



Statement of Accounts 2019/20

Audit Committee 14 July 2020

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NORWICH
City Council

Accounts Requirements

- Changes to the timetable in light of Covid-19
- Council required to publish by 31 August:
 - Draft unaudited Statement of Accounts
 - Narrative Report
 - Draft Annual Governance Statement
- Required to produce consolidated group accounts to include the results of Norwich Regeneration Ltd

Narrative Report

- Council's strategic priorities
- Local and national context
- Medium term financial plans, future outlook and key risks going forwards
- Response and impacts of Covid-19
- Financial and KPI performance
- Key feature and figures in the financial statements

General Fund Revenue Outturn

General Fund	Budget £000	Actual £000	Variance £000
Expenditure	152,594	152,338	(256)
Income	(57,955)	(58,798)	(843)
Grants and subsidies	(94,639)	(96,922)	(2,283)
Total in year variance	0	(3,382)	(3,382)
Budgeted reserves used in year			1,458
Transfer to NRL from general reserve			730
Transfer to commercial property reserve			989
Transfer to NRL reserve			1,578
Transfer 19-20 repairs underspend to repairs reserve			257
Transfer 19-20 underspend to invest to save reserve			557
Total movement in GF reserve (as shown in the EFA & the movement in reserves statement)			2,188

Housing Revenue Account Outturn

HRA	Budget £000	Actual £000	Variance £000
Expenditure	68,202	66,277	(1,926)
Income	(68,202)	(68,166)	36
Total in year variance	0	(1,889)	(1,889)
Budgeted contribution to reserves			(2,175)
Transfer to HRA invest to save reserve			1,000
Total movement in HRA reserve (as shown in the EFA & the movement in reserves statement)			(3,064)

Budget Outturn and SoA Figures

- Budget setting and outturn has to comply with local government legislation
- Certain accounting costs, included in Statement of Accounts (SoA), are not charged to the Council Tax payer e.g. depreciation
- The figures in the SoA are based on widely accepted accounting principles
- For local government these are set out in CIPFA's Code of Practice
- SoA includes certain costs that are not in the budget e.g. depreciation, revaluation gains/loses, pension adjustments

Core Statements

<p>Comprehensive Income & Expenditure Statement</p> <ul style="list-style-type: none">• Records all income & expenditure• Top part = cost of services• Bottom part = gains & losses in the measurement of the council's assets and liabilities	<p>Balance Sheet</p> <ul style="list-style-type: none">• Provides a “snapshot” of the council's financial position as at the year end• Essentially shows what it owns and owes
<p>Movement in Reserves Statement</p> <ul style="list-style-type: none">• Shows the movement from start of year to end of year in reserves• Reserves are analysed into two categories – usable and unusable	<p>Cash Flow Statement</p> <ul style="list-style-type: none">• Shows the change in the Council's cash balances during the year• Analyses the changes into operating, investing and financing activities

Key changes in 2019/20

Comprehensive Income & Expenditure

Cost of Services	The 2019/20 cost of services is a deficit of £18.07m compared to a deficit of (£10.38m) in 2018/19. The main reason for the movement is an in-year revaluation loss on the Council's HRA dwellings compared to the prior year where there was a revaluation gain.
Financing and investment income and expenditure (FIIE)	The net costs have increased from 2018/19 due an impairment of £4m on the council's loan to its wholly owned subsidiary. This is based on an assessment of how much of the current loan balance may not be recoverable from the company.

Balance Sheet

Assets	Investment property has increased by £40m - movement includes acquisition of five new investment properties and substantially upgrading four others
	Long term debtors total £11.2m at 31 March. This includes the loan balance with the Council's wholly-owned subsidiary Norwich Regeneration Ltd of £9.4m which incorporates the impairment provision highlighted in the FIIE above.

Key changes in 2019/20

Balance Sheet

Liabilities	Overall borrowing (long term and short term) has increased from £201m to £221m due to a new loan being taken out to fund capital expenditure.
Reserves	Financial resilience: General Fund reserve has increased to £9.5m along with specific earmarked reserves as set out in the Narrative Report. Housing Revenue Account reserve is £34m.

Group Accounts: Norwich Regeneration

NRL completed its first phase of development at Rayne Park of 79 homes. Sections 2-4 of Rayne Park is currently under construction and expected to deliver a further 74 homes over the next 12 months.

The retained losses in Norwich Regeneration Limited are £3.43m at the end of 2019/20. The company has long terms assets of £3.1m and work in progress valued at £5.77m.

Next Steps Timetable

- Public inspection period (13 July – 21 August)
- Completion of audit testing
- Audit Committee (24 Nov) - Auditors to present final audit report and Chair to sign accounts
- Deadline for publishing approved audited accounts (30 Nov)