

**Breckland Council
Statement of Accounts 2021-22**



TABLE OF CONTENTS

	Page
NARRATIVE REPORT	
Narrative Report	1 – 19
STATEMENTS OF ACCOUNTS	
Statement of Responsibilities	20
Expenditure and Funding Analysis	21
CORE ACCOUNTING STATEMENTS:	
Comprehensive Income and Expenditure Statement	22
Movement in Reserves Statement	23
Balance Sheet	24 – 25
Cash Flow Statement	26
Notes to the Core Accounting Statements	27 – 77
Collection Fund	78 – 80
Group Accounts	81 – 91
Approval of the Statements of Accounts	92
Glossary	93 – 96
Independent Auditor's Report	At end of document
OTHER STATEMENTS/REPORTS	
Annual Governance Statement	97 - 105

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.



NARRATIVE REPORT

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.

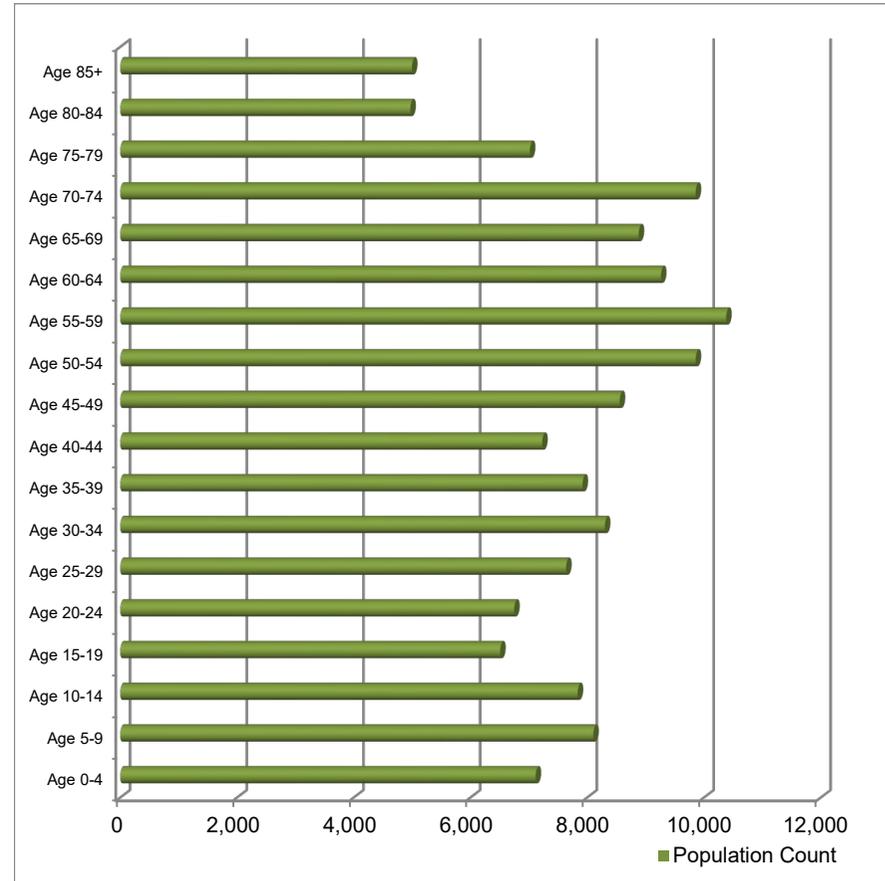
Breckland's population is set to grow from the current 141,255 residents to 164,250 by 2043. Half of the current residents live in one of the five market towns with the remainder living in rural village homes. This means that the district has a low population density.

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.

Breckland Age Structure (Source: Norfolk Insight 2020)



NARRATIVE REPORT

Our Commercial Property Assets have a total value of £46,809k (including finance leases) and generated £2,465k surplus in 2021-22.

We emptied 3,310,862 bins in 2021-22, recycled 13,051 tons of waste and composted 9,919 tonnes of garden waste.

In 2021-22 we received 2,090 planning applications and 2,803 applications were determined.

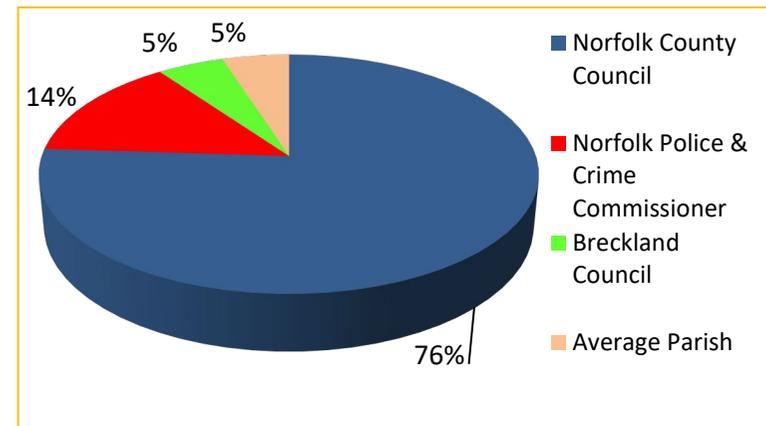
We paid out £22,547k in Housing Benefits

We paid out £543k in Covid-19 Test and Trace Support Payments to over 1,000 individuals.

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

We collected £29,949k of Business Rates in 2021-22, from 4,665 businesses and achieved a collection rate in year of 98.4% (compared to the national average of 95.5%). We retain £6,109k (20%) to help fund services.

We collected £85,574k of Council Tax in 2021-22, from 60,848 homes and achieved a collection rate in year of 97.6% (compared to the national average 95.9%). We retain £4,465k (5%) to help fund services. The share of council tax is shown in the graph.



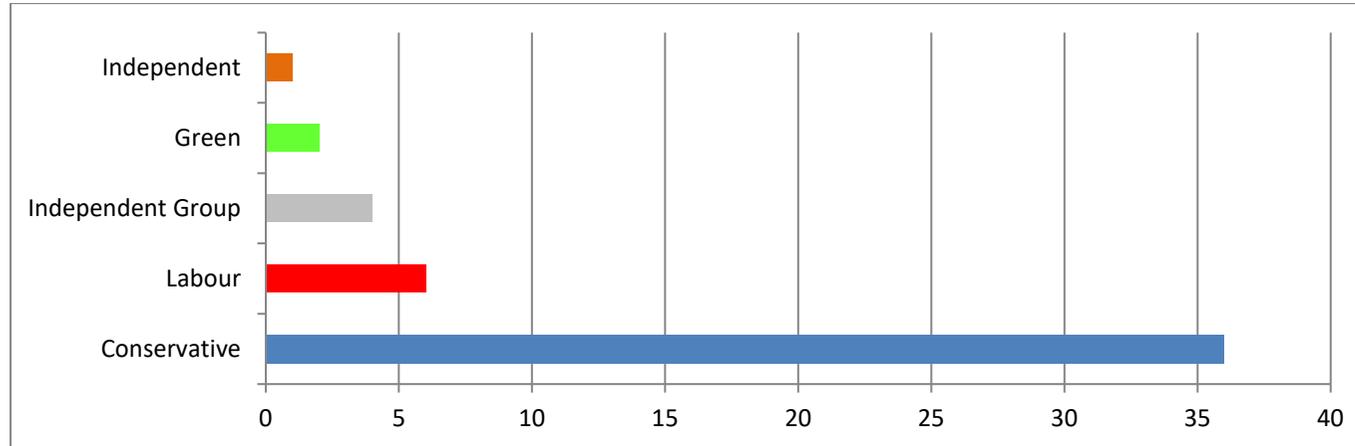
NARRATIVE REPORT

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:

Place & Delivery	Building Control, Land Management, Economic Development, Car Parks, Historic Buildings, Contracts, Development Control, Emergency Planning, Enabling, Planning Enforcement, Street Cleansing, Food safety, Forward Planning, Dog Warden Service, Regeneration, Development Partnerships, Land Charges, Trees & Countryside, PFI & Leisure, Parks Woods & Open Spaces, Street Naming, Waste Collection, Public Health, Health & Safety, Licensing, Pollution Control, Grass Cutting, Commercial Property, Property Management.
Strategy & Resources	Arts, Voluntary Sector, Corporate Improvement & Performance, Committee Services, Corporate Management, Customer Contact, Community Development, Community Safety, Community Transport, Housing Enforcement, Hostels, Homelessness & Advice, Strategic Housing, Gypsies & Travellers, Housing Grants & Loans, Elections, Marketing & Communications, ICT, Digital, Human Resources, Legal Services, Pensions, Corporate Contracts & Procurement, Breckland Training Services, Environmental Health Consultancy, Strategic Policy, Internal Audit Council Tax, Housing Benefits, NNDR, Fraud.

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 2022, the Council was controlled by the Conservative Group and the Leader of the Council was Sam Chapman-Allen. As at 31 March 2022 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.

NARRATIVE REPORT

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 2021 – 2025 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:

- Inspiring Communities
- Breckland 2035
- Thriving Places
- Working Smarter

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 2021-2025 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 against the delivery plan to ensure the corporate plan is on track. Internally there is a 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.

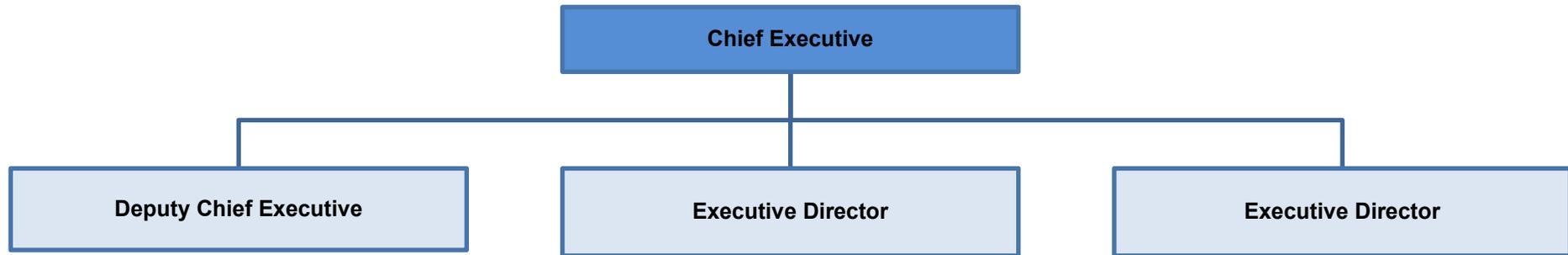
Annual Governance Statement

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.

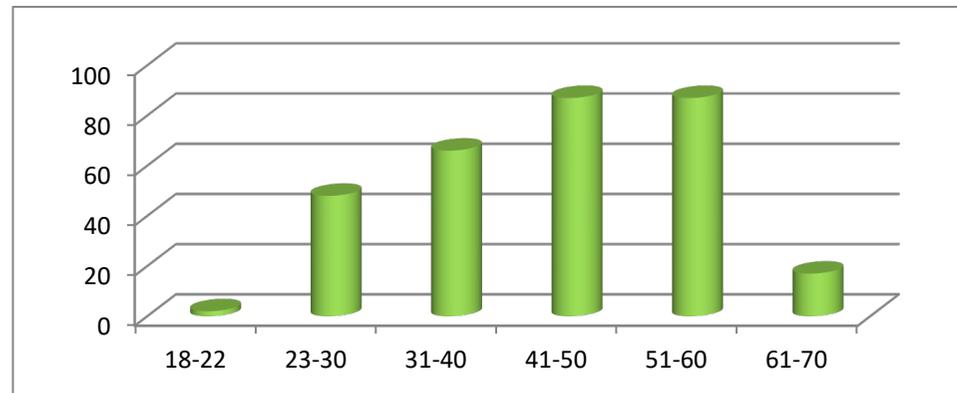
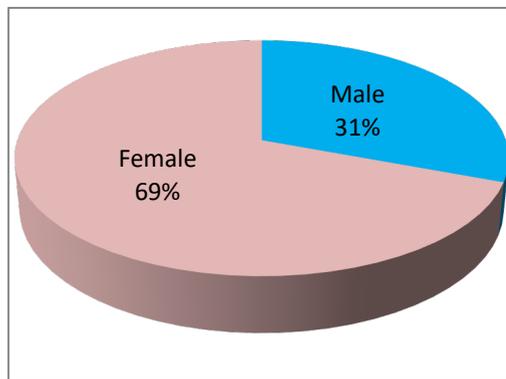
NARRATIVE REPORT

Our People

The Council is headed by a Corporate Management Team (CMT). The Corporate Management Team consists of a Chief Executive, a Deputy Chief Executive and two Executive Directors, supported by six Assistant Directors and a Head of Strategic Policy.



The Council employs 307 staff as at 31 March 2022. This includes 227 full time staff and 80 part time staff. Included in this number are 1 apprentice and 2 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 2021-22 is £9,658k of which the majority is staff costs. Overall there are 295 staff employed by the Anglia Revenues Partnership.

NARRATIVE REPORT

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.

NARRATIVE REPORT

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 6 June 2022 <https://democracy.breckland.gov.uk/ieListDocuments.aspx?CId=116&MId=4846&Ver=4> . Further information can be found in the Expenditure and Funding Analysis.

	2021-22 Budget £'000	2021-22 Actual £'000	2021-22 Variance £'000	2020-21 Actual £'000
Expenditure on Services				
Place and Delivery	6,595	5,978	(617)	3,118
Strategy & Resources	9,373	9,582	209	8,621
Housing Benefits	434	987	553	545
Covid-19 Grant (unallocated)	0	(231)	(231)	-
Cost Of Services	16,402	16,316	(86)	12,284
Contributions to/from reserves	(6,978)	(6,999)	(21)	10,538
Total Cost of Services	9,424	9,317	(107)	22,822
Funding & Appropriations				
Appropriations	7,203	7,229	26	(5,906)
Government Grants	(8,436)	(8,465)	(29)	(13,505)
Financing & Investment	-	-	-	-
Council Tax	(4,543)	(4,542)	1	(4,213)
Retained NNDR	(3,537)	(3,511)	26	453
Total Funding	(9,313)	(9,289)	24	(23,171)
Efficiencies to be achieved	(264)	-	264	-
Remove contribution to General Fund	153	-	(153)	-
Contribution (to)/from General Fund	-	28	28	(348)

The Council set a balanced budget in February 2021, subject to successful delivery of planned efficiencies. Note 31 provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items.

The full year out-turn delivered above budget spend of £28k relating to service provision as shown in the table above. This has reduced the General fund balance to £2,821k, which is still considered an adequate balance.

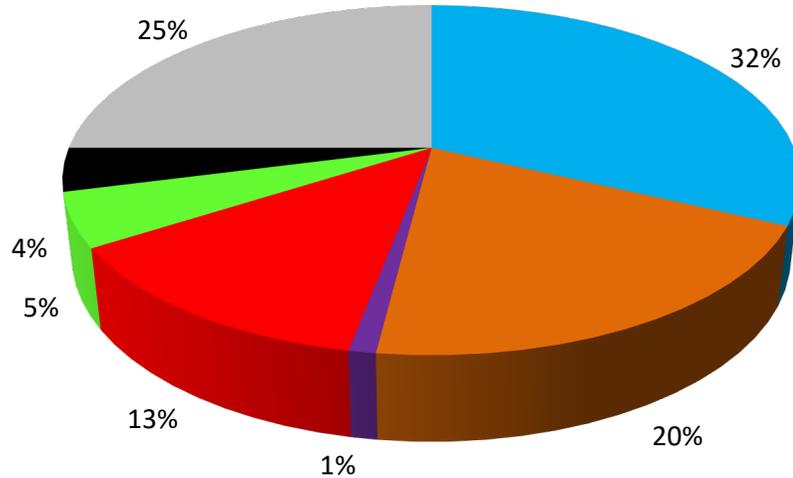
There was a surplus of £2,465k on our Commercial Property Trading Account after adjusting for property revaluations and this was contributed from Commercial Property to the General Fund.

NARRATIVE REPORT

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	21,580	32
Government Grants	13,445	20
Interest receipts	696	1
Council Tax (incl parish)	8,861	13
NNDR (net of levy & tariff)	3,511	5
Commercial Property	2,963	4
Fees, Charges & Misc	16,708	25
	67,764	100

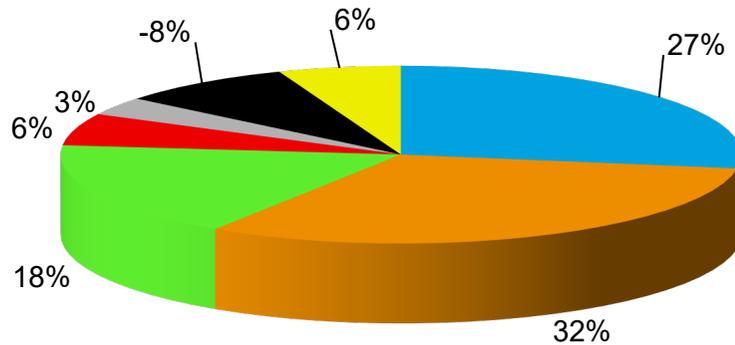
Council Tax is the income received from taxpayers through the Council Tax levied by the Council for Breckland and the parishes. The NNDR income is Breckland's share of the retained business rates income less the levy and tariffs paid.

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 (£1,846k), garden waste collections (£1,218k), licensing, recycling (£1,571k), income from partners for shared services (£1,367k), other grants & contributions (£1,964k), etc.

NARRATIVE REPORT

How the money was spent



	£'000	%
Housing Benefits	22,547	33
Running Expenses	25,949	38
Employees	14,245	21
Precepts and Levies	4,396	7
Capital Financing	2,727	4
Cont'n to Reserves	(7,027)	(10)
Other	4,927	7
	67,764	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.

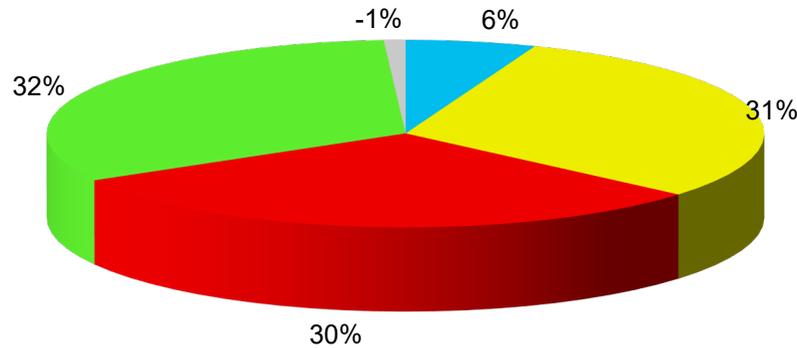
Transparency

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>

NARRATIVE REPORT

And the services it provides



	£'000	%
■ Precepts & Levies	4,396	6
■ Place & Delivery	20,932	31
■ Strategy & Resources	20,842	31
■ Housing Benefit	22,547	33
■ Other	(953)	(1)
	67,764	100

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

Place & Delivery	Building Control, Land Management, Economic Development, Car Parks, Historic Buildings, Contracts, Development Control, Emergency Planning, Enabling, Planning Enforcement, Street Cleansing, Food safety, Forward Planning, Dog Warden Service, Regeneration, Development Partnerships, Land Charges, Trees & Countryside, PFI & Leisure, Parks Woods & Open Spaces, Street Naming, Waste Collection, Public Health, Health & Safety, Licensing, Pollution Control, Grass Cutting, Commercial Property, Property Management.
Strategy & Resources	Arts, Voluntary Sector, Corporate Improvement & Performance, Committee Services, Corporate Management, Customer Contact, Community Development, Community Safety, Community Transport, Housing Enforcement, Hostels, Homelessness & Advice, Strategic Housing, Gypsies & Travellers, Housing Grants & Loans, Elections, Marketing & Communications, ICT, Digital, Human Resources, Legal Services, Pensions, Corporate Contracts & Procurement, Breckland Training Services, Environmental Health Consultancy, Strategic Policy, Internal Audit Council Tax, Housing Benefits, NNDR, Fraud.

NARRATIVE REPORT

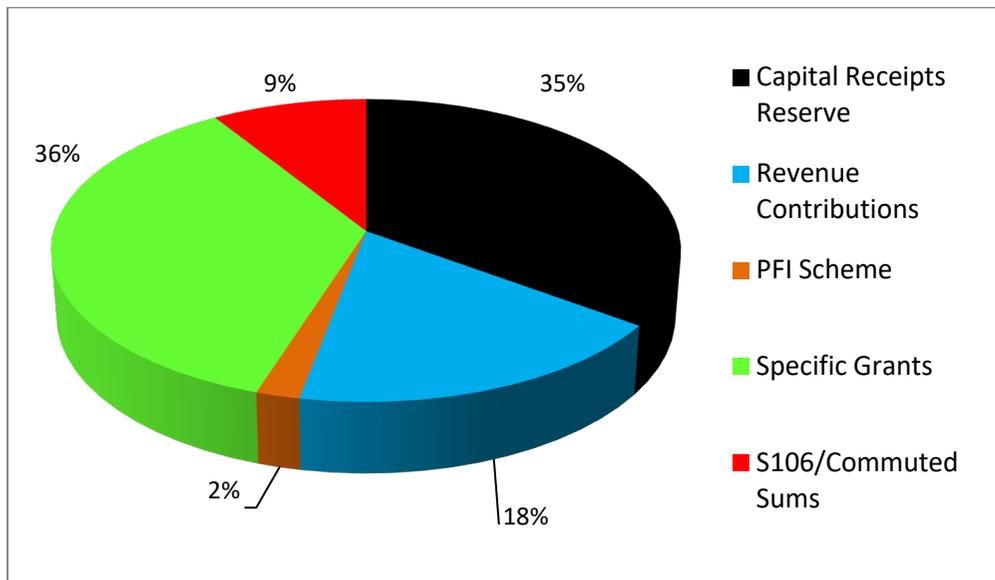
Capital financial performance

The capital out-turn was reported to Cabinet on 6 June 2022 <https://democracy.breckland.gov.uk/ieListDocuments.aspx?CId=116&MId=4846&Ver=4> and details the Council's £8,622k capital programme for 2021-22 of which £6,613k was spent, £77k was under spent and £1,932k budget moved into 2022-23 for spend on projects in progress or where the start date has moved into next year.

	2021-22 Budget £'000	Re-profile to 2022-23 £'000	2021-22 Out- turn £'000	2021-22 Variance £'000
Place and Delivery	4,526	(597)	3,853	(76)
Strategy & Resources	3,939	(1,261)	2,677	(1)
Capital Loans	157	(74)	83	-
Total Capital Programme	8,622	(1,932)	6,613	(77)

During the year the Council purchased vehicles and equipment for the new waste services contract totalling £1,438k and spent £1,246k refurbishing our new temporary accommodation, Elm House. There were no major non-current asset 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 will 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.

NARRATIVE REPORT

Collection Fund financial performance

The balance on the council tax Collection Fund at 31 March 2022 showed a £713k surplus. 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 surplus has resulted mainly from higher property numbers.

The balance on the NNDR Collection Fund at 31 March 2022 showed a £4,556k deficit. This will be shared between Central Government, Breckland Council and Norfolk County Council in proportion with each party's relative proportionate share. This deficit has resulted from Covid-19 business rates reliefs provided in year after the budget had been set, however Government have provided grants to offset the lost income from the reliefs leaving a smaller 'real' deficit to be funded by the Council. Note 31 provides further detail on the impact of the pandemic on these accounts.

These balances were estimated and taken into account when setting the Council Tax for 2022-23 and changes since that time will be reflected in setting the Council Tax in 2023-24.

Reserves and Balances

Reserves and balances increased by £16,440k during the year. Major increases and (decreases) in reserves balances included:

	£'000
○ Pensions reserve	12,822
○ Revaluation reserve	1,625
○ Collection Fund Adjustment Account	4,765
○ Other un-usable reserves	4,179
○ Usable reserves	(6,951)

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. There are key differences between this accounting valuation and the formal funding valuation (which is carried out every 3 years). The purpose of the funding valuation every 3 years is to assess the ongoing financial position of the fund and to determine the cash contribution rates at which the Council should contribute in the future, which has a real cash impact to the Council. The aim of the funding valuation is to ensure that the existing assets alongside future expected investment returns and contributions will be sufficient to meet future benefit payments from the fund.

The accounting valuation position has no cash impact to the Council. Under the accounting standards the purpose is to facilitate consistent comparison of pension positions between employers. The accounting calculations are carried out using a prescribed method and a number of the assumptions are also largely prescribed.

The Pension Fund liability shown in the Balance Sheet as at 31 March 2022 stands at £47,186k compared with £60,008k 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 as at 31 March 2022.

The IAS 19 Balance Sheet position for the Council has improved considerably in 2021-22 and the IAS 19 pension deficit is smaller in monetary terms at 31 March 2022. Investment returns were higher than expected compared to last year's accounting assumptions which has led to a positive return on assets. In addition, liabilities have reduced as a result of changes to financial and demographic assumptions compared to last year's assumptions (a combination of a

NARRATIVE REPORT

higher discount rate assumption and higher CPI assumption). This liability also includes the estimated impact of the Guaranteed Minimum Pension (GMP) indexation 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.

	2021-22	2020-21	Change
	£'000	£'000	£'000
Short Term Investments	33,015	20,001	13,014
Cash & Cash Equivalents	8,860	8,589	271
PFI Liability	(7,511)	(7,780)	269
Total	34,364	20,810	13,554

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

Whilst the investment balances are showing higher levels than last year, this is not a comparable position to previous years. We are holding in reserves additional Government grants of around £9m in total relating to the Council Tax rebate scheme and NNDR Covid Additional Relief Fund (CARF) relief, which were paid out early in 2022-23. Alongside £3m owed to preceptors relating to NNDR and Council Tax (Norfolk County Council, Norfolk Police & Crime Commissioner and Central Government).

Future years' capital budgets include the remaining budget of £637k to purchase vehicles and equipment relating to the new waste contract which began on 1 April 2021 and the remaining balance of disabled facilities grant funding of £952k.

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

Note 31 provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items.

NARRATIVE REPORT

Achievements and Targets

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

We're investing £1m in our Inspiring Communities programme, supporting residents susceptible to loneliness in later life, drug gangs, domestic abuse or poor mental health

We have invested £1.8m to create a brand new temporary accommodation site to help people who are homeless

Started work on projects within our inaugural Sustainability Strategy, pledging the Council to be carbon neutral by 2035

Successfully completed the first year offering our flexible commercial waste service

Completed our new *Ellenor Fenn* community garden in Dereham

Continued to support businesses helping them to spring back from Coronavirus through various grant funding schemes, including our Start Up grants

Covid support officers continued working throughout the district, helping keep us safe

Worked to help tackle Covid-19 through:

- Providing test and trace support grant payments
- Making track & trace visits
- Over 3,000 welfare calls made
- Enabled medication collections
- Delivered food parcels
- Supported our local foodbanks

Read more in our latest residents magazine <https://www.breckland.gov.uk/Transforming-Breckland>

NARRATIVE REPORT

Current Economic Climate, Outlook and Risk

The continuing reduction and un-certainty in Central Government funding continues to add pressures to the Council's budgets. The timing of future changes relating to 75% retained Business Rates and the Fair Funding review alongside the levelling up agenda is still unknown. This continues to add significant uncertainty for our budget setting in the medium term as funding levels past 2022-23 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 in previous years to reduce revenue costs meant that the Council started 2021-22 with a balanced budget with no impact on front line services, subject to successful delivery of the planned savings, despite the reduced level of Government grant. The budget 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 medium term financial plan 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 continues to be monitored, particularly in relation to inflation levels (which impact our major contracts) and the impact on businesses and licensing.

The Council remains in a strong financial position over the medium term, with robust plans for savings, 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 Council's 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 and will continue to have a significant impact on the Council, our businesses and our residents. The Council has continued to play a critical role in helping to lead the local response to Covid-19 along with our partners to ensure our residents are supported and protected. We have adapted quickly, putting considerable additional resource into ensuring rough sleepers are safe, providing temporary accommodation for those in need, administering business rates relief and various different grant schemes to businesses and the self-employed, providing Covid Support Officers and Covid Compliance Officers, supporting our businesses to adapt to new ways of working and supporting the most vulnerable and in need within our community.

As the year progressed we have moved into a more normal operating model, learning to live with the impacts and effects of the Covid-19 pandemic on our area, residents and businesses.

Note 31 to these accounts provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items.

NARRATIVE REPORT

Risk

The table below provides details of the current highest scoring strategic risks facing the Council along with an assessment of the likelihood and mitigations.

Risk	Description	Likelihood	Mitigation
Waste consultation	If the government is to pursue certain options within its current waste consultation, then the council's current service delivery of waste services will be required to change at a cost to the organisation as well as its waste partners within the district	5/5 = Almost Certain	Continuing work with partners to calculate the potential impacts and outcomes. Lobbying government and responding to consultations regarding the financial impact of the proposal and the need for financial compensation through new burdens funding for the sector.
Critical breach of ICT security	If the council does not ensure that its ICT security and associated plans and policies are up to date and robust then it places itself at increased risk of breaches including but not limited to ransomware and data exfiltration (which are becoming more common, with the public sector as with all other government systems and private companies).	4/5 = Likely	Through a suite of protection measures such as web filtering and antivirus software, there is a good level of protection from viruses. Disaster recovery is also well maintained. Centrally managed antivirus software with daily updates to protect against virus and malware together with proactive reporting. On access scanning of all files processed giving real-time protection Daily full scans of all files held at rest on drives. Advisory updates from Government Cyber Security forum giving detailed information on any risks seen across the Government estate (central and local). Corporate firewall provides additional protection on all traffic entering or leaving Breckland Council network giving different AV engine scanning. External scanning of all emails entering the council network which uses 4 different AV engines to provide additional granular AV scanning. Digital off site backups we still utilise tapes which are taken off site and stored. These tapes are rotated on a weekly and monthly basis so there is a history of backups that can be used in the event of data recovery being required if the digital copies are corrupt.

NARRATIVE REPORT

Risk	Description	Likelihood	Mitigation
Emerging Government Policy	If the council does not monitor emerging government policy, then it may not fully understand the implications of certain policies on organisational service delivery models and budget position.	4/5 = Likely	The council ensures that it retains a dedicated post in order to oversee policy changes and their impact on both the council and the region, as well as senior management also ensuring an awareness around government policy changes.
General Data Protection Regulations (GDPR)	If the council does not ensure that data identified in the General Data Protection Regulations is held in an appropriate and secure manner, then it would be in breach of the act and would be liable for action from the Information Commissioners Office (ICO).	4/5 = Likely	Regular meetings of the statutory information group monitor the situation and identify areas of remediation, which continue to be addressed. GDPR education and training continues to be rolled out
Increased demand on housing services	If the council is unable to fulfil its statutory duties in relation to homelessness, then it may find itself in breach of legislation such as the Homelessness Reduction Act 2017	3/5 = Possible	Ongoing process reviews, the opening of Elm House in April 2022 and bids for funding for rough sleepers accommodation
Medium-term financial plan not delivered	If the Council's medium-term financial plan and efficiency plan is not delivered, then it may not be able to produce a balanced budget	3/5 = Possible	Regular monitoring and reporting which allows early indication of cost pressures and time to re-allocate finite resources. Continued lobbying and keeping aware of government policy
Sustainability strategy	If the council does not meet the targets set out in its sustainability strategy, then it will not be able to achieve its target of net-zero by 2035	3/5 = Possible	Established programme of work in place to support delivery of the strategy. Climate change officer in place. Links to other key strategies.
Leisure re-opening	If visitor levels at the council's leisure facilities do not recover to pre-COVID levels/usage, then the council will need to consider its position regarding their continued support and make-up of operations	3/5 = Possible	Continued regular monitoring of usage, costs and income, alongside cost reduction programme. Direct agreement paused again for 2021-22 to support partner.

The Council's Risk Management Framework can be found on the website. The Corporate Improvement and Performance Team regularly reviews updates on strategic and operational risks and takes any remedial actions as necessary (for example, escalation to the Corporate Management Team or Governance & Audit Committee), during 2021-22. Quarterly updates on the strategic risk register is provided to both the Corporate 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.

NARRATIVE REPORT

The Statement of Accounts

The Council's accounts for 2021-22 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.

NARRATIVE REPORT

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.

Note 31 to these accounts provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items within this statement in 2021-22.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENTS OF ACCOUNTS

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 2021-22 that officer was the Assistant Director Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statements of Accounts.

The Assistant Director Finance's Responsibilities

The Assistant Director Finance 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 Assistant Director Finance has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Assistant Director Finance has also:

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

The Assistant Director Finance 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 2022. This certification can be found at page 25 and page 86.

The Chairman's declaration confirming that the Statement of Accounts have been approved by the Governance and Audit Committee can be found at page 92.

EXPENDITURE AND FUNDING ANALYSIS

Expenditure and Funding Analysis

	Net Expenditure Chargeable to the General Fund 2021-22 £'000	Adjustments Between Funding & Accounting Basis 2021-22 £'000	Net Expenditure in the CIES 2021-22 £'000	Net Expenditure Chargeable to the General Fund 2020-21 Restated £'000	Adjustments Between Funding & Accounting Basis 2020-21 Restated £'000	Net Expenditure in the CIES 2020-21 Restated £'000	Note
Cost of Services							
Place & Delivery Directorate	5,747	4,680	10,427	3,169	3,585	6,754	
Strategy & Resources Directorate	9,582	392	9,974	8,571	727	9,298	
Housing Benefit	987	(20)	967	544	(144)	400	
Net Cost of Services	16,316	5,052	21,368	12,284	4,168	16,452	
Other Income & Expenditure	(9,289)	(9,979)	(19,268)	(23,170)	4,549	(18,621)	
(Surplus)/Deficit on Provision of Services	7,027	(4,927)	2,100	(10,886)	8,717	(2,169)	2,3,4

Opening General Fund & Earmarked Reserves Balance @ 31.03.21	28,083
Adjust for Surplus/Deficit on Provision of Services	(7,027)
Closing General Fund & Earmarked Reserves Balance @ 31.03.22	21,056

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). Figures for 2020-21 have been restated to reflect the change from 3 Directorates to 2 Directorates in 2021-22, to allow like-for-like comparison.

Note 31 provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement

	Gross Expenditure 2021-22	Gross Income 2021-22	Net Expenditure 2021-22	Gross Expenditure 2020-21 Restated	Gross Income 2020-21 Restated	Net Expenditure 2020-21 Restated	Note
	£'000	£'000	£'000	£'000	£'000	£'000	
Expenditure on Services							
Place & Delivery Directorate	20,932	(10,505)	10,427	21,349	(14,595)	6,754	
Strategy & Resources Directorate	20,842	(10,868)	9,974	18,404	(9,106)	9,298	
Housing Benefit	22,547	(21,580)	967	23,496	(23,096)	400	
Cost of Services	64,321	(42,953)	21,368	63,249	(46,797)	16,452	
Other operating expenditure							
Parish Council Precepts and Drainage Board Levies	4,396	-	4,396	4,334	-	4,334	
(Gain)/Loss on disposal of non-current assets	-	(314)	(314)	-	(556)	(556)	
Financing and investment income and expenditure							
Interest receivable & payable & similar income & expenditure	547	(696)	(149)	554	(687)	(133)	
Re-measurement of the net defined benefit liability/asset	2,904	(1,688)	1,216	2,597	(1,565)	1,032	
(Surplus)/Deficit on trading undertakings	(1,530)	(2,963)	(4,493)	1,320	(2,709)	(1,389)	
Other	913	-	913	-	(386)	(386)	
Taxation and non-specific grant income and expenditure							
Council Tax income (including collection fund)	-	(8,861)	(8,861)	-	(8,471)	(8,471)	
NDR income & expenditure (including collection fund)	11,089	(14,601)	(3,512)	15,789	(15,336)	453	
Revenue Support Grant	-	(660)	(660)	-	(657)	(657)	
Covid-19 Government grants	-	(731)	(731)	-	(6,610)	(6,610)	
Other non-ring-fenced Government grants	-	(7,073)	(7,073)	-	(6,238)	(6,238)	
(Surplus)/Deficit on Provision of Services	82,640	(80,540)	2,100	87,843	(90,012)	(2,169)	
(Surplus)/Deficit on revaluation of PPE assets			(2,828)			1,522	
Actuarial (gains)/losses on pension assets/liabilities			(15,712)			14,014	7
Other Comprehensive (Income) and Expenditure			(18,540)			15,536	
Total Comprehensive (Income) and Expenditure			(16,440)			13,367	

Figures for 2020-21 have been restated to reflect the change from 3 Directorates to 2 Directorates in 2021-22, to allow like-for-like comparison. Note 31 provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items.

MOVEMENT IN RESERVES STATEMENT

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 2020	2,501	14,696	-	1,408	18,605	32,671	51,276	
<u>Movement in Reserves during 2020-21</u>								
Total Comprehensive Income & Expenditure	2,169	-	-	-	2,169	(15,536)	(13,367)	
Adjustments from income & expenditure charged under the accounting basis to funding basis	8,717	-	-	108	8,825	(8,825)	-	
Transfers to/from Earmarked Reserves	(10,538)	10,538	-	-	-	-	-	
Increase/(decrease) for year	348	10,538	-	108	10,994	(24,361)	(13,367)	
Balance as at 31 March 2021	2,849	25,234	-	1,516	29,599	8,310	37,909	
Balance as at 1 April 2021	2,849	25,234	-	1,516	29,599	8,310	37,909	
<u>Movement in Reserves during 2021-22</u>								
Total Comprehensive Income & Expenditure	(2,100)	-	-	-	(2,100)	18,052	15,952	
Adjustments from income & expenditure charged under the accounting basis to funding basis	(4,927)	-	-	76	(4,851)	5,339	488	5
Transfers to/from Earmarked Reserves	6,999	(6,999)	-	-	-	-	-	6
Increase/(decrease) for year	(28)	(6,999)	-	76	(6,951)	23,391	16,440	
Balance as at 31 March 2022	2,821	18,235	-	1,592	22,648	31,701	54,349	

Note 31 provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items, particularly in respect of Earmarked General Fund Reserves which are holding balances relating to future cost pressures and are not an available resource.

BALANCE SHEET

Balance Sheet

	31 March 2022		31 March 2021		Notes
	£'000	£'000	£'000	£'000	
Non Current Assets					
Property Plant and Equipment	42,898		38,767		8
Heritage Assets	337		310		-
Investment Property	34,099		31,701		9
Intangible Assets	51		76		-
Total Non Current Assets		77,385	70,854		
Long term debtors		12,411	12,431		10
Total long-term assets		89,796	83,285		
Current Assets					
Short-term investments	33,015		20,001		11
Short-term debtors	7,922		16,554		12
Cash and cash equivalents	8,860		8,589		13
Assets Held for Sale	18		787		-
Total Current Assets		49,815	45,931		
Total Assets					
Current Liabilities					
Short-term creditors	(27,172)		(19,878)		14
Provisions	(2,272)		(2,462)		15
Total Current Liabilities		(29,444)	(22,340)		
Total Assets less Current Liabilities		110,167	106,876		
Long Term Liabilities					
PFI Lease Liability > 1 year	(7,227)		(7,511)		24
Pensions Liability	(47,186)		(60,008)		7
Capital grants receipts in advance	(1,405)		(1,448)		16
Total Long-term Liabilities		(55,818)	(68,967)		
Net Assets		54,349	37,909		
Financed By:-					
Usable reserves		(22,648)	(29,599)		17
Un-usable reserves		(31,701)	(8,310)		18
Total Net Worth		(54,349)	(37,909)		

BALANCE SHEET

I certify that the statements of accounts on pages 21 to 80 present a true and fair view of the financial position of Breckland Council as at 31 March 2022 and its income and expenditure for the year then ended.

Assistant Director Finance:

A Chubbock

Date: 26 May 2023

CASH FLOW STATEMENT

Cash Flow Statement

	2021-22		2020-21	
	£'000	£'000	£'000	£'000
Net (surplus) or deficit on the provision of services	2,100		(2,169)	
Adjust net surplus or deficit on the provision of services for non-cash movements				
Depreciation and amortisation	(1,794)		(1,154)	
Impairments and valuations	(799)		(958)	
(Increase)/Decrease in creditors	(3,076)		(11,650)	
Increase/(Decrease) in debtors (including interest debtors)	(2,336)		1,053	
Pension liability	(2,890)		(1,120)	
Carrying amount of non-current assets sold	(870)		-	
Other	2,480		(779)	
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	2,993		2,902	
Proceeds from the sale of non-current assets	1,316		556	
Net Cash Flows from Operating Activities		(2,876)		(13,319)
Investing Activities				
Purchase of PPE, Investment property and intangible assets		3,678		4,327
Net Purchases/(Proceeds) of short and long term investments		13,000		0
Proceeds from the sale of PPE, Investment property and intangible assets		(1,184)		(657)
Other receipts and payments for investing activities		(4,505)		(3,095)
Financing Activities				
Cash payments for the reduction of liabilities relating to PFI contracts		269		255
Other receipts/payments for financing activities		(8,653)		8,863
Net (Increase)/Decrease in Cash and Cash Equivalents		(271)		(3,626)
Cash and cash equivalents at the beginning of the reporting period		8,589		4,963
Cash and cash equivalents at the end of the reporting period		8,860		8,589

The 'Purchase of short and long term investments line' has been consolidated with the 'Proceeds from short and long term investments line' to show the net movement on short and long term investments for both years.

The cash flows from operating activities includes interest received of £686k in 2021-22 (£764k in 2020-21) and interest paid of £547k in 2021-22 (£554k in 2020-21).

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 1 – Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2021-22 financial year and its position at the year end of 31 March 2022. 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 2021-22, 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; and
- 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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. The Council has an underlying borrowing requirement, but has not yet needed to borrow externally. 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 age of that debt.

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. Furthermore, 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset 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 using the assumptions that market participants would use when pricing the asset, 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 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 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, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

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. The Council holds financial assets measured at:

- Amortised cost

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 16 *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 accelerate long term regeneration and economic growth through projects in the Council area with a view to securing the economic, social, and

NOTES TO THE CORE FINANCIAL STATEMENTS

environmental well-being of the Council area whilst generating a financial return. 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 or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Valuations are in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards. 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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 professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 1 to 99 years)
- Car Parks – straight line allocation over the useful life of the property as estimated by the valuer (ranges from 3 to 28 years)
- Infrastructure – straight line allocation over the useful life of the property as estimated by the valuer (ranges from 18.5 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 2 – Note to the Expenditure and Funding Analysis

	Adjust- ments for Capital Purposes 2021-22	Net change for the Pensions Adjust- ment 2021-22	Other Differen- ces 2021-22	Total Adjust- ments 2021-22	Adjust- ments for Capital Purposes 2020-21 Restated	Net change for the Pensions Adjust- ment 2020-21 Restated	Other Differen- ces 2020-21 Restated	Total Adjust- ments 2020-21 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Place & Delivery Directorate	(213)	416	4,477	4,680	2,066	59	1,460	3,585
Strategy & Resources Directorate	(52)	1,258	(814)	392	20	29	678	727
Housing Benefit	-	-	(20)	(20)	-	-	(144)	(144)
Net Cost of Services	(265)	1,674	3,643	5,052	2,086	88	1,994	4,168
Other Income & Expenditure from the Funding Analysis	(2,778)	1,216	(8,417)	(9,979)	(1,380)	1,032	4,897	4,549
Difference Between General Fund Surplus/Deficit and Comprehensive Income & Expenditure Statement Surplus/Deficit	(3,043)	2,890	(4,774)	(4,927)	706	1,120	6,891	8,717

Figures for 2020-21 have been restated to reflect the change from 3 Directorates to 2 Directorates in 2021-22, to allow like-for-like comparison.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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 e.g. for un-ring fenced government grants.

Note 3 – Segmental Income

Income received on a segmental basis is analysed below:

	2021-22 Income from Services £'000	2020-21 Income from Services £'000
Revenues from external customers	(14,465)	(9,589)
Other income	(43,930)	(49,324)
Total Income Analysed on a Segmental Basis	(58,395)	(58,913)

Note 4 – Expenditure & Income Analysed by Nature

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

	2021-22 £'000	2020-21 £'000
Employee Benefit Expenses	13,029	11,639
Other Service Expenses	25,948	25,000
Housing Benefit	22,547	23,496
Depreciation, Amortisation & Impairment	2,727	4,988
Precepts & Levies	4,396	4,334
Pensions Interest Cost	2,904	2,597
Non-Domestic Rates (Tariff, levy)	11,089	15,789
Total Expenditure	82,640	87,843
Fees, Charges & Other Service Income	(19,670)	(16,813)
Housing Benefit	(21,580)	(23,096)
Interest & Investment Income	(696)	(687)
Pensions Return on Assets	(1,688)	(1,565)
Income from Council Tax & Non-Domestic Rates	(23,462)	(23,807)
Government Grants & Contributions	(13,444)	(24,044)
Total Income	(80,540)	(90,012)
	2,100	(2,169)

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	General Fund & Earmarked Reserves Balance £'000	Capital Receipts Reserve 2021-22 £'000	Capital Grants Unapplied £'000	General Fund & Earmarked Reserves Balance £'000	Capital Receipts Reserve 2020-21 £'000	Capital Grants Unapplied £'000
Adjustments to Revenue Resources						
<i>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</i>						
Pensions costs (transferred to/from the pensions reserve)	2,890	-	-	1,120	-	-
Council Tax and NNDR (transfers to/from the Collection fund Acc.)	(4,766)	-	-	6,729	-	-
Holiday Pay (transferred to/from the Accumulated Absences Acc.)	(8)	-	-	161	-	-
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	(1,491)	-	-	1,279	-	-
Revenue expenditure funded from capital under statute	2,424	-	-	2,555	-	-
Depreciation & Amortisation	1,795	-	-	1,154	-	-
Capital grants & contributions	(2,917)	-	-	(2,794)	-	-
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)	(1,490)	-	-	(1,171)	-	-
Total Adjustments to Revenue Resources	(3,563)	-	-	9,033	-	-
Adjustments between Capital and Revenue Resources						
Capital expenditure financed from revenue balances	(1,175)	-	-	(205)	-	-
Total Adjustments between Capital and Revenue Resources	(1,175)	-	-	(205)	-	-
Adjustments to Capital Resources						
Use of capital receipts reserve to finance capital expenditure	-	-	-	-	-	-
Allocation of capital grants to finance capital expenditure	(76)	-	76	(108)	-	108
Cash payments in relation to deferred capital receipts	(113)	-	-	(3)	-	-
Total Adjustments to Capital Resources	(189)	-	76	(111)	-	108
Total Adjustments	(4,927)	-	76	8,717	-	108

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	01.04.2020 £'000	Receipts 2020-21 £'000	Payments 2020-21 £'000	Transfers 2020-21 £'000	31.03.2021 £'000	Receipts 2021-22 £'000	Payments 2021-22 £'000	Transfers 2021-22 £'000	31.03.2022 £'000
General Fund	(2,501)	(348)	-	-	(2,849)	-	28	-	(2,821)
<i>Earmarked Reserves:</i>									
Commercial Property	(493)	(109)	44	-	(558)	(315)	162	(40)	(751)
Insurance	(45)	(5)	12	-	(38)	(28)	1	-	(65)
Match Funding	(309)	-	24	-	(285)	-	94	-	(191)
Organisational Developments	(1,590)	(793)	462	(98)	(2,019)	(572)	848	-	(1,743)
Waste and Recycling	(50)	(50)	-	-	(100)	(49)	50	-	(99)
Revenue Grants Rec'd in Advance	(1,140)	(4,091)	846	15	(4,370)	(2,679)	4,058	-	(2,991)
John Room House Major Repairs	(31)	(16)	23	-	(24)	(16)	-	40	-
LDF Reserve	(55)	-	-	55	-	-	-	-	-
Council Tax & Business Rates	(2,201)	(7,262)	580	-	(8,883)	(2,723)	6,762	-	(4,844)
Communities	(394)	-	-	-	(394)	-	-	-	(394)
Growth & Investment Reserve	(5,687)	(374)	832	26	(5,203)	-	1,845	-	(3,358)
Inclusive Growth	(2,701)	(1,319)	658	2	(3,360)	(1,568)	1,129	-	(3,799)
Total Earmarked Reserves	(14,696)	(14,019)	3,481	-	(25,234)	(7,950)	14,949	-	(18,235)

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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. The 31.03.2022 balance is unusually high due to holding Government grants relating to Covid-19 and Council Tax Rebates which will be paid out during 2022-23.

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) and is now fully utilised.

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. The 31 March balances are unusually high due to holding Government grants relating to Covid-19 which were repaid in the next financial year.

Communities Reserve – This reserve was set up to fund community-based projects (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 31 provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items

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:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2021-22	2020-21
	£'000	£'000
Comprehensive Income and Expenditure Statement		
<i>Cost of services</i>		
Service cost comprising:		
Current service cost	4,703	2,999
Past service costs	18	7
<i>Financing and Investment Income and Expenditure</i>		
Net interest expense	1,216	1,032
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	5,937	4,038
<i>Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(5,795)	(15,097)
Actuarial (gains) and losses arising on changes in demographic assumptions	(574)	1,515
Actuarial (gains) and losses arising on changes in financial assumptions	(9,658)	28,847
Other (gains) and losses	315	(1,251)
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(15,712)	14,014
<i>Movement in Reserves Statement</i>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(2,890)	(1,120)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to scheme	3,047	2,918

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:

	2021-22	2020-21
	£'000	£'000
Present value of the defined benefit obligation	(139,046)	(144,585)
Fair value of plan assets	91,860	84,577
Net liability arising from defined benefit obligation	(47,186)	(60,008)

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	2021-22	2020-21
	£'000	£'000
Opening fair value of scheme assets	84,577	68,233
Interest income	1,688	1,565
<i>Remeasurement gain/(loss)</i>		
The return on plan assets (excluding amount included in the net interest expense)	5,795	15,097
Contributions from employer	3,047	2,918
Contributions from employees into the scheme	599	599
Benefits paid	(3,846)	(3,835)
Closing fair value of scheme assets	91,860	84,577

Reconciliation of Present Value of the Scheme Liabilities

	2021-22	2020-21
	£'000	£'000
1 st April	(144,585)	(113,107)
Current service cost	(4,703)	(2,999)
Interest cost	(2,904)	(2,597)
Contributions from scheme participants	(599)	(599)
<i>Remeasurement gain/(loss)</i>		
Actuarial gains/(losses) arising from changes in demographic assumptions	574	(1,515)
Actuarial gains/(losses) arising from changes in financial assumptions	9,658	(28,847)
Other gains/(losses)	(315)	1,251
Past service cost	(18)	(7)
Benefits paid	3,846	3,835
31 st March	(139,046)	(144,585)

NOTES TO THE CORE FINANCIAL STATEMENTS

Local Government Pension Scheme Assets Comprised:	2021-22				2020-21			
	Quoted prices in active markets	Quoted prices not in active markets	Total	% of Total Assets	Quoted prices in active markets	Quoted prices not in active markets	Total	% of Total Assets
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Cash and cash equivalents	1,301	-	1,301	1	1,319	-	1,319	2
<i>Equity securities:</i>								
Consumer	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Energy and utilities	-	-	-	-	-	-	-	-
Financial institutions	-	-	-	-	-	-	-	-
Health and care	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Sub total Equity Securities	-	-	-	-	-	-	-	-
<i>Debt Securities:</i>								
UK Government	927	-	927	1	963	-	963	1
Sub total Debt Securities	927	-	927	1	963	-	963	1
<i>Real Estate:</i>								
UK Property	-	8,390	8,390	10	-	6,726	6,726	8
Overseas Property	-	1,293	1,293	1	-	1,710	1,710	2
Sub total Real Estate	-	9,683	9,683	11	-	8,436	8,436	10
<i>Private Equity:</i>								
All Private Equity	-	7,412	7,412	8	-	5,367	5,367	6
<i>Other investment funds and unit trusts:</i>								
Equities	38,643	-	38,643	42	37,692	-	37,692	45
Bonds	26,535	-	26,535	29	25,109	-	25,109	30
Infrastructure	-	7,339	7,339	8	-	5,349	5,349	6
Other	-	-	-	-	-	311	311	-
Sub total investment funds & unit trusts	65,178	7,339	72,517	79	62,801	5,660	68,461	81
<i>Derivatives:</i>								
All Derivatives (Foreign Exchange)	20	-	20	-	31	-	31	-
Total Assets	67,426	24,434	91,860	100	65,114	19,463	84,577	100

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2019.

<i>The principal assumptions used by the actuary have been:</i>	2021-22	2020-21
Mortality assumptions:		
Longevity at 65 for current pensioners - men	21.7 years	21.9 years
Longevity at 65 for current pensioners - women	24.1 years	24.3 years
Longevity at 65 for future pensioners - men	22.9 years	23.2 years
Longevity at 65 for future pensioners - women	26.0 years	26.2 years
Retail Price Inflation (RPI)	3.55%	3.3%
Rate of increase in salaries	3.90%	3.55%
Rate of increase in pensions	3.20%	2.85%
Rate for discounting scheme liabilities	2.70%	2.0%

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, i.e. 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
0.1% decrease in Real Discount Rate	2	2,642
1 year increase in member life expectancy	4	5,562
0.1% increase in the Salary Increase Rate	0	252
0.1% increase in the Pension Increase Rate	2	2,370

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 2022). The next triennial valuation is due to be completed on 31 March 2025. The Council anticipates paying £3,061k expected contributions to the scheme in 2022-23. The weighted average duration of the defined benefit obligation for scheme members is 16.3 years for 2021-22 (16.3 years in 2020-21).

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.**

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2021	26,918	6,768	1,377	232	6,253	232	41,780	14,738
Additions	948	1,699	5	-	1,284	-	3,936	152
Revaluation increases/(decreases) recognised in Revaluation Reserve	1,484	-	(16)	10	705	-	2,183	531
Revaluation increases/(decreases) recognised in Surplus/Deficit on the Provision of Services	(976)	-	-	1	(83)	-	(1,058)	(261)
Derecognition – Disposals	-	(81)	-	-	(100)	-	(181)	-
Assets reclassified (to)/from Investment Assets	-	-	-	-	65	-	65	-
Reclassifications	-	(907)	907	-	-	-	-	-
Additions – Transferred from WIP	-	-	11	-	219	(232)	(2)	-
At 31 March 2022	28,374	7,479	2,284	243	8,343	0	46,723	15,160
Accumulated Depreciation								
At 1 April 2021	-	(2,969)	(19)	-	(25)	-	(3,013)	-
Depreciation charge 2021-22	(771)	(636)	(314)	-	(36)	-	(1,757)	(474)
Depreciation Written out to Revaluation Reserve	516	-	31	-	58	-	605	281
Depreciation Written out to the Surplus/Deficit on Provision of Services	255	-	-	-	4	-	259	193
Other movements	-	161	(161)	-	-	-	-	-
Derecognition – Disposals	-	81	-	-	-	-	81	-
At 31 March 2022	-	(3,363)	(463)	-	1	-	(3,825)	-
Net Book Value at 31 March 2021	26,918	3,799	1,358	232	6,228	232	38,767	14,738
Net Book Value at 31 March 2022	28,374	4,116	1,821	243	8,344	-	42,898	15,160

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2020	27,966	3,554	1,377	230	8,651	11	41,789	15,601
Additions	784	3,214	-	-	49	229	4,276	628
Revaluation increases/(decreases) recognised in Revaluation Reserve	(1,462)	-	-	-	(964)	-	(2,426)	(1,176)
Revaluation increases/(decreases) recognised in Surplus/Deficit on the Provision of Services	(370)	-	-	2	(713)	-	(1,081)	(315)
Derecognition – Disposals	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Assets Held for Sale	-	-	-	-	(770)	-	(770)	-
Additions – Transferred from WIP	-	-	-	-	-	(8)	(8)	-
At 31 March 2021	26,918	6,768	1,377	232	6,253	232	41,780	14,738
Accumulated Depreciation								
At 1 April 2020	(101)	(2,731)	(7)	-	(62)	-	(2,901)	-
Depreciation charge 2020-21	(773)	(238)	(12)	-	(69)	-	(1,092)	(480)
Depreciation Written out to Revaluation Reserve	761	-	-	-	97	-	858	423
Depreciation Written out to the Surplus/Deficit on Provision of Services	113	-	-	-	9	-	122	57
Derecognition – Disposals	-	-	-	-	-	-	-	-
At 31 March 2021	-	(2,969)	(19)	-	(25)	-	(3,013)	-
Net Book Value at 31 March 2020	27,865	823	1,370	230	8,589	11	38,888	15,601
Net Book Value at 31 March 2021	26,918	3,799	1,358	232	6,228	232	38,767	14,738

Depreciation

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Revaluations

The asset values shown for 2021-22 are as at 31 March 2022 to reflect material changes during the year within the asset. Asset values in previous years are shown as at 1st April for that year. 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	-	8,386	1,377	-	-	-	9,763
Valued at fair value in:							
2021-22	28,011	-	-	243	8,343	-	36,597
2020-21	-	-	-	-	-	-	-
Total	28,011	8,386	1,377	243	8,343	-	46,360

Capital Commitments

At 31 March 2022, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022-23 and future years. The major commitments are:

	Expenditure Approved & Contracted	Expenditure Approved but not Contracted
	£'000	£'000
At 31 March 2022	532	5,561
At 31 March 2021	2,987	2,745

There have been no major changes in estimates during 2021-22.

NOTES TO THE CORE FINANCIAL STATEMENTS

Fair Value Hierarchy

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

2021-22	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 31.03.2022 £'000
<i>Recurring Fair Value Measurements</i>				
Land	-	3,684	-	3,684
Property	-	4,211	-	4,211
Shared Equity Housing	-	449	-	449
Total	-	8,344	-	8,344

There were no transfers between levels 1 and 2 during 2021-22.

2020-21	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 31.03.2021 £'000
<i>Recurring Fair Value Measurements</i>				
Land	-	4,056	-	4,056
Property	-	1,738	-	1,738
Shared Equity Housing	-	434	-	434
Total	-	6,228	-	6,228

There were no transfers between levels 1 and 2 during 2020-21.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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:

	2021-22 £'000	2020-21 £'000
Rental income from investment property	(2,963)	(2,709)
Operating expenses from investment property	(1,530)	1,320
Adjustment for spend funded from reserves	(54)	(79)
Adjustment for finance lease income	(270)	(270)
Adjustment for service charges to reserve	62	66
Net gains/losses from Fair Value adjustments	2,290	(321)
Total	(2,465)	(1,993)

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:

	2021-22 £'000	2020-21 £'000
Balance at 1 April	31,701	32,013
Additions:- Purchases	-	-
Subsequent Expenditure	172	9
Disposals	-	-
Net gains/(losses) from fair value adjustments	2,290	(321)
Transfers (to)/from Property, Plant and Equipment	(65)	
Transfers (to)/from Assets under Construction	1	
Balance at 31 March	34,099	31,701

NOTES TO THE CORE FINANCIAL STATEMENTS

Fair Value Hierarchy

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

2021-22	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 31.03.2022 £'000
<i>Recurring Fair Value Measurements</i>				
Industrial Property	-	27,677	-	27,677
Land lease	-	1,668	-	1,668
Retail Units	-	4,374	-	4,374
Other	-	380	-	380
Total	-	34,099	-	34,099

There were no transfers between levels 1 and 2 during 2021-22.

2020-21	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 31.03.2021 £'000
<i>Recurring Fair Value Measurements</i>				
Industrial Property	-	25,072	-	25,072
Land lease	-	1,705	-	1,705
Retail Units	-	4,564	-	4,564
Other	-	360	-	360
Total	-	31,701	-	31,701

There were no transfers between levels 1 and 2 during 2020-21.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	31.03.2022	31.03.2021
	£'000	£'000
Housing Benefits Overpayments	824	884
Loans to other organisations	467	560
Long term sundry debtors	46	46
PFI Capital Lifecycle Prepayment	1,026	810
Finance leases	10,027	10,104
Officers assisted car purchase	21	27
Total	12,411	12,431

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 11 – Short Term Investments

These are surplus funds invested in approved investment instruments that mature within the coming twelve months. The figures below include accrued interest.

	2021-22	2020-21
Investment Institution	Amount Invested	Amount Invested
	£'000	£'000
Banks/Building Societies	31,015	13,000
Other Local Authorities	-	7,001
Debt Management Office (UK Government)	2,000	-
Total	33,015	20,001

Note 12 – Short Term Debtors

Amounts falling due in one year

	31.03.2022	31.03.2021
	£'000	£'000
Council Tax & NNDR (incl. preceptors)	2,660	9,236
DWP Subsidy	116	-
Trade Debtors	1,140	1,952
Enforcement	857	399
Loans to other companies	145	290
Other	3,004	4,677
Total	7,922	16,554

Elements of the 'other' figure of £3,004k 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:

	31.03.2022	31.03.2021
	£'000	£'000
Bank current accounts	1,313	1,192
Short term deposits (24hrs notice)	7,547	7,397
Total Cash and Cash Equivalents	8,860	8,589

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 14 – Short Term Creditors

Amounts falling due in one year

	31.03.2022	31.03.2021
	£'000	£'000
Rent deposits	(927)	(869)
Council Tax & NNDR (incl. preceptors)	(3,051)	(322)
Sundry Creditors (incl. purchase orders)	(1,989)	(1,018)
DWP Subsidy	-	(141)
Gov't Covid-19 Business Grant Funding	(4,288)	(3,275)
£150 Council Tax Rebate Grant	(8,088)	-
Capital accruals	(1,739)	(1,763)
NNDR S31 grant owed to Government	(4,091)	(8,524)
Other	(2,999)	(3,966)
Total	(27,172)	(19,878)

Elements of the 'other' figure of £2,999k are included within the Financial Instruments note within trade creditors (excluding prepayments and accumulated absences) and the PFI note within the PFI liability.

Note 31 provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items.

Note 15 – Provisions

	Outstanding Legal Cases £'000	Other £'000	NNDR £'000	Total £'000
Balance at 31 March 2021	(101)	(18)	(2,343)	(2,462)
Additional provisions made in 2021-22	(30)	(38)	(447)	(515)
Amounts used in 2021-22	75	8	618	701
Unused amounts reversed in 2021-22	4	-	-	4
Balance at 31 March 2022	(52)	(48)	(2,172)	(2,272)

Outstanding legal cases – In 2021-22 costs for planning cases have totalled £75k. A new provision has been made for £30k and unused provisions totalling £4k have been reversed. The balance of £52k will be used on expected planning court cases in 2022-23.

Other – In 2021-22 a claim against the council for £8,700 was settled. A provision for a claim against the council for works completed regarding a disabled facility grant totals £18k. A further claim regarding a health and safety incident totalling £20k has been made in 2021-22.

NNDR – The Council's share of provisions relating to NNDR appeals against the Rateable Value set by the Valuation Office totals £2,172k for claims outstanding and expected as at 31 March 2022.

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 16 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021-22:

	2021-22 £'000	2020-21 £'000
Credited to Taxation and Non Specific Grant Income		
New Homes Bonus	(1,587)	(2,042)
NNDR Section 31 Grants	(4,612)	(7,763)
Covid-19 General Government grant	(731)	(2,075)
Rural Services Delivery Grant	(496)	(472)
Other	(378)	(496)
Total	(7,804)	(12,848)
	2021-22 £'000	2020-21 £'000
Credited to Services:		
Dep't for Business Energy & Industrial Strategy (BEIS)	(1,281)	(5,720)
Ministry for Housing, Communities & Local Government (MHCLG)	-	(4,721)
Department of Health & Social Care	(189)	-
Department for Levelling Up, Housing & Communities (DLUHC)	(4,062)	-
Homes England	(372)	(908)
Cabinet Office	(40)	(30)
Department for Works & Pensions (DWP)	(21,540)	(23,173)
Norfolk County Council	(1,403)	(1,369)
Suffolk County Council	(56)	-
Other Local Authorities	(15)	(206)
S106 Agreements	(708)	(548)
Local Enterprise Partnership	(641)	(539)
Norfolk Business Rates Pool	(69)	(42)
Apprentice Levy	(16)	-
Elections Claims Unit	(127)	-
National Leisure	-	(322)
European Regional Development Fund (ERDF)	-	(82)
Historic England	(144)	-
Housing Infrastructure Fund	(83)	-
Other Grants	(22)	(28)
Total	(30,768)	(37,688)

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Grants Receipts in Advance	2021-22	2020-21
	£'000	£'000
S106 Agreements	(156)	(189)
Total	(156)	(189)

Note 31 provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items.

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.

	2021-22	2020-21
	£'000	£'000
Balance at 1 April	(1,448)	(1,473)
Receipts	(156)	(189)
Payments	433	214
Transfers to revenue	9	
Transfers	(243)	-
Balance at 31 March	(1,405)	(1,448)

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

	2021-22	2020-21
	£'000	£'000
Open Spaces	(626)	(540)
Commuted Sums	(183)	(183)
Land Release grant	(243)	-
Affordable Housing	(164)	(581)
Healthcare	(35)	(35)
Waste	(13)	(13)
Village Hall	(96)	(96)
S106 Monitoring Fees	(37)	-
GIRAM (Green Infrastructure) Strategy	(8)	-
Balance at 31 March	(1,405)	(1,448)

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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	2021-22 £'000	2020-21 £'000
Balance at 1 April	(1,516)	(1,408)
Receipts	(311)	(321)
Payments	-	-
Financing of capital programme	235	213
Balance at 31 March	(1,592)	(1,516)

Note 18 – Unusable Reserves

	31.03.2022 £'000	31.03.2021 £'000
Revaluation Reserve	(14,299)	(12,674)
Capital Adjustment Account	(56,550)	(52,511)
Deferred Capital Receipts Reserve	(10,146)	(10,013)
Pensions Reserve	47,186	60,008
Collection Fund Adjustment Account	1,739	6,504
Accumulated Absences Account	369	376
Total Unusable Reserves	(31,701)	(8,310)

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2021-22 £'000	2020-21 £'000
Balance at 1 April	(12,674)	(14,577)
Upward revaluation of assets	(3,182)	(1,664)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	354	3,186
Surplus/Deficit on revaluation of non-current assets not posted to the Surplus/Deficit on Provision of Services	(2,828)	1,522
Difference between fair value depreciation and historical cost depreciation	334	381
Accumulated gains on assets sold or scrapped	869	-
Amount written off to the Capital Adjustment Account	(1,625)	1,903
Balance at 31 March	(14,299)	(12,674)

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.

	2021-22 £'000	2020-21 £'000
Balance at 1 April	(52,511)	(52,844)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and amortisation	1,795	1,154
Revaluation (gains)/losses on Property, plant and equipment	799	958
Changes in fair value of investment properties	(2,290)	321
Revenue expenditure funded from capital under statute	2,424	2,555
Adjusting amounts written out of the Revaluation Reserve	(334)	(381)
Net written out amount of the cost of non-current assets consumed in the year	2,394	4,607
Capital financing applied in the year:		
Use of the capital receipts reserve to finance new capital expenditure	(1,165)	(660)
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(2,993)	(2,902)
Application of grants to capital financing from the Capital Grants Unapplied Account	76	108
Minimum Revenue Provision charge	(1,176)	(615)
Capital expenditure charged against the General Fund	(1,175)	(205)
Balance at 31 March	(56,550)	(52,511)

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	2021-22 £'000	2020-21 £'000
Balance at 1 April	(10,013)	(10,114)
Transfer of deferred sale proceeds upon receipt of cash	(133)	(114)
Transfer of deferred sale proceeds credited from CIES on disposal	-	215
Balance at 31 March	(10,146)	(10,013)

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.

	2021-22 £'000	2020-21 £'000
Balance at 1 April	60,008	44,874
Actuarial (gains) or losses on pension assets and liabilities	(15,712)	14,014
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	5,937	4,038
Employer's pension contributions and direct payments to pensioners payable in the year	(3,047)	(2,918)
Balance at 31 March	47,186	60,008

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	2021-22 £'000	2020-21 £'000
Balance at 1 April	6,504	(225)
Amount by which council tax credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(114)	25
Amount by which NNDR credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(4,651)	6,704
Balance at 31 March	1,739	6,504

Note 19 - Members' Allowances

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

	2021-22 £'000	2020-21 £'000
Basic and special responsibility allowances	449	444
Expenses	25	11
Total	474	455

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 20 – Officers’ Remuneration

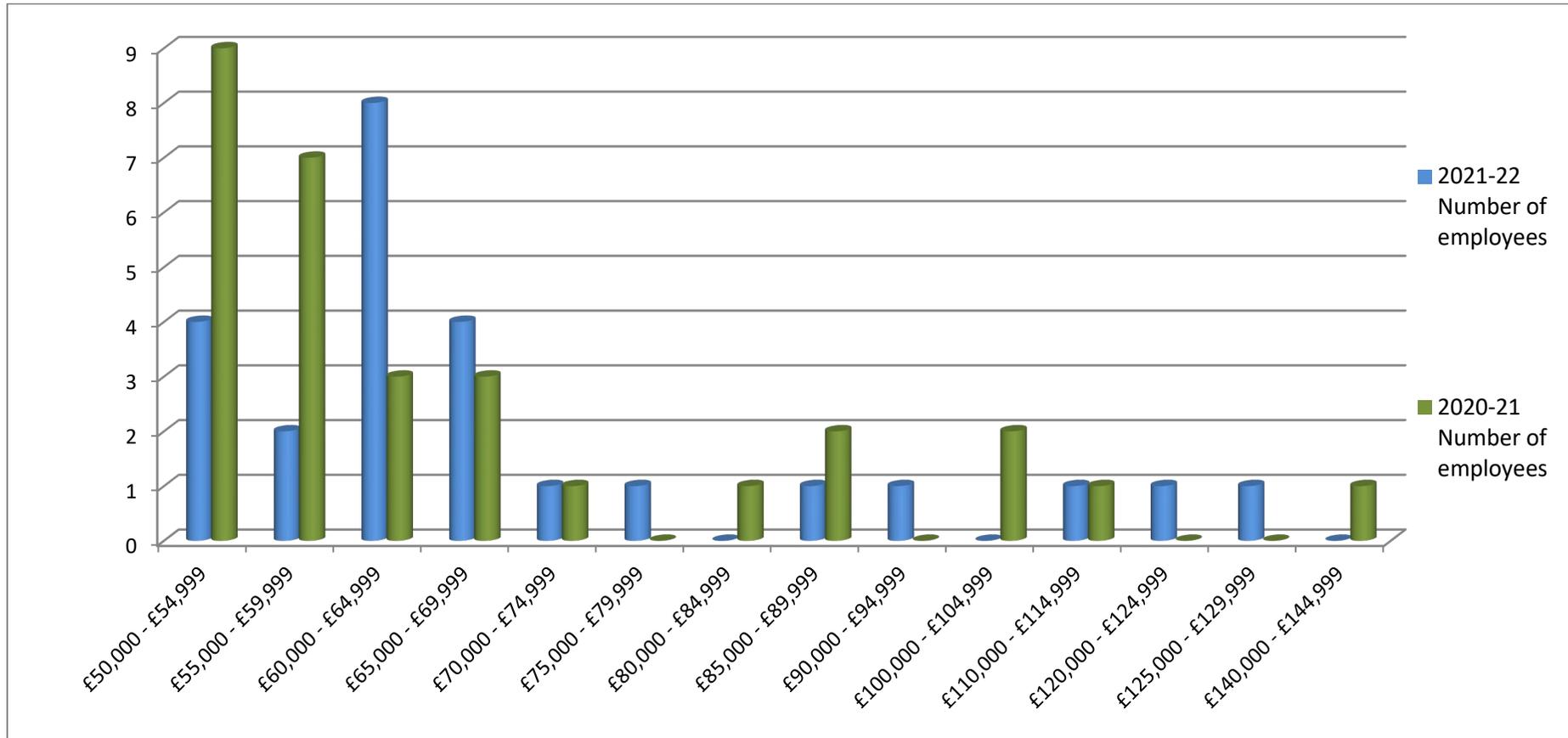
The remuneration paid to the Council’s senior employees is as follows:

Title	2021-22				2020-21			
	Salary (incl fees & allow- ances) £	Exp- enses Allow- ances £	Pension Contr- ibution £	Total £	Salary (incl fees & allow- ances) £	Exp- enses Allow- ances £	Pension Contr- ibution £	Total £
New Structure:								
Chief Executive (Head of Paid Service) – Maxine O’Mahony	122,270	3,300	16,306	141,876	-	-	-	-
Deputy Chief Executive and Monitoring Officer	110,238	3,300	15,392	128,930	-	-	-	-
Executive Director	77,270	3,300	10,784	91,354	-	-	-	-
Assistant Director - People & Governance	69,142	3,300	9,638	82,080	-	-	-	-
Assistant Director - Contracts and Operations	69,060	963	9,638	79,661	-	-	-	-
Executive Director	66,835	1,239	9,323	77,397	-	-	-	-
Head of Strategic Policy	61,979	3,000	8,642	73,622	-	-	-	-
Assistant Director - Health & Housing	61,459	3,000	8,569	73,028	-	-	-	-
Assistant Director - Economy and Growth	61,622	1,239	8,600	71,462	-	-	-	-
Assistant Director - Finance (Section 151 Officer)	61,572	1,239	8,580	71,392	-	-	-	-
Assistant Director - Property and Infrastructure	61,220	1,239	8,534	70,993	-	-	-	-
Previous Structure:								
<i>Former Chief Executive (Head of Paid Service) – Anna Graves</i>	-	-	-	-	96,553	2,200	13,024	111,777
<i>Executive Director Strategy & Governance (Monitoring Officer)</i>	-	-	-	-	104,166	3,300	14,531	121,997
<i>Executive Director Commercialisation (S151 Officer)</i>	9,584	275	1,338	11,197	113,881	3,300	15,893	133,074
<i>Executive Director Place</i>	-	-	-	-	104,276	3,300	14,531	122,107
<i>Executive Manager Property & Development</i>	7,472	275	1,042	8,789	86,061	3,300	11,941	101,302
<i>Executive Manager Governance</i>	6,030	275	840	7,145	68,564	3,300	9,543	81,407
<i>Executive Manager Information</i>	-	-	-	-	65,563	3,300	9,060	77,923
<i>Executive Manager People & Information</i>	-	-	-	-	70,867	3,300	9,867	84,034

The senior employees shown in the above table that are denoted by italics were shared and provided services for both the Council and South Holland District Council up until 30th April 2021. These employees were formally employed by Breckland Council and South Holland Council was recharged 40% of their salary and other remuneration expenses. The table above shows the full 100% costs of each senior employee for the periods employed in 2021-22. The table does not show employees that were shared but employed by South Holland District Council, but details of these employees can be found in the South Holland District Council Statement of Accounts. From 1st May 2021 sharing of all senior employees ceased and a new management structure was put in place, as shown in the above table.

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council's total employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid as in the graph below (this includes the senior employees in the new structure in the table above):



NOTES TO THE CORE FINANCIAL STATEMENTS

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:

2021-22				
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	4	-	4	33,835
£40,001 - £60,000	1	-	1	48,026
Total	5	-	5	81,861

2020-21				
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 £
£40,001 - £60,000	1	-	1	51,500
Total	1	-	1	51,500

Note 21 – External Audit Costs

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

	2021-22	2020-21
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	57	38
Additional fees payable with regard to external audit services carried out by the appointed auditor	-	-
Fees payable for the certification of grant claims and returns for the year	12	36
Total	69	74

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 in the Group Accounts section of these accounts. 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 (the Directorship changed during the year but is still a senior officer of the Council). 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 shared a joint senior management team and other specific officers with South Holland District Council until 30th April 2021. The costs of this arrangement were shared between Breckland and South Holland Council in an agreed percentage split, some services remain shared. During the year, Breckland Council paid South Holland Council £64k for shared South Holland employee and related costs and received £695k from South Holland Council for payment of shared Breckland employees and related costs. As at 31 March 2022 Breckland owed South Holland £21k and South Holland owed Breckland £95k.

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 £4,320k in 2021-22 (£4,259k in 2020-21).

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 the Breckland Council address.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 workloads 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 workloads 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:

	31.03.2022	31.03.2021
	£'000	£'000
Not later than one year	1,940	1,854
Later than one year and not later than five years	4,817	4,646
Later than five years	6,500	6,780
Total	13,257	13,280

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 35 years
- Riverside Hotel to Travelodge with a remaining term of 19 years
- Riverside Cinema to Light Cinemas with a remaining term of 19 years
- Merle Body Centre to Swaffham and District MHA with a remaining term of 20 years

NOTES TO THE CORE FINANCIAL STATEMENTS

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 debt remains outstanding. The gross investment is made up of the following amounts:

	31.03.2022	31.03.2021
	£'000	£'000
Finance lease debtor (net present value of minimum lease payments):		
Current	118	(91)
Non-current	10,028	10,103
Unearned finance income	14,473	15,148
Unguaranteed residual value of property	(1,653)	(1,653)
Gross investment in the lease	22,966	23,507

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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	£'000	£'000	£'000	£'000
Not later than one year	755	541	755	541
Later than one year and not later than five years	3,020	3,020	3,020	3,020
Later than five years	19,191	19,946	19,191	19,946
Total	22,966	23,507	22,966	23,507

The Council has not set aside any allowance for uncollectible amounts relating to these leases in 2021-22 (£23k in 2020-21).

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2021-22 totalled £2,351k (£2,314k in 2020-21). This was charged to the Comprehensive Income and Expenditure Statement as £1,167k service and asset maintenance charge (debited to the Place Directorate), £368k capital lifecycle costs (allocated to a prepayment account over the life of the contract to evenly spread the capital spend), £410k finance costs and £137k contingent rental costs (debited to interest payable) and £269k relating to the write down of obligations to the lessor.

The service charge amount in 2021-22 of £1,167k (£1,145k in 2020-21) included a credit of £nil relating to performance deductions within the year (£nil in 2020-21).

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 as at 31 March 2022.

These payments are shown as cash-based prices and include an estimate for average inflation over the remaining life of the contract of 1.64% per year.

	Principal repayment	Finance costs	Service charges	Capital prepayment	Total
	£'000	£'000	£'000	£'000	£'000
Amounts payable in 1 year	284	540	1,229	389	2,442
Amounts payable 2 – 5 years	1,296	2,075	5,070	1,613	10,054
Amounts payable 6 – 10 years	2,054	2,340	6,703	2,145	13,242
Amounts payable 11–15 years	2,670	1,939	7,141	2,299	14,049
Amounts payable 16 – 20 years	1,207	596	2,833	981	5,617
Total	7,511	7,490	22,976	7,427	45,404

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:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2021-22	2020-21
	£'000	£'000
Balance outstanding at 1 April	7,780	8,035
Interest charge for the year	410	424
Principal repayment during the year	(269)	(255)
Interest repayment during the year	(410)	(424)
Balance outstanding at 31 March	7,511	7,780

Amounts payable within 1 year are £284k and amounts payable after 1 year are £7,227k.

Reconciliation of liabilities arising from financing activities:

	01.04.2020	Financing cash flows	Other non cash changes	31.03.2021	Financing cash flows	Other non cash changes	31.03.2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
On balance sheet PFI liabilities	8,035	(679)	424	7,780	(679)	410	7,511
Total liabilities from financing activities	8,035	(679)	424	7,780	(679)	410	7,511

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 positive, which means that there is an underlying requirement to borrow. The Council was able to use its cash balances to fund its capital programme in 2021-22, so did not borrow externally.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2021-22	2020-21
	£'000	£'000
<i>Opening Capital Financing Requirement</i>	7,557	5,465
Capital Investment:		
Non-current assets additions and subsequent expenditure	4,106	4,327
Capital Loans	(155)	(248)
Revenue expenditure funded from capital under statute	2,424	2,555
Sources of Finance:		
Capital receipts	(1,165)	(660)
Government grants and other contributions	(2,917)	(2,794)
PFI capital prepayment	(152)	(628)
Direct revenue contributions	(1,175)	(205)
Minimum Revenue Provision (MRP)	(809)	(255)
<i>Closing Capital financing Requirement</i>	7,714	7,557
<i>Explanation of movements in year</i>		
Increase in underlying need to borrow (unsupported by Government financial assistance)	157	2,092
<i>Increase/(decrease) in Capital Financing Requirement</i>	157	2,092

Note 26 – Financial Instruments

Financial Instruments

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

	Non-Current		Current		Total	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets						
Investments held at amortised cost	-	-	41,491	28,268	41,491	28,268
Debtors held at contract amounts	534	633	3,882	6,519	4,416	7,152
Total Financial Assets	534	633	45,373	34,787	45,907	35,420
Financial Liabilities						
Creditors held at contract amounts	-	-	(6,553)	(6,030)	(6,553)	(6,030)
Total Financial Liabilities	-	-	(6,553)	(6,030)	(6,553)	(6,030)

NOTES TO THE CORE FINANCIAL STATEMENTS

Details on the PFI scheme outstanding amounts payable within 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 2022, the fair values of the items in the table above are equal to the carrying amount shown in the table.

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 indicators 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 17 December 2020 (approved by Full Council 20 January 2021) and is available to view on the Council's 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:

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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 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 2022 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 2022 there is one asset which meets these criteria and are classified as 'Assets held for Sale'; which is one piece of land at Two Mile Bottom.

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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 2021-22 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 = £773k 1 year less useful lives on all assets = £161k 1 year more useful lives on all assets = (£117k)

NOTES TO THE CORE FINANCIAL STATEMENTS

NNDR Provisions	<p>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 31.03.2022 the level of provisions for NNDR appeals is £2,172k (1.5% of the rateable value appealed on the 2010 list and 3% per year of the net rates payable at 31.03.2021 on the 2017 list). The methodology used to estimate these values are detailed in the Accounting Policies for the Collection Fund in note 1.</p>	<p>At 31 March 2022 there were 5 outstanding appeals against a total appealed rateable value of £534k 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 = £7k</p> <p>The provision based on the 2017 list is 3% per year of the net rates payable at 31 March 2022 of £29,191k. The financial effect on the Council's share of the NNDR provisions if estimates were higher or lower are: 1% higher/lower = £720k</p>
-----------------	---	--

Note 29 – Events After the Balance Sheet Date

These financial statements replace the unaudited financial statements certified by the Assistant Director Finance on 30 June 2022. The audited financial accounts were authorised for issue by the Assistant Director Finance on 26 May 2023. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no subsequent events that required an adjustment to the financial statements and the notes.

Note 30 – Accounting Standards Issued But Not Yet Adopted

The Code of Practice on Local Authority Accounting in the UK 2021-22 (“the Code”) has introduced the following changes in accounting policy, which will need to be adopted fully by the Council in the 2022-23 financial statements from 1 April 2022.

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 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:

- Foreign operations of acquired subsidiaries: Amendment to IFRS 1 (First-time adoption)
- Clarification of intention of standard IAS 37 (Onerous contracts)
- Amendments to IAS 41 (Agriculture)
- Amendments to IAS 16 (Property, Plant and Equipment) for Proceeds before Intended Use

IFRS16 (Leases)

As permitted by the Code, the Council has chosen not to adopt this standard from 1 April 2022 and therefore no disclosures are required in these financial statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 31 – Material / Unusual items of income and expense

Collection Fund

As a result of the Covid-19 pandemic the Government announced new 100% NNDR reliefs for the Retail, Hospitality, Leisure and Nursery sectors for 2020-21 which totalled around £14m more than anticipated at budget time for Breckland. The Government provided 100% compensation for these new reliefs to local authorities. These reliefs were announced after the budget had been set and therefore caused a deficit on the Collection Fund due to reduced NNDR income, which was shared between Breckland, Central Government and Norfolk County Council. This position was corrected in 2021-22, resulting in an in-year surplus on the Collection Fund, which reduced the deficit from previous years. The Council's share of this deficit is £1,822k.

As the billing authority, Breckland saw reduced cashflows from this new relief, but we continued to pay across the precept amounts in full to Norfolk County Council and Central Government throughout the year. To compensate for these cashflow implications the Government paid the compensation grant to Breckland in full, even though only 40% of it was due to Breckland. At the end of 2020-21, we accrued the 60% value owed back to Government and this was shown in short term creditors. As a result, Breckland held £5,748k in the Revenues & Benefits reserve which is to offset the deficit value in future years, meaning this deficit is almost wholly funded. The compensation grant was repaid to central government in 2021-22, resulting in a reduction in this reserve from a balance of £8,883k on 31 March 2021 to £4,844k on 31 March 2022.

Earmarked General Fund Reserve

Additional grant funding relating to the pandemic was received throughout 2020-21, however some grants were to cover both the current year and 2021-22. As a result of this our earmarked general fund reserve balances were around £9m more than usual as at 31 March 2021. These grants were largely paid out in 2021-22, resulting in a reduction in earmarked reserves down to more usual levels. This can be seen in the Movement in Reserves Statement where earmarked general fund reserves have decreased from £25,234k to £18,812k and also in Usable reserves in the Balance Sheet and in note 6 (Council Tax and Business Rates reserve and the Revenue Grants received in Advance reserve).

Grant Income

As a result of the Covid-19 pandemic a significant amount of additional Government grants were provided to local authorities. The Council also received a grant to give Council Tax payers a rebate of £150 to help offset the increased cost of energy. The accounting requirements differ dependent on whether the Council is acting as either a principal or an agent or whether they are non-ringfenced grants. In general terms if the Council has discretion on grant scheme criteria they are acting as a principal and the transactions will be included in the CIES, where there is no discretion the Council acts as an intermediary agent and transactions will not be shown in the CIES.

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

Grant Name	Transaction Type	Received £'000	Spent £'000	Balance	Balance Held In
Council Tax Rebate Scheme	Agent	(8,088)	0	(8,088)	Short Term Creditors
Covid-19 Additional Relief Fund (CARF)	Principal (Revenue Grant Received in Advance)	(2,058)	830	(1,228)	Short Term Creditors
Omicron Grant	Agent	(1,626)	1,049	(577)	Short Term Creditors
Additional Restrictions Grant (ARG)	Principal	(1,136)	1,083	(53)	Earmarked reserve

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 32 – Going Concern

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

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2025, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year end balances as reported in these statements are shown in the table below along with our predicted balances for next year:

Date	General Fund	Earmarked Reserves	Note
31 March 2022	£2.8m	£18.2m	See note 31 for explanation of higher balance
31 March 2023 (estimated & unaudited)	£2.7m	£16.3m	
31 March 2024 (estimated & unaudited)	£2.7m	£16.2m	
31 March 2025 (estimated & unaudited)	£2.7m	£17.5m	

This remains above our minimum level of General Fund balances as set by our S151 Officer of £2.5m.

The Council had cash and short-term investment balances of £27.75m as of 30 April 2023. The Council has undertaken an assessment of our liquidity position and cash flow forecasting through to March 2025 which demonstrates a positive cash position across the whole period without the need for external borrowing.

Our budget and medium term plan was set in the context of additional Covid-19 cost and income pressures continuing into 2021-22 and beyond. The 2022-23 budget includes an efficiency requirement of £495k, with £425k (86%) achieved as of 31 March 2023. Additional efficiencies of £295k have also been achieved during the course of 2022-23. The liquidity position would not have been significantly affected if the target had not been fully achieved, with minimum levels of liquidity remaining throughout the period.

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

THE COLLECTION FUND

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

	2021-22			2020-21		
	Council Tax £'000	NDR £'000	Total £'000	Council Tax £'000	NDR £'000	Total £'000
Income						
<i>Income Receivable:</i>						
Council Tax receivable	(87,687)	-	(87,687)	(82,777)	-	(82,777)
National Non-Domestic Rates receivable	-	(29,191)	(29,191)	-	(20,562)	(20,562)
Transitional Protection receivable	-	39	39	-	247	247
<i>Repayment of previous years deficit:</i>						
Breckland Council	(45)	(5,969)	(6,014)	-	-	-
Central Government	-	(7,445)	(7,445)	-	(15)	(15)
Norfolk County Council	(329)	(1,505)	(1,834)	-	-	-
Norfolk Police & Crime Commissioner	(61)	-	(61)	-	-	-
Total Income	(88,122)	(44,071)	(132,193)	(82,777)	(20,330)	(103,107)
Expenditure						
<i>Apportionment of previous years surplus:</i>						
Breckland Council	-	-	-	28	209	237
Central Government	-	-	-	-	-	-
Norfolk County Council	-	-	-	208	267	475
Norfolk Police & Crime Commissioner	-	-	-	38	-	38
	-	-	-	274	476	750
<i>Precepts:</i>						
Breckland Council	8,785	12,078	20,863	8,460	12,856	21,316
Central Government	-	15,097	15,097	-	16,071	16,071
Norfolk County Council	65,467	3,020	68,487	62,345	3,214	65,559
Norfolk Police & Crime Commissioner	12,356	-	12,356	11,579	-	11,579
	86,608	30,195	116,803	82,384	32,141	114,525

THE COLLECTION FUND

	2021-22			2020-21		
	Council Tax £'000	NNDR £'000	Total £'000	Council Tax £'000	NNDR £'000	Total £'000
<i>Charges to the Collection Fund:</i>						
Write offs of uncollectable amounts	633	171	804	178	324	502
Appeals charged to the Provision	-	(1,630)	(1,630)	-	(705)	(705)
Increase/(Decrease) in Bad Debts Provision	(232)	(75)	(307)	189	13	202
Increase/(Decrease) in Appeals Provision	-	1,204	1,204	-	1,909	1,909
Cost of Collection	-	167	167	-	166	166
Renewable Energy Income retained by Breckland	-	2,522	2,522	-	2,480	2,480
	401	2,359	2,760	367	4,187	4,554
(Surplus)/Deficit for the Year	(1,113)	(11,517)	(12,630)	248	16,474	16,722
Fund Balance at 1 st April	400	16,073	16,473	152	(401)	(249)
(Surplus)/Deficit Carried Forward at 31st March	(713)	4,556	3,843	400	16,073	16,473

Note 31 provides information of the impact on these accounts of the pandemic and where there are exceptional or unusual items, particularly in respect of the large surplus on the NNDR collection fund.

THE COLLECTION FUND

Notes to the Collection Fund

1. Income from Non-Domestic Rates

The total non-domestic rateable value at 31 March 2022 was £91,136,869 and the national non-domestic multiplier for the year was £0.512 (£0.499 for small businesses).

2. Council Tax

The Council Tax base for 2021-22 was as follows:

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
No. of chargeable dwellings	15,268	17,258	13,728	7,703	4,426	1,660	754	51	60,848
Band D equivalent	10,179	13,423	12,203	7,703	5,410	2,398	1,257	102	52,675
Net effect of premiums, discounts and collection allowance									(8,229)
Tax Base for Council Tax Purposes									44,446

2021-22 figures as approved January and February 2021.

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	2021-22 Precept/Demand £'000	Share of Balance 31.03.2022 £'000	2021-22 Total £'000	2020-21 Total £'000
Norfolk County Council	65,467	538	66,005	62,042
Norfolk Police & Crime Commissioner	12,356	102	12,458	11,523
Breckland Council	8,785	73	8,858	8,419
Total	86,608	713	87,321	81,984

NNDR	2021-22 Precept/Demand £'000	Share of Balance 31.03.2022 £'000	2021-22 Total £'000	2020-21 Total £'000
Norfolk County Council	3,020	(456)	2,564	1,593
Central Government	15,097	(2,278)	12,819	8,050
Breckland Council	12,078	(1,822)	10,256	6,425
Total	30,195	(4,556)	25,639	16,068

GROUP ACCOUNTS

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 accelerate long term regeneration and economic growth through projects in the Council area, with a view to securing the economic, social and environmental well-being of the Council area whilst also delivering a financial return for the shareholders.

Note 1 to these Group Accounts provides more details on the Council's relationship with Breckland Bridge Ltd.

GROUP ACCOUNTS

Group Expenditure and Funding Analysis

	Net Expenditure Chargeable to the General Fund 2021-22 £'000	Adjustments Between Funding & Accounting Basis 2021-22 £'000	Net Expenditure in the CIES 2021-22 £'000	Net Expenditure Chargeable to the General Fund 2020-21 Restated £'000	Adjustments Between Funding & Accounting Basis 2020-21 Restated £'000	Net Expenditure in the CIES 2020-21 Restated £'000
Cost of Services						
Place & Delivery Directorate	5,747	4,680	10,427	3,169	3,585	6,754
Strategy & Resources Directorate	9,582	392	9,974	8,571	727	9,298
Housing Benefit	987	(20)	967	544	(144)	400
Net Cost of Services	16,316	5,052	21,368	12,284	4,168	16,452
Other Income & Expenditure	(9,289)	(9,979)	(19,268)	(23,170)	4,549	(18,621)
(Surplus)/Deficit on Provision of Services	7,027	(4,927)	2,100	(10,886)	8,717	(2,169)

Opening General Fund & Earmarked Reserves Balance @ 31.03.21	28,083
Adjust for Surplus/Deficit on Provision of Services	(7,027)
Closing General Fund & Earmarked Reserves Balance @ 31.03.22	21,056

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). Figures for 2020-21 have been restated to reflect the change from 3 Directorates to 2 Directorates in 2021/22, to allow like-for-like comparison.

GROUP ACCOUNTS

Group Comprehensive Income and Expenditure Statement

	Gross Expenditure 2021-22	Gross Income 2021-22	Net Expenditure 2021-22	Gross Expenditure 2020-21 Restated	Gross Income 2020-21 Restated	Net Expenditure 2020-21 Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure on Services						
Place & Delivery Directorate	20,932	(10,505)	10,427	21,349	(14,595)	6,754
Strategy & Resources Directorate	20,842	(10,868)	9,974	18,404	(9,106)	9,298
Housing Benefit	22,547	(21,580)	967	23,496	(23,096)	400
Cost of Services	64,321	(42,953)	21,368	63,249	(46,797)	16,452
Other operating expenditure						
Parish Council Precepts and Drainage Board Levies	4,396	-	4,396	4,334	-	4,334
(Gain)/Loss on disposal of non-current assets	-	(314)	(314)	-	(556)	(556)
Financing and investment income and expenditure						
Interest receivable & payable & similar income & expenditure	547	(696)	(149)	554	(687)	(133)
Re-measurement of the net defined benefit liability/(asset)	2,904	(1,688)	1,216	2,597	(1,565)	1,032
(Surplus)/Deficit on trading undertakings	(1,530)	(2,963)	(4,493)	1,320	(2,709)	(1,389)
Other	913	-	913	-	(386)	(386)
Taxation and non-specific grant income and expenditure						
Council Tax income (including collection fund)	-	(8,861)	(8,861)	-	(8,471)	(8,471)
NDR income & expenditure (including collection fund)	11,089	(14,601)	(3,512)	15,789	(15,336)	453
Revenue Support Grant	-	(660)	(660)	-	(657)	(657)
Covid-19 Government Grants	-	(731)	(731)	-	(6,610)	(6,610)
Other non-ring fenced Government grants	-	(7,073)	(7,073)	-	(6,238)	(6,238)
(Surplus)/Deficit on Provision of Services	82,640	(80,540)	2,100	87,843	(90,012)	(2,169)
Adjust for change in shareholding in August 2020						(222)
Share of (surplus)/deficit on the Provision of Services for Joint Ventures			(78)			(60)
Group (Surplus) /Deficit			2,022			(2,451)
(Surplus) /Deficit on revaluation of PPE assets			(2,828)			1,522
Actuarial (gains) /losses on pension assets/liabilities			(15,712)			14,014
Share of other Comprehensive Expenditure & Income for Joint Ventures			153			-
Other Comprehensive (Income) and Expenditure			(18,387)			15,536
Total Comprehensive (Income) and Expenditure			(16,365)			13,085

Figures for 2020-21 have been restated to reflect the change from 3 Directorates to 2 Directorates in 2021-22, to allow like-for-like comparison.

GROUP ACCOUNTS

Group 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	Council's share of Joint Venture £'000	Total Group Reserves £'000
Balance as at 1 April 2020	2,501	14,696	-	1,408	18,605	32,671	51,276	(482)	50,794
<u>Movement in Reserves during 2020-21</u>									
Total Comprehensive Income & Expenditure	2,169	-	-	-	2,169	(15,536)	(13,367)	282	(13,085)
Adjustments from income & expenditure charged under the accounting basis to funding basis	8,717	-	-	108	8,825	(8,825)	-	-	-
Transfers to/from Earmarked Reserves	(10,538)	10,538	-	-	-	-	-	-	-
Increase/(decrease) for year	348	10,538	-	108	10,994	(24,361)	(13,367)	282	(13,085)
Balance as at 31 March 2021	2,849	25,234	-	1,516	29,599	8,310	37,909	(200)	37,709
Balance as at 1 April 2021	2,849	25,234	-	1,516	29,599	8,310	37,909	(200)	37,709
<u>Movement in Reserves during 2021-22</u>									
Total Comprehensive Income & Expenditure	(2,100)	-	-	-	(2,100)	18,052	15,952	78	16,030
Share of other Comprehensive Expenditure & Income for Joint Ventures	-	-	-	-	-	-	-	(153)	(153)
Adjustments from income & expenditure charged under the accounting basis to funding basis	(4,927)	-	-	76	(4,851)	5,339	488	-	488
Transfers to/from Earmarked Reserves	6,999	(6,999)	-	-	-	-	-	-	-
Increase/(decrease) for year	(28)	(6,999)	-	76	(6,951)	23,391	16,440	(75)	16,365
Balance as at 31 March 2022	2,821	18,235	-	1,592	22,648	31,701	54,349	(275)	54,074

GROUP ACCOUNTS

Group Balance Sheet

	31 March 2022		31 March 2021	
	£'000	£'000	£'000	£'000
Non Current Assets				
Property Plant and Equipment	42,898		38,767	
Heritage Assets	337		310	
Investment Property	34,099		31,701	
Intangible Assets	51		76	
Total Non Current Assets		77,385		70,854
Long term debtors		12,411		12,431
Total long-term assets		89,796		83,285
Current Assets				
Short-term investments	33,015		20,001	
Short-term debtors	7,922		16,554	
Cash and cash equivalents	8,860		8,589	
Assets Held for Sale	18		787	
Total Current Assets		49,815		45,931
Total Assets				
Current Liabilities				
Short-term creditors	(27,172)		(19,878)	
Provisions	(2,272)		(2,462)	
Total Current Liabilities		(29,444)		(22,340)
Total Assets less Current Liabilities		110,167		106,876
Long Term Liabilities				
PFI Lease Liability > 1 year	(7,227)		(7,511)	
Pensions Liability	(47,186)		(60,008)	
Capital grants receipts in advance	(1,405)		(1,448)	
Investments in Joint Ventures	(275)		(200)	
Total Long-term Liabilities		(56,093)		(69,167)
Net Assets		54,074		37,709
Financed By:-				
Usable reserves		(22,648)		(29,599)
Un-usable reserves		(31,701)		(8,310)
Usable reserves of Joint Ventures		275		200
Total Net Worth		(54,074)		(37,709)

GROUP ACCOUNTS

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 2022 and its income and expenditure for the year then ended.

Assistant Director Finance:

A Chubbock

Date: 26 May 2023

GROUP ACCOUNTS

Group Cash Flow Statement

	2021-22		2020-21	
	£'000	£'000	£'000	£'000
Net (surplus) or deficit on the provision of services	2,100		(2,169)	
Adjust net surplus or deficit on the provision of services for non-cash movements				
Depreciation and amortisation	(1,794)		(1,154)	
Impairments and valuations	(799)		(958)	
(Increase)/Decrease in creditors	(3,076)		(11,650)	
Increase/(Decrease) in debtors (including interest debtors)	(2,336)		1,053	
Pension liability	(2,890)		(1,120)	
Carrying amount of non-current assets sold	(870)		-	
Other	2,480		(779)	
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	2,993		2,902	
Proceeds from the sale of non-current assets	1,316		556	
Net Cash Flows from Operating Activities		(2,876)		(13,319)
Investing Activities				
Purchase of PPE, Investment property and intangible assets		3,678		4,327
Net Purchase/(Proceeds) of short and long term investments		13,000		0
Proceeds from the sale of PPE, Investment property and intangible assets		(1,184)		(657)
Other receipts and payments for investing activities		(4,505)		(3,095)
Financing Activities				
Cash payments for the reduction of liabilities relating to PFI contracts		269		255
Other receipts/payments for financing activities		(8,653)		8,863
Net (Increase)/Decrease in Cash and Cash Equivalents		(271)		(3,626)
Cash and cash equivalents at the beginning of the reporting period		8,589		4,963
Cash and cash equivalents at the end of the reporting period		8,860		8,589

The 'Purchase of short and long term investments line' has been consolidated with the 'Proceeds from short and long term investments line' to show the net movement on short and long term investments for both years.

The cash flows from operating activities includes interest received of £686k in 2021-22 (£764k in 2020-21) and interest paid of £547k in 2021-22 (£554k in 2020-21). A dividend of £170,000 was paid to Breckland Council this year (Nil in 2020-21).

GROUP ACCOUNTS

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).

Prior to August 2020, the Council was a 90% shareholder in Breckland Bridge and The Land Group were the remaining 10% shareholder. Whilst Breckland Council was the majority shareholder, the decisions of the company were made equally (50/50) by each shareholder. At the end of the initial business plan period the shareholders agreed to move to the planned 50/50 shareholding and this took effect from August 2020, the decisions of the company are still made on the equal 50/50 basis and therefore joint control of the company still exists as a unanimous decision between the two shareholders is required. As a result of the change in shareholding, the group CIES includes an adjusting line to reflect the new shareholding.

Breckland Bridge is the parent company and consolidated into their accounts are various subsidiary companies all owned 100% by Breckland Bridge Ltd. As at 31 March 2022 these subsidiaries were: Breckland Homes (Mileham) Ltd, Breckland Homes (Attleborough) Ltd, Breckland Homes (Colkirk) 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 2021-22 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.

GROUP ACCOUNTS

Note 3 – Summarised Financial Information

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

Income Statement

	Breckland Bridge Ltd 2021-22 £'000	Breckland Council Share 2021-22 £'000	Breckland Bridge Ltd 2020-21 £'000	Breckland Council Share 2020-21 £'000
Turnover	(557)	(466)	(1,845)	(1,632)
Cost of Sales	378	340	1,619	1,457
Gross (Profit)/Loss	(179)	(126)	(226)	(175)
Administrative Expenses	146	88	150	77
Operating (Profit)/Loss	(33)	(38)	(76)	(98)
Interest Payable and Similar Charges	(80)	(40)	76	38
(Profit)/Loss on Ordinary Activities Before Taxation	(113)	(78)	-	(60)
Tax on Ordinary Activities	-	-	-	-
(Profit)/Loss for the Financial Period for the Group	(113)	(78)	-	(60)

The Breckland Council share does not equate to 90% or 50% in all lines due to the percentage shares for areas prior to August 2020 being shared at 90% and after this date at 50%. From 2022-23 when all the prior August 2020 balances are zero, this table will show the 50% share against all lines.

GROUP ACCOUNTS

Balance Sheet

	Breckland Bridge Ltd 2021-22 £'000	Breckland Council Share 2021-22 £'000	Breckland Bridge Ltd 2020-21 £'000	Breckland Council Share 2020-21 £'000
Current Assets				
Work in progress	255	128	401	361
Debtors	66	50	309	160
Cash and Cash Equivalents	137	94	105	82
	458	272	815	603
Short Term Creditors				
Amounts falling due within one year	(115)	(79)	(633)	(444)
	(115)	(79)	(633)	(444)
Total Assets Less Current Liabilities	343	193	182	159
Long Term Creditors				
Amounts falling due after more than one year	(936)	(468)	(718)	(359)
	(936)	(468)	(718)	(359)
Net Assets/(Liabilities)	(593)	(275)	(536)	(200)
Capital and Reserves				
Retained Earnings	(593)	(275)	(536)	(200)
Shareholders' Funds	(593)	(275)	(536)	(200)

The Breckland Council share does not equate to 90% or 50% in all lines due to the percentage shares for areas prior to August 2020 being shared at 90% and after this date at 50%. From 2022-23 when all the prior August 2020 balances are zero, this table will show the 50% share against all lines.

Note 4 – Related Party Transactions

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

- Working capital of £117k at an interest rate of 12.5% leaving £464k owed at 31 March 2022 (£555k at 31 March 2021)
- Attleborough shareholder loan of £198k was repaid during the year leaving £nil owed at 31 March 2022 (£239k at 31 March 2021)
- Colkirk shareholder loan of £109k at an interest rate of 10% leaving £118k owed at 31 March 2022 (£51k at 31 March 2021)
- Litcham shareholder loan of £25k at an interest rate of 10% leaving £27k owed at 31 March 2022 (£nil at 31 March 2021)

GROUP ACCOUNTS

The following loans have been committed to Breckland Bridge but have not yet been drawn down at the reporting date:

- Litcham shareholder loan £20k

Amounts are paid to Breckland Bridge & subsidiary companies for services (such as review of vacant land).

The Council paid Breckland Bridge Ltd £55k for other services in 2021-22 (such as planning costs, design and study fees, etc) (£84k in 2020-21).

The Council also paid the Land Group £4k for other services in 2020-21 (such as design and survey fees) (£nil in 2020-21).

Breckland Bridge pays the Council for some services (such as directors fees) and the total paid to the Council was £6k in 2021-22 (£10k in 2020-21) (excluding the loan values shown above).

At the end of the year £nil was owed to the Council by Breckland Bridge (£nil in 2020-21) and £nil was owed by Breckland Homes Attleborough Ltd (£nil in 2020-21). The Council owed £nil to all related companies (£nil in 2020-21).

Note 5 – Capital Commitments

At 31 March 2022 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 2022	46	5,341
At 31 March 2021	50	73

APPROVAL OF THE STATEMENT OF ACCOUNTS

Chairman's Declaration

I confirm that these 2021-22 accounts were approved by the Governance and Audit Committee at the meeting held on 2 February 2023.

Signed on behalf of Breckland Council:

Bill Borrett

Chairman of the Governance and Audit Committee

Date: 26 May 2023

GLOSSARY

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 through:

- 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 EY.

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, amortisation 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.

GLOSSARY

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.

DLUHC – Department for Levelling Up, Housing and Communities. The central government department responsible for local government.

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.

GLOSSARY

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 subsidised 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.

GLOSSARY

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 and Crime Commissioner, 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.

ANNUAL GOVERNANCE STATEMENT

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 CIPFA Financial Management Code requirements apply in full from April 2021, this Code sets out the standards of financial management for local authorities and is designed to support good practice in financial management and assist local authorities in demonstrating their financial sustainability. The Council has reviewed the principles within this Code and demonstrated a good level of financial management in 2020-21, with 8 actions identified to help improve financial management throughout the organisation. There is currently one action remaining outstanding which will be carried into 2022-23 for completion. The assessment has been updated for 2021-22 and one further action has been identified.

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 2022 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 2021-25 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 in 2021 following the ending of our shared management arrangement and reflects the changing environment we operate in.

ANNUAL GOVERNANCE STATEMENT

Quality of Services - The Council has a Performance Management Framework which sets out how it monitors both performance and the delivery of objectives and risks. The framework was completely reviewed in 2021-22, underpinned by a new set of Key Performance Indicators.

Operational Governance - The Council has produced an operational governance document whose purpose is to ensure that senior officers effectively manage the business of the Council; this document is reviewed regularly and was updated in 2021-22 to reflect the new Corporate Management Team (CMT) structure which took effect on 1 May 2021. It covers the role of CMT in managing the business of the Council and corporate level issues risks and decisions. There are four officer-led programme boards which report to the Corporate Management Team (CMT) as required, with each board reflecting one of the core themes and priorities of the Corporate Plan. A further Assurance Board requires Statutory Officers (Head of Paid Service, Monitoring Officer and S151 Officer) to provide due diligence and ensure corporate performance, risk, HR and finance have appropriate and regular oversight. For audit purposes this Board will ensure that the Council is operating in a legal and statutorily compliant manner.

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 General purposes Committee was re-established in January 2022, with a view to dealing with the majority of non-Executive decisions that are not either reserved for full Council or currently delegated to the Regulatory Committees, this includes decisions relating to staffing matters, training, health and safety, electoral matters plus other non- executive matters

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.

ANNUAL GOVERNANCE STATEMENT

Regulations to allow virtual meeting were introduced in early April 2020, following which all Council Meetings were held virtually via Zoom, these regulations ended on 6th May 2021 after which all meetings must continue on a face-to-face basis.

During this period, a number of temporary amendments were made to the Council's Constitution as well as additional temporary delegations to allow the Council to continue with its day-to-day business in a Covid compliant environment.

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 last fully reviewed during 2016-17, and is currently being reviewed with a view to any amendments to the current code being in place in time for the local elections in May 2023. The Officers' Code of Conduct was last reviewed in November 2021.

Complaints - The Council has in place a whistle-blowing policy (reviewed February 2022) 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 Corporate 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.

The Council has in place a Counter Fraud Corruption & Bribery Policy, a Whistleblowing Policy and a Money Laundering Policy (updated and approved by Governance and Audit Committee in February 2022) to protect against these risk areas. The aim of these policies is to increase staff and Member awareness, create an environment which encourages and supports the prompt raising of suspicions or concerns, helps to minimise the likelihood of money laundering and corruption, supports our open and honest culture and fulfils our statutory, legal and regulatory duties.

ANNUAL GOVERNANCE STATEMENT

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 ensures that staff are valued and given the opportunities to develop and achieve their full potential.

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 and the policy was extended in 2020 pending a further review in September 2021. 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, Corporate 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 Data Protection Officer, (the Information Governance Officer) and a corporate governance group; the Statutory Information Group.

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.

ANNUAL GOVERNANCE STATEMENT

Some examples of our public partners and organisations we work with are:

- Norfolk Climate Change Partnership is a Norfolk wide partnership to help develop Norfolk into an exemplar in tackling climate change and protecting and enhancing its natural environment.
- 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 gives support to new businesses through providing infrastructure for growth.

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

- The Norfolk Waste Partnership works to encourage more people to reduce reuse recycle and compost rubbish, working together to move away from the dependence on landfill towards more sustainable waste management.
- 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, fraud and enforcement services for the five councils.
- The Norfolk Internal Audit Consortium co-ordinates internal audit provision across 6 local authorities with a shared Head of Internal Audit, aiming to provide an efficient and cost effective service.
- Our procurement partnership shares procurement services with South Norfolk, Broadland, South Holland and Great Yarmouth Councils, building a knowledgeable and resilient procurement team and aggregating spend to achieve savings.

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 50% shareholding in this company and control is shared on a 50/50 basis.

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 publicly 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.

ANNUAL GOVERNANCE STATEMENT

Corporate Management	CMT review corporate responsibility, direction and delivery of corporate plan, direction and delivery of resources, horizon scanning and key controls. CMT receives regular reports from a variety of governance boards (Assurance Board, Thriving Places Board, Breckland 2035 Board, Working Smarter Board and the Inspiring Communities Board). These boards cover performance and risk, employee relations, safeguarding, health and safety, emergency planning, and finance. There are a number of other groups covering cross cutting themes and specific services.
Managers	Carry out assessments of the processes and controls they have in place to allow them to achieve their service objectives, as part of their roles as managers.
External Auditors	<p>review the Council's arrangements for:</p> <ul style="list-style-type: none"> ○ Preparing accounts in compliance with statutory and other relevant requirements ○ Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice ○ Managing performance to secure economy, efficiency and effectiveness in the use of resources <p>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.</p> <p>The external auditors work closely with Internal Audit to allow them to place reliance on the work of Internal Audit. The external auditors are also able to undertake independent fraud reviews and will act on any reports to them from the public in the public interest.</p>
The Head of Internal Audit	<p>provides an independent opinion on the adequacy and effectiveness of the system of internal control, which is incorporated in the Annual Report and Opinion.</p> <p>Internal audit acts as an independent assurance function, providing both management and the Governance & Audit Committee with opinions on the adequacy and effectiveness of the Council's risk management, control and governance processes, supporting fraud prevention at the Council. Internal audit also has a close working relationship with the Council's external auditor to ensure they can place reliance on the work of Internal Audit. Upon request and in the event of any irregularities Internal Audit can carry out special investigations or reviews as part of the Council's counter fraud and corruption arrangements.</p>
ARP Fraud Team	<p>The Anglian Revenues Partnership (ARP) has safeguards and checks in place to prevent fraud entering the Benefits and Revenues systems. This comprises, for example, a Benefit Verification policy agreed by Members to utilise data share to achieve the dual aims of eliminating fraud and to improve the customer experience.</p> <p>The ARP Fraud and Compliance team work with County Council partners, DWP & DLUHC to perform checks to detect and where appropriate, sanction or prosecute fraudulent applications for Benefit, Council Tax discounts, Business Rates reliefs and tenancy applications, to ensure public money is correctly spent. In particular, the team have prevented significant abuse of Single Person Discount through regular data matching to identify discrepancies and tenancy fraud for subletting, right to buy and tenancy succession, thereby ensuring residents are correctly entitled to discounts and accommodation provided to those most in need.</p>
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.

ANNUAL GOVERNANCE STATEMENT

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 was presented to Governance and Audit Committee at the June 2022 meeting. 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 2022 is considered to be reasonable assurance (positive).

Overall, in 2021-22 a total of 15 Internal Audit assurance audits have been carried out including those provided by the ARP audit arrangement. A total of 14 of these have resulted in a positive assurance grading. No urgent priority recommendations have been raised in 2021-22 or remain overdue from historical limited assurance reports. It is encouraging to note that of the 15 assurance audits completed within the year, 14 resulted in a positive assurance grading. Substantial assurance was concluded in the following five areas: Key controls & assurance, Income, Accountancy Services, Licensing and ARP Enforcement. A total of one assurance report, Private Sector Housing, has received a Limited assurance grading. A total of nine important and three needs attention recommendations have been raised for management consideration. These recommendations include areas such as ensuring procedures and policies are in place, system set up changes to help prevent claims progressing until all fields are completed, recording and uploading evidence of eligibility for grants and the costs of works, clear budget management against the finance system and determining the best way of collating performance information.

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 Corporate Management Team prior to publication.

ANNUAL GOVERNANCE STATEMENT

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 at <https://democracy.breckland.gov.uk/ieListDocuments.aspx?CId=468&MId=4862&Ver=4>

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 2021-22 internal audit reports.

Other governance matters

Covid-19

Throughout 2021-22 senior staff have continued to meet regularly as CMT and as Gold when required, adapting and responding quickly to ensure critical services were maintained. Key members of the management team continued to attend Norfolk groups such as SCG, TCG, Outbreak boards, Engagement boards and resilience and recovery groups. The Gold group and sub cells work at both a Norfolk level and at a local level with the regularity of meetings adapted as required depending on the issues faced at the time. By the end of the financial year Gold meetings were not being held as we moved into the next phase of 'living with Covid'.

Additional resources through our Covid support officers continued through to the end of March 2022 to support Covid related work such as; track & trace, general compliance in our towns, vaccination up take support, welfare calls, supporting the vulnerable to receive food and medicines whilst unable to leave their homes, domestic abuse support and support to food banks.

We have adopted a permanent agile working approach for staff, although working from home was undertaken when mandated by the Government and our reception is open for face to face visits where required. All Council services were delivered throughout the year without impact to our residents, we did not cease any services as a result of the pandemic.

Shared Management

In October 2020 a strategic review of the shared management structure between Breckland and South Holland Councils was commissioned. Both councils have successfully developed and operated a shared management model for over 10 years which has been replicated across the Local Government sector, however during the Covid-19 pandemic there was a 'temporary uncoupling' of shared managers to enable each council to focus on their own 'places'.

As a result of this successful place-based working and the evolving needs to provide service to our residents to meet the challenges of the Covid-19 pandemic, Full Council approved in February 2021 that the existing shared management arrangements with South Holland would end with effect from May 2021. Staff have been 'landed' in their new roles at either Breckland or South Holland Councils, there were no redundancies. Some sharing of other services is continuing (such as legal and procurement) in the same manner as prior to May 2021.

As a result of these changes, the internal governance arrangements were reviewed during the year and changes are reflected in this document.

ANNUAL GOVERNANCE STATEMENT

Certification

We are satisfied that no significant governance issues have been identified.

Chief Executive

Dated:

Leader of the Council

Dated:



**Building a better
working world**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRECKLAND COUNCIL

Opinion

We have audited the financial statements of Breckland Council ('the Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the Authority and Group Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, Expenditure and Funding Analysis, the related notes 1 to 32 to the Authority statements, the related notes 1 to 5 to the Group statements and the 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Breckland Council and the Group as at 31 March 2022 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Authority's ability to continue as a going concern for a period to 31 March 2025.

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

Other information

The other information comprises the information included in the '*Statement of Accounts 2021-22*', other than the financial statements and our auditor's report thereon. The Assistant Director Finance is responsible for the other information contained within the '*Statement of Accounts 2021-22*'.

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

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.

Responsibility of the Assistant Director Finance

As explained more fully in the '*Statement of Responsibilities for the Statement of Accounts*' set out on page 20, the Assistant Director Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Assistant Director Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- Local Government Act 1972,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014, and
- The Accounts and Audit Regulations 2015.

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

We understood how Breckland Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit, and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes, Authority policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

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

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

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether the Breckland Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Breckland Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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, the 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 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Breckland Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

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 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON
ERNST & YOUNG LLP

Date: 26th May 2023

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