

2021-2022

Borough Council of  
King's Lynn &  
West Norfolk



# **DRAFT STATEMENT OF ACCOUNTS 2021-2022**

# Contents

<b>Statement of Responsibilities .....</b>	<b>1</b>
<b>Narrative Report .....</b>	<b>3</b>
<b>Core Financial Statements.....</b>	<b>21</b>
Movement in Reserves Statement (MIRS).....	22
Comprehensive Income and Expenditure Statement (CIES).....	24
Balance Sheet .....	25
Cash Flow Statement .....	27
<b>Notes to Core Financial Statements .....</b>	<b>28</b>
1 Expenditure and Funding Analysis (EFA) .....	28
1a Note to the Expenditure and Funding Analysis .....	29
1b Expenditure and Income Analysed by Nature .....	31
2 Restatements – Prior Period Adjustments .....	31
3 Accounting Standards Issued, Not Adopted .....	31
4 Events after the Reporting Period .....	32
5 Critical Judgements in Applying Accounting Policies.....	32
6 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty.....	32
7 MIRS – Adjustments between Accounting Basis and Funding Basis under Regulations.....	35
8 MIRS – Transfers to/from Earmarked Reserves .....	37
9 CIES – Other Operating Expenditure .....	39
10 CIES – Financing and Investment Income and Expenditure .....	39
11 CIES – Taxation and Non-Specific Grant Income and Expenditure .....	39
12 CIES – Material Item of Income and Expenditure 2021/22 .....	40
13 Balance Sheet – Unusable Reserves .....	40
13a Revaluation Reserve .....	40
13b Capital Adjustment Account .....	41
13c Financial Instruments Adjustment Account .....	42
13d Pensions Reserve .....	43
13e Collection Fund Adjustment Account .....	43
13f Accumulated Compensated Absences Adjustment Account .....	44
14 Cash and Cash Equivalents .....	44
15 Agency Services.....	45
16 Joint Arrangements .....	45
17 Members’ Allowances .....	46
18 Officers’ Remuneration.....	47
19 Termination Benefits .....	49

20	Defined Benefit Pension Schemes.....	49
21	External Audit Costs .....	55
22	Related Parties .....	55
23	Leases .....	57
24	Investment Property .....	59
25	Intangible Assets .....	60
26	Heritage Assets .....	62
27	Property, Plant and Equipment .....	64
28	Capital: Expenditure, Financing and Commitments .....	66
29	Assets Held for Sale .....	68
30	Short Term Receivables.....	68
31	Long Term Receivables .....	68
32	Short Term Payables.....	69
33	Contingent Liabilities .....	69
34	Provisions .....	69
35	Grant Income.....	70
36	Financial Instruments .....	71
37	Nature and Extent of Risks Arising from Financial Statements .....	75
38	Going Concern .....	79
39	Cash Flow from Operating Activities .....	80
40	Cash Flow from Investing Activities .....	81
41	Cash Flow from Financing Activities .....	81
	<b>Collection Fund .....</b>	<b>82</b>
	<b>Policies in respect of Concepts and Principles .....</b>	<b>91</b>
	<b>Group Arrangements and Accounts .....</b>	<b>1091</b>
	<b>Section for Audit Report .....</b>	<b>117</b>
	<b>Section for AGS .....</b>	<b>118</b>
	<b>Glossary .....</b>	<b>119</b>

# Statement of Responsibilities

## The Borough Council's Responsibilities

The Council is required to: -

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Assistant Director of Financial Services (S151 Officer), Michelle Drewery.
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- Approve the Statement of Accounts.

## Certification

I confirm that this Statement of Accounts was approved by Audit Committee at the meeting held on (tbc).

*The certification of the DRAFT Statement of Accounts is pending final audit sign off and approval by the Audit Committee*

Signed on behalf of the Borough Council of King's Lynn and West Norfolk

Chair of Audit Committee of the Borough Council of King's Lynn and West Norfolk as Chair of the Meeting

(tbc)

Michelle Drewery  
Assistant Director – Resources (S151 Officer)  
(Date tbc)

# Statement of Responsibilities

## Chief Finance Officer's Responsibilities

The Assistant Director of Financial Services (S151 Officer) is responsible for the preparation of the Council's Statement of Accounts which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Code of Practice on Local Council Accounting in the United Kingdom' (the Code), is required to present the true and fair financial position of the Council and its income and expenditure for the year ended 31 March 2022.

In preparing the Statement of Accounts, the Assistant Director of Financial Services (S151 Officer) has: -

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

The Assistant Director of Financial Services (S151 Officer) has also: -

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

In accordance with the Accounts and Audit (England) Regulations 2015, I certify that Draft Statement of Accounts presents a true and fair view of the financial position of the Borough Council of King's Lynn and West Norfolk as of 31 March 2022, and its income and expenditure for the year then ended.



Michelle Drewery  
Assistant Director - Resources (S151 Officer)  
1 August 2022 (date of draft accounts published)

## 1 Introduction

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the council.

The Code sets out the proper accounting practices required by section 21(2) of the Local Government Act 2003. These proper practices apply to:

- Statement of Accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit (England) Regulations 2015.
- The audit of those accounts undertaken in accordance with the statutory framework established by section 4 of the Local Audit and Accountability Act 2014.

The Code prescribes the accounting treatment and disclosures for all normal transactions of a local Council, and is based on the following hierarchy of standards:

- International Financial Reporting Standards (IFRSs) (including International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) interpretations) as adopted by the European Union (i.e. EU-adopted IFRS).
- International Public Sector Accounting Standards (IPSASs)
- UK Generally Accepted Accounting Practice (GAAP) (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) Abstracts).

There are no material changes to the code that have impacted on this council for 2021/2022.

The Statement of Accounts consists of summaries which deal with different aspects of the Council's activities and a Consolidated Balance Sheet which sets out the financial position of the Council as at 31 March 2022. Of the summaries some are recognised as Core Financial Statements, detailed below:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement (CIES)
- Balance Sheet
- Cash Flow Statement
- Collection Fund

All of the above are supported by the Accounting Policies and various notes to the accounts.



## Narrative Statement

## 2 Introduction to West Norfolk

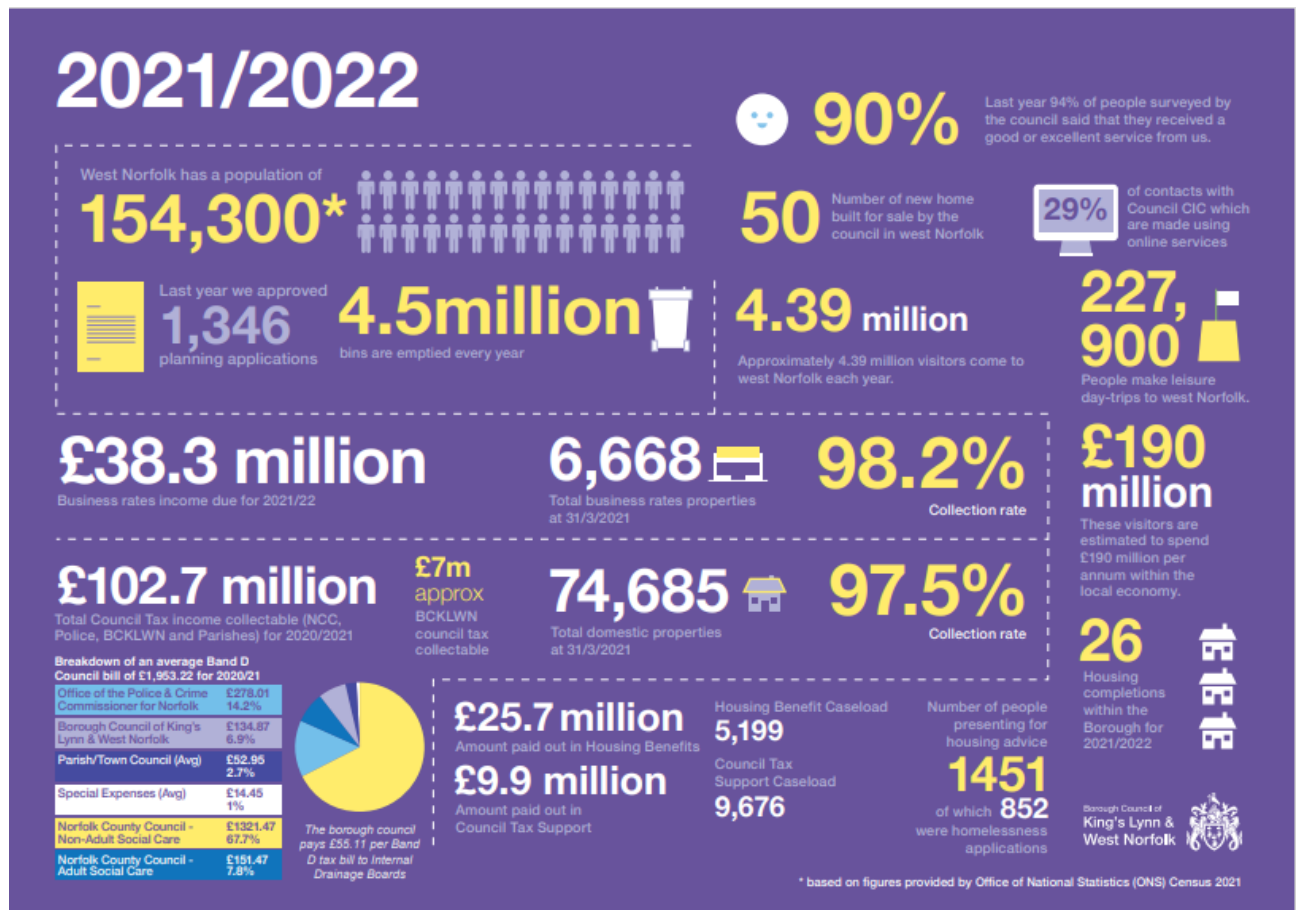
West Norfolk covers an area of about 550 square miles from Brancaster on the Northern Coast to beyond Downham Market in the South.



Our main office is based in King's Lynn, with other offices, facilities and attractions in King's Lynn, Hunstanton and Downham Market.

West Norfolk provides a beautiful environment in which to live and work. King's Lynn, a medieval town and port, is an outstanding conservation area. It offers a wide range of culture and leisure facilities including a theatre, concert hall and arts centre, and sports facilities. The surrounding countryside is attractive, and the coastline is an "Area of Outstanding Natural Beauty". Sandringham Estate, the Queen's Norfolk home, is approximately mid-way between King's Lynn and Hunstanton. Together with other large estates, such as Holkham, the area is a major tourist attraction.

# Narrative Statement



## Local Economy

As at 31 March 2022 the borough is home to 6,668 business properties.

The most significant sectors of the local economy are manufacturing and engineering (predominantly clustered on the industrial estates in King's Lynn but also with significant footprint in other parts of the borough) and tourism (which has a more rural focus).

King's Lynn is home to a significant cluster of world-leading manufacturing businesses. They include a number with their global headquarters, research and development and manufacturing facilities based here. Many are exporters. These businesses include manufacturers of medical devices and drug delivery technologies, commercial refrigeration, materials handling systems, electronic control systems and robotics, and precision engineering, as well as specialist chemicals, coatings and microporous membranes, technical ceramics and specialist agricultural chemicals. Food manufacturing is also important with a number of major food companies based in the borough, together with a range of agricultural and horticultural businesses. As well as providing direct employment, the manufacturing sector also supports a very significant local supply chain of smaller manufacturers, engineering and fabrication businesses, logistics providers and suppliers of other services.

It is estimated that the total number of visitors to west Norfolk comprises approximately 227,900 people making leisure day trips and 4.39 million visitors come to west Norfolk each year. These visitors are estimated to spend nearly £190 million per annum within the local economy. When the value of indirect spending (purchases of supplies and services by businesses in receipt of visitor



## Narrative Statement

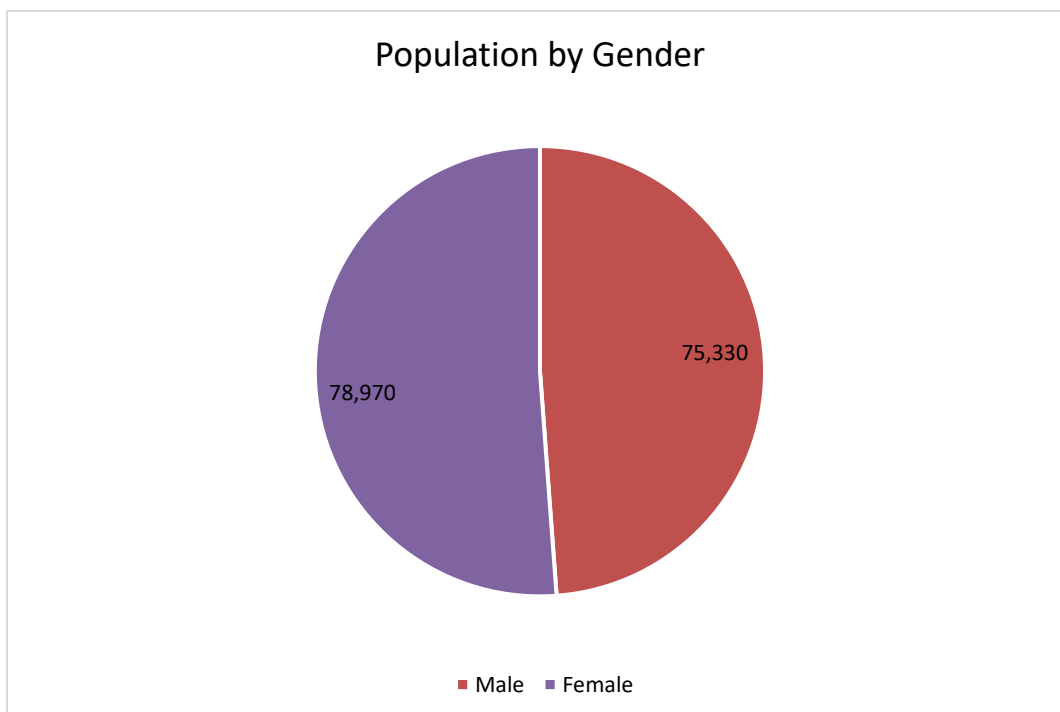
spending) and induced spending (spending by those employed in businesses in receipt of visitor spending) are taken into account the overall value of the visitor economy is estimated to be £577 million annually. This in turn is estimated to support 11,286 jobs (8,382 full time equivalent jobs) which is estimated to represent around 19.5% of all employment in the local economy (figures taken from The Economic Impact of Tourism – 2019 results, produced by Destination Research).

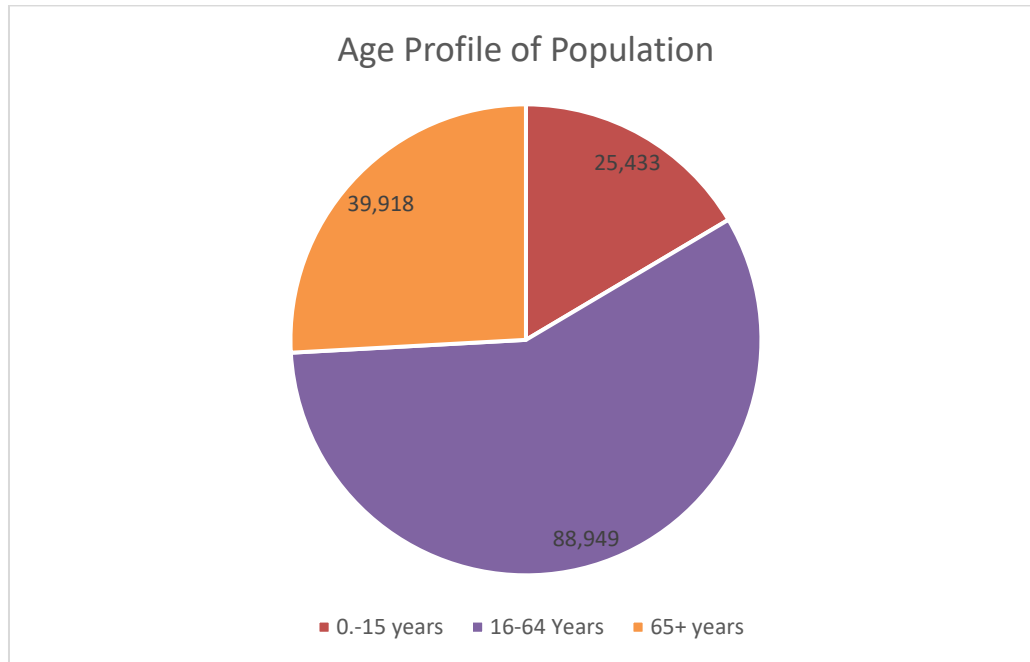
The recovery from the COVID-19 outbreak continued significantly into 2021/22. Many business sectors started to recover but of course the situation remains patchy at both a sector and individual business level, depending on particular circumstances. A significant amount of investment and changes to employment and service models have been required enabling business to adapt to the longer lasting changes from the Pandemic. In the final quarter of 2021/22, the threat of increasing inflation became a rapid reality as pressures on global food, fuel and energy supplies increased. On a positive note, it is clear that many businesses have proved remarkably resilient and have found opportunities for diversification and growth even in this difficult time.

The picture is likely to remain fluid and uncertain for some time. The borough council is working closely with partners including New Anglia LEP, other local authorities, and partners in both the public and private sectors to support businesses and individuals in the borough in the immediate aftermath of this crisis and this work will be a continuing feature going forward.

### Population

The population of West Norfolk was estimated at 154,300 (Office of National Statistics (ONS) 2021).





According to the 2019 Indices of Deprivation West Norfolk households rank 79th (lower number indicates higher deprivation) out of 317 local authorities for overall deprivation – for Education, Skills and Training West Norfolk ranks 17th and for Health and Disability West Norfolk ranks 63rd.

According to Index of Multiple Deprivation (IMD) 2019:

- 15% of children in West Norfolk live in low-income families
- 12% of households are experiencing fuel poverty
- There is 1 homeless and in priority need per 1,000 households (2017-18)

### 3 The Borough Council

The Borough Council, along with various partner organisations, provide a range of different services for West Norfolk residents and visitors including:

- Street cleansing, waste collection and recycling services
- Planning
- Regeneration and economic development services
- Licensing and environmental health
- Housing including homelessness prevention, home improvement agency and emergency alarm monitoring
- Parks and open spaces
- Cultural, tourism and leisure services
- Processing housing and council tax benefits
- Electoral services

# Narrative Statement

The Borough Council elections were held on 2 May 2019 and 55 councillors were elected to represent the people of West Norfolk. The total number of councillors has reduced following a review of electoral wards undertaken during 2017 and approved by the Local Government Boundary Commission.

As of 31 March 2022, the political make-up of the Council was as follows:

- Conservative Group – 29 Councillors
- Independent Group – 16 Councillors
- Labour – 9 Councillors
- Independent – 1 Councillor

Councillor Stuart Dark was appointed as Leader of the Council on 20th May 2021. This position was previously held by Councillor Brian Long.

The Council operates a 'leader and cabinet' structure. 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.

The responsibilities as of 31 March 2022 are set out below:

- Leader of the Council
- Deputy Leader and Portfolio Holder for Business, Culture and Heritage
- Portfolio Holder for Corporate Services
- Portfolio Holder for Development and Regeneration
- Portfolio Holder for Environment
- Portfolio Holder for Finance
- Portfolio Holder for People and Communities
- Portfolio Holder for Property

The Cabinet makes recommendations to the Council on the policy and budget framework. It also carries out all the executive functions of the Council which are not reserved to the full Council, exercised by another committee or delegated to an officer.

Further details on how the Council is run and how decisions are taken can be found on the Council's website on the home page under the heading "Council and Democracy."

## Our People

## Narrative Statement

The organisational structure of the Council is headed by the Corporate Management Team which consists of the Chief Executive and two Executive Directors. There is a total of nine Assistant Directors reporting into the Corporate Management Team.

## EXTENDED MANAGEMENT TEAM May 2021

Chief Executive **Lorraine Gore**

Executive Director **Debbie Gates**

**Becky Box**  
Assistant Director  
Central Services

- Personnel
- Corporate Policy
- Communications
- Customer Information Centre
- Democratic Services (including elections and civics)

Management Team representative for Corporate Performance Panel

**Mark Whitmore**  
Assistant Director  
Community and Partnerships

- Key Partnerships including West Norfolk Partnership
- Community Safety
- ~~Neighbourhood Nuisance~~
- Housing Standards
- Housing Options
- Housing Allocations
- Care and Repair Agency
- Caroline Community Service
- Financial Assistance/ West Norfolk Wins

Management Team representative for KLACC

**Neil Gromett**  
Managing Director  
Alive West Norfolk

- Operation of Leisure/ Arts facilities
- Community ~~Centres~~ and Sports Pavilions
- Leisure/ Sports Development
- Operations

**Michelle Drewery**  
Assistant Director  
Resources (S151 Officer)

- Financial Services
- Revenues and Benefits
- Internal Audit Service
- ICT

Management Team representative for Audit Committee

**Duncan Hall**  
Assistant Director  
Regeneration, Housing and Place

- Strategic Housing
- Strategic Regeneration and Economic Development
- Business Development
- LEP Liaison
- Tourism and Place Marketing
- Culture
- Heritage Buildings
- Heritage Action Zone
- Future High Streets and Towns Funds
- Funding Bids
- Coordination of Green Issues

Management Team representative for Regeneration and Development Panel

**Matthew Henry**  
Assistant Director  
Property and Projects

- Property Services
- Office Accommodation
- Major Projects (including delivery of Regeneration Projects)
- Major Projects Officer Board

Management Team representative for Major Projects Member Board

Executive Director **Geoff Hall**

**Stuart Ashworth**  
Assistant Director  
Environment and Planning

- Planning Control
- Planning Enforcement
- Planning Policy and Strategic Housing Delivery
- Food Safety
- Health and Safety
- Licensing
- Environmental Management
- Flood and Water Management
- Emergency Planning
- Planning Technical Support

Management Team representative for Planning Committee

**Martin Chisholm**  
Assistant Director  
Operations and Commercial

- Car Parking
- Town Centre/Markets
- CCTV
- Crematorium
- Resort Services
- Events
- Refuse and Recycling
- Public Open Space (Streets and Grounds)

Management Team representative for Environment and Community Panel

**David Ousby**  
Assistant Director  
~~Programme and Project Delivery~~

- Major Housing Project
- Major Contracts Advice
- Procurement Team
- West Norfolk Property Ltd
- West Norfolk Housing Ltd

Management Team representative for West Norfolk Housing and West Norfolk Property

**Honor Howell**  
Assistant to the Chief Executive

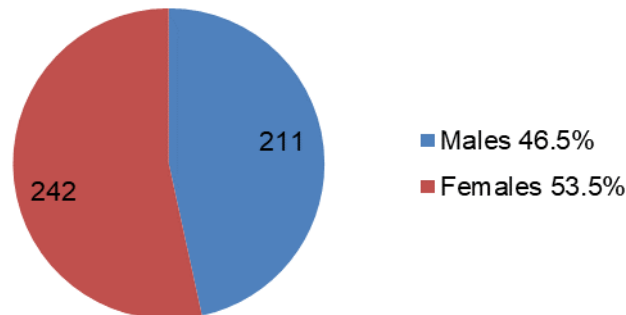
- Corporate Business Plan
- Performance and Efficiency (including Performance Indicators)
- Annual Governance Statement
- Corporate Complaints

Client for the wholly owned council companies and for the legal service

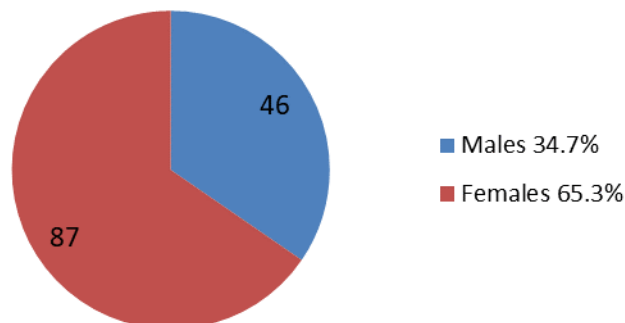
26. 05. 2021

## Narrative Statement

The Council's permanent establishment is currently 479 posts of which 352 are full time and 217 are part time, giving an establishment FTE of 446.71. As at 31st March 2022 the headcount (ie number of people in post) is 453.



In addition, the Council's wholly owned local Council leisure company, Alive West Norfolk Ltd had a permanent establishment of 141 of which 79 are full time and 62 are part time, giving an establishment FTE of 111.18. As at 31st March 2022 the headcount (ie number of people in post) is 133.



#### 4 The Council's Performance

Following local elections in May 2019, the Council reviewed its corporate business plan and agreed a new framework in January 2020. The current plan extends to 2024. The plan includes 6 priorities supported by 19 objectives.

Progress towards achieving the priorities outlined in the former plan was monitored through a Corporate Business Plan Monitoring report and considered by the Corporate Performance Panel. The full year performance update on the corporate business plan for 2021/22 was provided to Corporate Performance Panel on 16 June 2022.

The plan is summarised on the next page.



# Narrative Statement

Our Priorities, summarised:

<b>Focusing on delivery</b>	<b>Delivering growth in the economy and with local housing</b>	<b>Protecting and enhancing the environment including tackling climate change</b>	<b>Improving social mobility and inclusion</b>	<b>Creating and maintaining good quality places that make a positive difference to people's lives</b>	<b>Helping to improve the health and wellbeing of our communities</b>
1. Delivery of value for money services	4. Promote the borough as a vibrant place in which to live, to do business and as a leading visitor and cultural destination	8. Develop and implement the council's carbon reduction strategy and encourage our partners, communities and local businesses to reduce their environmental impact	13. Continue to assist our residents to maximise their opportunities by accessing the support and services they are entitled to	16. Protect, promote and enhance the borough's natural and built environment	18. Provide early help support to communities and individuals who are vulnerable
2. Enhancing governance	5. Develop and facilitate the range and quality of business premises available	9. Encourage sustainable living through our local plan and development policies	14. Prevent homelessness, meet housing needs, improve housing conditions and ensure homes are accessible	17. Maintain accessible, clean, pleasant and safe public places and communities	19. Support our local communities to be healthy and more active
3. Ensuring the council's financial sustainability	6. Promote, lobby and support infrastructure improvements across the district	10. Work with partners and the community to improve our natural environment	15. Work with partners to improve education attainment levels and the skills of local people		
	7. Increase the supply of suitable housing in appropriate locations	11. Improve recycling levels			
		12. Support measures that protect our communities from flooding			

# Narrative Statement

## 5 Annual Governance Statement

The Annual Governance Statement provides a review of the effectiveness of the Council's governance framework, internal control and risk management arrangements.

## 6 Financial Performance – Revenue

The Council set a revised budget in its February 2021 Monitoring of £21,467.800 and a transfer of £255,390 to its General Fund balance, to give a Budget Requirement of £21,721,190.

The outturn position for the year shows expenditure of £20,290,979 with a transfer to the General Fund Balance of £287,748, thereby meeting the Budget Requirement of £20,578,724. The movement of the General Fund balance is detailed below. The outturn position is incorporated within the Comprehensive Income and Expenditure Statement, surplus on provision of services.

	Original Budget 2021/22	Revised Budget February 2021/22	Actual Outturn 2021/22
	£'000	£'000	£'000
<b>Balance brought forward</b>	(8,696)	(8,696)	(8,696)
Expenditure in the year	21,468	19,507	20,291
Budget Requirement	21,723	20,508	20,579
(Surplus)/ deficit for year	(255)	(1,001)	(288)
<b>Balance carried forward</b>	<b>(8,951)</b>	<b>(8,825)</b>	<b>(8,984)</b>

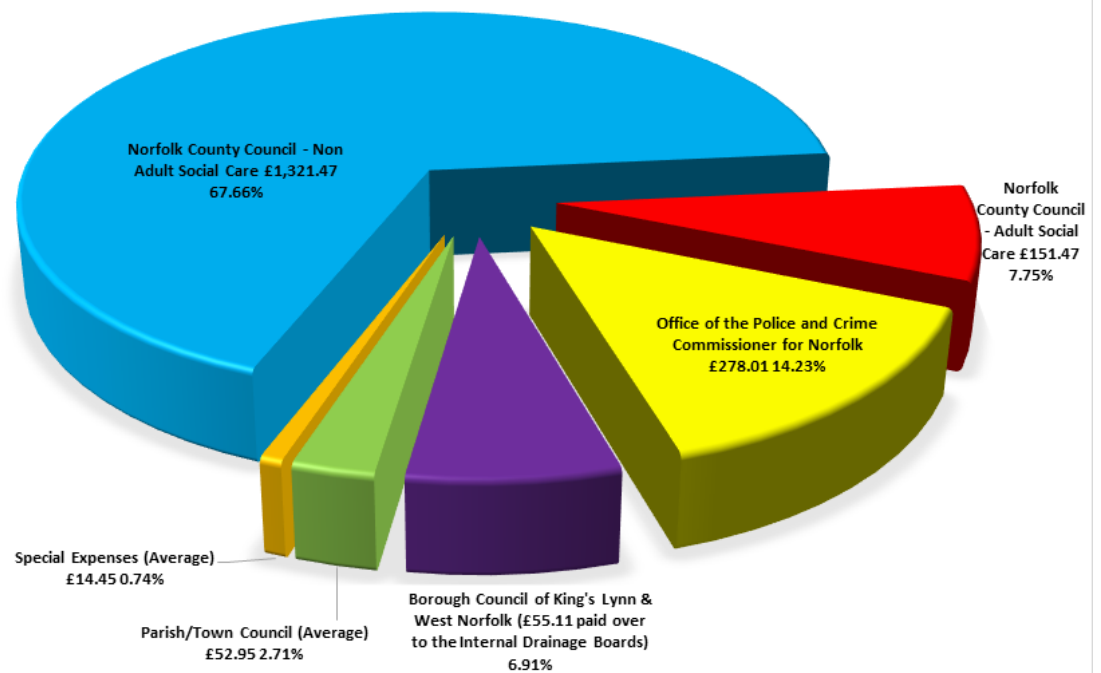
The revenue outturn for 2021/22 is detailed below. The Revenue Outturn was reported to Cabinet on 2 August 2022.

# Narrative Statement

Revenue Outturn	Revised Estimate	Actual Outturn	(Surplus) / Deficit
	2021/22	2021/22	2021/22
	£	£	£
<b>Service Areas</b>			
Central Services	2,710,070	2,652,225	(57,845)
Health Wellbeing and Public Protection	2,028,330	1,831,664	(196,666)
Companies and Housing Delivery	341,770	100,691	(241,079)
Environment and Planning	1,057,150	1,268,631	211,481
Operations and Commercial	866,200	1,719,152	852,952
Property and Projects	(1,435,010)	(1,584,380)	(149,370)
Regeneration Housing & Place	780,810	684,481	(96,329)
Resources	7,573,010	8,609,594	1,036,584
Chief Executive	86,880	82,733	(4,147)
Legal Services	321,000	376,681	55,681
Leisure and Community Facilities	2,279,880	1,376,770	(903,110)
<b>Service Area Totals</b>	<b>16,610,090</b>	<b>17,118,242</b>	<b>508,152</b>
Financing Adjustment	(9,490)	269,880	279,370
Internal Drainage Boards	2,885,400	2,881,639	(3,761)
Council Tax Support to Parishes	21,210	21,218	8
<b>Subtotal</b>	<b>19,507,210</b>	<b>20,290,979</b>	<b>783,769</b>
Contribution to / (from) Balances	1,001,220	287,745	(713,475)
<b>Borough spend for 2020/2021</b>	<b>20,508,430</b>	<b>20,578,724</b>	<b>70,294</b>

The Borough Council element of the full council tax bill in 2021/2022 for a Band D property is £134.87 out of a total of £1,953.22 charged per property (excluding the average parish and special expenses charge). The following graph shows the separate elements of the bill and it is clear that of a Band D charge in 2021/2022 the Borough Council's charge forms a very small part of the bill (6.91%) collected from every council taxpayer.

BREAKDOWN OF AVERAGE BAND D COUNCIL TAX BILL £1,953.22 FOR 2021/2022



# Narrative Statement

**Our Key achievements during 2021/2022 include:**

**TO BE UPDATED**

Our programme of work for 2021/22 had a focus on helping business and individual to recover from the impact of the pandemic. It was also pivotal in allocating funding to local businesses, providing support and assistance to the most vulnerable in our communities.

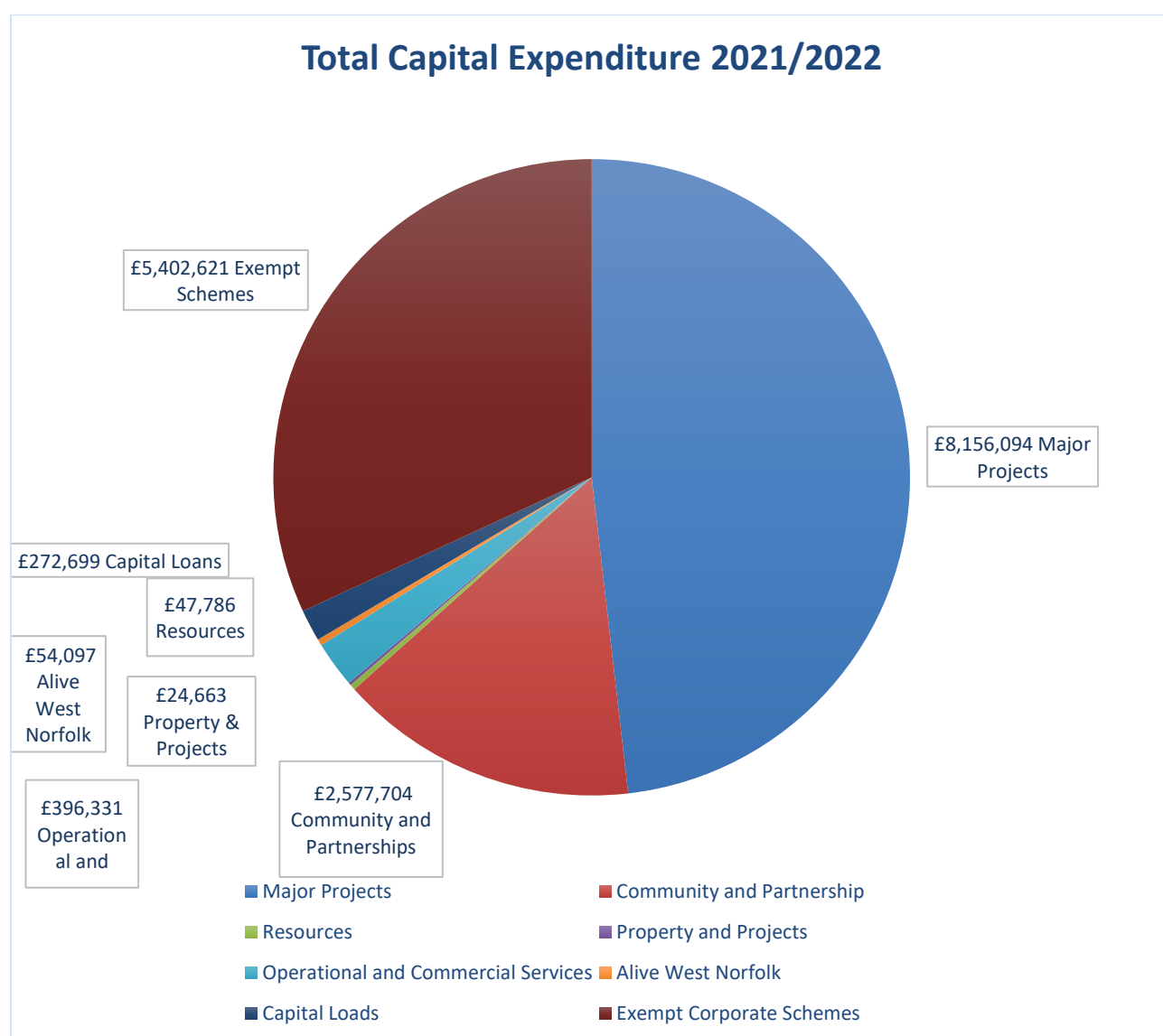
# Narrative Statement

## Financial Performance – Capital

We keep a separate account of all our capital expenditure and income transactions, examples of such transactions would be:

- Buying or selling land or property
- Improvements to our existing assets
- Housing Development
- Purchase of vehicles, plant and equipment
- Awarding improvement grants for private sector housing assistance

During the year the Council spent £16.9m on capital schemes. The areas of expenditure included





# Narrative Statement

The table below provides a summary of how we performed on the capital programme compared to budget:

	Budget 2021/2022	Outturn 2021/2022	Rephasing (to)/from 2022/2023	Variance (Under) /Over
Capital Programme	£	£	£	£
<b>Major Projects</b>	<b>11,281,820</b>	<b>8,156,094</b>	<b>(3,626,530)</b>	<b>500,804</b>
<b>Operational Projects:</b>				
Community and Partnerships	2,694,810	2,577,704	(108,830)	(8,276)
Resources (\$151 Officer)	131,250	47,786	(83,460)	(4)
Property and Projects	66,000	24,663	(41,330)	(7)
Operational and Commercial Services	555,630	396,331	(148,120)	(11,179)
Alive West Norfolk	90,900	54,097	(35,350)	(1,453)
Capital Loans	0	272,699	0	272,699
	<b>3,538,590</b>	<b>3,373,280</b>	<b>(417,090)</b>	<b>251,780</b>
<b>Capital Programme Outturn</b>	<b>14,820,410</b>	<b>11,529,374</b>	<b>(4,043,620)</b>	<b>752,584</b>
<b>Exempt Corporate Schemes</b>	<b>7,492,750</b>	<b>5,402,621</b>	<b>(1,970,400)</b>	<b>(119,729)</b>

## 7 Current Economic Climate, Outlook and Risk

In February 2022 the Council set out a Financial Plan for 2021/2026. While the Department for Levelling-Up, Housing and Communities programs its review of funding reforms, the Spending Review 2021 again saw a one-year settlement for 2022/2023, This again posed significant and continuing uncertainty around anticipated changes to the local government finance system which included the phasing out of Revenue Support Grant (RSG), Rural Services Delivery Grant and changes to the distribution of New Homes Bonus. The Government plans are also for a full reset of the business rates system and an announcement on the outcome of the review into relative needs and resources, i.e. the Fair Funding Review. The Financial Plan for 2020/2025 was approved by Council on 25 February 2021.

The Financial Plan 2021/2026 showed that the Council could present a funded budget for each year of the medium-term financial plan where a contribution from General Fund balances was required which was set to increase sharply from 2023/24. The plan still highlighted significant uncertainty from March 2023 onwards due to the uncertain levels of inflation relating to energy and fuel costs and the subsequent impact to other supplies, materials and services required by the Council.

When the budget was approved, the council still envisaged uncertainty around the pace of recovery from the Covid 19 Pandemic. The Council has still continued to prioritise its provision of resources and support to rough sleepers and the most vulnerable across the borough and to administer business rates relief and grants to businesses. During the year concerns emerged of growing inflation and the Government's Office for Budget Responsibility made forecasts of inflation up to 10% for 2022/23, widely impacting the cost of living for individuals and businesses. The councils Financial Plan is based on assumptions for continuing growth in the local. The current expectation is that these targets will now not be achieved which creates further pressure on the council's financial position in addition to the loss of key income streams as outlined above.

The Council's continuing strategy is to identify budget savings in year, as part of the monitoring process and at year end. Any savings are then transferred to the General Fund Reserve balance for

## Narrative Statement

use in future years. As a result the Council has actively proposed as part of the 2021/22 Outturn report how anticipated inflation and its effect on cost of and demand for services provision can to a degree be supported from earmarked reserves.

The council continues to focus on emerging pressures and risk in its monthly budget monitoring process and is reported to Council and Audit Committee throughout the year.

The Financial Plan will continue to be updated to reflect the latest position and assumptions going forward taking into account the increase in uncertainty and risk. This Council will continue to make strong representations for further financial support packages to take into account the particular pressures to this authority which is not only a rural authority but also has specific issues around the funding arrangements to address the flood and drainage responsibilities met through the internal drainage boards.

### **Borrowing Facilities**

The Council will take borrowing where it can demonstrate that financial savings can be achieved by outright purchase of equipment, as opposed to the use of an operating lease and the payment of an annual lease. Internal borrowing is used whenever it is most financially advantageous to do so. Internal borrowing is the use of internal funds (short term cash flows and reserves and balances not immediately required) rather than taking external debt. Funds held in short term investments may be withdrawn and used in place of external borrowing.

Temporary borrowing is included for cash flow purposes to ensure a balanced funding of the capital programme in each of the financial years and in advance of capital receipts. Internal borrowing will be used whenever it is most financially advantageous to do so. The actual required temporary borrowing will depend on re-phasing in the capital programme and capital receipts achieved in each year. Temporary borrowing is maintained at the minimum level required. The cost of planned temporary borrowing is included in the revenue budget and is confirmed as affordable. In the event that additional temporary borrowing is required during the financial year the impact on the revenue budget is reported in the monthly monitoring reports to Members.

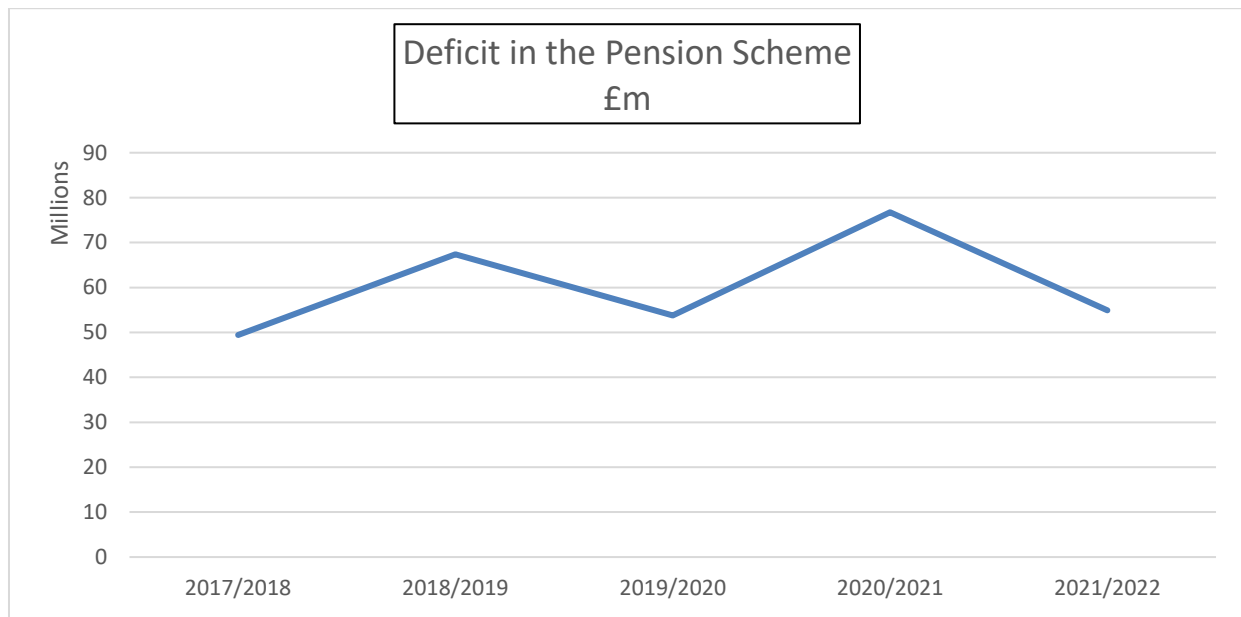
Fixed term external borrowing may be taken and drawn down as expenditure is required and rates are favourable. External borrowing will be sourced through market loans or PWLB depending on the most favourable rates.

Details of the Council's external borrowing can be found in the Financial Instruments note to the accounts.

### **Pension Fund**

The Council participates in the Local Government Pension Scheme administered by Norfolk County Council. The notes to the accounts include details of the income and expenditure for 2021/2022 and the estimated assets and liabilities of the scheme as at 31 March 2022. The pension fund deficit shown in the balance sheet as at 31 March 2022 stands at £54.9million. This is the deficit at the date of the balance sheet and is subject to future changes in asset valuations and contributions. The scheme will be funded over the longer term with increased contributions being made if required over the remaining working life of employees, before payments fall due, as assessed by the scheme actuary. The deficit position of the scheme over the last 5 years is shown below.

# Narrative Statement



**CORE FINANCIAL STATEMENTS  
BOROUGH COUNCIL KING'S LYNN  
AND WEST NORFOLK  
2021/2022**

# CORE FINANCIAL STATEMENTS

## Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The net (increase)/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

2021/22	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2021</b>		(8,696)	(36,112)	(12,871)	(392)	(58,071)	(78,200)	(136,271)
(Surplus) on Provision of Services	CIES	(6,740)	0	0	0	(6,740)	0	(6,740)
Other Comprehensive (Income)/(Expenditure)	CIES	0	0	0	0	0	(25,022)	(25,022)
Total Comprehensive income and expenditure	CIES	(6,740)	0	0	0	(6,740)	(25,022)	(31,762)
Adjustments between accounting basis, and funding basis under regulations	7	6,130	0	7,924	(335)	13,719	(13,719)	0
Transfer to\from Earmarked Reserves		322	(193)	0	0	129	(129)	0
<b>Total Increase\decrease) during the year</b>		(288)	(193)	7,924	(335)	7,108	(38,870)	(31,762)
<b>Balance as at 31 March 2022</b>		(8,984)	(36,305)	(4,947)	(727)	(50,963)	(117,070)	(168,033)

The purposes of these reserves are:

**General Fund Balance:** - The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.

**Earmarked General Fund Reserves:** - Amounts set aside from the General Fund Balance to earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure. See note 8 for details.

# CORE FINANCIAL STATEMENTS

**Usable Capital Receipts Reserve:** - Holds the proceeds from the disposal of non-current assets, which are available to finance capital expenditure in future years.

**Capital Grants Unapplied 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.

Movement In Reserves Statement – Prior year 2020/21

2020/21	Note	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2020</b>		(10,082)	(22,124)	(6,153)	(392)	(38,751)	(110,880)	(149,631)
Deficit on Provision of Services	CIES	(5,967)	0	0	0	(5,967)	0	(5,967)
Other Comprehensive Income	CIES		0	0	0		19,327	19,327
Total Comprehensive income and expenditure	CIES	(5,967)	0	0	0	(5,967)	19,327	13,360
Adjustments between accounting basis, and funding basis under regulations	7	(7,608)		(6,718)	0	(14,326)	14,326	0
Transfer to/from Earmarked Reserves		14,961	(13,988)			973	(973)	0
<b>Total Increase/(decrease) during the year</b>		<b>1,386</b>	<b>(13,988)</b>	<b>(6,718)</b>	<b>0</b>	<b>(19,320)</b>	<b>32,680</b>	<b>13,360</b>
<b>Balance as at 31 March 2021</b>		<b>(8,696)</b>	<b>(36,112)</b>	<b>(12,871)</b>	<b>(392)</b>	<b>(58,071)</b>	<b>(78,200)</b>	<b>(136,271)</b>



# CORE FINANCIAL STATEMENTS

## Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2020/21 (Restated)					2021/22		
Gross Spend	Gross Income	Net Spend			Gross Spend	Gross Income	Net Spend
£'000	£'000	£'000		Note	£'000	£'000	£'000
			<b>Services</b>				
2,678	(144)	2,534	Central Services		3,306	(264)	3,042
4,776	(2,998)	1,778	Health Wellbeing and Public Protection		6,503	(1,784)	4,719
316	(8)	308	Companies and Housing Delivery		439	(246)	193
3,137	(3,110)	27	Environment and Planning		4,020	(3,303)	717
15,537	(14,438)	1,099	Operations and Commercial		18,215	(16,892)	1,323
1,687	(2,752)	(1,065)	Property and Projects		1,802	(2,868)	(1,066)
2,196	(880)	1,316	Regeneration Housing & Place		2,257	(943)	1,314
42,180	(35,298)	6,882	Resources		38,586	(29,410)	9,176
446	(967)	(521)	Chief Executive		523	(453)	70
513	(266)	247	Legal Services		637	(260)	377
3,870	(424)	3,446	Leisure and Community Facilities		3,200	(613)	2,587
<b>77,336</b>	<b>(61,285)</b>	<b>16,051</b>	<b>Cost of Services</b>		<b>79,488</b>	<b>(57,036)</b>	<b>22,452</b>
		1,744	Other Operating (Income)	9			1,680
		(901)	Financing and Investment (Income)	10			1,493
		(22,861)	Taxation and Non-Specific Grant Income	11			(32,365)
		<b>(5,967)</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>(6,740)</b>
		(1,196)	(Surplus)/Deficit on Revaluation Non Current Assets				2,683
		20,523	Re-measurement of the net defined benefit liability	20			(27,705)
		<b>19,327</b>	<b>Other Comprehensive (Income)</b>				<b>(25,022)</b>
		<b>13,360</b>	<b>Total Comprehensive (Income)/Expenditure</b>				<b>(31,762)</b>

# CORE FINANCIAL STATEMENTS

## Balance Sheet

The Balance Sheet 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. Firstly, there are usable reserves, i.e. those reserves 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. Secondly there are unusable reserves i.e. those that the Council is not able to use to provide services. The unusable reserves include reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to use if the assets are sold: and also reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

2021			2022
£'000			£'000
148,503	Property, Plant and Equipment	27	164,676
17,975	Heritage Assets	26	15,292
30,360	Investment Property	24	30,360
989	Intangible Assets	25	625
4,842	Long Term Receivables	31	4,899
	Capital Programmes		0
<b>202,669</b>	<b>Total Long term Assets</b>		<b>215,852</b>
16,038	Short Term Investments	36	20,000
134	Inventories		155
18,402	Short Term Receivables	36	11,068
24,068	Cash and Cash Equivalents	14	23,187
2,770	Assets Held for Sale	29	2,770
<b>61,412</b>	<b>Total Current Assets</b>		<b>57,180</b>
(944)	Provisions	34	(829)
0	Short Term Borrowing	36	0
(39,883)	Short Term Payables	32	(38,137)
<b>(40,827)</b>	<b>Total Current Liabilities</b>		<b>(38,966)</b>
(13)	Grants Receipts in Advance	35	(915)
(10,000)	Long Term Borrowing	36	(10,000)
(224)	Other Long Term Liabilities		(213)
(76,747)	Pension Liabilities	20	(54,905)
<b>(86,984)</b>	<b>Total Long Term Liabilities</b>		<b>(66,033)</b>
<b>136,270</b>	<b>Net Assets</b>		<b>168,033</b>
	<b>Reserves</b>		
(58,070)	Usable Reserves	MIRS	(50,963)
(78,200)	Unusable Reserves	13	(117,070)
<b>(136,270)</b>	<b>Total Reserves</b>		<b>(168,033)</b>

## Notes to Core Financial Statements

I certify that the draft statement of accounts gives a true and fair view of the financial position of the Council as of 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

Michelle Drewery

Assistant Director - Resources (S151 Officer)

(Date)

# Notes to Core Financial Statements

## Cash Flow Statement

Cash Flow Statement 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.

2020/21		Note	2021/22
£'000			£'000
5,967	Net Surplus or (Deficit) on the Provision of Services	CIES	6,740
31,827	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements	39	5,692
(18,722)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	39	(11,861)
<b>19,072</b>	<b>Net Cash flows from Operating Activities</b>		<b>571</b>
(3,248)	Investing Activities	40	(9,079)
(3,746)	Financing Activities	41	7,627
<b>12,078</b>	<b>Net Increase or Decrease in Cash and Cash Equivalents</b>		<b>(881)</b>
11,990	Cash and Cash Equivalents at the beginning of the Reporting Period		24,068
<b>24,068</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>14</b>	<b>23,187</b>

# Notes to Core Financial Statements

## 1 Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis reflects the structure of budget reporting throughout the year and how the expenditure is allocated for decision making purposes. This statement provides reconciliation between our operational reporting structure and the Comprehensive Income and Expenditure Statement which is presented on an accounting basis.

2020/21 (Restated)				2021/22		
Net Expenditure Charged to General Fund	Adjustment between Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Charged to General Fund	Adjustment between Funding and Accounting Basis	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Services</b>			
1,759	775	2,534	Central Services	2,651	391	3,042
183	1,595	1,778	Health Wellbeing and Public Protection	1,832	2,887	4,719
286	22	308	Companies and Housing Delivery	102	91	193
(135)	162	27	Environment and Planning	1,268	(551)	717
1,026	73	1,099	Operations and Commercial	1,720	(397)	1,323
(3,515)	2,450	(1,065)	Property and Projects	(1,587)	521	(1,066)
246	1,070	1,316	Regeneration Housing & Place	684	630	1,314
6,543	339	6,882	Resources	8,609	567	9,176
89	(610)	(521)	Chief Executive	83	(13)	70
227	20	247	Legal Services	377	-	377
2,067	1,379	3,446	Leisure and Community Facilities	1,378	1,209	2,587
<b>8,776</b>	<b>7,275</b>	<b>16,051</b>	<b>Cost of Services</b>	<b>17,117</b>	<b>5,335</b>	<b>22,452</b>
(22,351)	333	(22,018)	Other Income and Expenditure	(17,727)	(11,465)	(29,192)
<b>(13,575)</b>	<b>7,608</b>	<b>(5,967)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(610)</b>	<b>(6,130)</b>	<b>(6,740)</b>
<b>(10,082)</b>			<b>Opening General Fund Balance as at 1 April 2021</b>	<b>(8,696)</b>		
(13,575)			(Surplus)/Deficit on General Fund in year	(610)		
14,961			Transfer to Earmarked Reserves	322		
<b>(8,696)</b>			<b>Closing General Fund Balance as at 31 March 2021</b>	<b>(8,984)</b>		

# Notes to Core Financial Statements

## 1a Note to the Expenditure and Funding Analysis

The note below provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CIES).

2021/22	Adjustment for capital purposes	Net Change for the pension adjustment	Adjustment for Investment Properties	Transfer to/(from) Earmarked Reserves	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2021/22 Services</b>						
Central Services	(2)	473	0	(72)	(8)	391
Health Wellbeing and Public Protection	2,504	577	0	(187)	(7)	2,887
Companies and Housing Delivery	0	95	0	(4)	0	91
Environment and Planning	7	672	0	(1,217)	(13)	(551)
Operations and Commercial	(50)	1,117	0	(1,453)	(11)	(397)
Property and Projects	134	199	249	(79)	18	521
Regeneration Housing & Place	480	103	0	56	(9)	630
Resources	1,103	1,019	0	(1,529)	(26)	567
Chief Executive	39	31	0	(68)	(15)	(13)
Legal Services	0	0	0	0	0	0
Leisure and Community Facilities	1,401	0		(192)		1,209
<b>Net Cost of Services</b>	<b>5,616</b>	<b>4,286</b>	<b>249</b>	<b>(4,745)</b>	<b>(71)</b>	<b>5,335</b>
Other Income and Expenditure	(11,970)	1,577	(249)	4,745	(5,568)	(11,465)
<b>Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES</b>	<b>(6,354)</b>	<b>5,863</b>	<b>0</b>	<b>0</b>	<b>(5,639)</b>	<b>(6,130)</b>



## Notes to Core Financial Statements

2020/21	Adjustment for capital purposes	Net Change for the pension adjustment	Adjustment for Investment Properties	Transfer to/(from) Earmarked Reserves	Other Difference	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2020/21 Services</b>						
Central Services	8	150	0	617	0	775
Health Wellbeing and Public Protection	1,787	168	0	(295)	(65)	1,595
Companies and Housing Delivery	0	22	0	0	0	22
Environment and Planning	7	155	0	0	0	162
Operations and Commercial	(284)	357	0	0	0	73
Property and Projects	107	61	2,282	0	0	2,450
Regeneration Housing & Place	434	28	0	608	0	1,070
Resources	177	426	0	(312)	48	339
Chief Executive	0	7	0	(617)	0	(610)
Legal Services	0	20	0	0	0	20
Leisure and Community Facilities	1,379	0		0		1,379
<b>Net Cost of Services</b>	<b>3,615</b>	<b>1,394</b>	<b>2,282</b>	<b>1</b>	<b>(17)</b>	<b>7,275</b>
Other Income and Expenditure	(7,157)	1,250	(2,282)	(1)	8,523	333
<b>Differences between the Statutory Charge and the (Surplus)/Deficit in the CIES</b>	<b>(3,542)</b>	<b>2,644</b>	<b>0</b>	<b>0</b>	<b>8,506</b>	<b>7,608</b>

# Notes to Core Financial Statements

## 1b Expenditure and Income Analysed by Nature

The Council's expenditure and income incurred in the provision of services as shown in the Comprehensive Income and Expenditure Statement is analysed as follows:

2020/21		2021/22
£'000	Nature of Income or Expenditure	£'000
(19,911)	Fees, Charges & Other Service Income	(25,135)
(266)	Interest and Investment Income	(226)
(6,777)	Income from Council Tax	(7,020)
(12,766)	Income from Retained Business Rates	(24,828)
(60,157)	Government Grants and Contributions	(48,802)
<b>(99,877)</b>	<b>Total Income</b>	<b>(106,011)</b>
19,556	Employee Expenses	23,054
58,733	Other Service Expenses	58,186
13,590	Business Rates Tariff and Levy	13,488
(929)	Support Service Recharges	(857)
5,852	Depreciation, Amortisation and Impairment	7,441
2,406	Interest Payments	2,717
(3,390)	Precepts & Levies	(3,487)
(2,208)	Net (Gains) and Losses on Fair Value Adjustments on Investment Property	0
300	(Gains) / Losses on Disposal of Non-Current Assets	(1,270)
<b>93,910</b>	<b>Total Expenditure</b>	<b>99,272</b>
<b>(5,967)</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(6,739)</b>

## 2 Restatements – Prior Period Adjustments

There are no prior period adjustments within the Statement of Accounts for 2021/22.

## 3 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the UK.

## Notes to Core Financial Statements

- IFRS 16 Leases: This standard will require local authorities that are lessees to recognise most leases on their balance sheet as right-of-use assets with corresponding lease liabilities. CIPFA LASAAC have deferred implementation for local government to 1 April 2022.
- IAS 19 Employee Benefits: Amendments on the treatment of curtailment or settlements for defined pension obligation schemes. The effect of these amendments will depend on future actuarial assessments so it is not possible to determine if there will be a material impact on the Council's accounts.
- IAS 28 Investments in Associates and Joint Ventures: Clarification that IFRS9 applies to long term interests in an associate or joint venture that forms part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Annual improvements to IFRS Standards 2015/17 Cycle.

### 4 Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Assistant Director - Resources (S151 Officer) on 1 August 2022. Events taking place after this date are not reflected in the financial statements 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 have been no adjusting events that have taken place after 31 March 2022.

### 5 Critical Judgements in Applying Accounting Policies

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

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

### 6 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

## Notes to Core Financial Statements

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 uncertainty have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next Financial Year are:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repair and maintenance that will be incurred in relation to individual assets. Service reviews have led to a reduction in expenditure; however there has not been a reduction in repair and maintenance of assets.	The net book value of the Council's property, plant and equipment assets is £164.6m as at 31 March 2022. Of this, (tbc) relates to land which is not subject to depreciation and is considered to have an infinite life. Vehicle, plant and equipment assets account for £4.5m with asset lives between 5 and 15 years. If the asset lives are reduced by 1 year across vehicle, plant and equipment it is estimated that depreciation would increase by (tbc) and the value of the assets decrease. For buildings, the asset life is up to 99 years unless the asset has major components which are depreciated separately. It is estimated that if the asset life for buildings reduced by 1 year, depreciation would increase by (tbc) and the value of the asset decrease.
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 to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate would increase employer liability by 10% and cost £24.4 million; a 0.5% increase in the salary increase rate would lead to an increase of 2% in employer liability and cost £2.8 million and a 0.5% increase in the pension increase rate would increase employer liability by 8% and cost £21.0 million.
Arrears	At 31 March 2022, the Council had a balance of sundry receivables of £xxk (£6,706k 31 March 2021). A review of significant balances suggested that an allowance for doubtful debts of 30% £xxk (£2,012k 2020/2021) was appropriate. The allowance in doubtful debts is currently retained at £xxk which represents 29% of the balance as at 31 March 2022.	2021/22 was an exceptional year due to the Covid19 pandemic. The balance of sundry receivables is higher due to the Council temporarily pausing activity on chasing debt during the year. From 2021/22, debt recovery has resumed.  The actual level of provision is £xxk below the calculated requirement. If the collection rates were to deteriorate the percentages included in calculating the bad debt allowance would need to be reviewed. If 100% cover was allowed in housing benefits the allowance would increase by £xxk.

## Notes to Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rate Appeals	<p>Since the introduction of Business Rates Retention Scheme, effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2022. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2022.</p>	<p>If the average success rate of NNDR appeals was to increase by 1% the Council would have to increase its NNDR appeals provision by an immaterial sum.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

# Notes to Core Financial Statements

## 7 MIRS – Adjustments between Accounting Basis and Funding Basis under Regulations

These notes detail adjustments made to the local EIES recognised by the Authority in the year, in accordance with proper accounting practices. They refer to resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2020/21						2021/22			
General Fund	Capital Receipts	Capital Grants	Unsuable Reserves		Note	General Fund	Capital Receipts	Capital Grants	Unsuable Reserves
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
				<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
				<b>Reversal of items debited or credited to the CIES:</b>					
(3,225)			3,225	Charges for Depreciation and Impairment of Non-Current Assets	13b	(3,858)			3,858
0			0	Revaluation Losses on Property, Plant and Equipment					0
2,208			(2,208)	Movements in the Market Value of Investment Properties					0
629			(629)	Reverse Impairments in the year from Revaluation Increase	13b				0
(334)			334	Amortisation of Intangible Assets	13b				0
(2,294)			2,294	Revenue Expenditure Funded from Capital under Statute	13b	(3,509)			3,509
(13,861)			13,861	Amounts of Non-current Assets written off on disposal or sale					0
0			0	Soft Loans – Adjustments					0
0			0	Capital Grants and Contributions Applied					0
				<b>Insertion of items not Debited/(Credited) to the CIES</b>					
374			(374)	Statutory Provision for the Financing of Capital Investment	13b	398			(398)
1,074			(1,074)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	13b	1,450			(1,450)
0			0	Capital Expenditure charged against the General Fund					0
11			(11)	Principal repayment of finance Leases where the Council is the lessee	13b	11			(11)

# Notes to Core Financial Statements

General Fund £'000	Capital Receipts £'000	Capital Grants £'000	Unsuable Reserves £'000		Note	General Fund £'000	Capital Receipts £'000	Capital Grants £'000	Unsuable Reserves £'000
				<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
5,164			(5,164)	Capital grants and contributions unapplied credited to the CIES	13b	10,674		(10,674)	
		0	0	Application of grants to capital financing transferred to the CAA				10,339	(10,339)
				<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
13,558	(13,558)			Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES		1,187	(1,187)		
	6,840		(6,840)	Capital Receipts applied	13b		9,111		(9,111)
				Transfer (from)/to the Deferred Capital Receipts upon receipt of cash					
				<b>Adjustments Involving the Financial Instruments Adjustment Account:</b>					
66			(66)	Amount by which Finance Costs Charged to the CIES are different from Finance Costs Chargeable in the Year (in accordance with statutory requirements)	13c				0
				<b>Adjustments primarily involving the Pensions Reserve:</b>					
(6,578)			6,578	Reversal of items relating to retirement benefits debited or credited to the CIES	13d	(10,243)			10,243
4,168			(4,168)	Employer's pensions contributions and direct payments to pensioners payable in the year	13d	4,380			(4,380)
				<b>Adjustments primarily involving the Collection Fund Adjustments Accounts:</b>					
(8,523)			8,523	Amount by which council tax & business rates income credited to the CIES is different from statutory requirements	13e	5,568			(5,568)
				<b>Adjustments primarily involving the Accumulated Absences Accounts:</b>					
(45)			45	Amount by which officer remuneration charged to the CIES on an accruals basis is different from statutory requirements.	13f	72			(72)
<b>(7,608)</b>	<b>(6,718)</b>	<b>-</b>	<b>14,326</b>			<b>6,130</b>	<b>7,924</b>	<b>(335)</b>	<b>(13,719)</b>



## Notes to Core Financial Statements

### 8 MIRS – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves, to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/2022.

	Balance as at 31 March 2020	Transfer Out 2020/21	Transfer In 2020/21	Balance as at 31 March 2021	Transfer Out 2021/22	Transfer In 2021/22	Balance as at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>							
Amenity Areas Reserve	(263)	0	(2)	(265)	265	(2)	(2)
Capital Programme Resources Reserve	(6,440)	354	(523)	(6,609)	1,945	(909)	(5,573)
West Norfolk Partnership	(892)	0	5	(887)	8	0	(879)
Insurance Reserve	(205)	0	(11)	(216)	0	(10)	(226)
Restructuring Reserve	(334)	0	0	(334)	0	(150)	(484)
Repairs and Renewals Reserve	(862)	4	(179)	(1,037)	104	(979)	(1,912)
Holding Accounts	(2,129)	529	(53)	(1,653)	647	(1,098)	(2,104)
Ring Fenced Reserve	(2,398)	319	(1,029)	(3,108)	525	(1,400)	(3,983)
Planning Reserve	(394)	22	(124)	(496)	4	(56)	(548)
Grants Reserves	(3,180)	2,848	(4,227)	(4,559)	1,158	(1,216)	(4,617)
Collection Fund Adjustments	(4,523)	80	(10,722)	(15,166)	7,812	(3,339)	(10,693)
Climate Change Strategy	0	0	(1,000)	(1,000)	4	(250)	(1,246)
Project / Other Reserves	(502)	0	(280)	(782)	23	(3,279)	(4,038)
<b>Total</b>	<b>(22,122)</b>	<b>4,156</b>	<b>(18,145)</b>	<b>(36,112)</b>	<b>12,495</b>	<b>(12,688)</b>	<b>(36,305)</b>

Movement in Reserves Statement – Purpose of Reserve

**Amenity Areas Reserve** – used to maintain amenity land on housing and other sites.

**Capital Programme Resources Reserve** – used to fund the Capital Programme including replacement of vehicles and personal computers. It has been established by annual contributions from the revenue budget and is a combination of various specific capital reserves.

**West Norfolk Partnership** – tackles problems affecting residents of West Norfolk in a joint initiative between public, private and voluntary sector organisations.



## Notes to Core Financial Statements

**Insurance Reserve** – was established to fund expenditure required as necessary by our Insurance Company and also to meet areas of risk management expenditure.

**Restructuring Reserve** – meets any future in-year costs arising through service reviews and changes in staffing structure.

**Repairs and Renewals Reserve** – are maintained to help equalise the impact on the revenue accounts of programmed repairs. Annual contributions help to maintain the levels of the funds.

**Holding Accounts** – there are a number of reserves included under this heading, the main reserves include: housing reserves, Homelessness Projects, reserves for cleansing and refuse/recycling, Legal Commissioning Reserve, Elections Reserve.

**Ring Fenced Reserve** - can only be used for specific purposes. Included are Section 106 Funds, the Building Control account and Trust Funds that are administered by the Council on behalf of trustees.

**Planning Reserve** – used to enable the Council to fulfil its planning role.

**Grants Reserves** - money received from external bodies for specific tasks.

**Collection Fund Adjustment Reserve** – this reserve holds the accounting adjustments necessary for the Council's NNDR Safety Net and Levy payments.

**Project Reserves** – to be used for implementation costs on future projects.

**Climate Change Strategy** - - allow implementation of smaller schemes; help fund preparation for larger capital scheme funding bids and also fund feasibility reports on potential options in support of the Council's Emissions Reduction Strategy and Action Plan.

# Notes to Core Financial Statements

## 9 CIES – Other Operating Expenditure

2020/21		2021/22
£'000		£'000
2,114	Parish Council Precepts	21
0	Levies	2,882
0	Payments to the Government Housing Capital Receipts Pool	0
(370)	Net (Gains) on the Disposal of Non-current Assets	(1,223)
<b>1,744</b>		<b>1,680</b>

## 10 CIES – Financing and Investment Income and Expenditure

2021/22		2021/22
£'000		£'000
142	Interest Payable and similar charges	176
1,250	Net Interest on the net defined Benefit Liability (Asset)	1,577
(11)	Interest (Receivable) and similar income	(11)
0	Net (Gains) and Losses on Fair Value Adjustments on Investment Properties	0
(2,282)	Net (Income) from Investment Properties)	(249)
<b>(901)</b>		<b>1,493</b>

## 11 CIES – Taxation and Non-Specific Grant Income and Expenditure

2020/21		2021/22
£'000		£'000
(6,720)	Council Tax (Income)	(7,020)
(10,768)	Non-domestic Rates (Income and Expenditure)	(11,411)
(462)	Non-ringfenced Government Grants (Income)	(486)
(4,911)	Government Grants and Contributions	(13,448)
<b>(22,861)</b>		<b>(32,365)</b>

## 12 CIES – Material Item of Income and Expenditure 2021/22

In 2021/2022 an increase in the defined benefits Pension obligation of £8,943k and an increase in the fair value of Assets of £12,899k has resulted in an increased in the authority's Pensions liabilities of £21,842k. Therefore, the net pension liability at 31 March 2022 is £54,905k (£76,747k 2020/21)

In 2021/2022 the council received £25,697k from the Department of Works and Pensions towards the cost of Housing Benefits payments. During the same period, the council spent £26,419k on Housing Benefits payments.

## 13 Balance Sheet – Unusable Reserves

### Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

### Unusable Reserves

2020/21		2021/22
£'000		£'000
(78,754)	Revaluation Reserve	(76,071)
(84,560)	Capital Adjustment Account	(98,632)
164	Financial Instruments Adjustment Account	164
76,747	Pensions Reserve	54,905
7,942	Collection Fund Adjustment Account	2,374
262	Accumulating Compensated Absences Adjustment Account	190
(78,199)		(117,070)

### 13a Revaluation Reserve

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

## Notes to Core Financial Statements

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

2020/21		2021/22
£'000		£'000
(83,714)	Balance at 1 April	(78,754)
(1,196)	In Year surplus on revaluation of non-current assets	2,683
870	Difference between Fair Value Depreciation and Historical Cost Depreciation	0
5,286	Accumulated Gains on non-current assets disposed	0
(78,754)		(76,071)

### 13b Capital Adjustment Account

- The Capital Adjustment Account absorbs the timing difference 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 Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. 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.

# Notes to Core Financial Statements

2020/21		2021/22
£'000		£'000
(80,842)	<b>Balance at 1 April</b>	<b>(84,560)</b>
	<b>Reversal of items debited or credited to CIES</b>	
3,225	Depreciation, impairment and amortisation	3,858
(629)	Impairment/Revaluation charged to CIES	0
334	Amortisation of intangible assets	0
(2,208)	Movement in market value of Investment Properties	0
2,294	Revenue expenditure funded from capital under statute	3,509
7,768	Non-current assets written out on disposal - Assets held for Sale	0
6,092	Non-current assets written out on disposal - PPE	0
181	Soft Loans - Principal repaid	0
	<b>Transfers between revenue and capital resources</b>	
(374)	Minimum Revenue Provision	(398)
(11)	Principal repayment of Finance Leases where the Council is the Lessee	(11)
(1,074)	Additional provision relating to internal repayment of prudential borrowing	(1,450)
	<b>Capital Financing applied in year</b>	
(7,021)	Use of Capital Receipts Reserve to finance new capital expenditure	(9,112)
0	Capital grants and contributions credited to the CIES that have been applied to Capital Financing	0
(5,164)	Application of grants to capital financing from Capital Grants Unapplied Account	(10,339)
(974)	Capital expenditure charged against Earmarked Reserves	(129)
	<b>Other adjustments</b>	
(2)	Reverse impairments in year from Revaluation Reserve	0
(6,155)	Adjusting amounts written off from the Revaluation Reserve	0
<b>(84,560)</b>		<b>(98,632)</b>

Note 7 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

## 13c Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account contains the difference between financial instruments measured at fair value and the balances required to comply with statutory requirements. As part of its Private Sector Housing Policy the Authority makes loans to private individuals at nil interest. This means that market rates of interest have not been charged and these loans are classified as soft loans. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Income and Expenditure Account to the net credit required against the General Fund Balance is managed by a transfer to/from the Financial Instruments Adjustment Account; see note 7.

## Notes to Core Financial Statements

2020/21		2021/22
£'000		£'000
230	Balance at 1 April	164
(66)	In year fair value adjustment of private sector housing loans	0
164		164

### 13d 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 Authority 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 Authority makes employer's contributions to pension's funds, or eventually pay 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 Authority 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.

2020/21		2021/22
£'000		£'000
53,814	Balance at 1 April	76,747
20,523	Actuarial (Gains)/Losses on Pensions Assets and Liabilities	(27,705)
6,578	Reversal of items relating to Retirement Benefits on the Provision of Services in the CIES	10,243
(4,168)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(4,380)
76,747		54,905

### 13e Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax Income in the Comprehensive Income and Expenditure Statement as it falls due from Council Taxpayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

# Notes to Core Financial Statements

2020/21		2021/22
£'000		£'000
	<b>Council Tax</b>	
(114)	Balance at 1 April	381
495	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	(396)
381	<b>Balance at 31 March</b>	(15)
	<b>Non-Domestic Rates</b>	
(467)	Balance at 1 April	7,561
8,028	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(5,172)
7,561		2,389
7,942	<b>Total</b>	2,374

## 13f Accumulated Compensated Absences Adjustment Account

The Accumulated Compensated Absences Adjustment 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. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2020/21		2021/22
£'000		£'000
213	Balance at 1 April	262
(213)	Settlement or cancellation of accrual made at the end of the preceding year	(262)
262	Amounts accrued at the end of the current year	190
262		190

## 14 Cash and Cash Equivalents

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

## Notes to Core Financial Statements

2020/21		2021/22
£'000		£'000
8	Cash held by Officers	8
7,823	Bank Current Accounts	2,315
16,237	Short Term Deposits	20,864
24,068	Cash and Cash equivalents at the end of the reporting period	23,187

### 15 Agency Services

The Council provides a Grass Cutting Service on behalf of Norfolk County Council and the Commonwealth Graves Commission, a Care and Repair Agency on behalf of Fenland and Breckland Councils and Car Parking Management Services on behalf of North Norfolk District Council, Queen Elizabeth Hospital and Norfolk County Council. The Council also provides CCTV Services on behalf of Breckland District Council. These services are provided at cost plus an allowance for overheads.

2020/21		2021/22
£'000	Charge for Services	£'000
57	Grass Cutting Service	62
141	Care and Repair Service	50
768	Car Park Management Services	871
86	CCTV Services	83
1,052		1,066

### 16 Joint Arrangements

#### Interest in Companies and Other Entities

The Code of Practice requires that Councils consider the need to include group accounts in published Statements. The Council has reviewed its interests in companies and other organisations to determine which are to be included in the Group Accounts for 2021/2022.

#### Joint Arrangements

The Council is a member of three Joint Committees – King's Lynn Housing Development Partnership, Norfolk Museums and Archaeology Service and Freebridge Community Housing Ltd. The Council accounts include all of the Council's revenue transactions, assets and liabilities relating to these Committees.

#### The King's Lynn Development Partnership



## Notes to Core Financial Statements

Under the CIPFA Code the King's Lynn Development Partnership is classified as a joint operation. The Partnership was formed in 2012/2013 with Norfolk County Council. The objective of this partnership is to enable and risk-manage a financially viable housing development in the NORA.

The Borough Council of King's Lynn and West Norfolk have contributed land valued at £1 million and Norfolk County Council paid £1 million to satisfy the initial cash flow requirements. Phases 1, 2 and 3 are now all complete. This Council is the Accountable body. The income and expenditure for these works is detailed below:

2020/21		2021/22
£'000		£'000
215	Expenditure	6,233
(2,051)	Receipts	(1,856)
(1,836)		4,377

### Freebridge Community Housing Limited

Freebridge Community Housing Limited (FCHL) – The Council owns 1 share with a value of £1 (33% of all the shares) in FCHL. The Council's interest in FCHL is not as an investor.

### Norfolk Museums and Archaeology Service (NMAS) Joint Committee

Under the CIPFA Code, NMAS is classified as a jointly controlled operation. The Council's museums are run by the Norfolk Museums and Archaeology Service "NMAS" through a Joint Committee. This Joint Committee was established in July 2006, under delegated powers by the County and District Councils in Norfolk. The Service runs museums throughout the County to preserve and interpret material evidence of the past with the aim "bringing history to life".

Norfolk County Council provides a secretary and treasurer to the Joint Committee, employs its staff, and owns a number of properties used by NMAS. They are the lead Council and are responsible for producing the annual accounts. However, the majority of collections and related buildings in West Norfolk are owned by the Council. The museum collections are reported in the Balance Sheet at a value of £6,292,000 as at the 31 March 2022.

## 17 Members' Allowances

The Council paid £460,000 in 2021/22 (£440,000 in 2020/21) in members' allowances to members of the Council during the year.

# Notes to Core Financial Statements

## 18 Officers' Remuneration

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

2021/22	Salary, Fees and Allowance	Taxable Expenses	Pension Contributio ns	Total
	£	£	£	£
Chief Executive	136,136	3,297	18,146	157,579
Executive Director	99,843	3,108	13,978	116,929
Executive Director	103,486	328	14,488	118,302
Assistant Director Finance Services (Section 151 Officer)	80,046	1,239	11,206	92,491

There were no bonus payments to report.

The Council's legal monitoring officer requirements are now fulfilled by East Law (part of North Norfolk District Council) as part of a service level agreement. The Council paid East Law £280,149 in 2021/22 (£177,736 in 2020/2021.)

The Council's Monitoring Officer is contracted from North Norfolk District Council (NNDC) via a service level agreement with Eastlaw (part of NNDC) where Monitoring Officer duties were carried out on a part time basis working for Borough Council of King's Lynn and West Norfolk. The Monitoring Officer is appointed directly by NNDC on a salary of £58,341. The hours worked in 2021/22 for this council were 1,601 hours resulting in the council's share of salary at £47,654.04. This Monitoring Officer's remuneration is not included in the tables as they are fully remunerated by NNDC and will be included in NNDC's Statement of Accounts.

## Notes to Core Financial Statements

2020/21	Salary, Fees and Allowance	Taxable Expenses	Pension Contributio ns	Total
	£	£	£	£
Chief Executive	117,266	3,759	17,462	138,487
Executive Director	95,621	6,390	13,387	115,398
Executive Director	98,040	2,940	13,726	114,706
Executive Director*	5,485	848	1,716	8,049
Assistant Director Finance Services (Section 151 Officer)	74,313	1,239	10,404	85,956

\*left in April 2020 – no replacement as part of agreed restructure arrangements.

# Notes to Core Financial Statements

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

2020/21 Number of Employees	Remuneration band	2021/22 Number of Employees
8	£50,000-£54,999	8
4	£55,000-£59,999	2
2	£60,000-£64,999	3
1	£65,000-£69,999	4
3	£70,000-£74,999	3
3	£75,000-£79,999	1
0	£80,000-£84,999	2
0	£85,000-£89,999	0
<b>21</b>	<b>Total of Employees</b>	<b>23</b>

## 19 Termination Benefits

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	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £000s	2021/22 £000s
Up to £20,000	0	0	1	0	1	0	13	0
£20,001-£40,000	0	0	0	0	0	0	0	0
£40,001-£60,000	0	0	0	0	0	0	0	0
£60,001-£80,000	0	0	0	0	0	0	0	0
£80,001-£100,000	0	0	0	0	0	0	0	0
£100,000-£150,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>13</b>	<b>0</b>

## 20 Defined Benefit Pension Schemes

### Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments, and this is required to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Norfolk County Council – this is a funded Career average salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

### Discretionary Post-retirement Benefits

# Notes to Core Financial Statements

Discretionary Post-retirement Benefits on early retirement are an unfunded defined arrangement, under which liabilities are recognised when awards are made. There are no planned assets built up to meet these pension liabilities.

## Transactions relating to post-employment benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made 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:

The tables below show the Pension Fund Net Long Term Liability and Reserve positions at the end of 2020/21 and 2021/22.

2020/21		2021/22
£'000		£'000
	Gross Liabilities	
(189,459)	<b>Opening balance as at 1 April</b>	<b>(244,852)</b>
(4,360)	[I] Interest Cost	(4,930)
(50,534)	[II] Actuarial losses / (gains) from changes in financial assumptions	17,500
(5,328)	[III] Current Service Cost	(8,666)
(1,002)	[IV] Contributions by scheme participants	(1,051)
5,616	[IV] Benefits paid	5,880
215	[IV] Estimated unfunded benefits paid	210
<b>(244,852)</b>	<b>Closing balance at 31 March</b>	<b>(235,909)</b>

2020/21		2021/22
£'000		£'000
<b>135,645</b>	<b>Opening fair value of scheme assets balance as at 1 April</b>	<b>168,105</b>
3,110	[I] The return on plan assets (Excluding amount included in net interest expense)	3,353
30,011	[II] Actuarial losses / (gains) from changes in financial assumptions	10,205
3,953	[III] Contributions by the employer	4,170
215	[III] Contributions for unfunded (Discretionary benefits)	210
1,002	[IV] Contributions by employees into the scheme	1,051
(5,616)	[IV] Benefits paid	(5,880)
(215)	[IV] Unfunded (Discretionary benefits)	(210)
<b>168,105</b>	<b>Closing Balance at 31 March</b>	<b>181,004</b>
<b>(76,747)</b>	<b>TOTAL NET LIABILITIES</b>	<b>(54,905)</b>

# Notes to Core Financial Statements

Net Movement		Net Movement
2019/20		2021/22
-		-
<b>4,168</b>	<b>General Fund Charge - Employer Contributions</b>	<b>4,380</b>
(1,160)	[III] Other items to net cost of services	(4,286)
(1,250)	[I] Interest cost minus return on plan assets to financing income & expenditure	(1,577)
<b>1,758</b>	<b>Charge to Surplus/(Deficit) upon Provision of Services</b>	<b>(1,483)</b>
(20,523)	[II] Actuarial Gains/(Losses) to other income & expenditure	27,705
<b>(18,765)</b>	<b>(Charge)/Surplus to Comprehensive Income &amp; Expenditure Account for the Year</b>	<b>26,222</b>
(4,168)	Less General Fund Charge - Employer Contributions	(4,380)
<b>(22,933)</b>	<b>TOTAL MOVEMENT IN PENSION RESERVE FAVOURABLE/ (UNFAVOURABLE)</b>	<b>21,842</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Local Government Pension Scheme Assets Comprised:

Figures supplied by Norfolk County Council who administer the local pension scheme.

# Notes to Core Financial Statements

Asset Category	Period Ended 31 March 2022			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
<b>Equity Securities:</b>				
Consumer	0	0	0	0.0%
Manufacturing	0	0	0	0.0%
Energy and Utilities	0	0	0	0.0%
Financial Institutions	0	0	0	0.0%
Health and Care	0	0	0	0.0%
Information Technology	0	0	0	0.0%
Other	0	0	0	0.0%
<b>Debt Securities:</b>				
Corporate Bonds (investment grade)	0	0	0	0.0%
Corporate Bonds (Non-investment grade)	0	0	0	0.0%
UK Government	1,827	0	1,827	1.0%
Other	0	0	0	0.0%
<b>Private Equity:</b>				
All	0	14,605	14,605	8.1%
			0	
<b>Real Estate:</b>			0	
UK Property	0	16,531	16,531	9.1%
Overseas Property	0	2,548	2,548	1.4%
<b>Investment Funds and Unit Trusts:</b>				
Equities	76,144	0	76,144	42.1%
Bonds	52,285	0	52,285	28.9%
Hedge Funds	0	0	0	0.0%
Commodities	0	0	0	0.0%
Infrastructure	0	14,461	14,461	8.0%
Other	0	0	0	0.0%
			0	0.0%
<b>Derivatives:</b>			0	0.0%
Inflation	0	0	0	0.0%
Interest Rate	0	0	0	0.0%
Foreign Exchange	40	0	40	0.0%
Other	0	0	0	0.0%
			0	0.0%
<b>Cash and Cash Equivalents:</b>			0	0.0%
All	2,563	0	2,563	1.4%
<b>Totals</b>	<b>132,859</b>	<b>48,145</b>	<b>181,004</b>	<b>100.0%</b>

# Notes to Core Financial Statements

Asset Category	Period Ended 31 March 2021			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
<b>Equity Securities:</b>				
Consumer	0	0	0	0.0%
Manufacturing	0	0	0	0.0%
Energy and Utilities	0	0	0	0.0%
Financial Institutions	0	0	0	0.0%
Health and Care	0	0	0	0.0%
Information Technology	0	0	0	0.0%
Other	0	0	0	0.0%
<b>Debt Securities:</b>				
Corporate Bonds (investment grade)	0	0	0	0.0%
Corporate Bonds (Non-investment grade)	0	0	0	0.0%
UK Government	1,913	0	1,913	1.1%
Other	0	0	0	0.0%
<b>Private Equity:</b>				
All	0	10,666	10,666	6.3%
<b>Real Estate:</b>				
UK Property	0	13,368	13,368	8.0%
Overseas Property	0	3,400	3,400	2.0%
<b>Investment Funds and Unit Trusts:</b>				
Equities	74,916	0	74,916	44.6%
Bonds	49,907	0	49,907	29.7%
Hedge Funds	0	0	0	0.0%
Commodities	0	0	0	0.0%
Infrastructure	0	10,632	10,632	6.3%
Other	0	618.8	618.8	0.4%
<b>Derivatives:</b>				
Inflation	0	0	0	0.0%
Interest Rate	0	0	0	0.0%
Foreign Exchange	62.1	0	62.1	0.0%
Other	0	0	0	0.0%
<b>Cash and Cash Equivalents:</b>				
All	2622.1	0	2,622	1.6%
<b>Totals</b>	<b>129,421</b>	<b>38,684</b>	<b>168,105</b>	<b>100.0%</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the “Projected until credit” method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022.

**The principal assumptions used by the actuary have been:**



# Notes to Core Financial Statements

2020/21	Local Government Pension Scheme	2021/22
	<b>Mortality Assumptions:</b>	
	Longevity at 65 for Current Pensioners:	
21.9yrs	Men	21.7yrs
24.3yrs	Women	24.1yrs
	Longevity at 65 for Future Pensioners:	
23.2yrs	Men	24.1yrs
26.2yrs	Women	26.0yrs
3.55%	Rate of increase in Salaries	3.90%
2.85%	Rate of increase in Pensions	3.20%
2.00%	Rate for discounting Scheme liabilities	2.70%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to Her Majesty's Revenue and Customs (HMRC) limits for pre-April 2008 service and 75% of the maximum post-April 2008 service.

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 credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

## Impact on the Defined Obligation in the Scheme

	Approximate % Increase to Employer Liability	Approximate Monetary Increase to Employer Liability (£000)
0.1% decrease in Real Discount Rate	2.0%	4,573
1 year increase in member life expectancy	4.0%	9,436
0.1% increase in the salary increase rate	0.0%	526
0.1% increase in the Pension increase rate(CPI)	2.0%	4,009

# Notes to Core Financial Statements

## Scheme History

	2016/2017	2017/2018	2018/2019	2019/2020	2020/21	2021/22
Obligations:	£'000	£'000	£'000	£'000	£'000	£'000
Present Value of Defined Benefit	(188,079)	(190,516)	(213,843)	(189,459)	(244,852)	(235,909)
Fair Value of Assets in the Local Government Pensions Scheme	133,619	141,083	146,445	135,645	168,105	181,004
<b>Deficit in the Scheme</b>	<b>(54,460)</b>	<b>(49,433)</b>	<b>(67,398)</b>	<b>(53,814)</b>	<b>(76,747)</b>	<b>(54,905)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £189,459,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, which after abatement for the fair value of assets of £135,645,000, resulting in a negative overall balance of £53,814,000. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by the Council paying increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

## 21 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors.

2020/21		2021/22
£'000		£'000
39	Fees payable with regard to External Audit Services carried out by the appointed auditor for the year.	39
0	Additional and other Audit fees charged during the year.	0
42	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	22
<b>81</b>	<b>Total</b>	<b>61</b>

Additional costs are expected for 2020/21 once the audit is concluded but are not currently known.

## 22 Related Parties

The Council is required to disclose material transactions with related parties. Related parties being 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.

## Members/Head of Service

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowance paid in 2021/2022 is shown in note 17. During 2021/2022, works and services to the value of £1,644,927 (£1,499,701 in 2020/2021) were commissioned from companies in which 15 Members and 3 officers (13 Members and 3 officers in 2020/2021) had an interest. Contracts were entered into in full compliance with the Council's standing orders. In addition, grants totalling £901,468 (£1,571,151 in 2020/2021) were made to organisations in which 12 Members and

4 officers had an interest (11 Members and 3 officers in 2020/2021). In all instances, the grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members interests, which are published on the Council's website.

## **Central Government**

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Capital and Revenue Grants received from government departments are set out in the subjective analysis in note 35, on amounts reported to decision makers. Receivables and Payables in respect of Government departments are shown in note 30 and note 32. Any transactions between the Council and Norfolk Pensions are detailed in note 16.

## **Freebridge Community Housing Limited**

In 2006 the Council transferred its housing stock to Freebridge Community Housing. As part of the agreement the Council has 3 Members on the board of Freebridge Community Housing and owns 33% of the share in the organisation, value £1. During 2021/2022 the transactions between the Council and Freebridge Community Housing was expenditure of £21,296 (£22,727 in 2020/2021) and income of £882,164 (£481,931 in 2020/2021).

## **West Norfolk Housing Company Ltd**

West Norfolk Housing Company Ltd was set up by the Council and incorporated on 12<sup>th</sup> September 2016. During 2021/2022 the transactions between the Council and West Norfolk Housing Company Ltd was expenditure of £213,036 (£475,434 in 2020/21) and income of £380,322 (£317,457 in 2020/21).

The current year's transactions are detailed in the Group Accounts pages 109 to 117.

## **West Norfolk Property Ltd**

West Norfolk Property Ltd was set up by the Council and incorporated on 12<sup>th</sup> April 2018. There were £169,303 in the financial year 2021/22 (£54,321 in 2020/21)

The current year's transactions are detailed in the Group Accounts pages 111 to 117.

## **Alive West Norfolk**

Alive West Norfolk Ltd was set up by the Council and incorporated on 1<sup>st</sup> February 2019. During 2021/2022 the transactions between the Council and Alive West Norfolk was expenditure of £860,154 (£879,415 in 2020/2021) and income of £918,552 (£92,766 in 2020/2021).

The current year's transactions are detailed in the Group Accounts pages 111 to 117.

## 23 Leases

### Finance Leases - Council as Lessee

The Council has acquired a number of buildings under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2020/21		2021/22
£'000	Finance Lease - Council as a Lessee	£'000
3,338	Other Land and Buildings	3,338
<b>3,338</b>	<b>Total</b>	<b>3,338</b>

The Council is committed to making minimum payments under these leases comprising settlement of the Long-Term liability for the entitlement in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2020/21		2021/22
£'000	Finance Lease (NPV)	£'000
	Finance Lease Liabilities (Net present value of minimum lease payments):	
2	Current	2
151	Non- Current	149
220	Finance Costs payable in future years	213
<b>373</b>		<b>364</b>

The minimum lease payments will be payable over the following periods:

Minimum Lease Payments	Finance Lease Liabilities	Financial Costs		Minimum Lease Payments	Finance Lease Liabilities	Financial Costs
2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
£'000	£'000	£'000		£'000	£'000	£'000
9	2	7	Not later than one year	9	2	7
34	8	26	Later than one year and not later than five years	34	8	26
328	141	187	Later than five years	319	139	181
<b>371</b>	<b>151</b>	<b>220</b>	<b>Total</b>	<b>362</b>	<b>149</b>	<b>213</b>

The Council has sub-let some of the accommodation held under these finance leases. At 31 March 2022 the minimum payments expected to be received under non-cancellable sub-leases was £11,628 (£53,738 at 31 March 2021).

# Notes to Core Financial Statements

The Council has acquired printer equipment under finance leases. The equipment acquired under these leases is included in Property, Plant and Equipment in the Balance Sheet.

## Operating Leases – Council as Lessee

The Council has operating lease agreements for the provision of land and buildings. The future minimum lease payments due under non-cancellable leases in future years are shown in the table below.

2020/21		2021/22
£'000	Operating Lease Payments	£'000
102	Not later than one year	99
377	Later than one year and not later than five years	371
4,235	Later than five years	4,140
<b>4,714</b>	<b>Total</b>	<b>4,610</b>

The expenditure charged to the Operations and Commercial in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2020/21		2021/22
£'000	Minimum Lease Payments	£'000
0	Corporate and Democratic Services	0
12	Cultural and Related Services	7
146	Highways and Transport Services	111
<b>158</b>	<b>Total</b>	<b>118</b>

## Operating Leases – Council as Lessor

The Council leases out property and equipment under leases for the following purposes:

- For economic development purposes to provide suitable affordable accommodation for local businesses including shops, industrial units, kiosks, caravan parks and offices.
- Beach huts for private use; and
- Buildings used as Community facilities and used by voluntary groups including community centres, museums, and storage space.
- Leisure facilities to Alive West Norfolk to fulfil contractual obligations with the Council. See Note 22 for more details.

2020/21		2021/22
£'000	Future minimum lease payments	£'000
2,309	Not later than one year	2,112
6,354	Later than one year and not later than five years	6,144
59,642	Later than five years	59,238
<b>68,305</b>	<b>Total</b>	<b>67,493</b>

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/2022 £nil contingent rents were receivable by the Council.

## 24 Investment Property

Investment properties are those that are held solely to earn rentals or for capital appreciation, or both. Investment properties are not depreciated but are revalued according to market conditions at the year end.

Properties that are used to facilitate the delivery of service or to support Council policy objectives fall under the category of property plant and equipment (see note 27) and are not investment properties.

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement:

2020/21		2021/22
£'000		£'000
(1,768)	Rental Income from Investment Property	(2,612)
235	Direct Operating Expenses/(Income) Arising from Investment Property	570
(1,533)	Direct cost of Investment Properties	(2,042)
207	Other Net Operating Costs	7
(1,326)	<b>Net (Gain)</b>	<b>(2,035)</b>

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 on disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance, or enhancement.

2020/21		2021/22
£'000		£'000
28,126	<b>Balance at Start of the Year</b>	<b>30,360</b>
	Net Gains / (Losses) on Revaluation	
-	- Write Out of Impairments on Revaluations	-
28,126	<b>Net Gains / (Losses) from Movements in the Market Value of Investment Properties</b>	<b>30,360</b>
26	Additions	-
2,208	Impairment /(Valuation)	-
-	- Disposals	-
-	- Derecognition	-
-	- Reclassifications	-
30,360	<b>Balance at Year End</b>	<b>30,360</b>

### Valuation Techniques Used to Determine Fair Values for Investment Property

Investment property shall be measured initially at cost. The cost of an investment property includes its purchase price, transaction costs and directly attributable expenditure. Where an investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition. Investment properties are not depreciated but are revalued according to market conditions at the year end.

## Significant Observable Inputs – Level 2

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sale prices and other relevant information for similar assets in the local Council area. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy. There were no transfers between any of the three levels during 2020/21. .

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties.

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

2021/22	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant un-observable inputs (level 3)	Fair Value as at 31/03/2021
	£'000	£'000	£'000	£'000
Recurring Fair Value Measurements Industrial Units	0	20,273	0	20,273
Commercial Units	0	9,477	0	9,477
Land	0	532	0	532
Other	0	78	0	78
<b>Total</b>	<b>0</b>	<b>30,360</b>	<b>0</b>	<b>30,360</b>

2020/21	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant un-observable inputs (level 3)	Fair Value as at 31/03/2021
	£'000	£'000	£'000	£'000
Recurring Fair Value Measurements Industrial Units	0	20,273	0	20,273
Commercial Units	0	9,477	0	9,477
Land	0	532	0	532
Other	0	78	0	78
<b>Total</b>	<b>0</b>	<b>30,360</b>	<b>0</b>	<b>30,360</b>

## 25 Intangible Assets

The Council accounts for its purchased licences software as intangible assets, to the extent that the software is not an integral part of a particular Information Communications and Technology (ICT) system and accounted for as part of the hardware item or Property, Plant and Equipment. The Council also includes Housing Nomination Rights, which has been assigned following capital investment in a number of affordable housing projects.



## Notes to Core Financial Statements

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites are up to 7 years and for Housing Nomination Rights up to 40 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £377k charged to revenue in 2021/22 for software was charged to ICT Administration and then absorbed as an overhead across the entire service heading in Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The amortisation of £6k charged to revenue for 2021/22 for Housing Nomination Rights was charged to the Housing General fund in Net Cost of Services. The Council holds intangible assets at historical costs. The movement on Intangible asset balances during the year is as follows:

	2021/22		
	Software Licenses	Housing Nomination Rights	Total
	£'000	£'000	£'000
<b>Balances at start of the year</b>			
Gross Carrying Amount	2,732	303	3,035
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,783)	(212)	(1,995)
<b>Net Carrying Amount at Start of Year</b>	<b>898</b>	<b>91</b>	<b>989</b>
<b>Additions:</b>			
Purchases	19	0	19
Amortisation for the Period	(377)	(6)	(383)
<b>Net Carrying Amount at End of Year</b>	<b>559</b>	<b>85</b>	<b>625</b>
<b>Comprising:</b>			
Gross Carrying Amounts	2,751	303	3,054
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(2,160)	(218)	(2,378)
	<b>540</b>	<b>85</b>	<b>625</b>



# Notes to Core Financial Statements

	2020/21		
	Software Licenses	Housing Nomination Rights	Total
	£'000	£'000	£'000
<b>Balances at start of the year</b>			
Gross Carrying Amount	2,609	303	2,912
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,455)	(206)	(1,661)
<b>Net Carrying Amount at Start of Year</b>	<b>1,103</b>	<b>97</b>	<b>1,200</b>
<b>Additions:</b>			
Purchases	123	0	123
Amortisation for the Period	(328)	(6)	(334)
<b>Net Carrying Amount at End of Year</b>	<b>898</b>	<b>91</b>	<b>989</b>
<b>Comprising:</b>			
Gross Carrying Amounts	2,732	303	3,035
Accumulated Impairment	(51)	0	(51)
Accumulated Amortisation	(1,783)	(212)	(1,995)
	<b>898</b>	<b>91</b>	<b>989</b>

## 26 Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council:

Net Book Value	Public Art Collections £'000	Civic Regalia £'000	Museum Collections £'000	Historic Buildings £'000	Archives £'000	Total £'000
At 31 March 2021	237	6,580	6,292	21	4,845	17,975
At 31 March 2020	237	6,580	6,292	21	4,845	17,975
At 31 March 2019	237	6,580	6,292	0	4,845	17,954
At 31 March 2018	237	6,580	6,292	0	4,845	17,954
At 31 March 2017	237	6,580	6,292	0	4,845	17,954
At 31 March 2016	237	6,580	6,292	0	4,845	17,954

Net Book Value	Public Art Collections £'000	Civic Regalia £'000	Museum Collections £'000	Historic Buildings £'000	Archives £'000	Total £'000
At 31 March 2021	237	6,580	6,292	21	4,845	17,975
At 31 March 2020	237	6,580	6,292	21	4,845	17,975
At 31 March 2019	237	6,580	6,292	0	4,845	17,954
At 31 March 2018	237	6,580	6,292	0	4,845	17,954
At 31 March 2017	237	6,580	6,292	0	4,845	17,954
At 31 March 2016	237	6,580	6,292	0	4,845	17,954

Further information on Heritage Assets can be found in the accounting policies.

# Notes to Core Financial Statements

2021-22	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
Balance at start of year	237	6,580	6,292	79	4,845	18,033
Additions	0	0	0	0	0	0
Revaluation Increase/ (Decrease)	0	(2,683)	0	0	0	(2,683)
Recognised in the CIES	0	0	0	0	0	0
	237	3,897	6,292	79	4,845	15,350
<b>Accumulated Depreciation and Impairment</b>						
Balance at start of year	0	0	0	(58)	0	(58)
Impairments recognised to CIES	0	0	0		0	0
Balance at end of year	0	0	0	(58)	0	(58)
<b>NBV AS AT 31 MARCH 2021</b>	<b>237</b>	<b>3,897</b>	<b>6,292</b>	<b>21</b>	<b>4,845</b>	<b>15,292</b>

2020-21	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
Balance at start of year	237	6,580	6,292	79	4,845	18,033
Additions	0	0	0	0	0	0
Revaluation Increase/ (Decrease)	0	0	0	0	0	0
Recognised in the CIES	0	0	0	0	0	0
	237	6,580	6,292	79	4,845	18,033
<b>Accumulated Depreciation and Impairment</b>						
Balance at start of year	0	0	0	(58)	0	(58)
Impairments recognised to CIES	0	0	0		0	0
Balance at end of year	0	0	0	(58)	0	(58)
<b>NBV AS AT 31 MARCH 2021</b>	<b>237</b>	<b>6,580</b>	<b>6,292</b>	<b>21</b>	<b>4,845</b>	<b>17,975</b>

# Notes to Core Financial Statements

## 27 Property, Plant and Equipment

### Movements on Balance

Movements in 2021/22	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost Valuation:</b>						
<b>At 1 April 2021</b>	<b>130,881</b>	<b>23,799</b>	<b>1,442</b>	<b>146</b>	<b>22,184</b>	<b>178,452</b>
Adjustments to opening balance	1	(1)	(1)	1	2	2
Additions	3,411	3,741	0	0	12,496	19,648
Revaluation Increases/Decreases to Revaluation Reserve	-	0	0	0	0	0
Revaluation Decreases to Surplus/Deficit	-	0	0	0	0	0
Revalued Assets- no net increase (impairment reversals)	0	0	0	0	0	0
Revalued Assets- depreciation reversals	0	0	0	0	0	0
Revalued Assets - Reversal of Loss	0	0	0	0	0	0
Derecognition - Disposals	-	0	0	0	-	0
Derecognition - Other	0	0	0	0	0	0
Derecognition - Other-Revaluation Reserve	0	0	0	0	0	0
Reclassification and Transfers	0	0	0	0	0	0
<b>Balance as at 31 March 2022</b>	<b>134,293</b>	<b>27,539</b>	<b>1,441</b>	<b>147</b>	<b>34,682</b>	<b>198,102</b>
<b>Accumulated Depreciation and Impairment:</b>						
<b>At 1 April 2021</b>	<b>(7,839)</b>	<b>(18,030)</b>	<b>(304)</b>	<b>(93)</b>	<b>(3,683)</b>	<b>(29,949)</b>
Adjustment to opening balance						0
Depreciation Charge	(2,255)	(1,172)	(48)	0	0	(3,475)
Depreciation written out to the Revaluation Reserve						0
<b>At 31 March 2022</b>	<b>(10,094)</b>	<b>(19,202)</b>	<b>(352)</b>	<b>(93)</b>	<b>(3,683)</b>	<b>(33,424)</b>
<b>Net Book Value at 31 March 2022</b>	<b>124,199</b>	<b>8,337</b>	<b>1,089</b>	<b>54</b>	<b>30,999</b>	<b>164,678</b>
<b>Net Book Value at 31 March 2021</b>	<b>123,042</b>	<b>5,769</b>	<b>1,138</b>	<b>53</b>	<b>18,501</b>	<b>148,503</b>

# Notes to Core Financial Statements

Movements in 2020/21	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost Valuation:</b>						
<b>At 1 April 2020</b>	<b>128,576</b>	<b>21,623</b>	<b>1,443</b>	<b>130</b>	<b>20,066</b>	<b>171,838</b>
Adjustments to opening balance	1	(1)	(1)	1	2	2
Additions	1,438	2,177	0	15	8,177	11,807
Revaluation Increases/Decreases to Revaluation Reserve	952	0	0	0	0	952
Revaluation Decreases to Surplus/Deficit	(54)	0	0	0	0	(54)
Revalued Assets- no net increase (impairment reversals)	0	0	0	0	0	0
Revalued Assets- depreciation reversals	0	0	0	0	0	0
Revalued Assets - Reversal of Loss	0	0	0	0	0	0
Derecognition - Disposals	(32)	0	0	0	(6,061)	(6,093)
Derecognition - Other	0	0	0	0	0	0
Derecognition - Other-Revaluation Reserve	0	0	0	0	0	0
Reclassification and Transfers	0	0	0	0	0	0
<b>Balance as at 31 March 2021</b>	<b>130,881</b>	<b>23,799</b>	<b>1,442</b>	<b>146</b>	<b>22,184</b>	<b>178,452</b>
<b>Accumulated Depreciation and Impairment:</b>						
<b>At 1 April 2020</b>	<b>(5,613)</b>	<b>(17,097)</b>	<b>(256)</b>	<b>(93)</b>	<b>(3,683)</b>	<b>(26,742)</b>
Adjustment to opening balance						0
Depreciation Charge	(2,244)	(933)	(48)	0	0	(3,225)
Depreciation written out to the Revaluation Reserve	18					18
Depreciation written out to the Surplus/Deficit on the CIES						0
Derecognition - disposals						0
Derecognition - Other						0
Reclassification and Transfers						0
<b>At 31 March 2021</b>	<b>(7,839)</b>	<b>(18,030)</b>	<b>(304)</b>	<b>(93)</b>	<b>(3,683)</b>	<b>(29,949)</b>
<b>Net Book Value at 31 March 2021</b>	<b>123,042</b>	<b>5,769</b>	<b>1,138</b>	<b>53</b>	<b>18,501</b>	<b>148,503</b>
<b>Net Book Value at 31 March 2020</b>	<b>122,963</b>	<b>4,526</b>	<b>1,187</b>	<b>37</b>	<b>16,383</b>	<b>145,096</b>

The table above contains 2 amendments from the previously published 2018/19 statement of accounts – these are: -

- £216k reduction in 'Infrastructure' (previously £1,399k now £1,183k)
- £216k Increase in the 'Other land and Building category' (Previously £117,139k now £117,355k)

# Notes to Core Financial Statements

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment, including ICT equipment, are based on historic cost. Greater detail regarding dates and valuations is provided in the Statement of Accounting Policies on page 114.

For valuation purposes, property assets fall into one of the following groups:

- Property, plant and equipment which includes infrastructure, community assets and assets under construction.
- Lease and lease type arrangements.
- Investment Property – property that is used solely to earn rentals, or for capital appreciation, or both; and
- Assets held for sale.

	Other land and buildings £'000	Vehicle, plant & equipment £'000	Infrastructur e assets £'000	Community assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	3,411	8,337	1,089	54	30,999	43,890
Valued at fair value as at:						
31-Mar-22	0	0	0	0	0	0
31-Mar-21	4,952	0	0	0	0	4,952
31-Mar-20	63,969	0	0	0	0	63,969
31-Mar-19	39,772	0	0	0	0	39,772
31-Mar-18	9,188	0	0	0	0	9,188
Prior to 2018	2,907	0	0	0	0	2,907
<b>Gross Book Value</b>	<b>124,199</b>	<b>8,337</b>	<b>1,089</b>	<b>54</b>	<b>30,999</b>	<b>164,678</b>

## 28 Capital: Expenditure, Financing and Commitments

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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.

# Notes to Core Financial Statements

2020/21		2021/22
£'000		£'000
38,377	<b>Opening Capital Financing Requirement</b>	43,732
	<b>Capital Investment:</b>	
11,807	Property, plant and equipment	19,648
559	Assets held for sale	0
26	Investment Properties	0
123	Intangible assets	19
0	Heritage Assets	0
2,294	Revenue expenditure funded from Capital under Statute (Net)	3,509
	<b>Sources of Finance:</b>	
(7,021)	Capital Receipts	(9,112)
0	Government grants and other contributions	0
	<b>Sums set aside from revenue:</b>	
(974)	Direct revenue contributions	(129)
(1,074)	Revenue contributions for prudential borrowing schemes	(1,450)
(374)	MRP	(398)
(11)	Principal repayment of Finance Leases where the Council is the Lessee	(11)
43,732	<b>Closing Capital Financing Requirement</b>	55,808
	<b>Explanation of movements in year:</b>	
5,355	Increase in underlying need to borrowing (unsupported by Government Financial A	12,076
(5,355)	<b>Increase/(Decrease) in Capital Financing Requirement</b>	12,076

## Capital Commitments

On 31 March 2022 the Council has entered into a number of contracts and the major commitments are:

	Commitment Contractual	Commitment Non- Contractual
	31-Mar-22	31-Mar-22
	£'000	£'000
Conservation and Heritage	0	100
Enterprise Zone and Industrial Development	2,022	0
Hunstanton Bus Station	6,775	0
Major Housing Development	1,217	0
Sports Facilities	0	36
Vehicles	0	165
Other	0	196
<b>Total</b>	<b>10,014</b>	<b>497</b>

# Notes to Core Financial Statements

## 29 Assets Held for Sale

2020/21		2021/22
£'000		£'000
9,754	Balance Outstanding at Start of the Year	2,770
559	Additions	-
225	Other movements	-
0	Assets newly classified as Held for Sale	0
(7,768)	Assets sold	-
2,770	Balance at End of Year	2,770

## 30 Short Term Receivables

31-Mar-21		31-Mar-22
£'000		£'000
1,543	Central Government bodies	2,006
7,274	Local Authorities	2,754
261	NHS Bodies	0
11,959	Other entities and individuals	9,082
21,037	Sub Total	13,842
(2,635)	Allowance for doubtful debt (other entities and individuals)	(2,774)
18,402	Total	11,068

## 31 Long Term Receivables

31-Mar-21		31-Mar-22
£'000		£'000
4,732	Other entities and individuals	4,788
137	Finance Lease	137
4,869	Sub Total	4,925
(27)	Allowance for doubtful debt (other entities and individuals)	(26)
4,842	Total	4,899

## 32 Short Term Payables

31-Mar-21		31-Mar-22
£'000		£'000
(24,627)	Central Government bodies	(21,795)
(3,281)	Local Authorities	(2,000)
(2)	NHS Bodies	0
(11,973)	Other entities and individuals	(14,342)
<b>(39,883)</b>	<b>Total</b>	<b>(38,137)</b>

## 33 Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed, only by the occurrence of one or more uncertain future events that are not wholly within the Council's control. On 31 March 2022, the Council had no material contingent liabilities.

## 34 Provisions

31-Mar-21	Business Rates Appeals Provision	31-Mar-22
£'000		£'000
(1,360)	Balance at the 1 April	(944)
(203)	Additional provisions made in year	(287)
619	Provision unwound in year	402
<b>(944)</b>	<b>Balance at the 31 March</b>	<b>(829)</b>

The total provision applied for NNDR based on appeals lodged as at 31 March 2022 is £2.1m (£2.4m 2020/21). The above table reflects the Council's share of the provision at the value of £0.8m (£0.9m 2020/21). This is based on 40% share in 2021/22.

The Council applied the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/2022:



## 35 Grant Income

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver unless those conditions will be met. The balances at the year-end are as follows:

2020/21		2021/22
£'000	Taxation and Specific Government Grant Income:	£'000
(624)	Revenue support grant	(628)
(898)	New Homes Bonus	(838)
(463)	Rural Services Delivery Grant	(486)
<b>(1,985)</b>	<b>Sub-Total</b>	<b>(1,952)</b>
(11,520)	Section 31 Small Business Relief Grant Credited to NNDR Income	(7,524)
(3,147)	Capital Grants and Contributions	(8,053)
<b>(16,652)</b>	<b>Total Taxation and Specific Non-Service Government Grant Income</b>	<b>(17,529)</b>
	<b>Other Revenue Grant Income:</b>	
(204)	Business Rates cost of collection - MHCLG	0
(30,090)	Department for Works and Pensions - Housing Benefit Unit	(26,048)
(337)	Discretionary Housing Payments - DWP	(259)
(1,739)	Disabled Facilities - Better Care Fund	(1,783)
(371)	Homelessness Prevention MHCLG/NCC	(408)
(158)	Local Council Tax Support Administration - MHCLG	(169)
0	Policy and Partnerships - NCC	0
(208)	Rough Sleeping Grant - NCC	(196)
(180)	Lily Phase 4 - NCC	(382)
(79)	Welfare Reform Funding - DWP	(89)
0	Heritage Lottery Fund	0
(4,218)	Covid 19 Grants	(4,191)
(2,355)	Covid 19 Sales, Fees and Charges Grant	(114)
(918)	Other	(1,300)
<b>(40,857)</b>	<b>Total Grant Income to Services</b>	<b>(34,939)</b>
<b>(57,509)</b>	<b>Total Grant Income to General Fund</b>	<b>(52,468)</b>
	<b>Contributions</b>	
(1,702)	Waste Collection Credits – NCC	(1,839)
(168)	Other	(459)
<b>(1,870)</b>	<b>Total Contributions</b>	<b>(2,298)</b>
<b>(59,379)</b>	<b>TOTAL GRANTS AND CONTRIBUTIONS TO GENERAL FUND</b>	<b>(54,766)</b>

## 36 Financial Instruments

31-Mar-21		31-Mar-22
£'000		£'000
	<b>Financial Assets</b>	
	<b>Non-Current</b>	
4,842	Debtors	4,899
	<b>Current</b>	
16,038	Investments	20,000
18,402	Debtors	11,068
<b>39,282</b>		<b>35,967</b>
	<b>Financial Liabilities</b>	
	<b>Non-Current</b>	
(10,000)	Borrowings	(10,000)
(224)	Creditors	(213)
	<b>Current</b>	
0	Borrowings	0
(39,883)	Creditors	(38,137)
<b>(50,107)</b>		<b>(48,350)</b>

All investments and receivables that the Council has on its Balance Sheet are classified as Amortised Cost as they are all simple principal and interest investments with no impairment allowance or other cash flows associated with them.

### Reclassification and re-measurement of impairment losses

The code requirements in relation to the reclassification and re-measurement of impairment losses changed on 1<sup>st</sup> April 2018, during 2018/19 this had no impact on the council as there were no adjustments made to impairment loss allowances as a result of the reclassification of financial assets held on 1<sup>st</sup> April 2018 from an incurred losses model to an expected losses model for calculations during. This continues to have no effect during 2019/20, 2020/21 and 2021/22.

The Council has made a number of home improvement loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account. The detailed soft loans information is as follows:

# Notes to Core Financial Statements

31-Mar-21	Title of Soft Loan	31-Mar-22
£'000		£'000
903	Opening Balance	968
-	- Loans repaid	(3)
65	Impairment losses	95
968	<b>Balance carried forward</b>	<b>1,060</b>
1,113	Nominal Value Carried Forward	1,111

## Valuation Assumptions

The interest rate at which the fair value of these soft loans has been made is arrived at by taking the authority's prevailing cost of borrowing for the year the loan is advanced and adding an allowance for the risk that the loan might not be repaid and the amount at which it was originally recognised.

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

## Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

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

## Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

# Notes to Core Financial Statements

## Expected Credit Loss Model

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

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

The authority has a portfolio of a significant number of Home Improvement loans to local residents. It does not have reasonable and supportive information that is available without undue cost of effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

## Comprehensive Income and Expenditure Statement disclosures

### Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2020/21		2021/22
£'000		£'000
	<b>Surplus or Deficit on the Provision of Services</b>	
	<b>Interest revenue:</b>	
(266)	Financial assets measured at amortised cost	(11)
<b>(266)</b>	<b>Total Interest Revenue</b>	<b>(11)</b>
397	Interest payable	176
<b>397</b>	<b>Total Interest Payable</b>	<b>176</b>
	<b>Other Comprehensive Income and Expenditure</b>	
	<b>Interest revenue:</b>	
0	Financial assets measured at amortised cost	0
<b>0</b>	<b>Total Interest Revenue</b>	<b>0</b>
0	Interest payable	0
<b>0</b>	<b>Total Interest Payable</b>	<b>0</b>

## Fair Value

### The Fair Values of Financial Assets and Financial Liabilities

All financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by

# Notes to Core Financial Statements

calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

## Financial Instruments measured at Amortised Cost

31-Mar-21		Financial Liabilities	31-Mar-22	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
0	0	PWLB debt		
(10,000)	(16,159)	Non-PWLB debt	(10,000)	(14,659)
0	0	Short term borrowing	0	0
(39,883)	(39,883)	Short term creditors	(38,137)	(38,137)
(13)	(13)	Long term creditors	(915)	(915)
(224)	(224)	Long term finance lease liability	(213)	(213)
<b>(50,120)</b>	<b>(56,279)</b>	<b>Total Liabilities</b>	<b>(49,265)</b>	<b>(53,924)</b>

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

31-Mar-21		Financial Assets	31-Mar-22	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
16,237	16,237	Money market funds < 1 year	20,864	20,864
7,831	7,831	Cash	2,323	2,323
16,000	16,000	Short term investments	20,000	20,000
18,402	18,402	Short term debtors	11,068	11,068
4,842	4,842	Long term debtors	4,899	4,899
<b>63,312</b>	<b>63,312</b>	<b>Total Assets</b>	<b>59,154</b>	<b>59,154</b>

The Council held Money Market Funds. The purpose was solely to collect the repayment of interest and principal. The business model for the Money Market Funds is therefore not based on any other objective of generating profit. The investments have therefore been held at amortised cost.

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

### 37 Nature and Extent of Risks Arising from Financial Statements

The Authority'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.
- **Re-financing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

#### Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing.
  - Its maximum and minimum exposures to the maturity structure of its debt.
  - Its management of interest rate exposure.
  - Its maximum annual exposures to investments maturing beyond a year.
  - by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

# Notes to Core Financial Statements

## 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 is available on the Authority's website.

## Credit Risk Management Practices

The authority's credit risk management practices are set out in the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy 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 & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council has a policy in place to try and reduce credit risk on tenants. This involves obtaining a bank reference and two trade references for new leases, in addition to accounts and credit checks. If the Council is aware of a new tenant leasing other commercial property, a reference is also obtained from their landlord. In some circumstances a surety may also be requested. In all cases a three-month deposit is required.

## Income Recovery

To reduce credit risk, there is a policy in place to ensure timely collection of outstanding amounts.

Payment terms are set up on accounts when they are opened. Computer generated reminders are issued a week after the term expires and a second reminder is sent after a further 14 days. Following on from this if the debt remains unpaid it is passed for further recovery action.

The following table analyses overdue Receivables (both short and long term) and shows what allowance, if any, has been made for these debts as laid out within the accounting policies.

2020/21				2021/22		
Debt Outstanding	Allowance in Accounts	Net Liability		Debt Outstanding	Allowance in Accounts	Net Liability
£'000	£'000	£'000		£'000	£'000	£'000
3,491	(98)	3,393	0 to 3 months	281	(4)	277
644	(96)	548	4 to 6 months	270	(5)	265
779	(156)	623	7 to 12 months	611	(25)	586
0	0	0	Over one year	895	(95)	800
<b>4,914</b>	<b>(350)</b>	<b>4,564</b>	<b>Total</b>	<b>2,057</b>	<b>(129)</b>	<b>1,928</b>

This table excludes the allowance for Council Tax, NNDR and Overpaid Housing Benefits.



# Notes to Core Financial Statements

## Amounts Arising from Expected Credit Losses

The changes in loss allowance for debtors at amortised cost during the year are as follows:

Long-Term Debtor	12 month Expected Credit Losses	Lifetime Expected Credit Losses – Simplified Approach	Total
	£'000	£'000	£'000
Opening balance as at 1 April 2021	0	116	116
b/fwd rounding difference	0	0	0
New financial assets originated	0	TBC	TBC
Repayments in year	0	TBC	TBC
Accrued Interest		TBC	TBC
Other changes: Impairment	0	0	
<b>As at 31 March 2022</b>	<b>0</b>	<b>116</b>	<b>116</b>

Long-term debtors include the impairment of a collateralised asset where the asset has been taken by the Council, and there is not any anticipated overall loss to the Council. The overall impact of this impairment is negligible and will be offset by income receivable over the life of the asset taken.

## 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 Treasury Management Code of Practice. This seeks to ensure that cash is available when 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 maturity analysis of financial liabilities is as follows:

31-Mar-21		31-Mar-22
£'000		£'000
181	Less than 1 year	188
86	Between 1 and 2 years	765
198	Between 2 and 5 years	1,134
10,189	More than 5 years	19,072
<b>10,654</b>	<b>Total</b>	<b>21,159</b>

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how



# Notes to Core Financial Statements

variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2022, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

31-Mar-21		31-Mar-22
£'000		£'000
0	Increase in interest payable on variable rate borrowings	0
0	Increase in interest receivable on variable rate investments	0
3,885	Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure	3,369
0	Impact on Surplus or Deficit on the Provision of Services	0
<b>3,885</b>		<b>3,369</b>

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

**Price risk** - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

**Foreign exchange risk** - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

## 38 Going Concern

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis.

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

Our most recent balances compared to the year-end reported in these statements is as follows.

Date		General Fund	Earmarked reserves
31-Mar-22	Balances	£8.9m	£36.3m
31-Mar-23	Balances	£9.4m	£30.4m

This remains above our minimum level of General Fund balances as set by our S151 Officer of set at 5% of budget requirement (£1.077m 2022/2023; £0.979m 2023/2024).

The Earmarked Reserves contained a one-off Tax Income Guarantee from Government of £11m received in 2021/22 this was repaid in 2021/22 in relation to both the Council Tax and Business Rates Collection funds. The 2021/2022 outturn report included an increased contribution to earmarked reserves of £2.8m to prepare for known inflationary pressures and fund recovery of budgets which are not recovering to Pre-pandemic levels.

The Council has undertaken an assessment of our liquidity position and cash flow forecasting through to March 2023 which demonstrates a positive cash position across the whole period without the need for borrowing. Currently the Council has long-term borrowing of £10.0m. These loans are not required to be repaid in the period covered by the current Medium Term Financial plan. 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.

Therefore, taking account of all the above factors, we expect our 2022/23 outturn to result in a contribution to our general fund balance of £525k. The General Fund balance would then have a predicted balance of £9.38m at 31 March 2023.

The Council has undertaken cash flow modelling through to March 2024 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with headroom of £43 million.

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the audit report, based on its cash flow forecasting and the resultant liquidity position of the Council, and the ability for short-term borrowing under the Council's Treasury Management Policy. This demonstrates that the Council has sufficient liquidity over the same period.

# Notes to Core Financial Statements

## 39 Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31-Mar-21		31-Mar-22
£000		£000
266	Interest received	49
(524)	Interest paid	(176)
0	Dividends received	0
<b>(258)</b>	<b>Total</b>	<b>(127)</b>

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

31-Mar-21		31-Mar-22
£000		£000
3,225	Depreciation	3,858
(629)	Impairment and downward valuations	0
334	Amortisation	0
0	Increase/(decrease) in impairment for bad debts	0
25,135	Increase/(decrease) in creditors	(6,684)
(9,829)	(Increase)/decrease in debtors	2,604
(55)	(Increase)/decrease in inventories	(21)
2,410	Movement in pension liability	5,863
13,860	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0
(2,624)	Other non-cash items charged to the net surplus or deficit on the provision of services	72
<b>31,827</b>	<b>Total</b>	<b>5,692</b>

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

31-Mar-21		31-Mar-22
£000		£000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(13,558)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,187)
(5,164)	Any other items for which the cash effects are investing or financing cash flows	(10,674)
<b>(18,722)</b>		<b>(11,861)</b>

## 40 Cash Flow from Investing Activities

31-Mar-21		31-Mar-22
£000		£000
(12,531)	Purchase of property, plant and equipment, investment property and intangible assets	(18,798)
(8,000)	Purchase of short-term and long-term investments	(4,000)
(1,107)	Other payments for investing activities	1,189
13,558	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,187
0	Proceeds from short-term and long-term investments	0
4,832	Other receipts from investing activities	11,343
<b>(3,248)</b>	<b>Net cash flows from investing activities</b>	<b>(9,079)</b>

## 41 Cash Flow from Financing Activities

31-Mar-21		31-Mar-22
£000		£000
0	Cash receipts of short- and long-term borrowing	0
686	Other receipts from financing activities	686
0	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	0
(6,000)	Repayments of short- and long-term borrowing	0
1,568	Other payments for financing activities	6,941
<b>(3,746)</b>	<b>Net cash flows from financing activities</b>	<b>7,627</b>

## Collection Fund Notes

The Collection Fund is an agent's statement reflecting the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (known as NNDR or business rates) and its distribution to local government bodies and central government. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and NNDR. The administrative costs associated with the collection process are charged to the General Fund. We have a statutory requirement to operate a Collection Fund as a separate account to the General Fund as it is an Agency activity of the council and proceeds are shared with precepting partners.

Council tax Collection Fund surpluses declared by the billing authority are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. Our council tax precepting bodies are the Office of the Police and Crime Commissioner for Norfolk (OPCCN) and Norfolk County Council (NCC).

In 2013/2014, the local government finance regime was revised with the introduction of the Business Rates Retention scheme. The main aim of the scheme is to give councils a greater incentive to grow their businesses rates base. It does, however, also increase the financial risk due to non-collection and the volatility of the business rates base.

The Business Rates Retention scheme allows us to retain a proportion of our total business rates growth realised in the year. In 2019/2020 we participated in a in a Norfolk-wide pilot of the 75% Business Rate Retention Scheme and returned to the standard Business Rates Retention scheme in 2020/2021 remaining part of the Norfolk Business Rates Pool. Due to economic uncertainty the Norfolk Business Rates Pool was not set up in 2021/2022 so we operated the Rates Retention scheme as an individual authority. The proportionate shares for distributing the business rates income for 2021/2022 are 40% to us, 10% to NCC and 50% to central government.

Business rates surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The government has now allowed deficits in relation to exceptional balances arising for 2020/2021 to be spread over three years and more information is below. We are now in year two of the deficit spreading scheme.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in our accounts. The Collection Fund balance sheet meanwhile is incorporated into our consolidated balance sheet.

### **Impact of Covid-19 on the Collection Fund**

The business rates Collection Fund again shows a deficit for 2021/2022. This is due to the timing of the announcements of further Covid-19 reliefs by the government coming after the business rates income forecast for the year has been completed. Once the business rates income and preceptor shares (as shown in Note C1) are set there is no statutory basis to allow them to be amended. Instead, the cost of the reliefs is met by government through a s31 grant.

In March 2021 the government announced a continuation of the 100% Nursery discount and Retail discount until June 2021, reducing to 66% from July 2021. In December 2021 they announced the Covid-19 Additional Relief Fund. The combined total of these reliefs is £11.788m, funded through a s31 grant.

## Collection Fund Notes

The government also established a council tax Covid-19 Hardship Fund in 2020/2021, which we used to reduce the council tax liability for working age people in receipt of council tax support. We had £0.556m of funding left and used this to continue with the scheme in 2021/2022. The grant was paid to the General Fund and a statutory transfer made to the Collection Fund to compensate for the reduction in collectible council tax.

As a further measure to assist local authorities with the impact of the pandemic, the government introduced a scheme to phase the repayment over three years (from 2020/2021 to 2022/2023) of deficits on the Collection Fund for 'exceptional amounts' due to Covid-19. This excludes any amounts brought forward from previous years, and the impact of the Covid-19 grants, but includes losses on in-year collection. We reported an exceptional balance of £0.336m on the Council Tax Collection Fund, and no exceptional balance on the NNDR Collection Fund due to growth within the business rates base during the year.

# Collection Fund Notes

## General

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the main accounts of the Council. The Collection Fund has been prepared on an accruals basis.

2020/21				2021/22		
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Income</b>			
27,477		27,477	Non-domestic ratepayers	37,207	0	37,207
	97,292	97,292	Council Tax	0	103,015	103,015
<b>27,477</b>	<b>97,292</b>	<b>124,769</b>	<b>Total Income</b>	<b>37,207</b>	<b>103,015</b>	<b>140,222</b>
			<b>Expenditure</b>			
			Apportionment of Previous Year Surplus (Deficit)			
333	0	333	Central Government	(9,622)	0	(9,622)
662	424	1,086	Borough Council of King's Lynn & West Norfolk	(7,720)	(322)	(8,042)
550	3,050	3,600	Norfolk County Council	(1,951)	(2,326)	(4,277)
0	567	567	OPCCN	0	(432)	(432)
			<b>Precepts, Demands and Shares</b>			
21,998	0	21,998	Central Government	20,647	0	20,647
20,294	6,777	27,071	Borough Council King's Lynn & West Norfolk	19,263	7,020	26,283
4,400	73,630	78,030	Norfolk County Council	4,130	76,663	80,793
0	13,674	13,674	OPCCN	0	14,470	14,470
0	3,411	3,411	Parish/Special Expenses	0	3,508	3,508
			<b>Charges to Collection Fund</b>			
223	0	223	Cost of Collection Allowance	227	0	227
(839)	0	(839)	Non-Domestic Rates Provision for Appeals	(288)	0	(288)
184	147	331	Bad Debt Provisions	64	642	706
69	268	337	Write-offs of uncollectable amounts	0	0	0
<b>47,874</b>	<b>101,948</b>	<b>149,822</b>	<b>Total Expenditure</b>	<b>24,750</b>	<b>99,223</b>	<b>123,973</b>
<b>(20,397)</b>	<b>(4,656)</b>	<b>(25,053)</b>	<b>(Deficit)/Surplus arising during the year</b>	<b>12,457</b>	<b>3,792</b>	<b>16,249</b>
<b>1,450</b>	<b>1,073</b>	<b>2,523</b>	<b>(Deficit)/Surplus brought forward 1st April 2021</b>	<b>(18,947)</b>	<b>(3,583)</b>	<b>(22,530)</b>
<b>(18,947)</b>	<b>(3,583)</b>	<b>(22,530)</b>	<b>(Deficit)/Surplus carried forward 31 March 2022</b>	<b>(6,490)</b>	<b>209</b>	<b>(6,281)</b>



# Collection Fund Notes

## C1 Income from Business Ratepayers

We collect NNDR for our area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate standard or small business multiplier set nationally by central government. In previous financial years the total amount due, less certain allowances, was paid to a central pool administered by central government and redistributed to local authorities based on a standard amount per head of the local adult population.

In 2013/2014, the Business Rates Retention scheme was introduced, aiming to give councils a greater incentive to grow businesses but also increasing the financial risk due to volatility and non-collection of rates and the impact of changes and appeals. Instead of paying NNDR to the central pool, the NNDR income is distributed between central and local government, with local authorities retaining a proportion of the total collectible rates.

Central government set a baseline level for each council identifying the expected level of retained business rates, and a system of top ups or tariffs to ensure that all authorities receive their baseline amount. Tariffs due from authorities who are not in a Pool are payable to central government and used to finance the top ups to those authorities who do not achieve their targeted baseline funding. Tariffs for those in a Pool are payable to the Pool lead. As we were part of the Norfolk Business Rates Pool in 2021/2022, we paid a tariff to the value of £11.4m to Norfolk County Council as the lead authority.

The total business rates income for 2021/2022 was estimated in January 2020 at £48.419m, with shares payable of £22.3m to Central Government, £4.9m to Norfolk County Council and £21.2m (including Renewable Energy Contributions) to ourselves.

Additional growth above the agreed baseline is calculated after the year end and split between us and the Business Rates Pool. Growth of £4.1m above the baseline was achieved of which 50% is retained by us and 50% distributed in accordance with the Norfolk Pool Governance Agreement. The growth for 2021/2022 was higher than expected due to a number of self-catering properties moving into the Business Rates list following the introduction of the government's Covid-19 measures. The local Power Station was also brought back online from November 2019 and their rateable value increased from £85,000 to £1,800,000. This resulted in a large adjustment to the business rates list during 2021/2022 backdated to November 2019.

For 2021/2022, the total non-domestic rateable value at the year-end is £123.3m (£119.3m in 2020/2021). The national multipliers for 2021/2022 were 49.9p for qualifying Small Businesses, and a standard multiplier of 51.2p for all other businesses (49.1p and 50.4p respectively in 2020/2021) (Business Rates Information Letter 2/2020).

The table below shows the total contribution to the NNDR Pool for the year.

2020/21	Contribution to the NNDR Pool	2021/22
£'000		£'000
61,130	Gross non-domestic rates payable	61,213
(33,765)	Less Allowances and other adjustments	(23,935)
112		(71)
<b>27,477</b>	<b>Net Contribution to NNDR pool</b>	<b>37,207</b>

We are required to make a provision for refunds and losses as a consequence of successful appeals made in respect of rateable values. Appeals are charged and provided for in the proportion of the precepting shares. The total provision for 2021/2022 has been calculated as £2.36m.



# Collection Fund Notes

2020/21	Non-Domestic Rates Appeals Provision	2021/22
£'000		£'000
	<b>In Year Appeals</b>	
717	Balance at 1 April	199
(510)	Adjustment in Year inc Settled Appeals	(172)
(8)	Adjustment in year	0
<b>199</b>	<b>Balance at 31 March</b>	<b>27</b>
	<b>Back Dated Appeals</b>	
2,481	Balance at 1 April	2,161
(1,036)	Adjustment in Year inc Settled Appeals	(835)
716	Adjustment in year	718
<b>2,161</b>	<b>Balance at 31 March</b>	<b>2,044</b>
<b>2,360</b>	<b>NNDR Appeals Provision</b>	<b>2,071</b>

## C2 Council Tax

Each council calculates the amount of its council tax by dividing its requirements for the year by its tax base.

The tax base is the number of dwellings in the area belonging to each valuation band, modified to take account of the multipliers applying to dwellings in each band and the discounts, reductions and proportion of the council tax which the Council expects to be able to collect. Due to previous Collection Fund surpluses, we do not include any losses in collection, however we also do not factor in any allowance for future growth. The tax base was steadily increasing during 2020/2021 and this growth offset any losses in collection.

Valuation Band	Range of values at 1 April 1991	Total Dwellings	Number of Chargeable Dwellings	Dwellings after Discounts & Exemptions	Ratio to Band D	Band D Equivalent
A*	*			49	5/9	27
A	Up to £40,000	24,331	23,009	15,747	6/9	10,498
B	£40,001-£52,000	17,664	17,196	14,277	7/9	11,104
C	£52,001-£68,000	13,656	13,319	11,734	8/9	10,431
D	£68,001-£88,000	9,673	9,395	8,589	9/9	8,589
E	£88,001-£120,000	5,040	4,892	4,554	11/9	5,567
F	£120,001-£160,000	2,567	2,508	2,388	13/9	3,449
G	£160,001-£320,000	1,116	1,090	1,029	15/9	1,714
H	More than £320,000	110	109	98	18/9	196
<b>Total</b>		<b>74,157</b>	<b>71,518</b>	<b>58,465</b>		<b>51,574</b>
MOD Dwellings						474
<b>Total Taxbase</b>						<b>52,048</b>

\*Entitled to a disabled relief reduction

## Collection Fund Notes

The council set a precept of £6,776,630 representing a Band D Council Tax charge of £130.37 for its services. In addition, Special Expenses under section 34(1) of the Local Government Finance Act 1992, totalling £725,790 and Parish Precepts totalling £2,685,454 were levied, averaging £65.63 for a Band D property. The total precept for the year was £10,187,874.

Norfolk County Council set a precept of £73,629,765 representing a Band D charge of £1,461.51 and the Norfolk Police and Crime Commissioner set a precept of £13,674,300 representing a Band D charge of £263.07. The total average Band D Council Tax charge for 2021/2022 is £1,875.58. Reductions are made under the Council Tax Support Scheme regulations for people on lower incomes

# Collection Fund Notes

## C3 Share of Balance

The balance of the Collection Fund of 31 March 2022 stands at £6.3 deficit (2020/21 £22.5m deficit). This amount is shared as follows:

Collection Fund Balance Sheet						
31-Mar-21				31-Mar-22		
Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
£'000	£'000	£'000		£'000	£'000	£'000
(16,998)	(6,088)	(23,086)	Cash held by KLWNBC	(4,055)	(2,568)	(6,623)
1,272	5,751	7,023	Debtors	1,310	6,174	7,484
(128)	(1,764)	(1,892)	Receipts in Advance	(573)	(1,618)	(2,191)
(583)	(1,550)	(2,133)	Impairment Provision	(647)	(1,847)	(2,494)
(2,360)	0	(2,360)	Appeals Provision	(2,071)	0	(2,071)
18,951	3,651	22,602	Fund Surplus	6,494	(141)	6,353
(42)	0	(42)	EZ & Renewable Energy	(228)	0	(228)
(112)	0	(112)	Transitional Protection Payment	(230)	0	(230)
0	0	0	Total	0	0	0

## Collection Fund Notes

C4 The Collection Fund balance as of 31 March 2022 is a surplus of (£6.3m) (2020/2021 £22.6m deficit). This amount is shared as follows:

31-Mar-21			31-Mar-22		
NDR	Council Tax	Total	NDR	Council Tax	Total
£'000	£'000	£'000	£'000	£'000	£'000
(9,450)	0	(9,450)	3,246	0	3,246
(1,918)	(2,757)	(4,675)	650	(106)	544
0	(513)	(513)	0	(20)	(20)
(7,583)	(381)	(7,964)	2,598	(15)	2,583
<b>(18,951)</b>	<b>(3,651)</b>	<b>(22,602)</b>	<b>6,494</b>	<b>(141)</b>	<b>6,353</b>

The Council Tax Collection Fund is showing a deficit due to a miscalculation of the previous year's surplus in the income estimate completed in January 2020. This resulted in an over-estimate of the surplus to be distributed during the year. The deficit resulting from this over-estimate will be recovered during 2021/2022. There is also a small amount attributable to the exceptional balance for 2021/2022 due to Covid-19.

The NDR Collection Fund is showing a deficit due to the Covid-19 reliefs. These were announced in March 2020 so were not included in the figures used to estimate the business rates income and shares in January 2020. Central government has provided a s31 grant to cover the full cost of these reliefs and the shortfall will be recovered in 2021/2022.

## Collection Fund Notes

The share of the balances above in our accounts is shown below:

Collection Fund Representation of Debtor, Creditor & Appeals balances in BCKLWN Accounts						
31-Mar-21				31-Mar-22		
NNDR	Council Tax	Total		NNDR	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
509	596	1,105	Debtors	524	639	1,163
(51)	(183)	(234)	Receipts in Advance	(229)	(167)	(396)
(233)	(160)	(393)	Impairment Provision	(259)	(191)	(450)
(944)	0	(944)	Appeals Provision	(828)	0	(828)
1,738	5,454	7,192	Creditors - Local Government	452	1,936	2,388
8,531	0	8,531	Creditors - Central Government	2,250	366	2,616
7,448	381	7,829	Fund Surplus to Collection Fund Adj A/c	2,145	(15)	2,130
16,998	6,088	23,086	TOTAL	4,055	2,568	6,623

## 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 under the Accounts and Audit (England) Regulations 2015, preparing them in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2021/22 and the Service Reporting Code of Practice 2021/22 supported by International Financial Reporting Standards (IFRS). The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

An underlying assumption for the preparation of the statement of accounts is the concept of a local authority as a going concern, whereby, its functions and services will continue in operational existence for the foreseeable future.

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.

## Going concern

The accounts have been prepared on a going concern basis.

## 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 the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) 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 on the basis of the effective interest rate for the relevant financial instrument rather than necessarily the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a Receivable or Payable for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of Receivables is written down and a charge made to the revenue for the income that might not be collected.

Where the Council is acting as an agent for another party (e.g. in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that the commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

# Accounting Policies

## 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 mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The Council includes deposits with financial institutions classified as call accounts and notice accounts where the notice period is less than 3 months.

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

## Prior Period Adjustments, Changes in Accounting Policies and Estimate and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

## Charges to Revenue for Non-current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. The Council's method of calculating Minimum Revenue Provision is included within the Treasury Management Strategy Statement 2021/22. Certain expenditure reflected within the debt liability is charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of the expenditure, using equal annual instalments. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## 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 events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statements of Accounts are adjusted to reflect such events

# Accounting Policies

- Those that are indicative of conditions that arose after the reporting period - the Statements of Accounts are 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 Statements of Accounts. There have been no such events prior to the authorisation for issue date.

## Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## 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 attaching 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 received in the form of 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 Payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-specific grant income (non-ring-fenced 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.

## Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

## Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other organisations that involve the use of the assets and resources of the organisations, rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.



# Accounting Policies

## Leases

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

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

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

## The Council as Lessee

### Finance Leases

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

Lease payments are apportioned between:

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

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

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

### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the lease property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

## The Council as Lessor

### Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive

# Accounting Policies

Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease liability (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 will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset.

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 appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## 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 in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit in the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against the Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council. These reserves are explained in the relevant policies.

## Revaluation Reserve

This reserve records the gains and losses arising on the revaluation the Council's Non-current assets from 1 April 2007. Previously, such gains and losses were taken to the Fixed Asset Restatement Account. The balance on the Fixed Asset Restatement Account as at 31 March 2007 was transferred to the Capital Adjustment Account on 1 April 2007.

# Accounting Policies

The reserve records the accumulated gains on the non-current assets held by the Council arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

The reserve is also debited with amounts equal to the depreciation charges on assets that have been incurred only because the asset has been revalued i.e. the difference between depreciation charged and that which would have been charged if the asset was held at historic cost. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the reserve thus represents the amount by which the current value of non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

## **Capital Adjustment Account**

Established on 1 April 2007, the balance is the amalgamation of the Fixed Asset Restatement Account and the Capital Financing Account as at that date. Consequently, the opening balance consists of:

- The consolidation of gains arising from the revaluation of Non-current assets (as previously taken to the Non-current assets Restatement Account); and
- Revenue funds set aside as a provision to repay external loans and the financing of capital payments from capital receipts and revenue reserves (formerly presented in the Capital Financing Account).

The Account accumulates the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal, and the resources that have been set aside to finance capital expenditure. The balance on the Account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

## **Financial Instruments Adjustment Account**

This reserve contains the difference between financial instruments measured at fair value and the balances required to comply with statutory requirements.

## **Pensions Reserve**

Reconciles the payments made for the year to the defined benefits scheme in accordance with the scheme's requirements and the net change in the Council's recognised liability under IAS 19 – Retirement Benefits, for the same period.

## **Collection Fund Adjustment Account**

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

## **Accumulated Compensated Absences Adjustment Account**

The Accumulating Compensated Absences Adjustment 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. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

## **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 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 in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## **Provisions**

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement, in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

## **Employee Benefits**

### **Benefits Payable During Employment**

Short Term employee benefits (those that fall due wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves 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 and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either

# Accounting Policies

terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

## Post- Employment Benefits

Employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme which is a funded defined benefits scheme administered by Norfolk County Council. The pension costs that are charged to the Council's accounts in respect of these employees are equal to the contributions paid to the pension scheme for employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The pension costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government regulations.

The Council complies fully with the requirements of IAS 19.

The policy is to recognise the full liability that the Council has for meeting the future cost of retirement benefits that will arise from years of service earned by employees up to the balance sheet date, net of the contributions paid into the Fund and the investment income they have generated.

Charges to service revenue accounts are based on a share of current service cost (the increase in future benefits arising from service earned in the current year) rather than employer's contributions. In addition, the policy for accounting for discretionary benefits awarded on early retirement is by charging (as past service costs) the projected cost of discretionary awards to the appropriate service in the year that the award decision is made.

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

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
  - net interest on the net defined benefit liability (asset), i.e., net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
  - the return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or

# Accounting Policies

because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the Norfolk 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 transfers 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.

## Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

## Financial Liabilities

They are initially measured at fair value and carried at their amortised cost. Annual charges for interest payable are shown in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement and are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable, with accrued interest due within one year shown under short term borrowings; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

## Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.



# Accounting Policies

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

## Expected Credit Loss Model

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

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

The Council has grouped the loans into three groups for assessing loss allowances:

- Group 1 – Commercial investments in line with treasury management policy including counterparties that have external credit ratings of A or better. Loss allowances will be assessed on a group basis using the simplified approach of collective assessment.
- Group 2 – Loans to related parties. Loss allowances for these loans are assessed on an individual basis and / or an individual borrower basis.
- Group 3 – Money Market funds. Loss allowance will be assessed on market value of the investment in the fund.

## Financial Assets measured at fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices in active markets for identical assets – the market price
- Other instruments with fixed and determinable payments in active markets for identical assets – discounted cash flow analysis

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

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

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

## Financial Assets Measured at Fair Value through Other Comprehensive Income

# Accounting Policies

At initial recognition, an authority may make an irrevocable election to present in Other Comprehensive Income and Expenditure subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. These equity instruments shall be described as being designated to fair value through other comprehensive income.

Movements in amortised cost are debited/credited to the Surplus or Deficit on the Provision of Services, but movements in fair value debited/credited to Other Comprehensive Income and Expenditure. Cumulative gains/losses on fair value are transferred to the General Fund Balance on de-recognition

## Soft Loans

As part of its Private Sector Housing Policy the Council makes loans to private individuals at nil interest. These loans are secured by a charge on the individual's property. This means that market rates of interest have not been charged and these loans are classified as soft loans. When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. The Council calculates the loss based on the interest rate charged for borrowing with the Public Works Loan Board as of 1 April of the financial year for a new loan up to 20 years, with a 1% risk premium to cover the possible credit risk arising from non-repayment. Interest is credited at the real effective rate of interest with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net credit required against the General Fund Balance is managed by a transfer to/from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## Property, Plant and Equipment

Assets that have physical substance 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

All expenditure over £10,000 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's 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.

## Measurement

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.



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

- Infrastructure, assets under construction and community assets – depreciated historical cost
- All other assets – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued every five years on the basis recommended by CIPFA and in accordance with the Royal Institute of Chartered Surveyor's Standards Valuation Manual (6<sup>th</sup> Edition), and an interim review is conducted annually, to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations 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 revaluation or impairment loss previously charged to a service. Non-current assets are classified into the groupings required by the Code of Practice on Local Council Accounting. During the year assets within the Regeneration portfolio were revalued.

## Revaluations

The Council carries out a rolling programme that ensures that all its property, plant and equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in professional standards of the Royal Institution of Chartered Surveyors. All properties are valued by RICS qualified staff working for the Council.

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

Fair Value: Land and buildings and investment properties.

Depreciated Historical Cost: Vehicles, plant and equipment, infrastructure, and intangibles.

Historic Cost: Community Assets, assets under construction and assets held for sale.

Where decreases in value are identified, the revaluation loss is accounted for by:

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

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

## Componentisation

Where an item of property, plant and equipment 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-minimis 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.

# Accounting Policies

- Any components with a cost of 10% or less of the total cost of an 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.

The Council recognises the following levels of components:

- Structure
- Roof
- External Works
- Internal Services

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

## Impairment

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

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

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

## Disposals

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

# Accounting Policies

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

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

## Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

Depreciation is calculated on the following bases:

### Asset Lives

Buildings (including Structures, Roofing and External works) up to 99 years

Internal Services up to 15 years

Equipment up to 15 years

Vehicles up to 7 years

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

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

## Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. The Council's heritage assets include historical buildings, civic regalia, museum collections, works of art and the Borough archives.

- Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.
- Acquisitions are made by purchase or donation. Purchases are initially recognised at cost and donation are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets using the most relevant and recent information from sales at auctions.

The Council's collections of heritage assets are accounted for as follows:

### Civic Regalia and Art Collection

- The Council's Regalia and Art Collection is reported on the Balance Sheet at market value. The revaluation of these assets is undertaken every 10 years and the latest detailed valuation was carried out during 2011/2012. The valuation is undertaken by an external valuer. The valuer's opinion is sought on an annual basis, as to whether it is considered that there has been any material change in the value of these assets.
- The Civic Regalia are on display in the Regalia Rooms at the Tales of the Old Gaol House, which is open to the public on specific days during the year. Full details of opening times are

# Accounting Policies

available on the Council website. The Art Collection is housed within King's Lynn Town Hall. There is not open public access to the Town Hall although conducted tours can be arranged for groups on request and the Town Hall is open during the annual National Heritage Day in September.

- The Council's Heritage Civic Regalia and Art Collection assets were undertaken by Bonhams 1793 Limited on the basis of Insurance.

## Historical Buildings

- Historic buildings owned by the Council include Greyfriars Tower, Red Mount Chapel and Southgates.
- Heritage Buildings are revalued by internal valuers every five years on a fair valued basis as recommended by CIPFA and in accordance with the Royal Institute of Chartered Surveyors Standards Valuation Manual (6th Edition), and an interim review is conducted annually, to ensure that their carrying amount is not materially different from their fair value at the year-end. Greyfriars Towers has been revalued in 2018/2019 and Red Mount Chapel and Southgates were revalued in 2015/2016. These buildings are considered to be National Treasures and as a result are incapable of being valued. They are therefore recorded at nil valuation in the Council's accounts.
- Red Mount Chapel and Southgates are open to the public on specific days between April and September and during the annual National Heritage Day in September. Full details of opening times are available on the Council Website.

## Museum Collections

- The museums are run by the Norfolk Museums and Archaeology Service "NMAS" which is regarded as one of the leaders in the museum sector. Through a Joint Committee established under delegated powers by the County and District Councils In Norfolk, the Service runs museums throughout the County to preserve and interpret material evidence of the past with the aim of "bringing history to life".
- The Norfolk County Council provides the secretary and treasurer to the joint committee, employs its staff, and owns a number of properties used by NMAS. However, the majority of collections and related buildings are owned by the relevant District Councils.
- The museum collections are reported in the Balance Sheet on the basis of in-house valuations by the curators and have been undertaken for curatorial and insurance valuation purposes. The museum collection comprises over 43,000 individual items and the vast majority of these items are of relatively low value. Museums with large collections generally cannot afford to buy valuations from auction houses so valuations are made by curators using current information from auction sale catalogues, internet sites, etc. The valuation of the Council's Museum collections included in the Balance Sheet largely dates back to 1996 or acquisition cost. It is not considered practicable to obtain a more recent valuation as the cost is not considered to be commensurate with the benefits to users of the financial statements.
- Material items within the collections are stored in secure and controlled conditions and are therefore deemed to have indeterminate lives and a high residual value and the Council does not consider it appropriate to charge depreciation.
- The Lynn Museum is open to the public on specific days during the year.

## Borough Archive

- The Borough Archive includes documents, plans, books, maps and manuscripts and is reported on the Balance Sheet at market value.
- The revaluation of these assets is undertaken every 10 years. The latest valuation of the following items was carried out during 2011/2012. The valuation was undertaken by Bonhams 1793 Limited, on basis of Insurance.
- The most significant items held in this category are:
  - Charter granted by King Canute      The Red Register
  - Charter granted by King Hardecnut      William Asshebourne's book

# Accounting Policies

- Royal Charter and Letters Patent      Tolbooth Court orders
- In addition to the items listed above the Borough Archive contains some 1,250 boxes of diverse archive materials. The latest valuation was carried out during 2012/2013 by Bonhams 1793 Ltd, on basis of Insurance.
- The Borough Archive is located at King's Lynn Town Hall and is open for public access on Fridays throughout the year.

The carrying amounts of heritage assets are reviewed where there is evidence of an impairment, e.g., where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The Council will occasionally dispose of heritage assets, the proceeds of such items are accounted for in accordance with the Council general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

## Investment Properties

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, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. However, unrealised gains and losses are not permitted by statutory arrangements to have an impact on the Balance. Therefore, the gains and losses are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Rental income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.

## Intangible Assets

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

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life (of up to 40 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund

# Accounting Policies

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

## Inventories

Inventory is stated at the lower of cost, which is either computed on the basis of selling price less the appropriate trading margin (i.e. nursery stock) and net realisable value.

## Bad Debt Allowance

### General Fund

The following percentages determine the level of Bad Debt Allowance:

Up to 30 days	31-60 days	61-90 days	3-6 months	6-12 months	In excess of 12 Months
0%	5%	10%	15%	20%	50%

The level of allowance specifically for housing benefits bad debts was reviewed in 2020/2021, so that for bad debts in excess of 12 months there is now 100% cover and 44% cover for amounts less than 12 months.

### Collection Fund

The respective Bad Debt Allowances are determined using the following percentages:

#### Council Tax

2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017 & previous years
1.5%	10%	10%	50%	70%	100%

### Council Tax – Costs Outstanding

2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017 & previous years
20%	50%	50%	75%	90%	100%

### NNDR

2021/2022	2020/2021	2019/2020	2018/2019 & previous years
25%	50%	100%	100%

## VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenues and Customs. VAT receivable is excluded from Income.

The Collection Fund, Council Tax and Business Rates Income

In its capacity as a billing Council, the Council acts as an agent collecting and distributing Council Tax and Business Rates income on behalf of the major preceptors and itself. The Council, as a billing authority, is statutorily required to maintain a separate agency Collection Fund account, into which



# Accounting Policies

all transactions relating to collection of business rate and council tax income from taxpayers and distribution to local government bodies and central government are made. This separate account, i.e. the Collection Fund, is accounted for separately from the General Fund.

The Council's share of both Council Tax income and Business Rates income is shown in the Comprehensive Income and Expenditure Account as accrued income. However, the amount to be reflected in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and the Collection Fund Adjustment Account.

## **Provisions and Contingent Liabilities**

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires a financial settlement and a reliable estimate of the obligation can be made. Provisions are debited to the Comprehensive Income and Expenditure Statement and are measured at the best estimate of the expenditure that is likely to be required. When payments are made, they are charged to the provision.

### **Contingent Liabilities**

A contingent liability arises from an event which is too uncertain, or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

# Group Accounts

## 1 Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Council is involved with a number of companies and organisations whose assets and liabilities are not included in the Council's single entity statements. In these cases the Council's interest does not extend to a relationship that could be classified as a subsidiary, associate or joint venture. None of these companies are included in the group accounts. For further information on these Joint Arrangements please see note 12.

The Council does have interests in three companies that are classified as a subsidiary, all of which have been considered for consolidation. Three of these are considered to be material to the financial statements. These include Alive Management Ltd, Alive West Norfolk, West Norfolk Housing Company. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Alive Management Ltd.

The following pages include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts

## Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with the entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Associates – where the Council exercises a significant influence and has a participating interest. No material entities meet these criteria to be included in the group.
- Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.
- No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Alive Management Ltd	Subsidiary	Consolidated
Alive West Norfolk Ltd	Subsidiary	Consolidated
West Norfolk Housing Company Ltd	Subsidiary	Consolidated
West Norfolk Property Ltd	Subsidiary	Consolidated



## 2 Subsidiaries

### **Alive Management Ltd**

The company was formed on 9 October 2013 and its principal activity is that of a sports facilities operation company. The Company commenced trading on 1 September 2014.

The Borough Council of King's Lynn and West Norfolk holds 100% of the allotted ordinary shares in Alive Management Ltd. The Company's accounting period for 2018/2019 is from 1 April 2018 to 31 March 2019. The final accounts of the Company for the period ended 31 March 2019 have been audited by Ensors Accountants LLP. Copies of the accounts may be obtained from Companies House or by request to the Council.

The delivery arrangements for the provision of leisure services changed with effect from 1 July 2019. These services will continue to be operated by a wholly owned not-for profit Local Authority Company, Alive West Norfolk. Alive Management Accounts have therefore been prepared on a break-up basis. This has no impact on the preparation of the Group Financial Statements.

### **Alive West Norfolk**

The company was incorporated on 1 February 2019, its principal activity is to provide the operational day to day services for four sports facilities and a theatre including all the catering functions at the facilities.

Sports facilities:

Alive Downham Leisure

Alive Lynnsport

Alive Oasis

Alive St James Pool

Theatre:

Alive Corn Exchange

### **West Norfolk Housing Company Ltd**

West Norfolk Housing Company Ltd was set up by the Council and incorporated on 12<sup>th</sup> September 2016. During 2018/2019 the transactions were not material, during 2019/20 these transactions become more substantial, and the Company is now be consolidated within the Group Accounts of the Council

As a registered provider of social housing, the principal activity of the company is the provision of social housing in the borough of King's Lynn and West Norfolk.

### **West Norfolk Property Ltd**

The Company was incorporated on 12<sup>th</sup> April 2018. The Company started trading in November 2020. The Borough Council of Kings Lynn & West Norfolk holds 100% of the allotted ordinary shares in West Norfolk Property Ltd. The company is now consolidated within the Group Accounts of the council.

# Group Accounts

## Group Movement in Reserves Statement

Movements in Reserves during 2021/22	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2021</b>	<b>(58,071)</b>	<b>(246)</b>	<b>(58,317)</b>	<b>(78,200)</b>	<b>0</b>	<b>(78,200)</b>	<b>(136,517)</b>
Group (Surplus)/Deficit	(6,740)	(139)	(6,879)	0	0	0	(6,879)
Prior Year Adjustment (Surplus)/Deficit	0	16	16	0	0	0	0
Other Comprehensive Expenditure and Income			0	(25,022)		(25,022)	(25,022)
<b>Total Comprehensive Expenditure and Income</b>	<b>(6,740)</b>	<b>(123)</b>	<b>(6,863)</b>	<b>(25,022)</b>	<b>0</b>	<b>(25,022)</b>	<b>(31,901)</b>
Adjustments between Accounting Basis and Funding Basis under Regulations	13,719	0	13,719	(13,719)	0	(13,719)	0
Transfer to/from Earmarked Reserves	129	0	129	(129)		(129)	0
<b>Increase / Decrease in Year 2021/22</b>	<b>7,108</b>	<b>(123)</b>	<b>6,985</b>	<b>(38,870)</b>	<b>0</b>	<b>(38,870)</b>	<b>(31,901)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(50,963)</b>	<b>(369)</b>	<b>(51,332)</b>	<b>(117,070)</b>	<b>0</b>	<b>(117,070)</b>	<b>(168,418)</b>

## Group Accounts

Movements in Reserves during 2019/2020	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2020</b>	<b>(38,752)</b>	<b>(842)</b>	<b>(39,594)</b>	<b>(110,880)</b>	<b>0</b>	<b>(110,880)</b>	<b>(150,474)</b>
Group (Surplus)/Deficit	(5,967)	596	(5,371)		0	0	(5,371)
Other Comprehensive Expenditure and Income			0	19,328		19,328	19,328
<b>Total Comprehensive Expenditure and Income</b>	<b>(5,967)</b>	<b>596</b>	<b>(5,371)</b>	<b>19,328</b>	<b>0</b>	<b>19,328</b>	<b>13,957</b>
Adjustments between Accounting Basis and Funding Basis under Regulations	(14,326)	0	(14,326)	14,326	0	14,326	0
Transfer to/from Earmarked Reserves	974	0	974	(974)		(974)	0
<b>Increase / Decrease in Year 2020/21</b>	<b>(19,319)</b>	<b>596</b>	<b>(18,723)</b>	<b>32,680</b>	<b>0</b>	<b>32,680</b>	<b>13,957</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(58,071)</b>	<b>(246)</b>	<b>(58,317)</b>	<b>(78,200)</b>	<b>0</b>	<b>(78,200)</b>	<b>(136,517)</b>

# Group Accounts

## Group Comprehensive Income and Expenditure Statement

2020/21 Restated				2021/22		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Services</b>			
3,121	(1,107)	2,014	Central Services	3,306	(95)	3,211
3,444	(1,615)	1,829	Health Wellbeing and Public Protection	6,503	(1,784)	4,719
2,777	(2,291)	486	Companies and Housing Delivery	439	(52)	387
10,911	(9,967)	944	Environment and Planning	4,020	(3,303)	717
309	0	309	Operations and Commercial	18,215	(16,861)	1,354
555	(372)	183	Property and Projects	1,802	(2,840)	(1,038)
1,205	(496)	709	Regeneration Housing & Place	2,257	(943)	1,314
41,726	(34,778)	6,948	Resources	38,586	(29,240)	9,346
286	(7)	279	Chief Executive	523	(453)	70
3,816	(208)	3,608	Legal Services	637	(260)	377
			Leisure and Community Facilities	3,428	(1,149)	2,279
			<b>Group</b>			
0	0	0	West Norfolk Property	30	(266)	(236)
679	(1,002)	(323)	West Norfolk Housing Company Ltd	437	(676)	(239)
2,934	(2,015)	919	Alive West Norfolk Ltd	6,199	(6,257)	(58)
<b>71,763</b>	<b>(53,858)</b>	<b>17,905</b>	<b>Cost of Services</b>	<b>86,382</b>	<b>(64,179)</b>	<b>22,203</b>
		2,109	Other Operating (Income)			1,680
		(2,524)	Financing and Investment (Income)			1,603
		(22,861)	Taxation and Non-Specific Grant Income			(32,365)
		<b>(5,371)</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>(6,879)</b>
		(1,196)	(Surplus) on Revaluation of PPE			2,683
		20,523	Re-measurement of the net defined benefit liability			(27,705)
		<b>19,327</b>	<b>Other Comprehensive (Income)</b>			<b>(25,022)</b>
		<b>13,956</b>	<b>Total Comprehensive (Income)/Expenditure</b>			<b>(31,901)</b>

# Group Accounts

## Group Balance Sheet

31-Mar-21		31-Mar-22
£'000		£'000
151,370	Property, Plant and Equipment	164,676
17,975	Heritage Assets	15,292
30,360	Investment Property	33,490
989	Intangible Assets	625
0	Long Term Investments	0
2,686	Long Term Receivables	2,496
<b>203,380</b>	<b>Long Term Assets</b>	<b>216,579</b>
16,038	Short Term Investments	20,000
158	Inventories	196
18,862	Short Term Receivables	10,100
24,183	Cash and Cash Equivalents	25,668
2,770	Assets Held for Sale	2,770
<b>62,011</b>	<b>Current Assets</b>	<b>58,734</b>
(944)	Provisions	(829)
0	Short Term Borrowing	0
(40,891)	Short Term Payables	(39,675)
(10)	Current Tax Liability	(263)
<b>(41,845)</b>	<b>Current Liabilities</b>	<b>(40,767)</b>
(13)	Grants Receipts in Advance	(915)
(10,000)	Long Term Borrowing	(10,000)
(270)	Other Long Term Liabilities	(324)
(76,747)	Pension Liabilities	(54,905)
<b>(87,030)</b>	<b>Long Term Liabilities</b>	<b>(66,144)</b>
<b>136,516</b>	<b>Net Assets</b>	<b>168,402</b>
(58,301)	Usable Reserves	(51,332)
(78,200)	Unusable Reserves	(117,070)
<b>(136,501)</b>	<b>Total Reserves</b>	<b>(168,402)</b>

# Group Accounts

## Group Cash Flow Statement

2020/21		Note	2021/22
£'000			£'000
5,371	Net Surplus or (Deficit) on the Provision of Services	CIES	6,879
32,538	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements		7,886
(18,722)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		(11,939)
<b>19,187</b>	<b>Net Cash flows from Operating Activities</b>		<b>2,826</b>
(3,248)	Investing Activities		(9,241)
(3,746)	Financing Activities		7,900
<b>12,193</b>	<b>Net Increase or Decrease in Cash and Cash Equivalents</b>		<b>1,485</b>
11,990	Cash and Cash Equivalents at the beginning of the Reporting Period		24,183
<b>24,183</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>		<b>25,668</b>

# Group Accounts

## Notes to the Group Accounts

### G1 Accounting Policies

#### G1.1 General Principles

The Accounting Policies of the Group are the same as those applied to the Council's single entity accounts except for the following policies which are specific to the Group Accounts.

#### G1.2 Tax Expense

The tax expense represents the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

The tax payable in respect of the year is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is calculated, without discounting, based on the laws enacted or substantially enacted by the reporting date and at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

#### G2 Tax Expenses of Group Entities

The taxation figure included in the Group Comprehensive Income and Expenditure Statement is zero.

## Group Accounts

### G3 Defined Contribution Pension Schemes

Alive Management Ltd and Alive West Norfolk are participating employer in the Norfolk Pension Fund.

Borough Council of King's Lynn and West Norfolk employees who transferred from Alive Management Ltd to Alive West Norfolk on the 1st July 2019 were already part of the Local Government Pension Scheme.

The Local Government Pension Scheme is funded by contributions from employee and employer. Members of the Local Government Pension Scheme may also contribute added years to that scheme or take out an Additional Voluntary Contribution scheme, each of which is funded by the employee alone. New Alive West Norfolk employees who are not in the Local Government Pension Scheme are automatically enrolled into the Local Government Pension Scheme unless they have exercised their right to opt out of scheme membership.

Alive Management Ltd and Alive West Norfolk Pension Scheme is accounted for as a defined contribution scheme. The Norfolk County Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies, it is highly improbable that such a liability will ever fall to Alive Management Ltd or Alive West Norfolk. As per the pension fund pooling agreement put in place to stabilise future pension contributions from the trust, all such liabilities would fall to the Borough Council of King's Lynn and West Norfolk.

The employer's contributions rate was 14% of pensionable pay.

The contribution rate was reviewed at the scheme's last valuation date, 31 March 2019.





Balances	Working balances are needed to finance expenditure in advance of income from precepts and grant. Any excess may be applied, at the discretion of the Authority, to reduce the Council Tax precept or to meet unexpected costs during the year. Balances on holding accounts and funds are available to meet expenditure in future years without having an adverse effect on revenue expenditure.
Budget	A statement of the income and expenditure plan of the Authority over a specified period. The most common is the annual Revenue budget expressed in financial terms which can include other information, e.g. number of staff.
Capital Adjustment Account	Introduced in the 2007 Statement of Recommended Practice and reflecting the difference between the cost of non-current assets consumed and the capital financing set aside to pay for them.
Capital Expenditure	Payments made for the acquisition or provision of assets of Long-Term value to the Authority e.g. land, buildings and equipment.
Capital Financing	The raising and application of money to pay for capital expenditure. Usually, the cost of capital assets is met by borrowing but capital expenditure may also be financed by other means such as leasing or contributions from the revenue accounts, the proceeds of the sale of capital assets, capital grants, and other contributions.
Capital Grants	Grants from the Government or other bodies toward capital expenditure on a specific service or project.
Capital Receipts	Receipts from the sale of non-current assets. These may be used to finance capital expenditure.
Capital Reserves	An internal account used as an alternative to external borrowing to finance capital expenditure.
Carrying Amount	The value included in the Balance Sheet for Non-current assets is the carrying amount. This is the original cost of the non-current asset less any depreciation, amortisation or impairment costs and increases/decreases in value or revaluation.
Counterparty	A party to a contract
Current Assets	Assets whose value tends to vary on a day-to-day basis. It is reasonable to expect that assets under this heading in a balance sheet would be consumed or realised during the next accounting period, e.g. stocks, cash, bank balances and receivables.
Current Expenditure	Expenditure on the day-to-day running of services.
Current Liabilities	Those amounts which will become payable or could be called upon within the next accounting period., e.g. payables, cash overdrawn
Fair Value	An estimate of the market value of an asset or liability for which a market price cannot be determined.
Financial Instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Glossary

Financial Instruments Adjustment Account	Contains the difference between financial instruments measured at fair value and the balances required to comply with equipment
Non-Current Assets	These are assets that are likely to be in use by the Authority for more than one year, such as land and buildings and plant and equipment.
General Fund	The main revenue fund of an Authority into which is paid the precept and Government grants, and from which is met the cost of providing services.
Government Grants	Payments by Central Government towards local Authority expenditure. They may be specific e.g. Housing Benefits or general e.g. Revenue Support Grant.
Heritage Asset	Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental, or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, orders and decorations (medals), museum and gallery collections and works of art.
Housing Advances	Loans previously given by an Authority to individuals towards the cost of acquiring or improving their homes.
Housing Benefit	Subsidy payments from the Government to persons on low income to reduce rent and / or Council Tax payments due to the Authority or private landlords.
Impairment	A downward revaluation of non-current assets to ensure the carrying value is equal to the recoverable amount.
Intangible Assets	Intangible items may meet the definition of an asset when access to the future economic benefits is controlled by the Authority, either through custody or legal protection. Intangible items include software licences and housing nomination rights.
Irrecoverables	Amounts due from Receivables finally deemed lost to an Authority and written out of the accounts.
Outturn	The actual level of expenditure and income in a particular year.
Precepts	The charge made by County, Police, Borough and Parishes on the Collection Fund to meet their net expenditure.
Rateable Value	The notional annual rental value of a premise to which the rate poundage is applied to determine the rates payable.
Rate Levy	The number of pence in the pound which is applied to the rateable value to determine the rates.
Renewals Reserve	An account an Authority can establish to meet the cost of replacing and renewing its vehicles, plant and equipment.
Revaluation Reserve	Introduced in the 2007 Statement of Recommended Practice, for recording the net gain (if any) from revaluations, depreciation and impairment made after the 1 April 2007.
Revenue Contributions to Capital	The use of revenue monies to finance capital expenditure instead of financing the expenditure from loan, capital receipts, lease or unsupported borrowing.
Revenue Expenditure Funded from Capital under Statute	Capital expenditure that does not result in a new or enhanced asset in the Authority's accounts. An example is improvement grants made to individuals. These are charged to the Income and Expenditure Account.
Revenue Expenditure	Expenditure on day-to-day expenses – principally employees, running expenses of buildings and equipment and capital financing charges.

## Glossary

Revenue Support Grant	A grant paid by Central Government to aid Local Authority expenditure generally.
Soft Loans	Loans made at less than market value rates are classified as soft loans.
Trading Operations	Services which are operated partly or wholly on commercial lines, e.g. markets.
Transferred Debt	The amounts in the Authority's Balance Sheet which are still owed to or by other bodies to repay the debt outstanding on assets transferred to or from those authorities. (See Transferred Services).
Transferred Services	Those services which were once administered by one Authority but which, for a variety of reasons, have been transferred into the control of another Authority. It is sometimes necessary for the original Authority to continue to repay loans and this expenditure, together with associated costs is then recovered from the Authority to which the services have been transferred. (See Transferred Debt).
Unsupported Borrowing	A form of capital finance funded by revenue either by increased income or a reduction in costs. There is no Government grant to support this form of funding.





## Chief Executive

Borough Council of King's Lynn & West Norfolk, King's Court,  
Chapel Street, King's Lynn, Norfolk, PE30 1EX  
Tel: (01553) 616200 Email: [west-norfolk@west-norfolk.gov.uk](mailto:west-norfolk@west-norfolk.gov.uk)

Borough Council of  
**King's Lynn &  
West Norfolk**



420-66-12