Statement of Accounts

2020/2021

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South Norfolk Council

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NARRATIVE REPORT

1. About South Norfolk Council

South Norfolk is home to approximately 140,880 people, equally divided between urban and rural locations. There are 88 towns and villages, including four Market Towns.

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

We anticipate significant growth over the next five years from a strong and diverse business base, which is home to leading innovation centres and enterprises. Key local business sectors are:
- Advanced Manufacturing
- Engineering
- Agri-tech
- Energy
- ICT
- Digital Creative
- Life Sciences.

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

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

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

The Council is made up of 46 councillors and the current composition is 35 Conservatives, 10 Liberal Democrats and 1 Labour.
The Cabinet consists of 7 portfolio members of the Conservative Group.
South Norfolk comprises 118 parishes of varying sizes.
South Norfolk Council is headed by a Corporate Management Team consisting of a Managing Director, 3 Directors and 8 Assistant Directors. Each Assistant Director has overall responsibility for their service areas.

South Norfolk District Council's Band D Council tax for 2020/21 (excluding special expenses) was £155.00.

2. Format of Accounts

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

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

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

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

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

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

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

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

3. Joint Working Arrangement with Broadland District Council

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

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

4. Strategic Plan 2020-24

The South Norfolk Strategic Plan for 2020-2024 contains key ambitions to improve the district for all who live, work or visit South Norfolk. Some of the major achievements against these ambitions during the year were:

- The Council continues to have good reputation locally and nationally.

- It remains strong in light of the implementation of the "one team" in January 2020 across South Norfolk and Broadland District Council.

- We have worked together and with central Government to make the case for increased funding for districts to support our ongoing Covid response. These funds have been used to support those businesses and residents in our communities who have needed our help the most.

- We have launched a new and improved housing system and operate effectively across a single housing team for our residents. Our new housing allocations policy and housing register gives our residents more flexibility to choose their own home based on their individual priorities and circumstances.

- Our elections team have moved to a single way of working, including implementing a new system to manage elections more effectively and efficiently. This has included sharing a count venue and aligning training and ballot box preparation, building resilience, and reducing duplication of effort.

- We have collectively brought investment into the districts to support growth in our local economy. Together, we have been successful in securing millions of pounds to support our local businesses and key businesses sectors to flourish, as well as supporting investment in vital infrastructure. Examples of these:
  - Ella May Barnes building and road infrastructure at the NRP
  - Long Stratton bypass
  - Wymondham train station
  - Wymondham Tennis club
  - Green infrastructure projects across South Norfolk.

5. Financial Outturn

Revenue Income and Expenditure

The table below summarises the Authority's revenue income and expenditure and compares this to the budget for the year. It also shows how the overall Authority expenditure was funded by income from Council Tax payers, business rate income, and Government Grants. The numbers here differ to the figures shown on the Comprehensive Income and Expenditure Statement as some items of expenditure, such as depreciation, are presented differently.

	Original Budget			Covid Adjusted Budget			Actual		
	Expend £'000	Income £'000	Net £'000	Expend £'000	Income £'000	Net £'000	Expend £'000	Income £'000	Net £'000
Resources/Managing Director									
Corporate Management	167	-	167	167	-	167	(276)	-	(276)
Covid Response	-	-	-	786	(1,522)	(736)	6,867	(7,818)	(951)
Finance and Revenues	3,564	(832)	2,732	3,334	(813)	2,521	3,578	(790)	2,788
Governance and Business Support	5,043	(860)	4,183	4,976	(860)	4,116	4,256	(377)	3,879
Managing Director and Chief of Staff	1,171	(23)	1,148	1,171	(23)	1,148	1,251	(23)	1,228
Place							-	-	-
Economic Growth	3,915	(654)	3,261	3,899	(654)	3,245	3,708	(2,100)	1,608
Regulatory Services	921	(197)	724	903	(197)	706	1,020	(169)	851
Planning	4,198	(4,004)	194	4,225	(3,763)	462	4,107	(4,399)	(292)
People and Communities							-	-	-
Individuals and Families	29,922	(27,498)	2,424	29,903	(27,453)	2,450	23,874	(22,208)	1,666
Community Service	12,245	(7,642)	4,603	12,137	(6,538)	5,599	9,947	(6,123)	3,824
Cost of Services	**61,146**	**(41,710)**	**19,436**	**61,501**	**(41,823)**	**19,678**	**58,332**	**(44,007)**	**14,325**

	Original Budget Expend £'000	Original Budget Income £'000	Original Budget Net £'000	Covid Adjusted Budget Expend £'000	Covid Adjusted Budget Income £'000	Covid Adjusted Budget Net £'000	Actual Expend £'000	Actual Income £'000	Actual Net £'000
Precepts - Parish Councils			4,127			4,127			4,127
(Gain)/Loss on disposal of non-current assets			-			-			(24)
Interest payable or similar charges			25			25			1
Investment property income			(30)			(30)			(22)
Trading accounts			(282)			(222)			(355)
Pensions interest (income)/expenditure			-			-			1,325
Investment interest income			(1,541)			(1,541)			(982)
(Gain)/Loss on disposal of investments			-			-			88
(Gain)/Loss on revaluation of Investment Property and Assets Held for Sale			-			-			432
Budget Requirement			**21,735**			**22,037**			**18,915**
Council Tax			(11,884)			(11,628)			(11,873)
Business Rates			(4,410)			(4,410)			(5,353)
Capital Grants			-			-			(5,983)
General Grants			(4,522)			(4,522)			(5,008)
Adjustments for Funding and Accounting Basis (Note 9)			(5,060)			(5,059)			
			(4,141)			**(3,582)**			**(9,302)**

The surplus on provision of services show in the Comprehensive Income and Expenditure Statement is £9.3 million and after statutory accounting adjustments, results in an increase in General Fund Reserves of £14.0 million.

Movement in Reserves

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

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

- The General Reserves increased by £14.0 million to £36.8 million.
- Capital Grants unapplied reduced by £1.2 million as grants were used.
- The Authorities Unusable Reserves decreased by £25.4 million. This is primarily because the Pension Fund deficit increased by £24.9 million.

Capital Expenditure

Capital expenditure during 2020/21 amounted to £25.4 million. Of this sum, £2.9 million was spent as capital grants to external organisations and individuals and did not result in the acquisition of assets on the Authority’s balance sheet.

South Norfolk can borrow via the Public Works Loan Board (PWLB) to fund capital expenditure, provided that it has fully considered the affordability and sustainability of the debt beforehand. The Authority evaluated the cost of borrowing and concluded that it was more cost effective to fund the 2020/21 capital programme from internal resources.

Financial Position at Year End

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

	Value 31 March 2021 £m	Value 31 March 2020 £m
Assets		
Property, Plant and Equipment	35.6	30.9
Investment Properties	11.5	12.8
Long Term Investments	7.0	6.6
Long Term Debtors	29.2	19.5
Cash and Bank holdings	21.3	22.7
Short Term Debtors	21.2	16.2
Short Term Investments	7.5	10.0
Liabilities		
Current liabilities	(26.6)	(25.3)
Pension Scheme Liability	(82.1)	(57.1)

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 £101 million and the liability £183 million giving a net deficit of £82 million as at 31 March 2021.

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 2020/21 the amount of cash and cash equivalents held by the Authority decreased by £1.4m to £21.3m.

Collection Fund

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

During 2020/21 the Council raised £96.0 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 2020/21 (£95.8m) equals the amount that was requested as part of the 2020/21 budget setting process.

During 2020/21 the Council raised £17.5m in business rates. Business rate income is shared as follows: Central Government 50%; South Norfolk Council 40%; Norfolk County Council 10%. The Council was part of the Norfolk Business Rates Pool during 2020/21.

6. Other Matters to Report

Covid

On 23rd March 2020, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Covid restrictions, of one form or another, remained in place during the whole of 20/21, and effectively this meant that a lot of businesses became unable to carry on operating normally and many employees were 'furloughed' on 80% of their existing salary paid by central Government.

The financial and social outcomes of this pandemic therefore had a significant impact upon the UK and global economy during 20/21, and the impacts are continuing.

Regarding the effect on South Norfolk Council, we adopted new ways of working and continued to provide our core services during the pandemic.

In addition, working jointly with Broadland Council, we stood up our Covid response, to ensure support for residents and businesses. Some of the highlights of the Councils' actions are detailed below.

- Corporate achievements
  - 85% of staff working remotely and 15% of staff working from our offices
  - 32 of our leisure staff redeployed to the NHS, with a further 48 of our staff offering time to help the NHS
  - Launched zoom to over 600 staff and Councillors. 140 virtual committee meetings broadcast on YouTube, with over 19,500 views, totalling 4,700 hours watch time
  - 44 Trained Mental Health First Aiders

- Help Hub
  - 20,104 calls taken from residents asking for help, 5,000 calls made to shielding residents
  - 7 day a week working. Help support line open until 22:00
  - 4,373 individuals visited on enhanced contact tracing to support self- isolation

- In the Community
  - 2,750 Prescriptions collected
  - 3,150 Shopping trips done
  - 560 households in food poverty fed. 4000 food parcels delivered. 8 Tons of food distributed to residents
  - 45 community support groups formed with 4,000 volunteers

- Housing
  - 73 residents provided with temporary accommodation. 739 residents housed
  - 781 people helped onto the housing register
  - 1,694 people a month provided housing advice

- Financial support to residents
  - 51,764 calls taken by the Housing and Benefit Team. 5,821 Benefit and Council Tax Support claims received
  - £73,000 paid through Covid-19 hardship fund
  - £1,260,935 paid in extra Council Tax support
  - £263,000 paid in track and trace payments

- Supporting Businesses
  - 10,000 businesses called offering support. £84 million in grants distributed to local businesses
  - First Councils to distribute £1 million to businesses forced to close
  - £1 million of support distributed for every week of lockdown

Consequently, the Council incurred additional expenditure on service provision, and reduced Income from services as set out in Note 6 to the Accounts.

Housing Benefit Expenditure

The Authority has a statutory duty to assess and (where appropriate) pay housing benefit claims from residents of the district on behalf of the Department of Work and Pensions (DWP). Payments are reimbursed by the DWP. These are normally the largest items of expenditure and income within the Comprehensive Income & Expenditure Statement. In 2020/21, total Housing Benefits payments were £19.8 million and the claim for reimbursement was £19.6 million.

Other Matters

We also report to you the following matters:

- Apart from the matters disclosed above, there are no other significant factors affecting the Accounts that require highlighting in 2020/21.
- There are no significant changes in accounting policy to report.
- There are no significant contingencies or material write offs to report.

7. Future Plans

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

Looking forward to 2021/22 – the following are just some of the projects and initiatives we will be delivering to support our Councils to go from strength to strength, support our areas to recover from the pandemic, drive economic growth and support and empower our communities.

Growing our economy

We will lead the way with ambitious ideas for growth and productivity, promoting our place as an area of investment by:

- Working with landowners and developers to accelerate and maximise the value of sites such as Harford Bridge
- Working collaboratively with to deliver the Long Stratton bypass
- Promoting and supporting the work of Greater Norwich as key partners in plan making and growth delivery
- Securing further funding to deliver more ambitious initiatives which broaden the scope of Councils' place making role

So that we can achieve higher value jobs and skills, greater inward investment and an inclusive economy.

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

We will continue to take proactive steps forward to deliver key projects and initiatives for our environments by:
- Implementing the Environmental Strategies utilising the resources committed by both Councils to ensure we develop and build upon a place everyone can be proud of.

Supporting individuals and empowering communities

We will work collaboratively to empower and support individuals and communities to adapt and recover from the impact of Covid by:
- Developing and delivering our Joint Covid Recovery Plan
- Working with the DWP on the Wrk4All and Kickstart Programmes – targeting those who are out of education and struggling to get into employment
- Supporting households facing hardship, ensuring people have a roof over their head, and are supported to manage debt and avoid financial hardship
- Expanding the Choices programme to support those older working age residents who need assistance with transition in their careers
- Developing schemes such as Tots2Teens and Kids Camp to engage with and raise aspirations of younger people
- Seize opportunities for collaboration with the Adult Learning Service

so that our most vulnerable people feel safe, well and healthy and are able to thrive in our Communities.

Moving with the times, working smartly and collaboratively

We will promote our place and our ambitious offer, while seizing the opportunities of our collaboration to release capacity by:
- Delivering a balanced mid-term financial plan and investment programme for each council, supported by our ongoing programme of transformation of our services
- Developing an agile service delivery at a time and space that meets our resident’s needs, ensuring a true team culture that drives services forwards and enables best in class services
- Delivering our new single website, releasing capacity and providing better engagement for our residents
- Ensuring our services are accessible to our customers when they need it, supported by implementation of a new Customer Experience Strategy and Charter
- Conducting an Accommodation Review that will provide options and a business case for our future working location, combined with exploring the hub and spoke model to enable us to be closer to our residents
- Enhancing our Member training programme, utilising our Skillsgate platform and providing more bespoke training to support ongoing development
- Implementing a management and leadership programme so our leaders have the right tools and skills to drive our teams forward to be the best they can be
- Developing and delivering our two year Delivery Plan and Budget for 2022/23 – 2023/24 which sets out our ambitions for the coming two years
- Providing proactive communications to grow and enhance our reputations by reinventing The Link Magazine, ensuring it has clear links with our delivery plan and encourage channel shift to our websites

so we can deliver better outcomes for our residents, businesses and communities.

Financial Outlook

The outlook for the public sector in general remains uncertain, with levels of Government funding forecast to decrease in real terms. The Authority's Medium Term Financial Plan estimates a funding gap from 2021/22 onwards of over £1 million. This will require either successful income generation schemes or additional efficiency savings to be made.

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

8. Further Information

Additional information relating to these accounts is available from:
Assistant Director – Finance
Horizon Centre
Broadland Business Park
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 2021.

RFincham

Assistant Director of Finance
Date: 22 September 2023

I can confirm that these accounts were approved by the Finance, Resources, Audit and Governance Committee at the meeting held on 22 September 2023.

S Ridley

Chair of Finance, Resources, Audit and Governance Committee
Date: 22 September 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.

Group			Single entity				Restated: Group			Restated: Single entity		
Year ended 31 March 2021			Year ended 31 March 2021				Year ended 31 March 2020			Year ended 31 March 2020		
Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net		Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net
£000s	£000s	£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s
						Gross expenditure, gross income and net expenditure of continuing operations:-						
						Resources/Managing Director						
1,035	(1,130)	(95)	(276)	0	(276)	Corporate Management	3,075	(3,240)	(165)	(158)	0	(158)
6,867	(7,818)	(951)	6,867	(7,818)	(951)	Covid Response	42	(43)	(1)	42	(43)	(1)
3,578	(773)	2,805	3,578	(790)	2,788	Finance and Revenues	3,465	(543)	2,922	3,465	(564)	2,901
4,256	(377)	3,879	4,256	(377)	3,879	Governance and Business Support	5,225	(1,196)	4,029	5,225	(1,196)	4,029
1,176	(23)	1,153	1,251	(23)	1,228	Managing Director and Chief of Staff	1,183	(62)	1,121	1,264	(62)	1,202
		0				**Place**	0	0	0			
3,708	(2,100)	1,608	3,708	(2,100)	1,608	Economic Growth	3,379	(880)	2,499	3,379	(880)	2,499
1,020	(169)	851	1,020	(169)	851	Regulatory Services	1,249	(198)	1,051	1,249	(198)	1,051
4,107	(4,399)	(292)	4,107	(4,399)	(292)	Planning	4,081	(3,870)	211	4,081	(3,870)	211
		0				**People and Communities**	0	0	0			
23,874	(22,208)	1,666	23,874	(22,208)	1,666	Individuals and Families	25,489	(23,574)	1,915	25,489	(23,574)	1,915
9,938	(6,123)	3,815	9,947	(6,123)	3,824	Community Service	11,931	(7,249)	4,682	11,951	(7,249)	4,702
59,559	**(45,120)**	**14,439**	**58,332**	**(44,007)**	**14,325**	**Cost of Services**	**59,119**	**(40,855)**	**18,264**	**55,987**	**(37,636)**	**18,351**
						Other Operating Expenditure:						
		4,127			4,127	Precepts paid to Parish Councils			3,842			3,842
		(24)			(24)	(Gain)/Loss on disposal of non-current assets			(701)			(701)
		0				***Financing and Investment Income and Expenditure:-***			0			
		1			1	Interest payable or similar charges			20			20
		(355)			(355)	(Gain)/Loss on trading accounts			(399)			(399)
		(22)			(22)	Other investment property income			(30)			(30)

Group			Single entity				Restated: Group			Restated: Single entity		
Year ended 31 March 2021			Year ended 31 March 2021				Year ended 31 March 2020			Year ended 31 March 2020		
Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net		Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net
£000s	£000s	£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s
		1,325			1,325	Pensions interest (income)/expenditure			1,679			1,679
		(63)			(982)	Investment interest income			(304)			(976)
		88			88	(Gain)/Loss on disposal of investments			0			0
		193			432	(Gain)/Loss on revaluation of Investment Property and Assets Held for Sale			(72)			10
						Taxation and Non-Specific Grant Income and Expenditure:-						
		(11,873)			(11,873)	Council Tax Income			(11,284)			(11,284)
		(5,353)			(5,353)	Business Rates Income and Expenditure			(5,807)			(5,807)
		(5,983)			(5,983)	Capital Grants (Note 32)			(4,097)			(4,097)
		(5,008)			(5,008)	General Grants (Note 32)			(4,091)			(4,091)
		(8,508)			**(9,302)**	**(Surplus)/Deficit on provision of service for the Year**			**(2,980)**			**(3,483)**
		32			0	Joint Venture accounted for on an equity basis			50			0
		4			0	Taxation expenses of subsidiaries			(1)			0
		(8,472)			**(9,302)**	**Group (Surplus)/Deficit**			**(2,931)**			**(3,483)**
		(537)			(537)	(Surplus)/deficit on revaluation of property, plant and equipment assets (Note 28)			(425)			(425)
		22,530			22,530	Remeasurement of the pensions net defined benefit liability/(asset)			(15,267)			(15,267)
		21,993			**21,993**	**Other Comprehensive Income and Expenditure**			**(15,692)**			**(15,692)**
		13,521			**12,691**	**Total Comprehensive Income and Expenditure**			**(18,623)**			**(19,175)**

MOVEMENT IN RESERVES STATEMENT

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

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

Group							Single entity					
General Fund Balance £000s	**Capital Receipts Reserve £000s**	**Capital Grants Unapplied Account £000s**	**Total Usable Reserves £000s**	**Unusable Reserves £000s**	**Total Council Reserves £000s**		**General Fund Balance £000s**	**Capital Receipts Reserve £000s**	**Capital Grants Unapplied Account £000s**	**Total Usable Reserves £000s**	**Unusable Reserves £000s**	**Total Council Reserves £000s**
21,638	**565**	**262**	**22,465**	**(9,515)**	**12,950**	**Balance brought forward as at 1 April 2019**	**21,091**	**565**	**588**	**22,244**	**(9,852)**	**12,392**
						Movement in Reserves during 2019/20:						
2,931	0	0	**2,931**	15,692	**18,623**	Total Comprehensive Expenditure and Income	3,483	**0**	**0**	**3,483**	15,692	**19,175**
(919)	1,310	1,372	**1,763**	(1,763)	**0**	Adjustments between accounting basis & funding basis under regulations (Note 9)	(433)	1,310	1,046	**1,923**	(1,923)	**0**
2,012	**1,310**	**1,372**	**4,694**	**13,929**	**18,623**	**Increase/Decrease in Year**	**3,050**	**1,310**	**1,046**	**5,406**	**13,769**	**19,175**
23,650	**1,875**	**1,634**	**27,159**	**4,414**	**31,573**	**Balance carried forward at 31 March 2020**	**24,141**	**1,875**	**1,634**	**27,650**	**3,917**	**31,567**
						Movement in Reserves during 2020/21:						
8,472	0	0	**8,472**	(21,993)	**(13,521)**	Total Comprehensive Expenditure and Income	9,302	0	0	**9,302**	(21,993)	**(12,691)**
4,632	(67)	(1,233)	**3,332**	(3,332)	**0**	Adjustments between accounting basis & funding basis under regulations (Note 9)	4,722	(67)	(1,233)	**3,422**	(3,422)	**0**
13,104	**(67)**	**(1,233)**	**11,804**	**(25,325)**	**(13,521)**	**Increase/Decrease in Year**	**14,024**	**(67)**	**(1,233)**	**12,724**	**(25,415)**	**(12,691)**
36,754	**1,808**	**401**	**38,963**	**(20,911)**	**18,052**	**Balance carried forward at 31 March 2021**	**38,165**	**1,808**	**401**	**40,374**	**(21,498)**	**18,876**

BALANCE SHEET

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

Group	Single entity		Group	Single entity
As at 31 March 2021 £000s	As at 31 March 2021 £000s		As at 31 March 2020 £000s	As at 31 March 2020 £000s
		Non Current Assets		
35,586	35,576	Property, Plant & Equipment (Note 12)	30,907	30,895
298	298	Intangible Fixed Assets	345	345
18,275	11,460	Investment Properties (Note 13)	19,363	12,788
25	6,979	Long Term Investments (Note 19)	25	6,577
4,220	29,238	Long Term Debtors (Note 18)	5,406	19,482
58,404	**83,551**	**Total Non-Current Assets**	**56,046**	**70,087**
		Current Assets		
22,008	21,300	Cash and cash equivalents (Note 22)	23,964	22,703
17,541	21,225	Debtors (Note 20)	14,844	16,197
7,501	7,501	Short Term Investments (Note 23)	10,022	10,022
30,841	58	Inventories (Note 24)	18,449	59
77,891	**50,084**	**Total Current Assets**	**67,279**	**48,981**
		Current Liabilities		
(28,174)	(24,798)	Creditors (Note 25)	(27,989)	(23,814)
(341)	(341)	Capital Grants Receipts in Advance (Note 32)	0	0
0	0	Liabilities in Joint Ventures (Note 15)	(16)	0
(1,478)	(1,478)	Short Term Provisions (Note 26)	(1,490)	(1,490)
(29,993)	**(26,617)**	**Total Current Liabilities**	**(29,495)**	**(25,304)**
		Long Term Liabilities		
(805)	(805)	Long Term Creditors (Note 27)	(846)	(846)
(4,603)	(4,603)	Grants Receipts in Advance (Note 32)	(3,886)	(3,886)
(789)	(681)	Provisions (Note 26)	(401)	(341)
(82,053)	(82,053)	Pension Scheme Liability (Note 35)	(57,124)	(57,124)
(88,250)	**(88,142)**	**Total Long Term Liabilities**	**(62,257)**	**(62,197)**
18,052	**18,876**	**Net Assets**	**31,573**	**31,567**

Group	Single entity		Group	Single entity
As at 31 March 2021 £000s	**As at 31 March 2021 £000s**		**As at 31 March 2020 £000s**	**As at 31 March 2020 £000s**
		Usable Reserves		
(11)	1,400	General Fund Balance	932	1,400
36,765	36,765	General Reserves (Note 11)	22,741	22,741
1,808	1,808	Usable Capital Receipts Reserve	1,875	1,875
401	401	Capital Grants Unapplied	1,634	1,634
		Unusable Reserves (Note 28)		
59,011	58,424	Capital Adjustment Account	53,392	52,918
(5,955)	(5,955)	Collection Fund Adjustment Account	185	185
12	12	Deferred Capital Receipts Reserve	12	12
(35)	(35)	Financial Instruments Adjustment Account	(36)	(36)
(82,053)	(82,053)	Pension Reserve	(57,124)	(57,124)
8,577	8,577	Revaluation Reserve	8,157	8,157
(468)	(468)	Short Term Accumulated Absences Account	(195)	(195)
18,052	**18,876**	**Total Net Worth**	**31,573**	**31,567**

These financial statements replace the unaudited financial statements certified by Rodney Fincham (Assistant Director of Finance) on 30 July 2021

RFincham

22 September 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.

Group 31 March 2021 £000s	Single entity 31 March 2021 £000s		Group 31 March 2020 £000s	Single entity 31 March 2020 £000s
8,472	**9,302**	**Net Surplus/(Deficit) on the provision of services**	**2,931**	**3,483**
(8,422)	4,602	Adjustment to surplus or deficit on the provision of services for noncash movements	8,057	11,701
(8,711)	(8,711)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(5,879)	(5,879)
(8,661)	5,193	Net Cash flows from Operating activities	5,109	9,305
4,960	(8,341)	Net Cash flows from Investing Activities	6,391	1,393
1,745	1,745	Net Cash flows from Financing Activities	(1,189)	(1,189)
(1,956)	(1,403)	Net increase or (decrease) in cash and cash equivalents	10,311	9,509
23,964	22,703	Cash and cash equivalents at the beginning of the reporting period	13,653	13,194
22,008	**21,300**	**Cash and cash equivalents at the end of the reporting period**	**23,964**	**22,703**

The cash flows for operating activities include the following items:

Group 31 March 2021 £000s	Single entity 31 March 2021 £000s		Group 31 March 2020 £000s	Single entity 31 March 2020 £000s
65	984	Interest received	321	993
(3)	(3)	Interest paid	(20)	(20)
62	**981**		**301**	**973**

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

Group 31 March 2021 £000s	Single entity 31 March 2021 £000s		Group 31 March 2020 £000s	Single entity 31 March 2020 £000s
1,494	1,492	Depreciation	1,538	1,536
487	726	Impairment and downward valuations	(66)	16
142	142	Amortisation	119	119
83	83	Movement in contract assets, liabilities and costs (IFRS 15)	45	45
(2,414)	(556)	Increase/(decrease) in creditors	12,104	14,700
609	(870)	(Increase)/decrease in debtors	(7,977)	(8,935)
(12,392)	1	(Increase)/decrease in inventories	(2,010)	(54)
2,399	2,399	Movement in pension liability	3,577	3,577
408	408	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	859	859
762	777	Other non-cash items charged to the net surplus on the provision of services	(149)	(179)
(8,422)	**4,602**		**8,057**	**11,701**

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

Group 31 March 2021 £000s	Single entity 31 March 2021 £000s		Group 31 March 2020 £000s	Single entity 31 March 2020 £000s
(433)	(433)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,581)	(1,581)
(8,278)	(8,278)	Any other items for which the cash effects are investing or financing cash flows	(4,298)	(4,298)
(8,711)	**(8,711)**		**(5,879)**	**(5,879)**

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 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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

Accruals of Income and Expenditure

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

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

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

Cash and Cash Equivalents

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

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

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

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

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

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

Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

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

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

Council Tax and Non-Domestic Rate

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

Accounting for Council Tax and NDR

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

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

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

Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

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

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

The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

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

<u>Service cost, comprising:</u>
- 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.

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

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

Discretionary Benefits

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

Events after the Reporting Period

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

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

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

Financial Instruments

Financial Liabilities

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

Financial Assets

Financial Assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority holds financial assets measured at:
- Amortised cost,
- Fair value through other comprehensive income and expenditure,
- 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, where material, are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Fair Value Measurement of Financial Assets

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

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

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

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

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

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

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

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

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

Community Infrastructure Levy

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

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

Intangible Assets

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

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

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

Interest in Companies and Other Entities

The Authority has the following interests.

- The Authority controls the following companies through 100% ownership of the share capital in Big Sky Ventures Ltd which acts as a holding company for: Big Sky Developments Ltd and Big Sky Property Management Ltd. This arrangement has been classified as a subsidiary in accordance with the guidelines set out in CIPFA's codes of best practice in group accounting. Group accounts have been prepared as the overall change between the single entity and the group statements is material.

- Up until 22nd March 2021, the Authority held a 50% shareholding in Build Insight Ventures Ltd, with NPS Property Consultants Limited holding the other 50%. Build Insight Ventures Ltd acts as a holding company for Build Insight Ltd and Build Insight Consulting Ltd.
  The Council's Group accounts incorporate Build Insight Ventures Ltd as an associate where material.

- Norse Environmental Waste Limited (NEWS) has contracted to provide recycling sorting and processing and garden waste composting to seven second tier Norfolk councils, with voting arrangements that give 7% influence to each minor body (including South Norfolk) and 51% to Norse Group. This relationship has been assessed as a joint venture, as the Authority has neither significant influence nor control.
  The Council's Group accounts do not incorporate NEWS, on the grounds of materiality.

Inventories and Long-term Contracts

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

Investment Property

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

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

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

Leases

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

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

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

The Authority as Lessee:

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefiting from use of the leased Property, Plant of 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

Operating Leases

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

Overheads and Support Services

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

Property, Plant & Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided 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 (ie repairs and maintenance) is charged as an expense when it is incurred.

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

Componentisation Policy

Where an item of property or plant has more than one major component, the Code states that the 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.

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, depreciate 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 an estimate for current value.

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

Reserves

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

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

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

Revenue Expenditure funded from Capital under Statute

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

VAT

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

Fair Value Measurement of Non-Financial Assets

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

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

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

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

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

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

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

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

- Level 3 – unobservable inputs for the asset.

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

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

This year there are three changes being introduced in the 2021/22 Code of Practice of Local Authority Accounting:
- Definition of a Business: Amendments to IFRS 3 Business Combinations.
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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

- Judgement is applied to decisions concerning the authority's property, plant and equipment in matters such as determining the classification of each asset and the appropriate basis for valuation. Assets are classified according to their characteristics, after comparing them to the guidelines set out within the Code and accountancy standards, with these classifications kept under review. Valuations are made by a professional with appropriate and relevant qualifications at intervals not exceeding five years.

- Appeals lodged against NNDR assessments may succeed, resulting in the need to refund all or part of the NNDR paid by the business concerned. The authority has considered the potential effect of the appeals outstanding as at 31 March 2021 using an external advisor and has made a reasoned judgement of the potential effect of these appeals.

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

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

Property, Plant and Equipment

Property, Plant and Equipment assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.
If the Council was unable to sustain its current spending on repairs and maintenance, this would bring into doubt the useful lives assigned to assets.
If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Currently these assumptions are calculated for South Norfolk Council by expert actuaries, Hymans Robertson LLP. They provide South Norfolk Council with expert advice about the assumptions that need to be applied. The pension liability as at 31 March 2021 is £82.1 million. Further details can be found in Note 35.

Business Rates Appeals Provision

Billing authorities are required to estimate and make provisions for the liabilities likely to arise from successful appeals against NNDR (Business Rates) bills issued as at 31 March each year. The authority has made a total provision for appeals of £2.1 million which is detailed in Note 26 of the accounts. In addition, it has an earmarked reserve to deal with all financial risks related to the Business Rates system and this is shown in Note 11 of the accounts.

5. Events after the Reporting Period

These accounts replace the unaudited Statement of Accounts were issued by the Assistant Director of Finance on 30 July 2021. 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 2021, 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 2021 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. See Note 38.

6. Material Items of Income and Expense

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

Covid Grants

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

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

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

Additional grant funding relating to the pandemic was received throughout 2020/21. However, some grants were to cover both 2020/21 and 2021/22. As a result, where grant funding has not been fully used in 2020/21 it has been carried forward into 2021/22 either:

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

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

Grant	Transaction Type	Received £'000	Amt Due In ST Debtor £'000	Spent £'000	Balance In ST Cred £'000	Balance In ER £'000
General Funding						
COVID-19 Emergency Funding for Local Government	Principal	-1,752		1,079		673
Supporting Towns and Villages and the Economy						
EU High Streets Work / Welcome Back Fund	Principal		-89	89		
Track & Trace (Isolation Support Payment)						
Mandatory Scheme	Agent	-162		94	68	
Discretionary Scheme	Principal	-123		77		46
Admin Grant	Principal	-42		20		22
Enforcement / Contain Outbreak Management Fund (COMF) Funding						
Local Authority Compliance and Enforcement Grant	Principal	-57		22	35	
Local Outbreak Control Plan	Principal	-100		0	100	
COMF Funding via Norfolk CC	Principal	-760		75	685	
Hardship						
Norfolk Community Foundation	Principal	-3		4		
Direct Hardship Payments	Principal	-100		36		64
Council Tax Support Hardship Grant	Principal	-756		742		15
Support to the Shielded Population	Principal	-74		59		15
Business Grants						
Mandatory Lockdown Grants	Agent	-28,480		28,450	30	
Discretionary Lockdown Grants	Principal	-1,517		1,517		
Local Restriction Grants	Agent	-13,849		12,149	1,700	
Additional Restriction Grants	Principal	-4,069		2,858	1,211	
Tourism Grants	Principal	-148		114		34
Grants to Cover Specific Cost Pressures						
New Burdens Funding	Principal	-286		81		205
Additional Business Rates Reliefs						
NNDR Reliefs Compensation Grant	Offset lost income	-13,599			8,886	4,713
Lost Income Compensation						
Sales Fees & Charges Compensation Scheme	Offset lost income	-1,381	-768	2,149		
		-67,258	-857	49,615	12,715	5,787

New 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 100% Business Rates reliefs for the Retail, Hospitality, Leisure and Nursery sectors for 2020/21.

These new reliefs totalled £14.21m in 2020/21, and consequently significantly reduced the amount of Business Rates income being collected. However, the Council was required to continue to pay across the precept amounts in full to central Government, Norfolk County Council, and the South Norfolk General Fund throughout the year.
This has therefore caused a significant deficit on 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 this deficit.

To do this the Government paid the full compensation grant to South Norfolk, even though only 40% of it is ultimately due to South Norfolk, as the Collection Fund deficit is shared between central Government, Norfolk County Council and South Norfolk.
At the end of the year, the Council has therefore accrued the 60% value owed back to Government, and this is shown in short term creditors. The other 40% is held in a new COVID 19 S31 Grants Reserve. This will be used to offset the deficit value in future years.

Housing Benefit

Housing Benefit subsidy of £19.6 million is included in the Cost of Services section in the top half of the Comprehensive Income and Expenditure Statement. This income is the result of a claim made to the Department of Work and Pensions and reimburses the expenditure incurred by the authority for those amounts paid to recipients of housing benefit in the local community. (See Note 32).

Pension Cost

Pension costs charged to the Comprehensive Income and Expenditure Statement on page 19 are shown in Note 35.

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).

Restated:	Year ended 31 March 2020		
	Net Expenditure Chargeable to the General Fund Balance £000s	Adjustments between the Funding and Accounting Basis (Note 9) £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
Resources/Managing Director			
Corporate Management	(118)	(40)	(158)
Covid Response	41	(42)	(1)
Finance and Revenues	2,139	762	2,901
Governance and Business Support	3,433	596	4,029
Managing Director and Chief of Staff	1,109	93	1,202
Place			
Economic Growth	86	2,413	2,499
Regulatory Services	964	87	1,051
Planning	(212)	423	211
People and Communities			
Individuals and Families	762	1,153	1,915
Community Service	4,037	665	4,702
Net Cost of Services	**12,241**	**6,110**	**18,351**
Other Income and Expenditure	(15,291)	(6,543)	(21,834)
(Surplus)/Deficit for the Year	**(3,050)**	**(433)**	**(3,483)**
Opening General Fund (including Earmarked Reserves)	(21,091)		
(Surplus)/Deficit on General Fund Balance for the Year	(3,050)		
Closing General Fund Balance (including Earmarked Reserves)	**(24,141)**		

	Year ended 31 March 2021		
	Net Expenditure Chargeable to the General Fund Balance £000s	**Adjustments between the Funding and Accounting Basis (Note 9) £000s**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £000s**
Resources/Managing Director			
Corporate Management	(276)	0	(276)
Covid Response	(938)	(13)	(951)
Finance and Revenues	2,863	(75)	2,788
Governance and Business Support	3,601	278	3,879
Managing Director and Chief of Staff	1,228	0	1,228
Place			
Economic Growth	(1,751)	3,359	1,608
Regulatory Services	731	120	851
Planning	(59)	(233)	(292)
People and Communities			
Individuals and Families	1,127	539	1,666
Community Service	5,379	(1,555)	3,824
Net Cost of Services	**11,905**	**2,420**	**14,325**
Other Income and Expenditure	(25,929)	2,302	(23,627)
(Surplus)/Deficit for the Year	**(14,024)**	**4,722**	**(9,302)**
Opening General Fund (including Earmarked Reserves)	(24,141)		
(Surplus)/Deficit on General Fund Balance for the Year	(14,024)		
Closing General Fund Balance (including Earmarked Reserves)	**(38,165)**		

8. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Restated Year ended 31 March 2020 Adjustments for Capital Purposes (Note 1) £000s	Net change for Pensions Adjustments (Note 2) £000s	Other differences (Note 3) £000s	Total Adjustments 2019/20 £000s
Resources/Managing Director				
Corporate Management	0	(40)	0	(40)
Covid Response	(42)	0	0	(42)
Finance and Revenues	0	750	12	762
Governance and Business Support	393	207	(4)	596
Managing Director and Chief of Staff	0	85	8	93
Place				
Economic Growth	2,371	38	5	2,414
Regulatory Services	0	80	7	87
Planning	0	401	22	423
People and Communities				
Individuals and Families	807	289	56	1,152
Community Service	(83)	686	62	665
Cost of Services	**3,446**	**2,496**	**168**	**6,110**
Other income and expenditure from the Expenditure and Funding Analysis	(7,341)	1,081	(283)	(6,543)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provisions of Services	**(3,895)**	**3,577**	**(115)**	**(433)**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Year ended 31 March 2021 Adjustments for Capital Purposes (Note 1) £000s	Net change for Pensions Adjustments (Note 2) £000s	Other differences (Note 3) £000s	Total Adjustments 2020/21 £000s
Resources/Managing Director				
Corporate Management	0	0	0	0
Covid Response	(13)	0	0	(13)
Finance and Revenues	(75)	0	0	(75)
Governance and Business Support	278	0	0	278
Managing Director and Chief of Staff	0	0	0	0
Place				0
Economic Growth	3,360	0	0	3,360
Regulatory Services	120	0	0	120
Planning	(275)	31	11	(233)
People and Communities				0
Individuals and Families	319	167	53	539
Community Service	(1,997)	352	90	(1,555)
Cost of Services	**1,717**	**550**	**154**	**2,421**
Other income and expenditure from the Expenditure and Funding Analysis	(5,807)	1,849	6,260	2,302
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provisions of Services	**(4,090)**	**2,399**	**6,413**	**4,723**

(1) Adjustments for Capital Purposes

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

(2) Net Change for Pensions Adjustments

- Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
  - For services this represents the removal of the employer pensions contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs,

- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

(3) Other Differences

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

9. Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

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

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

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

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

Year ended 31 March 2021:	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments Primarily involving the Capital Adjustment Account				
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement				
Amortisation of Intangible Assets	142	0	0	(142)
Depreciation of Property, Plant & Equipment	1,492	0	0	(1,492)
Gain/(Loss) on revaluation of Property, Plant & Equipment	725	0	0	(725)
Government Grants & Contributions	(9,511)	0	0	9,511
Revenue Expenditure funded from Capital Under Statute	2,868	0	0	(2,868)
Amounts of Non Current Assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	407	0	0	(407)
Gain/(Loss) on revaluation of Investment Properties and Assets Held for Sale	432	0	0	(432)
Capital grants and contributions applied credited to the Comprehensive Income and Expenditure Account	1,233	0	(1,233)	0
	(2,212)	**0**	**(1,233)**	**3,445**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure financed from Revenue	(1,446)	0	0	1,446
	(1,446)	**0**	**0**	**1,446**
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer from Usable Capital Receipts	0	46	0	(46)
Transfer of Cash Sale Proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(432)	432	0	0
Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	(545)	0	545
	(432)	**(67)**	**0**	**499**
Adjustments primarily involving the Pensions Reserve				
Employers pension contribution	(3,116)	0	0	3,116
Net charges made for retirement benefits	5,515	0	0	(5,515)
	2,399	**0**	**0**	**(2,399)**
Other adjustments				
Adjustments involving the Collection Fund Adjustment Account	6,141	0	0	(6,141)
Short Term Accumulated Absences	273	0	0	(273)
Adjustments involving the Financial Instruments Adjustment Account	(1)	0	0	1
	6,413	**0**	**0**	**(6,413)**
Net Additional amount to be charged/(credited) to the General Fund	**4,722**	**(67)**	**(1,233)**	**(3,422)**

10. Income and Expenditure Analysed by Nature

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

	2020/21 £000s	2019/20 £000s
Expenditure/Income		
Expenditure		
Employee benefits expenses	19,005	20,230
Depreciation, amortisation, impairment & REFCUS	2,384	4,732
Interest payments	1,328	1,705
Precepts and levies	4,127	3,842
Gain on disposal of assets	(24)	(701)
Gain/loss on revaluation	520	10
Other expenditure	44,463	40,595
Total expenditure	**71,803**	**70,413**
Income		
Fees, charges and other income	(12,270)	(15,222)
Interest and investment income	(65)	(309)
Income from Council Tax and Non-Domestic Rates	(26,498)	(26,792)
Government grants and contributions	(42,272)	(31,573)
Total income	**(81,105)**	**(73,896)**
(Surplus)/Deficit on Provision of Services	**(9,302)**	**(3,483)**

11. Transfers to / from Earmarked Reserves

Name of Reserve	Balance as at 31 March 2020	Movement in Year	Balance as at 31 March 2021
	£000s	£000s	£000s
Revenue	10,633	(7,323)	3,310
Localisation of Council Tax Benefit	500	(500)	0
Vehicle and Equipment Procurement and Replacement Reserve	754	(754)	0
District and Parish Elections	65	50	115
Local Development Reserve	855	0	855
Leisure Centres	0	2,000	2,000
Low Cost Housing (New Homes Bonus Reserve)	876	0	876
Communities and Localism Reserve	181	(181)	0
Infrastructure Reserve	2,837	0	2,837
Enterprise Zone Reserve	150	635	785
Car Park Upgrades Reserve	127	70	197
3G Pitch Renewal Reserve	41	16	57
Non-Commercial Assets Replacement Reserve	550	(550)	0
Collaboration saving reserve	0	768	768
Street Lighting Replacement Reserve	5	15	20
Localisation of Business Rates Reserve	5,169	0	5,169
Depot works	0	5,000	5,000
New ways of working	0	4,000	4,000
Asset Replacement Reserve	0	1,458	1,458
Covid 19 Reserve	0	1,072	1,072
Covid 19 S31 Grants Reserve	0	5,246	5,246
Leisure Services Recovery Reserve	0	2,500	2,500
Waste Reserve	0	500	500
Total	**22,743**	**14,022**	**36,765**

12. Property, Plant and Equipment

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

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

Movements in Property, Plant & Equipment during 2020/21 were as follows:

	Other Land & Buildings	**Vehicles, Plant & Equipment**	**Infrastructure**	**Surplus Assets**	**Assets Under Construction**	**Total Property, Plant & Equipment**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Valuation as at 1 April 2020	**24,231**	**12,041**	**50**	**1,425**	**38**	**37,785**
Reclassifications	901	13	0	0	(18)	**896**
Additions	4,440	1,434	0	0	0	**5,874**
Revaluation increase/(decrease) recognised in the Revaluation Reserve	(26)	0	0	264	0	**238**
Revaluation increase/(decrease) recognised in the (Surplus) / Deficit on Provision of Services	(774)	0	0	3	0	**(771)**
De-recognition - disposals	(385)	(1,261)	0	0	0	**(1,646)**
Value as at 31 March 2021	**28,387**	**12,227**	**50**	**1,692**	**20**	**42,376**
Accumulated Depreciation						
At 1 April 2020	**(58)**	**(6,782)**	**(50)**	**0**	**0**	**(6,890)**
Reclassifications	0	0	0	0	0	0
Depreciation charge	(363)	(1,129)	0	0	0	(1,492)
Depreciation written out to the Revaluation Reserve	300	0	0	0	0	300
Depreciation written out to the Comprehensive Income & Expenditure Statement	45	0	0	0	0	45
De-recognition - disposals	35	1,202	0	0	0	1,237
At 31 March 2021	**(41)**	**(6,709)**	**(50)**	**0**	**0**	**(6,800)**
Net Book Value at 31 March 2021	**28,346**	**5,518**	**0**	**1,692**	**20**	**35,576**

Analysis of Assets

	No. of Assets	NBV as at 31 March 2021	NBV as at 31 March 2020
		£000s	£000s
Operational			
Land & Buildings			
Car Parks	18	2,384	2,156
Depot	1	308	312
Hostels	2	824	835
Leisure Centres	3	16,462	17,002
Office	2	8,052	3,290
Public Conveniences	3	302	564
Travellers Site	1	14	14
Land & Buildings Total		**28,346**	**24,173**
Vehicles, Plant & Equipment			
Vehicles		2,759	2,497
Wheeled Bins		742	695
Other		2,017	2,067
Vehicles, Plant & Equipment Total		**5,518**	**5,259**
Infrastructure assets			
Access road		**0**	**0**
Operational Total		**33,864**	**29,432**
Non Operational			
Surplus Assets			
Land Awaiting Development		1,692	1,425
Surplus Assets Total		**1,692**	**1,425**
Assets Under Construction			
Assets Under Construction		20	38
Assets Under Construction Total		**20**	**38**
Non Operational Total		**1,712**	**1,463**
Total Property, Plant & Equipment		**35,576**	**30,895**

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 (Wilks, Head & Eve) in accordance with the Council's Accounting Policy.

	Other Land & Buildings	**Vehicles, Plant & Equipment**	**Infrastructure**	**Surplus Assets**	**Assets Under Construction**	**Total Property, Plant & Equipment**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Carried at historical cost	13	12,227	50	5	20	**12,315**
Valued at fair value as at:						
31-Mar-17	98	0	0	1,052	0	**1,150**
31-Mar-18	518	0	0	347	0	**865**
31-Mar-19	2,357	0	0	0	0	**2,357**
31-Mar-20	212	0	0	0	0	**212**
31-Mar-21	25,189	0	0	288	0	**25,477**
	28,387	**12,227**	**50**	**1,692**	**20**	**42,376**

For the avoidance of doubt the valuations are not reported as being subject to 'material valuation uncertainty' as per the RICS Red Book Global, other than for the retail /office sector and car parks, where there is still an absence of relevant/sufficient market evidence on which to base judgements. These valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty, and a higher degree of caution should be attached to the valuation than would normally be the case.

Depreciation

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

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

Capital Commitments

As at 31 March 2021, 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 are primarily unused land held for development potential.

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 2021 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

13. Investment Properties

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

	2020/21 £000s	2019/20 £000s
Rental income from property	(567)	(479)
Direct operating expenses arising from rental property	268	144
Net (gain)/loss	**(299)**	**(335)**

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:

	2020/21 £000s	2019/20 £000s
Balance as at 1 April	**12,788**	**12,596**
Additions:		
Purchases	0	615
Investment Properties Under Construction	0	280
Disposals	0	(693)
Net Gain/(Loss) from Fair Value adjustments	(432)	(10)
Transfers:		
From/(to) Property, Plant & Equipment	(896)	0
Balance as at 31 March	**11,460**	**12,788**
Consolidate Council owned companies' investment properties	6,815	6,575
Group balance at 31 March	**18,275**	**19,363**

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 £8,509,400 (2019/20: £9,198,000). As these assets are held as investment properties, in accordance with the Code, no depreciation is charged upon them.

Fair Value Hierarchy

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

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

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

Highest and Best Use of Investment Properties

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

Valuation Process for Investment Properties

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

14. Leases

Finance Lease where the Council is Lessee

The Council holds Wymondham leisure centre under a finance lease which is accounted for as an operational asset under property, plant and equipment as part of its non-current assets. Only a peppercorn rent is payable for this lease which began in 1993 for a lease term of 125 years. As at the 31st March 2021 the value of this asset was £9,876,000.

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

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

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:

	2020/21	2019/20
	£000s	£000s
Land	8	8
Car Parks	56	57
Total Rentals Received	**64**	**65**

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 2021 £000s	31 March 2020 £000s
Not later than 1 year	55	55
Later than 1 year but not later than 5 years	220	220
Later than 5 years	741	796
Total Payments Receivable	**1,016**	**1,071**

15. Investments in Associates and Joint Ventures

Big Sky and Build Insight

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

50% of Build Insight Ventures Ltd was acquired by Norfolk Property Consultants Ltd on 1st January 2018 and South Norfolk Council owned the other 50% until it relinquished its share on 22nd March 2021. The company was formerly part of the Big Sky Ventures group. The group accounts of Build Insight Ventures Ltd (joint venture company) have been fully consolidated on a 50% joint venture basis (equity method) from 1st January 2018 to 22nd March 2021 into the Council's group accounts, where material.

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

The following companies reported the following results for the year ended 31st March 2021:

- **Big Sky Ventures Ltd –** This is the top level holding company for Big Sky Developments Ltd and Big Sky Property Management Ltd. The Council is sole shareholder of this company which in turn is sole owner of the other companies in the group.
  The results for the year show a loss of £797,847 (2019/20: loss of £502,538) due to timing of development projects, with net assets of £5,644,186 (2019/20: £6,486,984).
  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 loss of £1,064,588 (2019/20:loss of £581,534) due to timing of development projects, with net assets of £2,357,104 (2019/20: £3,421,692).

- **Big Sky Property Management Ltd –** This company manages properties retained for private sector rental.
  The results for the year show a profit of £267,900 (2019/20: profit of £80,142) with net assets of £3,293,344 (2019/20: £3,069,395).

The following companies reported the following results for the period ended 22nd March 2021:

- **Build Insight Ventures Ltd –** This is a holding company which was 50% owned by South Norfolk Council until 22nd March 2021 and provided the Council's Approved Inspector operations. For the avoidance of doubt, CNC is not part of this structure.
  The unconsolidated results for the period to 22nd March 2021 showed a loss of £1,088 (2019/20 year: loss of £1,113). The net liabilities of the company were £5,840 (2019/20: net assets of £4,752).

- **Build Insight Ltd –** This is the Approved Inspector company.
  The results for the period to 22nd March 2021 show a loss of £23,963 (2019/20 year: loss of £191,086) with net liabilities of £167,123 (2019/20: £167,123 liabilities).

- **Build Insight Consulting Ltd –** This is the company that can be used to provide consultancy services relating to Approved Inspector work.
  The results for the period to 22nd March 2021 show a profit of £6,088 (2019/20 year: profit of £35,660) with net assets of £123,801 (2019/20: £116,807 assets).

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 2021, the Infrastructure Investment Fund had a cash balance of £9.266m which will be used to support projects.

16. Financial Instruments

Categories of Financial Instruments

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

Note 16.1a Long Term Financial Assets	Non-Current Investments March 2021 £000s	Non-Current Investments March 2020 £000s	Non-Current Debtors March 2021 £000s	Non-Current Debtors March 2020 £000s	Totals March 2021 £000s	Totals March 2020 £000s
Financial Assets						
Amortised cost	-	-	752	241	752	241
Fair Value through other comprehensive income and expenditure	25	25	-	-	25	25
Financial Assets	6,954	6,552	27,018	14,076	33,972	20,628
Total Long Term Financial Assets	**6,979**	**6,577**	**27,770**	**14,317**	**34,749**	**20,894**

Note 16.1b - Current Financial Assets	Current Investments March 2021 £000s	Current Investments March 2020 £000s	Current Debtors March 2021 £000s	Current Debtors March 2020 £000s	Totals March 2021 £000s	Totals March 2020 £000s
Financial Assets						
Amortised cost	28,801	32,725	9,296	9,905	38,097	42,630
Total Current Financial Assets	**28,801**	**32,725**	**9,296**	**9,905**	**38,097**	**42,630**
Total Assets	**35,780**	**39,302**	**37,066**	**24,222**	**72,846**	**63,524**

Note 16.2a Long Term Financial Liabilities	Non-Current Creditors March 2021 £000s	Non-Current Creditors March 2020 £000s
Financial Liabilities		
Amortised cost	4,653	3,937
Total Long Term Liabilities	**4,653**	**3,937**

Note 16.2b Current Financial Liabilities	Current Creditors March 2021 £000s	March 2020 £000s
Financial Liabilities		
Amortised cost	4,180	5,448
Total Current Liabilities	**4,180**	**5,448**
Total Liabilities	**8,833**	**9,385**

The Financial Assets row includes 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 35.

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 3 soft loans during 2020/21: one for £21,000 to Wicklewood Parish Council to contribute towards structural repairs to the village hall and to be over 5 years (with no interest payable); and two for £2 million and £3.44 million to Big Sky Developments Ltd for accelerated construction at its latest development which is funded by monies received from Homes England (interest at base rate of 0.1%). The calculation of the fair value of these loans together with existing soft loans are arrived at by discounting the loans over their life by an interest rate based on PWLB rates) resulting in the following fair values:

	Loan value £000s	Fair value £000s	Discount rate
Big Sky Developments Ltd	2,000	1,958	2.16%
Long Stratton Parish Council	104	69	2.16%
Big Sky Developments Ltd	2,000	1,873	2.21%
Big Sky Developments Ltd	3,440	3,233	2.09%
Wicklewood Parish Council	20	19	2.17%

Fair Values of Assets

Some of the Council's assets are measured at fair value on a recurring basis. The fair value hierarchy for categorising instruments is as follows:
Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

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

Level 3 inputs – unobservable inputs for the asset.

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

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

The fair values of the items in table 16.1 and 16.2 above are equal to the carrying amounts shown within the table.

Income Expenses Gains and Losses

Note 16.4 Income, Expense, Gains and Losses	31 March 2021 Surplus or Deficit on Provision of Services £000s	31 March 2021 Other Comprehensive Income and Expenditure £000s	31 March 2020 Surplus or Deficit on Provision of Services £000s	31 March 2020 Other Comprehensive Income and Expenditure £000s
Interest Revenue: Financial Assets measured at amortised cost	65	-	309	-
Investment Income /Interest	-	919	-	674
Interest Expense	-3	-	-26	-
Total Interest revenue	**62**	**919**	**283**	**674**

17. Nature and Extent of Risks Arising from Financial Instruments

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

Credit Risk

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

The risk is minimised through the Annual Investment Strategy. The Annual Investment Strategy for 2020/21, approved by members at Cabinet on 4 February 2020, 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 2020/21, deposits were made with banks and financial institutions that were either rated independently with a minimum score of A- or equivalent and had a sovereign rating minimum of AA or AAA for non UK sovereigns. In accordance with the counterparty list a maximum of £7 million of the Council's Investments were deposited in excess of 1 year and up to 2 years. The

Council has a policy of not lending more than £12.5 million to one institution at any one time. This limit with the approval of the Section 151 Officer and Members can be exceeded if necessary.

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 £713 and is not material.

Borrower	**Principal £'000**	**Historic Risk of default**	**Expected Credit Loss £'000**
Barclays Bank	3,750	0.000%	0.000
Goldman Sachs	3,500	0.012%	0.429
Goldman Sachs	4,000	0.018%	0.713
Total	**11,250**		**1.142**

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 2021, of the total debtor balances of £20.687 million (2019/20: £16.197 million), the past due amount was £834,000 (2019/20: £699,000) and can be analysed by age as follows:

Note 14.5 Customer debts	**31 March 2021 £000s**	**31 March 2020 £000s**
Customer debts		
Less than three months	60	517
More than three months	774	182
Total	**834**	**699**

These figures exclude £9 million of past due debts in relation to the Community Infrastructure Levy (CIL), since this is a statutory charge on property developments in the district. Most of the CIL debts are being paid in agreed instalments.

Liquidity risk

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

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

Market Risk

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

Interest rate risk

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

Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
Investments at fixed rates – the fair value of the assets will fall.

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

Price Risk

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

Foreign exchange risk

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

18. Long Term Debtors

	31 March 2021 £000s	31 March 2020 £000s
Decent Home Loans	470	515
Loans to Council owned companies	27,018	14,076
Other	1,750	4,891
Total Long Term Debtors	**29,238**	**19,482**
Elimination of inter-company balances	(25,018)	(14,551)
Consolidate Council owned companies' debtors	0	475
Group Long Term Debtors	**4,220**	**5,406**

19. Long Term Investments

	31 March 2021 £000s	31 March 2020 £000s
Other Local Authorities and Public Bodies	25	25
Council owned companies	6,954	6,552
Total Long Term Investments	**6,979**	**6,577**
Eliminate Council owned companies' investments	(6,954)	(6,552)
Group Long Term Investments	**25**	**25**

20. Short Term Debtors

	31 March 2021 £000s	31 March 2020 £000s
Trade debtors	1,305	1,042
Community Infrastructure Levy	6,657	6,801
Local ratepayers - Council Tax and Business Rates (Council share)	1,146	1,239
Council owned companies	4,209	963
Covid grant monies owed	89	0
Other	7,819	6,152
Total Short Term Debtors	**21,225**	**16,197**
Elimination of inter-company balances	(4,411)	(1,828)
Consolidate Council owned companies' debtors	727	475
Group Short Term Debtors	**17,541**	**14,844**

21. Debtors for Local Taxation

The data for the past due not impaired amount for total local taxation (Council Tax and Non-Domestic Rates) was not available as at 31 March 2021.

22. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2021 £000s	31 March 2020 £000s
Cash held by the authority	4	4
Cash in transit	189	102
Bank current accounts	21,107	22,597
Total cash and cash equivalents	**21,300**	**22,703**

23. 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 £7,500,000 as at 31 March 2021 (£10,022,000 as at 31 March 2020).

24. Inventories

	31 March 2021 £000s	31 March 2020 £000s
Single Entity Total Inventories	58	59
Consolidate companies' inventories	30,783	18,390
Group Inventories	**30,841**	**18,449**

25. Short Term Creditors

	31 March 2021 £000s	31 March 2020 £000s
Trade creditors	567	463
Local ratepayers - Council Tax and Business Rates	328	263
Receipts in advance	1,742	3,261
Receipts in advance - Covid grants	2,031	0
Business Rates preceptors	2,281	1,339
Community Infrastructure Levy	11,824	13,003
Covid monies owed to Central Government	1,798	0
Other	4,227	5,485
Total Creditors	**24,798**	**23,814**

26. Provisions

	Planning Provisions £000s	NDR Appeals Provision £000s	Other Provisions £000s	Total Provisions £000s
Balance as at 1 April 2020	75	1,531	225	1,831
Additional provisions made	25	528	0	553
Amounts unused in year	0	0	(225)	(225)
Balance as at 31 March 2021	**100**	**2,059**	**0**	**2,159**
Short term	100	1,378	0	1,478
Long term	0	681	0	681

Provisions have been made in relation to ongoing planning and regulatory cases to cover the Council’s own legal costs, totalling £100,000. These have been allocated as short term provisions.

Further details can be found in note 36.

The Council’s share of the NDR appeals provision totals £2,059,000. The total movement in provision for appeals can be found in the Collection Fund Statement on page 86.

27. 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 2021 £000s	31 March 2020 £000s
Maintenance of Grassed Areas	755	796
Other entities and individuals	50	50
Total Long Term Creditors	**805**	**846**

28. 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.

	2020/21 £000s	2019/20 £000s
Balance at 1 April	**8,157**	**7,849**
Upward Revaluation of Assets	1,284	485
Downward Revaluation of Assets and Impairment losses not charged to the Provision of Services	(746)	(60)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	538	425
Difference between fair value depreciation and historical cost depreciation	(118)	(113)
Balances written out of Reserve on disposal of assets	0	(4)
Amount written off to the Capital Adjustment Account	(118)	(117)
Balance at 31 March	**8,577**	**8,157**

Pensions Fund Reserve

See Note 35 on page 79.

Capital Adjustment Account

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

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

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

	2020/21	2019/20
	£000s	£000s
Balance at 1 April	**52,918**	**51,263**
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	(1,492)	(1,536)
Amortisation of Intangible Assets	(142)	(119)
Revenue Expenditure Funded From Capital Under Statute	(2,868)	(2,353)
Revaluation gains/(losses) on Property, Plant and Equipment	(726)	(130)
Revaluation gains/(losses) on Investment Properties	(432)	(10)
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	(408)	(859)
	(6,068)	(5,007)
Adjusting amounts written out of the Revaluation Reserve	118	117
Net written out amount of the cost of non-current assets consumed in the year	(5,950)	(4,890)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	545	355
Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	9,511	4,298
Capital Expenditure charged against the General Fund Balance	1,446	1,972
Company Loans Repaid	0	0
Home Improvement Loans Repaid	(46)	(80)
	11,456	6,545
Balance at 31 March	**58,424**	**52,918**

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.

29. Members Allowances

Total allowances paid to Members in 2020/21 amounted to £334,115 (2019/20: £326,396) and are included within the 'Governance and Business Support' line of the Comprehensive Income & Expenditure Statement

30. 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. The costs shown below are the full remuneration received by the employee, shown per authority in the final columns.

2020/21	Employing Authority	Salary incl fees, allowances & performance related pay £	Compensation for loss of office £	Employers pension contributions £	Total remuneration including employers pension contributions £	SNC Share Total remuneration including employers pension contributions £
Managing Director – Trevor Holden	BDC	166,714	-	25,007	191,721	105,447
Director - People and Communities	SNC	92,050	-	13,635	105,685	58,127
Director - Resources	SNC	92,050	-	13,808	105,858	58,222
Director - Place	BDC	92,050	-	13,808	105,858	58,222
Assistant Director - Planning	SNC	66,550	-	9,983	76,533	42,093
Assistant Director - Governance & Business	SNC	67,038	-	10,056	77,093	42,401
Assistant Director - Individuals & Families	SNC	66,550	-	9,983	76,533	42,093
Assistant Director - Chief of Staff	SNC	64,680	-	9,702	74,382	40,910
Assistant Director - Regulatory	SNC	66,550	-	9,983	76,533	42,093
Assistant Director - Economic Growth	BDC	68,237	-	10,233	78,469	43,158
Assistant Director - Finance	BDC	71,650	-	10,748	82,398	45,319
Assistant Director - Community Service	BDC	66,550	-	9,983	76,533	42,093

Note : Additional costs to those above will be employers NI contribution which for South Norfolk District Council for 20/21 is approximately £66,000.

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

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

2019/20	Employing Authority	Salary incl fees, allowances & performance related pay £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contributions £
Chief Executive (left 07/04/ 2019)	SNC	7,639	-	7,639	1,146	8,785
Head of Environmental Services (left 30/06/2019)	SNC	15,167	50,971	66,138	2,218	68,356

The number of employees whose total remuneration (excluding employer's pension contributions) was £50,000 or more in bands of £5,000 was.

Remuneration Band	**2020/21** Number of employees	**2019/20** Number of employees
£50,000 to £54,999	10	7
£55,000 to £59,999	-	1
£60,000 to £64,999	2	1
£65,000 to £69,999	5	4
£80,000 to £84,999	-	-
£90,000 to £94,999	2	2
Total	**19**	**15**

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 2020/21, 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 Remuneration (Excl Pension Contributions) £	Pension Contributions £	Total Including Pension Contributions £
Development Director	*2020/21*	*76,300*	*294*	*76,594*	*0*	*76,594*
	2019/20	*69,419*	*379*	*69,798*	*0*	*69,798*

One Director of Big Sky Developments Ltd received £10,000, and one received £5,000 each during 2020/21 in recognition of the successful performance of Big Sky Developments Ltd in 2020/21.

Exit Packages 2020/21

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

Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £000s
Under £50,000	-	1	1	6
Over £50,000	-	-	-	-
Total cost included in bandings				6
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				6

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

Exit packages 2019/20

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

31. External Audit Costs

Ernst & Young LLP have been appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors and PSAA sets a scale for external audit fees.
Without the distortions of payments to auditors falling in different financial years, the proposed scale level of audit fees payable are as follows.

	2020/21 £000s	**2019/20 £000s**
External audit services carried out by the appointed auditor	82	68
Certification of grant claims and returns	14	19
Total External Audit Costs	**96**	**87**

32. Grant Income

31 March 2021 £000s		31 March 2020 £000s
	Credited to Taxation and Non Specific Grant Income	
285	Revenue Support Grant	0
4,522	New Homes Bonus	3,941
200	Other	150
5,008	**General Grants**	**4,091**
5,983	Capital grants and contributions	4,097
10,991	**Total Credited to Taxation & Non Specific Grant Income**	**8,188**
	Credited to Services	
19,593	DWP Housing Benefit	21,157
257	DWP HB Admin Grant	240
126	Council Tax Support Admin Grant	126
31	Section 106 Developer Contributions	308
256	Homelessness Grants	140
688	DFG Capital Grant	917
2,221	Covid 19	0
363	Other	470
23,534	**Total Credited to Services**	**23,359**
34,525	**Total Grants Credited to Comprehensive Income & Expenditure Statement**	**31,547**

The Council received a number of Covid Grants. Details of these are included in Note 6.

The Council has also received a number of grants that have yet to be recognised as income as they have conditions attached to them that will require monies to be returned if the conditions are not met.
These sums are included in the Balance Sheet at year end as follows:

31 March 2021 £000s	**Balance Sheet**	31 March 2020 £000s
341	Capital Grants Receipts in Advance (Short Term)	0
4,603	Grants Receipts in Advance (Long Term)	3,887
4,944		**3,887**

33. 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 32.

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 2021 are disclosed in Note 29.

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 2021:

One member of the Council is on the Board of Saffron Housing Trust. During 2020/21, Saffron Housing Trust was paid £183,000 by the Council, principally for Disabled Facilities Grants towards improvements to the Trust's properties.

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

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

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. The Council held a 50% shareholding in Build Insight Ventures Ltd from 2nd January 2018 until 22nd March 2021 at which point it sold its share to its joint venture partner NPS Property Consultants Limited. Build Insight Ventures Ltd acts as a holding company for Build Insight Ltd and Build Insight Consulting Ltd. These companies had normal commercial trading relationships with each other and with the Council.

Two Members of the council were appointed as 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. The Director of Resources was a Director of Build Insight Ventures Ltd and Build Insight Consulting Ltd, from 25 April 2019 to 22nd March 2021. The Council is collaborating with Broadland District Council with all officers now serving both Councils and sharing a single officer structure.

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

As at 31 March 2021, South Norfolk Council held £6.47 million in equity in Big Sky Ventures Ltd. It had outstanding loans to Big Sky Developments Ltd of £26.3 million and to Big Sky Property Management Ltd of £3.16 million. The Council charges a commercial rate of interest on each loan, that can vary to reflect the level of risk and asset base of each company, except for three loans totalling £7.4 million granted at base rate, which was funded by monies from Homes England.

During 2020/21, the Council received £793,000 in interest from Big Sky Developments Ltd. It received £126,000 in interest from Big Sky Property Management Ltd.

During 2020/21, the Council made payments of £95,000 to Big Sky Property Management Ltd, principally for services relating to the Council’s own commercial properties, project management and its property maintenance scheme.

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. 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 £589,858 (£484,172 in 2019/20). 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 £3,584,771 was paid during 20/21, of which £1,858,888 related to activity taking place during 2019/20. A further £2,405,209 was paid in May 2020 in respect of CIL due for 2020/21 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 2020/21 amounted to £183,000 (2019/20 £166,000).

34. Capital Expenditure and Capital Financing

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

	2020/21 £000s	2019/20 £000s
Opening capital financing requirement	**3,000**	**0**
Capital Investment:		
Tangible Fixed Assets	5,874	1,181
Investment Properties	0	896
Intangible Fixed Assets	95	92
Revenue Expenditure Funded from Capital under Statute	2,868	2,353
Investments and loans	15,300	5,103
	24,137	**9,625**
Sources of Finance:		
Capital Receipts	(545)	(355)
Revenue Contributions	(1,446)	(1,972)
Grants & Contributions	(9,511)	(4,298)
	(11,502)	**(6,625)**
Closing Capital Financing Requirement	**15,635**	**3,000**

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.

2020/21 Expenditure £000s	2020/21 Grants Received £000s	2020/21 Expenditure funded from other sources £000s		2019/20 Expenditure £000s	2019/20 Grants Received £000s	2019/20 Expenditure funded from other sources £000s
688	(688)	0	Improvement Grants	909	(909)	0
0	0	0	Aids & Adaptations	27	(3)	24
107	(107)	0	Section 106	250	(250)	0
0	0	0	Play Area Refurbishments	12	(12)	0
1,926	(1,522)	404	NRP Infrastructure	0	0	0
52	0	52	Toilet Refurbishment	12	0	12
0	0	0	Ketts Park	74	(74)	0
32	0	32	Street Lighting	440	0	440
0	0	0	Better Broadband	570	0	570
0	0	0	Grant for Affordable Housing	59	0	59
63	0	63	Grant to Police	0	0	0
2,868	**(2,317)**	**551**		**2,353**	**(1,248)**	**1,105**

35. Retirement Benefits

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

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

Transactions Relating to Retirement Benefits

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

	Local Government Pension Scheme	
	2020/21 £000s	**2019/20 £000s**
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising:		
- Current service cost	(4,241)	(5,152)
- Past service cost	0	(12)
Financing and Investment Income and Expenditure		
- Net interest expense	(1,325)	(1,679)
Total Post-employment Benefits charged to the Surplus or (Deficit) on the Provision of Services	(5,566)	(6,843)

	2020/21 £000s	2019/20 £000s
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the new defined benefit liability comprising:		
- Return on plan assets (excluding amount included in the net interest expense)	17,955	(6,267)
- Actuarial gains and losses arising on changes in demographic assumptions	(1,965)	4,016
- Actuarial gains and losses arising on changes in financial assumptions	(40,030)	13,187
- Other	1,510	4,331
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(22,530)	15,267

Movement in Reserves Statement

- Reversal of net changes made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(5,515)	(6,791)
- Actual amount charged against the General Fund Balance for pensions in year	2,399	3,577
Employers' contributions payable to the scheme	(3,116)	(3,214)

Assets and Liabilities in Relation to Post-Employment Benefits

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

	Local Government Pension Scheme	
	2020/21	**2019/20**
	£000s	**£000s**
Present value of the defined benefit obligation	183,055	137,896
Fair value of plan assets	(101,002)	(80,772)
Net liability arising from defined benefit obligation	**82,053**	**57,124**

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

	Local Government Pension Scheme	
	2020/21	**2019/20**
	£000s	**£000s**
Opening fair value of scheme assets	80,772	84,535
Interest income	1,861	2,039
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	17,955	(6,267)
Contributions from employer	3,116	3,214
Contributions from employees into the scheme	812	778
Benefits paid	(3,514)	(3,527)
Closing fair value of scheme assets	**101,002**	**80,772**

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

	Local Government Pension Scheme	
	2020/21 £000s	2019/20 £000s
Opening balance at 1 April	137,896	153,349
Current service cost	4,241	5,152
Past service cost	0	12
Interest cost	3,186	3,718
Contributions from scheme participants	812	778
Remeasurement (gains) and losses:		
- Actuarial gains/losses arising from changes in demographic assumptions	1,965	(4,016)
- Actuarial gains/losses arising from changes in financial assumptions	40,030	(13,187)
- Other	(1,510)	(4,331)
Benefits paid	(3,565)	(3,579)
Closing balance at 31 March	**183,055**	**137,896**

The pension scheme assets consist of the following:

	Fair value of scheme assets			
	2020/21 £000s	% of total assets	2019/20 £000s	% of total assets
Equity instruments:				
By industry type				
Consumer	0	0.0%	2,993	4.0%
Manufacturing	0	0.0%	2,373	3.0%
Energy and utilities	0	0.0%	724	1.0%
Financial institutions	0	0.0%	2,029	3.0%
Health and care	0	0.0%	1,875	2.0%
Information Technology	0	0.0%	2,493	3.0%
Other	0	0.0%	1	0.0%
Sub-total equity	0		12,488	
Debt securities:				
UK Government	1,150	1.0%	939	1.0%
	1,150		939	
Property:				
By type				
UK property	8,032	8.0%	6,950	9.0%
Overseas property	2,043	2.0%	1,592	2.0%
Sub-total property *	10,074		8,542	
Private equity:				
All	6,409	6.3%	4,861	6.0%
Sub-total private equity *	6,409		4,861	

	2020/21 £000s	% of total assets	2019/20 £000s	% of total assets
Investment Funds and Unit Trusts:				
Equities	45,012	45.0%	23,345	29.0%
Bonds	29,986	30.0%	26,318	33.0%
Infrastructure	6,388	6.0%	2,256	3.0%
Other	372	0.0%	0	0.0%
Sub-total other investment funds	81,757		51,919	
Derivatives:				
Foreign Exchange	37	0.0%	(113)	0.0%
	37		(113)	
Cash and Cash Equivalents:				
All	1,576	2.0%	2,137	3.0%
	1,576		2,137	
Total assets	101,002		80,773	

Basis for Estimating Assets and Liabilities

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

The Principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2020/21	2019/20
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	21.9	21.7
Women (years)	24.3	23.9
Longevity at 65 for future pensioners:		
Men (years)	23.2	22.8
Women (years)	26.2	25.5
Rate of increase in salaries	3.6%	2.6%
Rate of increase in pensions	2.9%	1.9%
Rate for discounting scheme liabilities	2.0%	2.3%

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

Change in Assumptions at year ended 31 March 2020	Approximate % increase to Employer Liability	Approximate Monetary Amount (£'000s)
0.5% increase in the Salary Increase Rate	1%	1,953
0.5% increase in the Pension Increase Rate	10%	17,449
0.5% decrease in Real Discount Rate	11%	19,822

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 £3,285,000 expected contributions to the scheme in 2021/22.

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.

36. Contingent Assets and Liabilities

There are no material contingent assets or liabilities.

37. Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

Through this assessment the following impacts have been identified.

Additional Expenditure

Additional general expenditure relating to Covid-19 of £1,079,000 has been incurred in 20/21. This has been fully funded by Government.

Additional general expenditure in 21/22 relating to Covid-19 has been estimated at £673,000. This is expected to be fully funded by Government.

However, if a further lockdown occurs, or other Covid control measures are re-introduced, the expenditure is likely to increase.

Lost Income

The Corona virus restrictions across the UK, have created significant issues for many businesses and residents. As a result, during 20/21, Council income was affected detrimentally as facilities were closed and payers sought to defer payments or were unable to pay at all.

The Government provided some support for lost income, and the Council received £2.149 million in Sales, Fees & Charges Compensation Grant in 20/21.

Levels of income are expected to return to close to pre-pandemic levels in 21/22, with the exception of income from leisure centres. Leisure centre income will continue to be significantly impacted during 21/22 due to these having to remain closed during the early part of 21/22, and attendance levels likely to take time to recover. However, in the longer term, leisure income is expected to return to pre-pandemic levels.

The Government's Sales, Fees & Charges Compensation Grant is continuing until the end of June 21, which will help compensation for the lost leisure income.

However, if a further lockdown occurs, or other Covid control measures are re-introduced, the income losses are likely to increase.

Cashflow Modelling

The Council has undertaken cashflow modelling through to 30th September 2024 which demonstrates the Council's ability to work within its Capital Financing Requirement and cash management framework, with a positive cash position throughout the period.

Balances

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

Date	General Fund £m	Earmarked Reserves £m
31 March 2021	1.4	36.8

The General Reserves are projected to remain at the s151 officer's minimum level of £1.4m through to March 2023, as set out below.

	General Fund £m	Earmarked Reserves £m	Total £m
31 March 2021	1.4	36.8	38.2
31 March 2022 (estimated and unaudited)	1.4	36.7	38.1
31 March 2023 (estimated and unaudited)	1.4	36.0	37.4

** Balances reflect estimated movement in funding requirement, but not planned use of earmarked reserves.*

Conclusion

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the accounts approval, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances of £62.2m (as at 31st August 2023) and the ability for borrowing under the Treasury Management Policy.

However, given the pandemic is still ongoing, the associated economic impact and service implications remain unclear, and there remains significant uncertainty over the final cost to the Council.

Current estimates indicate that the Council will need to undertake a limited draw down on its reserves in 21/22, and the Council has sufficient reserves to allow any drawn down to be managed.

38. Authorised for Issue

The Statement of Accounts was authorised for issue by the Assistant Director of Finance on 22nd September 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 2021, 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 from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

	Total 2020/21 £000s	Business Rates £000s	Council Tax £000s	Total 2019/20 £000s	Business Rates £000s	Council Tax £000s
Income						
Business Rates Receivable (Note 1 and 3)	17,523	17,523	-	31,658	31,658	-
Council Tax Receivable	95,996	-	95,996	91,354	-	91,354
	113,519	17,523	95,996	123,012	31,658	91,354
Expenditure						
Precepts, Demands and Shares (Note 4)						
Central Government	15,753	15,753	-	7,547	7,547	-
Norfolk County Council	73,928	3,151	70,777	76,749	9,811	66,938
South Norfolk Council (including Parish Councils re.Council Tax)	24,484	12,602	11,882	24,053	12,830	11,223
Norfolk Police and Crime Commissioner	13,145	-	13,145	12,436	-	12,436
Charges to Collection Fund						
Cost of Collection	175	175	-	170	170	-
Designated Area/Renewable Energy Schemes (Disregarded)	171	171	-	180	180	-
Transitional Protection payments due to/(from) central government	190	190	-	(220)	(220)	-
Increase/(decrease) in allowance for impairment of debts/appeals	420	143	277	(117)	(412)	295
Increase/(decrease) in provision for appeals	1,543	1,543	-	(213)	(213)	-
Apportionment of Previous Year Surplus/ (Deficit)						
Contribution to Central Government	(580)	(580)	-	860	860	-
Contribution to Norfolk County Council	837	349	488	331	172	159
Contribution to South Norfolk Council	1	(83)	84	715	688	27
Contribution to Norfolk Police and Crime Commissioner	87	-	87	28	-	28
	130,154	33,414	96,740	122,519	31,413	91,106
Surplus/(Deficit) for Year (Note 5)	(16,635)	(15,891)	(744)	493	245	248
Collection Fund Balance (Note 6)						
Balance at beginning of the Year	336	(41)	377	(157)	(286)	129
Surplus/(Deficit) (+/-) for Year	(16,635)	(15,891)	(744)	493	245	248
Balance at End of the Year	(16,299)	(15,932)	(367)	336	(41)	377

NOTES TO THE COLLECTION FUND

1. Covid – New Covid Business Rates Reliefs

In response to the Covid 19 pandemic, the Government announced new 100% Business Rates reliefs for the Retail, Hospitality, Leisure and Nursery sectors for 2020/21.

These new reliefs totalled £14.21m in 2020/21, and consequently significantly reduced the amount of Business Rates income being collected.
However, the Council was required to continue to pay across the precept amounts in full to central Government, Norfolk County Council, and the Broadland General Fund throughout the year.
This has therefore caused a significant deficit on 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 this deficit.

2. Income from Council Tax

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

Band	Estimated No. of Taxable Properties after Discounts	Ratio	Band D Equivalents
A	3,826	6/9	2,550
B	13,510	7/9	10,508
C	13,740	8/9	12,213
D	10,102	9/9	10,102
E	6,678	11/9	8,162
F	2,866	13/9	4,140
G	1,407	15/9	2,345
H	102	18/9	204
	52,231		50,224
Adjustment for changes during the year and losses on collection			(258)
Council Tax Base			49,966

The average total Band D Council Tax for the year was £1,917.40 (2019/20 £1,843.73).

3. Income from Business Rates

The Council acts as the billing authority for itself, Norfolk County Council and Central Government and each authority retains a share of the business rate income. The Council collects non-domestic rates for the area based on local rateable values multiplied by a uniform rate. The total non-domestic rateable value at 31 March 2021 was £88.90 million (£88.91 million 31 March 2020). The standard non-domestic multiplier for the year was 51.2p (50.4p 2019/20) and the small business multiplier 49.9p (49.1p 2019/20).

4. Council Tax Precepts and Demands

	2020/21 £000s	2019/20 £000s
Norfolk County Council	70,777	66,938
Norfolk Police and Crime Commissioner	13,145	12,436
South Norfolk District Council	7,744	7,371
Parish Councils	4,138	3,852
	95,804	90,597

5. Collection Fund Surplus and Deficit

The Council Tax Collection Fund has increased with an in-year deficit of £744,000 together with a brought forward surplus balance of £377,000 leading to an overall deficit of £367,000 on the Council Tax Collection Fund as at 31 March 2021.

The localised Non-Domestic (Business) Rate Scheme has resulted in a NDR Collection Fund deficit balance of £15,932,000 as at 31 March 2021 compared to a deficit balance of £41,000 as at 31 March 2020.

These decreases are primarily as a result of the impact of Covid-19.

6. Collection Fund Balance

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

	31 March 2021 £000s	31 March 2020 £000s
Central Government	(8,035)	(508)
Norfolk Police and Crime Commissioner	(51)	48
Norfolk County Council	(1,806)	715
South Norfolk District Council	(6,412)	81
	(16,304)	336

In the Balance Sheet as at 31 March 2021 the £16.3 million deficit has been split as a part of an overall debtors and to Norfolk County Council Central Government and Norfolk Police and Crime Commissioner and the £6.4 million deficit moved to the Collection Fund Adjustment Account.

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 2020/21 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 2021 and up to the date of approval of the statement of accounts.

The Governance Framework

An annual review of the Governance Framework at South Norfolk Council was completed prior to the preparation of the Annual Governance Statement, with key officers completing full assurance statements for their area of responsibility, and these being signed off by the relevant member of the Corporate Management Leadership Team (CMLT). These are in place to ensure the governance arrangements across the Council are adequate, and to also recognise where any further work needs to be done. At the start of the pandemic and in light of the events surrounding COVID, key officers provided assurance in terms of any changes or amendments to processes or internal controls and how staff working from home had impacted on the services. These statements still stand, and in many cases have become the new way of working.

The code of corporate governance was in place for the 2020/21 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 (2020/21). These set out our shared Vision and Priorities:

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

OUR PRIORITIES, OUR PEOPLE, OUR APPROACH:

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

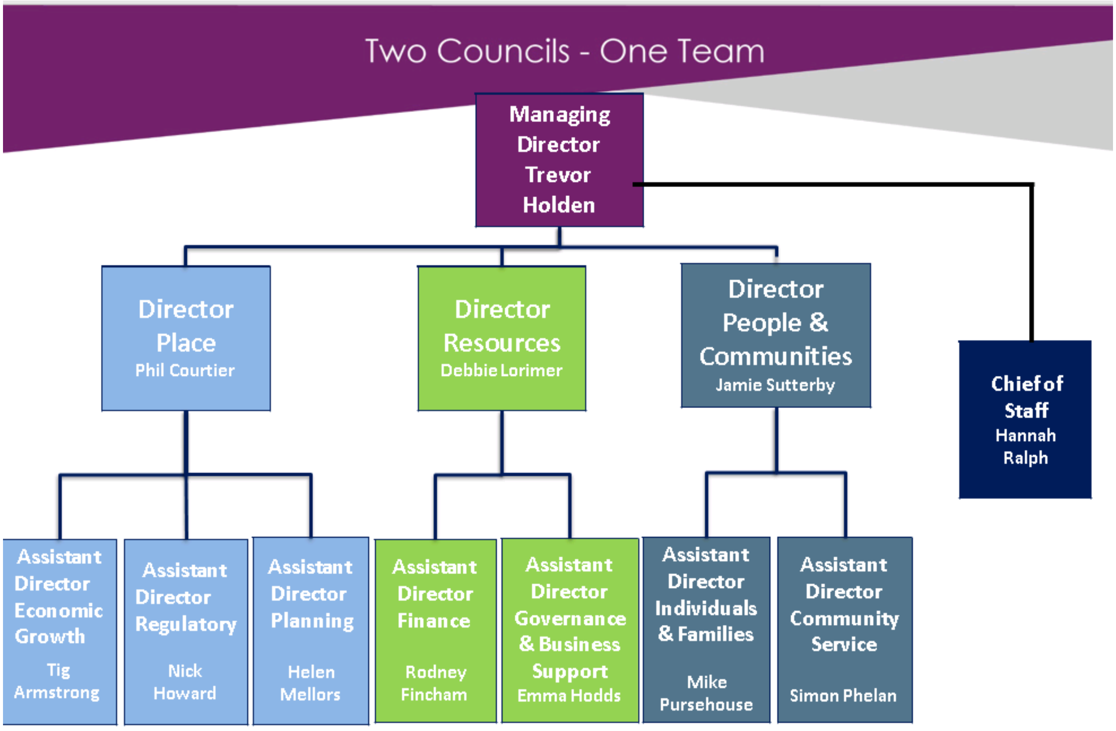
The Strategic Plan is a digital and interactive document which acts as a gateway for more in-depth details of the priorities and work of the Council and can be found here.

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

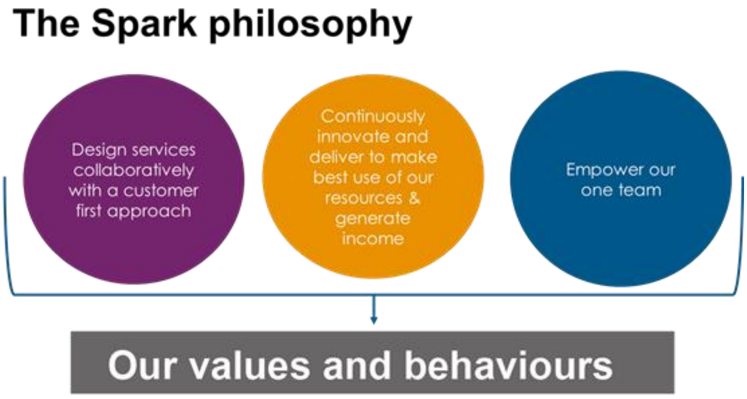
To underpin the Strategic Plan, a detailed Delivery Plan is produced annually. This describes our intended activities for the 12 months from April to March each year to support the priorities set out in the Strategic Plan. This plan is produced as an integrated process with the Council's annual budget setting and Medium-Term Financial Plan revision. The 2020/21 Plan can be accessed here.

Review of the Council's Governance Arrangements:

The Council regularly reviews its organisational structure as part of aligning resources with demand to deliver the priorities above. The Council's collaboration with Broadland District Council established one officer team across the two Councils, which includes a Corporate Management Leadership Team (CMLT), consisting of the Managing Director, three Directors, and eight Assistant Directors, as follows:



The SPARK transformation programme has continued through the past year, with key transformational programmes being delivered across the Council. The One Team has internal consultants in place across the organisation to lead on changes and work with the service areas to drive forwards efficiencies. The programme of work was impacted on by COVID, with staff being redeployed to other areas of the Council, where there was a critical need to help our Communities and residents. The transformational approach is designed around the three key philosophies outlined below.



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 2020/21 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. A new performance management scheme has been launched, with the end of year discussions being held to reflect on the past year and then to set objectives for the forthcoming year in line with the delivery plan. The objectives will be reviewed through continuous conversations over the course of the year.

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

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

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

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

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

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

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 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. Statutory instruments are disseminated to Managers responsible for acting on them. The relevant professional officers are tasked with ensuring compliance with appropriate policies and procedures to ensure all Officers work within them.

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

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

Whistle-blowing Policies and Investigating Complaints:

As employees, councillors and others who deal with the Council are often the first to spot things that may be wrong or inappropriate at the Council, a Whistle-blowing Policy is in place to provide help and assistance with such matters. There is also a formal complaints procedure operated as part of the Council's performance management framework. The Council's Whistleblowing Policy and Procedure were reviewed and updated during 2020/21 and updated versions were formally approved at the beginning of 2021/22.

Tackling Fraud and Corruption:

The Council has a Counter Fraud, Corruption and Bribery Strategy in place to ensure that we can deliver against our priorities whilst minimising losses to fraud, corruption and bribery. This has been reviewed and updated during 2020/21 and updated versions were formally approved at the beginning of 2021/22. The Council has a Housing Benefit and Council Tax Support Anti-fraud and Corruption Policy.

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

Development Needs of Councillors and Officers:

There is a training programme in place for officers and Councillors. This is drawn up from new risks or legislation, in response to known and emerging key areas of focus and from the 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. 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. This has also included more informal sessions on stress awareness etc.

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

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

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

In particular during the year staff have been redeployed to the Norfolk and Norwich Hospital to assist during the crisis, this was achieved through a mutual aid agreement.

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

Good Governance Arrangements with Partnerships:

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

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

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

Review of Effectiveness

The Role of the Council

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

The Role of the Cabinet

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

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

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

The Role of the Scrutiny Committee

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

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

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

Role of the Monitoring Officer

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

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

The Monitoring Officer is supported in their role by the Council’s legal service which is provided by 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 2020/21.

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

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

The Role of External Review Bodies

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

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

Ernst & Young LLP were appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors. 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 31 March 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 (NOS) Limited transferring the whole group to Broste Rivers Limited.

Big Sky Ventures Ltd is the holding company for Big Sky Developments Ltd, a property development company, and Big Sky Property Management Ltd, a property rental company, both were actively trading during 2020/2021. Management have continued to monitor the effectiveness of internal controls within the companies over the course of the year. There were no significant control weaknesses identified during the year that are required to be included in this statement.

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

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

Governance Issues

Managers' Assurance Statements

On an annual basis, Assistant Directors (AD) across the Council complete an Assurance Statement relating to their service area. The statements are then signed off by the Managing Director or Director responsible for the service area.

Assurance Statements - looking back on the issues raised in 2019/20

The assurances provided in 2019/20 highlighted that there were no significant governance issues and governance arrangements were mainly consistent across the Council. Overall, governance regarding closer working relationships with Broadland District Council emerged as a key theme, as it did in the previous year. Although not resulting in non-compliance, officers noted in their responses that policies, procedures etc would require review in light of the collaboration. Much work has been done during the last year to address this and review policy documentation etc, resulting in this not being a highlighted issue for 2020/21. However, the Council's response to the COVID-19 pandemic has slowed progress as resources were diverted as required, particularly initially.

Assurance Statements for 2020/21

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. As mentioned, key officers have also provided statements on the impact of COVID on processes and controls, and how these are now managed in the new environment.

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

1. **Risk and control**

   A number of managers referred to the need for further development of registers for operational risks within their Directorate. Templates and guidance have been made available to managers and the Strategy was approved. Further training is being planned for 2021/22 in this regard, which should address this issue and push this work forward.

2. **Business Continuity**

   A number of service areas have highlighted the need for their Business Continuity Plans to be updated. This was raised by a small number last year as a result of the establishment of the new one officer team across South Norfolk and Broadland District Councils. Work is currently ongoing in terms of a joint template, therefore it is hoped that this issue will be addressed in early 2021/22.

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 Assistant Director of Governance and Business Support will review progress during 2021/22, with updates being sought from ADs.

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

As reported last year as a result of COVID, 90% of the workforce are currently working from home, with agile working being the way forward for the Council, with staff only coming back into the office where there is a personal or business need. Staff log onto their IT equipment using two-factor authentication – once the secure connection has been made all staff then utilise the folders and systems they need in the same way as they would in the office, therefore in this regard controls remain.

The Constitution was amended in 2020/21 in line with the legislation to enable the Council to continue with its democratic decision-making process, albeit virtually. These amendments were temporary and cease to be in place from 7 May 2021.

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

With reference to finance controls there has been a move away from the use of manual signature to acceptance of electronic approval, and new processes were put in place to deal with the payment of Covid grant to support businesses.

At the leisure centres processes and controls for ensuring safe operation / maintenance of facilities have been put in place, with safety tests and risk assessments being updated in line with Govt guidance.

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

Internal Audit

The overall Internal Audit opinion in relation to the framework of governance, risk management and controls at South Norfolk Council is reasonable.

All eight assurance audits completed within the year concluded in a positive assurance grading.

In none of the areas reviewed as part of the revised 2020/21 Internal Audit Plan did the findings indicate that the Covid-19 pandemic had severely impacted the Council's ability to deliver core services to its residents.

The Internal Audit opinion does not provide assurance over the issuing of business grants by the Council during the Covid-19 pandemic. A post award review of this area has been planned for early 2021/22.

In 2019/20 the Internal Audit Manager concluded that the risk maturity level of the Council was at the lower end of the scale at 'risk aware' during assessment. Since this assessment, improvements in the following areas have been made; a risk appetite for the Council has been defined, a strategic risk register has been created, a policy approved by Council and FRAG Committee now receives a copy of the strategic risk register for review. The Internal Audit team and the Strategy and Programmes Manager continue to work together to make further improvements to the framework and training of staff and members will be a key objective for the year ahead.

Considering all the above, Internal Audit has not raised any significant concerns that should be referenced within the Council's Annual Governance Statement for 2020/21.

Risk Management

A risk management framework is in place to ensure a consistent approach at the Council with regard to risks. The risk management strategy was reviewed during 2019/20, which resulted in a new Risk Strategy being finalised in 2020/21.

Reports on risk management were taken to the Cabinet on a regular basis during 2020/21. These reports cover strategic risks that the Council actively manages within a Risk Register that details actions to support risk mitigation.
The Finance, Resources, Audit and Governance Committee also has regular oversight of the strategic risks.

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

Conclusion

Based on the work that has been completed, assurance can be taken that the governance arrangements at South Norfolk 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 Council's website. 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 Assistant Director Governance and Business Support, involving senior managers across the Council and reviewed by the Corporate Management Leadership Team. This Annual Governance Statement is considered in draft by the Finance, Resources, Audit and Governance Committee and amended to reflect the Committee’s considerations and the views of the external auditor. The (revised) Annual Governance Statement forms part of the Council’s annual accounts.

Certification

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

T Holden

Trevor Holden, Managing Director

S Ridley

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

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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

Opinion

We have audited the financial statements of South Norfolk District Council 'the Authority' and its subsidiaries (the 'Group') for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- the related notes 1 to 38, and
- Collection Fund and the related notes 1 to 6.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of South Norfolk District Council and the Group as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Assistant Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Assistant Director of Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority and Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the '*Statement of Accounts 2020/2021*', other than the financial statements and our auditor's report thereon. The Assistant Director of Finance is responsible for the other information contained within the '*Statement of Accounts 2020/2021*'.

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014
- we are not satisfied that the Group and the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

Responsibility of the Assistant Director of Finance

As explained more fully in the '*Statement of Responsibilities for the Statement of Accounts*' set out on page 15, the Assistant Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Assistant Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:

- Local Government Act 1972,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014, and
- The Accounts and Audit Regulations 2015.

In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.

We understood how South Norfolk District Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance.

We corroborated this through our reading of the Authority's committee minutes, Authority policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise.

Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately. We assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

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

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

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in April 2021, as to whether South Norfolk District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether South Norfolk District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

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

MARK HODGSON
ERNST & YOUNG LLP
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Date: 22nd...... September 2023.

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

GLOSSARY

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

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

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

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

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

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

Capital Receipts
The money received from the sale of assets.

Carrying Value
See ‘Net Book Value’ below.

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

Creditors
Amounts incurred by the Council but not yet paid.

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

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

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

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

Debtors
Amounts due to the Council but not yet received.

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

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

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

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

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

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

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

Gross Book Value
The gross value of an asset prior to depreciation.

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

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

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

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

Non-Current Assets (formerly Fixed Assets)
Assets which can be expected to be of use or benefit the Council in providing its service for more than one accounting period.

Operating Lease
A lease under which the ownership of the asset remains with the lessor.
Operational Assets
Non-current assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

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

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

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

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

Revenue Expenditure Funded from Capital under Statute
Capital expenditure for which the Council either never had, or no longer holds a capital asset.

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

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

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

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

LIST OF ABBREVIATIONS

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