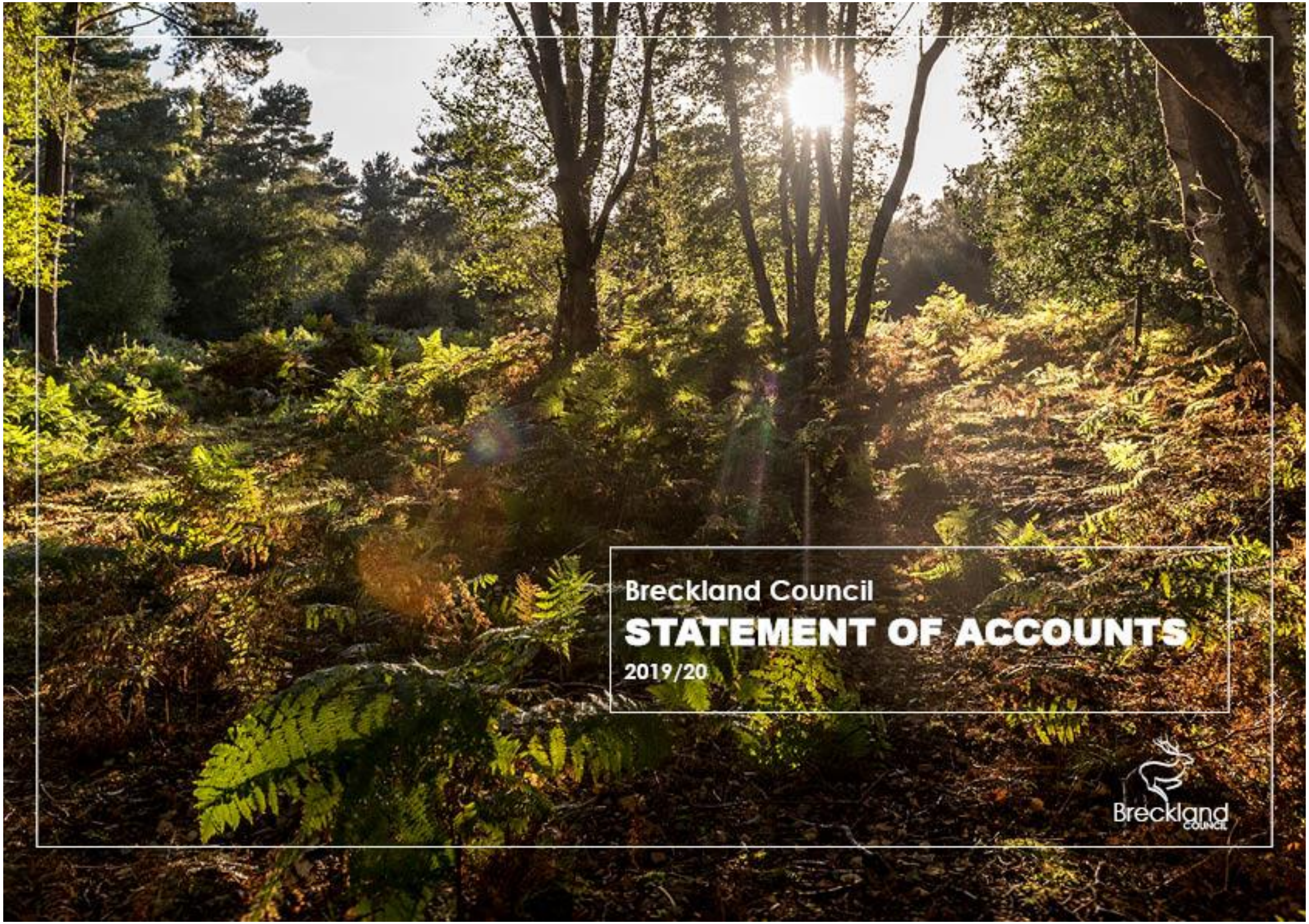

Breckland Council

STATEMENT OF ACCOUNTS

2019/20

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If you would like the Statements of Accounts in large print, Braille, alternative format or in a different language, please call us on 01362 656870.

Our District

Breckland District spans over 500 square miles of beautiful countryside and forest in the heart of Norfolk. With a range of thriving rural village communities and the five bustling market towns of Attleborough, Dereham, Swaffham, Thetford and Watton.

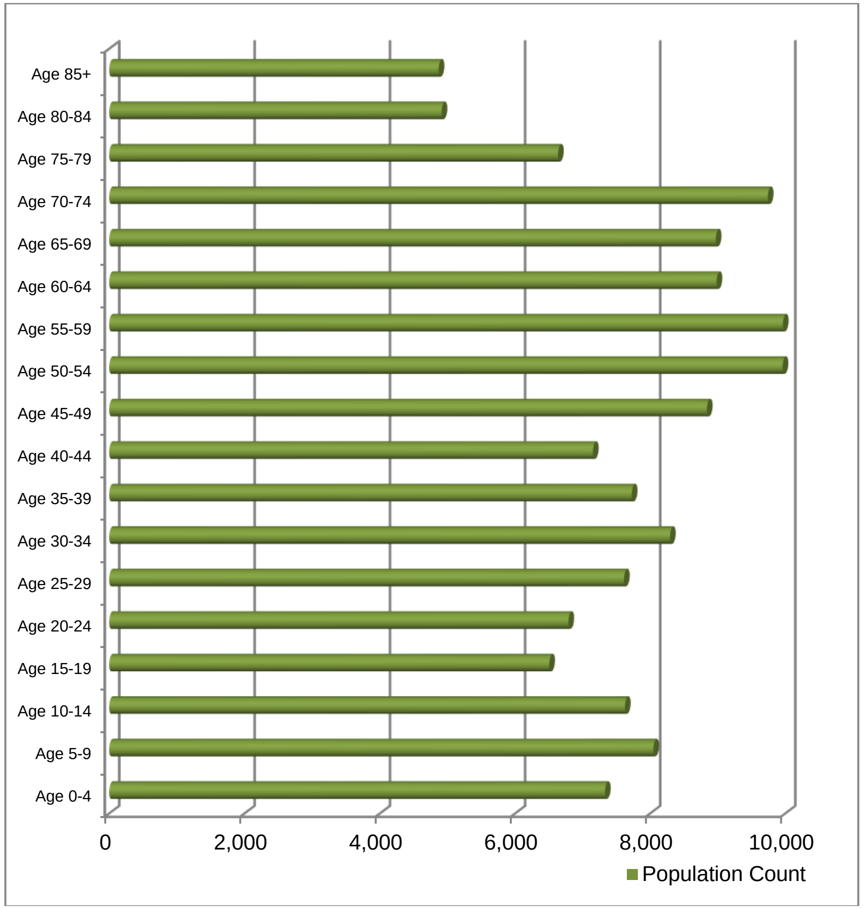
The area's rural nature is characterised by its 112 parishes, numerous villages and low crime rate which make Breckland one of the most attractive and safe places to live in the UK. The Council is committed to reducing its impact on the environment by minimising its carbon footprint.

Breckland's population is set to grow from the current 140,500 residents to 159,400 by 2041. Half of the current residents live in one of the five market towns with the remainder living in rural village homes. This means that the district has a low population density.

Agriculture, advanced engineering and manufacturing, logistics and forestry are the dominant business sectors with professional, scientific and technical and food processing not far behind. Breckland's local economy continues to grow bringing new employment to the area.

Thetford and Attleborough are key areas for future housing and business growth which is expected to deliver economic benefits for the whole district.

Breckland's resident population is 50.5% female and 49.5% male. The average age of the Breckland district population is 43 years, the predominant age bands in Breckland are 'Age 50 to 54' and 'Age 55 to 59' which represent 7.1% each of the total district population.



Our Commercial Property Assets have a total value of £45,486k (including finance leases) and generated £2,246k surplus in 2019-20.

We emptied 3,267,594 bins in 2019-20 and recycled 12,074 tons of waste.

In 2019-20 we received 1,997 planning applications and 1,650 applications were determined. The number of new dwellings approved was 539.

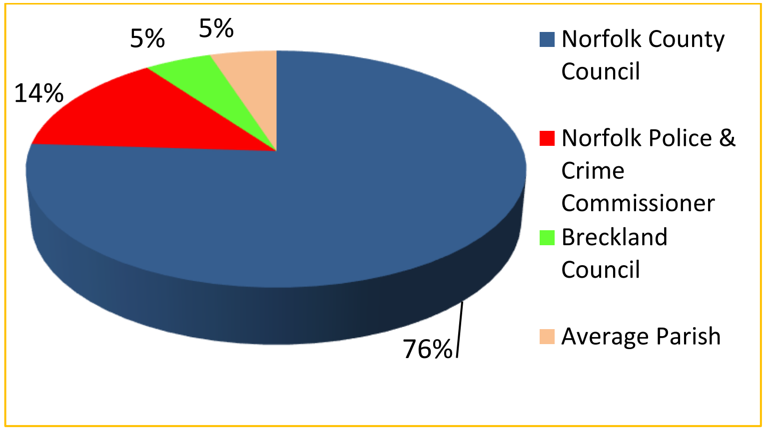
In partnership with Norfolk Community Foundation, we have allocated £150k of grants to projects in the district.

We paid out £25,850k in Housing Benefits

Our Moving Forward Transformation Programme has delivered £2,176k of ongoing savings in its first 4 years of delivery.

We collected £35,306k of Business Rates in 2019-20, from 4,549 businesses and achieved a collection rate in year of 97.6% (compared to the national average of 98.0%). We retain £7,069k (20%) to help fund services.

We collected £79,485k of Council Tax in 2019-20, from 59,633 homes and achieved a collection rate in year of 97.5% (compared to the national average of 96.8%). We retain £3,862k (5%) to help fund services. The share of council tax is shown in the graph.

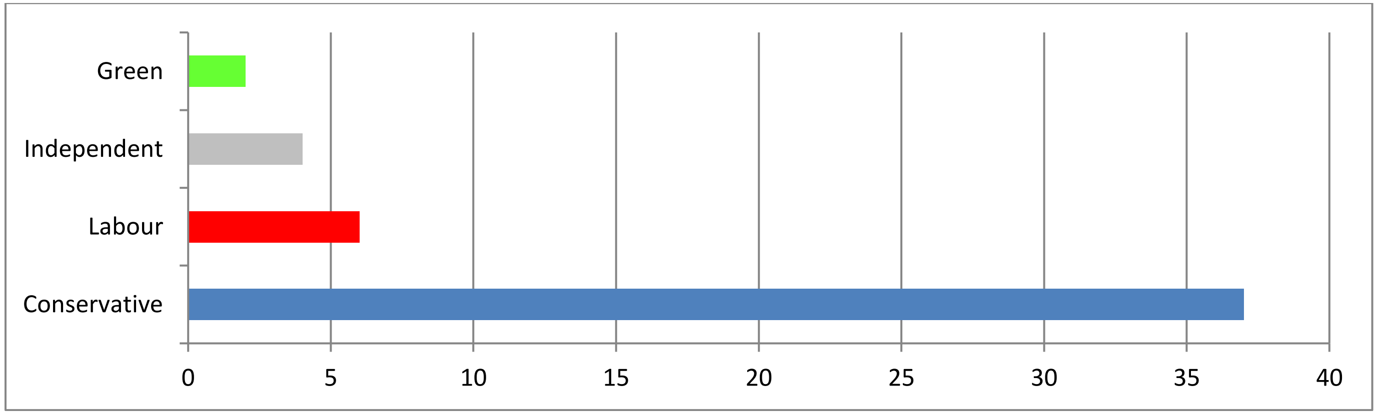


Breckland Council

The Council alongside its partner organisations and external contractors deliver a wide range of services to our residents, businesses and visitors. These are detailed in the table below categorised by the Council's Directorates:

Commercialisation	Economic Development, Enabling, Forward Planning, Council Tax, Business Rates, Housing Benefits, Enforcement Agency, Strategic Property, Programme Delivery, Treasury Management, Financial Services, Insurance, Strategic Planning, Facilities Management, Footway Lighting, Car Parks, Roads & Paths, Offices, Breckland Bridge.
Place	Arts, Building Control, Voluntary Sector, Historic Buildings, Community Development, Community Safety, Development Control, Emergency Planning, Planning Enforcement, Street Cleansing, Housing Enforcement, Hostels, Homelessness & Advice, Strategic Housing, Gypsies & Travellers, Housing Grants & Loans, Dog Warden Service, Regeneration, Development Partnerships, Land Charges, Trees & Countryside, PFI & Leisure, Parks Woods & Open Spaces, Match Funding, Street Naming, Community Transport, Waste Collection, Food Safety, Public Health, Health & Safety, Licensing, Pollution Control, Grass Cutting.
Strategy & Governance	Corporate Improvement & Performance, Committee Services, Corporate Management, Customer Contact, Elections, Marketing & Communications, ICT, Digital, HR, Legal Services, Pensions, Printing, Corporate Contracts & Procurement, BTS and Environmental Health Consultancy, Strategic Policy, Internal Audit.

Breckland Council is a district composed of 112 parishes; most parishes have their own town or parish council, or parish meeting. The Council is composed of 49 Councillors who are elected every four years to represent the peoples of Breckland. As at 31 March 2020, the Council was controlled by the Conservative Group and the Leader of the Council was Sam Chapman-Allen. As at 31 March 2020 the political make-up of the Council was:



All councillors meet together as the Council, here councillors decide the Council's overall policies and set the budget and council tax each year. The Council hold to account the Executive and Committees. The Cabinet is made up of the Leader, Deputy Leader and Portfolio Holders. Each Portfolio Holder has specific responsibilities over an area of the Council's activities.

Council Priorities, Corporate Plan and Performance

Our strategic vision is *'Breckland: a place where people and business can thrive'*. The Council has a corporate plan covering 2019 – 2023 and each year an annual delivery plan is drawn up to cover the actions for the next year. The business plan shows what the Council will do to meet the needs and aspirations of residents. The plan sets out the Council's priorities which are:

- Your Place
- Your Opportunity
- Your Health & Wellbeing
- Our Council

The priorities define the medium term goals of the Council and as such remain relatively constant from year to year, but the actions associated with them are set annually for each financial year. The Corporate Plan is aligned to the Medium Term Financial Plan and these are available on the Council's website.

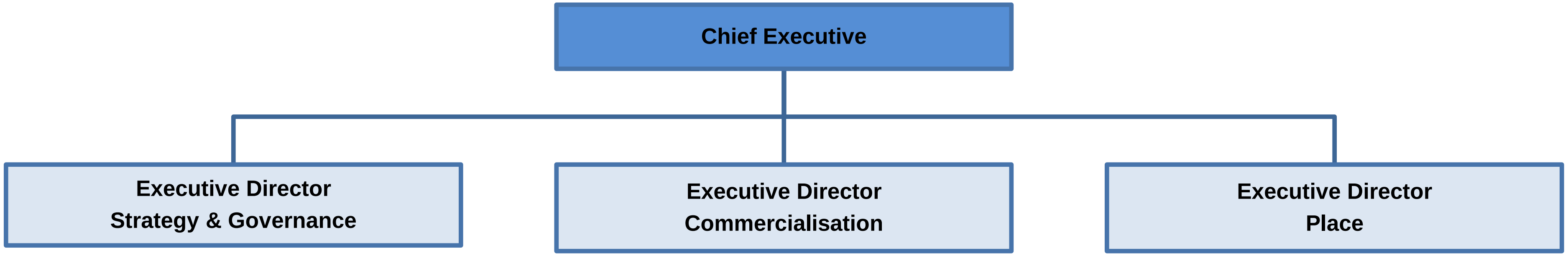
Our Corporate Plan runs for 4 years; currently we are in the 2019-23 plan. Delivery of the plan is monitored through a performance framework and annually the delivery of the plan is refreshed to ensure it is relevant to the current political and economic climate. Each Council service area has a number of team projects which deliver the corporate plan and these are monitored quarterly against the delivery plan to ensure the corporate plan is on track. Internally there is a monthly performance board which holds to account all performance indicators, team projects and audit recommendations to ensure delivery of the corporate plan and performance framework. Quarterly performance is reported to our member scrutiny panel and subsequently to cabinet as part of the constitutional governance.

Annual Governance Statement

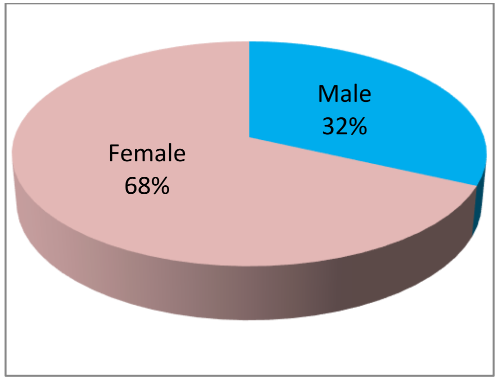
The annual governance statement (AGS) provides a review of the effectiveness of the Council's governance framework, internal control and risk management arrangements. This can be found at the end of this Statement of Accounts.

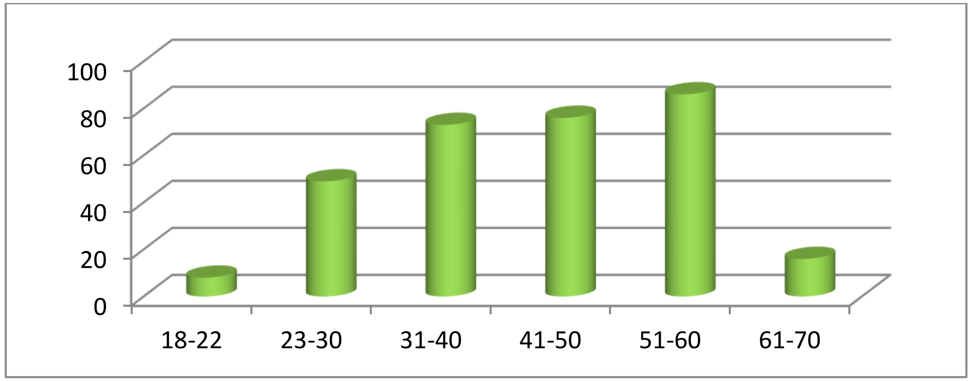
Our People

The Council is headed by a shared Corporate Management Team (CMT). The team is shared with South Holland District Council along with other senior managers. The two Councils continue to exercise independent democratically accountable local government in their respective areas, each of us having our own governance arrangements. The Corporate Management Team consists of a Chief Executive and three Executive Directors, each Executive Director has overall responsibility for a directorate, the services included in each directorate are detailed on page 3.



The Council employs 308 staff as at 31 March 2020. This includes 231 full time staff and 77 part time staff. Included in this number are 6 apprentices and 4 trainees. Details of the makeup and age range of the Council's staff are shown in the graphs below.





The Council is one of five partners in the Anglia Revenues Partnership (ARP) which provides Council Tax, Business Rates, Housing Benefits, Fraud and Enforcement services to all partners. Staff are employed by any of the five partners and all costs are recharged between partners based on caseload shares. The total budget for the partnership in 2019-20 is £9,359k of which the majority is staff costs. Overall there are 289 staff employed by the Anglia Revenues Partnership.

The Council strives for excellence in order to deliver services that local communities can be proud of. So to make this happen, we need talented and ambitious people who inspire, empower and deliver change all around them. The Council has embraced the Government's agenda to modernise local government and our approach has been to lead change rather than follow it. We believe that best value can only be achieved by developing staff to their full potential and to do this, we provide them with the relevant knowledge, equipment and authority to carry out their duties and we are recognised by Investors in People.

The Council prides itself in the delivery of high-quality training and development, it offers creative and unique training solutions through one-to-one coaching as well as a variety of tailor made courses to suit both individual and Council needs. During the course of an employee's employment, there may be opportunities to undertake professional and/or academic qualifications where this benefits the individual and the Council.

Financial Performance

The Management Accounts below show the Council's actual financial performance for the year, compared to the budget and full details were reported to Cabinet on 13 July 2020. Further information can be found in the Expenditure and Funding Analysis on page 22.

	2019-20 Budget £'000	2019-20 Actual £'000	2019-20 Variance £'000	2018-19 Actual £'000
Expenditure on Services				
Strategy & Governance Directorate	4,950	**5,072**	122	5,387
Growth & Commercialisation Directorate	1,873	**1,901**	28	1,026
Place	6,776	**6,946**	170	6,363
Housing Benefits	287	**476**	189	(25)
Cost Of Services	**13,886**	**14,395**	**509**	**12,751**
Contributions to/from reserves	(480)	**(1,057)**	(577)	919
Total Cost of Services	**13,406**	**13,338**	**(68)**	**13,670**
Funding & Appropriations				
Appropriations	2,522	**2,522**	-	1,264
Government Grants	(4,523)	**(4,477)**	46	(5,735)
Financing & Investment	(12)	**(12)**	-	-
Council Tax	(3,991)	**(3,991)**	-	(3,696)
Retained NNDR	(7,402)	**(7,381)**	21	(5,334)
Total Funding	**(13,406)**	**(13,339)**	**67**	**(13,501)**
Contribution (to)/from General Fund	-	**(1)**	(1)	169

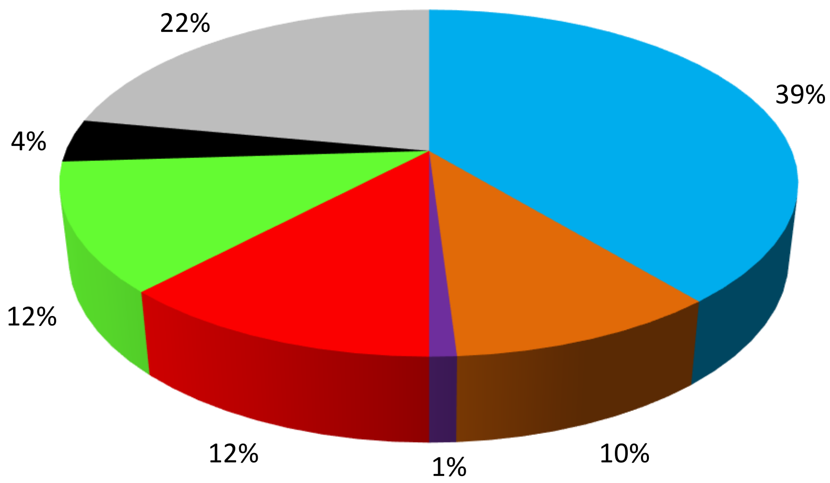
The Council set a balanced budget in February 2019, subject to successful delivery of the 'Moving Forward' transformation programme. The Moving Forward programme is a four year plan of projects to deliver efficiencies or generate additional income and is monitored by the Finance Board.

The full year out-turn delivered above budget spend of £509k relating to service provision (mainly through high temporary accommodation demand, higher housing benefit costs for temporary accommodation, unexpected legal costs and lower income in some areas). The overspend was managed through the additional income gain from the NNDR Pilot in 2019-20 (as approved by Full Council) to give the £1k under spend and the General fund balance is £2,501k, which is still considered an adequate balance.

There was a surplus of £2,246k on our Commercial Property Trading Account after adjusting for property revaluations and this was contributed from Commercial Property to the General Fund.

Revenue expenditure and income and the services provided
The charts below show in broad terms where the money came from, how it was spent and the services provided.

Where the money came from



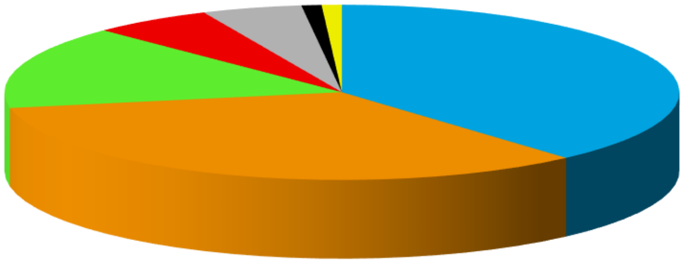
	£'000	%
Housing Benefit Grant	25,488	39
Government Grants	6,573	10
Interest receipts	849	1
Council Tax (incl parish)	8,008	12
NNDR (net of levy & tariff)	7,380	12
Commercial Property	2,777	4
Fees, Charges & Misc	14,141	22
	65,216	**100**

Council Tax is the income received from taxpayers through the Council Tax levied by the Council for Breckland and the parishes. The NNDR income is Breckland's share of the retained business rates income less the levy and tariffs paid.

Another source of income was interest earned on the Council's cash deposits. However continued low interest rates have impacted on the level of interest income received and this figure therefore remains low. This interest is used to support the revenue budgets.

Fees, charges and miscellaneous includes all our other income streams, such as planning and building control fees, garden waste collections, licensing, recycling, income from partners for shared services, etc.

How the money was spent



	£'000	%
Housing Benefits	25,850	40
Running Expenses	23,214	35
Employees	10,705	16
Precepts and Levies	4,091	6
Capital Financing	3,170	5
Cont'n to Reserves	(1,056)	(1)
Other	(758)	(1)
	65,216	**100**

Housing benefits only includes costs relating to the actual benefits provided, it does not include any staffing or other related costs. These benefits are funded from Government grants as can be seen from the *"where the money came from"* graph.

Running expenses includes costs relating to:

- Premises – such as rents, rates, electricity, water and similar
- Transport – such as cars, fares and similar
- Supplies and services – such as equipment, telephones, hired services and similar
- Contract payments for services provided by external contractors (i.e. waste collection, leisure, etc)

Employees expenditure includes costs relating to:

- Staffing – such as salaries, pensions, additional staff, professional subscriptions and similar costs.

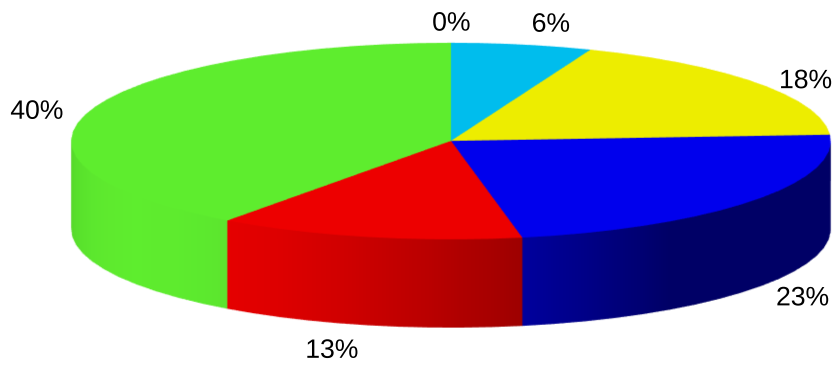
Capital financing includes costs relating to:

- Capital expenditure – such as depreciation and de-valuations of assets and similar costs.

Transparency

The Government's transparency agenda encourages local authorities to make public data openly available. Details of transparency items such as the Council's spend on items over £500, contracts and pay and benefits for senior officers can be found on our website: http://www.breckland.gov.uk/article/4246/Transparency

And the services it provides



		£'000	%
	Precepts & Levies	4,091	6
	Growth & Commercialisation	11,523	18
	Place	15,254	23
	Strategy, Governance & Transformation	8,274	13
	Housing Benefit	25,850	40
	Other	224	-
		65,216	**100**

The table below shows the types of services which are included within each service area shown in the graph above:

Commercialisation	Economic Development, Enabling, Forward Planning, Council Tax, Business Rates, Housing Benefits, Enforcement Agency, Strategic Property, Programme Delivery, Treasury Management, Financial Services, Insurance, Strategic Planning, Facilities Management, Footway Lighting, Car Parks, Roads & Paths, Offices, Breckland Bridge.
Place	Arts, Building Control, Voluntary Sector, Historic Buildings, Community Development, Community Safety, Development Control, Emergency Planning, Planning Enforcement, Street Cleansing, Housing Enforcement, Hostels, Homelessness & Advice, Strategic Housing, Gypsies & Travellers, Housing Grants & Loans, Dog Warden Service, Regeneration, Development Partnerships, Land Charges, Trees & Countryside, PFI & Leisure, Parks Woods & Open Spaces, Match Funding, Street Naming, Community Transport, Waste Collection, Food Safety, Public Health, Health & Safety, Licensing, Pollution Control, Grass Cutting.
Strategy & Governance	Corporate Improvement & Performance, Committee Services, Corporate Management, Customer Contact, Elections, Marketing & Communications, ICT, Digital, HR, Legal Services, Pensions, Printing, Corporate Contracts & Procurement, BTS and Environmental Health Consultancy, Strategic Policy, Internal Audit.

Moving Forward Transformation Programme

The council recognises the challenges faced through reducing Government funding and our budgets since 2016-17 have included a transformation programme ‘Moving Forward’. This programme sets out the projects which the Council will undertake to deliver both improved customer outcomes (to both internal and external customers) and financial efficiencies (savings or income generation). The programme includes four main themes:

- Digitalisation
- Aligning Public Services
- Commercialisation
- Organisational Design

Our aim is to remove dependency on Revenue Support Grant (RSG) and New Homes Bonus (NHB) whilst continuing to provide relevant services to our communities. The Council recognises that timely and successful delivery of this efficiency plan will be key to the success of its balanced budget over the medium term. Funding has been identified and set aside to support delivery of the transformation programme to cover one off costs of delivery and investment. In addition the Council has created a *Growth and Investment Fund* from income generated in the past from commercial property rentals and from utilising New Homes Bonus funding. This fund will be used to invest in projects which deliver economic or housing growth in the area or to invest in assets which generate an ongoing return.

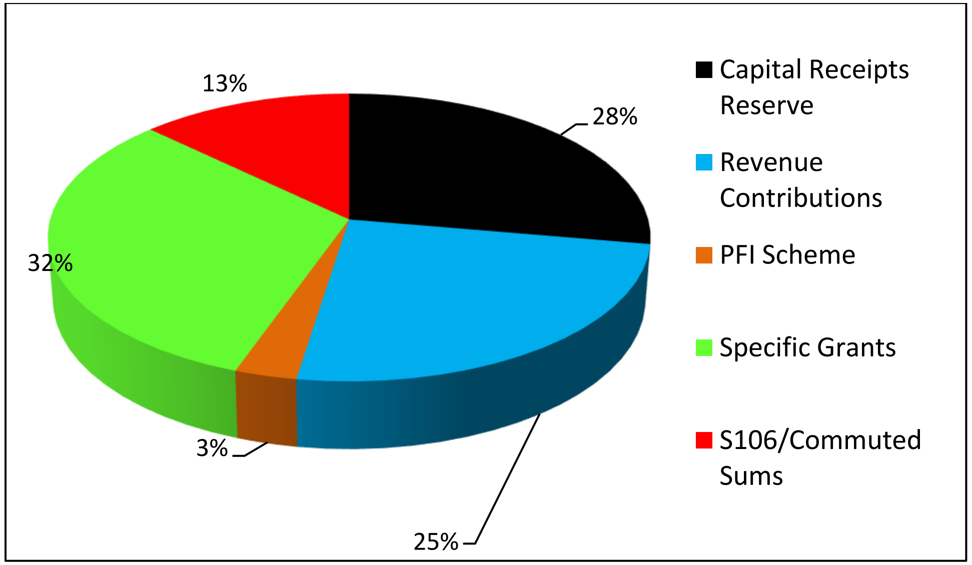
Targets are flexed as necessary to allow for timing differences between years, the overall target is £2,234k and this is on track to be achieved shortly. Progress to date against the targets is £2,176k achieved:

Capital financial performance
The capital out-turn was reported to Cabinet on 13 July 2020 and details the Council's £6,439k capital programme for 2019-20 of which £4,579k was spent, £17k was over spent and £1,877k budget moved into 2020-21 for spend on projects in progress or where the start date has moved into next year.

	2019-20 Budget £'000	Re-profile to 2020-21 £'000	2019-20 Out-turn £'000	2019-20 Variance £'000
Commercialisation	2,498	(1,072)	1,444	18
Strategy & Governance	1,210	(175)	1,035	-
Place	2,731	(630)	2,100	(1)
Total Capital Programme	**6,439**	**(1,877)**	**4,579**	**17**

There were no major non-current assets additions or disposals during the year.

This capital expenditure was funded from the following areas:



An analysis of non-current assets and funding of the capital expenditure is shown in notes 8, 9 and 25. Currently Breckland does not borrow externally to finance its capital programme, however the available capital funding is reducing year by year and therefore borrowing may be undertaken in future if the business case for a project supports it. Available capital for future projects is limited unless it is relevant to use revenue funding, additional capital receipts are generated or the business case supports borrowing.

Collection Fund financial performance

The balance on the council tax Collection Fund at 31 March 2020 showed a £152k deficit. This will be shared between Norfolk County Council, Norfolk Police and Crime Commissioner and Breckland Council in proportion with each authority's relative precept. This deficit has resulted from a slightly higher than budgeted bad debt provision.

The balance on the NNDR Collection Fund at 31 March 2020 showed a £401k surplus. This will be shared between Central Government, Breckland Council and Norfolk County Council in proportion with each party's relative proportionate share. This surplus has resulted from reduced levels of appeals from the 2017 valuation.

These balances were estimated and taken into account when setting the Council Tax for 2020-21 and changes since that time will be reflected in setting the Council Tax in 2021-22.

Reserves and Balances

Reserves and balances increased by £8,830k during the year. Major increases and (decreases) in reserves balances included:

	£'000
Pensions reserve	6,303
Revaluation reserve	1,440
Collection Fund Adjustment Account	702
Capital Adjustment Account	1,495
Other un-usable reserves	80
Usable reserves	(1,190)

The value shown for the pensions reserve is a decrease in the deficit. Further information on reserves can be found within the notes section (6, 17 & 18).

Pension Fund

The accounts and notes with relation to the pension fund have been prepared in accordance with International Accounting Standard (IAS) 19. The Pension Fund liability shown in the Balance Sheet as at 31 March 2020 stands at £44,874k compared with £51,177k the previous year. This represents the liability to the Norfolk Pension Fund. This amount is matched by a pension reserve also shown in the Balance Sheet and therefore has no impact on the Council's overall financial position at 31 March 2020. The IAS 19 Balance Sheet position for the Council has improved in 2019-20 and the IAS 19 pension deficit is smaller in monetary terms at 31 March 2020. This is a result of the triennial review and changes in financial and demographic assumptions. This liability also includes the estimated impact of the Guaranteed Minimum Pension (GMP) and the recent McCloud legal ruling. The actuary uses a set of demographic assumptions that are consistent with those used for the Norfolk Pension Fund. These are highlighted in note 7. Following the results of the triennial review in 2019, the Council's budget includes both a pension contribution percentage and also a lump sum payment each year which is forecast to bring the pension scheme into a funded position over a 20 year term.

Cash Flows

The table below shows the level of investments held by the Council which are used to fund day to day cash flow requirements, achieve a return on investments to help support the low levels of council tax, support the reserves expenditure and to fund capital expenditure. The table also shows the level of the PFI liability.

	2019-20 £'000	2018-19 £'000	Change £'000
Long Term Investments	-	27	(27)
Short Term Investments	20,075	20,089	(14)
Cash & Cash Equivalents	4,963	4,610	353
PFI Liability	(8,035)	(8,277)	242
Total	**17,003**	**16,449**	**554**

Capital spend will reduce the cash held, however the Council does not currently have a need to borrow externally over the medium term. The Council's overall Capital Financing Requirement (CFR) which details the Council's underlying need to borrow can be found at note 25.

Future years capital budgets include a £5,000k budget to purchase vehicles and equipment relating to the new waste contract recently procured.

There were no significant provisions, contingencies or write offs during the year, full details on provisions and contingencies can be found at note 15.

Achievements and Targets

A summary of some project and delivery highlights for the year include:

How We Performed in 2019-20			
Your Place	**Your Opportunity**	**Your Health & Wellbeing**	**Our Council**
• We secured a £14m grant from Homes England to support delivery of power in Thetford • Through our zero tolerance approach to fly tipping we have successfully investigated incidents leading to fines for the offenders • We purchased a new property for refurbishment to enable us to provide better quality temporary accommodation in the future for those in need • We have declared a Climate emergency and are committed to developing a sustainable Breckland strategy • Our £3.4m project to improve power supplies at Snetterton Heath is on track & will enable businesses to grow in the area creating jobs	• Our Silver Social project to tackle rural isolation continued with a packed programme including artists off-Broadway and from the Edinburgh Fringe Festival • We successfully worked in partnership with Kings Lynn & West Norfolk Council and North Norfolk Council to procure a new Environmental Services contract across all 3 Councils • We have set aside £1m for our programme of projects to help tackle vulnerability with Breckland • We continue to support our Armed forces through our covenant fund and provided funding for VE day and VJ day celebrations	• Our BreckWorld app continues to promote local attractions and drive visits to our towns through innovative films & our Christmas Elves hunt • We continued to support our communities with litter picking through the community shed network • We supported providing mental health first aid with YANA for the agricultural community • We invested in the installation of new ANPR technology in Breckland to support Norfolk Constabulary to detect, deter & disrupt criminal activity • We have replaced public lighting within the district bringing it up to date and more environmentally friendly	• Our successful Tripstart project continues to help people overcome barriers to get back into employment • Our Local Plan has been adopted • Our joint venture company Breckland Bridge moved into its next stages, with development of land in Attleborough for new housing

Current Economic Climate, Outlook and Risk

The current economic climate, Brexit and continuing reduction and un-certainty in Central Government funding continues to add pressures to the Council's budgets. Future changes relating to 75% retained Business Rates is now planned by Government to be implemented for 2021-22 alongside the Fair Funding review. This is a fundamental review by Government on how to calculate the 'needs' of each authority in order to determine the amount of funding each local authority requires through grant funding. This continues to add further uncertainty for our budget setting in the medium term as funding levels past 2019-20 are still not known, neither is the percentage share of retained NNDR under the new scheme and neither is sufficient detail available on the Fair Funding review to calculate estimated funding shares.

Measures taken to reduce revenue expenditure and the formation of our 'Moving Forward' transformation programme meant that the Council started 2019-20 with a balanced budget with no impact on front line services, subject to successful delivery of the transformation programme, despite the reduced level of Government grant. The successful delivery of the transformation programme will ensure a balanced budget for the medium term. The transformation programme includes funding set aside to enable delivery of projects which generate future returns and also includes a *Growth and Investment Fund*, which will support the Commercialisation strand of the transformation programme by generating investment returns and promoting economic and housing growth in the region. The medium term plan also removes reliance on Government RSG and on New Homes Bonus to nil in future years.

The impact of Brexit on the Council's corporate objectives and finances is a concern, particularly in relation to inflation levels (which impact our major contracts) and the impact on businesses.

The Council remains in a strong financial position over the medium term, with robust plans for transformation, capital spend and delivery of services as well as investment in our communities. This means the Council is well placed to deal with any changes in funding levels resulting from the Fair Funding review and 75% Rates Retention with a measured and planned approach. Our Medium Term Financial Plan (MTFP) provides information on the Councils budget, transformation programme and reserves and can be found on our website at https://www.breckland.gov.uk/article/3461/Strategies-Plans-and-Policies-

The current level of reserves held by the Council is considered adequate to withstand current pressures and to invest in transformation projects, but it would not be financially sustainable to rely on these reserves to continue to fund the reduction in Central Government funding.

Covid-19 Pandemic

The Covid-19 pandemic has had a considerable impact on the Council, our businesses and our residents. The lockdown announced on 20 March 2020 has meant that many of our businesses have been forced to close, significantly impacting the local economy. The Council has adapted quickly, putting considerable additional resource into ensuring rough sleepers are safe, providing temporary accommodation for those in need, administering business rates relief and grants to businesses and supporting the most vulnerable and in need within our community. Our staff have quickly adapted to working from home whilst our offices are closed, finding new ways of working and communicating and have been redeployed to support our priority areas of work.

These changes have not had a significant effect on the financial out-turn for 2019-20 as the impact only started to be seen in the last two weeks of March, however the true scale of the impact will be felt during 2020-21. The Council is forecasting losses in income from areas such as planning fees, licensing fees and from within Business Rates or rental income if businesses are not able to recover. Additional costs are expected in providing temporary accommodation, support for rough sleepers and supporting our communities and businesses. It is difficult to quantify the financial effects of the pandemic with any certainty, but it is expected to be significant, even after the Government's emergency Covid-19 funding is taken into account. The Council may need to draw on reserves during 2020-21 to balance its budget, the general fund is currently at the minimum balance of £2,500k so using this would reduce below the minimum and would need to be built back up over future years. Alternatively, we could re-allocate earmarked reserves, leading to planned projects not going ahead. In the longer term we will need to reset our Medium Term Financial Plan in recognition of the impact of the pandemic and our strategic objectives.

Risk

The table below provides details of the current principle strategic risks facing the Council along with an assessment of the likelihood and impact.

Risk	Impact	Likelihood	Mitigation
Impact of the Homelessness Reduction Act	Implementation of this Act places additional burdens on the Council, through increased demand volumes and increased time needed to manage each case. The expansion of this duty could also lead to a serious shortfall in available temporary housing options	3/5 = Plausible	Risk is being addressed through the housing improvement action plan. The work streams included in this action plan will serve to mitigate this risk further.
General Data Protection Regulation (GDPR) implementation	With the implementation of the GDPR, which replaces the Data Protection Act of 1998, there is a risk that the Council will not manage its data appropriately & in line with new regulations	2/5 = Possible	Regular meetings of the statutory information group continue to highlight areas to be addressed with actions. Information Asset registers have progressed well and are stored centrally.
Critical breach of ICT security	Attacks are happening with increasing frequency. Ransom & theft specialists are targeting banking details & personal information. This would lead to reputational damage, financial fines and poor outcome for residents.	2/5 = Possible	Following an LGA cyber security stocktake, a raft of corrective actions have been taken which has helped to mitigate this risk
Medium Term Financial Plan not delivered	The Council's medium term financial plan has identified a budget gap, the transformation programme will need to make this level of savings for the organisation over that period to balance the budget. If this is not achieved, service changes may need to be made, or reserves might be utilised in the short term	3/5 = Plausible	The Moving Forward programme is continually monitored through finance Board and is adapted to ensure the most likely outcomes are achievable and the budget updated accordingly. Dependent on the outcome of future funding reviews, further significant savings will need to be identified and achieved from 2021-22 onwards
Business Rates retention and Fair funding review	Changes to the way local government is funded in future could reduce the funding levels provided to the Council	2/5 = Possible	Reliance on RSG and New Homes Bonus removed from the budget. Financial reserves in place to allow time to put in place a measured action plan if required
Failure to deliver Council priorities	This would lead to missed targets & failure to deliver objectives and may result in the Council suffering reputational damage & a failure to deliver priorities to residents	2/5 = Possible	The corporate delivery plan has been refreshed and this sets out how we will achieve the corporate plan, with team actions revised and to be implemented.

The Councils Risk Management Framework can be found on the website. The Performance, Risk & Audit Board reviews updates on strategic and operational risks on a quarterly basis and takes any remedial actions as necessary (for example, escalation to the Executive Management Team or Governance & Audit Committee). Quarterly updates on the strategic risk register is provided to both the Executive Management Team and the Governance & Audit Committee. The Governance & Audit Committee is responsible for monitoring the arrangements in place for identification, monitoring and management of strategic risk. The Council is always looking for new opportunities, such as sharing services with other Councils, service improvements and cost reductions through digital, etc. All opportunities will be examined on their own merits and business cases completed if the opportunity proves worthy.

The Statement of Accounts

The Council's accounts for 2019-20 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. The purpose of the Statements of Accounts is to give interested parties clear information about the Council's finances.

This year there have been no major accounting changes to the statement of accounts.

The accounts consist of the following statements: -

THE EXPENDITURE AND FUNDING ANALYSIS – the objective of this analysis is to demonstrate to council tax payers how the funding available to the council (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by councils in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

***THE 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 statutory requirements; this may be different from the accounting cost. The taxation position is shown both in the Expenditure and funding Analysis and the Movement in Reserves Statement.

***THE MOVEMENT IN RESERVES STATEMENT* -** this statement shows the movement from the start of the year to the end 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 'unusable' reserves. This statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

THE BALANCE SHEET - which shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves (i.e. those that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use). The second category of reserves are unusable reserves which are those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses, where amounts would only become available if the assets are sold; and reserves which hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

THE CASH FLOW STATEMENT – which shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

The Collection Fund - this account reflects the statutory requirement contained in Section 89 of the Local Government Finance Act 1988 (amended by Local Government Finance Act 1992 and the Local Government Finance Act 2012) for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in relation to Council Tax and National Non-Domestic Rates.
Breckland collects council tax on behalf of Norfolk County Council, Norfolk Police and Crime Commissioner and towns and parishes, and redistributes the precepts to these authorities. The balance on the council tax element of the Collection Fund is shared proportionately between Norfolk County Council, Norfolk Police and Crime Commissioner and Breckland Council.
Breckland collects National Non-Domestic Rates on behalf of Central Government and Norfolk County Council and re-distributes the precepts to these authorities. The balance on the National Non-Domestic Rates element of the Collection Fund is shared proportionately between Central Government, Breckland Council and Norfolk County Council.

The Group Accounts – show the accounts for the Council including its share of interest in subsidiaries, associates and joint ventures.

The Annual Governance Statement – sets out the Council's approach to corporate governance and how it manages its governance arrangements in accordance with the Code of Governance.

The accounts are supported by the notes to the financial statements. These notes include a summary of significant accounting policies, further detail relating to items in the main financial statements, assumptions made about the future and major estimations made.

This narrative report provides a brief explanation of the Council's overall financial position and some key messages and aims to assist the readers in the interpretation of the accounting statements.

The Code of Practice on Local Authority Accounting sets out a requirement to prepare group accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to the consideration of materiality, in addition to their single entity financial statements. The Council has an interest in Breckland Bridge Ltd and this is consolidated into the Group Accounts as a Joint Venture and more information can be found in the Group Accounts and related party transactions notes.

There are no material or unusual charges or credits within the statement in 2019-20.

The Council's Responsibilities

The Council 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 Council in 2019-20 that officer was the Executive Director Commercialisation.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statements of Accounts.

The Executive Director Commercialisation's Responsibilities

The Executive Director Commercialisation is responsible for the preparation of the Council's Statements 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 these Statements of Accounts, the Executive Director Commercialisation 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 Executive Director Commercialisation has also:

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

The Executive Director Commercialisation should sign and date the Statements of Accounts, stating that they provide a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2020. This certification can be found at page 26 and page 85.

The Chairman's declaration confirming that the Statement of Accounts have been approved by the Governance and Audit Committee can be found at page 91.

Expenditure and Funding Analysis

	Net Expenditure Chargeable to the General Fund 2019-20 £'000	Adjustments Between Funding & Accounting Basis 2019-20 £'000	Net Expenditure in the CIES 2019-20 £'000	Net Expenditure Chargeable to the General Fund 2018-19 £'000	Adjustments Between Funding & Accounting Basis 2018-19 £'000	Net Expenditure in the CIES 2018-19 £'000	Note
Cost of Services							
Growth & Commercialisation Directorate	**1,901**	**3,245**	**5,146**	1,026	2,212	3,238	
Place Directorate	**6,946**	**608**	**7,554**	6,363	1,268	7,631	
Strategy & Governance Directorate	**5,072**	**1,444**	**6,516**	5,387	1,163	6,550	
Housing Benefit	**476**	**(114)**	**362**	(25)	(42)	(67)	
Net Cost of Services	**14,395**	**5,183**	**19,578**	**12,751**	**4,601**	**17,352**	
Other Income & Expenditure	**(13,339)**	**(4,425)**	**(17,764)**	(13,501)	(5,057)	(18,558)	
(Surplus)/Deficit on Provision of Services	**1,056**	**758**	**1,814**	**(750)**	**(456)**	**(1,206)**	2,3,4

Opening General Fund & Earmarked Reserves Balance @ 31.03.19	**18,253**
Adjust for Surplus/Deficit on Provision of Services	**(1,056)**
Closing General Fund & Earmarked Reserves Balance @ 31.03.20	**17,197**

The Expenditure and Funding Analysis is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Financial Performance Report at Cabinet to the Comprehensive Income and Expenditure Statement (CIES).

Comprehensive Income and Expenditure Statement

	Gross Expenditure 2019-20 £'000	Gross Income 2019-20 £'000	Net Expenditure 2019-20 £'000	Gross Expenditure 2018-19 £'000	Gross Income 2018-19 £'000	Net Expenditure 2018-19 £'000	Note
Expenditure on Services							
Growth & Commercialisation Directorate	11,371	(6,225)	5,146	9,332	(6,094)	3,238	
Place Directorate	15,254	(7,700)	7,554	14,422	(6,791)	7,631	
Strategy & Governance Directorate	8,274	(1,758)	6,516	8,070	(1,520)	6,550	
Housing Benefit	25,850	(25,488)	362	29,668	(29,735)	(67)	
Cost of Services	60,749	(41,171)	19,578	61,492	(44,140)	17,352	
Other operating expenditure							
Parish Council Precepts and Drainage Board Levies	4,091	-	4,091	3,870	-	3,870	
(Gain)/Loss on disposal of non-current assets	-	(74)	(74)	-	(359)	(359)	
Financing and investment income and expenditure							
Interest receivable & payable & similar income & expenditure	560	(849)	(289)	566	(847)	(281)	
Re-measurement of the net defined benefit liability/asset	2,995	(1,750)	1,245	3,022	(1,881)	1,141	
(Surplus)/Deficit on trading undertakings	314	(2,777)	(2,463)	(1,660)	(2,512)	(4,172)	
Other	71	(12)	59	-	(31)	(31)	
Taxation and non-specific grant income and expenditure							
Council Tax income (including collection fund)	-	(8,008)	(8,008)	-	(7,486)	(7,486)	
NDR income & expenditure (including collection fund)	8,510	(15,891)	(7,381)	9,865	(15,200)	(5,335)	
Revenue Support Grant	-	-	-	-	(1,071)	(1,071)	
Donated Assets	-	(467)	(467)	-	(170)	(170)	
Other non-ring fenced Government grants	-	(4,477)	(4,477)	-	(4,664)	(4,664)	
(Surplus)/Deficit on Provision of Services	77,290	(75,476)	1,814	77,155	(78,361)	(1,206)	
(Surplus)/Deficit on revaluation of PPE assets			(1,898)			(1,814)	
Actuarial (gains)/losses on pension assets/liabilities			(8,746)			7,125	7
Other Comprehensive Income and Expenditure			(10,644)			5,311	
Total Comprehensive Income and Expenditure			(8,830)			4,105	

Movement in Reserves Statement

	General Fund Balance £'000	Ear-marked GF Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied £'000	Total Usable Reserves £'000	Un-usable Reserves £'000	Total Reserves £'000	Notes
Balance as at 1 April 2018	**2,669**	**14,834**	**25**	**1,582**	**19,110**	**27,441**	**46,551**	
Movement in Reserves during 2018-19								
Total Comprehensive Income & Expenditure	1,206	-	-	-	1,206	(5,311)	(4,105)	
Adjustments from income & expenditure charged under the accounting basis to funding basis	(456)	-	(24)	(41)	(521)	521	-	
Transfers to/from Earmarked Reserves	(919)	919	-	-	-	-	-	
Increase/(decrease) for year	**(169)**	**919**	**(24)**	**(41)**	**685**	**(4,790)**	**(4,105)**	
Balance as at 31 March 2019	**2,500**	**15,753**	**1**	**1,541**	**19,795**	**22,651**	**42,446**	
Balance as at 1 April 2019	**2,500**	**15,753**	**1**	**1,541**	**19,795**	**22,651**	**42,446**	
Movement in Reserves during 2019-20								
Total Comprehensive Income & Expenditure	(1,814)	-	-	-	(1,814)	10,643	8,829	
Adjustments from income & expenditure charged under the accounting basis to funding basis	758	-	(1)	(133)	624	(623)	1	5
Transfers to/from Earmarked Reserves	1,057	(1,057)	-	-	-	-	-	6
Increase/(decrease) for year	**1**	**(1,057)**	**(1)**	**(133)**	**(1,190)**	**10,020**	**8,830**	
Balance as at 31 March 2020	**2,501**	**14,696**	**-**	**1,408**	**18,605**	**32,671**	**51,276**	

Balance Sheet

	31 March 2020		31 March 2019		Notes
	£'000	£'000	£'000	£'000	
Non Current Assets					
Property Plant and Equipment	**38,888**		36,628		8
Heritage Assets	**284**		263		
Investment Property	**32,013**		31,149		9
Intangible Assets	**76**		78		
Total Non Current Assets		**71,261**		**68,118**	
Long-term investments		**-**		27	
Long term debtors		**12,666**		12,519	10
Total long-term assets		**83,927**		**80,664**	
Current Assets					
Short-term investments	**20,075**		20,089		11
Short-term debtors	**9,598**		6,987		12
Cash and cash equivalents	**4,963**		4,610		13
Assets Held for Sale	**18**		371		
Total Current Assets		**34,654**		**32,057**	
Total Assets				**112,721**	
Current Liabilities					
Short-term creditors	**(11,168)**		(7,640)		14
Provisions	**(2,010)**		(2,046)		15
Total Current Liabilities		**(13,178)**		**(9,686)**	
Total Assets less Current Liabilities		**105,403**		**103,035**	
Long Term Liabilities					
PFI Lease Liability > 1 year	**(7,780)**		(8,035)		24
Pensions Liability	**(44,874)**		(51,177)		7
Capital grants receipts in advance	**(1,473)**		(1,377)		16
Total Long-term Liabilities		**(54,127)**		**(60,589)**	
Net Assets		**51,276**		**42,446**	
Financed By:-					
Usable reserves		**(18,605)**		(19,795)	17
Un-usable reserves		**(32,671)**		(22,651)	18
Total Net Worth		**(51,276)**		**(42,446)**	

I certify that the statements of accounts on pages 22 to 79 present a true and fair view of the financial position of Breckland Council as at 31 March 2020 and its income and expenditure for the year then ended.

Executive Director Commercialisation:

C A Marshall

Date: 26 November 2020

Cash Flow Statement

	2019-20		2018-19	
	£'000	£'000	£'000	£'000
Net (surplus) or deficit on the provision of services	**1,814**		(1,206)	
Adjust net surplus or deficit on the provision of services for non-cash movements				
Depreciation and amortisation	**(1,118)**		(1,301)	
Impairments and valuations	**695**		2,453	
(Increase)/Decrease in creditors	**(1,805)**		(445)	
Increase/(Decrease) in debtors (including interest debtors)	**1,943**		(590)	
Pension liability	**(2,443)**		(2,443)	
Carrying amount of non-current assets sold	**(457)**		(13)	
Other	**43**		(1,114)	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities				
Capital grants credited to the surplus/deficit on the provision of service	**1,916**		1,560	
Proceeds from the sale of non-current assets	**531**		373	
Other	**-**		170	
Net Cash Flows from Operating Activities		**1,119**		**(2,556)**
Investing Activities				
Purchase of PPE, Investment property and intangible assets		**1,486**		3,358
Purchase of short and long term investments		**123,731**		183,600
Proceeds from the sale of PPE, Investment property and intangible assets		**(542)**		(348)
Proceeds from short and long term investments		**(123,781)**		(180,610)
Other receipts and payments for investing activities		**(1,799)**		(2,265)
Financing Activities				
Cash payments for the reduction of liabilities relating to PFI contracts		**242**		230
Other receipts/payments for financing activities		**(809)**		1,975
Net (Increase)/Decrease in Cash and Cash Equivalents		**(353)**		**3,384**
Cash and cash equivalents at the beginning of the reporting period		**4,610**		**7,994**
Cash and cash equivalents at the end of the reporting period		**4,963**		**4,610**

The cash flows from operating activities includes interest received of £861k in 2019-20 (£827k in 2018-19) and interest paid of £560k in 2019-20 (£566k in 2018-19).

Note 1 – Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2019-20 financial year and its position at the year end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2019-20, supported by International Financial Reporting Standards (IFRS). 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 or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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 payable on borrowings and receivable on investments is accounted for respectively as expenditure or income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income or expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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 investments that are instant access and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Balance Sheet and 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 Council's cash management.

Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Whilst the Council does not have an overall borrowing requirement, there is an amount implicit in the PFI repayment relating to Minimum Revenue Provision (MRP). Depreciation, revaluation, impairment losses and amortisation are therefore replaced by an adjusting transaction between the Capital Adjustment Account and the Movement in Reserves Statement which reverses out the amount charged so that there is no impact on the level of council tax.

Collection Fund

This account 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 of council tax and non-domestic rates (NNDR) to major preceptors, local authorities and the Government.
An allowance for the impairment of debt is calculated for the Collection Fund using the following bases:

- Council Tax – An un-collectable percentage is applied to the debt outstanding for each year based on the age of that debt.
- NNDR – An un-collectable percentage is applied to the debt outstanding based on the current collection status of that debt (i.e. under instalments, under enforcement, etc).

An allowance for impairment from NNDR appeals from the 2010 valuation list is calculated by taking the outstanding appeals at the Valuation Office (VO), categorising these by the rating list descriptions and applying an estimate to the likely success of each outstanding appeal using historical statistics of appeals settled in each category. For NNDR appeals lodged relating to the 2017 valuation list the same process is used as under the 2010 list. In addition an appeals allowance of 3% of net rates payable for the remainder of the 2017 appeals list is allowed for due to the length of time it is taking appeals to be lodged. In addition a review on high risk properties such as high rateable value, large infrastructure, change to charities, etc is undertaken and an estimate made for appeals on these properties if required.

The council tax and NNDR income included in the Comprehensive Income & Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income & Expenditure Statement 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 Council's share of the year end balances in respect of council tax and NNDR relating to arrears, impairment allowance for doubtful debts, overpayments and prepayments and appeals.

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits, such as salaries and paid annual leave for current employees, are those due to be settled wholly within 12 months of the year-end. They are recognised as an expense for services in the year in which employees render services to the Council and charged on an accrual basis to the relevant service line of the comprehensive Income and Expenditure Statement.

Termination Benefits

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

Post Employment Benefits
Employees of the Council are members of the Local Government Pension Scheme (LGPS), administered by Norfolk County Council, which provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. It is accounted for as a defined benefits scheme:

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the Norfolk County Council pension fund attributable to the Council are included in the Balance Sheet at their bid value.
- The change in the net pensions liability is analysed into the following components:
    - Service cost comprising:
        - Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
        - Past Service Cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.
        - Net Interest on the net defined liability, ie. Net interest expense for the Council – the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in 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 liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
    - Re-measurements comprising:
        - Return on Plan Assets – excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
        - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and 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 Council 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement 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. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Events after the Balance Sheet Date

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

Fair Value Measurement

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

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

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

When measuring fair value of a non-financial asset, the Council takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Council 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 or liabilities for which fair value is measured or disclosed in the Council’s financial statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities that the Council 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 or liability.

Financial Instruments

Financial Liabilities

The policy for any financial liabilities the Council holds which are classed as leases or PFI are detailed within the policy for that classification.

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. There are 3 main classes of financial assets measured at:

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

- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.
Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and subsequently measured at their amortised cost. Annual credits for interest receivable are made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the investment/asset multiplied by the effective rate of interest for the instrument.

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 Council when there is reasonable assurance that;

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

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

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

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

Certain grants are general grants allocated by Central Government directly to local authorities as revenue funding, these are non-ringfenced and are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. Details of these grants can be found in note 17 *Grant Income*.

Interest in Companies and Other Entities

The Anglia Revenues Partnership Joint Committee - This involves a group of authorities coming together to fulfil a joint purpose but it does not constitute a legal entity in its own right. It is accounted for in the respective authorities Statements of Accounts as a shared service. This requires the authority's share of partnership transactions (expenditure and income and balances if applicable) to be included within the relevant lines within the authority's accounts.

Breckland Bridge Ltd – This is the Local Asset Backed Vehicle (LABV) company set up between the Council and The Land Group Ltd. The company has been set up to achieve financial returns and accelerate long term regeneration and economic growth to projects in the Council area with a view to maximising revenue whilst securing the economic, social, and environmental well-being of the Council area. This company is classified as a Joint Venture in the Councils accounts and group accounts are prepared on this basis. Please refer to the group accounts section of this document.

The Related Party Transactions note give details on these entities.

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.

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. Valuations are in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Gains and losses on revaluation and on disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Rentals received in relation to investment properties are credited to the 'Surplus/Deficit on trading undertakings not included in Cost of Services' 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 Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any disposal proceeds greater than £10,000) the Capital Receipts Reserve.

Where part of an investment property is replaced (i.e. subsequent capital expenditure), the carrying amounts of the parts replaced are de-recognised (where material) and the cost of replacement is recognised in the carrying value of the property.

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 usually considered separately for classification.

Authority as Lessor

Operating Leases – Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the relevant line in the Comprehensive Income and Expenditure Statement (i.e. Surplus/Deficit on trading undertakings). Credits 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).

Finance leases – Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the Balance Sheet. Expected residual values of finance leases are reviewed every 5 years.

Lease rentals receivable are apportioned between:

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

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

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

Overheads and Support Services

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

Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the service passes to the PFI contractor. Breckland entered into a 33.5 year PFI contract for the provision of leisure management and facilities in December 2005. Changes to the 2009 Statement of Recommended Practice resulted in the council re-examining its accounting treatment in the context of the International Financial Reporting Standards, and in particular under the interpretations from the International Financial Reporting Interpretations Committee and determining that the arrangement should be accounted for as a service concession arrangement within the scope of IFRIC 12.

The annual unitary payment is split between lease payments, service & revenue expenditure and asset lifecycle costs. The allocation of this unitary payment is estimated based on the terms of the payment mechanism in the PFI contract. Therefore the annual unitary charge for each facility is allocated 50% to the lease payment and the remaining 50% to cover service & revenue costs and asset lifecycle costs. The amounts are allocated between the two sites based on information in the operators' model giving a split of 55% Thetford and 45% Dereham. A mark up of 2% has been applied in order to estimate the fair value of the real maintenance and lifecycle services. This mark up has been calculated as the difference between the total real costs (as per the operator model) and 50% of the unitary charge (in real terms).

Property used under the PFI contract is recognised as an asset on the Balance Sheet, with a related liability also recognised. The fair value of the PFI assets at completion of construction was determined in reference to the construction costs disclosed in the operators' financial model. The existing buildings at the Thetford site have been included at their net book value at the relevant date. Where the property is enhanced by the PFI operator, the fair value of the enhancement is recognised in the Balance Sheet of the Council. A day 1 revaluation gain has been recorded in relation to the District Valuer (DV) valuation carried out at 1 April 2007. Assets have been split between the Thetford and Dereham sites with the split of construction costs between the two centres being based on the assumption applied for unitary payments (55% Thetford and 45% Dereham). The assets are depreciated on a straight line basis over the useful life of the asset as estimated by the valuer.

Capital lifecycle costs are treated as a prepayment amount (allocated on a straight line basis over the contract term). When the capital improvement works are undertaken by the contractor (based on their financial model) the relevant amount of the capital expenditure will then be reclassified from prepayments to non-current assets. Assets are re-valued every 3 years as part of the Council's rolling programme of valuations and the non-current asset values are updated as necessary (in line with the Property, Plant and Equipment Policy).

Property, Plant and Equipment (PPE)

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

A de-minimus level of £20,000 has been adopted for the inclusion of non-current assets in all categories with the exception of surplus land, which has no de-minimus level, vehicles and equipment which have a de-minimus level of £10,000 and grant funding received which also has no de-minimus.

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 and (if applicable) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

- Council Offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus Assets – 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)

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. In practice assets are valued within a five year rolling programme but due to the

grouping of classes of assets they are usually valued every three years. Valuations are in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).
Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a valuation 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 an 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 an 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 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 an 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 an 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 reversed subsequently, 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 amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).
Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer (ranges from 2 to 99 years)
- Car Parks – straight line allocation over the useful life of the property as estimated by the valuer (ranges from 4 to 28 years)
- Infrastructure – straight line allocation over the useful life of the property as estimated by the valuer (19.5 to 25 years)
- Vehicles, plant, furniture and equipment – straight line method using internally assessed useful economic lives (ranges from 1 to 10 years)

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

Componentisation

Where an item of PPE asset has major components whose cost is significant in relation to the total cost of the asset and whose useful life differs, the components are depreciated separately, unless the componentisation makes no material difference to the overall depreciation charge. The following de-minimus levels have been set for componentisation of an asset (as the values are not considered significant in relation to componentisation):

- Assets with a total cost of £100,000 or less will not be subject to componentisation
- Any components with a cost of 10% or less of the total cost of the asset will not be componentised separately

Componentisation is considered for new valuations, enhancement expenditure and acquisition expenditure carried out on or after 1 April 2010. Where a component is replaced or restored (i.e. enhancement expenditure) the carrying amount of the old component shall be de-recognised before reflecting the enhancement.

The Council recognises the following levels of components:

- Substructure
- Superstructure
- Internal services
- External works

Componentisation is not applicable to land as land is non-depreciable and is considered to have an infinite life.

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 revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit in 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 or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or de-commissioned, the carrying amount of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any receipts from the disposal are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts, receipts below this amount are classed as revenue income. 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.

Depreciation, impairment losses and revaluations are not permitted to have an impact on the General Fund Balance, they are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Provisions and Contingent Assets/Liabilities

Provisions are made where an event has taken place that gives the Council an obligation that will probably require settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation, but where the timing of the transfer is uncertain.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate at the Balance Sheet date of the likely settlement. 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 settlement is required (or a lower settlement than estimated is made) the provision is reversed and credited back to the relevant service.

In the event that a possible liability (or asset) arises which may require settlement by a transfer of economic benefits, but the timing and amount of the transfer is uncertain and the obligation will only be confirmed by occurrence or otherwise of a future event, then this will not be recognised in the Balance Sheet, but will be shown in a note to the accounts as a contingent asset or liability.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating 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 the year and is therefore included in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance 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 and retirement and employee benefits and do not represent usable resources for the Council.

Revenue Expenditure Funded from Capital under Statute

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

Note 2 – Note to the Expenditure and Funding Analysis

	Adjust-ments for Capital Purposes 2019-20 £'000	Net change for the Pensions Adjust-ment 2019-20 £'000	Other Differen-ces 2019-20 £'000	Total Adjust-ments 2019-20 £'000	Adjust-ments for Capital Purposes 2018-19 £'000	Net change for the Pensions Adjust-ment 2018-19 £'000	Other Differen-ces 2018-19 £'000	Total Adjust-ments 2018-19 £'000
Growth & Commercialisation Directorate	**(130)**	**605**	**2,770**	**3,245**	(2,588)	383	4,418	2,213
Place Directorate	**267**	**304**	**37**	**608**	1,115	161	(8)	1,268
Strategy & Governance Directorate	**1,116**	**289**	**39**	**1,444**	435	758	(30)	1,163
Housing Benefit	**-**	**-**	**(114)**	**(114)**	-	-	(43)	(43)
Net Cost of Services	**1,253**	**1,198**	**2,732**	**5,183**	**(1,038)**	**1,302**	**4,337**	**4,601**
Other Income & Expenditure from the Funding Analysis	**(1,253)**	**(1,198)**	**(1,974)**	**(4,425)**	1,038	(1,302)	(4,793)	(5,057)
Difference Between General Fund Surplus/Deficit and Comprehensive Income & Expenditure Statement Surplus/Deficit	**-**	**-**	**758**	**758**	**-**	**-**	**(456)**	**(456)**

Adjustments for Capital Purposes – this column adds in depreciation, impairment, capital grants, and revaluation gains/losses in the service lines, 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 & Investment Income & Expenditure – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and Taxation & Non Specific Grant Income and Expenditure – capital grants are adjusted for income 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 & 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.

Net Change for Pensions Adjustments – this column is the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income. For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs. For Financing & Investment Income & Expenditure the net interest on the defined benefit liability is charged to the CIES.

Other Differences – Other statutory adjustments between amounts debited/credited to the Comprehensive Income & Expenditure Statement and amounts payable/receivable to be recognised under statute. For taxation and non-specific grant income and expenditure the other differences column 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 bought forward in future surpluses or deficits in the collection fund. Other non-statutory adjustments for amounts debited or credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income & Expenditure Statement. For Other Operating Expenditure the other differences column recognises adjustments levies and internal recharges. For Financing & Investment Income & Expenditure the other differences column recognises adjustments for interest payable/receivable, levies, bad debt impairment allowances and internal recharges relating to Commercial Property Trading Account. For Taxation and Non-Specific Grant Income and Expenditure the other differences column recognises adjustments to service segments eg. for un-ring fenced government grants.

Note 3 – Segmental Income

Income received on a segmental basis is analysed below:

	2019-20 Income from Services £'000	**2018-19 Income from Services £'000**
Revenues from external customers	**(12,007)**	(10,908)
Other income	**(40,204)**	(41,950)
Total Income Analysed on a Segmental Basis	**(52,211)**	**(52,858)**

Note 4 – Expenditure & Income Analysed by Nature

The Council's expenditure & income is analysed as follows:

	2019-20 £'000	**2018-19 £'000**
Employee Benefit Expenses	**11,922**	11,271
Other Service Expenses	**20,752**	18,938
Housing Benefit	**25,850**	29,668
Depreciation, Amortisation & Impairment	**3,170**	521
Precepts & Levies	**4,091**	3,870
Pensions Interest Cost	**2,995**	3,022
Non-Domestic Rates (Tariff, levy)	**8,510**	9,865
Total Expenditure	**77,290**	**77,155**
Fees, Charges & Other Service Income	**(16,917)**	(15,668)
Housing Benefit	**(25,488)**	(29,735)
Interest & Investment Income	**(849)**	(847)
Pensions Return on Assets	**(1,750)**	(1,881)
Income from Council Tax & Non-Domestic Rates	**(23,899)**	(22,686)
Government Grants & Contributions	**(6,573)**	(7,544)
Total Income	**(75,476)**	**(78,361)**
	1,814	**(1,206)**

Note 5 – Movement in Reserves Statement - Adjustments between Accounting Basis & Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future revenue and capital expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance – This is the statutory fund into which all the receipts and liabilities of the Council are required to be paid or met, except to the extent that statutory rules may provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact the General Fund balance, which is not necessarily in accordance with proper accounting practice.

Capital Receipts Reserve – This holds the proceeds from the disposal of assets, which are restricted by statute from being used other than to fund new capital expenditure.

Capital Grants Un-applied – This holds grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies which have yet to be applied to meet expenditure.

	General Fund & Earmarked Reserves Balance	Capital Receipts Reserve	Capital Grants Unapplied	General Fund & Earmarked Reserves Balance	Capital Receipts Reserve	Capital Grants Unapplied
		2019-20			2018-19	
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transferred to/from the pensions reserve)	**2,443**	**-**	**-**	2,443	-	-
Council Tax and NNDR (transfers to/from the Collection fund Acc.)	**(702)**	**-**	**-**	1,667	-	-
Holiday Pay (transferred to/from the Accumulated Absences Acc.)	**124**	**-**	**-**	(67)	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital revaluation (gains)/losses on PPE & movements in the value of Investment Properties	**(694)**	**-**	**-**	(2,453)	-	-
Revenue expenditure funded from capital under statute	**2,734**	**-**	**-**	1,673	-	-
Depreciation & Amortisation	**1,117**	**-**	**-**	1,301	-	-
Capital grants & contributions	**(2,516)**	**-**	**-**	(1,771)	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	**(673)**	**-**	**-**	(953)	-	-
Total Adjustments to Revenue Resources	**1,833**	**-**	**-**	**1,840**	**-**	**-**
Adjustments between Capital and Revenue Resources						
Capital expenditure financed from revenue balances	**(1,130)**	**-**	**-**	(2,227)	-	-
Total Adjustments between Capital and Revenue Resources	**(1,130)**	**-**	**-**	**(2,227)**	**-**	**-**
Adjustments to Capital Resources						
Use of capital receipts reserve to finance capital expenditure	**-**	**(1)**	**-**	-	(24)	-
Allocation of capital grants to finance capital expenditure	**133**	**-**	**(133)**	41	-	(41)
Cash payments in relation to deferred capital receipts	**(78)**	**-**	**-**	(110)	-	-
Total Adjustments to Capital Resources	**55**	**(1)**	**(133)**	**(69)**	**(24)**	**(41)**
Total Adjustments	**758**	**(1)**	**(133)**	**(456)**	**(24)**	**(41)**

Note 6 – Movement in Reserves Statement – Transfers (to)/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and amounts posted back from earmarked reserves to meet General Fund expenditure. Note 17 provides details on the movements in the capital receipts reserve and capital grants un-applied.

	01.04.2018 £'000	Receipts 2018-19 £'000	Payments 2018-19 £'000	Transfers 2018-19 £'000	31.03.2019 £'000	Receipts 2019-20 £'000	Payments 2019-20 £'000	Transfers 2019-20 £'000	31.03.2020 £'000
General Fund	(2,669)	-	169	-	(2,500)	(1)	-	-	(2,501)
Earmarked Reserves:									
PFI	(35)	(48)	48	-	(35)	-	-	35	-
Commercial Property	(476)	(85)	68	9	(484)	(91)	82	-	(493)
Insurance	(43)	(5)	7	-	(41)	(5)	1	-	(45)
Match Funding	(496)	-	150	4	(342)	(1)	39	(5)	(309)
Organisational Developments	(2,546)	(590)	1,270	(150)	(2,016)	(440)	1,007	(141)	(1,590)
Waste and Recycling	(100)	-	-	-	(100)	-	50	-	(50)
Revenue Grants Rec'd in Advance	(1,595)	(585)	402	12	(1,766)	(512)	966	172	(1,140)
LABGI	(17)	-	-	-	(17)	-	-	17	-
John Room House Major Repairs	(45)	(7)	28	-	(24)	(8)	1	-	(31)
LDF Reserve	(56)	-	-	-	(56)	-	29	(28)	(55)
Council Tax & Business Rates	(1,761)	(990)	-	-	(2,751)	(614)	1,164	-	(2,201)
Communities	(1,498)	(1,786)	186	125	(2,973)	-	960	1,619	(394)
Growth & Investment Reserve	(6,166)	(1,659)	2,677	-	(5,148)	(1,242)	703	-	(5,687)
Inclusive Growth	-	-	-	-	-	(1,551)	519	(1,669)	(2,701)
Total Earmarked Reserves	**(14,834)**	**(5,755)**	**4,836**	**-**	**(15,753)**	**(4,464)**	**5,521**	**-**	**(14,696)**

PFI – Used to finance costs for the leisure PFI project (the remaining allocated balance has been moved to the Organisational Developments reserve).

Commercial Property – This reserve represents the balance from tenants for major repairs such as roof & asphalt.

Insurance – To cover for items not specifically insured and to cover higher excesses for low area claims. Reserve levels maintained to reflect claims history.

Match Funding – Established to provide funds for projects brought to the Council with requests for match funding.

Organisational Developments – This reserve is used to fund the progression of one-off projects within the services or invest to save items.

Waste and Recycling – This reserve was set up to smooth the effects of changes in current contract prices for the waste and recycling function.

Revenue Grants Received in advance – This reserve was set up to earmark grants where conditions have been satisfied, but the grant will not be spent until a later financial year.

LABGI Reserve – The Local Authority Business Growth Incentive (LABGI) Scheme was introduced in 2005-2006. Grants received from Central Government are used to fund schemes that encourage business growth and development throughout the district (the remaining allocated balance has been moved to the LDF reserve).

John Room House Hostel Major Repairs Reserve – This reserve was set up to smooth the effect of cyclical major repairs carried out at the Hostel.

LDF Reserve – This reserve is for spend relating to the Local Delivery Framework (LDF).

Council Tax & Business Rates Reserve – This reserve was set up to manage the timings of cost pressures and un-foreseen reductions in NDR income resulting from the Government changes from localisation of Council Tax support and the retention of Business Rates.

Communities Reserve – This reserve was set up to fund community based projects such as Breckland Pride (see Inclusive Growth reserve below).

Growth and Investment Reserve – This reserve holds funds earmarked for investment in assets which generate an ongoing revenue return or investment in projects which deliver economic or housing growth in the area.

Inclusive Growth Reserve – This reserve was set up to fund inclusive growth projects and balances relating to inclusive growth projects have been transferred from the communities reserve.

Note 7 – Pensions

As part of the terms and conditions of employment of its staff, Breckland offers retirement benefits through the Norfolk Pension Fund. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that the employees earn their future entitlement. The Council participates in the Norfolk Pension Fund, administered by Norfolk County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. This note includes the estimated financial effects of the McCloud Ruling and the Guaranteed Minimum Pension (GMP).

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by the employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	**2019-20 £'000**	**2018-19 £'000**
Cost of services		
Service cost comprising:		
Current service cost	**3,558**	2,908
Past service costs	**13**	566
Financing and Investment Income and Expenditure		
Net interest expense	**1,245**	1,141
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**4,816**	4,615
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	**5,840**	(1,954)
Actuarial (gains) and losses arising on changes in demographic assumptions	**(3,175)**	-
Actuarial (gains) and losses arising on changes in financial assumptions	**(9,692)**	8,980
Other (gains) and losses	**(1,719)**	99
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	**(8,746)**	7,125
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	**(2,443)**	(2,443)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	**2,373**	2,172

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2019-20	**2018-19**
	£'000	**£'000**
Present value of the defined benefit obligation	**(113,107)**	(124,359)
Fair value of plan assets	**68,233**	73,182
Net liability arising from defined benefit obligation	**(44,874)**	**(51,177)**

Reconciliation of the Movements in the Fair Value of the Scheme Assets

	2019-20	**2018-19**
	£'000	**£'000**
Opening fair value of scheme assets	**73,182**	70,111
Interest income	**1,750**	1,881
Remeasurement gain/(loss)		
The return on plan assets (excluding amount included in the net interest expense)	**(5,840)**	1,954
Contributions from employer	**2,373**	2,172
Contributions from employees into the scheme	**563**	532
Benefits paid	**(3,795)**	(3,468)
Closing fair value of scheme assets	**68,233**	**73,182**

Reconciliation of Present Value of the Scheme Liabilities

	2019-20	**2018-19**
	£'000	**£'000**
1st April	**(124,359)**	(111,720)
Current service cost	**(3,558)**	(2,908)
Interest cost	**(2,995)**	(3,022)
Contributions from scheme participants	**(563)**	(532)
Remeasurement gain/(loss)		
Actuarial gains/(losses) arising from changes in demographic assumptions	**3,175**	-
Actuarial gains/(losses) arising from changes in financial assumptions	**9,692**	(8,980)
Other gains/(losses)	**1,719**	(99)
Past service cost	**(13)**	(566)
Benefits paid	**3,795**	3,468
31st March	**(113,107)**	**(124,359)**

Local Government Pension Scheme Assets Comprised:	**2019-20 Quoted prices in active markets £'000**	**2019-20 Quoted prices not in active markets £'000**	**2019-20 Total £'000**	**2019-20 % of Total Assets %**	**2018-19 Quoted prices in active markets £'000**	**2018-19 Quoted prices not in active markets £'000**	**2018-19 Total £'000**	**2018-19 % of Total Assets %**
Cash and cash equivalents	**-**	**1,805**	**1,805**	**3**	-	1,827	1,827	2
Equity securities:								
Consumer	**2,528**	**-**	**2,528**	**3**	4,536	-	4,536	6
Manufacturing	**2,005**	**-**	**2,005**	**3**	3,748	-	3,748	5
Energy and utilities	**611**	**-**	**611**	**1**	1,638	-	1,638	2
Financial institutions	**1,714**	**-**	**1,714**	**3**	3,968	-	3,968	6
Health and care	**1,584**	**-**	**1,584**	**2**	1,761	-	1,761	2
Information technology	**2,106**	**-**	**2,106**	**3**	3,581	-	3,581	5
Other	**1**	**-**	**1**	**-**	2	-	2	-
Sub total Equity Securities	**10,549**	**-**	**10,549**	**15**	19,234	-	19,234	26
Debt Securities:								
UK Government	**793**	**-**	**793**	**1**	839	-	839	1
Sub total Debt Securities	**793**	**-**	**793**	**1**	839	-	839	1
Real Estate:								
UK Property	**-**	**5,871**	**5,871**	**9**	-	7,244	7,244	10
Overseas Property	**-**	**1,344**	**1,344**	**2**	-	1,398	1,398	2
Sub total Real Estate	**-**	**7,215**	**7,215**	**11**	-	8,642	8,642	12
Private Equity:								
All Private Equity	**-**	**4,106**	**4,106**	**6**	-	4,518	4,518	6
Other investment funds and unit trusts:								
Equities	**19,721**	**-**	**19,721**	**29**	12,593	-	12,593	17
Bonds	**22,233**	**-**	**22,233**	**32**	25,340	-	25,340	36
Infrastructure	**-**	**1,906**	**1,906**	**3**				
Sub total investment funds & unit trusts	**41,954**	**1,906**	**43,860**	**64**	37,933	-	37,933	53
Derivatives:								
All Derivatives	**-**	**(95)**	**(95)**	**-**	189	-	189	-
Total Assets	**53,296**	**14,937**	**68,233**	**100**	**58,195**	**14,987**	**73,182**	**100**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Norfolk Pension fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Norfolk Pension Fund being based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary have been:	**2019-20**	**2018-19**
Mortality assumptions:		
Longevity at 65 for current pensioners - men	**21.7 years**	22.1 years
Longevity at 65 for current pensioners - women	**23.9 years**	24.4 years
Longevity at 65 for future pensioners - men	**22.8 years**	24.1 years
Longevity at 65 for future pensioners - women	**25.5 years**	26.4 years
Retail Price Inflation (RPI)	**2.8%**	3.4%
Rate of increase in salaries	**2.6%**	2.8%
Rate of increase in pensions	**1.9%**	2.5%
Rate for discounting scheme liabilities	**2.3%**	2.4%

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have 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, ie. on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	**Approximate % increase to employer liability %**	**Approximate monetary amount £'000**
0.5% decrease in Real Discount Rate	9	10,553
1 year increase in member life expectancy	3 to 5	Varies
0.5% increase in the Salary Increase Rate	1	1,029
0.5% increase in the Pension Increase Rate	8	9,433

Impact on the Council's Cash Flows. The contributions paid by the employer are set by the fund Actuary at each triennial valuation (the most recent being 31 March 2019). The next triennial valuation is due to be completed on 31 March 2022. The Council anticipates to pay £2,704k expected contributions to the scheme in 2020-21. The weighted average duration of the defined benefit obligation for scheme members is 16.3 years 2019-20 (17.1 years 2018-19).

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

Note 8 – Property, Plant and Equipment (PPE)

Cost or Valuation	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Constr-uction/ WIP £'000	Total PPE £'000	PFI Assets Included in PPE £'000
At 1 April 2019	**26,704**	**3,033**	**1,110**	**224**	**8,105**	**113**	**39,289**	**14,594**
Additions	375	381	-	-	258	11	1,025	138
Donations	-	111	267	-	89	-	467	-
Revaluation increases/(decreases) recognised in Revaluation Reserve	920	-	-	5	252	-	1,177	757
Revaluation increases/(decreases) recognised in Surplus/Deficit on the Provision of Services	(33)	-	-	1	49	-	17	112
Derecognition – Disposals	-	(7)	-	-	(51)	-	(58)	-
Assets reclassified (to)/from Assets Held for Sale	-	-	-	-	(51)	-	(51)	-
Additions – Transferred from WIP	-	36	-	-	-	(113)	(77)	-
At 31 March 2020	**27,966**	**3,554**	**1,377**	**230**	**8,651**	**11**	**41,789**	**15,601**
Accumulated Depreciation								
At 1 April 2019	(153)	(2,472)	(5)	-	(31)	-	(2,661)	-
Depreciation charge 2019-20	(726)	(266)	(2)	-	(72)	-	(1,066)	(446)
Depreciation Written out to Revaluation Reserve	640	-	-	-	41	-	681	380
Depreciation Written out to the Surplus/Deficit on Provision of Services	138	-	-	-	-	-	138	66
Derecognition – Disposals	-	7	-	-	-	-	7	-
At 31 March 2020	(101)	(2,731)	(7)	-	(62)	-	(2,901)	-
Net Book Value at 31 March 2019	26,551	561	1,105	224	8,074	113	36,628	14,594
Net Book Value at 31 March 2020	**27,865**	**823**	**1,370**	**230**	**8,589**	**11**	**38,888**	**15,601**

Cost or Valuation	**Other Land and Buildings £'000**	**Vehicles, Plant, Furniture & Equipment £'000**	**Infra-structure Assets £'000**	**Community Assets £'000**	**Surplus Assets £'000**	**Assets Under Constr-uction/ WIP £'000**	**Total PPE £'000**	**PFI Assets Included in PPE £'000**
At 1 April 2018	**26,243**	**3,232**	**1,110**	**328**	**6,732**	**216**	**37,861**	**14,671**
Additions	786	217	-	-	58	113	1,174	722
Donations	-	-	-	-	170	-	170	-
Revaluation increases/(decreases) recognised in Revaluation Reserve	(225)	-	-	3	1,299	-	1,077	(389)
Revaluation increases/(decreases) recognised in Surplus/Deficit on the Provision of Services	(317)	-	-	(107)	268	-	(156)	(333)
Impairment losses/(reversals) recognised in Surplus/Deficit on the Provision of Services	1	-	-	-	-	-	1	-
Derecognition – Disposals	-	(416)	-	-	-	-	(416)	-
Assets reclassified (to)/from Investment assets	-	-	-	-	(50)	-	(50)	-
Assets reclassified (to)/from Assets Held for Sale	-	-	-	-	(372)	-	(372)	-
Additions – Transferred from WIP	216	-	-	-	-	(216)	-	(77)
At 31 March 2019	**26,704**	**3,033**	**1,110**	**224**	**8,105**	**113**	**39,289**	**14,594**
Accumulated Depreciation								
At 1 April 2018	(198)	(2,545)	(4)	-	(10)	-	(2,757)	-
Depreciation charge 2018-19	(697)	(343)	(1)	-	(38)	-	(1,079)	(431)
Depreciation Written out to Revaluation Reserve	656	-	-	-	17	-	673	370
Depreciation Written out to the Surplus/Deficit on Provision of Services	86	-	-	-	-	-	86	61
Derecognition – Disposals	-	416	-	-	-	-	416	-
At 31 March 2019	(153)	(2,472)	(5)	-	(31)	-	(2,661)	-
Net Book Value at 31 March 2018	26,045	687	1,106	328	6,722	216	35,104	14,671
Net Book Value at 31 March 2019	**26,551**	**561**	**1,105**	**224**	**8,074**	**113**	**36,628**	**14,594**

Depreciation

The useful lives and depreciation rates used in the calculation of depreciation are detailed in the accounting policies at note 1.

Revaluations
The asset values shown for 2019-20 are as at 31 March 2020 to reflect material changes during the year within the asset. Asset values in previous years are shown as at 1st April 2019, 2018 and 2017. The Council has introduced a rolling programme of revaluations and assets are subject to a five-year review as a minimum. The valuations were undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes ('The Red Book') prepared by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors and in accordance with the recommendations made by the Chartered Institute of Public Finance and Accountancy. The bases for the valuation for each category of non-current assets are set out in the Statement of Accounting Policies at note 1.

The valuations were prepared by the District Valuer [ARICS], Valuation Office, Rosebery Court, Central Avenue, St Andrew's Business Park, Norwich NR7 0HS.

	Other Land & Buildings	**Vehicles, Plant, Furniture & Equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Works in Progress**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Carried at Historical Cost	-	3,554	1,377	-	-	11	4,942
Valued at fair value in:							
2019-2020	24,013	-	-	230	3,315	-	27,558
2018-2019	3,953	-	-	-	177	-	4,130
2017-2018	-	-	-	-	2,448	-	2,448
2016-2017	-	-	-	-	2,711	-	2,711
Total	**27,966**	**3,554**	**1,377**	**230**	**8,651**	**11**	**41,789**

Capital Commitments
At 31 March 2020, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2020-21 and future years. The major commitments are:

	Expenditure Approved & Contracted	**Expenditure Approved but not Contracted**
	£'000	**£'000**
At 31 March 2020	**5,073**	**5,036**
At 31 March 2019	189	416

There have been no major changes in estimates during 2019-20.

Fair Value Hierarchy
Details of the Council's surplus assets and information about the fair value hierarchy are as follows:

2019-20	**Quoted Prices in active markets for identical assets (level 1) £'000**	**Other significant observable inputs (level 2) £'000**	**Significant un-observable inputs (level 3) £'000**	**Fair Value as at 31.03.2020 £'000**
Recurring Fair Value Measurements				
Land	-	6,306	-	6,306
Property	-	1,868	-	1,868
Shared Equity Housing	-	415	-	415
Total	**-**	**8,589**	**-**	**8,589**

There were no transfers between levels 1 and 2 during 2019-20.

2018-19	**Quoted Prices in active markets for identical assets (level 1) £'000**	**Other significant observable inputs (level 2) £'000**	**Significant un-observable inputs (level 3) £'000**	**Fair Value as at 31.03.2019 £'000**
Recurring Fair Value Measurements				
Land	-	5,918	-	5,918
Property	-	1,694	-	1,694
Shared Equity Housing	-	462	-	462
Total	**-**	**8,074**	**-**	**8,074**

There were no transfers between levels 1 and 2 during 2018-19.

Valuation Techniques Used to Determine Fair Values for Surplus Assets
Significant Observable Inputs – level 2
The valuation technique applied was the *market approach*. This uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. The inputs to this technique are inputs that are observable for the asset either directly or indirectly. The inputs took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

There has been no change in the valuation techniques used during the year for surplus assets.

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

Valuation Process for surplus Assets
The fair value of the Council's surplus assets is measured on a cyclical basis (at least once every five years). All valuations are carried out by the District Valuer (DV) in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Finance officers work closely with the DV regarding all valuation matters.

Note 9 – Investment Property

The following items of income and expense have been accounted for in the Surplus/Deficit on trading undertakings not included in Cost of Services line in the Comprehensive Income and Expenditure Statement:

	2019-20 £'000	2018-19 £'000
Rental income from investment property	**(2,777)**	(2,516)
Operating expenses from investment property	**314**	(1,656)
Adjustment for spend funded from reserves	**(116)**	(118)
Adjustment for finance lease income	**(270)**	(270)
Adjustment for service charges to reserve	**64**	59
Net gains/losses from Fair Value adjustments	**539**	2,522
Total	**(2,246)**	**(1,979)**

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.

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

		2019-20 £'000	2018-19 £'000
Balance at 1 April		**31,149**	26,393
Additions:-	Purchases	**85**	2,137
	Subsequent Expenditure	**240**	47
Disposals		**-**	-
Net gains/(losses) from fair value adjustments		**539**	2,522
Transfers(to)/from Property Plant & Equipment		**-**	50
Balance at 31 March		**32,013**	**31,149**

Fair Value Hierarchy
Details of the Council's investment property and information about the fair value hierarchy are as follows:

2019-20	**Quoted Prices in active markets for identical assets (level 1) £'000**	**Other significant observable inputs (level 2) £'000**	**Significant un-observable inputs (level 3) £'000**	**Fair Value as at 31.03.2020 £'000**
Recurring Fair Value Measurements				
Industrial Property	-	23,407	-	23,407
Land lease	-	1,683	-	1,683
Retail Units	-	6,563	-	6,563
Other	-	360	-	360
Total	**-**	**32,013**	**-**	**32,013**

There were no transfers between levels 1 and 2 during 2019-20.

2018-19	**Quoted Prices in active markets for identical assets (level 1) £'000**	**Other significant observable inputs (level 2) £'000**	**Significant un-observable inputs (level 3) £'000**	**Fair Value as at 31.03.2019 £'000**
Recurring Fair Value Measurements				
Industrial Property	-	22,648	-	22,648
Land lease	-	1,606	-	1,606
Retail Units	-	6,595	-	6,595
Other	-	300	-	300
Total	**-**	**31,149**	**-**	**31,149**

There were no transfers between levels 1 and 2 during 2018-19.

Valuation Techniques Used to Determine Fair Values for Investment Property
Significant Observable Inputs – level 2
The valuation technique applied was the *market approach*. This uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. The inputs to this technique are inputs that are observable for the asset either directly or indirectly. The inputs took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

Highest and Best Use of Investment Property
In estimating the fair value of the Council's investment property, the highest and best use of the assets is their current use.

Valuation Process for Investment Property
The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by the District Valuer (DV) in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Finance officers work closely with the DV regarding all valuation matters.

Note 10 – Long Term Debtors

Amounts falling due in more than one year

	31.03.2020 £'000	31.03.2019 £'000
Housing Benefits Overpayments	**1,071**	1,161
Loans to other organisations	**499**	444
Long term sundry debtors	**207**	219
PFI Capital Lifecycle Prepayment	**1,078**	860
Finance leases	**9,786**	9,803
Officers assisted car purchase	**25**	32
Total	**12,666**	**12,519**

Note 11 – Short Term Investments

These are surplus funds invested in approved investment instruments that mature within the coming twelve months.

Investment Institution	2019-20 Amount Invested £'000	Rate	2018-19 Amount Invested £'000	Rate
Short term element of Icelandic investments	**-**	-	10	Various
Lloyds	**5,036**	1.10-1.25%	5,031	1.00-1.05%
Standard Charter	**1,004**	0.82%	1,002	1.03%
Sumitomo	**-**	-	3,010	0.83-0.96%
Coventry	**-**	-	2,008	0.82%
National Westminster Bank	**1,003**	0.90%	5,020	1.04-1.13%
National Bank Canada	**-**	-	2,006	0.90%
UBS AG Switzerland	**1,004**	0.91%	-	-
Redcarr & Cleveland Council	**2,005**	0.90%	-	-
Broxtowe Council	**2,003**	0.93-0.95%	-	-
Slough Council	**1,001**	1.03%	-	-
DMADF	**1,000**	0.04%	-	-
Thurrock Council	**3,008**	0.95-1.05%	2,002	1.01%
Goldman Sachs	**3,011**	0.93-1.01%	-	-
Total	**20,075**		**20,089**	

Note 12 – Short Term Debtors

Amounts falling due in one year

	31.03.2020 £'000	31.03.2019 £'000
Council Tax & NNDR (incl preceptors)	**3,281**	2,766
DWP Subsidy	**464**	-
Trade Debtors	**1,805**	1,322
Loans to other companies	**763**	-
Other	**3,285**	2,899
Total	**9,598**	**6,987**

Elements of the 'other' figure of £3,285k are included within the Financial Instruments note (excluding prepayments and finance leases).

Note 13 – Cash and Cash Equivalents

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

	31.03.2020 £'000	31.03.2019 £'000
Bank current accounts	**1,211**	1,320
Short term deposits	**3,752**	3,290
Total Cash and Cash Equivalents	**4,963**	**4,610**

Note 14 – Short Term Creditors

Amounts falling due in one year

	31.03.2020 £'000	31.03.2019 £'000
Rent deposits	**(854)**	(768)
Council Tax & NNDR (incl preceptors)	**(3,171)**	(1,907)
Sundry Creditors (incl purchase orders)	**(1,779)**	(1,508)
DWP Subsidy	**-**	(895)
Gov't Covid-19 Business Grant Funding	**(2,490)**	-
Other	**(2,874)**	(2,562)
Total	**(11,168)**	**(7,640)**

Elements of the 'other' figure of £2,874k are included within the Financial Instruments note within trade creditors (excluding prepayments and accumulated absences) and the PFI note within the PFI liability.

Note 15 – Provisions

	Outstanding Legal Cases £'000	Compensation Claims £'000	Other £'000	NNDR £'000	Total £'000
Balance at 31 March 2019	**(45)**	**(77)**	**(47)**	**(1,877)**	**(2,046)**
Additional provisions made in 2019-20	(32)	-	-	(209)	(241)
Amounts used in 2019-20	45	25	47	108	225
Unused amounts reversed in 2019-20	-	52	-	-	52
Balance at 31 March 2020	**(32)**	**-**	**-**	**(1,978)**	**(2,010)**

Outstanding legal cases – In 2019-20 costs for planning cases have totalled £45k. A new provision has been made for £32k which will be used on planning court cases in 2020-21.

Compensation claims – the provision for compensatable interests was finalised in 2019-20 totalling £25k, with the unused provision of £52k returned to service.

Other – Redundancy costs from a service review in 2017-18 were realised totalling £21k. a payment has been made to HMRC for £26k for penalties in respect of Tax and National Insurance in relation to mileage claims by shared managers from their permanent place of work.

NNDR – The Council's share of provisions relating to NNDR appeals against the Rateable Value set by the Valuation Office totals £1,978k for claims outstanding and expected as at 31 March 2020.

Note 16 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019-20:

	2019-20 £'000	2018-19 £'000
Credited to Taxation and Non Specific Grant Income		
New Homes Bonus	**(2,255)**	(2,396)
NNDR Section 31 Grants	**(2,209)**	(1,796)
Other	**(13)**	-
Rural Services Delivery Grant	**-**	(472)
Total	**(4,477)**	**(4,664)**
	2019-20 £'000	**2018-19 £'000**
Credited to Services:		
Ministry for Housing, Communities & Local Gov't	**(1,038)**	(1,288)
Homes England	**(367)**	-
Cabinet Office	**(443)**	(16)
Department for Works & Pensions (DWP)	**(25,389)**	(29,806)
Arts Council	**(46)**	(46)
Norfolk County Council	**(1,203)**	(1,406)
S106 Agreements	**(491)**	(118)
Local Enterprise Partnership	**(9)**	(165)
Norfolk Business Rates Pool	**(70)**	(100)
Other Grants	**(27)**	(26)
Total	**(29,083)**	**(32,971)**
Capital Grants Receipts in Advance		
S106 Agreements	**(501)**	(296)
Total	**(501)**	**(296)**

The following table details the movements in the Capital Grants Receipts in Advance held on the Balance Sheet. These are grants and contributions that have yet to be recognised as income as they have conditions attached to them.

	2019-20 £'000	2018-19 £'000
Balance at 1 April	(1,377)	(1,239)
Receipts	(501)	(297)
Payments	405	149
Transfers	-	10
Balance at 31 March	**(1,473)**	**(1,377)**

The table below details the grants and contributions that make up the balance as at 31 March.

	2019-20 £'000	2018-19 £'000
Open Spaces	(669)	(646)
Commuted Sums	(183)	(120)
Affordable Housing	(573)	(576)
Healthcare	(35)	(35)
Waste	(13)	-
Balance at 31 March	**(1,473)**	**(1,377)**

Note 17 – Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. Movements in the General Fund and the Earmarked Reserves are shown at note 6.

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. Any balance on this reserve shows the resources that have yet to be applied for these purposes at year end.

Capital Grants Un-applied
The capital grants un-applied account (reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Capital Grants Un-applied	**2019-20 £'000**	**2018-19 £'000**
Balance at 1 April	**(1,541)**	(1,582)
Receipts	**(100)**	(30)
Payments	**-**	63
Financing of capital programme	**233**	8
Balance at 31 March	**(1,408)**	**(1,541)**

Note 18 – Unusable Reserves

	31.03.2020 £'000	**31.03.2019 £'000**
Revaluation Reserve	**(14,577)**	(13,137)
Capital Adjustment Account	**(52,844)**	(51,349)
Deferred Capital Receipts Reserve	**(10,114)**	(9,910)
Pensions Reserve	**44,874**	51,177
Collection Fund Adjustment Account	**(225)**	477
Accumulated Absences Account	**215**	91
Total Unusable Reserves	**(32,671)**	**(22,651)**

Revaluation Reserve

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

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

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

	2019-20 £'000	2018-19 £'000
Balance at 1 April	**(13,137)**	(11,621)
Upward revaluation of assets	**(2,362)**	(2,641)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	**464**	826
Surplus/Deficit on revaluation of non-current assets not posted to the Surplus/Deficit on Provision of Services	**(1,898)**	(1,815)
Difference between fair value depreciation and historical cost depreciation	**338**	269
Accumulated gains on assets sold or scrapped	**120**	30
Amount written off to the Capital Adjustment Account	**(1,440)**	(1,516)
Balance at 31 March	**(14,577)**	**(13,137)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and 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, construction and enhancement.

The account contains the accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

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.

Note 5 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2019-20 £'000	2018-19 £'000
Balance at 1 April	**(51,349)**	(46,512)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and amortisation	**1,117**	1,301
Revaluation (gains)/losses on Property, plant and equipment	**(155)**	69
Changes in fair value of investment properties	**(539)**	(2,522)
Donated assets	**(467)**	(170)
Revenue expenditure funded from capital under statute	**2,734**	1,673
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	**337**	(16)
Adjusting amounts written out of the Revaluation Reserve	**(338)**	(269)
Net written out amount of the cost of non-current assets consumed in the year	**2,689**	66
Capital financing applied in the year:		
Use of the capital receipts reserve to finance new capital expenditure	**(405)**	(481)
Capital grants and contributions credited to the comprehensive Income and Expenditure Statement that have been applied to capital financing	**(2,183)**	(1,642)
Application of grants to capital financing from the Capital Grants Unapplied Account	**133**	41
Minimum Revenue Provision charge (PFI)	**(599)**	(594)
Capital expenditure charged against the General Fund	**(1,130)**	(2,227)
Balance at 31 March	**(52,844)**	**(51,349)**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts reserve holds the gains recognised on disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred.

	2019-20 £'000	2018-19 £'000
Balance at 1 April	**(9,910)**	(9,885)
Transfer of deferred sale proceeds upon receipt of cash	**11**	(25)
Transfer of deferred sale proceeds credited from CIES on disposal	**(215)**	-
Balance at 31 March	**(10,114)**	**(9,910)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2019-20 £'000	2018-19 £'000
Balance at 1 April	**51,177**	41,609
Actuarial (gains) or losses on pension assets and liabilities	**(8,746)**	7,125
Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	**4,816**	4,615
Employer's pension contributions and direct payments to pensioners payable in the year	**(2,373)**	(2,172)
Balance at 31 March	**44,874**	**51,177**

Collection Fund Adjustment Account

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

	2019-20 £'000	2018-19 £'000
Balance at 1 April	**477**	(1,190)
Amount by which council tax credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	**20**	91
Amount by which NNDR credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	**(722)**	1,576
Balance at 31 March	**(225)**	**477**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, i.e. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

Note 19 - Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

	2019-20 £'000	2018-19 £'000
Basic and special responsibility allowances	**434**	422
Expenses	**38**	35
Total	**472**	**457**

Note 20 – Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

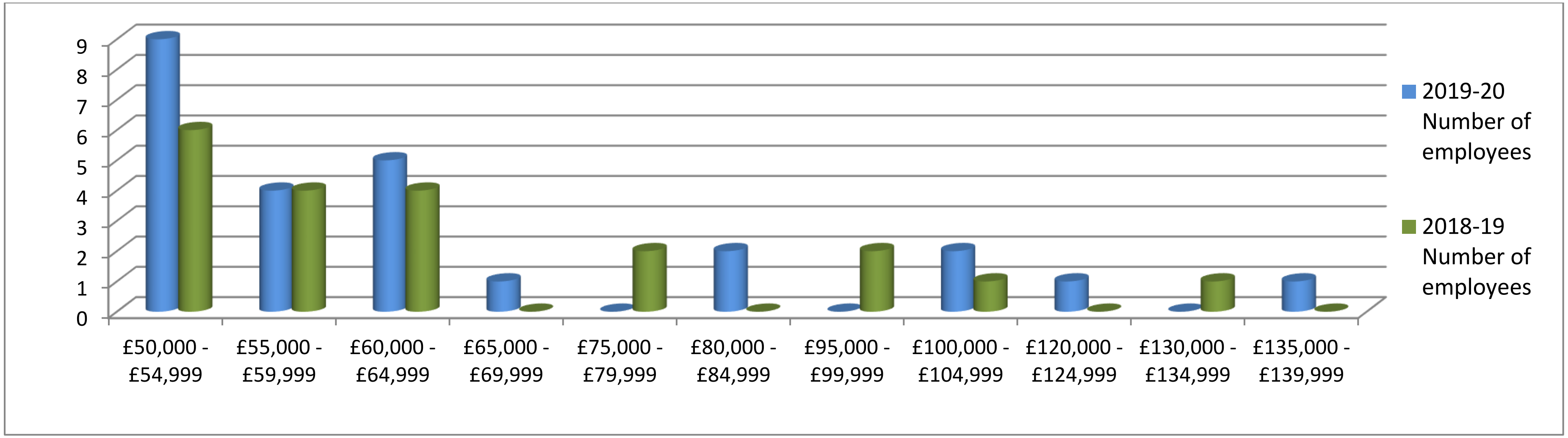
Title	2019-20 Salary (incl fees & allowances) £	2019-20 Expenses Allowances £	2019-20 Pension Contribution £	2019-20 Total £	2018-19 Salary (incl fees & allowances) £	2018-19 Expenses Allowances £	2018-19 Pension Contribution £	2018-19 Total £
Chief Executive – Anna Graves	**137,769**	**3,300**	**18,963**	**160,032**	134,192	3,300	18,407	**155,899**
Executive Director Strategy & Governance (Monitoring Officer)	**122,327**	**3,300**	**16,842**	**142,469**	101,872	3,300	13,828	**119,000**
Executive Director Commercialisation (S151 Officer)	**102,065**	**3,300**	**13,872**	**119,237**	97,435	3,300	13,157	**113,892**
Executive Director Place	**101,265**	**3,300**	**13,690**	**118,255**	95,846	3,300	13,157	**112,303**
Executive Manager Property & Development	**82,022**	**3,300**	**11,136**	**96,458**	65,973	2,777	9,095	**77,845**
Executive Manager Governance	**65,549**	**3,300**	**8,793**	**77,642**	62,345	3,300	8,348	**73,993**
Executive Manager Information	**63,431**	**3,300**	**8,621**	**75,352**	62,354	3,300	8,348	**74,002**
Executive Manager People & Information	**16,006**	**781**	**2,143**	**18,930**	-	-	-	**-**

The senior employees shown in the above table are all shared and provide services for both the Council and for South Holland District Council. These employees are formally employed by Breckland Council and South Holland Council is recharged 40% of their salary and other remuneration and expenses. The table above shows the full 100% costs of each senior employee and does not show the income contribution received from South Holland Council.

Other shared senior employees are formally employed by South Holland District Council and Breckland are recharged 60% of their costs. These employees are not shown in the above table but can be found in the South Holland District Council Statement of Accounts.

The Executive Manager People & Information commenced employment with the council on 6 January 2020.

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following:



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

2019-20 **Exit Package Cost Band (including special payments)**	**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 £**
£20,001 - £40,000	-	1	1	31,633
Total	**-**	**1**	**1**	**31,633**

2018-19 **Exit Package Cost Band (including special payments)**	**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 £**
£0 – £20,000	-	3	3	£32,330
Total	**-**	**3**	**3**	**£32,330**

Note 21 – External Audit Costs

The Council has incurred the following costs for services provided by the Council's external auditors (Ernst & Young).

	2019-20	2018-19
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	**35**	37
Fees payable for the certification of grant claims and returns for the year	**15**	17
Total	**50**	**54**

Note 22 – 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 some of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (i.e. Council tax bills, housing benefits, etc). Grants received from Government departments are set out in note 16. Grant receipts outstanding at the end of the year are included in note 12.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of Members Allowances is shown in note 19.
One Member is a director of Breckland Bridge Ltd. Information relating to Breckland Bridge is shown below.
There are a number of Members who represent Breckland Council on outside bodies.

Officers
One officer is the Company Secretary and another senior officer is a Director of ARP Trading Ltd. Further details on ARP Trading are given below.
One senior officer is a Director of Breckland Bridge Ltd. Further information on Breckland Bridge is given below.

Other Public Bodies
Transactions with the Norfolk Pension Fund are detailed in the Pensions note 7.

The Council shares a joint senior management team and other specific officers with South Holland District Council. The costs of this arrangement are shared between Breckland and South Holland Council in an agreed percentage split. During the year, Breckland Council paid South Holland Council £342k for shared South Holland employee and related costs and received £1,562k from South Holland Council for payment of shared Breckland employees and related costs (inclusive of VAT). At 31 March 2020 Breckland owed South Holland £70k and South Holland owed Breckland £342k (including amounts accrued but not invoiced at the end of the year and inclusive of VAT).

Precepts paid to other authorities from Council Tax collected and other authorities retained share of National Non-Domestic Rates are detailed in the Collection Fund note. The precept value paid to parish and town councils is included in the Breckland Council Tax figure in the collection fund note and was £4,017k in 2019-20 (£3,790k in 2018-19).

Entities Controlled or Significantly Influenced by the Council

Anglia Revenues Partnership (ARP) Trading Limited is a Joint Venture Company set up in 2006 with Forest Heath District Council to trade with authorities in revenues and benefits services. This arrangement is a legal entity which was conducted under joint control with 50:50 voting rights and financial share of 66:34 between Breckland Council and Forest Heath Council respectively. In January 2017 the shareholding of the Company changed and is now structured with an equal shareholding and voting rights between the five ARP Joint Committee partners; Breckland Council, East Cambridgeshire Council, East Suffolk Council, Fenland Council and West Suffolk Council. The company is not currently undertaking any trading activities and was made dormant in 2018-19.
Copies of ARP Trading Ltd's accounts may be obtained by contacting them at:

- Breckland House, St Nicholas Street, Thetford IP24 1BT

The Anglia Revenues Partnership Joint Committee was set up to deliver the Housing Benefit, Council Tax, and Business Rates services for Breckland Council and Forest Heath District Council. East Cambridgeshire District Council joined the partnership on 1 April 2007 and formally joined the Joint Committee in October 2010. St Edmundsbury Council joined the new Joint Committee on 1 April 2011. Waveney District Council, Fenland District Council and Suffolk Coastal joined the partnership on 1 April 2014. Effective from 1 April 2019 Forest Heath and St Edmundsbury joined to form West Suffolk Council and Waveney and Suffolk Coastal joined to form East Suffolk Council. The five authorities hold equal voting rights but shares in costs and surpluses arising from the arrangement are based on an agreed share as part of the Joint Committee agreement. This share is based on a combination of figures; liability orders, NNDR live properties, Housing Benefit claimants and Council Tax caseloads. These levels of work loads are reviewed annually on 1 August each year and updated for the budget set the following year to ensure the costs are based on the levels of work loads each year.

The Council's share of partnership transactions and balances are included within the relevant lines within the accounts.

The Council formed a Local Asset Backed Vehicle (LABV) company, Breckland Bridge, with the Land Group (Breckland) Ltd. Group accounts are prepared for this company and more information can be found in the Group Accounts section of these accounts.

Note 23 – Leases

Authority as Lessor
Operating Leases
The Council has granted a number of leases on commercial properties, land and community centres, which have been accounted for as operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are:

	31.03.2020 £'000	31.03.2019 £'000
Not later than one year	**2,206**	1,872
Later than one year and not later than five years	**5,399**	4,608
Later than five years	**4,458**	5,075
Total	**12,063**	**11,555**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The contingent rents are nil for the Council as rent reviews are carried out based on market values, not specified amounts.

Finance Leases
The Council has leased out property on a finance lease as follows:

- Barnham Broom Golf & Country Club to Barnham Broom Golf and Country Club with a remaining term of 37 years
- Riverside Hotel to Travelodge with a remaining term of 22 years
- Riverside Cinema to Light Cinemas with a remaining term of 22 years
- Merle Body Centre to Swaffham and District MHA with a remaining term of 22 years

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31.03.2020 £'000	31.03.2019 £'000
Finance lease debtor (net present value of minimum lease payments):		
Current	**113**	106
Non-current	**9,786**	9,804
Unearned finance income	**15,414**	16,158
Un guaranteed residual value of property	**(1,652)**	(1,652)
Gross investment in the lease	**23,661**	**24,416**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross investment in lease		Minimum Lease Payments	
	31.03.2020	**31.03.2019**	**31.03.2020**	**31.03.2019**
	£'000	**£'000**	**£'000**	**£'000**
Not later than one year	**755**	755	**755**	755
Later than one year and not later than five years	**3,020**	3,020	**3,020**	3,020
Later than five years	**19,886**	20,641	**19,886**	20,641
Total	**23,661**	**24,416**	**23,661**	**24,416**

The Council has not set aside any allowance for uncollectible amounts relating to these leases in 2019-20 (£nil in 2018-19).

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The contingent rents are nil for the Council as rent reviews are carried out based on market values, not specified amounts.

Note 24 – Private Finance Initiatives and Similar Contracts

In December 2005 The Council entered into a 33.5 year PFI contract for the provision of leisure management and facilities in Thetford and Dereham. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the centre at Dereham and to maintain the centres in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the centres. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council. The Council only has the right to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.
Property Plant and Equipment – The assets used to provide services at the leisure centres are recognised on the Council's Balance sheet. Movements in their fair value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in note 8.

Payments – The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet performance standards in any year but which is otherwise fixed. The unitary charge payable in 2019-20 totalled £2,295k (£2,316k in 2018-19). This was charged to the Comprehensive Income and Expenditure Statement as £1,136k service and asset maintenance charge (debited to the Place Directorate), £357k capital lifecycle costs (allocated to a prepayment account over the life of the contract to evenly spread the capital spend), £437k finance costs and £123k contingent rental costs (debited to interest payable) and £242k relating to the write down of obligations to the lessor.
The service charge amount in 2019-20 of £1,136k included a credit of £nil relating to performance deductions within the year (£0.3k in 2018-19)

There are provisions within this PFI arrangement which may affect the amount, timing and certainty of future cash flows, these are as follows:

- A benchmarking exercise is carried out every 5 years (next due in 2023). There is a risk that an increase/decrease in unitary charge could result from this exercise.
- The contract is subject to an annual inflationary increase and therefore higher than anticipated inflation levels would lead to higher payment levels. If this occurs in the early years of the contract there is a compounding effect on the later contract years.
- PFI credits are received from the Department for Digital Culture, Media & Sport (DCMS), a failure to provide the DCMS with their required information could result in a loss of these credits to the Council.

Payments remaining to be made under the PFI contract at 31 March 2020. These payments are shown as cash based prices and include an estimate for average inflation over the remaining life of the contract of 1.57% per year.

	Principal repayment £'000	**Finance costs £'000**	**Service charges £'000**	**Capital prepayment £'000**	**Total £'000**
Amounts payable in 1 year	255	554	1,199	379	2,387
Amounts payable 2 – 5 years	1,166	2,140	4,940	1,567	9,813
Amounts payable 6 – 10 years	1,849	2,451	6,512	2,077	12,889
Amounts payable 11–15 years	2,404	2,095	6,916	2,220	13,635
Amounts payable 16 – 20 years	2,361	1,288	5,693	1,902	11,244
Total	**8,035**	**8,528**	**25,260**	**8,145**	**49,968**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding is as follows:

	2019-20 £'000	**2018-19 £'000**
Balance outstanding at 1 April	**8,277**	8,507
Interest charge for the year	**437**	450
Principal repayment during the year	**(242)**	(230)
Interest repayment during the year	**(437)**	(450)
Balance outstanding at 31 March	**8,035**	**8,277**

Amounts payable in 1 year is £255k and amounts payable after 1 year is £7,780k.

Reconciliation of liabilities arising from financing activities:

	01.04.2018 £'000	Financing cash flows £'000	Other non cash changes £'000	31.03.2019 £'000	Financing cash flows £'000	Other non cash changes £'000	31.03.2020 £'000
On balance sheet PFI liabilities	8,507	(680)	450	8,277	(679)	437	8,035
Total liabilities from financing activities	**8,507**	**(680)**	**450**	**8,277**	**(679)**	**437**	**8,035**

Note 25 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note. The Council's CFR is currently negative (when the PFI scheme is taken into account) which means there is no current requirement to borrow.

	2019-20 £'000	2018-19 £'000
Opening Capital Financing Requirement	**4,863**	5,657
Capital Investment:		
Non-current assets additions and subsequent expenditure	**1,304**	3,358
Capital Loans	**529**	(591)
Revenue expenditure funded from capital under statute	**2,746**	1,673
Icelandic impairment reversal	**(12)**	-
Other	**1**	2
Sources of Finance:		
Capital receipts	**(405)**	(456)
Government grants and other contributions	**(2,050)**	(1,601)
PFI capital prepayment	**(139)**	(722)
Direct revenue contributions	**(1,130)**	(2,227)
Minimum Revenue Provision (MRP)	**(242)**	(230)
Closing Capital financing Requirement	**5,465**	**4,863**
Explanation of movements in year		
Increase in underlying need to borrow (unsupported by Government financial assistance)	**602**	(794)
Increase/(decrease) in Capital Financing Requirement	**602**	**(794)**

Note 26 – Financial Instruments

Financial Instruments
The following categories of financial instruments are carried in the Balance Sheet:

	Non-Current		Current		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets						
Investments held at amortised cost	**-**	27	**24,682**	24,147	**24,682**	24,174
Debtors held at contract amounts	**731**	695	**5,039**	3,703	**5,770**	4,398
Total Financial Assets	**731**	**722**	**29,721**	**27,850**	**30,452**	**28,572**
Financial Liabilities						
Creditors held at contract amounts	**-**	-	**(4,138)**	(3,951)	(4,138)	(3,951)
Total Financial Liabilities	**-**	**-**	**(4,138)**	**(3,951)**	**(4,138)**	**(3,951)**

Details on the PFI scheme outstanding amounts payable in 1 year and after 1 year are detailed in the PFI Note 24. Details on finance leases are detailed in the leases note 23.

Financial Instruments Income, Expense, Gains and Losses
Interest paid relating to the PFI scheme is charged to the Comprehensive Income and Expenditure Statement, details relating to this scheme and the payments made during the year can be found at Note 24. Interest payable and receivable is detailed in the Comprehensive Income & Expenditure Statement.

Fair Value of Assets and Liabilities
Financial liabilities and financial assets are carried in the Balance sheet at amortised cost. As at 31 March 2020, the fair values of the items in the table above are equal to the carrying amount shown in the table. Investments held with Icelandic institutions are included within the carrying amount of investments in the table above. Details of the PFI scheme are shown in the PFI Note 24. Details on finance leases are detailed in the leases note 23.

Nature and extent of risk arising from Financial Instruments

Key Risks
The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk
The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and complies with the CIPFA Prudential Code and has set Treasury Management indictors and Prudential indicators to control key financial instrument risks.

The Council sets an annual Treasury Management Strategy & Policy and Investment Strategy which was recommended to Full Council for approval by the Governance and Audit Committee on 15 February 2019 (approved by Full Council 14 March 2019 – ref: 13/19) and is available to view on the Councils website. The Treasury Management Policy includes principles for risk management as well as Treasury Management Practices (TMP's) which cover specific areas including risks.

Credit risk
Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.
This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- The Council applies the creditworthiness service provided by Link Asset Services (our Treasury Management advisors). This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies (Fitch, Moody's and Standard & Poors). In keeping with the rating agencies new methodologies, the rating element of the Link credit assessment process now focusses solely on the short and long term ratings of an institution. The credit ratings of counterparties are supplemented with over lays from credit watches and credit outlooks from credit ratings agencies, CDS spreads and sovereign ratings.
- Typically the minimum credit ratings criteria the Council use will be a short term of F1, long term of A-, viability of A- and a support rating of 1.

Customers for goods and services are assessed (where material), taking into account their financial position, past experience and other factors.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £11,058k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2020 that this was likely to crystallize.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Liquidity risk
The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the PWLB and Money Markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market risk
The Council would be exposed to interest rate movements on any variable rate investments, however currently the Council only has fixed rate cash investments and therefore the market risk is not considered material.

Note 27 – Critical Judgements in Applying Accounting Policies

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

- Assets held for sale – The Code gives strict criteria which have to be met before assets can be classified as 'held for sale'. At 31 March 2020 there is one piece of land at Two Mile Bottom which meet these criteria and is classified as 'Assets held for Sale'.
- PFI scheme – Based on the scope of the Code and IFRIC 12, the Council has concluded that the leisure PFI scheme falls under the scope of IFRIC 12 and the PFI scheme and assets are therefore accounted for on an on-balance sheet basis. The Accounting Policy for PFI (note 1) details judgements made in applying capital spend to the assets held on the Balance Sheet.
- Categorisation of assets – The Code gives strict criteria for assets held as Investment Properties. For the Council, those assets which are held for rental by the commercial property department and those assets which are held purely to gain capital appreciation (with a formal plan/policy detailing this) are classified as investment properties. Surplus land held by the Council which may be subject to capital appreciation, but is not part of a formal plan/policy is held as Surplus property plant & equipment. Assets are classified as Heritage Assets if the primary purpose for holding the asset is principally contribution to knowledge/culture rather than a provision of service. If the asset is primarily providing a service, then this will not be classified as a Heritage Asset.
- Provisions – Provisions made for legal cases and compensation claims are prudent estimates made for 'live' cases and are expected to be resolved within the next 12 months. Provisions made for NNDR appeals are estimates made for the expected loss in NNDR income as a result of successful appeals based on currently outstanding appeals dated back to 01.04.2010 and outstanding and expected appeals dated back 01.04.2017.
- Classification of Leases – The Council may make certain judgements when classifying leases as finance or operating. During 2019-20 there were no new lease renewals which were classified as finance leases.

Note 28 – 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 those estimates.
The key judgements and estimation uncertainties that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the Council to provide expert advice about the assumptions to be applied.	The pensions note (note 7) provides full details of the assumptions made and also a table showing a sensitivity analysis.
Non Current Assets	Estimated values and useful lives of non-current assets (i.e. property and land) are produced by professional external Valuers in accordance with established practices as detailed in the Accounting Policies at note 1.	The values held in the Balance Sheet reflect the estimated values and useful lives provided by the Valuer. The difference in values held in the Balance Sheet if estimates were higher/lower are: 1% change in non-current asset values = £7,126k 1 year less useful lives on all assets = £47k 1 year more useful lives on all assets = (£41k)
NNDR Provisions	Estimates are made within the accounts for the likely reduction in NNDR income receivable by the Council from successful appeals on rateable values by companies. At 31.03.2020 the level of provisions for NNDR appeals is £1,978k (3.4% of the rateable value appealed on the 2010 list and 3% per year of the net rates payable at 31.03.2020 on the 2017 list). The methodology used to estimate these values are detailed in the Accounting Policies for the Collection Fund in note 1.	At 31 March 2020 there were 89 outstanding appeals against a total appealed rateable value of £33,151k dating back to 01-04-2010. The financial effect on the Council's share of the NNDR provisions if estimates were higher or lower are: 1% higher/lower = £366k The provision based on the 2017 list is 3% per year of the net rates payable at 31.03.20 of £34,129k. The financial effect on the Council's share of the NNDR provisions if estimates were higher or lower are: 1% higher/lower = £414k

Non Current Assets

In applying the Royal Institute of Chartered Surveyors (RICS) Red Book Global, the valuer has issued a 'material valuation uncertainty' in the valuation report for 2019-20. This is on the basis of uncertainties in markets caused by Covid-19. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Council.

Of the £68m net book value of land and buildings subject to valuation, £46m relates to non-specialised assets which are valued on either an existing use value (EUV) or fair value (FV) basis. EUV is an estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing, whereas Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order for the valuer to arrive at their conclusions, they have considered the portfolio of the Council and it is the opinion of the valuer that there has been little change in valuations as a result of Covid-19 as at 31st March 2020. £22m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Council of replacing the service potential of the assets. The uncertainty for specialised assets relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced. There has been no significant reduction in the occupancy, use and demand for properties as a result of Covid-19.

The valuer is of the opinion that as at 13 November 2020, there is little or no evidence to suggest that the property types within the portfolio for the Council were affected specifically by the effects of the pandemic. The Council therefore concludes that the measurement of assets is materially accurate.

Note 29 – Events After the Balance Sheet Date

These financial statements replace the unaudited financial statements certified by the Executive Director Commercialisation on 29 May 2020. The audited financial accounts were authorised for issue by the Executive Director Commercialisation on 26 November 2020. 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 conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 30 – Accounting Standards Issued But Not Yet Adopted

The Code of Practice on Local Authority Accounting in the UK 2020-21 has introduced the following changes in accounting policy, which will need to be adopted fully by the Council in the 2020-21 financial statements from 1 April 2020.

The Council is required to disclose information relating to the impact of the accounting changes on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Council. The Council is required to make disclosure of the estimated effect of the new standard in these financial statements.

The following accounting standards have minor changes next year, but these are either not relevant to the Council or the changes are expected to be minor and are not expected to make any change to the reported information in the accounts and will therefore not have a material effect:

- IFRS 16 Leases – This standard will require Councils that are lessees to recognise most leases on their balance sheet as right-of-use assets with corresponding lease liabilities (except for low value or short term leases). Whilst this is a significant change in Local Government accounting, the impact to the Council will be minimal based on existing leases as the Council has only very few leases as a lessee and most are small value.
- Amendments to IAS 28 – Long term interests in Associates and Joint Ventures
- Annual improvements to IFRS Standards 2015-2017 cycle
- Amendments to IAS 19 - Employee Benefits
- Amendments to references to the C*onceptual Framework* in IFRS Standards
- Amendment to line item specifications for the net assets statement as detailed in section 6.5, paragraph 6.5.3.6b

Note 31 – Going Concern

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis. The coronavirus restrictions across the UK, have created significant issues for many businesses and residents and as a result from April 2020, Council income was affected detrimentally as payers sought to defer payments. The government has provided some support for lost income and for the additional costs borne by authorities because of the crisis and the

Council has received over £1.7 million in this regard to date. Further funding is expected in relation to lost fees and charges income and rough sleepers costs, but the final values are not known at this time.

We have carried out an assessment of the impact of Covid-19 on our future finances and we are satisfied that there is no material uncertainty relating to the Council's going concern. Through our assessment we have identified that we expect reductions in our major income sources in 2020-21:

- Commercial Income – 9% (£234k) fall relating to lost rent on commercial investments.
- Planning fees – we have assumed a 42% (£660k) loss for the full year.

Additional costs relating to Covid-19 have been estimated at £1.9m based on the expectations of the Council's Service leads and includes the cost of not achieving planned efficiencies/savings in year. If the lockdown arrangements are to extend further, we have not assumed any additional central government grants within in our assumptions, and we have yet to make any assessment of further additional costs due to the uncertainty.

Allowing for the expected income grant from government and allowances within reserves already set aside to cover these type of events (i.e. commercial property income buffer fund), we would expect our 2020-21 outturn to show a revised deficit, taking into account all the above factors, of around £0.2m. This would be funded from a combination of reserves which would then protect the General Fund balance to remain at £2.5m at 31 March 2021.

The Fair Funding Review planned for 2021-22 has been delayed, so we are assuming a flat rate of Government settlement for 2021-22. We have also removed the change in income from NNDR moving to a 75% retention, this would show a reduced efficiency requirement in 2021-22 of £0.7m. Some work is already underway to reduce this efficiency requirement to around £0.1m. Depending on the actual Government funding announcement we may need to draw on reserve in the short term to cover any efficiency requirement and this will be detailed in the 2021-22 budget report. As a result, our General Fund balance at 31 March 2022 is expected to remain at the minimum balance of £2.5m.

As a result of this analysis, our General Fund balance at 31 March 2022 is expected to remain at the minimum balance of £2.5m, as shown in the table below.

Date	**General Fund**	**Earmarked Reserves**	**Total Usable Reserves**
31 March 2020	£2.5m	£14.8m	£17.3m
31 March 2021 (estimated & unaudited)	£2.5m	£12.4m	£14.9m
31 March 2022 (estimated & unaudited)	£2.5m	£12.8m	£15.3m

The Council had cash and short-term investment balances of £13.1 million at 31 October 2020. The Council has undertaken cash flow modelling through to March 2022 which demonstrates a positive cash position across the whole period without the need for borrowing. The Council is not forecasting a need to borrow before 1 April 2024.

Conclusion: Breckland Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that Breckland Council will be a going concern, 12 months from the date of the approval of these financial statements, based on its cash flow forecasting and the resultant liquidity position of the Council.

This account reflects the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Authority in relation to National Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors (i.e. local authorities and the Government) and the General Fund.

Collection Fund Revenue Account

	2019-20 Council Tax £'000	2019-20 NNDR £'000	2019-20 Total £'000	2018-19 Council Tax £'000	2018-19 NNDR £'000	2018-19 Total £'000
Income						
Income Receivable:						
Council Tax receivable	**(78,931)**	[redacted]	**(78,931)**	(74,509)	[redacted]	(74,509)
National Non-Domestic Rates receivable	[redacted]	**(34,129)**	**(34,129)**	[redacted]	(35,008)	(35,008)
Transitional Protection receivable	[redacted]	**(232)**	**(232)**	[redacted]	(462)	(462)
Repayment of previous years deficit:						
Breckland Council	**-**	**(919)**	**(919)**	-	-	-
Central Government	[redacted]	**(1,149)**	**(1,149)**		-	-
Norfolk County Council	**-**	**(230)**	**(230)**	-	-	-
Norfolk Police & Crime Commissioner	**-**	[redacted]	**-**	-	[redacted]	-
Total Income	**(78,931)**	**(36,659)**	**(115,590)**	**(74,509)**	**(35,470)**	**(109,979)**
Expenditure						
Apportionment of previous years surplus:						
Breckland Council	**69**	**-**	**69**	119	396	515
Central Government	[redacted]	**-**	**-**	[redacted]	495	495
Norfolk County Council	**528**	**-**	**528**	926	99	1,025
Norfolk Police & Crime Commissioner	**91**	[redacted]	**91**	163	[redacted]	163
	688	**-**	**688**	**1,208**	**990**	**2,198**
Precepts:						
Breckland Council	**7,950**	**12,980**	**20,930**	7,448	12,813	20,261
Central Government	[redacted]	**7,635**	**7,635**	[redacted]	16,017	16,017
Norfolk County Council	**59,230**	**9,925**	**69,155**	56,621	3,203	59,824
Norfolk Police & Crime Commissioner	**11,004**	[redacted]	**11,004**	9,809	[redacted]	9,809
	78,184	**30,540**	**108,724**	**73,878**	**32,033**	**105,911**

	2019-20			2018-19		
	Council Tax £'000	**NNDR £'000**	**Total £'000**	**Council Tax £'000**	**NNDR £'000**	**Total £'000**
Charges to the Collection Fund:						
Write offs of uncollectable amounts	**589**	**391**	**980**	291	127	418
Appeals charged to the Provision	[redacted]	**(255)**	**(255)**	[redacted]	(467)	(467)
Increase/(Decrease) in Bad Debts Provision	**(329)**	**(138)**	**(467)**	48	177	225
Increase/(Decrease) in Appeals Provision	[redacted]	**215**	**215**	[redacted]	3,606	3,606
Cost of Collection		**168**	**168**		163	163
Renewable Energy Income retained by Breckland		**2,520**	**2,520**		2,386	2,386
	260	**2,901**	**3,161**	**339**	**5,992**	**6,331**
(Surplus)/Deficit for the Year	**201**	**(3,218)**	**(3,017)**	**916**	**3,545**	**4,461**
Fund Balance at 1st April	**(49)**	**2,817**	**2,768**	(965)	(728)	(1,693)
(Surplus)/Deficit Carried Forward at 31st March	**152**	**(401)**	**(249)**	**(49)**	**2,817**	**2,768**

Notes to the Collection Fund

1. **Income from Non-Domestic Rates**
   The total non-domestic rateable value at 31 March 2020 was £91,137,107 and the national non-domestic multiplier for the year was £0.504 (£0.491 for small businesses).
2. **Council Tax**
   The Council Tax base for 2019-20 was as follows:

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
No. of chargeable dwellings	15,134	16,862	13,527	7,499	4,266	1,564	731	50	59,633
Band D equivalent	10,089	13,115	12,024	7,499	5,214	2,259	1,218	100	51,518
Net effect of premiums, discounts and collection allowance									(8,038)
Tax Base for Council Tax Purposes									**43,480**

2019-20 figures as approved January and February 2019.

3. **Precepts and Demands on the Collection Fund**
   The major precepting authorities, their precepts and share of the fund balance are shown in the table below.

Council Tax	**2019-20 Precept/Demand £'000**	**Share of Balance 31.03.2020 £'000**	**2019-20 Total £'000**	**2018-19 Total £'000**
Norfolk County Council	**59,230**	**(115)**	**59,115**	56,664
Norfolk Police & Crime Commissioner	**11,004**	**(21)**	**10,983**	9,811
Breckland Council	**7,950**	**(16)**	**7,934**	7,452
Total	**78,184**	**(152)**	**78,032**	**73,927**

NNDR	**2019-20 Precept/Demand £'000**	**Share of Balance 31.03.2020 £'000**	**2019-20 Total £'000**	**2018-19 Total £'000**
Norfolk County Council	**9,925**	**247**	**10,172**	2,921
Central Government	**7,635**	**(30)**	**7,605**	14,609
Breckland Council	**12,980**	**184**	**13,164**	11,686
Total	**30,540**	**401**	**30,941**	**29,216**

Introduction

The Code sets out a requirement to prepare group accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to the consideration of materiality. A review of the Council's relationships with other bodies is carried out each year to consider whether it is appropriate to prepare group accounts.

Breckland Bridge Ltd

Breckland Council have formed a Local Asset Backed Company (LABV) with The Land Group (Breckland) Ltd. The objective of Breckland Bridge Ltd is to achieve financial returns and accelerate long term regeneration and economic growth to projects in the Council area, with a view to maximising revenue for the shareholder whilst still securing the economic, social and environmental well-being of the Council area.
Note 1 to these Group Accounts provides more details on the Council's relationship with Breckland Bridge Ltd.

Group Expenditure and Funding Analysis

	Net Expenditure Chargeable to the General Fund 2019-20 £'000	Adjustments Between Funding & Accounting Basis 2019-20 £'000	Net Expenditure in the CIES 2019-20 £'000	Net Expenditure Chargeable to the General Fund 2018-19 £'000	Adjustments Between Funding & Accounting Basis 2018-19 £'000	Net Expenditure in the CIES 2018-19 £'000
Cost of Services						
Growth & Commercialisation Directorate	**1,901**	**3,245**	**5,146**	1,026	2,212	3,238
Place Directorate	**6,946**	**608**	**7,554**	6,363	1,268	7,631
Strategy Governance & Transformation Directorate	**5,072**	**1,444**	**6,516**	5,387	1,163	6,550
Housing Benefit	**476**	**(114)**	**362**	(25)	(42)	(67)
Net Cost of Services	**14,395**	**5,183**	**19,578**	**12,751**	**4,601**	**17,352**
Other Income & Expenditure	**(13,339)**	**(4,425)**	**(17,764)**	(13,501)	(5,057)	(18,558)
(Surplus)/Deficit on Provision of Services	**1,056**	**758**	**1,814**	**(750)**	**(456)**	**(1,206)**

Opening General Fund & Earmarked Reserves Balance @ 31.03.19	**18,253**
Adjust for Surplus/Deficit on Provision of Services	**(1,056)**
Closing General Fund & Earmarked Reserves Balance @ 31.03.20	**17,197**

The Expenditure and Funding Analysis is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Financial Performance Report at Cabinet to the Comprehensive Income and Expenditure Statement (CIES).

Group Comprehensive Income and Expenditure Statement

	Gross Expenditure 2019-20 £'000	Gross Income 2019-20 £'000	Net Expenditure 2019-20 £'000	Gross Expenditure 2018-19 £'000	Gross Income 2018-19 £'000	Net Expenditure 2018-19 £'000
Expenditure on Services						
Growth & Commercialisation Directorate	**11,371**	**(6,225)**	**5,146**	9,332	(6,094)	3,238
Place Directorate	**15,254**	**(7,700)**	**7,554**	14,422	(6,791)	7,631
Strategy Governance & Transformation Directorate	**8,274**	**(1,758)**	**6,516**	8,070	(1,520)	6,550
Housing Benefit	**25,850**	**(25,488)**	**362**	29,668	(29,735)	(67)
Cost of Services	**60,749**	**(41,171)**	**19,578**	**61,492**	**(44,140)**	**17,352**
Other operating expenditure						
Parish Council Precepts and Drainage Board Levies	**4,091**	**-**	**4,091**	3,870	-	3,870
(Gain)/Loss on disposal of non-current assets	**-**	**(74)**	**(74)**	-	(359)	(359)
Financing and investment income and expenditure						
Interest receivable & payable & similar income & expenditure	**560**	**(849)**	**(289)**	566	(847)	(281)
Re-measurement of the net defined benefit liability/(asset)	**2,995**	**(1,750)**	**1,245**	3,022	(1,881)	1,141
(Surplus)/Deficit on trading undertakings	**314**	**(2,777)**	**(2,463)**	(1,660)	(2,512)	(4,172)
Other	**71**	**(12)**	**59**	-	(31)	(31)
Taxation and non-specific grant income and expenditure						
Council Tax income (including collection fund)	**-**	**(8,008)**	**(8,008)**	-	(7,486)	(7,486)
NDR income & expenditure (including collection fund)	**8,510**	**(15,891)**	**(7,381)**	9,865	(15,200)	(5,335)
Revenue Support Grant	**-**	**-**	**-**	-	(1,071)	(1,071)
Donated assets	**-**	**(467)**	**(467)**	-	(170)	(170)
Other non-ring fenced Government grants	**-**	**(4,477)**	**(4,477)**	-	(4,664)	(4,664)
(Surplus)/Deficit on Provision of Services	**77,290**	**(75,476)**	**1,814**	**77,155**	**(78,361)**	**(1,206)**
Adjust for prior year changes resulting from Audit of Accounts			**-**			3
Share of (surplus)/deficit on the Provision of Services for Joint Ventures			**91**			118
Share of tax expenses for Joint Ventures			**-**			(1)
Group (Surplus)/Deficit	**77,290**	**(75,476)**	**1,905**			**(1,086)**
(Surplus)/Deficit on revaluation of PPE assets			**(1,898)**			(1,814)
Actuarial (gains)/losses on pension assets/liabilities			**(8,746)**			7,125
Other Comprehensive Income and Expenditure			**(10,644)**			**5,311**
Total Comprehensive Income and Expenditure			**(8,739)**			**4,225**

Group Movement in Reserves Statement

2018-19	General Fund Balance £'000	Ear-marked GF Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied £'000	Total Usable Reserves £'000	Un-usable Reserves £'000	Total Reserves £'000	Council's share of Joint Venture £'000	Total Group Res-erves £'000
Balance as at 1 April 2018	**2,669**	**14,834**	**25**	**1,582**	**19,110**	**27,441**	**46,551**	**(271)**	**46,280**
<u>Movement in Reserves during 2018-19</u>									
Total Comprehensive Income & Expenditure	**1,206**	**-**	**-**	**-**	**1,206**	**(5,311)**	**(4,105)**	**(120)**	**(4,225)**
Adjustments from income & expenditure charged under the accounting basis to funding basis	**(456)**	**-**	**(24)**	**(41)**	**(521)**	**521**	**-**	**-**	**-**
Transfers to/from Earmarked Reserves	**(919)**	**919**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase/(decrease) for year	**(169)**	**919**	**(24)**	**(41)**	**685**	**(4,790)**	**(4,105)**	**(120)**	**(4,225)**
Balance as at 31 March 2019	**2,500**	**15,753**	**1**	**1,541**	**19,795**	**22,651**	**42,446**	**(391)**	**42,055**
Balance as at 1 April 2019	**2,500**	**15,753**	**1**	**1,541**	**19,795**	**22,651**	**42,446**	**(391)**	**42,055**
<u>Movement in Reserves during 2019-20</u>									
Total Comprehensive Income & Expenditure	**(1,814)**	**-**	**-**	**-**	**(1,814)**	**10,643**	**8,829**	**(91)**	**8,738**
Adjustments from income & expenditure charged under the accounting basis to funding basis	**758**	**-**	**(1)**	**(133)**	**624**	**(623)**	**1**	**-**	**1**
Transfers to/from Earmarked Reserves	**1,057**	**(1,057)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase/(decrease) for year	**1**	**(1,057)**	**(1)**	**(133)**	**(1,190)**	**10,020**	**8,830**	**(91)**	**8,739**
Balance as at 31 March 2020	**2,501**	**14,696**	**-**	**1,408**	**18,605**	**32,671**	**51,276**	**(482)**	**50,794**

Group Balance Sheet

	31 March 2020		31 March 2019	
	£'000	£'000	£'000	£'000
Non Current Assets				
Property Plant and Equipment	**38,888**		36,628	
Heritage Assets	**284**		263	
Investment Property	**32,013**		31,149	
Intangible Assets	**76**		78	
Total Non Current Assets		**71,261**		**68,118**
Long-term investments		**-**		27
Long term debtors		**12,666**		12,519
Total long-term assets		**83,927**		**80,664**
Current Assets				
Short-term investments	**20,075**		20,089	
Short-term debtors	**9,598**		6,987	
Cash and cash equivalents	**4,963**		4,610	
Assets Held for Sale	**18**		371	
Total Current Assets		**34,654**		**32,057**
Total Assets				**112,721**
Current Liabilities				
Short-term creditors	**(11,168)**		(7,640)	
Provisions	**(2,010)**		(2,046)	
Total Current Liabilities		**(13,178)**		**(9,686)**
Total Assets less Current Liabilities		**105,403**		**103,035**
Long Term Liabilities				
PFI Lease Liability > 1 year	**(7,780)**		(8,035)	
Pensions Liability	**(44,874)**		(51,177)	
Capital grants receipts in advance	**(1,473)**		(1,377)	
Investments in Joint Ventures	**(482)**		(391)	
Total Long-term Liabilities		**(54,609)**		**(60,980)**
Net Assets		**50,794**		**42,055**
Financed By:-				
Usable reserves		**(18,605)**		(19,795)
Un-usable reserves		**(32,671)**		(22,651)
Usable reserves of Joint Ventures		**482**		391
Total Net Worth		**(50,794)**		**(42,055)**

I certify that the group statements of accounts on pages 81 to 91 present a true and fair view of the financial position of the Group as at 31 March 2020 and its income and expenditure for the year then ended.

Executive Director Commercialisation:

C A Marshall

Date: 26 November 2020

Group Cash Flow Statement

	2019-20		2018-19	
	£'000	£'000	£'000	£'000
Net (surplus) or deficit on the provision of services	**1,814**		(1,206)	
Adjust net surplus or deficit on the provision of services for non-cash movements				
Depreciation and amortisation	**(1,118)**		(1,301)	
Impairments and valuations	**695**		2,453	
(Increase)/Decrease in creditors	**(1,805)**		(445)	
Increase/(Decrease) in debtors (including interest debtors)	**1,943**		(590)	
Pension liability	**(2,443)**		(2,443)	
Carrying amount of non-current assets sold	**(457)**		(13)	
Other	**43**		(1,114)	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities				
Capital grants credited to the surplus/deficit on the provision of service	**1,916**		1,560	
Proceeds from the sale of non-current assets	**531**		373	
Other	**-**		170	
Net Cash Flows from Operating Activities		**1,119**		**(2,556)**
Investing Activities				
Purchase of PPE, Investment property and intangible assets		**1,486**		3,358
Purchase of short and long term investments		**123,731**		183,600
Proceeds from the sale of PPE, Investment property and intangible assets		**(542)**		(348)
Proceeds from short and long term investments		**(123,781)**		(180,610)
Other receipts and payments for investing activities		**(1,799)**		(2,265)
Financing Activities				
Cash payments for the reduction of liabilities relating to PFI contracts		**242**		230
Other receipts/payments for financing activities		**(809)**		1,975
Net (Increase)/Decrease in Cash and Cash Equivalents		**(353)**		**3,384**
Cash and cash equivalents at the beginning of the reporting period		**4,610**		7,994
Cash and cash equivalents at the end of the reporting period		**4,963**		**4,610**

The cash flows from operating activities includes interest received of £861k in 2019-20 (£827k in 2018-19) and interest paid of £560k in 2019-20 (£566k in 2018-19).

Notes to the Group Accounts

Note 1 – Disclosure of Interests in Other Entities

The financial statements within this group accounts section show the group accounts for Breckland Council incorporating Breckland Bridge Ltd. These have been consolidated using the equity method as Breckland Bridge is classified as a Joint Venture. The equity method means only the Council's share of the net assets or liabilities of the company are included in the group accounts.

Breckland Bridge has one main area of work currently; building houses on Council owned land and selling these houses at market levels (with the option for the Council to purchase these houses if a business case supports it).

The Council is a 90% shareholder in Breckland Bridge Ltd and the Land Group (Breckland) Ltd are the remaining 10% shareholder. Whilst Breckland Council is the majority shareholder currently, the decisions of the company are made equally (50/50) by each shareholder and therefore joint control of the company exists as a unanimous decision by the two shareholders is required. There is an option in the shareholder agreement for the 90/10 shareholding to move to 50/50 at a future date if agreed by all parties.
Breckland Bridge Ltd is the parent company and consolidated into their accounts are various subsidiary companies all owned 100% by Breckland Bridge Ltd. As at 31 March 2020 these subsidiaries were; Breckland Homes (Mileham) Ltd and Breckland Homes (Attleborough) Ltd.

One of the Directors of Breckland Bridge Ltd is an Executive Director of Breckland Council and one Director of Breckland Bridge is a Member of Breckland Council.

Note 2 – Accounting Policies

The consolidated financial statements of Breckland Bridge Ltd have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006 and have been prepared under the historical cost convention. This is therefore a different basis to the International Financial Reporting Standards (IFRS) which the Council's accounts are produced on. Based on the 2019-20 transactions, there are no significant differences in the accounting policies of Breckland Council and Breckland Bridge Ltd that would cause a material adjustment in the consolidation of the Group Accounts.

Note 3 – Summarised Financial Information

The below is the consolidated income statement and Balance Sheet of Breckland Bridge Ltd.

Income Statement

	Breckland Bridge Ltd 2019-20 £'000	**Breckland Council 90% 2019-20 £'000**	**Breckland Bridge Ltd 2018-19 £'000**	**Breckland Council 90% 2018-19 £'000**
Turnover	**(67)**	**(60)**	(865)	(779)
Cost of Sales	**(3)**	**(3)**	778	700
Gross (Profit)/Loss	**(70)**	**(63)**	(87)	(79)
Administrative Expenses	**108**	**97**	160	144
Operating (Profit)/Loss	**38**	**34**	73	65
Interest Payable and Similar Charges	**63**	**57**	59	53
(Profit)/Loss on Ordinary Activities Before Taxation	**101**	**91**	132	118
Tax on Ordinary Activities	**-**	**-**	(1)	(1)
(Profit)/Loss for the Financial Period for the Group	**101**	**91**	131	117
Adjust for prior year changes resulting from Audit of Accounts	**-**	**-**	3	3
Adjusted (Profit)/Loss for the Financial Period for the Group	**101**	**91**	134	120

Balance Sheet

	Breckland Bridge Ltd 2019-20 £'000	Breckland Council 90% 2019-20 £'000	Breckland Bridge Ltd 2018-19 £'000	Breckland Council 90% 2018-19 £'000
Current Assets				
Work in progress	**811**	**730**	-	-
Debtors	**39**	**35**	74	67
Cash and Cash Equivalents	**181**	**163**	45	41
	1,031	**928**	119	108
Short Term Creditors				
Amounts falling due within one year	**(548)**	**(493)**	(70)	(63)
	(548)	**(493)**	(70)	(63)
Total Assets Less Current Liabilities	**483**	**435**	49	45
Long Term Creditors				
Amounts falling due after more than one year	**(1,019)**	**(917)**	(483)	(436)
	(1,019)	**(917)**	(483)	(436)
Net Assets/(Liabilities)	**(536)**	**(482)**	(434)	(391)
Capital and Reserves				
Retained Earnings	**(536)**	**(482)**	(434)	(391)
Shareholders' Funds	**(536)**	**(482)**	(434)	(391)

Note 4 – Related Party Transactions

The following loans have been provided to Breckland Bridge Ltd by the Council:

- Working capital of £270k at an interest rate of 12.5% leaving £491k owed at 31 March 2020 (£434k at 31 March 2019)
- Attleborough land loan of £215k at an interest rate of 8% leaving £226k owed at the end of the year (£nil at 31 March 2019)
- Attleborough shareholder loan of £198k at an interest rate of 10% leaving £205k owed at the end of the year (£nil at 31 March 2019)
- Attleborough development loan of £331k at an interest rate of 3.5% to 19 March 2020 then 3.35% leaving £332k owed at the end of the year (£nil at 31 March 2019)

Amounts are paid to Breckland Bridge and subsidiary companies for services (such as review of vacant land). In 2019-20 £nil was paid to Breckland Riverside Ltd (£4k in 2018-19) for the construction work for the Thetford Riverside development. The Council also paid £70k to Breckland Bridge Ltd for other services in 2019-20 (such as planning costs) (£37k in 2018-19). The Council also paid The Land Group £1k for other services in 2019-20 (such as strategic property advice) (£13k in 2018-19). Breckland Bridge pays the Council for some services (such as Directors fees) and the total paid to the Council was £18k in 2019-20 (£5k in 2018-19), excluding loan values. At 31 March 2020 £4k was owed to the Council by Breckland Bridge Ltd (£nil in 2018-19) and £4k was owed by Breckland Homes (Attleborough) Ltd (£nil in 2018-19). The Council did not owe any monies to any of these companies (£nil in 2018-19).

Note 5 – Capital Commitments

At 31 March 2020 the company had entered into contracts for the construction of Property in future years, the major commitments are:

	Expenditure Approved and Contracted £'000	**Expenditure Approved not Contracted £'000**
At 31 March 2020	**1,240**	**97**
At 31 March 2019	-	-

Chairman's Declaration

I confirm that these accounts were approved by the Governance and Audit Committee at the meeting held on 8 October 2020.

Signed on behalf of Breckland Council:

B Borrett

Chairman of the Governance and Audit Committee

Date: 26 November 2020

ACCOUNTING POLICIES – Those principles, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in the financial statements though:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains and losses and changes to reserves

ACCRUALS - The concept that income and expenditure are included in the records as they are earned or incurred, not as money is received or paid.

ACTUARY – An expert on pension scheme assets and liabilities.

ACTUARIAL GAINS AND LOSSES (RELATES TO IAS 19 - PENSIONS) – For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses)
- The actuarial assumptions have changed

AMORTISATION – The writing down in value of intangible assets, which is charged to service revenue accounts to reflect the cost of such assets, used in the provision of those services. This is the equivalent of depreciation for non-current assets.

ASSET – Something that the Council owns that has monetary value. Assets are either “current” or “non-current (fixed)”

AUDIT OF ACCOUNTS – An independent examination of the Council’s accounts to ensure that they comply with the necessary legislation and follow best accounting practice. The Council’s accounts are audited by the Audit Commission.

BUDGET - A statement of a Council’s plans for revenue and capital expenditure over a specified period of time.

CAPITAL EXPENDITURE - Expenditure on buying or developing major assets, which will be used by the Council for more than a year. For example, buildings, computer hardware and significant pieces of equipment.

CAPITAL GRANT - A grant received towards the capital expenditure incurred on a particular service or project. A local authority can also make capital grants.

CAPITAL RECEIPTS - Proceeds from the sale of assets, e.g. land and buildings.

CARRYING VALUE – An accounting measure of value, where the asset is based on the figure in the Balance Sheet. For assets, the value is based on the original cost of the asset less any depreciation, amortization or impairment costs made against the asset.

CIES – Comprehensive Income & Expenditure Statement.

CIPFA – The Chartered Institute of Public Finance and Accountancy, who are the leading professional accountancy body for public services.

CODE OF PRACTICE – Sets out proper accounting principles and practices required for the statements of accounts, in accordance with the statutory framework for accounts, as established for England and Wales. The aim is to produce financial statements which “present a true and fair view” of the financial position of the Council.

CONTINGENT ASSETS AND LIABILITIES – A condition which exists at the Balance Sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

COUNCIL TAX – This is a banded property tax set by local authorities in order to meet their budget requirements. There are eight bands (Band A to Band H), set by the District Valuer according to the value of the property. The amount each household pays depends on the value of their property.

CREDITOR - An amount owed by us to someone else for which payment has not been made.

CURRENT ASSET - An asset where the value may change on a daily basis, e.g. cash balances and debtors.

CURRENT LIABILITY - An amount which will become payable or could be called in within the next year, e.g. creditor, cash overdrawn.

DCMS – Department for Culture, Media & Sport.

DEBT IMPAIRMENT – Outstanding amounts owed to the Council which are highly unlikely to be collected.

DEBTOR - An amount due to us but not received at the balance sheet date.

DEPRECIATION - The measure of the wearing out, consumption or other reduction in the useful economic life of an asset, whether arising from use, flow of time or obsolescence through technological or other changes.

EFA – Expenditure and Funding Analysis.

FAIR VALUE – The fair value of an asset is the price at which it could be exchanged in an “arms length” transaction, less where applicable, any grants receivable towards the purchase or use of that asset.

FINANCE LEASE – A lease which transfers substantially all the risks and rewards of ownership of an asset (even though title to the asset may not be transferred).

FINANCIAL INSTRUMENTS – Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another, such as trade payables and receivables, borrowings, bank deposits and investments.

FINANCIAL REPORTING STANDARD (FRS) – Accounting standards developed by the Accounting Standards Board that are primarily applicable to general purpose company accounts. These standards are adopted by the CIPFA Statement of Recommended Practice except where the standards conflict with specific statutory requirements.

GENERAL FUND - The main revenue account of a local authority which summarises the cost of all services provided by the council which are paid for from council tax, government grants and other income.

GOING CONCERN – The accounts have been prepared on the assumption that the Council will continue to provide operational services for the foreseeable future.

GOVERNMENT GRANTS - Grants by government towards either the revenue or capital cost of local authority services. These may be either in respect of particular services or purposes, called specific and supplementary grants, or in aid of local services generally, e.g. revenue support grant.

HOUSING BENEFITS – A national system for giving financial assistance to individuals towards certain housing costs. The cost of the service is subsidized by central government.

IMPAIRMENT - Impairment of non-current assets relates to downward revaluation of assets during the year caused by clear consumption of economic benefit and is recognised in the Comprehensive Income and Expenditure Statement.

IMPROVEMENT GRANTS - Statutory or discretionary payments that local authorities make to tenants or homeowners to enable them to bring dwellings up to modern standards. Also known as Renovation Grants. Disabled Facilities Grants are statutory, and these attract subsidy from the government.

INFRASTRUCTURE ASSETS – Non-current assets that cannot be transferred to another, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSETS - An item in a balance sheet where there is no tangible asset but the asset has continuing value to the Council at the Balance Sheet date, e.g. computer software licences.

INTERNATIONAL ACCOUNTING STANDARD (IAS) - Accounting standards developed by the International Accounting Standards Board that are primarily applicable to general purpose company accounts. These standards are adopted by the CIPFA Code of Practice except where the standards conflict with specific statutory requirements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) – Financial reporting standards developed by the International Accounting Standards Board.

LOCAL ASSET BACKED VEHICLE (LABV) – An entity created with a public sector body and a private sector partner to trade as a separate entity.

LIABILITY – A liability arises when the Council owes money to others and it must be included in the financial statements.

MATERIALITY – In using its professional judgment the Council has considered the size and nature of any transaction, or set of transactions. An item is considered to be material where its omission or misstatement would reasonably change the substance of the information presented in the accounts.

MINIMUM REVENUE PROVISION (MRP) - Under the Local Government and Housing Act 1989 there is a requirement to set aside an amount from revenue, the MRP, for the repayment of external loans.

NATIONAL NON DOMESTIC RATES (NNDR) – The rates, payable by businesses on their properties, are calculated by applying a nationally determined multiplier to the rateable value of the property. This is collected by the Council and nationally determined proportionate shares are paid to the Government and Norfolk County Council with a share retained by Breckland Council.

NET BOOK VALUE – The value of non-current assets less the accumulated amount of depreciation/amortization.

NON-CURRENT ASSET - An asset that has value beyond one financial year.

OPERATING LEASES - Leases under which the ownership of the asset remains with the lessor and consequently are outside the Government's system of capital controls.

PRECEPT - The method by which a local authority obtains the income it requires from the Collection Fund to meet its net expenditure requirements.

POST BALANCE SHEET EVENTS – Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statements of Accounts is signed by the responsible person.

PPE – Property Plant & Equipment

PRECEPT – The amount that the Council is required to collect from council tax payers to fund another, non tax collecting Authority's expenditure. Precepts are issued by Norfolk County Council, Norfolk Police Authority, Breckland Council and Parish and Town Councils.

PRIVATE FINANCE INITIATIVE (PFI) – This is a procurement route established in 1995 and it is an important route for government spending on assets, as it transfers significant risks to the private sector.

PROVISION - An amount set aside in the accounts and charged to individual services for liabilities that are likely to be incurred in the future but cannot be accurately quantified.

RELATED PARTY TRANSACTIONS – Two or more parties are related when at any time during the financial period:

- One party has direct or indirect control of the other party
- The parties are subject to common control from the same source
- One party has influence over the financial and operational policies of the other party to an extent that the other party may be inhibited from pursuing its own interests

The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

RELEVANCE – The information in the accounts is useful in assessing the Council's stewardship of public funds and performance.

RELIABILITY – The information in the accounts is complete, prudently prepared, reflects the substance of transactions and is free from deliberate or systematic bias or material error.

RESERVE - An amount set aside in the accounts for defraying particular expenditure in the future. Unlike provisions, transfers to and from reserves are not shown as part of the individual service costs.

REVENUE EXPENDITURE - The day-to-day running costs than an authority incurs in providing services (as opposed to capital expenditure).

REVENUE SUPPORT GRANT (RSG) - A general grant paid by the government and credited to the General fund to help finance local authority revenue expenditure.

SERVICE REPORTING CODE OF PRACTICE (SeRCOP) – CIPFA guidance to establish proper practices with regard to consistent financial reporting for services.

Scope of Responsibilities

Breckland Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Breckland 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, Breckland Council is responsible for putting in place proper arrangements for the governance of its affairs, which facilitates the effective exercise of its functions and include arrangements for the management of risk.
Breckland 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 on our website at:
https://www.breckland.gov.uk/article/3461/Strategies-Plans-and-Policies-
The Council's financial management arrangements conform to the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government. This statement explains how Breckland Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to consideration of the findings of a review of the system of internal control and approval and publication of an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled 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 Breckland'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 Breckland Council for the year ended 31st March 2020 and up to the date of approval of the statements of accounts.

The governance framework

Vision and Priorities - Our Vision - "Breckland: a place where people & business can thrive". To help us deliver this vision we have consulted widely with local people and our partners and listened carefully to what was said. The Corporate Plan 2020-24 reflects the priorities and high level outcomes for the Breckland area over a four year period and there is an annual cycle of review of the delivery plan which supports the corporate plan. The corporate plan was reviewed and reflects the changing economic environment and the shared management arrangements and is aligned to the four year election cycle.

Quality of Services - The Council has an established Performance Management Strategy which sets out how it monitors both performance and the delivery of objectives and risks. The framework for managing performance has been completely reviewed in light of changes to the business planning and shared management arrangements, with new performance measures also being developed to reflect the change in central government policy to move away from national targets to those that better identify with local requirements.

Operational Governance - The Council has produced an operational governance document whose purpose is to ensure the senior officers effectively manage the business of the Council, this document is reviewed regularly and has been updated during the year to reflect changes to our ways of working. It covers the shared management officer led groups/boards which report to the Executive Management Team (EMT) and then through to Corporate Management Team (CMT) as required. Each group/board is supported with agreed terms of reference and the minutes and actions are reviewed by EMT. EMT manages the business of the Council and CMT escalation of corporate level issues risks and decisions. The groups/boards cover a wide range of areas, such as; Finance, Performance Risk and Audit and Joint Safeguarding to name a few.

Constitution and Responsibilities - A comprehensive document setting out the Council's constitution exists which sets out the clearly defined structure for the Council's organisational and decision-making arrangements based upon a Cabinet/Executive model. In essence the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere including the setting of the council tax.
- A limited number of policies are reserved to the Council, either by the Council's own choice or because they are allocated by law (together these are known as the Policy Framework). Subject to any specific legislative requirements, the Cabinet is responsible for all policies which are outside of the Policy Framework.
- For its most significant decisions, the Cabinet works to a Key Decision Plan of forthcoming decisions for up to twelve months ahead.
- All decisions, along with formal minutes of all committee meetings are published on the Council's website.
- The work of the Cabinet and the Council as a whole is supported by an Overview and Scrutiny Commission and its task and finish groups.
- The Overview and Scrutiny Commission has developed its own work programme for the review of Council services in addition to scrutinising the work of the Cabinet. It can 'call-in' a decision which has been made by the Executive but not yet implemented.
- The Governance and Audit Committee is well established, and is responsible for the review of the work of the Internal and External Audit functions and provides independent assurance of the effectiveness of governance arrangements, risk management and financial management processes. It also has the responsibility for the approval of the Statements of Accounts and review of treasury policy and outturn and to deal with Standards (of elected member conduct).
- Separate committees exist for Planning and Licensing.
- Delegation arrangements to committees, the Executive and officers are set out in detail within the constitution.
- Regular meetings take place between relevant senior officers and members of the Council to discuss and propose policy.

The constitution also includes sections on standing orders, financial regulations and conduct of meetings. The constitution as a whole is reviewed periodically with interim updates as and when appropriate. A complete review of the constitution was carried out in 2015-16 to ensure that it remains relevant and effective. Formal adoption of the revised constitution was made at Full Council in January 2016 and there is a standing item at Full Council for any minor updates to be made, to ensure it remains up to date and relevant.

Codes of Conduct - The Council's constitution contains codes of conduct applying to members as well as a protocol for councillor/officer relationships. Officers are also subject to a separate Code of conduct. These have enabled the authority to develop an inclusive culture over the years, whereby members and officers work together to deliver the Council's vision and quality services to its residents. The codes include reference to the need to declare any interests which may conflict with the individual's role at the Council and such registers for councillors and officers are maintained by the Council. The Members Code of Conduct was reviewed during 2016-17 and the Officers' Code of Conduct in 2018.

Complaints - The Council has in place a whistle-blowing policy (reviewed February 2019) as well as a compliments and complaints procedure that ensure that any referrals are fully investigated, properly resolved and learning applied to service delivery. Systems and procedures have been enhanced to ensure that complaints/service requests are the cornerstone of the Council's management approach.

Policies, Procedures, Laws and Regulations - The Council's statutory officers are the Head of Paid Service, the Monitoring Officer and the Section 151 Officer. They are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures.

Head of Paid Service	has responsibility for the discharge by the council of their functions and the appointment, proper management and organisation of the Council's staff.
Section 151 Officer	is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources, and to ensure that the authority's financial management arrangements conform to the governance requirements as set out in the Chartered Institute of Public Finance and Accountancy statement on the Role of the Chief Financial Officer (2010).
Monitoring Officer	is responsible for advising the Council if any proposal, decision or omission is likely to give rise to unlawfulness or maladministration as well as investigating allegations that a member may have breached the Council's Code of Conduct.

The statutory officers are also members of the authority's Corporate Management Team and attend Executive Management Team meetings on a regular basis. Service Managers are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice.

Development and training needs – Breckland is a learning organisation, both in terms of members and officers. The training budget for staff is centralised under Human Resources, and continues to deliver a programme to develop the skills of its workforce. Breckland is committed to investing in the staff and maintains the Investors in People standard. This recognises the investment in staff development and ensures that staff are valued and given the opportunities to develop and achieve their full potential. We have designed a new appraisal process which focuses on the overall performance throughout the year for officers.

Breckland continue to deliver a training and development programme to provide members with the support and skills necessary to assist them in carrying out their duties. Personal development plans have been developed, setting out personalised training programmes to meet individual needs for members and officers.

Risk Management – The Council's risk management arrangements are embedded in its Corporate Risk Management Strategy and risk registers and a new Risk Policy was adopted during 2018. Breckland has developed its performance system to maintain a register of the key strategic risks it considers it faces along with the actions planned or taken to mitigate these risks, which have been monitored by Performance, Risk and Audit Board, Executive Management Team and the Governance and Audit Committee on a regular basis. Risk logs are also being used to manage the risks for key projects and partnerships, along with other project management techniques, and all key decisions are required to be assessed for risks. All committee reports contain a mandatory risk section to ensure that members can consider the risks and opportunities of any recommendations or options, so that the consideration of risk forms an integral part of all decision making.

Data Protection – Following the implementation of the General Data Protection Regulation (GDPR) 2016/679 and Data Protection Act 2018 our policies, practices and procedures have been updated and continue to be updated to reflect changes and guidance as it is issued. Data Protection continues to be a priority and is being overseen by the Executive Manager for Governance, the Information Governance Officer and a corporate governance group; the Statutory Information Group. Progress is reported to the Executive Management Team on a monthly basis and the Council received 'Reasonable Assurance' for a GDPR audit in January 2019.

Business Continuity – The Council has developed business continuity plans to ensure that critical service delivery can be maintained or recovered during an emergency.

Communication – The Council believes public understanding of its work, achievements and services, coupled with consultation with residents is key to maintaining high satisfaction levels. This is achieved through regular communications and consultation activity and upholding the Council's values of transparency and openness.
Breckland regularly publishes information on its website and via a variety of social media channels. Various stakeholder groups are also reached through public meetings. The Communications Team also works with the local media to provide information to ensure residents are kept informed.

Partnerships – The Council is involved with a variety of partnerships that have developed over the years and a partnership register is held on the Council's performance system which includes public partners and organisations we work with. To ensure that governance and risk management arrangements are effective significant partnerships are continually reviewed through the performance system and risks are included within this review. A partnership framework has been adopted to ensure that we maintain a consistent approach when entering into any new partnerships.
Some examples of our public partners and organisations we work with are:

- The A47 Alliance is a partnership body which works together to gain funding for the ongoing enhancement and duelling of the A47 through lobbying of Government.
- The Greater Thetford Development Partnership and the Attleborough Development Partnership are bodies which influence growth in and around the respective towns ensuring that houses, roads, schools, healthcare and other resources are available at the right time.
- The New Anglia Local Enterprise Partnership (NALEP) is intended to build growth and skills to the workforce through training and improved infrastructure therefore supporting businesses within the District to thrive and prosper.
- The Norfolk and Suffolk Health and Safety Liaison Group is a body to discuss topical health and safety issues, ensure consistency across Norfolk and Suffolk, develop a work plan and provides low cost training to members. The group comprises all Norfolk and Suffolk authorities as well as a representative from the Health and Safety Executive.

Some examples of our operational partnership arrangements for service delivery are:

- The Operational Partnership Team is well established and delivers a reduction in anti-social behaviour in the district year on year. The team comprises of officers from the Norfolk Constabulary and Breckland Council, working under a joint management structure and co-located at Breckland Council offices.
- The Anglia Revenues and Benefits Partnership (ARP) is governed by a Joint Committee and is underpinned by a formal legal agreement. The partnership consists of Breckland, East Cambridgeshire, East Suffolk, Fenland and West Suffolk district councils. The partnership delivers council tax, business rates, housing benefit and enforcement services for the five councils.

- Breckland's shared management arrangement with South Holland District Council has been in place for many years and is well established. Despite the commitment to sharing a management team the two Councils continue to exercise independent democratically accountable local government in their respective areas, each having its own governance arrangements. A Memorandum of Understanding is in place, and sets out the governance arrangements for shared management and joint working.

Group Companies – The Council has joint ownership of a company, Anglia Revenues Partnership Limited, which was formed in 2006 to deliver revenue and benefits and enforcement services to local authorities or housing associations and is under the joint ownership of the seven ARP partnership authorities in equal shareholdings and voting rights. The company is currently dormant.
In April 2015 the Council formed a company, Breckland Bridge Limited, with a private sector partner, Land Group LLP. The vision of the Company is to "use Breckland Council's property and land assets to make a positive contribution to the regeneration and economic development of the Breckland District". The authority has a 90% shareholding in this company, but control is shared on a 50/50 basis. The initial business plan period of 4 years is coming to an end and Full Council has approved the move to a 50/50 shareholding and control from April 2020.

Transparency – As a Council we want to be publicly accountable and present our work with openness and transparency. As such, the authority routinely publishes data on its website in accordance with the requirements of the Local Government Transparency Code 2015. In addition Committee reports, minutes and decision records are all available on the website. The Council also applies the principle that everything is publically available unless there is a substantial reason for not doing so.

Review of effectiveness

Breckland 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 executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Executive and Corporate Management	CMT review corporate responsibility, direction and delivery of corporate plan, direction and delivery of resources, horizon scanning and key controls. EMT receives regular reports from a variety of governance boards which have been set up to manage corporate performance and risk. These boards cover performance and risk, employee relations, safeguarding, health and safety, emergency planning, and finance, as well as the statutory officers group. There are a number of other groups covering cross cutting themes and specific services.
Managers	have carried out self assessments of the processes and controls they have in place to allow them to achieve their service objectives. These are reviewed by Finance to provide assurance that effective controls were in place.
External Auditors	review the Council's arrangements for: o Preparing accounts in compliance with statutory and other relevant requirements o Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice o Managing performance to secure economy, efficiency and effectiveness in the use of resources Following the annual audit the external auditor issues an Audit Results Report to the Governance and Audit Committee covering the opinion on the financial statements and value for money. The Council takes appropriate action where improvements need to

	be made.
The Head of Internal Audit	provides an independent opinion on the adequacy and effectiveness of the system of internal control, which is incorporated in the Annual Report and Opinion.
The Leader	Executive powers vest in the Leader and the Leader has approved delegations to the Cabinet and Executive Members (Portfolio Holders). The Leader exercises executive functions which have not been expressly delegated to Cabinet or the other Executive Members.
The Executive	consists of the Leader and Executive Members (Portfolio Holders), who together are the Cabinet and most day to day 'executive' decisions fall to the Executive under the law.

The Cabinet is appointed by the Leader and carries out the executive functions of the Council as required by legislation and the Council's constitution and accordingly:

- Takes executive decisions
- Approves policies other than those reserved for Council
- Recommends to Council policies and budgetary decisions

The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including:

- The Constitution
- The Corporate Plan
- The Medium Term Financial Plan and Capital Strategy
- The Licensing Authority Policy Statement
- The Corporate Asset Management Strategy
- The Treasury Management and Investment Strategies
- The Gambling Policy
- Development Plan Documents

The Overview and Scrutiny Commission may undertake any work relating to the four key principles of scrutiny as follows:

- Hold the Executive to Account (Call-In)
- Performance Management
- Assist Policy Development and Review
- Internal/External Scrutiny

The Governance and Audit Committee

- Considers and approves audit plans
- Considers audit reports
- Comments on the work of audit in addressing the authorities significant risks
- Satisfies itself that the control and governance arrangements have operated effectively by considering audit and risk reports and undertaking ad hoc reviews
- Annually self-assess themselves against best practice guidance to check their effectiveness
- Approves the Statements of Accounts
- Reviews treasury policy and performance
- Considers standards issues

Internal Audit Annual Report and Opinion

This report will be presented to Governance and Audit Committee at the next available committee meeting (8 October 2020). The report has concluded that, based on the work undertaken, the overall opinion in relation to the Council's framework of governance, risk management and controls for the year ended 31st March 2020 is considered to be reasonable assurance (positive). It is important to recognize that the specific areas of; asset management, accountancy services, accounts receivable, income, key controls and assurance, Breckland Bridge, remote access and ARP enforcement received a substantial assurance grading.

No limited assurance reports have been raised in 2019/20. With this taken into account a reasonable governance, risk management and control framework is indicated with no issues raised that are deemed significant to highlight in the Council's Annual Governance Statement.

In providing the opinion the Council's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified therefrom have been taken into account. The opinion has been discussed with the Section 151 Officer and members of the Executive Management Team prior to publication.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance and Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Any areas to be specifically addressed with new actions are detailed within the Annual Report and Opinion which can be found on our website when the agenda is published at https://democracy.breckland.gov.uk/ieListMeetings.aspx?CId=468&Year=0 .

The Internal Audit Annual Report and Opinion (which can be viewed at the link above) provides full details relating to risks and control weaknesses that were identified during 2019-20 internal audit reports.

Significant governance issues

There were no significant governance issues to raise for the year ended 31st March 2020 except for the national Covid-19 pandemic.

Covid-19
Facing the significant leadership challenge presented to us, the Council transformed into a virtual network and a Gold command group was set up to include two Directors and a number of the key senior management team. The Gold group is Breckland facing only and does not share with South Holland Council. The group initially met daily, adapting and responding quickly to ensure critical services were maintained and a number of sub-cells were set up to focus on key areas: Critical services, Communications, Finance, Resources, Communities, Business/Economy and Recovery, with the Chief Executive managing strategic contact through the Strategic Command Group (SCG). The Gold group and sub cells work at both a Norfolk level and at a local level. This structure continues into 2020-21.

In order to facilitate decision making whilst Committee meetings were cancelled a major incident was declared and the following part of the constitution is in place until a Council meeting takes place to clarify delegations:
Under Part 3 Section F2 paragraph 6 of the Council's Constitution the Chief Executive has power, after consultation with the Leader, to declare an incident to be a major incident under the Peacetime Emergency Plans and thereafter to take any necessary immediate action in respect of the incident, including expenditure of money subject to obtaining the agreement of the Leader and to calling a meeting of Cabinet as quickly as possible and so far as practicable thereafter acting in consultation with Cabinet.
In terms of Executive arrangements, decisions that would normally go to Cabinet, are being made by the Leader or appropriate Portfolio holder.

As a result of structured forward planning and IT capability almost all staff were able to work from home immediately when lockdown began nationally, with the contact centre staff following shortly afterwards. In order to protect bandwidth, rota systems within teams were set out to ensure the network could cope with the amount of home working and this has proved successful with the capacity being increased in May.

All planned internal audits had been completed before the Covid-19 lockdown began and the internal audit opinion has been produced in full so there will be no impact on this AGS.

Certification
We are satisfied that appropriate arrangements are in place to address improvements identified in our review of effectiveness. Progress on these improvements and on addressing mitigating risks will be monitored quarterly by the Performance, Risk and Audit Board in conjunction with EMT.

A Graves	S Chapman-Allen
Chief Executive:	Leader of the Council:
Dated: 29 September 2020	Dated: 12 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRECKLAND COUNCIL

Opinion

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

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- the Expenditure and Funding Analysis and the related notes 1 to 31 to the Authority statements,
- the related notes 1 to 5 to the Group Accounts,
- Collection Fund and the related notes 1 to 3.

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

In our opinion the financial statements:

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the "*Statement of Accounts 2019/20*", other than the financial statements and our auditor's report thereon. The Executive Director Commercialisation is responsible for the other information.

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

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

We have nothing to report in this regard.

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

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

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Responsibility of the Executive Director Commercialisation

As explained more fully in the "*Statement of the Responsibilities for the Statement of Accounts*" set out on page 21, the Executive Director Commercialisation is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Certificate

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

Use of our report

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

MARK HODGSON
ERNST & YOUNG LLP

………………………………. **Date:** 26 November 2020

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