

# Draft Statement of Accounts 2021/2022



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 **Broadland**  
District Council  
*Community at heart*

# STATEMENT OF ACCOUNTS

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# NARRATIVE REPORT

## 1. About Broadland District Council

Broadland is home to approximately 131,700 people. It is equally divided between urban and rural locations.

There are large urban areas on the borders of Norwich City including, Catton, Hellesdon, Thorpe St Andrew and Sprowston. The 3 market towns of Acle, Aylsham and Reepham 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 North Walsham, Reedham, Blofield, Brundall and Taverham. Wroxham Broad and the River Bure are tourist attractions and contribute to the local economy.

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

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

Broadland 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 assistance
- Tourism and leisure
- Open spaces.

The Council is made up of 47 councillors, with the Conservatives being the majority group. The Cabinet consists of 7 portfolio members of the Conservative Group.

Broadland comprises 65 parishes of varying sizes.

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

Broadland District Council's Band D Council tax for 2021/22 (excluding special expenses) was £129.91.

## **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 Tax payers, 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.

## **3. Joint Working Arrangement with South Norfolk Council**

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

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

#### 4. Strategic Plan 2020-24

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

### 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

Working in partnership with South Norfolk has enabled us to have a stronger voice nationally, securing increased funding of £147.4m from central government to support our coronavirus response. This has enabled us to continue providing the local services our communities value. This comes at a time when many councils are facing funding pressures and budget gaps.

Some of the things our One Team has achieved so far include:

- Launching a new housing system, giving you more flexibility to choose your own home
- Securing millions of pounds to support our local businesses
- Developing an Environmental Strategy for each district to protect and enhance our local environment
- Delivering a new Enforcement Strategy and Plan across the two Councils, supporting our high-quality customer-focused service delivery
- Unveiling Broadland Country Park for you to enjoy exploring, walking, cycling and horse riding
- Creating a single website and email address for the Councils, helping us develop and improve our digital services for you
- New telephony system to make it easier for you to access our services, and support remote working, allowing us to be accessible for you in any location.

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

	Latest Budget			Actual		
	Expend £'000	Income £'000	Net £'000	Expend £'000	Income £'000	Net £'000
<b>Chief of Staff</b>						
Managing Director and Chief of Staff	403	-	403	400	-	400
Governance & Business Support	2,014	-47	1,967	2,124	-338	1,787
	2,417	-47	2,370	2,524	-338	2,187
<b>Resources</b>						
Corporate Costs	1,413	-2	1,411	1,117	-	1,117
One off distribution of 2021 NNDR pool gain	-	-	-	-	-675	-675
Finance & Revenues	1,023	-249	775	1,051	-273	778
IT, Customer Services & Facilities	2,366	-66	2,300	2,034	-74	1,961
	4,803	-317	4,486	4,202	-1,021	3,181
<b>Place</b>						
Economic Growth	1,172	-402	771	1,215	-501	714
Regulatory Services	722	-211	511	715	-279	436
Planning	1,970	-1,451	519	1,725	-1,500	225
	3,864	-2,064	1,800	3,655	-2,279	1,376
<b>People &amp; Communities</b>						
Individuals & Families	21,076	-19,842	1,234	17,912	-16,682	1,229
Waste Services	6,637	-3,808	2,829	6,056	-3,749	2,307
	27,713	-23,650	4,063	23,967	-20,431	3,536
<b>Non-Core Costs</b>						
Covid Response	1,551	-662	889	2,515	-2,891	-376
Energy Rebate Scheme (Discretionary)	-	-	-	-	-151	-151
	40,348	-26,740	13,608	36,863	-27,112	9,752
Precepts - Parish Councils			3,944			3,948
Precepts - Internal Drainage Boards			260			256
Interest Payable / MRP			9			4
Interest Receivable			-355			-375
Collection Fund (Surplus)/Deficit - CTAX			49			49
Transfers to / (from) Earmarked Reserves			-1,318			3,790
<b>Budget Requirement</b>			<b>16,197</b>			<b>17,423</b>
Council Tax			-10,175			-10,175
NNDR (Business Rates)			-3,983			-5,191
Revenue Support Grant			-31			-31
New Homes Bonus			-1,625			-1,625
Government Grant - Other			-366			-426
<b>Net Deficit / (Surplus) for the Year</b>			<b>17</b>			<b>-25</b>

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

(Surplus) / Deficit on Provision of Services	-7,481
Adjustments between Accounting Basis and Funding Basis	9,381
Net Transfer to Earmarked Reserves	-1,925
<b>(Increase) / Decrease in General Fund Reserve</b>	<b>-25</b>

## **Movement in Reserves**

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

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

- The General Fund Balance increased overall by £0.25m to £6.4m.
- Earmarked Reserves decreased overall by £1.9m to £24.2m.
- The Authority's Capital Receipts Reserve remained at £2.3m.

The Authorities Unusable Reserves increased by £21.1m.

## **Capital Expenditure**

Capital expenditure during 2021/22 amounted to £13.4m. Of this sum, £3.4m was spent as capital grants to external organisations and individuals, and did not result in the acquisition of assets on the Authority's balance sheet.

## **Financial Position at Year End**

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

	Value 31 March 2021 £m	Value 31 March 2022 £m
<b>Assets</b>		
Property, Plant and Equipment	10.0	19.8
Long Term Debtors	1.1	1.0
Investments	20.2	24.1
Short Term Debtors	23.3	28.8
Cash and Bank Holdings	29.5	43.3
<b>Liabilities</b>		
Short Term Creditors	-38.8	-57.7
Pension Liability	-34.1	-24.4

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 Broadland the pension asset value is £75.5m and the liability £99.9m, giving a net deficit of £24.4m as at 31 March 2022.

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 2021/22 the amount of cash and cash equivalents held by the Authority increased by £13.8m to £43.3m.

### **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 2021/22 BDC raised £92.8m in Council Tax. Council Tax income is paid over to the precepting bodies (Norfolk County Council, Office of the Police & Crime Commissioner and BDC) and the amount paid over in 2021/22 (£91.9m) equals the amount that was requested as part of the 2021/22 budget setting process.

In 2021/22 BDC raised £23.7m in business rates. Business rate income is generally shared as follows: Central Government 50%; BDC 40%, Norfolk County Council 10%.



## **6. Other Matters to Report**

### **Covid**

The Covid pandemic continued to have a significant effect in 2021/22 not only on the UK and global economy, but also more locally on residents, businesses and the Council during 2021/22.

Throughout the pandemic the Council adopted new ways of working, and continued to provide all its core services.

In addition, working jointly with South Norfolk Council, we stood up our Covid response, to ensure support for residents and businesses, both during the periods of restriction, and during the recovery phase.

Consequently, the Council incurred additional expenditure on service provision, and reduced Income from services.

### **Housing Benefit Expenditure**

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).

These are normally the largest items of expenditure and income within the Comprehensive Income & Expenditure Statement.

Payments are reimbursed by the DWP and in 2021/22, total Housing Benefits subsidy was £14.9m.

### **Other Matters**

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 2021/22.
- There are no significant changes in accounting policy to report.
- There are no significant contingencies or material write offs to report.

## **7. Future Plans**

Looking forward our Delivery Plan 2022/23 - 2023/24 set out some of the key projects and initiatives we will be delivering to support our Council go from strength to strength, support our areas to recover from the pandemic, drive economic growth and support and empower our communities.

A key project will be the move to a single new joint office location for both Broadland and South Norfolk. This will deliver the following benefits:

- Significant savings in reducing running costs from only operating one office, which can be reinvested to improve the services that really matter to our residents and help keep council tax low.
- An 84% reduction in the carbon footprint compared to the current combined footprint for our two existing offices, and a building that is significantly below the current decarbonisation pathways with electric vehicle charging points.
- Co-location of staff with partner agencies will develop further the “One Team” ethos and increase the pace of collaboration, delivering more efficient and effective services to residents.

## **Financial Outlook**

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

The Authority's Medium Term Financial Plan currently shows a funding gap developing in 2023/24 of approximately £1m. This will require either successful income generation schemes or additional efficiency savings to be made.

However, this plan will need updating over the coming months to reflect changing economic circumstances. Furthermore, pressures on the Authority's services have increased as the economic situation due to Covid 19 affects the district's residents and businesses.

## **8. Further Information**

Additional information relating to these accounts is available from:

Assistant Director – Finance  
Broadland District Council  
Thorpe Lodge  
1 Yarmouth Road  
Thorpe St. Andrew  
Norwich  
NR7 0DU

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## The Authority's Responsibilities

The Authority is required to:

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

## The Assistant Director of Finance's Responsibilities

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

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

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

The Assistant Director of Finance has also:

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

I confirm that the Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31 March 2022.

*R Fincham*

Assistant Director of Finance

Date: 30 July 2022

# COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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

2020/21 (Restated)				Note	2021/22		
Gross Expend £'000	Gross Income £'000	Net Expend £'000			Gross Expend £'000	Gross Income £'000	Net Expend £'000
			<b>Chief of Staff</b>				
458	0	458	Executive Team		505	0	505
1,714	-53	1,660	Governance & Business Support		2,347	-338	2,009
			<b>Resources</b>				
129	-3	126	Corporate Costs		397	-675	-278
1,317	-212	1,105	Finance & Revenues		1,278	-272	1,006
2,356	-68	2,288	IT, Customer Services & Facilities		2,391	-74	2,317
			<b>Place</b>				
1,440	-356	1,085	Economic Growth		1,410	-500	910
708	-209	499	Regulatory Services		869	-279	590
2,049	-1,526	523	Planning		2,117	-1,500	617
			<b>People</b>				
19,884	-18,685	1,199	Individuals & Families		18,354	-16,682	1,672
6,030	-3,694	2,336	Waste & Recycling		6,194	-3,749	2,445
			<b>Non-Core Services</b>				
5,593	-6,924	-1,331	Covid Response		2,571	-2,891	-320
			Energy Rebate Scheme (Discretionary)		0	-151	-151
<b>41,678</b>	<b>-31,730</b>	<b>9,948</b>	<b>Cost of Services</b>		<b>38,433</b>	<b>-27,111</b>	<b>11,322</b>
			<b>Other Operating Expenditure</b>				
		3,826	Precepts - Parish Councils				3,948
		252	Precepts - Internal Drainage Boards				256
		-181	(Gain)/loss on disposal of non-current assets				-
			<b>Financing and Investment Income and Expenditure</b>				
		2	Interest payable and similar charges	15			437
		1,858	Pensions Net Interest Cost	29			2,095
		-1,301	Expected return on pension costs	29			-1,400
		-1,219	Interest receivable and similar income	15			-390
			<b>Taxation and Non-Specific Grant Income and Expenditure</b>				
		-9,989	Council Tax				-10,244
		-4,008	Non Domestic Rates				-4,095
		-30	Revenue Support Grant				-31
		-2,318	New Homes Bonus				-1,625
		-140	Non service related Government grants				-426
		-183	Capital Grants and Contributions				-7,328
		<b>-3,483</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>-7,481</b>
		-1,119	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	11			-36
		9,839	Remeasurements of the net defined benefit liability	29			-11,793
		<b>8,720</b>	<b>Other Comprehensive Income &amp; Expenditure</b>				<b>-11,829</b>
		<b>5,237</b>	<b>Total Comprehensive Income &amp; Expenditure</b>				<b>-19,310</b>

## MOVEMENT IN RESERVES STATEMENT

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

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

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2020</b>	<b>15,346</b>	<b>8,733</b>	<b>814</b>	<b>133</b>	<b>25,026</b>	<b>-14,471</b>	<b>10,555</b>
Total Comprehensive Income and Expenditure	3,483	-	-	-	3,483	-8,045	-4,562
Adjustment between accounting basis and funding basis under regulations (Note 8)	4,962	-	1,507	14	6,483	-6,483	-
Net Increase / Decrease before Transfers to Earmarked Reserves	8,445	-	1,507	14	9,966	-14,528	-4,562
Transfers to / from Earmarked Reserves (Note 10)	-17,392	17,392	-	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>6,399</b>	<b>26,125</b>	<b>2,321</b>	<b>147</b>	<b>34,992</b>	<b>-28,999</b>	<b>5,993</b>
Total Comprehensive Income and Expenditure	7,481	-	-	-	7,481	11,829	19,310
Adjustment between accounting basis and funding basis under regulations (Note 8)	-9,381	-	5	143	-9,233	9,233	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-1,900	-	5	143	-1,752	21,062	19,310
Transfers to / from Earmarked Reserves (Note 10)	1,925	-1,925	-	-	-	-	-
<b>Balance at 31 March 2022</b>	<b>6,424</b>	<b>24,200</b>	<b>2,326</b>	<b>290</b>	<b>33,240</b>	<b>-7,937</b>	<b>25,303</b>

## BALANCE SHEET

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

	Note	31 March 2021 £'000	31 March 2022 £'000
Property, Plant and Equipment	11	10,025	19,811
Heritage Assets	11	-	-
Intangible Assets	12	180	227
Investments in Associates & Joint Ventures	14	10	10
Long Term Debtors	17	1,134	996
<b>Long Term Assets</b>		<b>11,349</b>	<b>21,044</b>
Short Term Investments	19	20,168	24,059
Inventories		4	3
Short Term Debtors	18	23,263	28,831
Cash & Cash Equivalents		29,462	43,286
<b>Current Assets</b>		<b>72,897</b>	<b>96,179</b>
Short Term Creditors	20	-38,752	-57,674
Short Term Provisions	21	-417	-149
Capital Grants Receipts in Advance		-3,478	-8,056
<b>Current Liabilities</b>		<b>-42,647</b>	<b>-65,879</b>
Other Long Term Liabilities – Pension Fund	29	-34,118	-24,377
Long-Term Provisions	21	-1,225	-1,402
Capital Grants Receipts in Advance		-263	-263
<b>Long Term Liabilities</b>		<b>-35,606</b>	<b>-26,042</b>
<b>Total Net Assets</b>		<b>5,993</b>	<b>25,302</b>
Usable Reserves			
General Fund		6,399	6,424
Earmarked Reserves	10	26,125	24,200
Usable Capital Receipts Reserve		2,321	2,326
Capital Grants Unapplied		147	290
Unusable Reserves	22		
Revaluation Reserve		3,588	3,588
Pension Fund Reserve		-34,118	-24,377
Capital Adjustment Account		7,511	17,232
Collection Fund Adjustment Account		-5,588	-3,535
Financial Instruments Adjustment Account		-172	-171
Deferred Capital Receipts – Mortgages		60	60
Accumulated Absences Account		-262	-298
Pooled Investment Funds Adjustment Account		-18	-437
<b>Total Reserves</b>		<b>5,993</b>	<b>25,302</b>

*R Fincham*

Assistant Director of Finance

Date:

30 July 2022

## CASHFLOW STATEMENT

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

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

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

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

	Note	2020/21 £'000	2021/22 £'000
Net (Surplus) / Deficit on Provision of Services		-3,483	-7,481
Adjustment for Non cash Movements		-19,705	-7,673
Adjustment for Investment and Finance Activities	33	473	7,412
<b>Net Cash Flows from Operating Activities</b>		<b>-22,715</b>	<b>-7,742</b>
<b>Investing Activities</b>			
Purchase of PPE and intangible assets		894	8,017
Purchase of short- term and long-term investments		2,000	8,000
Other payments for investing activities		390	338
Proceeds from the sale of PPE		-200	-
Proceeds from short-term and long-term investments		-5,000	-3,000
Other receipts from investing activities		-90	-13,744
<b>Net Cash Flow from Investing Activities</b>		<b>-2,006</b>	<b>-389</b>
<b>Finance Activities</b>			
Billing Authorities – Council Tax & NDR adjustments		8,240	-5,693
Other receipts from financing activities		-	-
<b>Net Cash Flows from Financing Activities</b>		<b>8,240</b>	<b>-5,693</b>
<b>Net Cash Flow</b>		<b>-16,481</b>	<b>-13,824</b>
<b>Cash and Cash Equivalents at 1 April</b>		<b>-12,981</b>	<b>-29,462</b>
<b>Cash and Cash Equivalents at 31 March</b>		<b>-29,462</b>	<b>-43,286</b>

<b>Analysis of Cash &amp; Cash Equivalents</b>		
Cash held	-1	-1
Bank current accounts	-362	-3,487
Short Term Deposits with Banks and other institutions	-29,099	-39,798
	<b>-29,462</b>	<b>-43,286</b>

# NOTES TO THE ACCOUNTS

## 1. Accounting Policies

### General

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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

### Accruals of Income and Expenditure

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

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

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

### Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in two working days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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



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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

## **Charges to Revenue for Non-Current Assets**

Services are 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 Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. These charges are therefore reversed out of the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

## **Council Tax and Non-Domestic Rates**

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

## **Accounting for Council Tax and NDR**

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

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

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

## **Employee Benefits**

### **Benefits Payable during Employment**

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

### **Termination Benefits**

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

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

### **Post-Employment Benefits**

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

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

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

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

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

The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

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

Service cost, comprising:

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

Re-measurements, comprising:

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

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

## Discretionary Benefits

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

## **Events after the Reporting Period**

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

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

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

## **Financial Instruments**

### Financial Liabilities

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

### Financial Assets

Financial Assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority holds financial assets measured at:

- Amortised cost, and
- Fair value through profit or loss (FVPL).

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

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the

asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

### Expected Credit Loss Model

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

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

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services. However, in December 2019 the Government issued guidance allowing local authorities to mitigate the effect of these gains and losses by means of a statutory override whereby any gains or losses can be reversed, so as not to effect General Fund Balances, and held in an unusable reserve.

### Fair Value Measurement of Financial Assets

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

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

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

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

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

## **Government Grants and Contributions**

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

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

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

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

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

## **Community Infrastructure Levy**

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

The CIL is 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 be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

## **Heritage Assets**

The Authority's heritage assets consist of bridges, culverts and a tunnel along a stretch of the Bure Valley Railway line.

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

## **Intangible Assets**

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

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

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

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

The Authority has an interest in one company and one joint arrangement.

- The Authority and NPS Group jointly control Broadland Growth Limited, with voting arrangements that allow for each party to participate in all decisions. This arrangement has been classified as a joint venture in accordance with the guidelines set down in CIPFA's codes of best practice in group accounting, and would therefore be consolidated by the equity accounting method if transactions are material enough to require group accounts to be prepared.
- Norse Environmental Waste Limited (NEWS) has contracted to provide recycling sorting and processing and garden waste composting to seven second tier Norfolk councils, with voting arrangements that give 7% influence to each minor body (including Broadland) and 51% to Norse Group. This relationship has been assessed as a joint venture, as the Authority has neither significant influence nor control.

Group accounts have not been prepared as the overall change between the single entity and the group statements is not material.

## **Inventories and Long-term Contracts**

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

## Leases

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

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

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

### The Authority as Lessee

#### Finance Leases

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

Lease payments are apportioned between:

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

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

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

#### Operating Leases

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



## The Authority as Lessor

### Finance Leases

The Authority does not currently have any finance leases for any Property, Plant or Equipment.

### Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

### Overheads and Support Services

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

### Property, Plant and Equipment

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

### Recognition

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

### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

### Impairment

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

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

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment - a percentage of the value of each class of assets in the Balance Sheet.
- Infrastructure – straight- line allocation.

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

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

### Disposals and Non-Current Assets Held for Sale

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

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as Capital Receipts. The Capital Receipt is transferred 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives the Authority 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 Authority 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 when the Authority has an obligation, and are measured at the best estimate at the balance sheet data of the expenditure required to settle the obligation, taking account relevant risks and uncertainties.

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

### **Reserves**

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

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

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

### **Revenue Expenditure funded from Capital under Statute**

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

### **VAT**

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

### **Fair Value Measurement of Non-Financial Assets**

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

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

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

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

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

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

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

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

The Code requires the Authority to identify any accounting standards that have been issued but have yet to be adopted, and could have a material impact on the accounts.

It is expected that there will be 2 changes being introduced in the 2022/23 Code of Practice of Local Authority Accounting:

- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

Neither of these is expected to have a material impact on the Authority.

## **3. Critical Judgements in Applying Accounting Policies**

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

- There is a degree of uncertainty about future funding levels for local government, with a funding review due and future changes to the Business Rates system. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision.
- Judgement is applied to decisions concerning the Authority's property, plant and equipment in matters such as determining the classification of each asset and the appropriate basis for valuation. Assets are classified according to their characteristics, after comparing them to the guidelines set out within the Code, with these classifications kept under review. Valuations are made by a professional with appropriate and relevant qualifications at intervals not exceeding five years.
- Appeals lodged against Business Rates assessments may succeed, resulting in the need to refund all or part of the Business Rates paid by the business concerned. The Authority has considered the potential effect of the appeals outstanding as at 31 March 2022 and has made a reasoned judgement of the potential effect of these appeals.
- Group Accounts - The Authority has considered the nature of its relationships with the companies in which it holds interests, and has classified them according to proper accounting practice. Although there is a requirement to produce group accounts where an entity has interests in subsidiaries, associates or joint arrangements, the Authority has considered the effect of the transactions as at 31 March and has concluded that group statements would not differ materially from the single entity statements. Further details are given in Note 14.

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

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

##### **Property, Plant and Equipment**

Property, Plant and Equipment assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.

If the Council was unable to sustain its current spending on repairs and maintenance, this would bring into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.

##### **Pensions Liability**

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

Change in assumptions at year ended 31 March 2022	Approximate increase to employer liability	
	%	£'000
0.1% decrease in Real Discount Rate	2	1,936
Increase in member life expectancy of one year	Between 3% and 5%	Dependent on age group affected
1 year increase in member life expectancy	4	3,995
0.1% increase in the salary increase rate	0	239
0.1% increase in the pension increase rate (CPI)	2	1,682

##### **Business Rates Appeals Provision**

Billing authorities are required to estimate and make provisions for the liabilities likely to arise from successful appeals against Business Rates bills issued as at 31 March. The Authority has made a total provision for appeals of £3.879m, with 40% of this shown in its balance sheet as its share.

The estimate was informed by a specialist organisation in the field whose modelling takes into account factors such as the type of proposal and type of hereditament before identifying similar or comparable cases on which to base its results. Yield loss figures are calculated using the relevant multipliers for each affected financial year and the potential losses in rateable value; allowances are made for Small Business Rates Relief supplement losses where this is a factor. As part of the process, certain appeal records that could potentially be withdrawn are also flagged based on the appeal history for the hereditament in the current and previous rating lists.

Should the value of appeals settlements vary by +/- 1% of the total rateable value of the district, this will result in a variation of £779,900 in the refund. This would be allocated amongst the participants as follows; £389,950 to Central Government, £311,960 to Broadland District Council and £77,990 to Norfolk County Council.

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

The unaudited Statement of Accounts were issued by the Assistant Director of Finance on 30 July 2022. Events taking place after this date are not reflected in the financial statement or notes.

Where events taking place before this date provided information about the conditions existing at 31 March 2022, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

The financial statement and notes would not be adjusted for events which took place after 31 March 2022 if they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date. However where a category of events would have a material effect, disclosure would be made in the notes of the nature of the events and their estimated financial effect.

## **6. Material Items of Income and Expense**

### **Covid Grants**

In response to the Covid-19 pandemic, a significant amount of additional Government grants were provided to local authorities. Some of these grants were to support the Council's own response, but the vast majority were to be used to provide financial support to residents and businesses.

The accounting requirements differ dependent on whether the Council was acting as either a principal or an agent, and whether they are non-ringfenced grants. In general terms:

- If the Council has discretion on grant scheme criteria they are acting as a principal, and the transactions will be included in the CIES,
- Where there is no discretion the Council acts as an intermediary agent, and transactions will not be shown in the CIES.

Additional grant funding relating to the pandemic has been received. Some of this funding can continue to be used in future years to continue the Covid response and recovery work.

As a result, where grant funding has not been fully used in 2021/22 it has been carried forward into 2022/23 either:

- via the specific Covid Earmarked Reserve (when acting as principal)
- via Grants Received in Advance (when acting as agent).



The table below details the most significant grants received and how they have been shown in the financial statements.

Grant Name	Transaction Type	Received £'000	Amount Due in Short Term Debtor £'000	Spent £'000	Balance in Short Term Creditor £'000	Balance Held in Earmarked Reserve £'000
<b>General Funding</b>						
COVID 19 Emergency Funding for Local Government	Principal	-662	-	886	-	-224
<b>Track and Trace (Isolation Support)</b>						
Mandatory Scheme	Agent	-76	-128	264	-60	-
Discretionary Scheme	Principal	-245	-	285	-	-40
Admin Grant	Principal	-36	-	63	-	-19
NCC Top Up	Principal	-250	-	104	147	-
<b>Enforcement/Contain Outbreak Management Fund (COMF) Funding</b>						
Local Authority Compliance and Enforcement Grant	Principal	-	-	24	-28	-
COMF Funding via Norfolk CC	Principal	-	-	490	-490	-
COMF Direct	Principal	-141	-	57	83	-
<b>Hardship</b>						
Council Tax Support Hardship Grant	Principal	-	-	-	-	-30
Support to the Shielded Population	Principal	-	-	-	-	-15
<b>Business Grants</b>						
Additional Restriction Grants	Principal	-1,040	-	2,121	-1,070	-
Restart Grants	Agent	-6,672	-695	7,367	-	-
Omicrom H&L Grants	Agent	-1,590	-	1,124	466	-
<b>Grants to Cover Specific Cost Pressures</b>						
New Burdens Funding	Principal	-312	-	20	-	292
<b>NNDR Grants</b>						
NNDR Compensation Grants – P/Y	Offset Lost Income	-	-	-	-	-5,155
NNDR Compensation Grants	Offset Lost Income	-2,572	-	-	-	2,572
<b>Sales, Fees &amp; Charges</b>						
Sales, Fees and Charges Compensation Scheme	Offset Lost Income	-113	-	113	-	-

### **Covid Business Rates Reliefs**

Note: Business Rates income is accounted for in the Collection Fund.

In response to the Covid 19 pandemic, the Government announced new Business Rates reliefs for 2020/21 and 2021/22.

These new reliefs totalled £14.291m in 2020/21, and £7.672m in 2021/22 and significantly reduced the amount of Business Rates income being collected.

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

### **Council Tax Energy Rebate Scheme**

As countries around the world come out of Covid-19 lockdowns, surging demand for energy has meant energy prices have increased. Over the past year, the price of gas alone has quadrupled. Whilst the problem is global, the effect is being felt by millions of households here in the UK. In February 2022, Government announced that households in England in council tax bands A-D will get a £150 rebate from April 22. This payment will be administered by Local Authorities. In addition, Councils have received extra discretionary funding to provide support to vulnerable households who do not qualify for the £150 council tax rebate.

The accounting requirements differ dependent on whether the Council was acting as either a principal or an agent, and whether they are non-ringfenced grants. In general terms:

- If the Council has discretion on grant scheme criteria they are acting as a principal, and the transactions will be included in the CIES,
- Where there is no discretion the Council acts as an intermediary agent, and transactions will not be shown in the CIES.

Grant Name	Transaction Type	Received £'000	Amount Due in Short Term Debtor £'000	Spent £'000	Balance in Short Term Creditor £'000	Balance Held in Earmarked Reserve £'000
Council Tax Energy Rebate - £150 payment to council tax bands A-D	Agent	-7,566	-	-	7,566	-
Council Tax Energy Rebate – Discretionary Scheme bands E-H	Principal	-151	-	-	-	151

## 7. Expenditure and Funding Analysis

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

	Net Expend Chargeable to General Fund <b>Funding</b> £'000	Adjustment for Capital Purposes £'000	Net Change for Employee Absences £'000	Net Change for Pooled Investments £'000	Net Change for Pension Adjustment £'000	Other Differences £'000	Net Expend in the CIES <b>Accounting</b> £'000
<b>2020/21 (Restated)</b>							
Executive Team	397	-	4	-	57	-	458
Governance and Business Support	1,541	5	14	-	100	-	1,660
Corporate Costs	875	-	-	-	-749	-	126
Finance and Revenues	966	-	16	-	122	-	1,105
IT, Transformation, Customer Services & Facilities	1,971	175	19	-	123	-	2,288
Economic Growth	966	55	3	-	60	-	1,085
Regulatory Services	409	4	10	-	75	-	499
Planning	293	3	26	-	201	-	523
Individuals and Families	960	-62	32	-	268	-	1,199
Waste and Recycling	2,229	40	10	-	58	-	2,336
Covid Response	-1,334	-	3	-	-	-	-1,331
<b>Net Cost of Services</b>	<b>9,273</b>	<b>220</b>	<b>137</b>	<b>0</b>	<b>317</b>	<b>0</b>	<b>9,948</b>
Other inc & expend from the Expenditure & Funding Analysis	-17,718	-936		-755	557	5,421	-13,431
<b>Difference between General Fund Surplus (before ER) and CIES Surplus on the Provision of Services</b>	<b>-8,445</b>	<b>-715</b>	<b>137</b>	<b>-755</b>	<b>874</b>	<b>5,421</b>	<b>-3,483</b>

<b>2021/22</b>							
Executive Team	400	-	2	-	104	-	505
Governance and Business Support	1,787	-	6	-	216	-	2,009
Corporate Costs	442	-	-	-	-720	-	-278
Finance and Revenues	778	-	-	-	227	-	1,005
IT, Transformation, Customer Services & Facilities	1,961	135	-2	-	223	-	2,317
Economic Growth	714	56	7	-	132	-	910
Regulatory Services	436	2	2	-	150	-	590
Planning	225	14	7	-	372	-	618
Individuals and Families	1,229	-79	12	-	510	-	1,672
Waste and Recycling	2,307	50	-2	-	91	-	2,445
Covid Response	-376	-	4	-	52	-	-320
Energy Rebate Scheme	-151	-	-	-	-	-	-151
<b>Net Cost of Services</b>	<b>9,752</b>	<b>178</b>	<b>35</b>	<b>0</b>	<b>1,357</b>	<b>0</b>	<b>11,322</b>
Other inc & expend from the Expenditure & Funding Analysis	-10,534	-7,329		419	695	2,053	-18,803
<b>Difference between General Fund Surplus (before ER) and CIES Surplus on the Provision of Services</b>	<b>-782</b>	<b>-7,151</b>	<b>35</b>	<b>419</b>	<b>2,052</b>	<b>2,053</b>	<b>-7,481</b>

## 8. Adjustments between Accounting Basis and Funding Basis under Regulations

	2020/21					2021/22			
	General Fund Balance	Capital Grants Unapplied	Usable Capital Receipts Reserve	Unusable Reserves		General Fund Balance	Capital Grants Unapplied	Usable Capital Receipts Reserve	Unusable Reserves
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
<b>Adjustments involving the Capital Adjustment Account</b>									
<i>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</i>									
Revaluation gains/losses on Property, Plant and Equipment	-			-		-			-
Charges for Depreciation and Impairment of non-current assets	-212			212		-200			200
Amortisation of Intangible Assets	-66			66		-48			48
Government Grants and Contributions	1,482			-1,482		-3,385			3,385
Revenue Expenditure funded from Capital under Statute	-1,514			1,514		3,370			-3,370
Amounts of non-current assets written off on disposal to the CI&ES	-19			19		-			-
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>									
Statutory provision for the financing of capital expenditure	-			-					
Capital Expenditure charged against the General Fund Balance	567			-567		2,683			-2,683
<b>Adjustments involving the Capital Grants Unapplied Account</b>									
Reversal of Unapplied Capital Grants and Contributions credited to the CI&ES	183	-183				7,328	-7,328		
Application of Grants to Capital Financing		169		-169			7,185		-7,185
<b>Adjustments involving the Capital Receipts Reserve</b>									
Transfer of Sale Proceeds credited as part of gain / loss on disposal to the CIES	200		-200			-		-	
Transfer of Receipts from Deferred Capital Receipts Reserve									
Cash receipts of a capital nature	89		-89			84		-84	
Use of Capital Receipts Reserve to finance new Capital Expend			158	-158				191	-191
Transfers between reserves required by legislation			-1,376	1,376				-112	112
<b>Adjustments involving the Financial Instruments Adjustment Account</b>									
Amount by which finance costs calculated in accordance with the Code differ from finance costs calculated according to statute	6			-6		1			-1

	2020/21					2021/22			
	General Fund Balance	Capital Grants Unapplied	Usable Capital Receipts Reserve	Unusable Reserves		General Fund Balance	Capital Grants Unapplied	Usable Capital Receipts Reserve	Unusable Reserves
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
<b>Adjustments involving the Pensions Reserve</b>									
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&ES	-2,485			2,485		-3,699			3,699
Employers Pension contributions and direct payments to pensioners payable in the year	1,611			-1,611		1,647			-1,647
<b>Adjustments involving the Collection Fund Adjustment Account</b>									
Amount by which local taxation income credited to the CIES is different from income calculated for the year in accordance with statutory requirements									
- Business Rates	-5,486			5,486		1,936			-1,936
- Council Tax	64			-64		117			-117
<b>Adjustments involving the Accumulated Absences Account</b>									
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-137			137		-35			35
<b>Adjustments involving the Pooled Investment Fund Adjustment Account</b>									
Amount by which capital appreciation/depreciation on pooled funds charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements.	755			-755		-418			418
<b>Total Adjustments</b>	<b>-4,962</b>	<b>-14</b>	<b>-1,507</b>	<b>6,483</b>		<b>9,381</b>	<b>-143</b>	<b>-5</b>	<b>-9,233</b>

## 9. Income and Expenditure Analysed by Nature

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

	2020/21 £'000	2021/22 £'000
<b>Income</b>		
Fees, charges and other service income	-4,000	-2,911
Interest and investment income	-2,520	-2,180
Authority's share of income from Council Tax and Non-Domestic Rates	-21,956	-22,632
Housing Benefit contributions and allowances	-17,826	-15,465
Grants and Contributions (excluding Housing Benefits)	-19,829	-24,489
Gain on disposal of assets	-200	-
	-66,331	-67,677
<b>Expenditure</b>		
Employees' benefits expenses	9,383	11,158
Housing Benefit expenditure	16,744	15,067
Other services expenses	15,274	12,127
Depreciation, amortisation, impairment	278	248
Interest payments	1,860	2,531
Precepts and levies	4,078	4,204
Loss on disposal of assets	19	
Non-domestic rates expenditure (tariff and levy)	15,213	14,861
	62,848	60,196
(Surplus) or Deficit on the Provision of Services	-3,483	7,481

## **Segmental Income**

	2020/21 £'000	2021/22 £'000
Revenues from external customers	-5,570	-6,584
Other income	-57,114	-48,476
	-62,684	-55,060

## 10. Transfers to / from Earmarked Reserves

	Balance at 31 March 2020 £'000	Transfers In 2020/21 £'000	Transfers Out 2020/21 £'000	Balance at 31 March 2021 £'000	Transfers In 2021/22 £'000	Transfers Out 2021/22 £'000	Balance at 31 March 2022 £'000
Repairs & Renewals (General)	323	-	-	323	-	-	323
Repairs & Renewals (Street Lighting)	70	171	-52	189	170	-147	211
Spend Equalisation - General	688	-	-550	138	-	-	138
Spend Equalisation - Elections	-	200	-	200	-	-	200
Spend Equalisation - Planning	-	350	-65	285	-	-145	140
Economic Success Fund	285	-	-2	283	-	-2	281
Insurance	59	-	-	59	-	-	59
Building Control Trading	14	-	-	14	-	-	14
External Funding	222	-	-222	-	-	-	-
Housing Assistance Policy	259	-	-	259	-	-	259
Developer Contributions – Adopted Land	445	-	-145	300	53	-	353
Developer Contributions - Play Areas	131	-	-36	95	139	-	234
Neighbourhood Plans - Front Runner	203	35	-	238	-	-	238
Community Infrastructure Levy	402	-	-	402	-	-	402
Community Right to Challenge	46	-	-46	-	-	-	-
Business Rates	2,703	-	-	2,703	-	-	2,703
I.T.	305	1,300	-	1,605	80	-736	949
Broadland Growth	2,178	5,000	-31	7,147	-	-	7,147
Systems Thinking	70	-	-70	-	-	-	-
Bridge Maintenance	330	-	-330	-	-	-	-
Bure Valley Railway	-	290	-	290	20	-	310
Marriott's Way Bridges	-	60	-	60	-	-	60
Refuse Services	-	3,000	-	3,000	133	-1,855	1,278
Food Innovation Centre	-	1,860	-463	1,397	-	-44	1,353
COVID 19 Grants	-	1,233	-	1,233	-	-36	1,197
COVID 19 S31 Grants	-	5,155	-	5,155	2,124	-5,155	2,124
Environmental Projects	-	750	-	750	-	-1	749
Compulsory Purchase Order	-	-	-	-	650	-	650
Opportunities	-	-	-	-	2,578	-	2,578
Energy Rebate	-	-	-	-	151	-	151
Planning Appeals	-	-	-	-	100	-	100
	<b>8,733</b>	<b>19,404</b>	<b>-2,012</b>	<b>26,125</b>	<b>6,198</b>	<b>-8,123</b>	<b>24,200</b>

## 11. Property, Plant and Equipment, and Heritage Assets

Movements in Property, Plant & Equipment were as follows:

2020/21	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure £'000	Surplus Land & Buildings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or Valuation</b>						
At 1 April 2020	7,222	2,998	517	909	-	11,646
Additions	-	239	53	-	463	755
Revaluation Increases / (Decreases)						
- Included within the Deficit on Provision of Services (posted to the CAA)	-	-	-	-	-	-
- Included within Other Comprehensive Income & Expenditure (posted to the RR))	889	-	-	-	-	889
Reclassification	-36	-	36	-	-	-
Disposal	-	-96	-	-	-	-96
<b>At 31 March 2021</b>	<b>8,075</b>	<b>3,141</b>	<b>606</b>	<b>909</b>	<b>463</b>	<b>13,194</b>
<b>Depreciation and Impairment</b>						
At 1 April 2020	-164	-2,807	-312	-	-	-3,283
Depreciation charges	-149	-40	-23	-	-	-212
Depreciation written out on Revaluation						
- Depreciation written out to the RR	230	-	-	-	-	230
- Depreciation written out to the Surplus /Deficit on the Provision of Services	-	-	-	-	-	-
Reclassification	7	-	-7	-	-	-
Depreciation written out on disposal	-	96	-	-	-	96
<b>At 31 March 2021</b>	<b>-76</b>	<b>-2,751</b>	<b>-342</b>	<b>-</b>	<b>-</b>	<b>-3,169</b>
<b>Net Book Value 1 April 2020</b>	<b>5,341</b>	<b>282</b>	<b>201</b>	<b>909</b>	<b>-</b>	<b>6,733</b>
<b>Net Book Value as at 31 March 2021</b>	<b>7,999</b>	<b>390</b>	<b>264</b>	<b>909</b>	<b>463</b>	<b>10,025</b>

2021/22	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure £'000	Surplus Land & Buildings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or Valuation</b>						
At 1 April 2021	8,075	3,141	606	909	463	13,194
Additions	-	2,661	154	-	7,135	9,950
Revaluation Increases / (Decreases)						
- Included within the Deficit on Provision of Services (posted to the CAA)	-	-	-	-	-	-
- Included within Other Comprehensive Income & Expenditure (posted to the RR))	-15	-	-	-	-	-15
Disposal	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>8,060</b>	<b>5,802</b>	<b>760</b>	<b>909</b>	<b>7,598</b>	<b>23,129</b>
<b>Depreciation and Impairment</b>						
At 1 April 2021	-76	-2,751	-342	-	-	-3,169
Depreciation charges	-98	-77	-25	-	-	-200
Depreciation written out on Revaluation						
- Depreciation written out to the RR	51	-	-	-	-	51
- Depreciation written out to the Surplus /Deficit on the Provision of Services	-	-	-	-	-	-
Depreciation written out on disposal	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>-123</b>	<b>-2,828</b>	<b>-367</b>	<b>-</b>	<b>-</b>	<b>-3,318</b>
<b>Net Book Value 1 April 2021</b>	<b>7,999</b>	<b>390</b>	<b>264</b>	<b>909</b>	<b>463</b>	<b>10,025</b>
<b>Net Book Value as at 31 March 2022</b>	<b>7,937</b>	<b>2,974</b>	<b>393</b>	<b>909</b>	<b>7,598</b>	<b>19,811</b>



<b>Analysis of Assets</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
Offices	2	2
Depots	1	1
Car Parks	5	5
Public Conveniences	5	5
Shared Equity Properties	1	1
Quayside	1	1
Properties for the Provision of Homeless Accommodation	2	2
Country Park	1	1
	18	18

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

### **Valuation**

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

Property, Plant & Equipment Carried at Current Value	Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total £'000
Historical Cost	-	5,803	760	7,598	-	14,161
Current Value in:						
Year ended 31 Mar 22	3,769	-	-	-	-	3,769
Year ended 31 Mar 21	185	-	-	-	-	185
Year ended 31 Mar 20	3,562	-	-	-	66	3,628
Year ended 31 Mar 19	-	-	-	-	806	806
Year ended 31 Mar 18	543	-	-	-	37	580
<b>Total</b>	<b>8,059</b>	<b>5,803</b>	<b>760</b>	<b>7,598</b>	<b>909</b>	<b>23,129</b>

## **Depreciation**

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

### Useful lives

Vehicles, plant and machinery	5 years
Domestic waste bins	10 years
Buildings	25 - 50 years
Street lighting columns	10 years
Land drainage structures	40 years
Buildings	50 years
Bridges	120 years
ICT Equipment	5 years

## **Capital Commitments**

There are outstanding capital commitments for future capital expenditure on the Food Innovation Centre Project of £3.3m as at 31 March 2022.

## **Fair Value Hierarchy**

As part of the adoption of IFRS13, the Surplus Assets held by the Authority were revalued during 2016/17 according to the prescribed valuation techniques as detailed below. Further valuations of the surplus land were carried out in 2018/19. There were no transfers between levels 1 and 2 during 2018/19. Surplus land at Rosebery Road has been mainly transferred as part of the Broadland Growth Ltd housing development; the remainder was revalued in 2019/20 with no transfer between level 1 and 2.

Surplus Assets Held at Fair Value	Quoted Value in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Other Un-observable Inputs (Level 3) £'000	Fair Value as at 31 March 2022 £'000
Recurring Fair Value Measurements				
Land	-	-	-	909

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

### Significant Observable Inputs – Level 2

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

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

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

## **Heritage Assets**

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

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

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

## 12. Intangible Assets

The purchase of software licences and project implementation costs are treated as intangible assets. Amortisation of intangible assets is charged to the revenue account on a straight line basis over a period of five years.

	2020/21 £'000	2021/22 £'000
<b>Cost</b>		
Opening Gross Balance	1,210	920
Additions	42	95
Intangible Assets Under Construction	65	-
Disposals	-397	-
Closing Gross Balance	920	1,015
<b>Amortisation</b>		
Opening Accumulated Balance	-1,052	-740
Amortisation Charge	-66	-48
Disposals	378	-
Closing Amortisation Balance	-740	-788
<b>Opening Net Book Value</b>	<b>158</b>	<b>180</b>
<b>Closing Net Book Value</b>	<b>180</b>	<b>277</b>

## 13. Leases

The council holds no material leases.

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

### **Broadland Growth**

Broadland District Council has an interest in Broadland Growth Limited, which has been assessed as a joint venture with NPS Group. The company was formed in December 2013 to undertake housing development in the district.

The Authority contributed £10,000 initial capital to the company, and this is shown within the Investments in Associates and Joint Ventures line in the Balance Sheet.

The company had a pre-tax loss in 2021/22 of £97,287 (2020/21 £576,148 pre-tax profit).

As at the end of March 2022 no new developments were underway.

### **Community Infrastructure Levy (CIL)**

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

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

At 31 March 2022, the Infrastructure Investment Fund had a cash balance of £15.207m, which will be used to support projects.

## 15. Financial Instruments

### Categories of Financial Instruments

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

	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
<b>Financial Assets</b>	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Amortised cost								
- Soft loan on shared equity properties	-	-	334	335	-	-	-	-
- Simple Deposits	-	-	-	-	8,724	13,028	-	-
- Fin assets carried at contract amount	-	-	476	338	-	-	4,204	8,006
Fair value through profit or loss	-	-	-	-	11,442	11,028	-	-

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
<b>Financial Liabilities</b>	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Carried at contract amount	-	-	-	-	-	-	-2,346	-16,645

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

The soft loan consists of deferred capital receipts arising from a 25% share in a total of nine shared equity properties built by the Authority's joint venture housing development company. The value must be paid over to the Authority on or before the 25<sup>th</sup> anniversary of each property's purchase. The calculation of the loss in value arising from the delay in payment – effectively, an interest-free loan – has been made by discounting the estimated value of the receipt by 2.09% (Carrowbreck site) and 1.49% (Rosebery Road site).

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

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

### Income Expense Gains and Losses

	2020/21		2021/22	
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Interest revenue:				
Financial assets measured at amortised cost	-99	-	-102	-
Financial assets measured at fair value through profit or loss	-1,120	-	-288	-
<b>Total interest revenue</b>	<b>-1,219</b>	<b>-</b>	<b>-390</b>	<b>-</b>
<b>Interest expense</b>	<b>3</b>	<b>-</b>	<b>437</b>	<b>-</b>

## 16. Nature and Extent of Risks Arising from Financial Instruments

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

### Credit Risk

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

The risk is minimised through the Annual Investment Strategy. The Annual Investment Strategy for 2021/22, approved by members at Council on 25 February 2021, set the criteria determining the counterparties regarded as suitable for investment purposes. The policy set a limit for internal investments of £12.5 million on the amount that can be invested with a single counterparty at the highest rating quality, with the exception of the Debt Management Office (unlimited).

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

	Credit Rating	Gross carrying amount at 31 March 2022 £'000
<b>12 month expected credit losses</b>		
Banks	A	-3,008
	A+	-17,023
Less: Investments made on behalf of third parties	n/a	2,000
Money Market Funds	AAA	-19,008
Pooled Funds	AAA	-11,028
		-48,067
Simplified Approach - Debtors	n/a	-8,344
<b>Total Credit Risk Exposure</b>		<b>-56,411</b>

### Amounts Arising from Expected Credit Losses

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

The Council's investments with banks are rated at either A or A+. The expected credit loss is 0.02% of the total invested and is therefore immaterial (approximately £4,920 overall).

The remainder of the Council's investments are with externally managed pooled funds (classified as revenue, measured at fair value through profit and loss) and current market prices are considered to be an appropriate reflection of credit risk with all movements in fair value impacting on the carrying amount and being posted to the Surplus or Deficit on the Provision of Services when they arise.

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

### **Liquidity Risk**

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

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

### **Market Risk**

#### **Interest Rate Risk**

The Annual Investment Strategy determines the Council's investment strategy and interest rate exposure that feeds into the setting of the annual budget and the Treasury Strategy Statement determines the interest rates to be used. The Council assumes a cautious percentage return and employs a professional treasury management advisor to provide interest rate forecasts.

Interest rates have showed an improvement during 2021/22 but are still low, which has continued to impact on investment returns. A 0.25% increase in rates earned by internally managed investments with all other variables being constant would have resulted in a rise of £50,000 (2020/21 £35,000) within the Income and Expenditure Account. The impact of a fall of 0.25% in interest rates would have been decreased income of the same amount.

#### **Price Risk**

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

#### **Foreign Exchange Risk**

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



## 17. Long Term Debtors

	31 March 2021 £'000	31 March 2022 £'000
Housing Advances for former council house stock	61	30
Transferred Debt (1)	162	141
Loans to Parish Councils (2)	248	167
Staff Car Loans	5	-
Housing benefit overpayment debt	324	323
Deferred capital receipt on shared equity properties (3)	334	335
	1,134	996

(1) The transferred debt is held on behalf of Great Yarmouth Borough Council - an obligation dating back to the 1974 Local Government Reorganisation.

(2) The Parish Council loan scheme is funded through the Broadland Growth Reserve to establish a community infrastructure fund. The aim of the fund is to provide a borrowing facility for Parish and Town Councils to submit bids for local infrastructure projects which are underwritten by the respective Parish or Town Council's future CIL (Community Infrastructure Levy) receipts.

(3) The deferred capital receipt refers to an agreement to take a 25% interest in shared equity properties on the Carrowbreck Meadow development (six properties) and the Rosebery Road development (three properties).

The purchasers of these properties have signed a legal agreement to pay the Authority for the remaining equity within 25 years. As the Authority will not receive any interest on this deferred payment this has been classified as a soft loan.

The £370,000 value as at 31 March 2022 (Carrowbreck) has been discounted to a fair value of £244,466 using a rate of 2.09%

The £127,250 value as at 31 March 2020 for the Rosebery Road properties has been discounted to a fair value of £90,557 using a rate of 1.49%.

The impairment in value is held within the Financial Instruments Adjustment Account, and is reversed in instalments each year until the payment is received.

## 18. Short Term Debtors

	31 March 2021 £'000	31 March 2022 £'000
Community Infrastructure Levy	11,806	17,492
DLUHC Business Rates Debtor	4,858	1,807
Other Entities and Individuals	6,788	9,704
Less: Provision for Debt Impairment	-189	-172
	23,263	28,831

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

	31 March 2021 £'000	31 March 2022 £'000
Six months to one year	131	173
More than one year	54	71
	185	244

## **19. Short Term Investments**

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

	31 March 2021 £'000	31 March 2022 £'000
Banks/Building Societies	10,010	15,031
Externally Managed Pooled Funds	11,442	11,028
Gross Funds Invested	21,452	26,059
Less: Investments made on behalf of third parties	-1,284	-2,000
	20,168	24,059

## **20. Short Term Creditors**

	31 March 2021 £'000	31 March 2022 £'000
Community Infrastructure Levy	-16,812	-21,368
Advance Maintenance Fees (s106 monies) – Play Areas	-3,435	-3,575
Advance Maintenance Fees (s106 monies) – Adopted Land	-26	-23
DLUHC Business Rates Creditor	-8,017	-5,674
Norfolk CC Council Tax/Business Rates Creditor	-461	-1,160
Grants received in advance	-2,254	-8,014
Other Entities and Individuals	-7,747	-17,860
	-38,752	-57,674

## **21. Provisions**

The Provisions figures relate to an estimate of the outcome of appeals against Business Rates assessments.

## 22. Unusable Reserves

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

### Revaluation Reserve

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

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

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

	2020/21 £'000	2021/22 £'000
Balance at 1 April	-2,468	-3,588
Removal of revaluation balance for assets disposed of in year	-13	-
Upward revaluation of assets	-889	-
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of services	-	15
Depreciation written back on revaluation	-230	-51
Difference between fair value depreciation and historical cost depreciation	12	36
Balance at 31 March	-3,588	-3,588

### Pension Fund Reserve

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

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

	2020/21 £'000	2021/22 £'000
Balance at 1 April	-24,080	-34,118
Actuarial Gains / (Losses) on pensions assets and liabilities	-9,164	11,793
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-2,485	-3,699
Employer's pension contributions & direct payments to pensioners in the year	1,611	1,647
Balance at 31 March	-34,118	-24,377

## **Capital Adjustment Account**

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

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

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

	2020/21 £'000	2021/22 £'000
Balance at 1 April	-8,323	-7,511
<u>Capital Financing applied in the year</u>		
Capital receipts	1,218	-79
Application of grants from the Capital Grants Unapplied account	-168	-8,939
Capital expenditure charged against General Fund balances	-567	-2,683
	-7,840	-19,212
<u>Reversal of capital items debited or credited to the Comprehensive Income &amp; Expenditure Statement</u>		
Depreciation and amortisation		
- Charge for the year	266	212
- Written out on Revaluation	-	-
Revaluation Reserve Balance Written out on Disposal	12	-
Disposals	19	-
Revaluations	-	-
Government Grants and Contributions	-1,482	-1,617
Deferred Income – Shared Equity Properties	-	-
Revenue expenditure funded from capital under statute	1,514	3,385
	329	1,980
Balance at 31 March	-7,511	-17,232

## **Collection Fund Adjustment Account**

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

	2020/21 £'000	2021/22 £'000
Balance at 1 April	167	5,588
Amount by which Council Tax and Business Rates income credited to the Comprehensive Income and Statement is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements.	5,421	-2,053
Balance at 31 March	5,588	3,535

### **Financial Instruments Adjustment Account**

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

	2020/21 £'000	2021/22 £'000
Balance at 1 April	177	171
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-6	-
Balance at 31 March	171	171

### **Deferred Capital Receipts - Mortgages**

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

	2020/21 £'000	2021/22 £'000
Balance at 1 April	-60	-60
Receipts transferred out	-	-
Balance at 31 March	-60	-60

### **Accumulated Absences Account**

The Accumulated Absences Account absorbs the timing differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	125	262
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	137	36
Balance at 31 March	262	298

### **Pooled Investment Funds Adjustment Account**

The Accumulated Absences Account absorbs net capital appreciation/depreciation on pooled investment funds that would be charged to the general fund balance under IFRS9 but which are subject to a statutory override until 31 March 2023.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	773	18
Amount by which capital appreciation/depreciation on pooled funds charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements.	-755	419
Balance at 31 March	18	437

## 23. Members Allowances

Payments to members for allowances and committee attendance expenses were £321,961 (2020/21 £319,429) and are included within the 'Governance and Business Support' line of the Comprehensive Income & Expenditure Statement.

## 24. Officers' Remuneration

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

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

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

2021/22	Employing Authority	Salary incl fees, allowances & performance related pay £	Compensation for loss of office £	Employers pension contributions £	Total remuneration including employers pension contributions £	BDC Share Total remuneration including employers pension contributions £
Managing Director	BDC	169,677	-	26,024	195,707	88,066
Director - People and Communities	SNC	93,707	-	12,974	106,681	48,006
Director - Resources	SNC	93,707	-	14,011	107,718	48,473
Director - Place	BDC	93,707	-	14,011	107,718	48,473
Assistant Director - Chief of Staff - Left 16 May 21	SNC	8,631	-	1,256	9,887	4,449
Assistant Director - Chief of Staff / Governance & Business (1)	SNC	72,518	-	10,833	83,350	37,508
Assistant Director - Transformation and ICT / Digital (Started 28 July 21)	SNC	45,876	-	6,855	52,731	23,729
Assistant Director - Planning	SNC	67,760	-	10,119	77,879	35,046
Assistant Director - Individuals & Families	SNC	67,760	-	10,119	77,879	35,046
Assistant Director - Regulatory	SNC	67,760	-	10,119	77,879	35,046
Assistant Director - Economic Growth - Left 19 Sept 21	BDC	37,205	-	4,845	42,049	18,922
Assistant Director - Economic Growth - Started 06 Sept 21	BDC	39,834	-	5,953	45,788	20,605
Assistant Director - Finance	BDC	72,950	-	10,898	83,848	37,731
Assistant Director - Community Service	BDC	67,760	-	10,119	77,879	35,046

Note 1: The AD Governance & Business became the AD Chief of Staff on 01 May 21.

2020/21	Employing Authority	Salary incl fees, allowances & performance related pay	Compensation for loss of office	Employers pension contributions	Total remuneration including employers pension contributions	BDC Share of total remuneration including employers pension contributions
		£	£	£	£	£
Managing Director	BDC	166,714	-	25,007	191,721	86,275
Director - People and Communities	SNC	92,050	-	13,635	105,685	47,558
Director - Resources	SNC	92,050	-	13,808	105,858	47,636
Director - Place	BDC	92,050	-	13,808	105,858	47,636
Assistant Director - Planning	SNC	66,550	-	9,983	76,533	34,440
Assistant Director - Governance & Business	SNC	67,038	-	10,056	77,093	34,692
Assistant Director - Individuals & Families	SNC	66,550	-	9,983	76,533	34,440
Assistant Director - Chief of Staff	SNC	64,680	-	9,702	74,382	33,472
Assistant Director - Regulatory	SNC	66,550	-	9,983	76,533	34,440
Assistant Director - Economic Growth	BDC	68,237	-	10,233	78,469	35,311
Assistant Director - Finance	BDC	71,650	-	10,748	82,398	37,079
Assistant Director - Community Service	BDC	66,550	-	9,983	76,533	34,440

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	2020/21	2021/22
£50,000 - £54,999	4	5
£55,000 - £59,999	1	1
£60,000 - £64,999	2	1
£65,000 - £69,999	1	1
£70,000 - £74,999	1	1
£75,000 - £79,999	1	1
£80,000 - £84,999	1	1
£85,000 - £89,999	1	1
£90,000 - £94,999	1	1
£95,000 - £99,999	1	1
£100,000 - £104,999	1	1
£105,000 - £109,999	1	1
£110,000 - £114,999	1	1
£115,000 - £119,999	1	1
£120,000 - £124,999	1	1
£125,000 - £129,999	1	1
£130,000 - £134,999	1	1
£135,000 - £139,999	1	1
£140,000 - £144,999	1	1
£145,000 - £149,999	1	1
£150,000 - £154,999	1	1
£155,000 - £159,999	1	1
£160,000 - £164,999	1	1
£165,000 - £169,999	1	1
	10	10

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

### **Exit Packages 2021/22**

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

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
Under £50,000	-	1	1	44
Over £50,000	-	-	-	-
Total cost included in bandings				44
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES in 2021/22				44

### **Exit Packages 2020/21**

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

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
Under £50,000	1	3	4	78
Over £50,000	-	-	-	-
Total cost included in bandings				78
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES in 2020/21				78



## 25. External Audit Costs

Ernst & Young LLP have been appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors and PSAA sets a scale for external audit fees.

Without the distortions of payments to auditors falling in different financial years, the proposed scale level of audit fees payable are as follows.

	2020/21 £'0000	2021/22 £'000
External audit services carried out by the appointed auditor (scale fee)	32	32
Certification of grant claims and returns	TBC	TBC

## 26. Grant Income

	2020/21 £'000	2021/22 £'000
<b>Revenue Grants Credited to Taxation and Non-Specific Grant Income</b>		
Business Rates Retention Scheme	-7,254	-4,631
Revenue Support Grant	-30	-31
New Homes Bonus Scheme	-2,318	-1,625
Lower Tier Services Grant	-	-366
Other	-140	-60
	-9,742	-6,713
<b>Capital Grants Credited to Taxation and Non-Specific Grant Income</b>		
Capital Grants and Contributions – Food Hub	-	-7,185
Capital Grants and Contributions – Other	-183	-143
	-183	-7,328
<b>Revenue Grants Credited to Services</b>		
Housing Benefit Subsidy	-16,994	-14,819
Housing Benefit Admin Grant (previously in line above)	-	-193
Council Tax Support Admin Grant (previously shown in Non-Specific grant inc)	-	-103
Council Tax Energy Discretionary Rebate	-	-151
Homelessness Grants	-348	-423
Household Support Fund	-	-129
Business Rates Cost of Collection	-139	-137
Covid-19 – Lost income compensation grant	-267	-113
Other Grants	-217	-158
	-17,965	-16,228
<b>Capital Grants Credited to Services</b>		
Disabled Facilities Grant	-743	-1,100
Private Sector Housing Renewal (Warm/Green Homes Funding)	-902	-2,355
	-1,645	-3,455
<b>Total Grant Income</b>	<b>-29,535</b>	<b>-33,724</b>

In addition to the above grants the Council also received a number of Covid Grants. Details of these are included in Note 6.

## **27. Related Party Transactions**

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

### **Central Government**

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of the many transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding are shown within the debtors listed in Note 18.

### **Members & Chief Officers**

Members of the Council have direct control over the Council's financial and operating policies. Members Allowances paid during the year to 31st March 2022 are disclosed in Note 23.

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 2022:

- One Member is a trustee of Leeway Domestic Violence and Abuse Services. Leeway received £29,156 during the year in respect of an agreement to provide support services to Broadland residents.
- Two members and the Managing Director of the Council were Directors of Broadland Growth Ltd. Further details of Broadland Growth Ltd.'s transactions with Broadland District Council are provided in Note 14. None of the three Directors received financial rewards from the company.

Members are provided with individual Ward Member budgets of £500 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.

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

Broadland works through various forms of partnership with other organisations and authorities.

The Authority formed Broadland Growth Limited in December 2013 in partnership with NPS Group to undertake housing development within the district. The relationship has been classified as a joint venture. Details of the company's trading results are set out within Note 14.

In October 2014, Broadland District Council entered into a joint venture agreement with Norse Environmental Waste Services Limited (NEWS), a subsidiary of Norse Group, to provide recycling sorting and processing. The company provides services to the seven second tier Norfolk councils and Norfolk County Council Household Waste Recycling Centres. Payments to NEWS for the year amounted to £985,803 (£898,320 in 2020/21). The joint venture is set up to allow the districts a 7% income from any profit the company makes and also potential income from the sale of materials once a set amount of income is made.

Broadland District Council works in partnership with Norwich City Council, South Norfolk Council and Norfolk County Council as the Greater Norwich Development Partnership to deliver large-scale projects that transcend authority boundaries. Contributions are made from the Authority's Community Infrastructure Levy (CIL) income into the Infrastructure Investment Fund to support the Greater Norwich Growth Board's Strategic Infrastructure Programme.

A total of £6,916,981 was paid during 21/22, of which £3,862,463 related to activity taking place during 2020/21. A further £2,945,691 was paid in April 2022 in respect of CIL due for 2021/22 activities.

### **Other Public Bodies**

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

Broadland District Council pays levies to three Internal Drainage Boards (IDB's) in the district; Waveney, Lower Yare and Lothingland IDB, Broads IDB and Norfolk Rivers IDB. These levies are determined by the boards of these organisations. Although members of the Council represent the Authority on these boards they do not have a controlling influence on their decisions, and the Authority is compelled under statute to pay the levy demanded. The total levies paid to the IDB's in 2021/22 amounted to £255,785 (2020/21 £252,043).

## 28. 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.

	2020/21 £'000	2021/22 £'000
Opening Capital Financing Requirement	-	-
<u>Capital Investment</u>		
Property, Plant and Equipment	755	9,951
Intangible Assets	107	95
Revenue Expenditure funded from Capital under Statute	1,514	3,385
	2,376	13,431
<u>Sources of Finance</u>		
Capital Receipts	-158	-191
Grants and Contributions	-1,651	-10,557
Revenue / Internal Funds	-567	-2,683
Closing Capital Financing Requirement	-	-

### 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

## 29. Retirement Benefits

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

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

## **Transactions Relating to Retirement Benefits**

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

	2020/21 £'000	2021/22 £'000
<b><u>Comprehensive Income &amp; Expenditure Statement</u></b>		
<b>Service Cost:</b>		
<i>Cost of services</i>		
Current Service Cost	1,928	3,004
Past Service costs / (gain)	-	-
<i>Financing and Investment Income and Expenditure</i>		
Net Interest Expense	557	695
<b>Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,485</b>	<b>3,699</b>
<i>Other post-employment benefits charged to the Comprehensive Income &amp; Expenditure Statement</i>		
Re-measurement of the net defined benefit liability, comprising:		
Actuarial gains and losses arising on changes in demographic assumptions	1,088	-496
Actuarial gains and losses arising on changes in financial assumptions	21,371	-7,085
Other experience	-739	49
Return on plan assets (excluding the amount included in the net interest expense)	-12,556	-4,261
<b>Total post-employment benefits charged / (credited) to Other Comprehensive Income and Expenditure</b>	<b>9,164</b>	<b>-11,793</b>
Total post-employment benefits charged / (credited) to the Comprehensive Income & Expenditure Statement	11,649	-8,094
<b><u>Movement in Reserves Statement</u></b>		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	2,485	3,699
Employers' contributions payable to scheme	-1,611	-1,647
<b><u>Pension Assets &amp; Liabilities recognised within the Balance Sheet</u></b>		
Present value of the defined benefit obligation	-104,387	-99,867
Fair value of plan assets	70,269	75,490
Net liability arising from defined benefit obligation	-34,118	-24,377

The liability shows the underlying commitments that the Authority has in the long run to pay retirement benefits. Although the liability has a negative impact on the net worth of the Authority as recorded in the balance sheet, statutory arrangements for the funding of the deficit mean that the financial position of the Authority remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be paid to the scheme in the year 2022/23 is £1,584,000 (2021/22 £1,534,000).

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

Reconciliation of present value of the scheme liabilities:

	2020/21 £'000	2021/22 £'000
Opening Balance	-80,887	-104,387
Current Service Cost	-1,928	-3,004
Past Service Costs (Gains)	-	-
Interest Cost	-1,858	-2,095
Contributions from scheme participants	-375	-385
Re-measurement gains / (losses):		
Actuarial gains / (losses) arising from changes in demographic assumptions	-1,088	496
Actuarial gains / (losses) arising from changes in financial assumptions	-21,371	7,085
Other experience gains / (losses)	739	-49
Benefits Paid	2,381	2,472
At 31 March	-104,387	-99,867

Reconciliation of fair value of the scheme assets:

	2020/21 £'000	2021/22 £'000
Opening fair value	56,807	70,269
Interest income	1,301	1,400
Re-measurement gain / (loss): Return on assets, excluding amounts included in net interest	12,556	4,261
Employer contributions	1,611	1,647
Contributions by scheme participants	375	385
Benefits Paid	-2,381	-2,472
At 31 March	70,269	75,490

The pension scheme assets consist of the following;

	Period ended 31 March 2021			Period ended 31 March 2022		
	Active markets	Not in active markets	Percentage of total assets	Active markets	Not in active markets	Percentage of total assets
	£'000	£'000		£'000	£'000	
Equity securities	-	-	0%	-	-	0%
Debt Securities - UK Government	786	-	1%	761	-	1%
Private Equity	-	4,383	6%	-	6,079	8%
Real Estate	-	-	-	-	-	-
UK Property	-	5,493	7%	-	6,881	9%
Overseas property	-	1,397	2%	-	1,060	1%
Investment Funds and Unit Trusts	-	-	-	-	-	-
Equities	30,787	-	45%	31,694	-	42%
Bonds	20,509	-	30%	21,763	-	29%
Infrastructure	-	4,369	6%	-	6,019	8%
Other	-	254	0%	-	0	0%
Derivatives	26	-	0%	17	-	0%
Cash and Cash Equivalents	1,078	-	2%	1,067	-	1%
Totals	53,186	15,896	100%	55,302	20,039	100%

### **Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Hymans Robertson, an independent firm of actuaries. Estimates are based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions made by the actuary are summarised below:

	31 March 2021 % per annum	31 March 2022 % per annum
Inflation / Pension Increases (CPI)	2.85	3.20
Salary Increases	3.55	3.90
Discount Rate	2.00	2.70

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

	Men	Women
Current Pensioners	21.7 years	24.1 years
Future Pensioners	22.9 years	26 years

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

### **30. Contingent Assets and Liabilities**

There are no material contingent assets or liabilities.

### **31. Going Concern**

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 30 July 2023, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances are reported in the Movement in Reserves Statement.

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

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing.

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

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

### **32. Authorised for Issue**

The Statement of Accounts was authorised for issue by the Assistant Director of Finance on 30 July 2022. This is the date up to which events after the balance sheet date were considered.

Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

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



### 33. Cash Flow Statement – Operating Activities

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

	31 March 2021 £'000	31 March 2022 £'000
Depreciation	-212	-200
Impairment and downward valuations	-	-
Amortisation	-66	-48
(Increase) or decrease in creditors	-19,658	-14,802
Increase or (decrease) in other debtors	-33	9,772
Increase or (decrease) in inventories	1	-
Movement in pension liability	-874	-2,052
Carrying amount of non-current assets held for sale, sold or de-recognised	-19	-
Other non-cash items charged to net surplus or deficit on provision of services	1,157	-343
Net cash flow from operating activities	-19,704	-7,673

The cash flows for operating activities include the following items:

	2020/21 £'000	2021/22 £'000
Interest Received	-1,162	-356
Interest Paid	26	-
	-1,136	-356

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

	31 March 2021	31 March 2022
Proceeds from the sale of non-current assets	200	-
Any other items for which the cash effects are investing or financing cash flows	273	7,412
	473	7,412

## COLLECTION FUND

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

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

	2020/21		2021/22	
	Council Tax £'000	Business Rates £'000	Council Tax £'000	Business Rates £'000
<b>Income</b>				
Council Taxpayers	88,740	-	92,810	-
Business Ratepayers (Non-Domestic Rates) (See Collection Fund Note 1)	-	16,750	-	23,701
	88,740	16,750	92,810	23,701
<b>Expenditure</b>				
Precepts and Demands				
Central Government	-	14,761	-	15,439
Norfolk County Council	65,769	2,952	68,727	3,088
Office of the Police and Crime Commissioner	12,214	-	12,972	-
Broadland District Council	9,794	11,809	10,175	12,351
Costs of Collection Allowance	-	139	-	137
Provision for Non-Payment of Council Tax/NNDR	195	325	214	146
Write Offs	135	90	100	262
Transitional Protection Payable	-	524	-	394
Provision for Appeals (Non-Domestic Rates)	-	-603	-	-225
Disregarded Amounts (Renewable Energy)	-	155	-	155
Distribution of Previous Year's Surplus/(Deficit)				
To/(From) Central Government	-	-455	-	-6,147
To/(From) Broadland DC General Fund	6	125	-49	-5,154
To/(From) Office of Police & Crime Commissioner	7	-	-61	-
To/(From) Norfolk County Council	38	506	-328	-1,519
	88,158	30,328	91,750	18,927
Surplus/(Deficit) for the Year	582	-13,578	1,060	4,774
Surplus/(Deficit) Brought Forward	-312	-878	270	-14,456
Surplus/(Deficit) Carried Forward	270	-14,456	1,329	-9,682

# NOTES TO THE COLLECTION FUND

## 1. Covid Business Rates Reliefs

In response to the Covid 19 pandemic, the Government announced new Business Rates reliefs for 2020/21 and 2021/22.

	2020/21 £'00	2021/22 £'000
Expanded Retail Discount	14,157	5,734
Nursery Relief	134	74
Covid 19 Additional Relief Fund (CARF)	-	1,864
	14,291	7,672

These reliefs significantly reduced the amount of Business Rates income being collected.

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

## 2. Income from Business Rates

The total non-domestic Rateable Value (RV) of hereditaments in Broadland, as reported to central Government on the NNDR1 return, for 2021/22 was £77.99 million (2020/21 £78.52 million).

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

	2020/21	2021/22
Non-domestic rating multiplier	51.2p	51.2p
Small business non-domestic rating multiplier	49.9p	49.9p

### 3. Income from Council Tax

The average total Band D Council Tax for the year was £1,969.03 (2020/21 £1,890.53).

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

<b>Band</b>	<b>Total Number of Chargeable Dwellings Adjusted for Discounts</b>	<b>Relevant Proportion</b>	<b>Relevant Number</b>
A (Disabled)	9	5/9	5
A	2,720	6/9	1,813
B	12,080	7/9	9,396
C	18,064	8/9	16,056
D	9,399	9/9	9,399
E	4,873	11/9	5,956
F	2,080	13/9	3,004
G	783	15/9	1,306
H	85	18/9	170
			47,105
Less adjustment for losses on collection and for anticipated changes during the year for successful appeals against valuation banding, new properties, demolition and exempt properties with the addition of 26 Band D equivalents (contributions in lieu of Ministry of Defence).			-445
			46,660

# ANNUAL GOVERNANCE STATEMENT

## Scope of Responsibility

Broadland District 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. Broadland District 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, Broadland District 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, Broadland District 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 Broadland District 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 2021/22 Statement of Accounts of the Council. The Annual Governance Statement is subject to detailed review and approval by the Audit 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 Broadland District 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 Broadland District Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

## The Governance Framework

An annual review of the Governance Framework at Broadland District 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.

The Code of Corporate Governance has been in place for the 2021/22 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 Ambitions:

The Council works in collaboration with South Norfolk Council and as a result we share a Strategic Plan (2020 – 2024) and Delivery Plan (2021/22). These set out our joint Vision and Priorities:

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

#### **OUR PRIORITIES, OUR PEOPLE, OUR APPROACH:**

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

The Strategic 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](#).

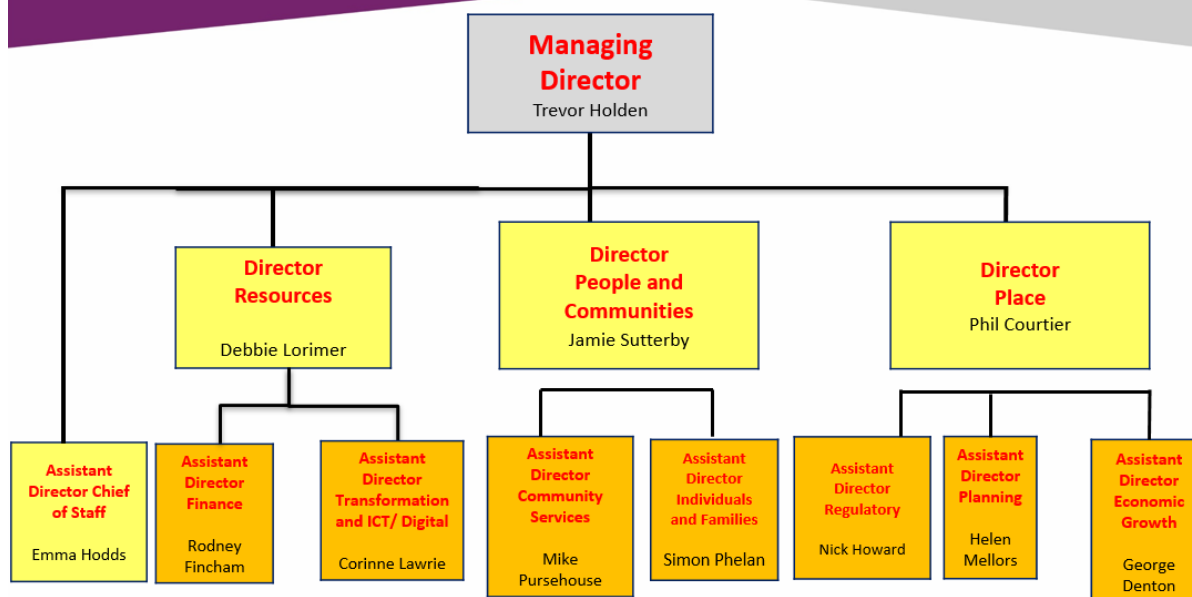
The vision and priorities are communicated through the Delivery Plan, plus regular briefings, press releases, website and the Broadland News magazine, which is delivered 3 times a year to every household and business in the District.

To underpin the Strategic Plan, a detailed Delivery 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 Strategic Plan. This plan is produced as an integrated process with the Council's annual budget setting and Medium-Term Financial Plan revision. The 2021/22 Plan can be accessed [here](#).

#### Review of the Council's Governance Arrangements:

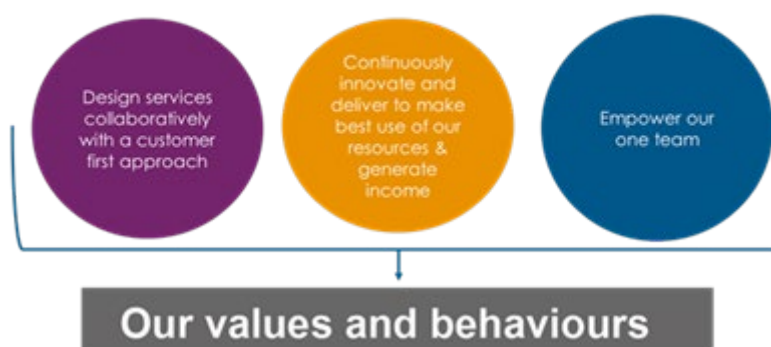
The Council regularly reviews its organisational structure as part of aligning resources with demand to deliver the priorities above. In addition, the progression with the Council's collaboration with South Norfolk Council has resulted in the establishment of one team across the two Councils. This includes a Corporate Management Leadership Team (CMLT), consisting of the Managing Director, three Directors, the Monitoring Officer (Chief of Staff) and the Section 151 Officer (the Assistant Director Finance). CMLT is also supported by six Assistant Directors, as follows:

## Two Councils - One Team



The SPARK transformation programme has continued through the past year, with key transformational programmes being delivered across the Council. The One Team has internal consultants in place across the organisation to lead on changes and work with the service areas to drive forward efficiencies. The transformational approach is designed around the three key philosophies outlined below.

### 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 4-year Strategic Plan sets out our Priorities together with targets for success over this time. The 2021/22 Delivery Plan uses these priorities and shows the 'Delivery Measures' which aim to track the performance of our services and how well we are achieving our key ambitions. The Delivery Measures are tracked and reported regularly to Cabinet as part of our Performance Framework.

The Delivery Plan sets out the proposed activities and 'business as usual' operational services that will be undertaken for the financial year ahead commencing 1 April. A new performance management scheme has been launched, with the end of year discussions being held to reflect on the past year and then to set objectives for the forthcoming year in line with the delivery plan. The objectives will be reviewed through continuous conversations over the course of the 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, Protocol on Member / officer relations, contract standing orders and financial procedure rules and council procedure rules 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.

## CIPFA Financial Management Code

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

## The Audit Committee

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

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

Responsibilities for statutory obligations are formally established. Statutory instruments are disseminated 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 Raising Concerns at Work 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. The Council's



Whistleblowing Policy and Procedure were reviewed and updated during 2020/21 and updated versions were formally approved at the beginning of 2021/22.

#### 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. This was last reviewed in 2020/21 and updated versions were formally approved at the beginning of 2021/22.

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 Audit Committee also complete such statements on an annual basis.

During 2021/22 Internal Audit have carried out a review of the Councils fraud and corruption arrangements against the latest best practice guidance. The result of this review are referred to in the section below on the work of internal audit.

#### 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 Delivery Plan and staff Performance Reviews. The Council has made extensive investment in training in line with its Organisational Development Strategy for staff, which also includes an online platform that allows staff to undertake learning remotely, at a time that is convenient to them, a Management & Leadership Development Programme and the roll out of MBTI assessments for all managers, with individual feedback provided and group sessions also held to better understand team dynamics. The online platform has been extremely useful during the COVID-19 pandemic and ensured that we can continue to provide training and development as required. This has also included more informal sessions on stress awareness etc.

In relation to Members, they undertook a rigorous training schedule in 2019/20 after they were elected, which began with a general induction programme and continued throughout the year on more specific topics to ensure Members can take on all aspects of their role confidently and legally. The majority of training undertaken by Members has been online, and often centred on regulatory matters that provide them with the relevant accreditation to sit on specific Committees. Members also have access to the online training platform referred to above.

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

The Council works with Norfolk County Council, other Norfolk District Councils, the Police, NHS, Central Government departments, businesses, and voluntary and community groups. This has increased due to the need for various agencies to work together during the COVID-19 pandemic and more recently in regard to supporting refugees from Ukraine.

The Council consults with members of the public through a number of avenues from workshops, telephone calls, social media channels and the website, to gauge public opinion on a number of issues such as shaping the budget, the development of the Local Plan and the Council Tax Support Scheme. The Council, alongside South Norfolk Council, is currently looking to establish a 'Customer Panel', which will be made up of residents and those who work in the districts. This Panel will provide valuable feedback on services with a view to ensure continued improvement and a first-class customer experience. We will start recruiting to the Panel in June 2022.

## 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 South Norfolk 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

Broadland District 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 approves the Revenue and Capital Budget and the Treasury Management Strategy annually.

### The Role of the Cabinet

The Cabinet approved the 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 delegates policy development to its Policy Development Panels.

### The Role of the Audit 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 Audit Committee is summarised in an Annual Report to Council.

### The Role of the Overview & Scrutiny Committee

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

- Hold the Executive to account (Call-In of decisions made but not implemented and routine pre-scrutiny of items of the cabinet agenda)
- Performance monitoring
- Service reviews
- Internal and external scrutiny

The work of the Overview & 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 (such a report has not been required).
- To be responsible for matters relating to the conduct of Councillors and officers.
- To be responsible for the operation of the Council's Constitution.

The Monitoring Officer is supported in their role by the Council's legal service, which is provided by 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 Audit 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 2021/22.

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.

During 2021/22 Norwich City Council expressed its wish to join the Consortium, with the Head of Internal Audit role only being provided during this financial year and the City becoming a full member of the Consortium from 2022/23.

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

The Internal Audit Service assesses itself annually to ensure conformance against the PSIAS, and are also required to have an external assessment every five years. The most recent external assessment, in January 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 next external assessment is planned to be undertaken at the end of 2022.

### 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. The auditors give their opinion on whether the financial statements of the Council give a true and fair view of the financial position as at the year end and of the income and expenditure for the year then ended; and they also provide an opinion on the Council's arrangements to secure economy, efficiency and effectiveness (Value for Money). The Council takes appropriate action where improvements need to be made.

### Effectiveness of Other Organisations

Broadland Growth Ltd is a Joint Venture Company (JVC) owned 50/50 with NPS Property Consultants Limited Ltd formed in March 2014.

Training was organised for Directors in December 2019 which focused on the roles and responsibilities of Directors. This resulted in a number of key themes coming out for inclusion in the BGL business plan. The company has not undertaken any developments in this financial year and is actively pursuing new opportunities.

## **Governance Issues**

### Managers' Assurance Statements

On an annual basis, Assistant Directors (AD) across the Council complete an Assurance Statement relating to their service area. The Assurance Statements have remained consistent since 2019/20, which presents a broadened reflection compared to previous years. The statements are then signed off by either the Managing Director or Director responsible for the service area.

### Assurance Statements - looking back on the issues raised in 2020/21

A number of service areas highlighted the need for their Business Continuity Plans to be updated, which was also an issue of note in the previous year. We reported last year that work was ongoing in terms of a joint template, and this is now complete. The joint template has been rolled out and a handful of teams are still to complete their Plans (as highlighted below also).

A number of ADs referred to the need of further development of registers for operational risks within their Directorate. Further training took place during 2021/22 in this regard, which appears to have addressed the issues partially, which is further explored below.

### Assurance Statements for 2021/22

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

In terms of emerging themes for the organisation, three areas have been highlighted as requiring further attention to become fully compliant for numerous teams:

#### **Risk and control**

As referred to above, a number of ADs highlighted issues with risk management. Due to work undertaken in the last year, this does appear to have been addressed to a degree, with only two ADs highlighting this as a governance issue for the current year. It is reported that work is underway to update and implement relevant risk registers to ensure compliance with the corporate risk management policy, therefore this should not be an issue next year.

#### **Business Continuity**

Business Continuity remains an issue that is highlighted by a number of service areas as only reaching partial compliance. The joint templates have been agreed and rolled out to the business, therefore it is hoped that the small number of teams that are yet to develop their plans will do so by September 2022, at the latest.

#### **Procurement**

A small number of ADs have reported that they are aware that the Council's contracts register is not up to date. This is a statutory register that requires review and publication on a quarterly basis. So we hope to see positive progress with this when ADs provide feedback later in the year with regard to progress to compliance.

Crucially, the responses have highlighted that there are no significant governance issues and governance arrangements are mainly consistent across the Council. Where partial responses have been provided, managers have already identified actions that are being progressed to address these areas and the Chief of Staff / Monitoring Officer will review progress during 2021/22, with updates being sought from ADs in early Autumn 2022.

### Internal Audit

The overall Internal Audit opinion in relation to the framework of governance, risk management and controls at Broadland District Council 2021/22 is reasonable.

It is encouraging to note that of the 13 assurance audits completed within the year, nine have resulted in a positive assurance grading. However, a total of four assurance reports (Disaster Recovery, Counter Fraud and Corruption and Accounts Receivable and Cyber Security (currently in draft) have received a Limited assurance grading.

The Council makes reference to the significant control weaknesses identified through internal audit work and provides details below of any outstanding urgent and important recommendations from the final reports mentioned above. All agreed actions have been assigned responsible officers and timeframes for completion. Completion of these actions will be monitored by the Internal Audit Team and Audit committee.

#### Disaster Recovery (DR):

Urgent findings have been raised to ensure DR provision is built into new systems, that the Council's DR plans are reviewed and tests are undertaken.

Important recommendations include; formalising IT risk management processes around DR scenarios and increasing DR resilience by refreshing staff knowledge. Recovery time objectives for systems also require review.

#### Counter Fraud and Corruption

A total of six important recommendations remain overdue at year end covering requirements for a Counter Fraud and Corruption strategy to be devised, raising awareness of fraud, improving staff awareness, the creation of an annual fraud plan, publicising fraud cases internally and externally and developing a fraud and corruption response plan.

#### Accounts Receivable

One urgent recommendation has been raised relating to regular reporting and action on the backlog of aged Sundry Debt. Two important recommendations have been raised relating to preventing duplicate invoices from being raised in the system and taking all possible action to recover outstanding debts.

#### Risk Management

A risk management framework is in place to ensure a consistent approach at the Council with regard to risks. The risk management strategy was reviewed during 2019/20, which resulted in a new Risk Strategy being finalised towards the end of 2020/21. The Audit Committee has oversight of the strategic risks, which are also considered by the Cabinet.

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

The annual review of governance is coordinated by the Chief of Staff, involving senior managers across the Council and reviewed by the Corporate Management Leadership Team. This Annual Governance Statement is considered in draft by the Audit 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.

*T Holden*

Trevor Holden, Managing Director

*S Vincent*

Shaun Vincent, Leader of the Council

# INDEPENDENT AUDITOR'S REPORT

To follow

## GLOSSARY

### **Accruals**

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

### **Accounting Policies**

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

### **ACOP**

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

### **Actuarial Gains and Losses**

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

### **Billing Authority**

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

### **Capital Charge**

A charge to service revenue accounts to reflect the cost of Property, Plant and Equipment used in the provision of services.

### **Capital Expenditure**

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

### **Capital Financing**

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

### **Capital Receipt**

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

### **Cash Equivalents**

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

### **CIPFA**

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

### **Collection Fund**

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

### **Contingency**

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

### **Contingent Liability**

Either a potential obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control, or a present obligation arising from past events where it is not probable that a transfer of economic



benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

### **Defined Benefit Scheme**

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

### **Depreciation**

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

### **Fixed Asset (also known as Property, Plant and Equipment)**

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

### **FRS**

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

### **IFRS**

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

### **Impairment**

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

Damage to a footpath due to severe erosion, or

An event causing severe long-term pollution in the immediate area of a building.

### **Infrastructure Asset**

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

### **Intangible Assets**

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

### **Materiality**

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

### **Minimum Revenue Provision (MRP)**

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

### **Non – Operational Asset**

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

**Operational Asset**

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

**Prior Period Adjustment**

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

**Provision**

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

**Precept**

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

**Related Party**

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

**Related Party Transaction**

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

**Remuneration**

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

**Reserve**

Accumulated balances built up from revenue contributions or specific income.

**Restated**

This word in the statements or notes to the accounts indicates that some of the figures have been changed from those shown in the same statement or note published in the previous year. This is usually as a result of either:

A change to the Code, requiring the previous year's accounts to be changed in the same way to provide an accurate comparison between the years, or

The correction of a material error or retrospective reclassification involving material amounts, as described in 'Prior Period Adjustments' above.

**Temporary Loan**

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

## LIST OF ABBREVIATIONS

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