

Draft Statement of Accounts 2021/2022



STATEMENT OF ACCOUNTS

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NARRATIVE REPORT

1. About South Norfolk Council

South Norfolk is home to approximately 141,900 people, equally divided between urban and rural locations.

There are 88 towns and villages, including four Market Towns. The Market Towns: Loddon; Harleston; Diss and Wymondham provide vital amenities for local residents and visitors, and are employment centres for many residents. Other large and small settlements play a vital role in supporting the local economy and providing key facilities for residents including Hingham, Long Stratton, Costessey and Cringleford.

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

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

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

The Council delivers services including:

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

The Council is made up of 46 councillors, with the Conservatives being the majority group. The Cabinet consists of 7 portfolio members of the Conservative Group.

South Norfolk comprises 118 parishes of varying sizes.

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

South Norfolk District Council's Band D Council tax for 2021/22 (excluding special expenses) was £160.00.

2. Format of Accounts

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

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

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

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

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

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

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

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

3. Joint Working Arrangement with Broadland District Council

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

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

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 Broadland 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
- Throughout coronavirus South Norfolk innovated and launched a new and enhanced leisure online platform making it easier for you to stay fit and healthy
- 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 Rate income, and Government Grants. The numbers here differ to the figures shown on the Comprehensive Income and Expenditure Statement as some items of expenditure, such as depreciation, are presented differently.

	Latest Budget			Actual
	Expend £'000	Income £'000	Net £'000	Net £'000
Chief of Staff				
Managing Director and Chief of Staff	516	-	516	507
Governance & Business Support	3,286	-590	2,696	2,467
	3,802	-590	3,212	2,974
Resources				
Corporate Costs	2,363	-82	2,281	2,082
One off distribution of 2021 NNDR pool gain	-	-	-	-675
Finance & Revenues	1,208	-404	804	756
ICT, Customer Services and Facilities	2,870	-84	2,787	2,433
	6,441	-569	5,872	4,596
Place				
Economic Growth	2,204	-1,724	480	700
Regulatory Services	847	-197	650	565
Planning	4,649	-4,190	459	-573
	7,700	-6,111	1,589	692
People & Communities				
Individuals & Families	24,987	-23,730	1,257	204
Waste Services	7,511	-4,899	2,612	1,731
	32,497	-28,629	3,869	1,935
Leisure	3,599	-2,035	1,564	1,050
Non-Core Costs				
Covid Response	1,456	-794	662	-447
Energy Rebate Scheme (Discretionary)	-	-	-	-185
	55,496	-38,729	16,768	10,615
Precepts - Parish Councils			4,189	4,189
Precepts - Internal Drainage Boards			173	192
Interest Payable / MRP			339	12
Trading			-	-263
Interest Receivable			-1,356	-1,660
Revenue contributions to Capital Expenditure			-	3,368
Adjustments			31	71
Budget Requirement			20,144	16,524
Council Tax			-12,233	-12,233
NNDR (Business Rates)			-4,410	5,930
New Homes Bonus			-3,577	-3,577
Government Grant - Other			-747	-1,241
Net Deficit / (Surplus) for the Year			-823	5,403

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

(Surplus) / Deficit on Provision of Services	4,170
Adjustments between Accounting Basis and Funding Basis	1,233
(Increase) / Decrease in General Fund Reserve	5,403

Movement in Reserves

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

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

- The General Reserves decreased by £5.4 million to £32.3 million.
- The Authorities Unusable Reserves increased by £23.5 million. This is primarily because the Pension Fund deficit decreased by £14.9 million alongside an increase in the Capital Adjustment Account of £4.1 million.

Capital Expenditure

Capital expenditure during 2021/22 amounted to £9.4 million. Of this sum, £1.8 million was spent as capital grants to external organisations and individuals and did not result in the acquisition of assets on the Authority's balance sheet.

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 2022 £m	Value 31 March 2021 £m
Assets		
Property, Plant and Equipment	35.4	33.3
Investment Properties	14.8	11.5
Long Term Investments	6.7	6.9
Long Term Debtors	33.7	30.3
Cash and Bank holdings	47.1	21.3
Short Term Debtors	15.8	20.1
Short Term Investments	19.5	7.5
Liabilities		
Current liabilities	(36.9)	(27.4)
Revenue Grants Receipts in Advance	(7.6)	0
PWLB Borrowing	(20.0)	0
Pension Scheme Liability	(67.2)	(83.0)

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

This pension liability has been accounted for under International Accounting Standard 19 Employee Benefits (IAS19) and in common with many public and private companies, who offer defined benefit pension schemes, the current IAS19 valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For South Norfolk the pension asset value is £110 million and the liability £177 million giving a net deficit of £67 million 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 £25.8m to £47.1m.

Collection Fund

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

During 2021/22 the Council raised £101.8m in Council Tax. Council Tax income is paid over to the precepting bodies (Norfolk County Council, Office of the Police & Crime Commissioner and South Norfolk Council) and the amount paid over in 2021/22 (£100.2m) equals the amount that was requested as part of the 2021/22 budget setting process.

During 2021/22 the Council raised £27.0m in business rates. Business rate income is generally shared as follows: Central Government 50%; South Norfolk Council 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 21/22.

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

In addition, working jointly with Broadland 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 £17.9m.

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 that the Council should be able to deliver a balanced budget in the medium term.

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
South Norfolk Council
Cygnet Court
Long Stratton
Norwich
NR15 2XE

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 STATEMENT

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

						Restated						
Group			Single entity			Group			Single entity			
Year ended 31 March 2022			Year ended 31 March 2022			Year ended 31 March 2021			Year ended 31 March 2021			
Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net	
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Gross expenditure, gross income and net expenditure of continuing operations:-												
Chief of Staff												
614	0	614	664	0	664	Managing Director and Chief of Staff	480	0	480	555	0	555
3,460	(639)	2,821	3,460	(639)	2,821	Governance and Business Support	2,075	(304)	1,771	2,075	(304)	1,771
Resources												
20,943	(24,501)	(3,558)	467	(723)	(256)	Corporate Management	2,700	(1,153)	1,547	1,457	(24)	1,433
1,529	(419)	1,110	1,529	(434)	1,095	Finance and Revenues	1,706	(749)	957	1,706	(766)	940
3,120	(73)	3,047	3,120	(73)	3,047	ICT, Customer Services and Facilities	2,846	(95)	2,751	2,846	(95)	2,751
Place												
2,661	(1,153)	1,508	2,661	(1,153)	1,508	Economic Growth	6,119	(2,427)	3,692	6,119	(2,427)	3,692
970	(194)	776	970	(194)	776	Regulatory Services	1,020	(169)	851	1,020	(169)	851
5,026	(4,447)	579	5,026	(4,447)	579	Planning	4,040	(4,199)	(159)	4,040	(4,199)	(159)
People and Communities												
23,496	(21,425)	2,071	23,516	(21,425)	2,091	Individuals and Families	23,867	(22,210)	1,657	23,876	(22,210)	1,666
8,143	(4,286)	3,857	8,143	(4,286)	3,857	Waste and Recycling Services	6,983	(3,956)	3,027	6,983	(3,956)	3,027
4,213	(2,216)	1,997	4,213	(2,216)	1,997	Leisure	2,827	(1,840)	987	2,827	(1,840)	987
Non Core Services												
4,336	(4,577)	(241)	4,336	(4,577)	(241)	Covid Response	6,867	(7,818)	(951)	6,867	(7,818)	(951)
0	(185)	(185)	0	(185)	(185)	Energy Rebate Scheme	0	0	0	0	0	0
78,511	(64,115)	14,396	58,105	(40,352)	17,753	Cost of Services	61,530	(44,920)	16,610	60,371	(43,808)	16,563

		Other Operating Expenditure:		
4,189	4,189	Precepts paid to Parish Councils	4,127	4,127
192	192	Internal Drainage Boards	0	0
(833)	(833)	(Gain)/Loss on disposal of non-current assets	(24)	(24)
		Financing and Investment Income and Expenditure:-		
12	12	Interest payable or similar charges	1	1
(252)	(252)	(Gain)/Loss on trading accounts	(355)	(355)
0	0	Other investment property income	(22)	(22)
1,676	1,676	Pensions interest (income)/expenditure	1,325	1,325
(336)	(1,661)	Investment interest income	(63)	(982)
0	0	(Gain)/Loss on disposal of investments	88	88
(2,522)	(2,212)	(Gain)/Loss on revaluation of Investment Property and Assets Held for Sale	193	432
		Taxation and Non-Specific Grant Income and Expenditure:-		
(12,385)	(12,385)	Council Tax Income	(11,873)	(11,873)
3,239	3,239	Business Rates Income and Expenditure	(5,444)	(5,444)
(732)	(732)	Capital Grants (Note 30)	(5,983)	(5,983)
(4,816)	(4,816)	General Grants (Note 30)	(5,008)	(5,008)
1,828	4,170	(Surplus)/Deficit on provision of service for the Year	(6,428)	(7,155)
0	0	Joint Venture accounted for on an equity basis	32	0
0	0	Taxation expenses of subsidiaries	4	0
1,828	4,170	Group (Surplus)/Deficit	(6,392)	(7,155)
(2,052)	(2,052)	(Surplus)/deficit on revaluation of property, plant and equipment assets (Note 26)	1	1
(20,242)	(20,242)	Remeasurement of the pensions net defined benefit liability/(asset)	22,530	22,530
(22,294)	(22,294)	Other Comprehensive Income and Expenditure	22,531	22,531
(20,466)	(18,124)	Total Comprehensive Income and Expenditure	16,139	15,376

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.

Group						Single entity					
General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied Account £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Council Reserves £000s	General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied Account £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Council Reserves £000s
23,650	1,875	1,634	27,159	4,414	31,573	24,141	1,875	1,634	27,650	3,917	31,567
6,392	0	0	6,392	(22,531)	(16,139)	7,155	0	0	7,155	(22,531)	(15,376)
6,085	(67)	(1,233)	4,785	(4,785)	0	6,415	(67)	(1,233)	5,115	(5,115)	0
12,477	(67)	(1,233)	11,177	(27,316)	(16,139)	13,570	(67)	(1,233)	12,270	(27,646)	(15,376)
36,127	1,808	401	38,336	(22,902)	15,434	37,711	1,808	401	39,920	(23,729)	16,191
(1,828)	0	0	(1,828)	22,294	20,466	(4,170)	0	0	(4,170)	22,294	18,124
(1,543)	59	(6)	(1,490)	1,490	0	(1,233)	59	(6)	(1,180)	1,180	0
(3,371)	59	(6)	(3,318)	23,784	20,466	(5,403)	59	(6)	(5,350)	23,474	18,124
32,756	1,867	395	35,018	882	35,900	32,308	1,867	395	34,570	(255)	34,315

Balance brought forward as at 1 April 2020

Movement in Reserves during 20/21:

Total Comprehensive Expenditure and Income

Adjustments between accounting basis & funding basis under regulations (Note 9)

Increase/Decrease in Year

Balance carried forward at 31 March 2021

Movement in Reserves during 21/22:

Total Comprehensive Expenditure and Income

Adjustments between accounting basis & funding basis under regulations (Note 9)

Increase/Decrease in Year

Balance carried forward at 31 March 2022

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.

Group	Single entity		Group	Single entity
As at 31 March 2022 £000s	As at 31 March 2022 £000s		As at 31 March 2021 £000s	As at 31 March 2021 £000s
		Non Current Assets		
35,429	35,421	Property, Plant & Equipment (Note 12)	33,356	33,346
338	338	Intangible Fixed Assets	298	298
21,934	14,810	Investment Properties (Note 13)	18,275	11,460
25	6,711	Long Term Investments (Note 19)	25	6,855
2,099	33,659	Long Term Debtors (Note 18)	3,113	30,255
59,825	90,939	Total Non-Current Assets	55,067	82,214
		Current Assets		
55,101	47,114	Cash and cash equivalents	22,008	21,300
12,834	15,842	Debtors (Note 20)	17,855	20,687
19,513	19,513	Short Term Investments (Note 21)	7,501	7,501
29,377	61	Inventories (Note 22)	30,549	58
116,825	82,530	Total Current Assets	77,913	49,546
		Current Liabilities		
(38,242)	(36,904)	Creditors (Note 23)	(27,477)	(25,608)
(7,595)	(7,595)	Revenue Grants Receipts in Advance (Note 30)	0	0
(355)	(355)	Capital Grants Receipts in Advance	(341)	(341)
(1,007)	(1,247)	Short Term Provisions (Note 24)	(1,478)	(1,478)
(47,199)	(46,101)	Total Current Liabilities	(29,296)	(27,427)
		Long Term Liabilities		
(1,215)	(781)	Long Term Creditors (Note 25)	(805)	(805)
(4,390)	(4,390)	Grants Receipts in Advance (Note 30)	(4,603)	(4,603)
(745)	(681)	Provisions (Note 24)	(789)	(681)
(20,000)	(20,000)	PWLB Borrowing	0	0
(67,201)	(67,201)	Pension Scheme Liability (Note 33)	(82,053)	(82,053)
(93,551)	(93,053)	Total Long Term Liabilities	(88,250)	(88,142)
35,900	34,315	Net Assets	15,434	16,191

Group	Single entity
As at 31 March 2022 £000s	As at 31 March 2022 £000s
1,848	1,400
30,908	30,908
1,867	1,867
395	395
61,935	60,798
(3,112)	(3,112)
12	12
(33)	(33)
(67,201)	(67,201)
9,872	9,872
(591)	(591)
35,900	34,315

Usable Reserves

General Fund Balance
General Reserves (Note 11)
Usable Capital Receipts Reserve
Capital Grants Unapplied

Unusable Reserves (Note 26)

Capital Adjustment Account
Collection Fund Adjustment Account
Deferred Capital Receipts Reserve
Financial Instruments Adjustment Account
Pension Reserve
Revaluation Reserve
Short Term Accumulated Absences Account

Total Net Worth

Group	Single entity
As at 31 March 2021 £000s	As at 31 March 2021 £000s
(184)	1,400
36,311	36,311
1,808	1,808
401	401
57,559	56,732
(5,955)	(5,955)
12	12
(35)	(35)
(82,053)	(82,053)
8,038	8,038
(468)	(468)
15,434	16,191

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.

Group	Single entity		Group	Single entity	
31 March 2022 £000s	31 March 2022 £000s		31 March 2021 £000s	31 March 2021 £000s	
(1,828)	(4,170)	Net Surplus/(Deficit) on the provision of services	6,392	7,155	
19,048	16,645	Adjustment to surplus or deficit on the provision of services for noncash movements	(10,330)	6,506	
(3,702)	(3,702)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(8,711)	(8,711)	
13,518	8,773	Net Cash flows from Operating activities	(12,649)	4,950	
(12,559)	(15,093)	Net Cash flows from Investing Activities	7,203	(8,098)	
32,134	32,134	Net Cash flows from Financing Activities	3,490	1,745	
33,093	25,814	Net increase or (decrease) in cash and cash equivalents	(1,956)	(1,403)	
22,008	21,300	Cash and cash equivalents at the beginning of the reporting period	23,964	22,703	
55,101	47,114	Cash and cash equivalents at the end of the reporting period	22,008	21,300	

The cash flows for operating activities include the following items:

Group	Single entity
31 March 2022 £000s	31 March 2022 £000s
(181)	1,144
(5)	(5)
(186)	1,139

Interest received

Interest paid

Group	Single entity
31 March 2021 £000s	31 March 2021 £000s
65	984
(3)	(3)
62	981

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

Group	Single entity
31 March 2022 £000s	31 March 2022 £000s
1,507	1,504
(114)	(114)
104	104
320	320
6,905	5,737
5,194	5,464
1,172	(3)
5,390	5,390
683	683
(2,113)	(2,440)
19,048	16,645

Depreciation

Impairment and downward valuations

Amortisation

Movement in contract assets, liabilities and costs (IFRS 15)

Increase/(decrease) in creditors

(Increase)/decrease in debtors

(Increase)/decrease in inventories

Movement in pension liability

Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised

Other non-cash items charged to the net surplus on the provision of services

Group	Single entity
31 March 2021 £000s	31 March 2021 £000s
1,494	1,492
2,179	2,418
142	142
83	83
(4,206)	11
254	(1,225)
(12,100)	1
2,399	2,399
408	408
(983)	777
(10,330)	6,506

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

Group	Single entity
31 March 2022 £000s	31 March 2022 £000s
(1,673)	(1,673)
(2,029)	(2,029)
(3,702)	(3,702)

Proceeds from the sale of property, plant and equipment, investment property and intangible assets
Any other items for which the cash effects are investing or financing cash flows

Group	Single entity
31 March 2021 £000s	31 March 2021 £000s
(433)	(433)
(8,278)	(8,278)
(8,711)	(8,711)

NOTES TO THE ACCOUNTS

1. Accounting Policies

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

General

The Statement of Accounts summarises the Authority's transactions for the 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 no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless 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. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Council Tax and Non-Domestic Rate

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (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 for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to the surplus of deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

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

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

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

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

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

Service cost, comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset) 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.

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

Expected Credit Loss Model

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

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

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

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

Fair Value Measurement of Financial Assets

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

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

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

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

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

Government Grants and Contributions

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

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

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

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

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

Community Infrastructure Levy

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

The CIL is 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.

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 sales proceeds greater than £10,000) the Capital Receipts Reserve.

Interest in Companies and Other Entities

The Authority has the following interests.

- The Authority controls the following companies through 100% ownership of the share capital in Big Sky Ventures Ltd which acts as a holding company for: Big Sky Developments Ltd and Big Sky Property Management Ltd. This arrangement has been classified as a subsidiary in accordance with the guidelines set out in CIPFA's codes of best practice in group accounting. Group accounts have been prepared as the overall change between the single entity and the group statements is material.
- Up until 22nd March 2021, the Authority held a 50% shareholding in Build Insight Ventures Ltd, with NPS Property Consultants Limited holding the other 50%. Build Insight Ventures Ltd acts as a holding company for Build Insight Ltd and Build Insight Consulting Ltd. The Council's Group accounts incorporate Build Insight Ventures Ltd as an associate where material.
- Norse Environmental Waste Limited (NEWS) has contracted to provide recycling sorting and processing and garden waste composting to seven second tier Norfolk councils, with voting arrangements that give 7% influence to each minor body (including South Norfolk) and 51% to Norse Group. This relationship has been assessed as a joint venture, as the Authority has neither significant influence nor control.
The Council's Group accounts do not incorporate NEWS, on the grounds of materiality.

Inventories and Long-term Contracts

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

Investment Property

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

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

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

impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movements in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

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

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

Overheads and Support Services

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

Property, Plant & Equipment

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

Recognition

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

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 (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

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

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

Componentisation Policy

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

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

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (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 credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place 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 (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

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

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

Contingent Assets

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

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

Reserves

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

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

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

Revenue Expenditure funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset (i.e. capital grants to third parties) has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure

from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

VAT

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

Fair Value Measurement of Non-Financial Assets

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

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

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset 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 high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Judgement is applied to decisions concerning the authority's property, plant and equipment in matters such as determining the classification of each asset and the appropriate basis for valuation. Assets are classified according to their characteristics, after comparing them to the guidelines set out within the Code and accountancy standards, with these classifications kept under review. Valuations are made by a professional with appropriate and relevant qualifications at intervals not exceeding five years.
- Appeals lodged against NNDR assessments may succeed, resulting in the need to refund all or part of the NNDR paid by the business concerned. The authority has considered the potential effect of the appeals outstanding as at 31 March 2022 using an external advisor and has made a reasoned judgement of the potential effect of these appeals.

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

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

Property, Plant and Equipment

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

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

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

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Currently these assumptions are calculated for South Norfolk Council by expert actuaries, Hymans Robertson LLP. They provide South Norfolk Council with expert advice about the assumptions that need to be applied. The pension liability as at 31 March 2022 is £67 million. Further details can be found in Note 33.

Business Rates Appeals Provision

Billing authorities are required to estimate and make provisions for the liabilities likely to arise from successful appeals against NNDR (Business Rates) bills issued as at 31 March each year. The authority has made a total provision for appeals of £1.9 million which is detailed in Note 24 of the accounts. In addition, it has an earmarked reserve to deal with all financial risks related to the Business Rates system and this is shown in Note 11 of the accounts.

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

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

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 was received throughout 2021/22. However, some grants were to cover both 2021/22 and 2022/23. As a result, where grant funding has not been fully used in 2021/22 it has been carried forward into 2022/23 either:

- via an new 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	Transaction Type	Received £'000	Amt Due In ST Debtor £'000	Spent £'000	Balance In ST Cred £'000	Balance In ER £'000
General Funding						
COVID-19 Emergency Funding for Local Government	Principal	-794		1,014		-220
Track & Trace (Isolation Support Payment)						
Mandatory Scheme	Agent	-68	-170	305	-68	
Discretionary Scheme	Principal	-267		312		-46
Admin Grant	Principal	-33		55		-22
NCC Top up	Principal	-250		46	205	
Enforcement / Contain Outbreak Management Fund (COMF) Funding						
Local Authority Compliance and Enforcement Grant	Principal			27	-35	
COMF Funding via Norfolk CC	Principal			466	-466	
COMF Direct	Principal	-163		123	39	
Hardship						
Council Tax Support Hardship Grant	Principal					-15
Support to the Shielded Population	Principal	-30				-15
DoH Surge Testing Grant	Principal	-17				
Business Grants						
Additional Restriction Grants	Principal	-1,253		2,443	-1,190	
Restart Grants	Agent	-7,434	-198	7,608		
Omicron H&L	Agent	-1,632		1,103	529	
Grants to Cover Specific Cost Pressures						
New Burdens Funding	Principal	-312		51		261
Additional Business Rates Reliefs						
NNDR Reliefs Compensation Grant 20/21	Offset lost income					-5,653
NNDR Reliefs Compensation Grant 21/22	Offset lost income	-2,124				2,124
Lost Income Compensation						
Sales Fees & Charges Compensation Scheme	Offset lost income	-362		362		

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 £14.121m in 2020/21, and £5.296m 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.

	Transaction Type	Received	Balance in Short Terms Creditors	Balance in Earmarked Reserve
		£'000	£'000	£'000
Council Tax Energy Rebate - £150 payment to council tax bands A-D	Agent	(7,595)	7,595	0
Council Tax Energy Rebate – Discretionary Scheme bands E-H	Principal	(185)	0	185

7. Expenditure and Funding Analysis

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

	Restated		
	Year ended 31 March 2021		
	Net Expenditure Chargeable to the General Fund Balance £000s	Adjustments between the Funding and Accounting Basis (Note 9) £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
Chief of Staff			
Managing Director and Chief of Staff	555	0	555
Governance and Business Support	1,768	3	1,771
Resources			
Corporate Management	1,433	0	1,433
Finance and Revenues	1,019	(79)	940
ICT, Customer Services and Facilities	2,473	278	2,751
Place			
Economic Growth	(1,183)	4,875	3,692
Regulatory Services	731	120	851
Planning	116	(275)	(159)
People and Communities			
Individuals and Families	1,133	533	1,666
Waste and Recycling Services	3,515	(488)	3,027
Leisure	1,892	(905)	987
Non Core Services			
Covid Response	(998)	47	(951)
Energy Rebate Scheme	0	0	0
Net Cost of Services	12,454	4,109	16,563
Other Income and Expenditure	(26,024)	2,306	(23,718)
(Surplus)/Deficit for the Year	(13,570)	6,415	(7,155)
Opening General Fund (including Earmarked Reserves)	(24,141)		
(Surplus)/Deficit on General Fund Balance for the Year	(13,570)		
Closing General Fund Balance (including Earmarked Reserves)	(37,711)		

Year ended 31 March 2022

	Net Expenditure Chargeable to the General Fund Balance £000s	Adjustments between the Funding and Accounting Basis (Note 9) £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
Chief of Staff			
Managing Director and Chief of Staff	506	(158)	664
Governance and Business Support	2,467	(354)	2,821
Resources			
Corporate Management	1,347	1,603	(256)
Finance and Revenues	756	(339)	1,095
ICT, Customer Services and Facilities	2,431	(616)	3,047
Place			
Economic Growth	602	(906)	1,508
Regulatory Services	565	(211)	776
Planning	(582)	(1,161)	579
People and Communities			
Individuals and Families	205	(1,886)	2,091
Waste and Recycling Services	1,866	(1,991)	3,857
Leisure	1,034	(963)	1,997
Non Core Services			
Covid Response	(447)	(206)	(241)
Energy Rebate Scheme	(185)	0	(185)
Net Cost of Services	10,565	(7,188)	17,753
Other Income and Expenditure	(5,162)	8,421	(13,583)
(Surplus)/Deficit for the Year	5,403	1,233	4,170
Opening General Fund (including Earmarked Reserves)	(37,711)		
(Surplus)/Deficit on General Fund Balance for the Year	5,403		
Closing General Fund Balance (including Earmarked Reserves)	(32,308)		

8. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Restated Year ended 31 March 2021			
	Adjustments for Capital Purposes (Note 1) £000s	Net change for Pensions Adjustments (Note 2) £000s	Other differences (Note 3) £000s	Total Adjustments 2020/21 £000s
Chief of Staff				
Managing Director and Chief of Staff	0	0	0	0
Governance and Business Support	0	2	1	3
Resources				
Corporate Management	0	0	0	0
Finance and Revenues	(75)	(3)	0	(78)
ICT, Customer Services and Facilities	278	0	0	278
Place				
Economic Growth	4,876	0	0	4,876
Regulatory Services	120	0	0	120
Planning	(275)	0	0	(275)
People and Communities				
Individuals and Families	313	167	51	531
Waste and Recycling Services	(807)	241	78	(488)
Leisure	(1,009)	86	18	(905)
Non Core Services				
Covid Response	(13)	55	5	47
Energy Rebate Scheme	0	0	0	0
Cost of Services	3,408	548	153	4,109
Other income and expenditure from the Expenditure and Funding Analysis	(5,805)	1,851	6,260	2,306
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provisions of Services	(2,397)	2,399	6,413	6,415

Year ended 31 March 2022

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

	Adjustments for Capital Purposes (Note 1) £000s	Net change for Pensions Adjustments (Note 2) £000s	Other differences (Note 3) £000s	Total Adjustments 2021/22 £000s
Chief of Staff				
Managing Director and Chief of Staff	0	(155)	(3)	(158)
Governance and Business Support	0	(346)	(8)	(354)
Resources				
Corporate Management	0	1,603	0	1,603
Finance and Revenues	0	(339)	0	(339)
ICT, Customer Services and Facilities	(275)	(345)	4	(616)
Place				0
Economic Growth	(700)	(196)	(10)	(906)
Regulatory Services	0	(208)	(3)	(211)
Planning	0	(1,132)	(29)	(1,161)
People and Communities				0
Individuals and Families	(1,050)	(818)	(18)	(1,886)
Waste and Recycling Services	(848)	(1,120)	(23)	(1,991)
Leisure	(428)	(531)	(4)	(963)
Non Core Services				
Covid Response	0	(178)	(28)	(206)
Energy Rebate Scheme	0	0	0	0
Cost of Services	(3,301)	(3,765)	(122)	(7,188)
Other income and expenditure from the Expenditure and Funding Analysis	7,205	(1,625)	2,841	8,421
	(3,904)	5,390	(2,719)	1,233
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provisions of Services				

(1) Adjustments for Capital Purposes

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

(2) Net Change for Pensions Adjustments

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

(3) Other Differences

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

9. Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied Account

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

Year ended 31 March 2021:	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments Primarily involving the Capital Adjustment Account				
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement				
Amortisation of Intangible Assets	142	0	0	(142)
Depreciation of Property, Plant & Equipment	1,492	0	0	(1,492)
Gain/(Loss) on revaluation of Property, Plant & Equipment	2,418	0	0	(2,418)
Government Grants & Contributions	(9,511)	0	0	9,511
Revenue Expenditure funded from Capital Under Statute	2,868	0	0	(2,868)
Amounts of Non Current Assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	407	0	0	(407)
Gain/(Loss) on revaluation of Investment Properties and Assets Held for Sale	432	0	0	(432)
Capital grants and contributions applied credited to the Comprehensive Income and Expenditure Account	1,233	0	(1,233)	0
	(519)	0	(1,233)	1,752
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure financed from Revenue	(1,446)	0	0	1,446
	(1,446)	0	0	1,446
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer from Usable Capital Receipts	0	46	0	(46)
Transfer of Cash Sale Proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(432)	432	0	0
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(545)	0	545
	(432)	(67)	0	499
Adjustments primarily involving the Pensions Reserve				
Employers pension contribution	(3,116)	0	0	3,116
Net charges made for retirement benefits	5,515	0	0	(5,515)
	2,399	0	0	(2,399)
Other adjustments				
Adjustments involving the Collection Fund Adjustment Account	6,141	0	0	(6,141)
Short Term Accumulated Absences	273	0	0	(273)
Adjustments involving the Financial Instruments Adjustment Account	(1)	0	0	1
	6,413	0	0	(6,413)
Net Additional amount to be charged/(credited) to the General Fund	6,415	(67)	(1,233)	(5,115)

Year ended 31 March 2022:

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments Primarily involving the Capital Adjustment Account				
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement				
Amortisation of Intangible Assets	104	0	0	(104)
Depreciation of Property, Plant & Equipment	1,503	0	0	(1,503)
Gain/(Loss) on revaluation of Property, Plant & Equipment	(114)	0	0	114
Government Grants & Contributions	(642)	0	0	642
Revenue Expenditure funded from Capital Under Statute	1,808	0	0	(1,808)
Amounts of Non Current Assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	685	0	0	(685)
Gain/(Loss) on revaluation of Investment Properties and Assets Held for Sale	(2,212)	0	0	2,212
Capital grants and contributions applied credited to the Comprehensive Income and Expenditure Account	6	0	(6)	0
	1,138	0	(6)	(1,132)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure financed from Revenue	(3,368)	0	0	3,368
	(3,368)	0	0	3,368
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer from Usable Capital Receipts	0	5	0	(5)
Transfer of Cash Sale Proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(1,674)	1,674	0	0
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(1,620)	0	1,620
	(1,674)	59	0	1,615
Adjustments primarily involving the Pensions Reserve				
Employers pension contribution	(3,451)	0	0	3,451
Net charges made for retirement benefits	8,841	0	0	(8,841)
	5,390	0	0	(5,390)
Other adjustments				
Adjustments involving the Collection Fund Adjustment Account	(2,842)	0	0	2,842
Short Term Accumulated Absences	124	0	0	(124)
Adjustments involving the Financial Instruments Adjustment Account	(1)	0	0	1
	(2,719)	0	0	2,719
Net Additional amount to be charged/(credited) to the General Fund	(1,233)	59	(6)	1,180

10. Income and Expenditure Analysed by Nature

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

	2021/22	2020/21
	£000s	£000s
Expenditure/Income		
Expenditure		
Employee benefits expenses	24,015	19,005
Depreciation, amortisation, impairment & REFCUS	3,122	2,336
Interest payments	1,683	1,328
Precepts and levies	4,189	4,127
Gain on disposal of assets	(832)	(24)
Gain/loss on revaluation	(2,212)	520
Other expenditure	47,184	44,418
Total expenditure	77,149	71,710
Income		
Fees, charges and other income	(14,670)	(11,105)
Interest and investment income	(330)	(65)
Income from Council Tax and Non-Domestic Rates	(26,975)	(26,589)
Government grants and contributions	(31,004)	(41,106)
Total income	(72,979)	(78,865)
(Surplus)/Deficit on Provision of Services	4,170	(7,155)

11. Transfers to / from Earmarked Reserves

Name of Reserve	Balance as at 31 March 2021	Movement in Year	Balance as at 31 March 2022
	£000s	£000s	£000s
Revenue	3,436	(8,126)	(4,690)
Localisation of Council Tax Benefit	0	0	0
District and Parish Elections	115	0	115
Local Development Reserve	855	50	905
Leisure Centres	2,000	(74)	1,926
Low Cost Housing (New Homes Bonus Reserve)	876	0	876
Communities and Localism Reserve	0	0	0
Infrastructure Reserve	2,837	0	2,837
Enterprise Zone Reserve	205	3	208
Car Park Upgrades Reserve	197	70	267
3G Pitch Renewal Reserve	57	15	72
Collaboration saving reserve	768	0	768
Street Lighting Replacement Reserve	20	0	20
Localisation of Business Rates Reserve	5,169	(8,415)	(3,246)
Depot works	5,000	0	5,000
New ways of working	4,000	(447)	3,553
Asset Replacement Reserve	1,458	732	2,190
Covid 19 Reserve	1,072	(104)	968
Covid 19 S31 Grants Reserve	5,246	7,818	13,064
Leisure Services Recovery Reserve	2,500	(1,049)	1,451
Waste Reserve	500	0	500
Compulsory Purchase Order Reserve	0	500	500
Energy Rebate Discretionary Reserve	0	185	185
Judicial Review Reserve	0	100	100
Projects Reserve	0	239	239
Feasibility Study Reserve	0	600	600
Opportunities Reserve	0	2,500	2,500
Total	36,311	(5,403)	30,908

12. Property, Plant and Equipment

Movements in Property, Plant & Equipment during 20/21 were as follows:

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Valuation as at 1 April 2020	24,231	12,041	50	1,425	38	37,785
Reclassifications	901	13	0	0	(18)	896
Additions	4,440	1,434	0	0	0	5,874
Revaluation increase/(decrease) recognised in the Revaluation Reserve	(751)	0	0	451	0	(300)
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	(2,466)	0	0	3	0	(2,463)
Impairment losses written out to the Comprehensive Income & Expenditure Statement	0	0	0	0	0	0
De-recognition - disposals	-385	(1,261)	0	0	0	(1,646)
Value as at 31 March 2021	25,970	12,227	50	1,879	20	40,146
Accumulated Depreciation						
At 1 April 2020	(58)	(6,782)	(50)	0	0	(6,890)
Reclassifications	0	0	0	0	0	0
Depreciation charge	(363)	(1,129)	0	0	0	(1,492)
Depreciation written out to the Revaluation Reserve	300	0	0	0	0	300
Depreciation written out to the Comprehensive Income & Expenditure Statement	45	0	0	0	0	45
De-recognition - disposals	35	1,202	0	0	0	1,237
At 31 March 2021	(41)	(6,709)	(50)	0	0	(6,800)
Net Book Value at 31 March 2021	25,929	5,518	0	1,879	20	33,346

Movements in Property, Plant & Equipment during 2021/22 were as follows:

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Valuation as at 1 April 2021	25,970	12,227	50	1,879	20	40,146
Reclassifications	0	0	0	0	0	0
Additions	-42	1,844	0	0	1	1,803
Revaluation increase/(decrease) recognised in the Revaluation Reserve	1,696	0	0	65	0	1,761
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	98	0	0	-28	0	70
Impairment losses written out to the Comprehensive Income & Expenditure Statement	0	0	0	0	0	0
De-recognition - disposals	0	-177	0	-347	0	(524)
Value as at 31 March 2022	27,722	13,894	50	1,569	21	43,256
Accumulated Depreciation						
At 1 April 2021	(41)	(6,709)	(50)	0	0	(6,800)
Reclassifications	0	0	0	0	0	0
Depreciation charge	(378)	(1,126)	0	0	0	(1,504)
Depreciation written out to the Revaluation Reserve	288	0	0	0	0	288
Depreciation written out to the Comprehensive Income & Expenditure Statement	45	0	0	0	0	45
De-recognition - disposals	0	136	0	0	0	136
At 31 March 2022	(86)	(7,699)	(50)	0	0	(7,835)
Net Book Value at 31 March 2022	27,636	6,195	0	1,569	21	35,421

Analysis of Assets

	No. of Assets	NBV as at 31 March 2022 £000s	NBV as at 31 March 2021 £000s
Operational			
Land & Buildings			
Car Parks	18	2,383	2,384
Depot	1	305	308
Hostels	2	821	824
Leisure Centres	3	18,150	16,462
Office	2	5,680	5,635
Public Conveniences	3	283	302
Travellers Site	1	14	14
Land & Buildings Total		27,636	25,929
Vehicles, Plant & Equipment			
Vehicles		2,876	2,759
Wheeled Bins		768	742
Other		2,551	2,017
Vehicles, Plant & Equipment Total		6,195	5,518
Infrastructure assets			
Access road		0	0
Operational Total		33,831	31,447
Non Operational			
Surplus Assets			
Land Awaiting Development		1,569	1,879
Surplus Assets Total		1,569	1,879
Assets Under Construction			
Assets Under Construction		21	20
Assets Under Construction Total		21	20
Non Operational Total		1,590	1,899
Total Property, Plant & Equipment		35,421	33,346

Valuations

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

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Carried at historical cost	13	13,894	50	5	21	13,983
Valued at fair value as at:						
31-Mar-18	518	0	0	0	0	518
31-Mar-19	2,365	0	0	0	0	2,365
31-Mar-20	212	0	0	0	0	212
31-Mar-21	211	0	0	475	0	686
31-Mar-22	24,403	0	0	1,089	0	25,492
	27,722	13,894	50	1,569	21	43,256

Depreciation

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

Class of Asset	Remaining Useful Life (years)
Buildings	36- 53
Plant and Equipment	0 - 20
IT Hardware	0 - 7
Vehicles	0 - 7

Capital Commitments

As at 31 March 2022, the Council no significant capital commitments.

Fair Value Hierarchy

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

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

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

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

Valuation Process for Surplus Assets

The Council's surplus assets that are due for valuation as part of the five year rolling programme, have been valued as at 31st March 2022 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

13. Investment Properties

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

	2021/22	2020/21
	£000s	£000s
Rental income from property	(511)	(567)
Direct operating expenses arising from rental property	294	268
Net (gain)/loss	(217)	(299)

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

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

	2021/22	2020/21
	£000s	£000s
Balance as at 1 April	11,460	12,788
Additions:		
Investment Properties Under Construction	1,589	0
Disposals	(450)	0
Net Gain/(Loss) from Fair Value adjustments	2,211	(432)
Transfers:		
From/(to) Property, Plant & Equipment	0	(896)
Balance as at 31 March	14,810	11,460
Consolidate Council owned companies' investment properties	7,124	6,815
Group balance at 31 March	21,934	18,275

With regard to the Council's activity as a lessor, the gross value of assets held for use and leased out under operating leases was £10,099,400 (2020/21: £8,509,400). As these assets are held as investment properties, in accordance with the Code, no depreciation is charged upon them.

Fair Value Hierarchy

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

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

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

Highest and Best Use of Investment Properties

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

Valuation Process for Investment Properties

The Council's investment properties have been valued as at 31st March 2021 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

14. Leases

Finance Lease where the Council is Lessee

The Council holds Wymondham leisure centre under a finance lease which is accounted for as an operational asset under property, plant and equipment as part of its non-current assets. Only a peppercorn rent is payable for this lease which began in 1993 for a lease term of 125 years. As at the 31st March 2022 the value of this asset was £11,177,000.

	Net Book Value as at 31 March 2020	Additions 2020/21	Depreciation 2020/21	Revaluations 2020/21	Net Book Value as at 31 March 2021
	£000s	£000s	£000s	£000s	£000s
Leisure Centre	10,188	308	(172)	(448)	9,876
Total Property, Plant & Equipment	10,188	308	(175)	(448)	9,876

	Net Book Value as at 31 March 2021	Additions 2021/22	Depreciation 2021/22	Revaluations 2021/22	Net Book Value as at 31 March 2022
	£000s	£000s	£000s	£000s	£000s
Leisure Centre	9,876	32	(166)	1,435	11,177
Total Property, Plant & Equipment	9,876	32	(166)	1,435	11,177

Operating Leases where the Council is Lessee

Lessor

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

	2021/22	2020/21
	£000s	£000s
Land	10	8
Car Parks	55	56
Total Rentals Received	65	64

The gross value of assets held and leased out under operating leases was £630,500.

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

- for economic development purposes to provide local business with affordable premises and agricultural land to local farmers.
- for the provision of community services such as town council premises, garage/garden plots and travellers site.

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

	31 March 2022	31 March 2021
	£000s	£000s
Not later than 1 year	55	55
Later than 1 year but not later than 5 years	220	220
Later than 5 years	686	741
Total Payments Receivable	961	1,016

15. Investments in Associates and Joint Ventures

Big Sky and Build Insight

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

50% of Build Insight Ventures Ltd was acquired by Norfolk Property Consultants Ltd on 1st January 2018 and South Norfolk Council owned the other 50% until it relinquished its share on 22nd March 2021. The company was formerly part of the Big Sky Ventures group. The group accounts of Build Insight Ventures Ltd (joint venture company) were fully consolidated on a 50% joint venture basis (equity method) from 1st January 2018 to 22nd March 2021 into the Council's group accounts, where material, but there are no further entries in the 2021/22 Group Accounts.

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

The following companies reported the following results for the year ended 31st March 2022:

- **Big Sky Ventures Ltd** – This is the top level holding company for Big Sky Developments Ltd and Big Sky Property Management Ltd. The Council is sole shareholder of this company which in turn is sole owner of the other companies in the group.
The results for the year show a profit of £2,342,734 (2020/21: loss of £730,505 due to timing of development projects), with net assets of £8,030,872 (2020/21: £5,711,528).
The group accounts of this company are consolidated into the Council's group accounts.
- **Big Sky Developments Ltd** – This is a property development company and was formerly named Rosebery Park Developments Limited.
The results for the year show a profit of £1,818,100 (2020/21: loss of £997,323 due to timing of development projects), with net assets of £4,175,204 (2020/21: £2,424,369).
- **Big Sky Property Management Ltd** – This company manages properties retained for private sector rental.
The results for the year show a profit of £524,669 (2020/21: profit of £267,977) with net assets of £3,861,964 (2020/21: £3,293,421).

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.

16. Financial Instruments

Categories of Financial Instruments

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

Note 14.1a Long Term Financial Assets	Non-Current				Totals	
	Investments		Debtors			
	March 2022	March 2021	March 2022	March 2021	March 2022	March 2021
	£000s	£000s	£000s	£000s	£000s	£000s
Financial Assets						
Amortised cost	-	-	682	752	682	752
Fair Value through other comprehensive income and expenditure	25	25	-	-	25	25
Total Long Term Financial Assets	25	25	682	752	707	777
Non-financial assets	6,686	6,830	31,342	27,142	38,028	33,972
Total Long Term Assets	6,711	6,855	32,024	27,894	38,735	34,749
Note 14.1b - Current Financial Assets	Current				Totals	
	Investments		Debtors			
	March 2022	March 2021	March 2022	March 2021	March 2022	March 2021
	£000s	£000s	£000s	£000s	£000s	£000s
Financial Assets						
Amortised cost	66,627	28,801	11,980	8,343	78,607	37,144
Total Current Financial Assets	66,627	28,801	11,980	8,343	78,607	37,144
Non-financial assets	-	-	-	-	-	-
Total Current Assets	66,627	28,801	11,980	8,343	78,607	37,144
Total Assets	73,338	35,656	44,004	36,237	117,342	71,893

	Non-Current					
	Borrowings		Creditors		Totals	
Note 14.2a Long Term Financial Liabilities	March 2022	March 2021	March 2022	March 2021	March 2022	March 2021
	£000s	£000s	£000s	£000s	£000s	£000s
Financial Liabilities						
Amortised cost	20,000	-	4,440	4,653	24,440	4,653
Total Long Term Liabilities	20,000	-	4,440	4,653	24,440	4,653
	Current					
	Borrowings		Creditors		Totals	
Note 14.2b Current Financial Liabilities	March 2022	March 2021	March 2022	March 2021	March 2022	March 2021
	£000s	£000s	£000s	£000s	£000s	£000s
Financial Liabilities						
Amortised cost	-	-	7,470	4,989	7,470	4,989
Total Current Liabilities	-	-	7,470	4,989	7,470	4,989
Total Liabilities	20,000	-	11,910	9,642	31,910	9,642

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

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

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

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

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

	Loan value £000s	Fair value £000s	Discount rate
Big Sky Developments Ltd	2,000	2,000	2.16%
Long Stratton Parish Council	104	71	2.16%
Big Sky Developments Ltd	2,000	1,914	2.21%
Big Sky Developments Ltd	3,440	3,301	2.09%
Wicklewood Parish Council	21	19	2.17%

Fair Values of Assets

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

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

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

Level 3 inputs – unobservable inputs for the asset.

14.3 Assets Fair Value Hierarchy	Fair Value Hierarchy	Amount £'000
Equity shareholding in Big Sky Ventures Ltd	Level 3	£6,686
Equity shareholding in LGA Municipal Bonds Agency	Level 3	£25

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

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

Income Expenses Gains and Losses

	31 March 2022		31 March 2021	
Note 14.4 Income, Expense, Gains and Losses	Surplus or Deficit on Provision of Services £000s	Other Comprehensive Income and Expenditure £000s	Surplus or Deficit on Provision of Services £000s	Other Comprehensive Income and Expenditure £000s
Interest Revenue:				
Financial Assets measured at amortised cost	330	-	65	-
Investment Income /Interest	-	1,325	-	919
Interest Expense	(7)	-	(3)	-
Total Interest revenue	323	1,325	62	919

[17. 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 Cabinet on 8 February 2021, set the criteria determining the counterparties regarded as suitable for investment purposes.

The rating criteria used by the Council, and supplied by the three Credit Rating Agencies, is that of the lowest common denominator method of selecting counterparties and applying limits. During 2021/22, deposits were made with banks and financial institutions that were either rated independently with a minimum score of A- or equivalent and had a sovereign rating minimum of AA or AAA for non UK sovereigns. In accordance with the counterparty list a maximum of £10 million of the Council's Investments were deposited in excess of 1 year and up to 2 years. The Council has a policy of not lending more than £12.5 million to one institution at any one time. This limit with the approval of the Section 151 Officer and Members can be exceeded if necessary.

Amounts Arising from Expected Credit Losses

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

The expected credit loss (ECL) model applies only to contractual financial assets measured at amortised cost in respect of this Council (or Fair Value at Other Comprehensive Income if applicable). For loans and investments, the loss allowance is equal to 12 Months expected credit losses unless credit loss has increased significantly in which case its equal to lifetime ECL's. There are no significant impairment losses expected within the Council's model for managing impairment, therefore a provision for losses has not been made during the year due to low materiality. The following table shows that the Council's ECL model has calculated expected credit losses for the year to be £4,028 and is not material.

Borrower	Principal £'000	Historic Risk of default	Expected Credit Loss £
Barclays Bank (NRFB)	10,800	0.000%	14
MMF Aberdeen Standard Investments	10,000		
MMF Federated Investors (UK)	10,000		
MMF CCLA	10,000		
Goldman Sachs International Bank	2,000	0.006%	124
SMBC Bank International Bank	4,000	0.011%	425
Goldman Sachs International Bank	3,500	0.012%	420
Qatar National Bank	2,000	0.018%	356
Standard Chartered Bank (ESG)	2,000	0.018%	356
Standard Chartered Bank (ESG)	5,000	0.021%	1,061
Lloyds Bank Plc (RFB)	5,000	0.021%	1,061
First Abu Dhabi Bank PJSC	2,000	0.011%	211
Total	66,300		4,028

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

The Council does not generally extend credit to its customers beyond 30 days. At 31 March 2022, of the total debtor balances of £15.809 million (2020/21: £20.687 million), the past due amount was £797,000 (2020/21: £834,000) and can be analysed by age as follows:

Note 14.5 Customer debts	31 March 2022 £000s	31 March 2021 £000s
Customer debts		
Less than three months	101	60
More than three months	696	774
Total	797	834

These figures exclude £2.7 million of past due debts in relation to the Community Infrastructure Levy (CIL), since this is a statutory charge on property developments in the district. Most of the CIL debts are being paid in agreed instalments.

Liquidity risk

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

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

Market Risk

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

Interest rate risk

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

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

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

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

Price Risk

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

Foreign exchange risk

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

18. Long Term Debtors

	31 March 2022 £000s	31 March 2021 £000s
Decent Home Loans	466	470
Loans to Council owned companies	31,342	27,142
Other	1,851	2,643
Total Long Term Debtors	33,659	30,255
Elimination of inter-company balances	(31,560)	(27,142)
Group Long Term Debtors	2,099	3,113

19. Long Term Investments

	31 March 2022 £000s	31 March 2021 £000s
Other Local Authorities and Public Bodies	25	25
Council owned companies	6,686	6,830
Total Long Term Investments	6,711	6,855
Eliminate Council owned companies' investments	(6,686)	(6,830)
Group Long Term Investments	25	25

20. Short Term Debtors

	31 March 2022 £000s	31 March 2021 £000s
Trade debtors	1,470	2,891
Community Infrastructure Levy	2,722	7,263
Local ratepayers - Council Tax and Business Rates (Council share)	840	1,258
Council owned companies	3,651	2,260
Covid grant monies owed	259	89
Other	6,900	6,926
Total Short Term Debtors	15,842	20,687
Elimination of inter-company balances	(5,351)	(3,559)
Consolidate Council owned companies' debtors	2,343	727
Group Short Term Debtors	12,834	17,855

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

	NNDR Debtors		Council Tax Debtors	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000s	£000s	£000s	£000s
Less than three months	63	-	214	-
Three to six months	17	-	56	-
Six months to one year	3	-	10	-
More than one year	109	-	368	-
Totals	192	-	648	-

The data was not available as at 31 March 2021.

21. Short Term Investments

The capital receipts resulting from the transfer of the Council's housing stock to the Saffron Housing Association and other receipts generated from asset sales together with working capital, has enabled short term investments to be made in various financial institutions of £19,513,000 as at 31 March 2022 (£7,500,000 as at 31 March 2021).

22. Inventories

	31 March 2022	31 March 2021
	£000s	£000s
Single Entity Total Inventories	61	58
Consolidate companies' inventories	29,316	30,491
Group Inventories	29,377	30,549

23. Short Term Creditors

	31 March 2021	31 March 2020
	£000s	£000s
Trade creditors	255	567
Local ratepayers - Council Tax and Business Rates	212	328
Receipts in advance	1,486	1,742
Receipts in advance - Covid grants	405	2,031
Business Rates preceptors	14,154	2,281
Community Infrastructure Levy	10,499	11,824
Covid monies owed to Central Government	591	1,798
Other	9,302	5,037
Total Creditors	36,904	25,608

24. Provisions

	Planning Provisions	NDR Appeals Provision	Total Provisions
	£000s	£000s	£000s
Balance as at 1 April 2022	100	2,059	2,159
Amounts unused in year	(100)	(132)	(232)
Balance as at 31 March 2022	0	1,927	1,927
Short term	0	1,246	1,246
Long term	0	681	681

The Council's share of the NDR appeals provision totals £1,927,000. The total movement in provision for appeals can be found in the Collection Fund Statement on page 81.

25. Long Term Creditors

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

	31 March 2022	31 March 2021
	£000s	£000s
Maintenance of Grassed Areas	731	755
Other entities and individuals	50	50
Total Long Term Creditors	781	805

26. Unusable Reserves

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

Revaluation Reserve

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

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

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

	2021/22	2020/21
	£000s	£000s
Balance at 1 April	8,038	8,157
Upward Revaluation of Assets	2,225	745
Downward Revaluation of Assets and Impairment losses not charged to the Provision of Services	(175)	(746)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	2,050	(1)
Difference between fair value depreciation and historical cost depreciation	(103)	(118)
Balances written out of Reserve on disposal of assets	(113)	0
Amount written off to the Capital Adjustment Account	(216)	(118)
Balance at 31 March	9,872	8,038

Pensions Fund Reserve

See Note 33 on page 75.

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.

	2021/22 £000s	2021/22 £000s
Balance at 1 April	56,732	52,918
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for Depreciation and Impairment of non-current assets	(1,504)	(1,492)
Amortisation of Intangible Assets	(104)	(142)
Revenue Expenditure Funded from Capital Under Statute	(1,808)	(2,868)
Revaluation gains/(losses) on Property, Plant and Equipment	114	(2,418)
Revaluation gains/(losses) on Investment Properties	2,212	(432)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(683)	(408)
	(1,773)	(7,760)
Adjusting amounts written out of the Revaluation Reserve	216	118
Net written out amount of the cost of non-current assets consumed in the year	(1,557)	(7,642)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	1,619	545
Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,035	9,511
Capital Expenditure charged against the General Fund Balance	1,689	1,446
NRP Enterprize Zone Loan Repaid	285	0
Home Improvement Loans Repaid	(5)	(46)
	5,623	6,545
Balance at 31 March	60,798	56,732

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.

27. Members Allowances

Payments to members for allowances and committee attendance expenses were £342,189 (2020/21 £334,115) and are included within the 'Governance and Business Support ' line of the Comprehensive Income & Expenditure Statement.

28. 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 £	SNC Share Total remuneration including employers pension contributions £
Managing Director	BDC	169,677	-	26,024	195,707	107,636
Director - People and Communities	SNC	93,707	-	12,974	106,681	58,675
Director - Resources	SNC	93,707	-	14,011	107,718	59,245
Director - Place	BDC	93,707	-	14,011	107,718	59,245
Assistant Director - Chief of Staff - Left 16 May 21	SNC	8,631	-	1,256	9,887	5,438
Assistant Director - Chief of Staff / Governance & Business (1)	SNC	72,518	-	10,833	83,350	45,843
Assistant Director - Transformation and ICT / Digital (Started 28 July 21)	SNC	45,876	-	6,855	52,731	29,002
Assistant Director - Planning	SNC	67,760	-	10,119	77,879	42,833
Assistant Director - Individuals & Families	SNC	67,760	-	10,119	77,879	42,833
Assistant Director - Regulatory	SNC	67,760	-	10,119	77,879	42,833
Assistant Director - Economic Growth - Left 19 Sept 21	BDC	37,205	-	4,845	42,049	23,127
Assistant Director - Economic Growth - Started 06 Sept 21	BDC	39,834	-	5,953	45,788	25,183
Assistant Director - Finance	BDC	72,950	-	10,898	83,848	46,116
Assistant Director - Community Service	BDC	67,760	-	10,119	77,879	42,833

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	SNC Share Total remuneration including employers pension contributions
		£	£	£	£	£
Managing Director	BDC	166,714	-	25,007	191,721	105,447
Director - People and Communities	SNC	92,050	-	13,635	105,685	58,127
Director - Resources	SNC	92,050	-	13,808	105,858	58,222
Director - Place	BDC	92,050	-	13,808	105,858	58,222
Assistant Director - Planning	SNC	66,550	-	9,983	76,533	42,093
Assistant Director - Governance & Business	SNC	67,038	-	10,056	77,093	42,401
Assistant Director - Individuals & Families	SNC	66,550	-	9,983	76,533	42,093
Assistant Director - Chief of Staff	SNC	64,680	-	9,702	74,382	40,910
Assistant Director - Regulatory	SNC	66,550	-	9,983	76,533	42,093
Assistant Director - Economic Growth	BDC	68,237	-	10,233	78,469	43,158
Assistant Director - Finance	BDC	71,650	-	10,748	82,398	45,319
Assistant Director - Community Service	BDC	66,550	-	9,983	76,533	42,093

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	2021/22 Number of employees	2020/21 Number of employees
£50,000 to £54,999	10	10
£55,000 to £59,999	2	-
£60,000 to £64,999	2	2
£65,000 to £69,999	3	5
£70,000 to £74,999	1	-
£90,000 to £94,999	2	2
Total	20	19

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

Big Sky Developments Ltd and Big Sky Property Management Ltd

In 2021/22, the remuneration of senior employees who have the power to direct or control the major activities of the companies, in particular activities involving the expenditure of money, and whose annual salaries were between £50,000 and £150,000 were as per the table below. Disclosed are annualised salaries of £50,000 or more: amounts paid are shown below.

Role	Financial Year	Salary £	Expenses £	Total Remunerati on (Excl Pension Contributio ns) £	Pension Contributions £	Total Including Pension Contributions £
Development Director	2021/22	84,163	138	84,301	0	84,301
	2020/21	76,300	294	76,594	0	76,594

One Director of Big Sky Developments Ltd received £10,000, and one received £5,000 each during 2021/22 in recognition of the successful performance of Big Sky Developments Ltd in 2021/22.

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 £000s
Under £50,000	4	1	5	16
Over £50,000	-	-	-	-
Total cost included in bandings				16
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				16

The total cost of £16,000 in the table above was charged to the Authority's Comprehensive Income and Expenditure Statement in 2021/22.

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 £000s
Under £50,000	-	1	1	6
Over £50,000	-	-	-	-
Total cost included in bandings				6
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				6

The total cost of £6,000 in the table above was charged to the Authority's Comprehensive Income and Expenditure Statement in 2020/21.

29. 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.

	2021/22 £'000	2020/21 £'000
External audit services carried out by the appointed auditor (scale fee)	43	39
Certification of grant claims and returns	TBC	TBC

30. Grant Income

2021/22 £'000		2020/21 £'000
	Revenue Grants Credited to Taxation and Non Specific Grant Income	
(3,577)	New Homes Bonus Scheme	(4,522)
(299)	Rural Services Delivery Grant / Revenue Support Grant	(285)
(447)	Lower Tier Services Grant	
(586)	Other	(200)
(1,332)		(486)
	Capital Grants Credited to Taxation and Non Specific Grant Income	
(448)	Capital grants and contributions	(5,983)
	Revenue Grants Credited to Services	
(17,793)	Housing Benefit Subsidy	(19,593)
(240)	Housing Benefit Admin Grant	(257)
(127)	Council Tax Support Admin Grant	(126)
(185)	Council Tax Discretionary Energy Rebate	0
(444)	Homelessness Grants	(256)
(151)	Household Support Fund	0
(176)	Section 106 Developer Contributions	(31)
(399)	Covid 19 Lost income compensation	(2,221)
(681)	Other	(363)
(20,195)		(22,847)
	Capital Grants Credited to Services	
(1,039)	Disabled Facilities Grant	(688)
(1,039)		(688)
(23,014)	Total Grants Credited to Comprehensive Income & Expenditure Statement	(30,003)

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

Revenue receipts in advance of £7.6m related to the Council Tax Energy Rebate Scheme distributed during 2022/23. Details are included in Note 6.

31. Related Party Transactions

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

Central Government

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides substantial funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from government departments are set out in Grants Note 30.

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 27.

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 of the Council is on the Board of Saffron Housing Trust. During 2021/22, Saffron Housing Trust was paid £292,823 by the Council, principally for Disabled Facilities Grants towards improvements to the Trust's properties.

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

Three members were trustees of the same charity that received Covid grant relief income. A spouse of one member received covid grant relief income for their business.

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

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

Three Members of the council were appointed as Directors of Big Sky Ventures Ltd., one resigning part way through the financial year. The Managing Director of South Norfolk Council was a Director of Big Sky Ventures Ltd, Big Sky Developments Ltd and Big Sky Property Management Ltd. The Council is collaborating with Broadland District Council with all officers now serving both Councils and sharing a single officer structure.

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

As at 31 March 2022, South Norfolk Council held £6.47 million in equity in Big Sky Ventures Ltd. It had outstanding loans to Big Sky Developments Ltd of £30.4 million and to Big Sky Property Management Ltd of £3.16 million. The Council charges a commercial rate of interest on each loan, that can vary to reflect the level of risk and asset base of each company, except for three loans totalling £7.4 million granted at base rate, which was funded by monies from Homes England.

During 2021/22, the Council received £1,199,049 in interest from Big Sky Developments Ltd. It received £126,000 in interest from Big Sky Property Management Ltd.

During 2021/22, the Council made payments of £75,000 to Big Sky Property Management Ltd, principally for services relating to the Council's own commercial properties, project management and its property maintenance scheme.

In October 2014, South Norfolk District Council entered into a joint venture agreement with Norse Environmental Waste Services Limited (NEWS), a subsidiary of Norse Group, to provide recycling sorting and processing. There is currently one member of the council appointed as a Director of NEWS. The company provides services to the seven second tier Norfolk councils and Norfolk County Council Household Waste Recycling Centres. Payments to NEWS for the year amounted to £642,794 (£589,858 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.

South Norfolk District Council works in partnership with Norwich City Council, Broadland District Council and Norfolk County Council as the Greater Norwich Development Partnership to deliver large-scale projects that transcend authority boundaries. Contributions are made from the Authority's Community Infrastructure Levy (CIL) income into the Infrastructure Investment Fund to support the Greater Norwich Growth Board's Strategic Infrastructure Programme. A total of £5,229,162 was paid during 21/22, of which £2,405,209 related to activity taking place during 2020/21. A further £4,670,891 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.

South Norfolk Council pays levies to three Internal Drainage Boards (IDB's) in the district; Waveney, Lower Yare and Lothingland IDB, Broads IDB and Norfolk Rivers IDB. These levies are determined by the boards of these organisations. Although members of the Council represent the Authority on these boards they do not have a controlling influence on their decisions, and the Authority is compelled under statute to pay the levy demanded. The total levies paid to the IDB's in 2021/22 amounted to £192,000 (2020/21 £183,000).

32. 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.

	2021/22 £000s	2020/21 £000s
Opening capital financing requirement	15,635	3,000
Capital Investment:		
Tangible Fixed Assets	3,391	5,874
Intangible Fixed Assets	144	95
Revenue Expenditure Funded from Capital under Statute	1,808	2,868
Investments and loans	4,100	15,300
	9,443	24,137
Sources of Finance:		
Capital Receipts	(1,619)	(545)
Revenue Contributions	(1,689)	(1,446)
Grants & Contributions	(2,035)	(9,511)
	(5,343)	(11,502)
Closing Capital Financing Requirement	19,735	15,635

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.

2021/22			2020/21			
Expenditure	Grants Received	Expenditure funded from other sources	Expenditure	Grants Received	Expenditure funded from other sources	
£000s	£000s	£000s	£000s	£000s	£000s	
1,039	(1,039)	0	Improvement Grants	688	(688)	0
331	(331)	0	Section 106	107	(107)	0
438	(266)	172	NRP Infrastructure	1,926	(1,522)	404
0	0	0	Toilet Refurbishment	52	0	52
0	0	0	Street Lighting	32	0	32
0	0	0	Grant to Police	63	0	63
1,808	(1,636)	172	2,868	(2,317)	551	

33. 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.

	Local Government Pension Scheme	
	2021/22	2020/21
	£000s	£000s
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
<i>Service cost comprising:</i>		
- Current service cost	(7,165)	(4,241)
- Past service cost	0	0
<i>Financing and Investment Income and Expenditure</i>		
- Net interest expense	(1,676)	(1,325)
<i>Total Post-employment Benefits charged to the Surplus or (Deficit) on the Provision of Services</i>	<u>(8,841)</u>	<u>(5,566)</u>
	2021/22	2020/21
	£000s	£000s
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the new defined benefit liability comprising:		
- Return on plan assets (excluding amount included in the net interest expense)	6,163	17,955
- Actuarial gains and losses arising on changes in demographic assumptions	851	(1,965)
- Actuarial gains and losses arising on changes in financial assumptions	13,597	(40,030)
- Other	(369)	1,510
<i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	<u>20,242</u>	<u>(22,530)</u>

Movement in Reserves Statement

- Reversal of net changes made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(8,790)	(5,515)
- Actual amount charged against the General Fund Balance for pensions in year	5,390	2,399
Employers' contributions payable to the scheme	<u>(3,400)</u>	<u>(3,116)</u>

Assets and Liabilities in Relation to Post-Employment Benefits

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

	Local Government Pension Scheme	
	2021/22	2020/21
	£000s	£000s
Present value of the defined benefit obligation	177,085	183,055
Fair value of plan assets	<u>(109,884)</u>	<u>(101,002)</u>
Net liability arising from defined benefit obligation	<u>67,201</u>	<u>82,053</u>

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

	Local Government Pension Scheme	
	2021/22	2020/21
	£000s	£000s
Opening fair value of scheme assets	101,002	80,772
Interest income	2,026	1,861
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	6,163	17,955
Contributions from employer	3,400	3,116
Contributions from employees into the scheme	862	812
Benefits paid	<u>(3,569)</u>	<u>(3,514)</u>
Closing fair value of scheme assets	<u>109,884</u>	<u>101,002</u>

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

	Local Government Pension Scheme	
	2021/22	2020/21
	£000s	£000s
Opening balance at 1 April	183,055	137,896
Current service cost	7,165	4,241
Past service cost	0	0
Interest cost	3,702	3,186
Contributions from scheme participants	862	812
Remeasurement (gains) and losses:		
- Actuarial gains/losses arising from changes in demographic assumptions	(851)	1,965
- Actuarial gains/losses arising from changes in financial assumptions	(13,597)	40,030
- Other	369	(1,510)
Benefits paid	(3,620)	(3,565)
Closing balance at 31 March	177,085	183,055

The pension scheme assets consist of the following:

	Fair value of scheme assets			
	2021/22 £000s	% of total assets	2020/21 £000s	% of total assets
Equity instruments:				
By industry type				
Consumer	0	0.0%	0	0.0%
Manufacturing	0	0.0%	0	0.0%
Energy and utilities	0	0.0%	0	0.0%
Financial institutions	0	0.0%	0	0.0%
Health and care	0	0.0%	0	0.0%
Information Technology	0	0.0%	0	0.0%
Other	0	0.0%	0	0.0%
Sub-total equity	0		0	
Debt securities:				
UK Government	1,107	1.0%	1,130	1.0%
	1,107		1,130	
Property:				
By type				
UK property	10,016	9.0%	7,897	8.0%
Overseas property	1,544	1.0%	2,008	2.0%
Sub-total property *	11,560		9,905	
Private equity:				
All	8,849	8.1%	6,301	6.3%
Sub-total private equity *	8,849		6,301	
Investment Funds and Unit Trusts:				
Equities	46,134	42.0%	44,256	45.0%
Bonds	31,678	29.0%	29,482	30.0%
Infrastructure	8,762	8.0%	6,281	6.0%
Other	0	0.0%	366	0.0%
Sub-total other investment funds	86,574		80,384	
Derivatives:				
Foreign Exchange	24	0.0%	37	0.0%
	24		37	
Cash and Cash Equivalents:				
All	1,553	1.0%	1,549	2.0%
	1,553		1,549	
Total assets	109,667		99,306	

Basis for Estimating Assets and Liabilities

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

The Principal assumptions used by the actuary have been:

**Local Government
Pension Scheme**

2021/22 2020/21

Mortality assumptions:

Longevity at 65 for current pensioners:

Men (years) 21.7 21.9

Women (years) 24.1 24.3

Longevity at 65 for future pensioners:

Men (years) 22.9 23.2

Women (years) 26.0 26.2

Rate of increase in salaries 3.9% 3.6%

Rate of increase in pensions 3.2% 2.9%

Rate for discounting scheme liabilities 2.7% 2.0%

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

Change in Assumptions at year ended 31 March 2022	Approximate % increase to Employer Liability	Approximate Monetary Amount (£'000s)
0.1% increase in the Salary Increase Rate	0%	359
0.1% increase in the Pension Increase Rate	2%	3,322
0.1% decrease in Real Discount Rate	2%	3,710
1 year increase in member life expectancy	4%	7,083

Impact on the Council's Cash Flows

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

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in

relation to service after 31 March 2016. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council is anticipated to pay £3,578,000 expected contributions to the scheme in 2022/23.

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

34. Contingent Assets and Liabilities

There are no material contingent assets or liabilities.

35. 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.

36. 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.

COLLECTION FUND

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

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

	Total 2021/22 £000s	Business Rates £000s	Council Tax £000s	Total 2020/21 £000s	Business Rates £000s	Council Tax £000s
Income						
Business Rates Receivable (Note 2)	26,982	26,982	-	17,523	17,523	-
Council Tax Receivable (Note 3)	101,820	-	101,820	95,996	-	95,996
	128,802	26,982	101,820	113,519	17,523	95,996
Expenditure						
Precepts, Demands and Shares						
Central Government	16,014	16,014	-	15,753	15,753	-
Norfolk County Council	77,193	3,203	73,990	73,928	3,151	70,777
South Norfolk Council (including Parish Councils re.Council Tax)	25,045	12,812	12,233	24,484	12,602	11,882
Norfolk Police and Crime Commissioner	13,965	-	13,965	13,145	-	13,145
Charges to Collection Fund						
Cost of Collection	176	176	-	175	175	-
Designated Area/Renewable Energy Schemes (Disregarded)	414	414	-	171	171	-
Transitional Protection payments due to/(from) central government	(8)	(8)	-	190	190	-
Increase/(decrease) in allowance for impairment of debts/appeals	594	203	391	420	143	277
Increase/(decrease) in provision for appeals	(329)	(329)	-	1,543	1,543	-
Apportionment of Previous Year Surplus/ (Deficit)						
Contribution to Central Government	(6,499)	(6,499)	-	(580)	(580)	-
Contribution to Norfolk County Council	(1,540)	(1,357)	(183)	837	349	488
Contribution to South Norfolk Council	(5,277)	(5,246)	(31)	1	(83)	84
Contribution to Norfolk Police and Crime Commissioner	(34)	-	(34)	87	-	87
	119,714	19,383	100,331	130,154	33,414	96,740
Surplus/(Deficit) for Year	9,088	7,599	1,489	(16,635)	(15,891)	(744)
Collection Fund Balance						
Balance at beginning of the Year	(16,299)	(15,932)	(367)	336	(41)	377
Surplus/(Deficit) (+/-) for Year	9,088	7,599	1,489	(16,635)	(15,891)	(744)
Balance at End of the Year	(7,211)	(8,333)	1,122	(16,299)	(15,932)	(367)

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.

	2021/22 £'000	2020/21 £'000
Expanded Retail Discount	5,244	13,997
Nursery Relief	52	124
Covid 19 Additional Relief Fund (CARF) – See Note	-	-
	5,296	14,121

Note: The CARF reliefs were announced in 21/22, but processed in 22/23.

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 South Norfolk, as reported to central Government on the NNDR1 return, for 2021/22 was £88.71 million (2020/21 £88.54 million).

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

	2021/22	2020/21
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 £1,994.48 (2020/21 £1,917.40).

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

Band	Total Number of Chargeable Dwellings Adjusted for Discounts	Relevant Proportion	Relevant Number
A (Disabled)	12	5/9	7
A	3,825	6/9	2,550
B	13,475	7/9	10,480
C	13,759	8/9	12,230
D	10,566	9/9	10,566
E	6,703	11/9	8,192
F	2,877	13/9	4,156
G	1,411	15/9	2,352
H	103	18/9	206
			50,739
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.			-506
			50,233

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

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

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

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

This statement explains how South Norfolk Council has complied with the code and also meets the requirements of regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control, and accompanies the 2021/22 Statement of Accounts of the Council. The Annual Governance Statement is subject to detailed review and approval by the Finance, Resources, Audit and Governance Committee.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at South Norfolk Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

The Governance Framework

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

assurance statements for their area of responsibility, and these being signed off by the relevant member of the Corporate Management Leadership Team (CMLT). These are in place to ensure the governance arrangements across the Council are adequate, and to also recognise where any further work needs to be done.

The code of corporate governance was 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 Priorities:

The Council works in collaboration with Broadland District Council and as a result we share a Strategic Plan (2020 – 2024) and Delivery Plan (2021/22). These set out our shared 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:

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

The 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](#).

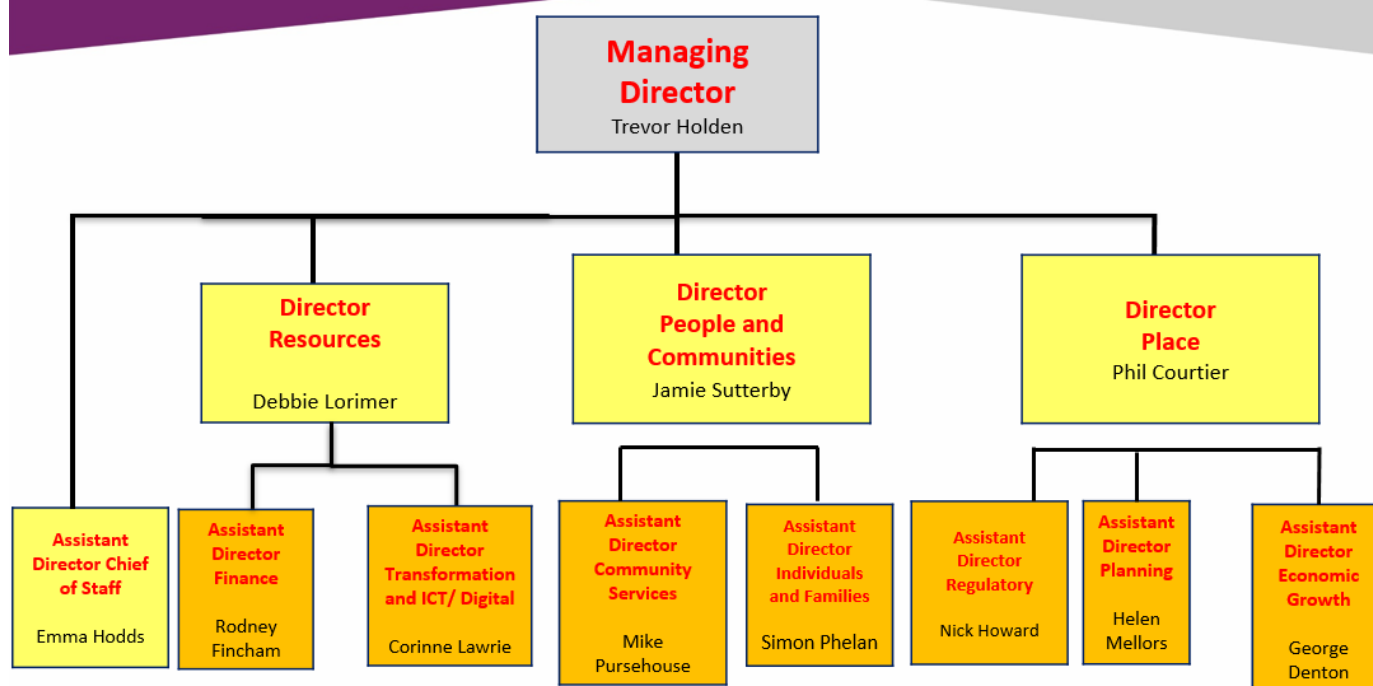
The vision and priorities are communicated through the Strategic Plan, plus regular briefings, press releases, website and the Link magazine, which is delivered 3 times a year to every household and business in the District.

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:

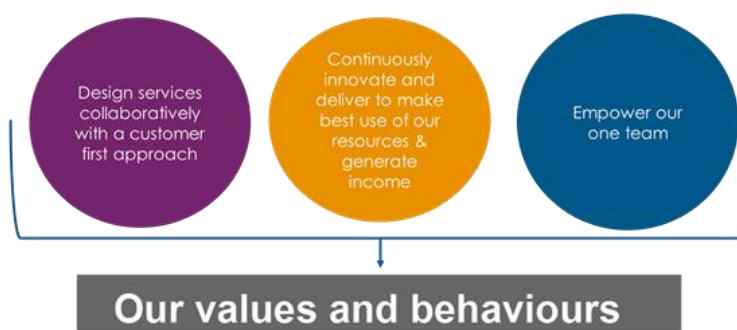
The Council regularly reviews its organisational structure as part of aligning resources with demand to deliver the priorities above. The Council's collaboration with Broadland District Council established one officer team across the two Councils, which includes a Corporate Management Leadership Team (CMLT), consisting of the Managing Director, three Directors, the Monitoring Officer (Chief of Staff) and the Section 151 Officer (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” of officers across both councils has internal consultants in place throughout 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 each quarter 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. Between February and

April staff personal objectives are set for the year and reflect the proposed activities they will be working on from the Delivery Plan. These personal objectives are reviewed regularly during the year and are normally assessed as part of annual staff performance reviews in March/April each year.

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

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

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

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

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

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

The Finance, Resources, Audit and Governance Committee

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

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

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

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

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

Whistle-blowing Policies and Investigating Complaints:

As employees, councillors and others who deal with the Council are often the first to spot things that may be wrong or inappropriate at the Council, a Whistle-blowing Policy is in place to provide help and assistance with such matters. There is also a formal complaints procedure operated as part of the Council's performance management framework. The Council's Whistleblowing Policy and Procedure were reviewed and updated during 2020/21 and 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 202/21 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 Finance, Resources, Audit and Governance 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 Learning and Development Strategy for staff, which also includes an online platform that allows staff to undertake learning remotely, at a time that is convenient for 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, whilst the majority of officers worked from home, and ensured that we can continue to provide training and development as required in an agile working environment moving forwards. 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 during 2021/22 has often been centred on regulatory matters that are required for accreditation purposes (planning and licensing) to allow members to sit on specific Committees. Councillors on Scrutiny Committee have also received specialist training during 2021/22. 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 the County Council, other Norfolk District Councils, the Police, NHS, Central Government departments, businesses, and voluntary and community groups. This has increased in recent years 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 Broadland District 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 Broadland District Council has progressed appropriate governance has been put in place such as Joint Committees and Joint Informal Cabinet.

Review of Effectiveness

The Role of the Council

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

The Role of the Cabinet

The Cabinet approved the Strategic Plan and Delivery Plan and agreed a range of strategies and policies during the year, including the Treasury Management Strategy, the Medium-Term Financial Strategy and the Revenue and Capital Budget. Cabinet received quarterly combined performance, risk and finance reports and delegates policy development to its policy committees.

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

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

The Role of the Scrutiny Committee

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

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

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

Role of the Monitoring Officer

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

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

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

The Role of the Chief Financial Officer

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

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

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

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

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

The Role of Internal Audit

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

The Council established a group structure in 2015/16 with all companies held by Big Sky Ventures Ltd. At the end of 2017, Big Sky Ventures Ltd transferred its shares in Build Insight Ventures Ltd to the Council and the Council proceeded to establish a joint venture with Norfolk Property Services (NPS) Limited for the Build Insight group of companies. The Build Insight Ventures Ltd consisted of Build Insight Ltd, an Approved Inspector for Building Control and Build Insight Consulting Ltd. As at 22nd March 2021, the Council transferred its sole share in Build Insight Ventures Ltd, to Norfolk Property Services (NPS) Limited in order to exit the group in advance of Norfolk Property Services (NPS) Limited transferring the whole group to Broste Rivers Limited.

Big Sky Ventures Ltd is the holding company for Big Sky Developments Ltd, a property development company, and Big Sky Property Management Ltd, a property rental company, both were actively trading during 2020/2021. The effectiveness of internal controls within the companies over the course of the year have continued to be controlled by the financial review group, supported by appropriate officers. There were no significant control weaknesses identified during the year that are required to be included in this statement. Training was organised for Directors in December 2019 which focused on the roles and responsibilities of Directors.

During the year a review was undertaken of the Governance arrangements relating to the Big Sky Group and following recommendations from the Council as the shareholder the Board of Big Sky Ventures Ltd was increased to three Directors of which two are drawn from Members of the Council. This change was in recognition of the increased scale of operation of Big Sky Developments Ltd and the increase in investment in the Big Sky Group by the Council to deliver the ambitions of Big Sky Developments Ltd.

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:

1. 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.

2. 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.

3. 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 South Norfolk 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 FRAG 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 in 2020/21.

Reports on risk management were taken to the Cabinet on a regular basis during 2021/22.

These reports cover strategic risks that the Council actively manages within a Risk Register that details actions to support risk mitigation.

The Finance, Resources, Audit and Governance Committee also has regular oversight of the strategic risks.

The Register and mitigation action required is managed by Officers and is monitored by Councillors by way of the accompanied report.

Review and Approval of the Annual Governance Statement

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

Certification

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

T Holden

Trevor Holden, Managing Director

P Hardy

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

INDEPENDENT AUDITOR'S REPORT

To follow

GLOSSARY

Accounting Period

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

Accruals

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

Amortisation

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

Assets Held for Sale

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

Capital Charges

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

Capital Expenditure

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

Capital Receipts

The money received from the sale of assets.

Carrying Value

See 'Net Book Value' below.

Community Infrastructure Levy

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

Creditors

Amounts incurred by the Council but not yet paid.

Contingency

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

Current Assets

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

Current Liabilities

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

Current Value

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

Debtors

Amounts due to the Council but not yet received.

Deferred Capital Receipts

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

Depreciation

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

Direct Revenue Financing

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

Fair Value

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

Finance Lease

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

General Fund

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

Government Grants

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

Gross Book Value

The gross value of an asset prior to depreciation.

Intangible Asset

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

Market Value

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

Net Book Value

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

Net Realisable Value

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

Non-Current Assets (formerly Fixed Assets)

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

Operating Lease

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

Operational Assets

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

Precepts

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

Present Value

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

Provisions

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

Residual Value

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

Revenue Expenditure Funded from Capital under Statute

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

Reserves

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

Revenue Expenditure

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

Revenue Support Grant

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

Support Service Costs

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

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