

South Norfolk Council

Draft Statement

of Accounts

2022/2023

STATEMENT OF ACCOUNTS

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NARRATIVE REPORT

1. About South Norfolk Council

South Norfolk is home to approximately 142,527 people. It is equally divided between urban and rural locations, and comprises 118 parishes of varying sizes.

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 benefit payments
- Council Tax assistance
- Leisure and Tourism
- Open spaces.

The Council is made up of 46 councillors. In 2022/23 the Conservatives were the majority group, and the Cabinet consisted of 7 portfolio members of the Conservative Group.

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

South Norfolk District Council's Band D Council tax for 2022/23 (excluding special expenses) was £165.00.

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.

In September 2022 the Council jointly purchased with South Norfolk Council the Horizon building at Broadland Business Park in Norwich. Following refurbishment and the installation of a Council Chamber, full occupation by both Councils started on 30 May 2023.

The new building will significantly reduce the Council overheads and running costs, delivering savings and significantly reducing the Council's carbon footprint. Being located in one main building will further enhance the efficiencies already achieved by working as one officer team.

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

Alongside the Strategic Plan, more regular Delivery Plans are produced setting out key service delivery and major projects/programmes of work.

The following table sets out a summary of our performance against our 22/23 targets.

Performance Against Target	
Green	25
Amber	7
Red	1

Direction of Travel	
Improving ↑	19
Static ↔	6
Declining ↓	8

5. Other Matters to Report

We also report to you the following matters:

- Apart from the matters disclosed in the Narrative Report, there are no other significant factors affecting the Accounts that require highlighting in 2022/23.
- There are no significant changes in accounting policy to report.
- There are no significant contingencies or material write offs to report.

6. Financial Outturn

Revenue Income and Expenditure

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

	Budget £'000	Actual £'000	Variance (Bud-Act) £'000
CORE SERVICES			
Chief of Staff	3,107	3,242	-134
Finance & Corporate Costs	2,946	3,216	-270
Transformation & ICT / Digital	2,829	2,900	-70
Economic Growth	642	543	99
Regulatory	667	649	18
Planning & Business Support	316	-6	322
Individuals & Families	1,592	1,672	-80
Housing Benefit Payments	-239	249	-489
Community Services	2,384	2,169	215
Leisure Services	1,011	1,166	-154
NON CORE SERVICES			
COVID Support		740	-740
Discretionary Energy Rebate Scheme		185	-185
Opportunity Revenue Projects		273	-273
OTHER INCOME & EXPENDITURE			
Precepts - Parish Councils	4,457	4,457	0
Precepts - Internal Drainage Boards	198	197	1
Interest Payable / MRP	300	565	-265
Interest Receivable - Big Sky	-1,500	-1,511	11
Interest Receivable - General	-56	-1,470	1,414
Council Tax Surplus	-70	-70	0
Revenue Financing of Capital Programme			0
TRANSFERS TO / (FROM) EARMARKED RESERVES			
Transfers to / (from) Earmarked Reserves	3,274	3,339	-65
Transfer to General Revenue Reserve	296	296	0
Transfer (from) Leisure Services Reserve	-946	-946	0
Transfer (from) Covid Reserve		-740	740
Transfer (from) Energy Scheme Reserves		-185	185
Transfer (from) Op Project Reserve		-275	275
BUDGET REQUIREMENT	21,209	20,654	555
Council Tax	-12,950	-12,950	0
NNDR (Business Rates)	-4,410	-3,441	-969
Revenue Support Grant	0	0	0
New Homes Bonus	-2,093	-2,093	0
Government Grant - Other	-1,690	-1,891	201
NET DEFICIT / (SURPLUS) FOR THE YEAR	65	278	-213

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

Surplus / (Deficit) on Provision of Services	2,112
Adjustments between Accounting Basis and Funding Basis	-1,951
Net Transfer to Earmarked Reserves	117
(Increase) / Decrease in General Fund Reserve	278

Movement in Reserves

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

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

- The General Fund Balance decreased by £0.3m to £1.1m.
- Earmarked Reserves increased by £0.1m to £39.1m.
- The Authority's Capital Receipts Reserve increased by £2.4m to £4.3m.
- The Authorities Unusable Reserves increased by £53.1 million. This is primarily because the Pension Fund deficit decreased by £51.8 million.

Capital Expenditure

Capital expenditure during 2022/23 amounted to £9.4m. Of this sum, £2.1m was spent as capital grants to external organisations and individuals and did not result in the acquisition of assets on the Authority's balance sheet.

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 2023 £m
Assets		
Property, Plant and Equipment	35.4	37.5
Investment Properties	14.8	14.5
Long Term Investments	6.7	6.6
Long Term Debtors	34.7	21.6
Short Term Investments	19.5	29.8
Short Term Debtors	15.8	24.3
Cash and Bank holdings	47.1	19.0
Liabilities		
Short Term Creditors	(28.8)	(19.2)
PWLB Borrowing	(20.0)	(20.0)
Pension Scheme Liability	(67.3)	(15.5)

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 £108.5 million and the liability £124m giving a net deficit of £15.5m as at 31 March 2023.

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 2022/23 the amount of cash and cash equivalents held by the Authority decreased by £28.1m to £19.0m.

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 2022/23 South Norfolk Council raised £107.0m 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 2022/23 (£105.8m) equals the amount that was requested as part of the 2022/23 budget setting process.

During 2022/23 South Norfolk Council raised £28.6m in business rates. Business rate income is generally shared as follows: Central Government 50%; South Norfolk Council 40%; Norfolk County Council 10%.

7. Future Plans

Looking forward our Delivery Plan 2022 - 2024 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 new joint office location for both Broadland District Council and South Norfolk Council. Following refurbishment and the installation of a Council Chamber, full occupation by both Councils started on 30 May 2023.

- Significant savings in 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.
- 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 remaining high in the short term.

The Authority's Medium Term Financial Plan currently shows a funding gap over the next few years. This will require either successful income generation schemes or additional efficiency savings to be made.

Future year funding figures are also uncertain due to the Governments' ongoing funding review and potential changes to the Business rates retention scheme.

The plan will need updating and stress testing 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 and inflationary pressures continue to affect the district's residents and businesses.

8. Further Information

Additional information relating to these accounts is available from:

Assistant Director – Finance
South Norfolk Council
The Horizon Centre
Peachman Way
Norwich
NR7 0WF

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

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

The Assistant Director of Finance's Responsibilities

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

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

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

The Assistant Director of Finance has also:

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

I confirm that the Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31 March 2023.

R Fincham

Assistant Director of Finance

Date: 31 May 2023

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	Single entity						Group					
	2021/22			2022/23			2021/22			2022/23		
	Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief of Staff	4,124	(639)	3,485	4,222	(469)	3,753	4,074	(639)	3,435	4,222	(469)	3,753
Finance & Corporate Costs	1,996	(1,157)	839	2,200	(455)	1,745	22,844	(25,315)	(2,471)	21,116	(21,580)	(464)
Transformation & ICT / Digital	3,271	(73)	3,198	3,423	(26)	3,397	3,271	(73)	3,198	3,423	(26)	3,397
Economic Growth	2,661	(1,153)	1,508	4,825	(2,160)	2,665	2,661	(1,153)	1,508	4,734	(2,160)	2,574
Regulatory	970	(194)	776	1,078	(214)	864	970	(194)	776	1,078	(214)	864
Planning & Business Support	5,026	(4,447)	579	4,787	(3,919)	868	5,026	(4,447)	579	4,787	(3,919)	868
Individuals & Families	5,584	(3,172)	2,412	7,001	(4,505)	2,496	5,564	(3,172)	2,392	6,976	(4,505)	2,471
Housing Benefit Payments	17,934	(18,253)	(319)	17,234	(16,985)	249	17,933	(18,253)	(320)	17,234	(16,985)	249
Community Services	8,143	(4,286)	3,857	8,533	(4,311)	4,222	8,143	(4,286)	3,857	8,533	(4,311)	4,222
Leisure Services	4,213	(2,216)	1,997	5,133	(3,003)	2,130	4,213	(2,216)	1,997	5,133	(3,003)	2,130
Covid Support	4,336	(4,577)	(241)	1,587	(609)	978	4,336	(4,577)	(241)	1,587	(609)	978
Energy Rebate Schemes	0	(185)	(185)	347	(162)	185	0	(185)	(185)	347	(162)	185
Opportunity Projects	0	0	0	300	0	300	0	0	0	300	0	300
Cost of Services	58,258	(40,352)	17,906	60,670	(36,818)	23,852	79,035	(64,510)	14,525	79,470	(57,943)	21,527
Other Operating Expenditure												
Precepts - Parish Councils			4,189			4,457			4,189			4,457
Precepts - Internal Drainage Boards			192			197			192			197
(Gain) / loss on disposal of non-current assets			(833)			(322)			(833)			(322)
Financing and Investment Income and Expenditure												
Interest Payable & similar charges			12			565			12			565
(Gain)/Loss on Trading Accounts			(252)			(483)			(252)			(471)
Pensions - Net Interest Cost			3,702			4,811			3,702			4,811
Pensions - Expected Return			(2,026)			(2,951)			(2,026)			(2,951)
Interest Receivable & similar income			(1,776)			(2,982)			(336)			(1,512)
(Gain)/Loss on Revaluation of Investment Property and Assets Held for Sale			(2,212)			373			(2,555)			(78)

Taxation and Non-Specific Grant Income and Expenditure								
Council Tax income		(12,385)		(13,089)		(12,385)		(13,089)
Business Rates income & expenditure		(4,915)		(7,250)		(4,915)		(7,250)
Revenue Support Grant								
New Homes Bonus		(3,577)		(2,093)		(3,577)		(2,093)
Rural Services Delivery Grant		(299)		(299)		(299)		(299)
Non Service Related Grants		(940)		(1,592)		(940)		(1,592)
Capital Grants and Contributions		(732)		(1,082)		(732)		(1,082)
(Surplus) or deficit on provision of services		(3,946)		2,112		(6,230)		818
Tax expenses of subsidiaries		0		0		89		327
Group (surplus) or deficit		(3,946)		2,112		(6,141)		1,145
(Surplus) or deficit on revaluation of property, plant and equipment assets (Note 25)		(2,052)		(532)		(2,052)		(532)
Remeasurement of the pensions net defined benefit liability/(asset)		(20,135)		(56,948)		(20,135)		(56,948)
Other Comprehensive Income and Expenditure		(22,187)		(57,480)		(22,187)		(57,480)
Total Comprehensive Income and Expenditure		(26,133)		(55,368)		(28,328)		(56,335)

MOVEMENT IN RESERVES STATEMENT

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

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

	Single entity							Group						
	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance brought forward as at 1 April 2021	1,400	36,311	1,808	401	39,920	(23,729)	16,191	1,400	34,660	1,808	401	38,269	(22,902)	15,367
Movement in Reserves during 2021/22:														
Total Comprehensive Expenditure and Income	3,946	0	0	0	3,946	22,187	26,133	6,141	0	0	0	6,141	22,187	28,328
Adjustments between accounting basis & funding basis under regulations (Note 8)	(1,233)	0	59	(6)	(1,180)	1,180	0	(1,284)	0	59	(6)	(1,231)	1,231	0
Transfers (to) / from Earmarked Reserves (Note 10)	(2,713)	2,713	0	0	0	0	0	(4,364)	4,364	0	0	0	0	0
Increase / (Decrease) in Year	0	2,713	59	(6)	2,766	23,367	26,133	493	4,364	59	(6)	4,910	23,418	28,328
Balance carried forward at 31 March 2022	1,400	39,024	1,867	395	42,686	(362)	42,324	1,893	39,024	1,867	395	43,179	516	43,695

	Single entity							Group						
	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance carried forward at 31 March 2022	1,400	39,024	1,867	395	42,686	(362)	42,324	1,893	39,024	1,867	395	43,179	516	43,695
Movement in Reserves during 2022/23:														
Total Comprehensive Expenditure and Income	(2,112)	0	0	0	(2,112)	57,480	55,368	(1,145)	0	0	0	(1,145)	57,480	56,335
Adjustments between accounting basis & funding basis under regulations (Note 8)	1,951	0	2,387	46	4,384	(4,384)	0	1,667	0	2,387	46	4,100	(4,100)	0
Transfers (to) / from Earmarked Reserves (Note 10)	(117)	117	0	0	0	0	0	(117)	117	0	0	0	0	0
Increase / (Decrease) in Year	(278)	117	2,387	46	2,272	53,096	55,368	405	117	2,387	46	2,955	53,380	56,335
Balance carried forward at 31 March 2023	1,122	39,141	4,254	441	44,958	52,734	97,692	2,298	39,141	4,254	441	46,134	53,896	100,030

BALANCE SHEET

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

	Note	Single Entity		Group	
		31 March 22 £'000	31 March 23 £'000	31 March 22 £'000	31 March 23 £'000
Long Term Assets					
Property, Plant & Equipment	11	35,421	37,530	35,429	37,536
Intangible Fixed Assets		338	620	338	620
Investment Properties	12	14,810	14,549	21,760	21,950
Long Term Investments	17	6,711	6,605	25	25
Long Term Debtors	18	33,659	21,563	2,317	1,443
		90,939	80,867	59,869	61,574
Current Assets					
Short Term Investments	20	19,513	29,771	19,513	29,771
Assets Held for Sale	11	0	3,296	0	3,296
Inventories	21	61	64	28,952	21,748
Short Term Debtors	19	15,805	24,326	13,554	12,580
Cash and Cash Equivalents		47,114	18,975	55,033	33,120
		82,493	76,432	117,052	100,515
Current Liabilities					
Short Term Creditors	22	(36,346)	(19,207)	(38,328)	(21,357)
Short Term Provisions	23	(1,247)	(48)	(1,247)	(350)
Capital Grants Receipts in Advance		(355)	(127)	(355)	(127)
		(37,948)	(19,382)	(39,930)	(21,834)
Long Term Liabilities					
Long Term Creditors	24	(781)	(714)	(781)	(714)
Long Term Provisions	23	(681)	0	(817)	0
Long Term Borrowing from PWLB	15	(20,000)	(20,000)	(20,000)	(20,000)
Pension Scheme Liability	32	(67,308)	(15,505)	(67,308)	(15,505)
Grants Receipts in Advance		(4,390)	(4,006)	(4,390)	(4,006)
		(93,160)	(40,225)	(93,296)	(40,225)
Net Assets		42,324	97,692	43,695	100,030
Usable Reserves					
General Fund Balance		1,400	1,122	1,893	2,298
Earmarked Reserves	10	39,024	39,141	39,024	39,141
Usable Capital Receipts Reserve		1,867	4,254	1,867	4,254
Capital Grants Unapplied		395	441	395	441
Unusable Reserves	25				
Capital Adjustment Account		60,798	57,824	61,676	58,986
Collection Fund Adjustment Account		(3,112)	765	(3,112)	765
Deferred Capital Receipts Reserve		12	12	12	12
Financial Instruments Adjustment Account		(33)	(33)	(33)	(33)
Pension Fund Reserve		(67,308)	(15,505)	(67,308)	(15,505)
Revaluation Reserve		9,872	10,301	9,872	10,301
Short Term Accumulated Absences Account		(591)	(630)	(591)	(630)
Total Reserves		42,324	97,692	43,695	100,030

R Fincham

Assistant Director of Finance

Date:

31 May 2023

CASHFLOW STATEMENT

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

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

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

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

	Single Entity		Group	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Net (Surplus) / Deficit on Provision of Services	-3,946	2,112	(6,141)	1,145
Adjustment for Non cash Movements	-16,683	12,203	(19,599)	(4,056)
Adjustment for Investment and Finance Activities	3,702	2,277	3,702	2,277
Net Cash Flows from Operating Activities	-16,927	16,592	(22,038)	(634)
Investing Activities				
Purchase of PPE and intangible assets	2,612	7,931	2,612	7,931
Purchase of short- term and long-term investments	11,500	10,258	11,500	10,258
Other payments for investing activities	4,086	228	1,986	11,228
Proceeds from the sale of PPE	(1,366)	(224)	(1,366)	(224)
Other receipts from investing activities	(1,739)	(3,716)	(1,739)	(3,716)
Net Cash Flow from Investing Activities	15,093	14,477	12,993	25,477
Finance Activities				
Cash receipts of short and long term borrowing	(20,000)	0	(20,000)	0
Other receipts from financing activities	(3,980)	(2,930)	(3,980)	(2,930)
Net Cash Flows from Financing Activities	(23,980)	(2,930)	(23,980)	(2,930)
Net Cash Flow	(25,814)	28,139	(33,025)	21,913
Cash and Cash Equivalents at 1 April	(21,300)	(47,114)	(22,008)	(55,033)
Cash and Cash Equivalents at 31 March	(47,114)	(18,975)	(55,033)	(33,120)

Analysis of Cash & Cash Equivalents				
Cash held	(5)	(5)	(5)	(5)
Bank current accounts	(11,049)	(6,970)	(18,967)	(6,970)
Short Term Deposits with Banks and other institutions	(36,061)	(12,000)	(36,061)	(26,145)
	(47,114)	(18,975)	(55,033)	(33,120)

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 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23 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 cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

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 not material or otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Charges to Revenue for Non-Current Assets

Services are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund Balance, 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 for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

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

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

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

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

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

Service cost, comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset) 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. Any negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

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

Events after the Reporting Period

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

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

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

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate 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 recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

Intangible Assets

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

Intangible Assets are measured initially at cost. 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 cost less accumulated depreciation and any accumulated impairment loss. The depreciable amount of an Intangible Asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising

on the disposal or abandonment of an Intangible Asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Interest in Companies and Other Entities

The Authority has the following interests.

- The Authority controls the following companies through 100% ownership of the share capital in Big Sky Ventures Ltd which acts as a holding company for: Big Sky Developments Ltd and Big Sky Property Management Ltd. This arrangement has been classified as a subsidiary in accordance with the guidelines set out in CIPFA's codes of best practice in group accounting. Group accounts have been prepared as the overall change between the single entity and the group statements is material.
- Norse Environmental Waste Limited (NEWS) has contracted to provide recycling sorting and processing and garden waste composting to seven second tier Norfolk councils, with voting arrangements that give 7% influence to each minor body (including South Norfolk) and 51% to Norse Group. This relationship has been assessed as a joint venture, as the Authority has neither significant influence nor control.
The Council's Group accounts do not incorporate NEWS, on the grounds of materiality.
- The Authority is a founding member of Norfolk Environmental Credits Ltd. This company was registered on 5 January 2023 to help source mitigation, to offset the adverse nutrient impacts of development on the River Wensum Special Area of Conservation and the Broads Special Area of Conservation. The company is limited by guarantee and has been assessed as a joint venture, as the Authority has neither significant influence nor control.

Inventories

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

Investment Property

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

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

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

General Fund Balance in the Movements in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators.

In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

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 at 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. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

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

Property, Plant & Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an 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.

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

- Infrastructure, Community assets and Assets Under Construction – depreciated historical cost.
- 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.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful economic life.
- Infrastructure – straight-line allocation.

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

Componentisation Policy

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

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

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (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 on or before the Balance Sheet date:

- that gives the Authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

Reserves

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

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

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

Revenue Expenditure funded from Capital under Statute

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

VAT

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

Fair Value Measurement of Non-Financial Assets

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

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

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

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

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

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

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

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

The Code requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued, but not yet adopted by the Code for the relevant financial year.

The following relevant changes are being introduced in the 2023/24 Code of Practice of Local Authority Accounting:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

None 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 funding levels for local government, with a funding review due and future changes to the Business Rates system. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision.
- Judgement is applied to decisions concerning the Authority's property, plant and equipment in matters such as determining the classification of each asset and the appropriate basis for valuation. Assets are classified according to their characteristics, after comparing them to the guidelines set out within the Code, with these classifications kept under review. Valuations are made by a professional with appropriate and relevant qualifications at intervals not exceeding five years.
- Appeals lodged against Business Rates assessments may succeed, resulting in the need to refund all or part of the Business Rates paid by the business concerned. The Authority has considered the potential effect of the appeals outstanding as at 31 March 2023 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. Further details can be found in Note 32.

Business Rates Appeals Provision

Billing authorities are required to estimate and make provision for the liabilities likely to arise from successful appeals against NNDR (Business Rates) bills issued as at 31 March each year. The Authority has made a provision for these appeals.

5. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Assistant Director of Finance on 31 May 2023. 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 2023, 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 2023 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

The Covid pandemic continued to have an effect in 2022/23 not only on the UK and global economy, but also more locally on residents, businesses, and the Council during 2022/23. During the recovery phase the Council has incurred additional expenditure on service provision, and reduced Income from services, as the Council continues to support residents and businesses.

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 in previous years. Some of this funding can continue to be used in future years to continue the Covid response and recovery work. As a result, where grant funding was not fully used in 2021/22 it was carried forward into 2022/23 either:

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

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 and these are detailed in Note 1 to the Collection Fund.

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 would get a £150 rebate from April 22. This payment was administered by Local Authorities. In addition, Councils 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.

Transactions in 21/22	Transaction Type	Received £'000	Spent £'000	Balance in Short Term Creditor £'000		Balance Held in Earmarked Reserve £'000
Council Tax Energy Rebate - £150 payment to council tax bands A-D	Agent	(7,595)		7,595		
Council Tax Energy Rebate – Discretionary Scheme bands E-H	Principal	(185)				185

Transactions in 22/23	Transaction Type	Received £'000	Spent £'000	Balance from Short Term Creditor £'000	Balance in Short Term Creditor	Balance taken from Earmarked Reserve £'000
Council Tax Energy Rebate - £150 payment to council tax bands A-D	Agent		7,523	(7,595)	72	
Council Tax Energy Rebate – Discretionary Scheme bands E-H	Principal		185			(185)

7. Expenditure and Funding Analysis

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

2021/22	Net Expend Chargeable to the General Fund	Adjustments for Capital Purposes	Net Change for Employee Absences	Net Change for Pension Adjustments	Other Differences (Eg internal recharges)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	Funding £'000	£'000	£'000	£'000	£'000	Accounting £'000
Chief of Staff	2,973	0	0	501	11	3,485
Finance & Corporate Costs	2,103	0	0	(1,264)	0	839
Transformation & ICT / Digital	2,582	275	0	345	(4)	3,198
Economic Growth	602	700	0	196	10	1,508
Regulatory	565	0	0	208	3	776
Planning & Business Support	(582)	0	0	1,132	29	579
Individuals & Families	207	1,050	0	818	18	2,093
Community Services	1,866	848	0	1,120	23	3,857
Leisure Services	1,034	428	0	531	4	1,997
Covid Support	(447)	0	0	178	28	(241)
Energy Rebate Schemes	(185)	0	0	0	0	(185)
Net Cost of Services	10,718	3,301	0	3,765	122	17,906
Other income & expenditure from the Expenditure & Funding Analysis	(5,162)	(18,243)	0	1,675	(122)	(21,852)
	5,556	(14,942)	0	5,440	0	(3,946)

2022/23	Net Expend Chargeable to the General Fund	Adjustments for Capital Purposes	Net Change for Employee Absences	Net Change for Pension Adjustments	Other Differences (Eg internal recharges)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	Funding £'000	£'000	£'000	£'000	£'000	Accounting £'000
Chief of Staff	3,242	0	(11)	508	14	3,753
Finance & Corporate Costs	3,216	0	4	(1,475)	0	1,745
Transformation & ICT / Digital	2,900	201	1	296	(2)	3,397
Economic Growth	1,007	1,558	(2)	207	(105)	2,665
Regulatory	649	0	4	211	(0)	864
Planning & Business Support	(6)	0	(4)	871	7	868
Individuals & Families	1,670	(6)	3	831	(2)	2,496
Housing Benefit Payments	249	0	0	0	0	249
Community Services	2,169	848	19	1,056	129	4,222
Leisure Services	1,166	439	21	518	(15)	2,130
Covid Support	739	0	(0)	239	0	978
Energy Rebate Schemes	185	0	0	0	0	185
Opportunity Projects	273	0	3	24	0	300
Net Cost of Services	17,458	3,041	39	3,285	27	23,852
Other income & expenditure from the Expenditure & Funding Analysis	(18,672)	(1,025)	0	1,860	(3,905)	(21,740)
	(1,214)	2,017	39	5,145	(3,878)	2,112

8. Adjustments between Accounting Basis and Funding Basis under Regulations

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

	2021/22				2022/23			
	General Fund Balance/Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves	General Fund Balance/Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£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)	121	0	0	(121)
Depreciation of Property, Plant & Equipment	1,503	0	0	(1,503)	1,648	0	0	(1,648)
Gain/(Loss) on revaluation of Property, Plant & Equipment	(114)	0	0	114	254	0	0	(254)
Government Grants & Contributions	(642)	0	0	642	(2,670)	0	0	2,670
Revenue Expenditure funded from Capital Under Statute	1,808	0	0	(1,808)	2,930	0	0	(2,930)
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)	27	0	0	(27)
Gain/(Loss) on revaluation of Investments	0	0	0	0	0	0	0	0
Gain/(Loss) on revaluation of Investment Properties and Assets Held for Sale	(2,212)	0	0	2,212	373	0	0	(373)
Capital grants and contributions applied credited to the Comprehensive Income and Expenditure Account	6	0	(6)	0	(46)	0	46	0
	1,138	0	(6)	(1,132)	2,637	0	46	(2,683)
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	(1,643)	0	0	1,643
	(3,368)	0	0	3,368	(1,643)	0	0	1,643
Adjustments Primarily involving the Capital Receipts Reserve								
Transfer from Usable Capital Receipts	0	5	0	(5)	0	2,038	0	(2,038)

	2021/22				2022/23			
	General Fund Balance/ Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves	General Fund Balance/ Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
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	(349)	349	0	0
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(1,620)	0	1,620	0	0	0	0
	(1,674)	59	0	1,615	(349)	2,387	0	(2,038)
Adjustments primarily involving the Pensions Reserve					0	0	0	0
Employers pension contribution	(3,451)	0	0	3,451	(3,904)	0	0	3,904
Net charges made for retirement benefits	8,841	0	0	(8,841)				
	5,390	0	0	(5,390)	5,145	0	0	(5,145)
Other adjustments					0	0	0	0
Adjustments involving the Collection Fund Adjustment Account	(2,842)	0	0	2,842	(3,878)	0	0	3,878
Short Term Accumulated Absences	124	0	0	(124)				
Adjustments involving the Financial Instruments Adjustment Account	(1)	0	0	1	0	0	0	0
	(2,719)	0	0	2,719	(3,839)	0	0	3,839
Net Additional amount to be charged/(credited) to the General Fund	(1,233)	59	(6)	1,180	1,951	2,387	46	(4,384)

9. Income and Expenditure Analysed by Nature

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

	2021/22 £'000	2022/23 £'000
Income		
Fees, charges and other income	(14,670)	(14,447)
Interest and investment income	(330)	(2,982)
Income from Council Tax & Non-Domestic Rates	(26,975)	(27,799)
Government grants & contributions	(31,004)	(31,275)
Total income	(72,979)	(76,503)
Expenditure		
Employee benefits expenses	24,015	24,912
Depreciation, amortisation, impairment & REFCUS	3,122	4,952
Interest payments	1,683	2,425
Precepts and levies	4,189	4,457
Gain/loss on disposal of assets	(832)	(322)
Gain/loss on revaluation	(2,212)	373
Other expenditure	39,068	41,818
Total expenditure	69,033	78,615
(Surplus)/Deficit on Provision of Services	(3,946)	2,112

10. Transfers to / from Earmarked Reserves

	Movements in 2021/22				Movements in 2022/23					
	Balance at 31 March 2021	Transfers In	Capital Funding	Transfers Out	Balance at 31 March 2022	Transfers In	Transfers between reserves	Capital Funding	Transfers Out	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	3,435	(8,126)		8,117	3,426	296	(10)	(800)		2,912
Infrastructure Reserve	2,837				2,837					2,837
Street Lighting Replacement Reserve	20				20			(4)	(4)	12
Business Rates Reserve	5,169	(8,415)		5,246	2,000					2,000
District and Parish Elections	115				115	50			(13)	151
Local Development Reserve	855	50			905					905
Low Cost Housing (New Homes Bonus Reserve)	876				876					876
Car Park Upgrades Reserve	197	70			267	70				337
Enterprise Zone Reserve	205	3			208	90				298
3G Pitch Renewal Reserve	57	15			72	15	78			165
Tennis Courts Reserve	0				0		10			10
Depot works	5,000				5,000					5,000
New ways of working	4,000		(447)		3,553					3,553
Asset Replacement Reserve	1,458	1,900	(1,168)		2,190	1,900		(7)		4,083
Collaboration saving reserve	768				768					768
Leisure Centres	2,000		(74)		1,926		(78)	(410)		1,438
Covid 19 Grants	1,072			(104)	968				(740)	228
Covid 19 s31 Grant	5,246	7,818		(5,246)	7,818					7,818
Energy Rebate	0	185			185				(185)	0
Leisure Services Recovery	2,500			(1,049)	1,451				(946)	505
Waste Reserve	0	500			500					500
Planning Appeals	0	100			100					100
Compulsory Purchase Order	500				500					500
Projects	0	239			239				(130)	109
Feasibility Reserve	0	600			600				(138)	462
IT	0				0					0
Opportunities	0	2,500			2,500			(150)	(275)	2,075
Economic Growth Reserve	0				0	1,000				1,000
Environmental / Infrastructure Reserve	0				0	500				500
Total Earmarked Reserves	36,310	(2,560)	(1,689)	6,964	39,024	3,921	0	(1,372)	(2,432)	39,141

11. Property, Plant and Equipment

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
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)
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

Movements in Property, Plant & Equipment during 2022/23 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 2022	27,722	13,894	50	1,569	21	43,256
Reclassifications	(3,296)	21	0	0	(21)	(3,296)
Additions	4,662	2,099	0	0	40	6,801
Revaluation increase/(decrease) recognised in the Revaluation Reserve	249	0	0	0	0	249
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	(421)	0	0	0	0	(421)
De-recognition - disposals	0	(1,430)	0	0	0	(1,430)
Value as at 31 March 2023	28,916	14,584	50	1,569	40	45,159
Accumulated Depreciation						
At 1 April 2022	(86)	(7,699)	(50)	0	0	(7,835)
Depreciation charge	(365)	(1,283)	0	0	0	(1,648)
Depreciation written out to the Revaluation Reserve	283	0	0	0	0	283
Depreciation written out to the Comprehensive Income & Expenditure Statement	167	0	0	0	0	167
De-recognition - disposals	0	1,404	0	0	0	1,404
At 31 March 2023	(1)	(7,578)	(50)	0	0	(7,629)
Net Book Value at 31 March 2023	28,915	7,006	0	1,569	40	37,530

The Land and Building reclassification from PPE to Assets Held for Sale (£3,295,900) is for South Norfolk House, the council's previous main office location. The property is no longer operational and the carrying value will be recovered principally through a sale transaction rather than continued use. The asset is available for immediate sale in its present condition.

Analysis of Assets

	No. of Assets	NBV as at 31 March 2022	NBV as at 31 March 2023
		£000s	£000s
Operational			
Land & Buildings			
Car Parks	18	2,383	2,336
Depot	1	305	470
Hostels	2	821	862
Leisure Centres	3	18,150	18,547
Office	3	5,680	6,465
Public Conveniences	3	283	180
Travellers Site	1	14	55
Land & Buildings Total		27,636	28,915
Vehicles, Plant & Equipment			
Vehicles		2,876	3,346
Wheeled Bins		768	782
Other		2,551	2,878
Vehicles, Plant & Equipment Total		6,195	7,006
Infrastructure assets			
Access road		0	0
Operational Total		33,831	35,921
Non Operational			
Surplus Assets			
Land Awaiting Development		1,569	1,569
Surplus Assets Total		1,569	1,569
Assets Under Construction			
Assets Under Construction		21	40
Assets Under Construction Total		21	40
Non Operational Total		1,590	1,609
Total Property, Plant & Equipment		35,421	37,530

Operational Land and Buildings include the Council's new head office building, the Horizon Centre, purchased in 22/23 with the cost being split on a 50/50 basis with Broadland District Council.

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	14,584	50	5	40	14,692
Valued at fair value as at:						
31-Mar-19	2,417	0	0	0	0	2,417
31-Mar-20	213	0	0	0	0	213
31-Mar-21	98	0	0	475	0	573
31-Mar-22	541	0	0	1,089	0	1,630
31-Mar-23	25,634	0	0	0	0	25,634
	28,916	14,584	50	1,569	40	45,159

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	42- 52
Plant and Equipment	0 - 20
IT Hardware	0 - 7
Vehicles	0 - 7

Capital Commitments

As at 31 March 2023, 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 2023 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

12. Investment Properties

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

	2021/22 £000s	2022/23 £000s
Rental income from property	(511)	(659)
Direct operating expenses arising from rental property	294	374
Net (gain)/loss	(217)	(285)

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 £000s	2022/23 £000s
Balance as at 1 April	11,460	14,810
Additions:		
Subsequent Expenditure	0	111
Investment Properties Under Construction	1,589	0
Disposals	(450)	0
Net Gain/(Loss) from Fair Value adjustments	2,211	(372)
Balance as at 31 March	14,810	14,549
Consolidate Council owned companies' investment properties	7,124	7,401
Group balance at 31 March	21,934	21,950

With regard to the Council's activity as a lessor, the gross value of assets held for use and leased out under operating leases was £11,197,400 (2021/22: £10,099,400). 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 2023 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

13. Leases

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 2023 the value of this asset was £11,442,000.

	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

	Net Book Value as at 31 March 2022	Additions 2022/23	Depreciation 2022/23	Revaluations 2022/23	Net Book Value as at 31 March 2023
	£000s	£000s	£000s	£000s	£000s
Leisure Centre	11,177	133	(164)	296	11,442
Total Property, Plant & Equipment	11,177	133	(164)	296	11,442

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 £000s	2022/23 £000s
Land	10	6
Car Parks	55	56
Total Rentals Received	65	62

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 £000s	31 March 2023 £000s
Not later than 1 year	55	55
Later than 1 year but not later than 5 years	220	205
Later than 5 years	741	646
Total Payments Receivable	1,016	906

14. 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.

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

The following companies reported the following results for the year ended 31st March 2023:

- **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 £966,068 (2021/22: profit before tax of £2,282,274) with net assets of £8,803,171 (2021/22: £7,837,104).
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 £663,558 (2021/22: profit of £1,818,100), with net assets of £4,898,498 (2021/22: £4,175,204).

- **Big Sky Property Management Ltd** – This company manages properties retained for private sector rental.

The results for the year show a profit of £305,290 (2021/22: profit of £524,669) with net assets of £3,916,250 (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 2023, the Infrastructure Investment Fund had a cash balance of £24.843m which will be used to support projects.

15. 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 2023 £000s	March 2022 £000s
	March 2023 £000s	March 2022 £000s	March 2023 £000s	March 2022 £000s		
Financial Assets						
Amortised cost	-	-	666	682	666	682
Fair Value through other comprehensive income and expenditure	25	25	-	-	25	25
Total Long Term Financial Assets	25	25	666	682	691	707
Non-financial assets	6,580	6,686	20,120	31,342	26,700	38,028
Total Long Term Assets	6,605	6,711	20,786	32,024	27,391	38,735

	Current				Totals	
	Investments		Debtors			
Note 14.1b - Current Financial Assets	March 2023 £000s	March 2022 £000s	March 2023 £000s	March 2022 £000s	March 2023 £000s	March 2022 £000s
Financial Assets						
Amortised cost	48,745	28,801	24,801	12,127	73,546	40,928
Total Current Financial Assets	48,745	28,801	24,801	12,127	73,546	40,928
Non-financial assets	-	-	-	-	-	-
Total Current Assets	48,745	28,801	24,801	12,127	73,546	40,928
Total Assets	55,350	35,512	45,587	44,151	100,937	79,663

	Non-Current				Totals	
	Borrowings		Creditors			
Note 14.2a Long Term Financial Liabilities	March 2023 £000s	March 2022 £000s	March 2023 £000s	March 2022 £000s	March 2023 £000s	March 2022 £000s
Financial Liabilities						
Amortised cost	20,000	-	4,056	4,440	24,056	4,440
Total Long Term Liabilities	20,000	-	4,056	4,440	24,056	4,440

	Current				Totals	
	Borrowings		Creditors			
Note 14.2b Current Financial Liabilities	March 2023 £000s	March 2022 £000s	March 2023 £000s	March 2022 £000s	March 2023 £000s	March 2022 £000s
Financial Liabilities						
Amortised cost	-	-	5,435	7,470	5,435	7,470
Total Current Liabilities	-	-	5,435	7,470	5,435	7,470
Total Liabilities	20,000	-	9,491	11,910	29,491	11,910

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 32.

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

The Council has 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
Long Stratton Parish Council	104	72	2.16%
Big Sky Developments Ltd	2,000	1,957	2.21%
Big Sky Developments Ltd	3,440	3,370	2.09%
Wicklewood Parish Council	13	13	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	£6,580
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.

Note 14.3 Fair Value disclosures Financial Liabilities	31 March 2023		31 March 2022	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
PWLB Debt	20,000	14,227	20,000	19,254
Total Financial Liabilities	20,000	14,227	20,000	19,254

Income Expenses Gains and Losses

	31 March 2023		31 March 2022	
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	(1,470)	-	330	-
Investment Income /Interest	-	(1,511)	-	1,325
Interest Expense	(565)	-	(7)	-
Total Interest revenue	(2,036)	(1,511)	323	1,325

16. Nature and Extent of Risks Arising from Financial Instruments

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

Credit Risk

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

The risk is minimised through the Annual Investment Strategy. The Annual Investment Strategy for 2021/22, approved by members at Cabinet on 24 February 2022, 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 2022/23, 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 £4,338 and is not material.

Borrower	Principal £'000	Historic Risk of default	Expected Credit Loss £
Barclays Bank (NRFB)	7,000	0.000%	9
MMF Federated Investors (UK)	7,000	0.000%	-
MMF CCLA	5,000	0.000%	-
Lloyds Bank Corporate Markets Plc	3,000	0.003%	104
Goldman Sachs International Bank	3,000	0.006%	182
First Abu Dhabi Bank PJSC	3,000	0.006%	178
Qatar National Bank	2,000	0.017%	346
Standard Chartered Bank (ESG)	2,000	0.017%	346
Standard Chartered Bank (ESG)	5,000	0.021%	1,039
Goldman Sachs International Bank	3,500	0.021%	727
Goldman Sachs International Bank	3,500	0.022%	775
First Abu Dhabi Bank PJSC	4,000	0.016%	632
Total	48,000		4,338

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 2023, of the total debtor balances of £6.128 million (2021/22: £15.809 million), the past due amount was £982,000 (2021/22: £797,000) and can be analysed by age as follows:

Note 14.5 Customer debts	31 March 2023 £000s	31 March 2022 £000s
Customer debts		
Less than three months	75	101
More than three months	907	696
Total	982	797

These figures exclude £4.2 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.

17. Long Term Investments

	31 March 2022 £000s	31 March 2023 £000s
Other Local Authorities and Public Bodies	25	25
Council owned companies	6,686	6,580
Total Long Term Investments	6,711	6,605
Eliminate Council owned companies' investments	(6,686)	(6,580)
Group Long Term Investments	25	25

18. Long Term Debtors

	31 March 2022 £'000	31 March 2023 £'000
Housing Renewal Loans	575	567
Loans to Parish Councils	84	79
Loans to Council owned companies	31,342	20,120
Housing benefit overpayment debt	717	769
Community Infrastructure Levy	922	8
Works in Default	19	20
Total Long Term Debtors	33,659	21,563
Elimination of inter-company balances	(31,342)	(20,120)
Group Long Term Debtors	2,317	1,443

19. Short Term Debtors

	31 March 2022 £'000	31 March 2023 £'000
Trade debtors	1,470	3,498
Community Infrastructure Levy	2,722	2,622
Local ratepayers - Council Tax and Business Rates (Council share)	840	861
Council owned companies (non-trade transactions)	3,765	11,328
Housing benefit overpayment debt	462	83
Other Entities and Individuals	7,221	6,610
Less: Provision for Debt Impairment	(675)	(676)
Total Short Term Debtors	15,805	24,326
Elimination of inter-company balances	(5,351)	(12,924)
Consolidate Council owned companies' debtors	3,100	1,178
Group Short Term Debtors	13,554	12,580

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 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s
Less than three months	125	63	439	214
Three to six months	11	17	38	56
Six months to one year	11	3	38	10
More than one year	44	109	155	368
Totals	191	192	670	648

20. Short Term Investments

The capital receipts resulting from the transfer of the Council's housing stock to the Saffron Housing Association and other receipts generated from asset sales together with working capital, has enabled short term investments to be made in various financial institutions of £29,771,000 as at 31 March 2023 (£19,513,000 as at 31 March 2022).

21. Inventories

	31 March 2022 £000s	31 March 2023 £000s
Single Entity Total Inventories	61	64
Consolidate companies' inventories	28,891	21,684
Group Inventories	28,952	21,748

22. Short Term Creditors

	31 March 2022 £'000	31 March 2023 £'000
Community Infrastructure Levy	(10,499)	(4,171)
Advance Maintenance Fees (s106 monies)	(188)	(139)
DLUHC Business Rates Creditor	(1,058)	(2,305)
Norfolk CC Council Tax/Business Rates Creditor	(6,001)	(2,156)
Grants received in advance	(428)	(1,097)
Other Entities and Individuals	(18,172)	(9,339)
Total Short Term Creditors	(36,346)	(19,207)
Elimination of inter-company balances	4,931	12,596
Consolidate Council owned companies' creditors	(6,913)	(14,746)
Group Short Term Creditors	(38,328)	(21,357)

23. Provisions

The Provisions figure relates to an estimate of the outcome of appeals against Business Rates assessments. This is classified as being due within 1 year.

24. Long Term Creditors

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

	31 March 2022 £'000	31 March 2023 £'000
Maintenance of grassed areas	(731)	(664)
Other Entities and Individuals	(50)	(50)
Total Short Term Creditors	(781)	(714)

25. Unusable Reserves

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

Revaluation Reserve

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

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

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

	2021/22	2022/23
	£000s	£000s
Balance at 1 April	8,038	9,872
Upward Revaluation of Assets	2,225	641
Downward Revaluation of Assets and Impairment losses not charged to the Provision of Services	(175)	(110)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	2,050	531
Difference between fair value depreciation and historical cost depreciation	(103)	(102)
Balances written out of Reserve on disposal of assets	(113)	0
Amount written off to the Capital Adjustment Account	(216)	(102)
Balance at 31 March	9,872	10,301

Pensions Fund Reserve

See Note 32.

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	2022/23 £000s
Balance at 1 April	56,732	60,798
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)	(1,648)
Amortisation of Intangible Assets	(104)	(121)
Revenue Expenditure Funded From Capital Under Statute	(1,808)	(2,130)
Revaluation gains/(losses) on Property, Plant and Equipment	114	(253)
Revaluation gains/(losses) on Investment Properties	2,212	(373)
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)	(26)
	(1,773)	(4,551)
Adjusting amounts written out of the Revaluation Reserve	216	102
Net written out amount of the cost of non-current assets consumed in the year	(1,557)	(4,449)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	1,619	0
Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,035	2,851
Capital Expenditure charged against the General Fund Balance	1,689	572
NRP Enterprize Zone Loan Repaid	285	73
Big Sky Loan Repaid	0	(2,000)
Home Improvement Loans Repaid	(5)	(21)
	5,623	1,475
Balance at 31 March	60,798	57,824

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.

26. Members Allowances

Payments to members for allowances and committee attendance expenses were £362,592 (2021/22 £342,189) and are included within the 'Governance and Business Support' line of the Comprehensive Income & Expenditure Statement.

27. Officers' Remuneration

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

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

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

2022/23	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	173,573	0	26,036	199,609	109,785
Director – Resources	SNC	96,855	0	14,528	111,383	61,261
Director – Place	BDC	95,855	0	14,378	110,233	60,628
Director - People and Communities	SNC	95,855	0	13,341	109,196	60,058
Assistant Director - Transformation and ICT/Digit	SNC	69,312	0	10,397	79,709	43,840
Assistant Director - Regulatory	SNC	69,312	0	10,397	79,709	43,840
Assistant Director - Planning	SNC	69,312	0	10,397	79,709	43,840
Assistant Director - Individuals & Families	SNC	72,312	0	10,847	83,159	45,737
Assistant Director - Finance	BDC	74,621	0	11,193	85,814	47,198
Assistant Director - Economic Growth	BDC	72,602	0	10,890	83,492	45,921
Assistant Director - Community Services	BDC	69,312	0	10,397	79,709	43,840
Assistant Director - Chief of Staff	SNC	74,621	0	11,193	85,814	47,198

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	0	26,024	195,707	107,636
Director - People and Communities	SNC	93,707	0	12,974	106,681	58,675
Director - Resources	SNC	93,707	0	14,011	107,718	59,245
Director - Place	BDC	93,707	0	14,011	107,718	59,245
Assistant Director - Chief of Staff - Left 16 May 2021	SNC	8,631	0	1,256	9,887	5,438
Assistant Director - Chief of Staff / Governance & Business (1)	SNC	72,518	0	10,833	83,350	45,843
Assistant Director - Transformation and ICT / Digital (Started 28 July 2021)	SNC	45,876	0	6,855	52,731	29,002
Assistant Director - Planning	SNC	67,760	0	10,119	77,879	42,833
Assistant Director - Individuals & Families	SNC	67,760	0	10,119	77,879	42,833
Assistant Director - Regulatory	SNC	67,760	0	10,119	77,879	42,833
Assistant Director - Economic Growth - Left 19 Sept 2021	BDC	37,205	0	4,845	42,049	23,127
Assistant Director - Economic Growth - Started 6 Sept 2021	BDC	39,834	0	5,953	45,788	25,183
Assistant Director - Finance	BDC	72,950	0	10,898	83,848	46,116
Assistant Director - Community Service	BDC	67,760	0	10,119	77,879	42,833

Note 1: The AD Governance & Business became the AD Chief of Staff on 1 May 2021.

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	2022/23
£50,000 to £54,999	10	13
£55,000 to £59,999	2	3
£60,000 to £64,999	2	0
£65,000 to £69,999	3	3
£70,000 to £74,999	1	2
£90,000 to £94,999	2	0
£95,000 to £99,999	0	2
Total	20	23

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 2022/23, 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	2022/23	98,163	0	98,163	0	98,163
	2021/22	84,163	138	84,301	0	84,301

One Director of Big Sky Developments Ltd received £20,000, and one received £10,000 each during 2022/23 in recognition of the successful performance of Big Sky Developments Ltd in 2022/23.

Exit Packages 2022/23

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

Exit Package Cost Band	Number of compulsory redundancies	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
Under £50,000	7	9	67
Over £50,000			-
Total cost included in bandings			67
Amounts provided for in Comprehensive Income and Expenditure Statement not included in bandings			-
Total cost included in Comprehensive Income and Expenditure Statement			67

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 Comprehensive Income and Expenditure Statement not included in bandings				-
Total cost included in Comprehensive Income and Expenditure Statement				16

28. External Audit Costs

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

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

	2021/22 £'000	2022/23 £'000
External audit services carried out by the appointed auditor (scale fee)	43	53
Certification of grant claims and returns	TBC	TBC

29. Grant Income

	2021/22 £'000	2022/23 £'000
Revenue Grants Credited to Taxation and Non Specific Grant Income		
Business Rates Retention Scheme	(4,893)	(3,208)
Revenue Support Grant	0	(0)
New Homes Bonus Scheme	(3,577)	(2,093)
Rural Services Delivery Grant	(299)	(299)
Services Grant	0	(215)
Lower Tier Services Grant	(447)	(1,175)
Other	(586)	(201)
	(9,802)	(7,192)
Capital Grants Credited to Taxation and Non Specific Grant Income		
Capital grants and contributions	(448)	(1,082)
	(448)	(1,082)
Revenue Grants Credited to Services		
Housing Benefit Subsidy	(17,793)	(17,023)
Housing Benefit & Council Tax Support Admin Grant	(367)	(360)
Energy Rebate Grants	(185)	(162)
Energy Rebate Grants - Agency Basis	0	(7,582)
Homelessness Grants	(444)	(492)
Household Support Fund	(151)	(182)
Business Rates Cost of Collection	(176)	(178)
Covid 19 - Lost income compensation	(399)	0
Health & Wellbeing Partnership	0	(279)
Shared Prosperity Fund	0	(44)
Ukraine Support Funding	0	(447)
Other Grants	(856)	(570)
	(20,371)	(27,318)
Capital Grants Credited to Services		
Disabled Facilities Grants	(1,039)	(1,311)
Other Capital Grants	0	(562)
	(1,039)	(1,873)
Total Grant Income	(31,660)	(37,465)

In addition to the above grants the Council also received a number of Covid Grants.

30. Related Party Transactions

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

Central Government

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

Members & Chief Officers

Members of the Council have direct control over the Council's financial and operating policies. Members Allowances paid during the year to 31st March 2023 are disclosed in Note 26.

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

The following related party transactions existed during the year to 31 March 2023:

- Members are provided with individual Ward Member budgets of £1,000 annually to spend within their ward.
- Two members of the Council were members of Saffron Housing Trust. During 2022/23, Saffron Housing Trust was paid £641, 360 by the Council, principally for Disabled Facilities Grants towards improvements and for provision of the Trust's properties.
- One member was a trustee of the same charity that received £2,450 of Rapid Rehousing grant relief income.

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.

Two Members of the Council were Directors of Big Sky Ventures Ltd. The Managing Director of South Norfolk Council was a Director of Big Sky Ventures Ltd, Big Sky Developments Ltd and Big Sky Property Management Ltd.

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 2023, South Norfolk Council held £6.47 million in equity in Big Sky Ventures Ltd. It had outstanding loans to Big Sky Developments Ltd of £28.4 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 two loans totalling £5.4 million granted at base rate, which was funded by monies from Homes England.

During 2022/23, the Council was due to receive £1,385,000 in interest from Big Sky Developments Ltd and £126,000 in interest from Big Sky Property Management Ltd.

During 2022/23, the Council made payments of £150,000 to Big Sky Property Management Ltd, principally for services relating to the Council's own commercial properties, project management and its property maintenance scheme.

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

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 £565,322 (£642,794 in 2021/22). 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 £6,182,903 was paid during 22/23, of which £4,670,891 related to activity taking place during 2021/22. A further £1,585,457 was paid in April 2023 in respect of CIL due for 2022/23 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 2022/23 amounted to £197,196 (2021/22 £192,000).

31. Capital Expenditure and Capital Financing

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

	2021/22 £000s	2022/23 £000s
Opening capital financing requirement	15,635	19,735
Capital Investment:		
Tangible Fixed Assets	3,391	6,801
Investment Properties	0	111
Intangible Fixed Assets	144	403
Revenue Expenditure Funded from Capital under Statute	1,808	2,930
	9,443	10,245
Sources of Finance:		
Capital Receipts	(1,619)	0
Revenue Contributions	(1,689)	(1,372)
Grants & Contributions	(2,035)	(2,851)
	(5,343)	(4,223)
Closing Capital Financing Requirement	19,735	25,757

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			2022/23		
	Expenditure £000s	Grants Received £000s	Expenditure funded from other sources £000s	Expenditure £000s	Grants Received £000s	Expenditure funded from other sources £000s
Improvement Grants	1,039	(1,039)	0	1,311	(1,311)	0
Section 106	331	(331)	0	748	(748)	0
Hethel Infrastructure	438	(266)	172	70	0	70
Loddon Bridge Works	0	0	0	1	0	1
Harleston Public Realm Works	0	0	0	800	0	800
	1,808	(1,636)	172	2,930	(2,059)	871

32. Retirement Benefits

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

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

Transactions Relating to Retirement Benefits

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

	2021/22 £000s	2022/23 £000s
<u>Comprehensive Income and Expenditure Statement</u>		
Service Cost:		
<i>Cost of Services</i>		
Current service cost	(7,165)	(7,162)
(Gain)/loss from settlements		
Past service costs/(gain)	0	(27)
<i>Financing and Investment Income and Expenditure</i>		
Net interest expense	(1,676)	(1,860)
Total Post-employment Benefits charged to the Surplus or (Deficit) on the Provision of Services	(8,841)	(9,049)
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the new defined benefit liability comprising:		
Actuarial gains and losses arising on changes in demographic assumptions	(3,429)	1,042
Actuarial gains and losses arising on changes in financial assumptions	12,300	70,418
Other experience	4,313	(10,147)
Return on plan assets (excluding the amount included in the net interest expense)	6,951	(4,365)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	20,135	56,948
<u>Movement in Reserves Statement</u>		
Reversal of net changes made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	(8,841)	(9,048)
Employers' contributions payable to the scheme	(3,400)	(3,904)
<u>Pensions Assets and Liabilities Recognised in the Balance Sheet</u>		
Present value of the defined benefit obligation	176,147	124,032
Fair value of plan assets	(108,839)	(108,527)
Net liability arising from defined benefit obligation	67,308	15,505

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of fair value of the scheme assets:

	2021/22 £000s	2022/23 £000s
Opening fair value	101,002	108,839
Interest Income	2,026	2,951
Remeasurement gain / (loss): Return on assets, excluding amounts included in net interest	5,118	(4,365)
Employer contributions	3,400	3,904
Contributions from scheme participants	862	980
Benefits Paid	-3,569	(3,782)
	108,839	108,527

Reconciliation of present value of the scheme liabilities:

	2021/22 £000s	2022/23 £000s
Opening Balance	183,055	176,147
Current Service Cost	7,165	7,162
Past Service Costs (Gains)	0	27
Interest Cost	3,702	4,811
Contributions from scheme participants	862	980
Actuarial gains / (losses) arising from changes in demographic assumptions	3,429	(1,042)
Actuarial gains / (losses) arising from changes in financial assumptions	-12,300	(70,418)
Other experience gains / (losses)	-6,146	10,147
Benefits Paid	-3,620	(3,782)
At 31 March	176,147	124,032

The pension scheme assets consist of the following;

	Fair value of scheme assets			
	2021/22 £000s	% of total assets	2022/23 £000s	% of total assets
Debt securities:				
UK Government	1,099	1.0%	933	1.0%
	<u>1,099</u>		<u>933</u>	
Property:				
By type				
UK property	9,940	9.0%	9,392	9.0%
Overseas property	1,532	1.0%	1,613	1.0%
Sub-total property *	<u>11,472</u>		<u>11,005</u>	
Private equity:				
All	8,782	8.0%	10,369	10.0%
Sub-total private equity *	<u>8,782</u>		<u>10,369</u>	
Investment Funds and Unit Trusts:				
Equities	45,786	42.0%	51,612	48.0%
Bonds	31,439	29.0%	20,934	19.0%
Infrastructure	8,695	8.0%	12,191	11.0%
Sub-total other investment funds	<u>85,920</u>		<u>84,737</u>	
Derivatives:				
Foreign Exchange	24	0.0%	(329)	0.0%
	<u>24</u>		<u>(329)</u>	
Cash and Cash Equivalents:				
All	1,541	1.0%	1,812	2.0%
	<u>1,556</u>		<u>1,812</u>	
Total assets	<u>108,854</u>		<u>108,527</u>	

Basis for Estimating Assets and Liabilities

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

The principal financial assumptions are summarised below:

	31 March 2022 % per annum	31 March 2023 % per annum
Pension Increase Rate (CPI)	3.20	2.95
Salary Increase Rate	3.90	3.65
Discount Rate	2.70	4.75

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

	Males	Females
Current Pensioners	21.7 years	24.4 years
Future Pensioners	22.5 years	26.2 years

A commutation allowance is included for future retirements to elect to take 45% of the maximum additional tax-free cash up to HMRC limits.

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

Change in Assumptions at year ended 31 March 2023	Approximate % increase to Employer Liability	Approximate Monetary Amount £'000
0.1% increase in the Salary Increase Rate	2%	2,308
1 year increase in member life expectancy	4%	4,961
0.1% increase in the Pension Increase Rate	0%	249
0.1% decrease in Real Discount Rate	2%	2,093

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 £3,837,000 expected contributions to the scheme in 2023/24.

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.

33. Contingent Assets and Liabilities

Contingent Assets

On 17th February 2023, the Authority submitted a claim against a law firm and is seeking costs for negligence/breach of a S106 agreement retainer, relating to the negotiation and completion of a S106 legal agreement. The total claim is for £1,050,000, however only half of this would be due to SNC.

On 3rd March 2023, HMRC issued a policy paper entitled 'Changes to VAT treatment of local authority leisure services'

<https://www.gov.uk/government/publications/revenue-and-customs-brief-3-2023-changes-to-vat-treatment-of-local-authority-leisure-services/changes-to-vat-treatment-of-local-authority-leisure-services>

This confirmed that local authorities, such as SNC, can apply non-business treatment to their supplies of leisure services, meaning that less VAT has to be charged and paid over to HMRC. Furthermore, claims can be submitted to HMRC for overpaid VAT, over the past 4 years, and the Authority has submitted a claim for £942,786.

Contingent Liabilities

There are no material contingent liabilities.

34. Going Concern

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 May 2024, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

The Council's most recent year end balances are reported in the Movement in Reserves Statement.

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

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

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.

35. Authorised for Issue

The Statement of Accounts was authorised for issue by the Assistant Director of Finance on 31 May 2023. 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 2023, 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 2022/23 £000s	Business Rates £000s	Council Tax £000s	Total 2021/22 £000s	Business Rates £000s	Council Tax £000s
Income						
Business Rates Receivable (Note 2)	28,636	28,636	-	26,982	26,982	-
Council Tax Receivable (Note 3)	106,978	-	106,978	101,820	-	101,820
	135,614	28,636	106,978	128,802	26,982	101,820
Expenditure						
Precepts, Demands and Shares						
Central Government	15,085	15,085	-	16,014	16,014	-
Norfolk County Council	81,034	3,017	78,017	77,193	3,203	73,990
South Norfolk Council (including Parish Councils re.Council Tax)	25,018	12,068	12,950	25,045	12,812	12,233
Norfolk Police and Crime Commissioner	14,812	-	14,812	13,965	-	13,965
Charges to Collection Fund						
Cost of Collection	178	178	-	176	176	-
Designated Area/Renewable Energy Schemes (Disregarded)	842	842	-	414	414	-
Transitional Protection payments due to/(from) central government	65	65	-	(8)	(8)	-
Increase/(decrease) in allowance for impairment of debts/appeals	189	146	43	594	203	391
Increase/(decrease) in provision for appeals	(4,697)	(4,697)	-	(329)	(329)	-
Apportionment of Previous Year Surplus/ (Deficit)						
Contribution to Central Government	(3,382)	(3,382)	-	(6,499)	(6,499)	-
Contribution to Norfolk County Council	(253)	(676)	423	(1,540)	(1,357)	(183)
Contribution to South Norfolk Council	(2,636)	(2,706)	70	(5,277)	(5,246)	(31)
Contribution to Norfolk Police and Crime Commissioner	80	-	80	(34)	-	(34)
	126,335	19,940	106,395	119,714	19,383	100,331
Surplus/(Deficit) for Year	9,279	8,696	583	9,088	7,599	1,489
Collection Fund Balance						
Balance at beginning of the Year	(16,299)	(15,932)	(367)	336	(41)	377
Surplus/(Deficit) (+/-) for Year	9,279	8,696	583	(16,635)	(15,891)	(744)
Balance at End of the Year	(7,020)	(7,236)	216	(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. These reliefs significantly reduced the amount of Business Rates income being collected.

	2021/22 £'000	2022/23 £'000
Expanded Retail Discount	5,244	2,457
Nursery Relief	52	1
Covid 19 Additional Relief Fund (CARF) – See Note	-	2,215
	5,296	4,673

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

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 2022/23 was £89.92 million (2021/22 £88.71 million).

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

	2021/22	2022/23
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 £2,056.76 (2021/22 £1,994.48).

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)	8	5/9	4
A	3,903	6/9	2,602
B	13,658	7/9	10,623
C	13,953	8/9	12,403
D	10,881	9/9	10,881
E	6,903	11/9	8,437
F	2,961	13/9	4,277
G	1,432	15/9	2,387
H	102	18/9	204
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.			51,818
			(388)
			51,430

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 2022/23 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 2023 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 Leadership Team (CLT). These are in place to ensure the governance arrangements across the Council are adequate, and to also recognise where any further work needs to be done.

The code of corporate governance was in place for the 2022/23 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 (2022-2024). 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.

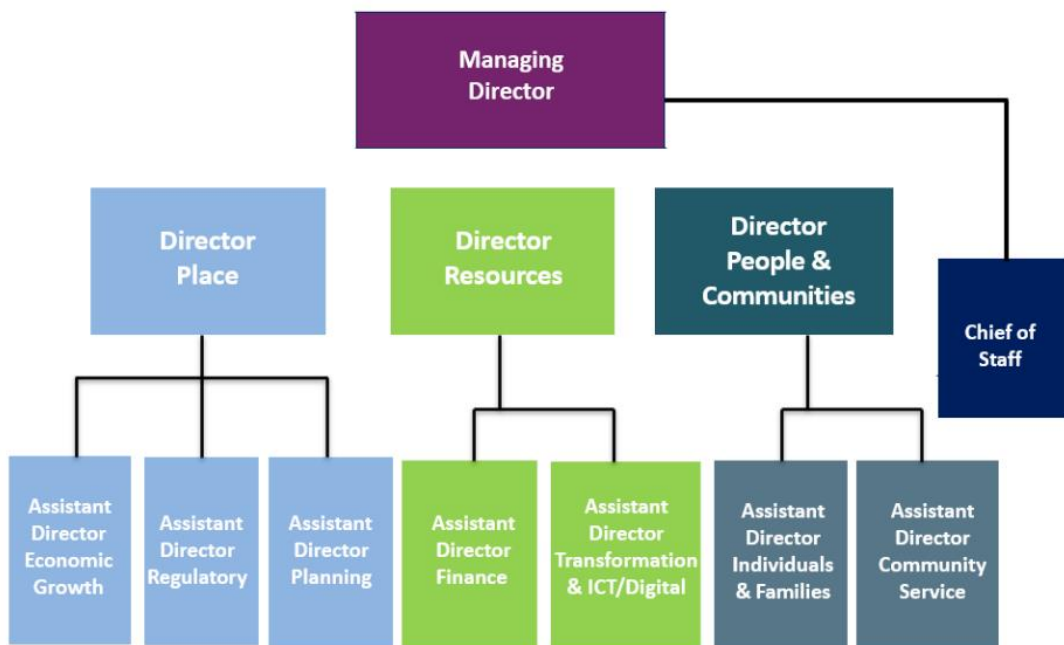
The Strategic Plan is a digital and interactive document which acts as a gateway for more in-depth details of the priorities and work of the Council and can be found [here](#).

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, often annually, however the current Plan spans two years to take account of the District election. 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 2022-2024 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 Leadership Team (CLT), consisting of the Managing Director, three Directors, the Monitoring Officer (Chief of Staff) and the Section 151 Officer (Assistant Director Finance). CLT is also supported by a further six Assistant Directors, as follows:



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 2022-2024 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 reviewed its Code of Conduct during 2022/23, which resulted in Full Council adopting a new Code of Conduct based on the Local Government Association model Code in May 2023, which provides a more robust framework for standards amongst members.

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 CLT and has the authority to bring matters directly to the attention of the Managing Director if required. Regular specific meetings are also held to discuss matters relating to the Section 151 role.

CIPFA Financial Management Code

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

The 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 CLT before they are considered by Cabinet or Full Council.

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

Whistle-blowing Policies and Investigating Complaints:

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

Tackling Fraud and Corruption:

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

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 carried out a review of the Councils fraud and corruption arrangements against the latest best practice guidance. The recommendations arising from this review are referred to in the internal audit section.

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. Training has continued throughout their term of office and is often centred on regulatory matters that provide them with the relevant accreditation to sit on specific Committees. Members also have access to the online training platform referred to above.

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

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

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

Good Governance Arrangements with Partnerships:

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

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

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 regularly received reports on performance, risk, projects and their financial implications. Policy development is delegated to Policy Committees with Cabinet making the final decisions.

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 2022/23.

Internal Audit is arranged through a consortium, Eastern Internal Audit Services, which comprises Breckland, Broadland, North Norfolk, Norwich City and South Norfolk 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.

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 October 2022, concluded that the internal audit service conforms to the professional standards and the work has been performed in accordance with the International Professional Practices Framework.

The Role of External Review Bodies

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

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

Ernst & Young LLP were appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors. 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 2022/23. The effectiveness of internal controls within the companies over the course of the year have continued to be overseen 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 the Companies governance framework and shareholder arrangements for both the Council and the Companies have been amended to model best practice and enable greater oversight by the shareholder. 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 template of which has remained consistent since 2019/20. 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 2021/22

Risk and control

A number of ADs highlighted issues with risk management when undertaking their last few Assurance Statements, however due to the work undertaken to the risk registers and introduction of new corporate risk management policy, this is no longer an issue.

Business Continuity

Business Continuity no longer remains a corporate issue and plans have been developed and agreed throughout the business.

Procurement

A small number of ADs reported that procurement was an issue last year and this remains to be an issue, as highlighted below.

Assurance Statements for 2022/23

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, one area has been highlighted as requiring further attention to become fully compliant:

Procurement

There have been a few instances raised regarding procurement and the contracts register, work is underway to improve processes and whilst recognising this is work in progress it is important to flag this as an area for review. 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 2023/24, with updates being sought from ADs in early Autumn 2023.

Internal Audit

The Head of Internal Audit has provided an overall opinion in relation to the framework of governance, risk management and controls at Broadland District Council. For 2022/23 a reasonable assurance grading overall has been given.

As recommended by the Head of Internal Audit, the Council's annual governance statement will include details of any internal audit actions that remain outstanding from work carried out in year.

Accounts Payable - A limited assurance grading was given in this area for 2022/23. The following recommendations remain outstanding from this audit;

- Implement a monitoring control to develop and run regular reports of all supplier amendments on the system and ensure that all amendments are legitimate and have been independently checked.
- Management to review orders raised prior to a PO being approved and identify whether any further actions are needed. Additionally, management should implement further training for system users with the ability to raise POs and emphasise the importance of raising and approving POs before goods are ordered.

A 'Limited' assurance grading was also raised for Key Controls and Assurance. The finance team worked quickly to resolve the issues raised within this report and therefore four significant recommendations remain outstanding for reference.

- Debtor control account The Debtor Control account reconciliations be prepared and reviewed within 30 days of the close of the month end.
- The Revenues Bank Account reconciliation to the General Ledger be brought up to date as soon as possible.
- Processes need to be developed to reconcile income streams to the general ledger.

- Provide monthly aged debt reports to senior management to demonstrate effective action.

Procurement and Contract Management has also been highlighted as an area of limited assurance. Findings have been raised in relation to the accuracy of the council's contract register and lack of aggregated spend analysis resulting in the potential for noncompliance with the Contract Procurement Rules. Document retention has been raised as an area requiring improvement along with staff training, the recording of exemptions and the proactive management of Procurement Policy Notes (PPNs). Initial findings indicate improvements are required to ensure compliance with the Local Government Transparency Code 2015 and Public Contracts Regulations 2015.

We also recommend that outstanding recommendations from previous years 'Limited' assurance reviews continue to be referenced in the Annual Governance Statement:

2021/22

Counter Fraud and Corruption

- A Counter Fraud and Corruption Strategy be devised, applying to all aspects of the Councils' business. This should be communicated throughout the Councils and acknowledged by those charged with governance. A strategy provides a framework for preventing and tackling bribery, fraudulent and corrupt acts against the Councils.
- Proactive work be undertaken to raise awareness of potential fraud.
- A programme of work be introduced to improve staff awareness and responsiveness to fraud across the Council.
- An annual fraud plan be devised, agreed by committee and reflect resources mapped to risks and arrangements for reporting outcomes. This plan should cover all areas of the local authority's business and include activities undertaken by contractors and third parties or voluntary sector activities.
- The Councils to introduce an official programme to publicise fraud and corruption cases internally and externally, which is positive and endorsed by the council's communications team.
- A fraud and corruption response plan should be devised to cover all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.

Disaster Recovery

- Council DR Plans be reviewed, updated, communicated and tested.
- Regular DR tests be scheduled and undertaken.
- Ensure that appropriate staff have DR responsibilities and skills/knowledge is refreshed

Risk Management

A risk management framework and strategy is in place to ensure a consistent approach at the Council with regard to risks. The Audit Committee has oversight of the strategic risks, which are also considered by the Cabinet.

Conclusion

Based on the work that has been completed, assurance can be taken that the governance arrangements at South Norfolk District Council are fit for purpose.

The review of the effectiveness of the Governance Framework has provided a satisfactory level of assurance on the effectiveness of the Council's governance arrangements.

Arrangements in place comply with the CIPFA Statement on the Role of the S151 / Chief Financial Officer in Local Government.

The authority's Code of Corporate Governance has undergone its annual review and is due to be published on South Norfolk District Council's public-facing website, however further work will be undertaken to further enhance this document. This document demonstrates in detail that the Council's corporate governance and policy framework is aligned to the principles outlined by CIPFA/SOLACE in their Delivering Good Governance in Local Government Framework, and gives more information on how governance arrangements are monitored and reviewed.

South Norfolk District Council is committed to ensuring the implementation of all actions that are planned to strengthen the organisation's governance arrangements. Implementation of these actions will be monitored through the next annual review.

Review and Approval of the Annual Governance Statement

The annual review of governance is coordinated by the Chief of Staff & Monitoring Officer, involving senior managers across the Council and reviewed by the Corporate Leadership Team. This Annual Governance Statement is considered in draft by the Finance, Resources, Audit and Governance Committee and amended to reflect the Committee's considerations and the views of the external auditor. The (revised) Annual Governance Statement is published with the Council's annual accounts.

Certification

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



Trevor Holden, Managing Director



Stephen Ridley (Chairman of the Finance, Resources, Audit and Governance Committee) – Lead Councillor

INDEPENDENT AUDITOR'S REPORT

Accounts have not yet been subject to audit.

GLOSSARY

Accounting Period

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

Accruals

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

Amortisation

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

Accounting Policies

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

Assets Held for Sale

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

ACOP

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

Actuarial Gains and Losses

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

Billing Authority

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

Capital Charges

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

Capital Expenditure

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

Capital Receipts

The money received from the sale of assets.

Carrying Value

See 'Net Book Value' below.

Capital Financing

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

Cash Equivalents

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

CIPFA

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

Collection Fund

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

Community Infrastructure Levy

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

Creditors

Amounts incurred by the Council but not yet paid.

Contingency

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

Contingent Liability

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

Current Assets

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

Current Liabilities

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

Current Value

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

Debtors

Amounts due to the Council but not yet received.

Deferred Capital Receipts

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

Defined Benefit Scheme

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

Depreciation

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

Direct Revenue Financing

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

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

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

Fair Value

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

Finance Lease

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

General Fund

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

Government Grants

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

Gross Book Value

The gross value of an asset prior to depreciation.

Intangible Asset

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

IFRS

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

Impairment

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

Damage to a footpath due to severe erosion, or

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

Infrastructure Asset

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

Market Value

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

Materiality

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

Minimum Revenue Provision (MRP)

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

Net Book Value

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

Net Realisable Value

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

Non-Current Assets (formerly Fixed Assets)

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

Operating Lease

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

Operational Assets

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

Precept

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

Present Value

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

Prior Period Adjustment

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

Provisions

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

Related Party

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

Related Party Transaction

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

Remuneration

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

Reserves

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.

Residual Value

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

Revenue Expenditure Funded from Capital under Statute

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

Restated

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

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

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

Revenue Expenditure

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

Revenue Support Grant

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

Support Service Costs

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

Temporary Loan

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

LIST OF ABBREVIATIONS

CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
DFG	Disabled Facilities Grant
DHC	Depreciated Historical Cost
DRC	Depreciated Replacement Cost
EUV	Existing Use Value
FTE	Full time equivalent
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
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