	127
Total	19,691	3,052	22,743

25. UNUSABLE RESERVES

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement, as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties as well as revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

	2019/20 £000s	2018/19 £000s
Balance at 1 April	51,263	45,079
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for Depreciation and Impairment of non-current assets	(1,536)	(1,064)
Amortisation of Intangible Assets	(119)	(158)
Revenue Expenditure Funded From Capital Under Statute	(2,353)	(2,425)
Revaluation gains/(losses) on Property, Plant and Equipment	(130)	148
Revaluation gains/(losses) on Investment Properties	(10)	(952)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(859)	(6)
	(5,007)	(4,457)
Adjusting amounts written out of the Revaluation Reserve	117	158
Net written out amount of the cost of non-current assets consumed in the year	(4,890)	(4,299)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	355	7,706
Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	4,298	3,177
Capital Expenditure charged against the General Fund Balance	1,972	5,043
Company Loans Repaid	0	(5,380)
Home Improvement Loans Repaid	(80)	(63)
	6,545	10,483
Balance at 31 March	52,918	51,263

Revaluation Reserve

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

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

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

	2019/20 £000s	2018/19 £000s
Balance at 1 April	7,849	8,405
Upward Revaluation of Assets	485	605
Downward Revaluation of Assets and Impairment losses not charged to the Provision of Services	(60)	(1,002)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	425	(397)
Difference between fair value depreciation and historical cost depreciation	(113)	(159)
Balances written out of Reserve on disposal of assets	(4)	0
Amount written off to the Capital Adjustment Account	(117)	(159)
Balance at 31 March	8,157	7,849

Pensions Reserve

See Note 33 on page 63.

26. MEMBERS ALLOWANCES

Total allowances paid to Members in 2019/20 amounted to £326,396 (2018/19: £339,346).

27. OFFICER REMUNERATION

Banding Note

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	2018/19 Number of employees	2019/20 Number of employees
£50,000 to £54,999	3	7
£55,000 to £59,999	4	1
£60,000 to £64,999	2	1
£65,000 to £69,999	1	4
£80,000 to £84,999	2	-
£90,000 to £94,999	-	2
£130,000 to £134,999	1	-
Total	13	15

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

Senior Employee Note

The following table shows the remuneration of senior employees whose salaries are more than £50,000 per year. Senior employees are those that have the power to direct or control the major activities of the Council.

No bonuses have been paid to any senior officer in either year.

South Norfolk Council (SNC) and Broadland District Council (BDC) share a joint Senior Management Team.

The employees detailed below therefore work across the two authorities and the costs are shared.

2019/20	Employing Authority	Salary incl fees, allowances & performance related pay £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contributions £
Managing Director - Trevor Holden	BDC	163,450	-	163,450	24,518	187,968
Director - People and Communities	SNC	90,250	-	90,250	13,575	103,825
Director - Resources	SNC	90,250	-	90,250	13,575	103,825
Director - Place	BDC	90,250	-	90,250	13,538	103,788
Assistant Director - Planning	SNC	67,329	-	67,329	10,287	77,616
Assistant Director - Governance & Business	SNC	65,250	-	65,250	10,088	75,338
Assistant Director - Individuals & Families	SNC	65,250	-	65,250	9,788	75,038
Assistant Director - Chief of Staff	SNC	64,627	-	64,627	9,694	74,321
Assistant Director – Regulatory (started 30/09/2019)	SNC	32,930	-	32,930	4,940	37,870
Assistant Director - Economic Growth (left 31/03/2020)	BDC	59,833	36,250	96,083	8,975	105,058
Assistant Director – Finance (started 28/10/2019)	BDC	30,494	-	30,494	4,574	35,068
Assistant Director - Community Service (started 07/11/2019)	BDC	27,017	-	27,017	4,037	31,054

The following senior employees' costs were not shared between authorities during 2019/20.

2019/20	Employing Authority	Salary incl fees, allowances & performance related pay £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contributions £
Chief Executive (left 07/04/2019)	SNC	7,639	-	7,639	1,146	8,785
Head of Environmental Services (left 30/06/2019)	SNC	15,167	50,718	65,885	2,218	68,103

2018/19	Employing Authority	Salary incl fees, allowances & performance related pay £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contributions £
Chief Executive	SNC	132,708	-	132,708	19,812	152,520
Director - People and Communities	SNC	83,597	-	83,597	12,485	96,082
Director - Growth and Business Development	SNC	83,235	-	83,235	12,485	95,720
Head of Business Transformation	SNC	60,382	-	60,382	9,057	69,439

The Managing Director of South Norfolk Council and Broadland District Council started on 2nd January 2019 and is employed by Broadland District Council with costs shared 50:50 with South Norfolk Council.

The total cost to South Norfolk Council in 2018/19 was £23,124.

Exit packages 2019/20

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

Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £000s
Under £50,000	-	-	-	-
Over £50,000	1	1	2	596
Total cost included in bandings				596
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				596

The total cost of £596,000 in the table above was charged to the Authority's Comprehensive Income and Expenditure Statement in 2019/20.

Exit Packages 2018/19

There were no exit packages agreed in 2018/19.

28. EXTERNAL AUDIT COSTS

The PSAA Ltd has tendered all local government external audit work for 2012/13 onwards and EY were appointed as the Council's external auditors. A new contract was agreed from 1st April 2018 to 31st March 2022.

In 2019/20 the following costs relating to external audit and inspection were paid:

	2019/20	2018/19
	£000s	£000s
Fees payable to EY with regard to external audit services carried out by the appointed auditor	68	63
Fees payable to EY for the certification of grant claims and returns	19	10
Total External Audit Costs	87	73

29. GRANT INCOME

The following grant income and donations have been credited to the Council's Comprehensive Income and Expenditure Statement in 2019/20:

31 March 2020 £000s		31 March 2019 £000s
	Credited to Taxation and Non Specific Grant Income	
0	Revenue Support Grant	509
0	Second Homes Monies	44
3,941	New Homes Bonus	3,838
150	Other	73
4,091	General Grants	4,464
4,097	Capital grants and contributions	1,274
8,188	Total Credited to Taxation & Non Specific Grant Income	5,738
	Credited to Services	
21,157	DWP Housing Benefit	23,676
240	DWP HB Admin Grant	267
126	Council Tax Support Admin Grant	113
308	Section 106 Developer Contributions	100
140	Homelessness Grants	384
917	DFG Capital Grant	942
0	NCC Pooled Business Rates	250
0	Homes England Funding	363
470	Other	898
23,359	Total Credited to Services	26,993
31,547	Total Grants Credited to Comprehensive Income & Expenditure Statement	32,731

The Council has also received a number of grants that have yet to be recognised as income as they have conditions attached to them that will require monies to be returned if the conditions are not met.

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

31 March 2020 £000s	Balance Sheet	31 March 2019 £000s
0	Revenue Grants Receipts in Advance (Short Term)	152
0	Capital Grants Receipts in Advance (Short Term)	72
3,887	Grants Receipts in Advance (Long Term)	2,930
3,887		3,154

30. RELATED PARTIES

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

Members of the Council have direct control over the Council's financial and operating policies. Members Allowances paid during the year to 31st March 2020 are disclosed in Note 26.

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

The following related party transactions existed during the year to 31 March 2020:

One member of the Council is on the Board of Saffron Housing Trust. During 2019/20, Saffron Housing Trust was paid £356,000 by the Council, principally for Disabled Facilities Grants towards improvements to the Trust's properties.

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

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

Three members are board members of local Internal Drainage Boards.

The Council controls the following companies through 100% ownership of the share capital in Big Sky Ventures Ltd which acts as a holding company for: Big Sky Developments Ltd and Big Sky Property Management Ltd. Following the sale of 50% of its shareholding to NPS Property Consultants Limited on 2nd January 2018, the Council now has a 50% shareholding in Build Insight Ventures Ltd which acts as a holding company with Build Insight Ltd and Build Insight Consulting Ltd. These companies had normal commercial trading relationships with each other and with the Council.

The Managing Director of South Norfolk Council was a Director of Big Sky Ventures Ltd, Big Sky Developments Ltd and Big Sky Property Management Ltd. The Director of Resources was a Director of Build Insight Ventures Ltd and Build Insight Consulting Ltd, appointed on 25 April 2019. The Council is collaborating with Broadland District Council with all officers now serving both Councils and sharing a single senior officer structure.

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

As at 31 March 2020, South Norfolk Council held £6.47 million in equity in Big Sky Ventures Ltd. It had outstanding loans to Big Sky Developments Ltd of £11 million and to Big Sky Property Management Ltd of £3.16 million. The Council charges a commercial rate of interest on each loan, that can vary to reflect the level of risk and asset base of each company, except for one loan of £2 million granted at base rate, which was funded by monies from Home England.

During 2019/20, the Council received £547,000 in interest from Big Sky Developments Ltd. It received £126,000 in interest from Big Sky Property Management Ltd.

During 2019/20, the Council made payments of £95,000 to Big Sky Property Management Ltd, principally for services relating to the Council's own commercial properties, project management and its property maintenance scheme.

31. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2019/20 £000s	2018/19 £000s
Opening capital financing requirement	0	0
Capital Investment:		
Tangible Fixed Assets	1,181	4,264
Investment Properties	896	1,646
Intangible Fixed Assets	92	58
Revenue Expenditure Funded from Capital under Statute	2,353	2,425
Investments and loans	5,103	7,533
Debtors	0	0
	9,625	15,926
Sources of Finance:		
Capital Receipts	(355)	(7,706)
Revenue Contributions	(1,972)	(5,043)
Grants & Contributions	(4,298)	(3,177)
	(6,625)	(15,926)
Closing Capital Financing Requirement	3,000	0

32. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

2019/20			2018/19			
Expenditure	Grants Received	Expenditure funded from other sources	Expenditure	Grants Received	Expenditure funded from other sources	
£000s	£000s	£000s	£000s	£000s	£000s	
909	(909)	0	Improvement Grants	686	(686)	0
27	(3)	24	Aids & Adaptations	356	(256)	100
250	(250)	0	Section 106	533	(533)	0
12	(12)	0	Play Area Refurbishments	1	(1)	0
0	0	0	Highways Works	613	(613)	0
12	0	12	Toilet Refurbishment	98	0	98
74	(74)	0	Ketts Park	76	(76)	0
440	0	440	Street Lighting	52	0	52
570	0	570	Better Broadband	0	0	0
59	0	59	Grant for Affordable Housing	0	0	0
0	0	0	Diss Heritage	10	0	10
2,353	(1,248)	1,105	2,425	(2,165)	260	

33. DEFINED BENEFIT PENSION SCHEME

As part of the terms and conditions of employment of its Officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme. Until 31 March 2014, this was a defined benefit final salary scheme, administered by Norfolk County Council. From 1 April 2014, the scheme changed to an average salary scheme, details of which can be found on page 69.

This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

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 South Norfolk 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 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.

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.

2019/20 results

We recognise the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirements is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme	
	2019/20	2018/19
	£000s	£000s
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
<i>Service cost comprising:</i>		
- Current service cost	(5,152)	(4,213)
- Past service cost	(12)	0
<i>Financing and Investment Income and Expenditure</i>		
- Net interest expense	(1,679)	(1,501)
<i>Total Post-employment Benefits charged to the Surplus or (Deficit) on the Provision of Services</i>	<u>(6,843)</u>	<u>(5,714)</u>

	2019/20 £000s	2018/19 £000s
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the new defined benefit liability comprising:		
- Return on plan assets (excluding amount included in the net interest expense)	(6,267)	2,666
- Actuarial gains and losses arising on changes in demographic assumptions	4,016	0
- Actuarial gains and losses arising on changes in financial assumptions	13,187	(12,459)
- Other	4,331	(43)
<i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	<u>15,267</u>	<u>(9,836)</u>

Movement in Reserves Statement

- Reversal of net changes made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(6,791)	(5,766)
- Actual amount charged against the General Fund Balance for pensions in year	3,577	3,108
Employers' contributions payable to the scheme	<u>(3,214)</u>	<u>(2,658)</u>

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans are as follows:

	Local Government Pension Scheme	
	2019/20 £000s	2018/19 £000s
Present value of the defined benefit obligation	137,896	153,349
Fair value of plan assets	(80,772)	(84,535)
Net liability arising from defined benefit obligation	<u>57,124</u>	<u>68,814</u>

Reconciliation of the Movements in the Fair Value of Scheme (Plan) assets

	Local Government Pension Scheme	
	2019/20 £000s	2018/19 £000s
Opening fair value of scheme assets	84,535	79,925
Interest income	2,039	2,159
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	(6,267)	2,243
Contributions from employer	3,214	2,606
Contributions from employees into the scheme	778	743
Benefits paid	(3,527)	(3,141)
Closing fair value of scheme assets	<u>80,772</u>	<u>84,535</u>

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Local Government Pension Scheme	
	2019/20 £000s	2018/19 £000s
Opening balance at 1 April	153,349	134,774
Current service cost	5,152	4,213
Past service cost	12	0
Interest cost	3,718	3,669
Contributions from scheme participants	778	743
Remeasurement (gains) and losses:		
- Actuarial gains/losses arising from changes in demographic assumptions	(4,016)	641
- Actuarial gains/losses arising from changes in financial assumptions	(13,187)	12,459
- Other	(4,331)	43
Benefits paid	(3,579)	(3,193)
Closing balance at 31 March	137,896	153,349

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets			
	2019/20 £000s	% of total assets	2018/19 £000s	% of total assets
Equity instruments:				
By industry type				
Consumer	2,993	4.0%	5,266	6.2%
Manufacturing	2,373	3.0%	4,351	5.1%
Energy and utilities	724	1.0%	1,902	2.2%
Financial institutions	2,029	3.0%	4,606	5.4%
Health and care	1,875	2.0%	2,045	2.4%
Information Technology	2,493	3.0%	4,157	4.9%
Other	1	0.0%	3	0.0%
Sub-total equity	12,488		22,330	
Debt securities:				
UK Government	939	1.0%	974	1.1%
	939		974	
Property:				
By type				
UK property	6,950	9.0%	8,410	9.9%
Overseas property	1,592	2.0%	1,623	1.9%
Sub-total property *	8,542		10,033	
Private equity:				
All	4,861	6.0%	5,245	6.2%
Sub-total private equity *	4,861		5,245	

Investment Funds and Unit Trusts:				
Equities	23,345	29.0%	14,619	17.2%
Bonds	26,318	33.0%	29,417	34.6%
Infrastructure	2,256	3.0%	0	0.0%
Sub-total other investment funds	51,919		44,036	
Derivatives:				
Foreign Exchange	(113)	0.0%	(23)	0.0%
Other	0	0.0%	243	0.3%
	(113)		219	
Cash and Cash Equivalents:				
All	2,137	3.0%	2,121	2.6%
	2,137		2,121	
Total assets				
	80,773		84,958	

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method to give an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Norfolk Pension Fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries and are based upon the latest full valuation of the scheme as at 31 March 2019.

The Principal assumptions used by the actuary have been:

Local Government Pension Scheme		
	2019/20	2018/19
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	21.7	22.1
Women (years)	23.9	24.4
Longevity at 65 for future pensioners:		
Men (years)	22.8	24.1
Women (years)	25.5	26.4
Rate of increase in salaries	2.6%	2.8%
Rate of increase in pensions	1.9%	2.5%
Rate for discounting scheme liabilities	2.3%	2.4%

The estimate of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit

method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in Assumptions at year ended 31 March 2020	Approximate % increase to Employer Liability	Approximate Monetary Amount (£'000s)
0.5% increase in the Salary Increase Rate	1%	1,469
0.5% increase in the Pension Increase Rate	9%	12,803
0.5% decrease in Real Discount Rate	10%	14,404

Impact on the Council's Cash Flows

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

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

The Council is anticipated to pay £3,029,000 expected contributions to the scheme in 2020/21.

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

34. CONTINGENT ASSETS & LIABILITIES

NHS Trust

The Council received a claim for mandatory business rates relief from a local NHS Trust based on charitable status. The High Court ruled against this and the NHS have since lodged an application for Permission to Appeal against the High Court decision. The timing, probability and amount of any relief therefore remains uncertain at the current time.

Other

There are ongoing planning and regulatory cases for which the Council has made a provision to cover its own legal costs. However, there is uncertainty over the outcome of these cases which could lead to further expenditure in the coming financial year.

No contingent assets have been identified.

35. INFRASTRUCTURE INVESTMENT FUND

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, as the accountable body and in accordance with the agreement, established the Infrastructure Investment Fund from the CIL income it has received from each of the authorities. At 31st March 2020, the Infrastructure Investment Fund had a cash balance of £6.350m which will be used to support projects currently in progress, projects already approved but not yet started or future projects.

COLLECTION FUND STATEMENT

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.

	Total 2019/20 £000s	Business Rates £000s	Council Tax £000s	Total 2018/19 £000s	Business Rates £000s	Council Tax £000s
Income						
Business Rates Receivable (Note 2)	31,658	31,658	-	30,122	30,122	-
Council Tax Receivable	91,354	-	91,354	86,002	-	86,002
	123,012	31,658	91,354	116,124	30,122	86,002
Expenditure						
Precepts, Demands and Shares (Note 4)						
Central Government	7,547	7,547	-	15,312	15,312	-
Norfolk County Council	76,749	9,811	66,938	66,839	3,005	63,834
South Norfolk Council (including Parish Councils re.Council Tax)	24,053	12,830	11,223	22,674	12,021	10,653
Norfolk Police and Crime Commissioner	12,436	-	12,436	11,058	-	11,058
Charges to Collection Fund						
Cost of Collection	170	170	-	164	164	-
Designated Area/Renewable Energy Schemes (Disregarded)	180	180	-	159	159	-
Transitional Protection payments due to/(from) central government	(220)	(220)	-	30	30	-
Increase/(decrease) in allowance for impairment of debts/appeals	(117)	(412)	295	(171)	(208)	37
Increase/(decrease) in provision for appeals	(213)	(213)	-	1,388	1,388	-
Write Offs of uncollectable amounts	0	0	0	446	350	96
Apportionment of Previous Year Surplus/ (Deficit)						
Contribution to Central Government	860	860	-	(1,749)	(1,749)	-
Contribution to Norfolk County Council	331	172	159	(192)	(350)	158
Contribution to South Norfolk Council	715	688	27	(1,372)	(1,399)	27
Contribution to Norfolk Police and Crime Commissioner	28	-	28	28	-	28
	122,519	31,413	91,106	114,614	28,723	85,891
Surplus/(Deficit) for Year (Note 5)	493	245	248	1,510	1,399	111
Collection Fund Balance						
Balance at beginning of the Year	(157)	(286)	129	(1,667)	(1,685)	18
Surplus/(Deficit) (+/-) for Year	493	245	248	1,510	1,399	111
Balance at End of the Year	336	(41)	377	(157)	(286)	129

NOTES TO THE COLLECTION FUND

1 GENERAL

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows transactions in relation to Non-Domestic Rates and Council Tax. The Collection Fund is consolidated with the Council's accounts.

2 INCOME FROM BUSINESS RATES

The Council acts as the billing authority for itself, Norfolk County Council and Central Government and each authority retains a share of the business rate income. The Council collects non-domestic rates for the area based on local rateable values multiplied by a uniform rate. The total non-domestic rateable value at 31 March 2020 was £88.91 million (£86.75 million 31 March 2019). The standard non-domestic multiplier for the year was 50.4p (49.3p 2018/19) and the small business multiplier 49.1p (48.0p 2018/19).

3 COUNCIL TAX

The Council's tax base was calculated as follows:

Band	Estimated No. of Taxable Properties after Discounts	Ratio	Band D Equivalents
A	3,857	6/9	2,571
B	13,497	7/9	10,498
C	13,575	8/9	12,067
D	9,811	9/9	9,811
E	6,473	11/9	7,911
F	2,800	13/9	4,044
G	1,387	15/9	2,312
H	101	18/9	202
	<u>51,501</u>		<u>49,416</u>
Adjustment for changes during the year and losses on collection			(278)
Council Tax Base			<u>49,138</u>

The average total Band D Council Tax for the year was £1,843.73 (2018/19 £1,772.64).

4 COUNCIL TAX PRECEPTS AND DEMANDS

	2019/20 £000s	2018/19 £000s
Norfolk County Council	66,938	63,834
Norfolk Police and Crime Commissioner	12,436	11,058
South Norfolk District Council	7,371	6,998
Parish Councils	3,852	3,655
	<u>90,597</u>	<u>85,545</u>

5 SURPLUS/(DEFICIT)

The Council Tax Collection Fund has increased with an in-year surplus of £248,000 together with a brought forward surplus balance of £129,000 leading to an overall surplus of £377,000 on the Council Tax Collection Fund as at 31 March 2020.

The localised Non-Domestic (Business) Rate Scheme has resulted in a NDR Collection Fund deficit balance of £41,000 as at 31 March 2020 compared to a deficit balance of £286,000 as at 31 March 2019.

6 COLLECTION FUND BALANCE

On the basis that Council Tax surpluses and deficits are shared between South Norfolk Council, Norfolk County Council and Norfolk Police and Crime Commissioner on an agency arrangement basis and Non-Domestic Rate surpluses and deficits are shared between South Norfolk Council, Norfolk County Council and Central Government, as required by the Code, the Collection Fund balance has been accounted for as follows:

	31 March 2020 £000s	31 March 2019 £000s
Central Government	(508)	(143)
Norfolk Police and Crime Commissioner	48	17
Norfolk County Council	715	67
South Norfolk District Council	81	(98)
	336	(157)

In the Balance Sheet as at 31 March 2020 the £336,000 surplus has been split as a part of an overall creditor to Norfolk County Council, debtors from Central Government and Norfolk Police and Crime Commissioner and a £81,000 surplus to the Collection Fund Adjustment Account.

SIGNIFICANT ACCOUNTING POLICIES

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

1. General Principles

The Statement of Accounts summarises the Council's transactions for the financial year 2019/20 and its position at the year end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. The regulations require these to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

2. Accruals of Income and Expenditure – Change in accounting Policy

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

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

3. Cash and Cash Equivalents

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

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

4. Prior Period Adjustments

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 where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or 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.

5. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, impairment losses, amortisation or revaluations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis, determined by the Council in accordance with statutory guidance.

Depreciation, impairment losses, amortisation and revaluations (not charged through the Revaluation Reserve) are adjusted through the Capital Adjustment Account and reversed out of the Comprehensive Income and Expenditure Statement through the Movement in Reserves Statement.

6. Employee Benefits

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and flex leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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. These 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 (can no longer withdraw from) the termination of the

employment of an Officer or group of Officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits Employees of the Council are eligible to become members of the Local Government Pension Scheme (subject to qualifying criteria), administered by Norfolk County Council.

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

- 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% based on the yield available on a basket of AA- rated bonds with long terms to maturity (the iBoxx Sterling Corporates AA over 15 years Index).
- The assets of the Norfolk 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 the following components:
 - Service cost comprising:
 - current service cost, being the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
 - past service cost, being the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
 - net interest cost, being 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.
 - Remeasurements comprising:
 - return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) and charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses, being changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is

charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the Norfolk pension fund, being cash paid as employer's contributions to the pension fund; not accounted for as an expense.

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

7. Events after the Balance Sheet Date

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

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

8. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial assets

Financial assets are subsequently measured as:

- Amortised cost – assets whose basic contractual terms are basic lending arrangements of solely principal and interest or principal (SPPI) in that they give rise on specified dates to cash flows in accordance with the Council's business model for collecting those cash flows
- Fair value through other comprehensive income (FVOCI) – cash flows are solely payments of principal and interest and the Council's business model for managing those assets is to collect those cash flows and sell the assets
- Fair value through profit and loss (FVPL) applies in all other circumstances where the instrument fails the SPPI test.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, or where relevant FVOCI, 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.

The expected credit loss model is not applicable to the Fair value at profit and loss model.

Impairment losses, where material, 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.

9. Government Grants and Other Contributions

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

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

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

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

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

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

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will largely be used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

10. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) are capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment (5 years).

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

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

11. Inventories

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

12. Investment Property

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

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

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

13. 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 building 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

The Council as a lessee recognises finance leases as assets and liabilities on the Balance Sheet at amounts equal to the lower of fair value or the present value of the minimum lease payments. The discount rate used is the rate implicit in the lease or the Council's incremental borrowing rate - whichever is more practicable.

Rentals payable are apportioned between:

- finance charge (interest). The finance charge is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement; and
- the reduction of the outstanding liability - the liability is written down as the rent becomes payable.

Assets recognised under finance leases are accounted for using the policies applied generally to items of Property Plant & Equipment. The depreciation and revaluation of assets recognised under finance leases is consistent with the policy for owned assets, subject to depreciation being charged over the shorter of the lease term and the asset's estimated useful life. After initial recognition, such assets are subject to revaluation in the same way as any other asset.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Operating lease payments are charged to the relevant service line in the Comprehensive Income and Expenditure Statement benefitting from the use of the leased property, plant or equipment.

The Council as Lessor:

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. All assets subject to operating leases will be presented on the Balance Sheet according to the nature of the asset. Costs, including depreciation are recognised as an expense.

Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

14. Overhead and Support Services

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

15. Property, Plant & Equipment

Property, Plant & Equipment are non-current assets that have physical substance and are held for use in the provision of services, for rental to others, or for administrative purposes and that benefit the Council for a period of more than one financial year.

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

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

Componentisation Policy - Where an item of property or plant has more than one major component, the Code states that the Council needs to apply the principles of component accounting and depreciate it separately over that major component's remaining useful economic life. Any asset deemed to be of sufficient value, in line with this Council's componentisation policy, shall be depreciated separately in accordance with the Code, unless the componentisation makes no material difference to the overall depreciation charge. It is the Council's componentisation policy to account separately for any major class of component, in respect of enhancement expenditure, disposal or valuation, where the following criteria are met:-

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

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

Measurement – Assets are initially measured at cost, comprising purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction (excluding investment property) shall be measured at depreciated historical cost (DHC).
- Surplus assets shall be measured at fair value, estimated at the highest and best use from a market participant's perspective.
- All other assets shall be valued at current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV). If there is no market-based evidence of current value because of the specialist nature of the asset and the asset is rarely sold, the estimate for current value may be depreciated replacement cost (DRC). Specialist assets will only be categorised as such, and DRC applied, when so determined by a professionally qualified valuer.
- Non-property assets such as vehicles, plant & equipment shall be measured at current value. For assets that have short useful lives, i.e. less than 7 years, or low values, i.e. less than £50,000 or both, DHC will be used as a proxy for current value.

Assets included on the Balance Sheet at current value are valued on a rolling 5-year programme or when there has been a material change in the value. Where there has been a

market condition affecting property values, indexation will be applied only if the change in values is found to be material.

Where decreases in value are identified, they are accounted for, as below:

- 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 an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

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

Depreciation – Land and buildings are separate assets even if acquired together. Depreciation applies to all property, plant and equipment except:

- freehold land, as this is considered to have an infinite useful life;
- investment properties carried at current value;
- assets held for sale;
- assets where it can be demonstrated that the asset has an unlimited useful life.

An asset shall not be depreciated:

- until it is available for use;
- when the residual value of an asset is equal or greater than the asset's carrying amount.

For all assets that are depreciated, depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful economic life of the property as estimated by the valuer (ranges from 25 to 57 years)
- Vehicles, plant and equipment – straight line allocation using internally assessed useful economic life, usually defined by the service user (ranges from 3 to 20 years)

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

Depreciation charged to the Comprehensive Income and Expenditure Statement is not a charge to the General Fund; such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement. On a revalued asset, a transfer between the Revaluation Reserve and Capital Adjustment Account is carried out which represents the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's historical cost.

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

Where impairment losses/revaluation losses are identified, they are accounted for as below:

- 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 the balance (up to the amount of the accumulated gains).

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where impairment losses/revaluation losses are reversed subsequently, 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 and Non Current Assets Held for Sale – A non-current asset is classified as held for sale, and therefore becomes a current asset, if it is probable that the carrying amount will be recovered principally through a sale transaction rather than through continued use.

The following criteria will have been met before an asset can be classified as held for sale:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

16. Fair Value Measurement

The Council measures some of its non-financial assets, such as investment properties and significant surplus assets, and some of its financial instruments, such as equity shareholdings,

at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed 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.

17. Provisions and Contingent Liabilities

Provisions – Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

18. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts 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 or 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 there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant notes.

19. Revenue Expenditure funded from Capital under Statute

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

20. Value Added Tax

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

21. Council Tax and Non-Domestic Rate Income

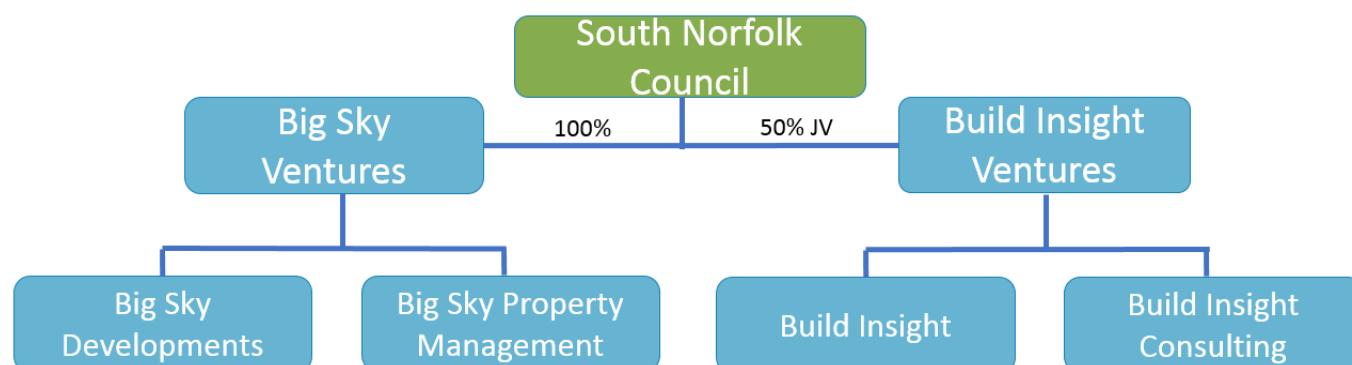
Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (NDR). In its capacity as a billing authority, the Council acts as an agent collecting and distributing Council Tax and NDR income on behalf of the major preceptors and itself. The Council's share of Collection Fund income and expenditure is recognised in the Comprehensive Income and Expenditure Statement in the Taxation and Non-Specific Grant Income and Expenditure section.

GROUP ACCOUNTS

1. INTRODUCTION

For a variety of legal, regulatory and other reasons, local authorities often choose (or are required) to conduct their activities not through a single legal entity but through two or more legal entities which fall under its ultimate control. For this reason, the financial statements of the local authority do not necessarily, in themselves, present a full picture of its economic activities or financial position. Because of this, The Code of Practice requires a local authority to prepare group accounts if it has a control over one or more other legal entities. The aim of the group accounts is to give an overall picture of the extended services and economic activity that is under the control of the local authority.

South Norfolk Council (the reporting authority) has the following subsidiary and joint venture companies:



- Big Sky Ventures Ltd** – This is the top level holding company for Big Sky Developments Ltd and Big Sky Property Management Ltd. The Council is sole shareholder of this company which in turn is sole owner of the other companies in the group.
 The results for the year show a loss of £501,926 (2018/19: loss of £176,724) due to timing of development projects, with net assets of £6,486,596 (2018/19: £7,008,444).
 The group accounts of this company are consolidated into the Council's group accounts.
- Big Sky Developments Ltd** – This is a property developments company and was formerly named Rosebery Park Developments Limited.
 The results for the year show a loss of £580,922 (2018/19: profit of £23,198) due to timing of development projects, with net assets of £3,422,304 (2018/19: £4,003,226).
- Big Sky Property Management Ltd** – This company manages properties retained for private sector rental.
 The results for the year show a profit of £80,142 (2018/19: profit of £154,727) with net assets of £3,069,395 (2018/19: 3,009,175).

- **Build Insight Ventures Ltd** – This is a holding company (50% owned by South Norfolk Council) for the Council's Approved Inspector operations. For the avoidance of doubt, CNC is not part of this structure.
The results for the year show a loss of £89,794 (2018/19: loss of £77,091). The net liabilities of the company were £55,070 (2018/19: net assets of £34,724).
The group accounts of this company are consolidated on an equity basis onto the Council's group accounts.
- **Build Insight Ltd** – This is the Approved Inspector company.
The results for the year show a loss of £124,341 (2018/19: loss of £155,446) with net liabilities of £167,123 (2018/19: £42,782 liabilities).
- **Build Insight Consulting Ltd** – This is the company that can be used to provide consultancy services relating to Approved Inspector work.
The results for the year show a profit of £35,660 (2018/19: profit of £79,483) with net assets of £116,807 (2018/19: £81,147 assets).

2. BASIS OF CONSOLIDATION

The group income and expenditure account, group balance sheet, group movement in reserves statement and group cash flow statement have been prepared by consolidating the accounts of the reporting authority (South Norfolk Council) and the group accounts of its subsidiary company (Big Sky Ventures Ltd) on a line by line basis. The group accounts of Build Insight Ventures Ltd (joint venture company) have been fully consolidated on a 50% joint venture basis (equity method) from 1st January 2018.

50% of Build Insight Ventures Ltd was acquired by Norfolk Property Services (NPS) Ltd on 1st January 2018 and South Norfolk Council owns the other 50%. The company was formerly part of the Big Sky Ventures group.

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

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s
Balance brought forward as at 1 April 2018	22,384	2,587	0	24,971	(1,549)	23,422
Movement in Reserves during 2018/19:						
Total Comprehensive Expenditure and Income (Council single entity) (page 28)	(67)	0	0	(67)	(10,603)	(10,670)
Total Comprehensive Expenditure and Income (Group companies)	198	0	0	198	0	198
Adjustments between accounting basis & funding basis under regulations	(877)	(2,022)	262	(2,637)	2,637	0
Increase/Decrease in Year	(746)	(2,022)	262	(2,506)	(7,966)	(10,472)
Balance carried forward at 31 March 2019	21,638	565	262	22,465	(9,515)	12,950
Movement in Reserves during 2019/20:						
Total Comprehensive Expenditure and Income (Council single entity) (page 28)	3,483	0	0	3,483	15,692	19,175
Total Comprehensive Expenditure and Income (Group companies)	(552)	0	0	(552)	0	(552)
Adjustments between accounting basis & funding basis under regulations	(919)	1,310	1,372	1,763	(1,763)	0
Increase/Decrease in Year	2,012	1,310	1,372	4,694	13,929	18,623
Balance carried forward at 31 March 2020	23,650	1,875	1,634	27,159	4,414	31,573

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Restated					
	Year ended 31 March 2020			Year ended 31 March 2019		
	Gross Expenditure £000s	Gross Income £000s	Net £000s	Gross Expenditure £000s	Gross Income £000s	Net £000s
Gross expenditure, gross income and net expenditure of continuing operations:-						
People & Communities	37,460	(30,865)	6,595	38,753	(33,309)	5,444
Place	8,659	(4,932)	3,727	7,516	(4,926)	2,590
Resources	8,691	(1,740)	6,951	7,297	(1,125)	6,172
Managing Director	1,234	(78)	1,156	1,455	(44)	1,411
Corporate Management	3,075	(3,240)	(165)	8,983	(8,162)	821
Cost of Services	59,119	(40,855)	18,264	64,004	(47,566)	16,438
Other Operating Expenditure:						
Precepts paid to Parish Councils			3,842			3,632
(Gain)/Loss on disposal of non-current assets			(701)			(232)
Financing and Investment Income and Expenditure:-						
Interest payable or similar charges			20			20
(Gain)/Loss on trading accounts			(399)			(347)
Other investment property income			(30)			(30)
Pensions interest (income)/expenditure			1,679			1,510
Investment interest income			(304)			(224)
(Gain)/Loss on revaluation of Investment Property and Assets Held for Sale			(72)			768
Taxation and Non-Specific Grant Income and Expenditure:-						
Council Tax Income			(11,284)			(10,695)
Business Rates Income and Expenditure			(5,807)			(4,886)
Capital Grants			(4,097)			(1,601)
General Grants			(4,091)			(4,464)
(Surplus)/Deficit on provision of service for the Year			(2,980)			(111)
Joint Venture accounted for on an equity basis			50			(26)
Taxation expenses of subsidiaries			(1)			6
Group (Surplus)/Deficit			(2,931)			(131)
(Surplus)/deficit on revaluation of property, plant and equipment assets			(425)			398
Remeasurement of the pensions net defined benefit liability/(asset)			(15,267)			10,205
Other Comprehensive Income and Expenditure			(15,692)			10,603
Total Comprehensive Income and Expenditure			(18,623)			10,472

GROUP BALANCE SHEET

	As at 31 March 2020 £000s	As at 31 March 2019 £000s
Non Current Assets		
Property, Plant & Equipment	30,907	31,164
Intangible Fixed Assets	345	341
Investment Properties (Group Note 4)	19,363	19,089
Investments in Joint Ventures	0	17
Long Term Investments (Group Note 2)	25	25
Long Term Debtors (Group Note 1)	5,406	2,091
Total Non-Current Assets	56,046	52,727
Current Assets		
Cash and cash equivalents	23,964	13,652
Debtors (Group Note 5)	14,844	6,110
Short Term Investments	10,022	17,017
Inventories (Group Note 3)	18,449	16,439
Total Current Assets	67,279	53,218
Current Liabilities		
Creditors	(27,989)	(17,675)
Revenue Grants Receipts in Advance	0	(152)
Capital Grants Receipts in Advance	0	(72)
Liabilities in Joint Ventures	(16)	0
Short Term Provisions	(1,490)	(1,766)
Total Current Liabilities	(29,495)	(19,665)
Long Term Liabilities		
Long Term Creditors	(846)	(1,174)
Grants Receipts in Advance	(3,886)	(2,930)
Provisions	(401)	(412)
Pension Scheme Liability	(57,124)	(68,814)
Total Long Term Liabilities	(62,257)	(73,330)
Net Assets	31,573	12,950
Usable Reserves		
General Fund Balance	932	1,623
General Reserves	22,741	19,691
Usable Capital Receipts Reserve	1,875	565
Capital Grants Unapplied	1,634	588
Unusable Reserves		
Capital Adjustment Account	53,392	51,598
Collection Fund Adjustment Account	185	(98)
Deferred Capital Receipts Reserve	12	12
Financial Instruments Adjustment Account	(36)	0
Pension Reserve	(57,124)	(68,814)
Revaluation Reserve	8,157	7,849
Short Term Accumulated Absences Account	(195)	(64)
Total Net Worth	31,573	12,950

GROUP CASHFLOW STATEMENT

	31 March 2020 £000s	31 March 2019 £000s
Net Surplus/(Deficit) on the provision of services	2,931	131
Adjustment to surplus or deficit on the provision of services for noncash movements	8,057	11,676
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(5,879)	(4,372)
Net Cash flows from Operating activities	5,109	7,435
Net Cash flows from Investing Activities	6,391	(19,730)
Net Cash flows from Financing Activities	(1,189)	6,975
Net increase or (decrease) in cash and cash equivalents	10,311	(5,320)
Cash and cash equivalents at the beginning of the reporting period	13,653	18,973
Cash and cash equivalents at the end of the reporting period	23,964	13,653

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. GROUP LONG TERM DEBTORS

	31 March 2020 £000s	31 March 2019 £000s
Balance per South Norfolk Council single entity accounts (Note 17)	16,420	6,350
Elimination of intercompany balances	(1,828)	(567)
Consolidate Council owned companies' debtors	475	327
Group balance as at 31 March 2020	15,067	6,110

2. GROUP LONG TERM INVESTMENTS

	31 March 2020 £000s	31 March 2019 £000s
Balance per South Norfolk Council single entity accounts (Note 16)	6,577	6,493
Eliminate Council owned companies' investments	(6,552)	(6,468)
Group balance as at 31 March 2020	25	25

3. GROUP INVENTORIES

	31 March 2020 £000s	31 March 2019 £000s
Balance per South Norfolk Council single entity accounts	59	5
Consolidate companies' inventories	18,390	16,434
Group balance as at 31 March 2020	18,449	16,439

4. GROUP INVESTMENT PROPERTIES

	31 March 2020 £000s	31 March 2019 £000s
Balance per South Norfolk Council single entity accounts (Note 11)	12,508	12,596
Consolidate Council owned companies' investment properties	6,575	6,493
Group balance as at 31 March 2020	19,083	19,089

5. GROUP DEBTORS

	31 March 2020 £000s	31 March 2019 £000s
Balance per South Norfolk Council single entity accounts (Note 17)	16,197	6,350
Elimination of intercompany balances	(1,828)	(567)
Consolidate Council owned companies' debtors	475	327
Group balance as at 31 March 2020	14,844	6,110

6. GROUP CASHFLOW STATEMENT – NOTES

The cash flows for operating activities include the following items:

	31 March 2020 £000s	31 March 2019 £000s
Interest received	321	224
Interest paid	(20)	(20)
	301	204

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

	31 March 2020 £000s	31 March 2019 £000s
Depreciation	1,538	1,482
Impairment and downward valuations	(66)	(539)
Amortisation	119	158
Movement in contract assets, liabilities and costs (IFRS 15)	45	657
Increase/(decrease) in creditors	12,104	7,151
(Increase)/decrease in debtors	(7,977)	4,546
(Increase)/decrease in inventories	(2,010)	(6,149)
Movement in pension liability	3,577	3,758
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	859	6
Other non-cash items charged to the net surplus on the provision of services	(149)	606
	8,057	11,676

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

	31 March 2020 £000s	31 March 2019 £000s
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,581)	(239)
Any other items for which the cash effects are investing or financing cash flows	(4,298)	(4,116)
	(5,879)	(4,355)

7. OFFICER REMUNERATION

Big Sky Developments Ltd and Big Sky Property Management Ltd

In 2019/20, the remuneration of senior employees who have the power to direct or control the major activities of the companies, in particular activities involving the expenditure of money, and whose annual salaries were between £50,000 and £150,000 were as per the table below.

Disclosed are annualised salaries of £50,000 or more: amounts paid are shown below.

Role	Financial Year	Salary £	Expenses £	Total Remunerati on (Excl Pension Contributio ns) £	Pension Contributions £	Total Including Pension Contributions £
Development Director	2019/20	69,419	379	69,798	0	69,798
	2018/19	61,892	0	61,892	0	61,892

One Director of Big Sky Developments Ltd received £25,000, two received £10,000 and two received £5,000 each during 2019/20 in recognition of the successful performance of Big Sky Developments Ltd in 2018/19.

INDEPENDENT AUDITOR'S REPORT



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

Opinion

We have audited the financial statements of South Norfolk District Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- Expenditure and Funding Analysis,
- The related notes 1 to 35 to the Authority Accounts and 1 to 7 to the Group Accounts,
- Collection Fund and the related notes 1 to 6 and
- The Significant Accounting Policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of South Norfolk District Council and Group as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Assistant Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Assistant Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the “*Statement of Accounts 2019/2020*”, other than the financial statements and our auditor’s report thereon. The Assistant Director of Finance is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, South Norfolk District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Assistant Director of Finance

As explained more fully in the “*Statement of the Responsibilities*” set out on page 25, the Assistant Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether South Norfolk District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether South Norfolk District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

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

Use of our report

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

MARK HODGSON

ERNST & YOUNG LLP

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Date: 17 February 2021

Mark Hodgson (Key Audit Partner) Ernst &
Young LLP (Local Auditor) Cambridge

GLOSSARY OF FINANCIAL TERMS

Accounting Period

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

Accruals

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

Amortisation

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

Assets Held for Sale

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

Capital Charges

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

Capital Expenditure

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

Capital Receipts

The money received from the sale of assets.

Carrying Value

See 'Net Book Value' below.

Community Infrastructure Levy

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

Creditors

Amounts incurred by the Council but not yet paid.

Contingency

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

Current Assets

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

Current Liabilities

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

Current Value

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

Debtors

Amounts due to the Council but not yet received.

Deferred Capital Receipts

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

Depreciation

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

Direct Revenue Financing

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

Fair Value

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

Finance Lease

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

General Fund

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

Government Grants

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

Gross Book Value

The gross value of an asset prior to depreciation.

Intangible Asset

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

Market Value

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

Net Book Value

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

Net Realisable Value

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

Non-Current Assets (formerly Fixed Assets)

Assets which can be expected to be of use or benefit the Council in providing its service for more than one accounting period.

Operating Lease

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

Operational Assets

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

Precepts

The amount which a local authority, which cannot levy a Council Tax directly on the public (for example County Council), requires to be collected on its behalf by South Norfolk Council.

Present Value

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

Provisions

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

Residual Value

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

Revenue Expenditure Funded from Capital under Statute

Capital expenditure for which the Council either never had, or no longer holds a capital asset.

Reserves

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

Revenue Expenditure

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

Revenue Support Grant

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

Support Service Costs

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

GLOSSARY OF ABBREVIATIONS

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