



NORWICH City Council

Committee Name: Audit

Committee Date: 10/03/2026

Report Title: Statement of Accounts 2024-25

Portfolio: Councillor Harper, cabinet member for Finance and Major Projects

Report from: Interim Director of Finance (S151 officer)

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

This report presents the Audit Results schedule for 2024-25 Statement of Accounts.

Recommendation:

1. It is recommended that Audit Committee approve the 2024-25 Statement of Accounts at Appendix A.
2. It is recommended that the Interim Director of Finance (S.151 Officer) and the Chair of the Audit Committee, in consultation with the cabinet member for Finance and Major Projects, be given delegated authority to undertake any minor amendments if required, and sign and date the 2024-25 Statement of Accounts at Appendix A.
3. Agree the addendum to the 2024-25 AGS (Appendix D).

Policy Framework

The Council has five corporate priorities, which are:

- A prosperous Norwich.
- A fairer Norwich.
- A climate responsive Norwich.
- A future-proof Norwich.
- An open and modern council. Report Details.

This report supports the delivery of all these priorities.

Report Details

Background

1. The unaudited draft statement of accounts were authorised by the Interim Chief Finance Officer (S.151) on 27th September 2025 and published on the website ready for the commencement of the period of public inspection which ran from 29th September to 7th November 2025 following the publication on the website of the Annual Governance Statement on 26th September 2025.
2. The unaudited draft statement of accounts were presented to Audit Committee on 11th November at the Statement of Accounts training.
3. The accounts have been further reviewed by EY since November as part of the annual audit and updated for known adjustments and Audit differences set out in section five of the Audit results schedule.
4. The statement of accounts are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom (supported by International Financial Reporting Standards) and includes a full balance sheet, comprehensive income and expenditure statement, movement in reserves statement and cash flow statement.
5. Group accounts are also prepared which consolidate the financial performance and position of the council's wholly owned subsidiaries Lion Homes (Norwich) Limited and Norwich City Services Limited.

Statement of Accounts

6. The 2024-25 Statement of accounts are shown at Appendix A. A list of Major Balance Sheet movements are detailed below.
7. The council's net worth has increased by £5,815, million from 31 March 2024 to 31 March 2025. This movement can be summarised as follows:

| | £m |
|--|---------------------|
| Value of property, plant, and equipment | 17,862 |
| Value of heritage assets | 7,791 |
| Value of investment properties | 2,829 |
| Decreased investments | (27,144) |
| Increased cash and cash equivalents | 37,701 |
| Increased Inventories | 6,305 |
| Decreased borrowing | 2,710 |
| Value of net Pension Liability | (28,591) |
| Decrease in capital grants receipts in advance | 4,615 |
| Decrease in debtors & prepayments | (4,626) |
| Increase in creditors & provisions | (14,148) |
| Other movements | 512 |
| TOTAL | <u>5,815</u> |

8. This has resulted in the following changes to the council's reserves:

| | £m |
|--|-----------------------|
| Unusable reserves | |
| Increase in capital adjustment & revaluation | (19,279) |
| Change in pensions reserve | 28,582 |
| Net increase in other unusable reserves | (423) |
| Usable reserves | |
| Increase in reserves for capital purposes | (9,425) |
| HRA (including HRA earmarked) increase | (8,491) |
| General fund earmarked decrease | 3,221 |
| General fund (no change) | 0 |
| TOTAL | <u>(5,815)</u> |

Audit Results

9. A copy of the 2024-25 EY Audit Results Report is shown at Appendix B.
10. EY started work on the formal audit for 2024-2025 in October 2025 and council officers have provided all working papers and sample items requested. Since the commencement of the planning work back in April 2025 around 370 queries from EY have been responded to by officers through their online portal.
11. All requests from EY have been responded to however this year it has been noted that requests have been more complex and have taken more time to respond to, than in previous years. This is due to the higher risk placed on the audit due to the governance issues associated with the Council's subsidiary companies.
12. The draft SOA's have been updated for minor changes following a working paper review for items such as wording, rounding and casting for presentation. The revised 2024-25 IAS19 report received in October adjusted the asset ceiling and some late asset valuations. A further revised 2024-25 IAS19 report was received in February and the required further changes and these are reflected in the accounts.
13. The government set a backstop date of the end February for the completion of the audit work and sign off of the accounts. The back stop deadline for the 2024/25 accounts is 27th February 2026.
14. The Council did not publish the Statement of Accounts by 27 February. The delay is primarily related to the timeliness of the final reporting of audit outcomes and several technical points within the 2024-25 audit results report.
15. The first draft Audit Results Report was received in November 2025, this short document did not highlight the level of concerns that later came to light until late January 2026.

16. The final draft Audit Results Report was received from EY on the 10th of February, this contained several items that NCC did not agree with. Examples of this were IFRS16 and the Pension asset ceiling notes.
17. On challenge, EY removed some of the items and their comments and reissued an updated version on the evening of the 17th of February 2026.
18. The publication deadline for the 23rd of February 2026 Audit Committee meeting was Friday 13th February. It was deemed unacceptable to publish the ARR with the limited amount of time available for the internal review process applied to all committee reports.
19. The Council has produced a management response to the audit results report which is included at Appendix C. A summary of the response is included in the table below.

| Issue raised | Response |
|--|---|
| Late publication of draft statement of accounts | <p>For reasons well documented and considered at Audit Committee previously, the consolidation of Lion Homes delayed the publication of the statement of accounts 2024/25.</p> <p>The Council has a strong record of financial governance and publishing its accounts on time. This was a one-off event. Single entity accounts were produced on time.</p> <p>Action:</p> <p>Detailed closedown table and detailed task list already in place for 25/26 Closedown processes and timetable have been reviewed. 2024-25 lessons learned considered</p> <p>Key – EY were kept informed of progress throughout the preparation of the draft accounts and the impact of Lion Homes accounts.</p> |
| <p>Standard of working papers</p> <p>Quality review of information/checks provided</p> | <p>The Council has a strong record of financial reporting and its provision of working papers. We have not had any previous criticism of our previous years working papers and we have previously been commended for their transparency and good practice. The Council is happy to explore further improvements to the working papers in partnership with evidential examples provided by EY.</p> <p>Action:</p> <p>Records have been kept of all audit requests and responses.</p> <p>NCC to meet EY and record all areas where working papers require changes and ensure that these are delivered in a timely manner.</p> <p>EY/NCC Audit Training session set up for 18th March 2026.</p> <p>Key - EY ambiguity regarding what improvements they require to working papers.</p> |

| | |
|--|---|
| <p>Timeliness of response to audit queries</p> <p>Identify correct member of staff to address audit query</p> | <p>The Council has a strong record of financial reporting and its provision of timely working papers. Ambiguity of audit requests from EY led to several responses being submitted and returned without resolution. This led to delays on both sides of the audit. Timeliness issues were not proactively managed by EY until the final month of the audit. EY used a mix of Portal requests and emails for hundreds of audit enquiries.</p> <p>The Council is happy to explore further improvements to the timetable in partnership with evidential examples provided by EY.</p> <p>Action: EY to keep and share an updated timetable and progress plan – it was not clearly communicated that the audit was behind schedule.</p> <p>Key – a shared understanding of the timetable and slippage managed on an ongoing basis. A need to have a consistent EY Team for the duration of the audit</p> |
| <p>Company governance (Generic subsidiary actions)</p> <p>Company governance (Subsidiary specific actions)</p> | <p>The Council has a strong record of financial reporting and its provision of timely consolidated accounts.</p> <p>The governance issues raised in the Audit Results Report reflect a legacy situation that has now been resolved. The statement of accounts reflects the correct position for all current subsidiaries.</p> <p>Action: The Council will action the audit recommendation to update the constitution. Shareholder panel terms of reference have been revised and updated. Shareholder panels are meeting on a regular basis. Governance lessons learnt to date have been applied to the incorporation of any new entities (e.g. ensuring articles of association and shareholder agreements have been drafted by specialist legal advisors).</p> |

Annual Governance Statement

20. The Annual Governance Statement (AGS) was presented to Audit Committee in September with a further presentation to committee on 20th January 2026 and 23rd February 2026. The 2024-25 AGS was approved at Committee on 23rd February except for any additional wording required in respect of the external auditors annual result report. The addendum to the AGS for approval by Committee is set out in appendix D.

Consultation

21. As detailed in paragraph 1, a formal period of public inspection ran from 29th September to 7th November 2025.

Implications

Financial and Resources

22. The report has no direct financial consequences however the accounts do report on the performance of the council and the provision of value for money services.

Legal

23. There are no specific legal implications arising from this report.

Statutory Considerations

| Consideration: | Details of any implications and proposed measures to address: |
|------------------------------------|--|
| Equality and Diversity | No specific implications |
| Health, Social and Economic Impact | No specific implications |
| Crime and Disorder | No specific implications |
| Children and Adults Safeguarding | No specific implications |
| Environmental Impact | No specific implications |

Risk Management

| Risk | Consequence | Controls Required |
|-----------------|--------------------|--------------------------|
| None identified | | |

Other Options Considered

24. There are no alternative options to this report.

Reasons for the decision/recommendation

25. The committee is asked to approve the statement of accounts for 2024-25.

Background papers: Draft accounts published on the Council website

Appendices:

Appendix A - 2024-25 Statement of Accounts

Appendix B – Norwich City Council, Audit Results Report Year ended 31 March 2025

Appendix C – Management action plan in response to the ARR

Appendix D – Addendum to the AGS

Contact Officers:

Name: Robert Mayes

Telephone number: 01603 989648

Email address: robertmayes@norwich.gov.uk

Name: Caroline Knott

Telephone number: 01603 987615

Email address: carolineknott@norwich.gov.uk