NORWICH
City Council

Committee name: Audit

Committee date: 21/11/2023

Report title: **Draft Statement of Accounts 2022/23**

Portfolio: Councillor Kendrick, Cabinet member for resources

Report from: Head of Finance, Audit & Risk (Interim)

Wards: All wards

OPEN PUBLIC ITEM

Purpose

To provide a copy of the draft Accounts 2022/23.

Recommendation:

It is recommended that the Audit Committee review the Accounts and raise any questions that they feel are useful.

Policy framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city priority.

Report Details

1. The Audit Committee is responsible for signing off the Accounts and as such are required to review the Accounts in significant detail.
2. The Audit Committee had a training session on the Accounts on the 19th September. They provided a number of questions and answers have been provided on these in Appendix 1.
3. A verbal update on audit status will be provided at committee. However, some basic audit requests have come through regarding 2022/23.

Consultation

4. Not applicable for this report.

Implications

Financial and Resources

5. There are no specific financial implications from this report.

Legal

6. 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	Not applicable for this report.
Health, Social and Economic Impact	Not applicable for this report.
Crime and Disorder	Not applicable for this report.
Children and Adults Safeguarding	Not applicable for this report.
Environmental Impact	Not applicable for this report.

Risk Management

Risk	**Consequence**	**Controls Required**
Failure to not discharge their duties to review the Accounts would put the Council at risk and would be noted in any External Audit Papers.	The Council would have a negative report from our external audit partners.	The Council ensures the Audit Committee are adequately trained and members are offered time to raise any concerns about the Accounts.

Other Options Considered

7. Not applicable for this report.

Reasons for the decision/recommendation

8. The Committee are duty bound to discharge their duties.

Background papers:

None

Appendices:

Appendix 1 Questions

Appendix 2: Statement of Accounts

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IN TRAN communication for all	**If you would like this agenda in an alternative format, such as a larger or smaller font, audio or Braille, or in a different language, please contact the committee officer above.**

Appendix 1: Questions (from members of the Audit Committee)

1) P33 *What is Microsoft Sharepoint?* Microsoft Sharepoint is collaboration software. It is a platform for creating websites, storing, organizing, sharing, and accessing information from any device. It allows council staff to work on the same document at the same time and collaborate in real time.

2) *The Northgate system* refers to the system that manages the Council's revenues and benefits data.

3) *P35 b How does e-learning assist with contract management?* We have a formally accredited programme which officers learn about effective contract management.

4) *P36 What is Supply failure?* A supplier goes into administration or withdraws from the market creating a gap in the council's ability to obtain provide services at the right cost or in a timely manner.

5) *Auditing (external) is very retrospective. What if shortcomings were found – is damage already done?*

   In practice, the council will be reviewing the balance sheet and revenue position in year, so that items will be identified and rectified. While external audit is retrospective, its focus will often be on ensuring that the council has recognised the risks, reflecting them in provisions, reserves and noting the contingent liabilities.

   This monetarisation of the risks does mean the impact has happened but does not mean nothing is happening about it. Rather that the council is reflecting on the true and fair position of any negative implications in the Accounts, so that external parties have confidence in the council's ability to function on an ongoing basis.

   Also, Value for Money work assesses the council's financial sustainability and to a certain extent its governance processes. While the evidence is drawn from the past, it is innately forward-looking as the Auditor is assessing the key principle that the council will continue to be viable as a going concern. EY are assessing whether that the council has realistic medium term financial plans alongside robust financial controls. Are the risks that the council is undertaking proportionate and reasonable ones and how are the more significant ones mitigated.

   In short, External Audit are asking are there good reasons to trust this organisation's both in terms of finances and governance and can they provide reasonable assurance that the organisation is not only accurately recording its financial position but is set up to manage the risks both in the sector and unique to Norwich City Council.

6) *What is an enterprise resource system (ERP)?* An ERP is an integrated reporting system that brings together accounting records, debt collection,

accounts payable, frequently payroll, sometimes Human Resources and asset management in a coherent manner. This system will summarise the financial position of the organisation, supporting decision-makers to make decisions via its reporting interface.

7) *P61 Implications for investment to generate income?* All investment needs to be proportionate and in line with corporate priorities. Whether to hold cash, spend on council assets, pay down debt is a balanced consideration that takes into account the wider economic environment, the corporate plan and the sustainability of the organisation.

8) *P67 How much does central government policy hinder (sabotage) efforts to maintain council as a going concern?*

   The resources and policy environment that are available to the council are a political matter for both local and national politicians, although individual local situations and national economic ones can affect the council's underlying viability.

   However, local government is duty bound to set balanced budgets, operate within a sustainable fiscal envelope and section 151 officer's duty is to remind members of the importance of ensuring their aspirations are affordable within the resources available to it and that the council is prudent in its approach to the public finances.

   There are policies that may have unintended consequences of a negative nature that can weaken the council's financial position but it is important to recognise that the overall fiscal envelope is heavily affected by central government decisions and the council must manage to operate within it.

9) *P69 I understand that a government policy in process intends to allow L.A.'s to retain 100% of sales from RTB. How will this impact upon social housing?*

10) *P70 How will/can NCSL allow City Council to monetise it's services?* The first priority is to have a robust company business plan and operates that delivers on the requirements of NCC. Once the council is confident that is the case, expanding services could be a long-term strategy. The purpose of the Accounts is to focus on the financial position of the Council and the Group and the current situation is that the company is in negative equity.

11) *P75 Can some (once more) explain the significance of brackets around some figures?* Brackets refer to negative numbers.

12) P76 – 78 *The final figures: Some figures show marked improvement of about £194,408,000. Can someone explain?*

The Council's financial position improved by £194m in 2022/23. This was driven primarily by:

- £115m actuarial gains on pension fund assets/liabilities due to a higher discount rate, due to higher interest rates
- £60m in valuation of Property, Plant & Equipment
- £23m reduction of s. 31 Grants that were provided to the Council over COVID to cover the deficit in the Collection Fund due to the discounts provided to businesses
- £2m General Fund Surplus due to careful stewardship of public resources
- £51m reduction in borrowing
- Offset by a £20m reduction in investment properties primarily due to asset sales.

13) P118 Depreciation of property and plant. Is this offset in any way?

Depreciation is an accounting charge to spread the cost of an asset over its lifespan through the ledger so that the Accounts present a true and fair position.

In local government, capital charges or capital income sources are not allowed to impact the council tax or ratepayer. While they are charged through and are constituent elements of the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund and Housing Revenue Account through the Movement in Reserves Statement.

They are replaced in the General Fund by a Minimum Revenue Provision, which is a local government charge that represents resources put aside against the need to repay debt. This charge has become increasingly tightly proscribed in recent years as to how it is calculated after some councils have got themselves into financial difficulties with irresponsible borrowing, such as Woking and Slough. The Council's Treasury Advisors, Link Asset Services, advise carefully to ensure that we act in accordance with legislation and best practice.

In the Housing Revenue Account, an equivalent charge to depreciation is made that then funds the Major Repairs Reserve, which is used to provide for new housing assets and maintenance and repairs. This approach was taken to ensure that all council's HRAs were sustainable and is more in line with private sector accounting practices.

14) 119 Monetising assets ie income derivation?

The Council could choose to monetise its heritage assets. However, they would be treated as capital receipts and it could only be used to finance capital. It cannot be used to fund revenue.

15) P126 Soft loans – how do these work? To whom? How are they recouped?

Soft loans are loans that are granted at less than market interest rates. The local government accounting treatment is that one would discount the original value of the loan as a charge to the account, taking a loss, in line with the standard private sector IFRS accounting. One would then reverse that to the financial instruments adjustment account and then gradually unwind that charge to revenue, so that the CIES showed the IFRS charge but that the budget showed the actual interest charge.

If one gives discounts on large debtors, over COVID for instance, this might occur. It is not uncommon in social care and central government may give loans to local government at lower than market rates to encourage activities about which it is keen, such as energy efficiency or affordable house.

The interest rate charged by the council if it is lower than the market rate is a cost to the council and there is no recouping of the difference between market and the soft loan interest rate charged.

16) P131 Bottom of page – why are the 23 22 figures at such variance?

The difference between the 2 figures is that at the end of 2021/22, there were £56.9m loans due to retire in the next year if not re-financed and in 2022/23, there was only £6.6m that had less than one year to run. This difference is the result of historical decisions. Overall, the goal is to spread out the refinancing of loans and therefore, this does not reflect modern refinancing practices.

However, it is important to note here that the council chose not to refinance £51m of loans as they were not needed and is currently running down its cash balances and letting existing loans expire. The Council overall is able to deleverage due to recent prudent fiscal management of its treasury and capital functions.

17) P 132 In this time of interest rate volatility, how does this affect the council?

The Council is able to generate large returns on its cash balances on top of letting its older debt retire. Nonetheless, it is running down its cash balances, as the capital programme delivers. At some point, it will need to borrow again and the timing is regularly under review.

However, the longer that borrowing takes place in the future, the better the council's financial position, as current interest rates are the highest they have been in over 15 years.

18) P164 I'm not sure I understand the (final) figures on this page or the bottom of page 165.

The final figures on the bottom of page 164 are the HRA Revenue balances.

In 2011/12, Government moved Housing Revenue Accounts to self-financing so that they are directly responsible for managing the debt and assets of the local council's Housing Revenue Account. This led to councils either taking on debt or repaying debt to central Government.

Councils were allowed to determine how they managed their debt. A two pool approach was where the councils kept the General Fund and Housing Revenue Account debt separate and if necessary charge some of the debt costs from one pool to another if one needed to ‘borrow’ from the other. In 2022/23, the interest charges that the Housing Revenue Account debt costs were £6.542m.

19) What are the implications of the debt repayment profile having a £113m spike 2-5 years from now at the end of 31 March 2023? How is this being managed and is this a good or bad thing if we have large cash balances. What does this mean for the capital programme financing?

<u>Debt repayment profile</u>

The profile of the PWLB debt maturity repayments is as follows:

Maturity Date	**Amount Borrowed**	**Fixed Interest Rate**
05/11/2025	£700,000.00	4.50%
27/03/2026	£50,000,000.00	2.92%
20/07/2026	£2,500,000.00	8.00%
27/03/2027	£5,000,000.00	5.25%
20/07/2027	£2,500,000.00	8.00%
27/03/2028	£50,000,000.00	3.08%

The largest maturity repayments are the two amounts for £50M maturing on 27th March 2026 and 27th March 2028.

When looking at refinancing options we use our Treasury Management Advisors (Link) interest rate forecast to identify the optimum time to borrow, loan duration and potential lenders.

The latest interest rate forecast from Link is below. Interest rates are currently high however they are expected to fall overtime.

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

When looking at refinancing options we will use advice from Link to identify the optimum time to borrow and loan duration, and potential lenders in the financial markets.

Based on current interest rates forecasts, for the four smaller loans maturing in the 2-5 year profile the Council should be able to refinance the loans, if it needs to, at an interest rate lower than it currently pays.

For the two larger £50M loans, the current interest rates payable (circa 3%) are very low, therefore careful timing of any refinancing for these loans is crucial.

In a falling interest rate market the prevailing strategy is to delay any borrowing until interest rates reach the bottom of the rate curve. Therefore by delaying any long term borrowing for as long as possible the council should be able to refinance at current interest rate costs.

This strategy can be achieved through exploring all financial market lenders and using fixed short-term borrowing whilst longer term interest rates continue to fall, before locking into a longer term deal.

Cash Balances

The Cash balances held by the Council represent the timing difference between income received and the spending plans of the Council.

The cash balances totalling £100M+ are currently invested in the financial markets using the investment strategy set out in the Treasury Management Strategy agreed by Council in February. The balances earn interest income for the Council and are on target to achieve the £4M income budget.

The cash balances allow the Council to "internally borrow" rather than going to the financial markets to borrow. This means the council can fund expenditure such as the capital programme for cash balances without the need to borrow at the higher interest rates currently prevailing. It also means the council can repay some maturing loans without the need to refinance debt at the high interest rates currently offered by lenders.

Cash balances are monitored on a daily basis against the forecast cashflow to ensure any potential cash shortages can be identified and managed.

Capital Programme

Financing the capital programme is a separate function undertaken by the Treasury Management Team as set out above. Where borrowing is required to finance capital spending plans the optimum borrowing amount will be executed as required by cashflow forecasts and the prevailing market interest rate environment.

20) Please explain the Norfolk Pool to me? Why is it not part of the Collection Fund?

Business rates Pooling is about splitting the benefits of business rate growth. Individually each district would pay a levy payment for growth above a baseline, as the districts all generate more than the government model believes we require. However, as a pool, due to the inclusion of the county, which is the reverse situation, we are not subject to the levy and this can be shared out locally.

Local government across Norfolk came together to produce a pooling memorandum, which gives 1/3 to the county, 1/3 shared equally to the districts, and 1/3 based on growth with a top slice to the county.

It is not part of the Collection Fund as it is a separate arrangement whereby the members of the pool get to retain the share of the levy. It was intended to strengthen localisation.

The Council Funding model is explained below in more detail so that members can understand how one arrives at the pool.

Council Funding

Council's Settlement Funding Assessment is the amount that a council requires to operate. It is what the Government in 2012/13 expected to be the Council's net revenue budget. It is funded from 2 sources fundamentally (as Revenue Support Grant or RSG is recycled National Non-Domestic Rates or NNDR).

The Government took Council Tax off the SFA to produce the amount that it expected to be funded by NNDR/RSG. That amount is split into the RSG and NNDR Baseline figure.

Lower tier authorities collect NNDR. They keep subject to their being local agreements, 40% of the NNDR, which is called retained NNDR. They then either repay to Central Government a tariff or receive a top-up from Central Government to get back to the baseline funding level position.

It is important to understand that this baseline is rolled over year over year and then the actual income may differ from the Government predicted estimate. If the income is greater than the baseline funding level, it is subject to a further charge called a levy. If the amount is less than 92.5% of the baseline funding level, then the safety net kicks in and the council is protected by the drop (but it needs to get below 92.5% to get anything).

		£
22/23 Non-domestic rating income		69,502,675
Government Share	50%	34,751,338
Norwich share	40%	27,801,070
Norfolk Share	10%	6,950,268
Total		69,502,676
Share for levy calculation		40%
Authority share		27,801,070
s31 grants inside levy-safety net calculation		5,347,252
Tariff/Top-up		(26,505,758)
Income for levy-safety net		6,642,564

Baseline Funding Level	5,986,583
Safety Net Threshold	5,537,589
Levy rate	50.00%
(Levy) or safety net	(327,990)

There is a further complication as can be seen above that if Government has given out discounts to businesses, then Government will give local government bodies s.31 Grants in exchange. Those monies count towards the calculation of the local retained income.

Norwich is a tariff body and would normally attract a 50% levy charge. However, the pool overall position is in top-up position. Therefore, the pool members benefit significantly and retain more resources.

Tariff/Top Up Position by Council

	£
Breckland	(8,515,225)
Broadland	(8,995,929)
Gt Yarmouth	(8,402,211)
KLWNBC	(11,403,312)
North Norfolk	(7,992,420)
Norwich	(26,505,758)
South Norfolk	(8,153,655)
Norfolk CC	127,896,971
Pool	47,928,462

In our current MOU, we have agreed that no council should get less than it would have got without a pool.

All boroughs have now provided the estimated figures for business rates but all we have is the below estimates to date:

Local Authority	Provisional 2022-23 NNDR3	2023-24 Forecast	2024-25 Forecast
	£m	£m	£m
Breckland District Council	1.755	1.001	
Broadland District Council	1.473	0.835	
Great Yarmouth Borough Council	-0.256	0.477	0.433
Borough Council of King's Lynn and West Norfolk	1.608	1.880	1.713
North Norfolk District Council	1.257	1.306	
Norwich City Council	0.255	0.047	
South Norfolk District Council	2.480	1.667	
	8.572	**7.212**	

The pool is fundamentally an agreement on how to share the benefits of growth (the levy being a tax on growth). The challenge is that business rates are not necessarily fairly retained in the first instance, particularly as government has delayed fair funding, which means Norwich is poorer funded relative to its neighbouring boroughs, and the related baseline reset. Norwich pays more than double the size of tariff back to central government than any other borough in Norfolk, yet it receives a smaller portion of the pool.

A large part of the challenge is the arbitrary nature of when the baseline was set, hence the growth figures are highly misleading. If it came down to generation of actual business rates, Norwich would benefit massively.

The Council belongs to the pool as it still benefits from it but it gets less than what a fairer system would provide.

21) What is the Capital Financing Requirement?

The Capital Financing Requirement (CFR) is linked closely to the Treasury Management process set out in Q19, and represent the Councils total requirement to borrow in order to finance its capital spending plans. The difference between the CFR and the actual loan portfolio represents internal borrowing from cash balances. The CFR is one of the key prudential indicators for Council under the Prudential Code and is defined as "..the authority's underlying need to borrow. The CFR represents the maximum amount of debt that should be outstanding, including external and internal borrowing.."

Audit Committee 21 November 2023
Draft Statement of Accounts 2022/23
Appendix 2

Statement of accounts

for the year ending 31 March 2023

NORWICH
City Council

Contents

Narrative Report

1. Introduction

Effective planning, management and scrutiny of the use of public funds are a key part of a local authority's responsibilities. The financial statements are a vital part of the accountability framework, as they demonstrate how much money was spent and for what purpose, and how cash needs were met. They also record the assets used, and liabilities incurred, in delivering services.

Local authority financial statements are complex and can be difficult to understand: they must comply with the Chartered Institute of Public Finance & Accountancy's (CIPFA) "Code of Practice on Local Authority Accounting in the United Kingdom 2022/23", which is based on International Financial Reporting Standards (IFRS), and the requirements of accounting and financing regulations of central government.

This narrative report will provide the reader with:

- An understanding of the council, its strategic priorities, and the local and national context in which it operates.
- A summary of the council's financial performance for 2022/23 along with information on how well the Council delivered its key priorities during the year.
- An overview of the council's medium term financial plans, outlook, and its key risks going forwards.
- A guide to the key features of the primary statements and notes that make up the financial statements.

The council is required to publish an Annual Governance Statement to accompany the Statement of Accounts. This sets out the arrangements the council has put in place to manage and mitigate many of the risks it faces when meeting its responsibilities. The 2022/23 Annual Governance Statement can be found on the Council's website here.

2. Norwich City Council

Norwich City Council delivers services to the heart of the city, approximately 60% of the urban area, covering a population of some 144,000 (Source: 2021 Census Data, ONS). These services include:

• Housing services • Waste & recycling collections • Street cleansing • Car parking • Parks and open spaces • Cultural, tourism and leisure services	• Electoral Registration • Housing and Council Tax Benefits • Local Planning • Public protection services including licensing and environmental health

The council has 39 Councillors representing 13 Wards (three Councillors for each Ward), each serving a four-year term.

The Council employs 631.95 full time equivalent (FTE) employees (as at 31 March 2023). The actual number of employees is 715 of whom 501 are full time and 214 are part-time employees.

The Council delivers some of its services in partnership with other organisations, the most significant of these being CNC Building Control and NPLaw (legal services). The council is also the sole shareholder for a number of companies – Lion Homes (Norwich) Ltd. (formerly Norwich Regeneration Ltd.) Norwich City Services Ltd. and Three Score Open Space Management Ltd.

3. Strategic direction of the Council

The corporate plan has been updated for the period 2022-2026 and this sets out our vision for the city and the council. It is shaped by the Norwich 2040 City Vision, as well as our response to Covid-19, which is now part of the council's day to day work. The intention of the corporate plan is not to capture everything we do as a council. Instead, it provides a framework for the decisions we take - how we prioritise and how we allocate the resources we have available to achieve these priorities. It describes our most important aims and the priority activities that we will focus on delivering.

We have a clear vision about the type of council we want to be. We are determined to play a leading role in delivering the Norwich 2040 vision to make the city the best it can be. We will do this through:

- Our own delivery: using all our services and ways of working to best serve the city.
- Enabling residents and communities to thrive and make the changes they want. We will prioritise listening to residents to inform council decision making.
- Influencing others: working with key organisations, through the City Vision partnership and other bodies, to benefit the city.

We are moving towards becoming an outward-looking, learning organisation where employees feel empowered to succeed and take responsibility, where residents are at the heart of everything we do, and where resources are aligned to deliver on key themes such as the environment and reducing inequality.

Over the next four years to 2026, we will focus on achieving five aims. These are cross-cutting, so every area of the council will look for ways to support all the aims in its work:

- Aim 1: People live well and independently in a diverse and safe city.
- Aim 2: Norwich is a sustainable and healthy city.
- Aim 3: Norwich has the infrastructure and housing it needs to be a successful city.
- Aim 4: The city has an inclusive economy in which residents have equal opportunity to flourish.
- Aim 5: Norwich City Council is in good shape to serve the city.

The corporate plan can be downloaded by following: https://www.norwich.gov.uk/info/20277/performance_and_open_data/1859/corporate_plan

4. Local context

Norwich is a success story. It seamlessly combines the modern with the historic and is a vibrant city with a thriving economy and cultural scene. There is much to celebrate, but as with any city, it has some challenges. These issues include poor educational attainment and poor health. The severity of these varies considerably between different wards of the city.

The 2022-2026 Corporate Plan was developed in the light of the wider city vision work, which was undertaken under the 'Norwich 2040' banner.

The city vision is therefore the starting point for the corporate plan. This has been combined with information and analysis including:

- Analysing information on levels of need in the city such as demographic, economic, environmental and equalities data.
- Assessing the external environment the council operates in, including the national and local economic climate and policy and legislation for local government.
- Understanding how other local authorities are responding to similar challenges.
- Looking at the potential future factors that may impact on Norwich and the council.
- Discussions with councillors and officers.
- The Medium-Term Financial Strategy (MTFS) which helps plan resource allocation.
- Our Transformation Programme – Future Shape Norwich; which supports our change activities as we deliver against the Corporate Plan.

Running alongside this is a review of the Council's operating model to make sure we can deliver the services that our residents, visitors, businesses and partner organisations want and need, within the resources we have.

The council has also launched a programme of service reform. These service reviews will look to identify new ways of delivering our services, in a way that better meet the needs of our customers and deliver services more efficiently, protecting frontline services where possible.

There will be service specific and cross-cutting reviews on themes including the digital council, delivering value from our assets, and improving contract management. The aim of these reviews is to improve the efficiency of service delivery to avoid a reliance on service cuts to balance the budget in future years.

5. National Context & Future Outlook

2022/23 has been a challenging year for Norwich City Council with continuing impacts to our services, customer requirements and income as the cost-of-living crisis has started to impact in the immediate aftermath of the pandemic. The Council has continued to take on additional duties and distribute grants to help the residents and businesses of Norwich City.

Financial Implications

The council continues to face financial challenges. The sustained period of austerity, now for more than a decade and the effect of inflationary pressures, has decreased the impact of the city council's own budgets whilst putting financial pressures on those of our partners, local businesses, and residents, particularly the most vulnerable residents.

Alongside austerity, the council has continued to manage the uncertainty associated with changes to future local government funding. The 2022/23 budget was in effect a roll-over of previous years' funding with little certainty on the direction of travel; this has continued into 2023/24 with limited additional information on longer term funding intentions coupled with a rapidly approaching general election.

The medium-term financial challenge to the council remains funding uncertainty, with many new grants only awarded for one year. The 2023/24 settlement was again for one year only despite spending review totals being available for later years.

Earmarked reserves have been established to manage future budget risks and uncertainty and to fund the costs of transformation and change in the council primarily through the Future Shape Norwich initiative. These reserves will be key in managing the financial risks and uncertainty over the short term as wider government support is reduced.

After setting its budget in February 2022, further economic uncertainty in the form of inflationary pressures have emerged with double digit inflation being seen within months of the budget being set; this has inevitably led to concerns about inflationary pressures on the council's budget and this is reflected in the current 2023/24 MTFS.

Government funding and reforms

The government's austerity programme started in 2010 meaning that 2022/2023 was the thirteenth year of austerity and the level of funding allocated to local government continues to be insufficient to support the demand for council services. This, together with increased pressures arising from the global pandemic, means that the council will not receive adequate resources to cover its costs over the medium term without implementing a programme of service reductions or increased income generation.

The financial settlement covered only 2022/23, with the government implementing a 'roll forward' finance settlement for that year. The timeframe for any government reforms remains unclear and although a two-year settlement was trailed by the government for 2023/24 and 2024/25 a clear basis for planning against those resources was not forthcoming. The introduction of a funding guarantee also served to increase uncertainty as the manner in which it will be withdrawn in conjunction with funding reforms remains unclear.

Given the lack of clarity on future local government funding, local authorities have no reliable basis on which to appropriately plan their medium-term budgets as it is unclear how much funding there will be, how it will be distributed, and the means of delivery.

Consequentially, the forecasts for the later years of the MTFS are not to be taken as robust figures and they are largely based on the current funding status quo continuing, particularly concerning levels of government grant, how much business rates income the government allows the city council to retain in the future and council tax referendum levels.

6. Medium Term Financial Plans and Risks

The council's Medium Term Financial Strategy (MTFS), Housing Revenue Account (HRA) business plan, capital programmes and capital, investment & treasury management strategies were approved by Council in February 2023 and can be found at this link: 2023/24 Budget and MTFS

General Fund

The council's general fund revenue budget comprises the day-to-day costs and income of providing all the council's services except social housing which is operated through a separate ring-fenced Housing Revenue Account (HRA).

The MTFS for the general fund shows that forecast income is insufficient to fund forecast expenditure over the next five years. This is a result of cost pressures, such as inflation, growth in demand for services, and reducing grants from central government (in particular Revenue Support Grant (RSG) and the New Homes Bonus).

When the 2022/23 budget was set forecasts indicated that a further £11.8m of gross permanent savings would have needed to be found over the four-year period from 2023/24. Since that time savings have been identified across all years of the MTFS including actions to balance the 2023/24 budget. However, given the continuing inflationary pressures it is anticipated that further savings may be necessary.

The 2022/23 budget included £3.175m of short-term growth items, with the majority related to the impact of Covid-19 on the council's income streams in areas such as car parking, rental income, licensing income and fees and charge from cultural and leisure activities. As it was unclear for how long and to what extent these impacts will continue a high-level assumption was adopted to unwind the short term growth evenly over a two year period ending in 2022/23.

In order to respond to the financial challenges, the council has launched a programme of service reviews (see Section 5: Local Context). The aim of the reviews is to improve the efficiency of service delivery to avoid a reliance on service cuts to balance the budget in future years. However, given the scale of the challenge, reductions to some services cannot be ruled out.

The council will plan to implement these savings in a controlled manner and by taking a strategic and medium-term rather than a short-term approach.

Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) is a ring-fenced account, containing the costs arising from the provision and management of the council's housing stock, offset by tenant rents, service charges and other HRA income.

The HRA has lost significant income in recent years from the government's enforced four-year rent reduction policy enacted in the Welfare Reform and Work Act 2016. Additionally, there remains significant potential risks to rental income streams arising from the ongoing increases in the cost of living, the roll out of Universal Credit and the continuing Right-to-Buy legislation.

The HRA was forecast to make a surplus of income over expenditure of £0.246m in 2022/23 and it was proposed to use this surplus along with £6.096m of existing reserves to fund capital investment new social housing. The financial strategy for the HRA is based upon a long-term business planning approach, which models the costs of capital investment alongside other forecasts of revenue expenditure and income to determine the resultant surplus or deficit over the life of the plan.

The longer-term perspective is crucial to ensure that the service and its primary assets, the housing stock, are fit for purpose and that investments in the housing stock are affordable and sustainable for the whole of the plan.

The council has developed a Housing Strategy which will help guide future investment decisions. The lifting of the HRA debt cap combined with the council's long term business planning approach and recent experience of house building means that the council, through its HRA account, will seek to build more affordable homes in the city in the future. It has significant reserves that could be used for this purpose and the HRA Business Plan demonstrates significant “headroom” for the HRA to borrow whilst still ensuring the borrowing is prudent and affordable.

Capital Strategy

The council owns and maintains an extensive range of assets including commercial property, social housing in the HRA, a market, heritage assets, walkways and paths and lighting columns. Major investment in these and in new assets is funded from the capital programme which in turn is resourced from the disposal of surplus assets, revenue budget contributions, grants, and external borrowing.

The council’s proposed capital programme for 2022/23 was £68.208m. In addition, further projects sought approval during the year, subject to the production of a viable Business Case.

The general fund has insufficient capital resources to meet its investment needs for the future. Therefore, a comprehensive review of the general fund’s land and property assets is being undertaken, with a view to optimising the contribution property makes to the council’s strategic and service objectives by identifying assets that require investment, are not financial performing, or are surplus to service needs.

The council’s overall financial position

The council has a strong balance sheet and owns some £1 billion of long-term assets (mostly land and property). In addition, it has significant unearmarked reserves both for the general fund (£10.045m) and HRA (£46.128m) as at 31 March 2023.

The council’s general fund services are under the most financial pressure, both for revenue and capital expenditure. The huge uncertainties surrounding the economic environment after the pandemic plus the anticipated changes to the local government finance regime hinder robust forward financial planning.

The council holds just under £100m of investment properties which generate a revenue stream for the council. 9% of the General Fund’s gross expenditure for 2022/23 was funded from commercial income (investment property income and interest from lending to the council’s wholly owned housing development company). A proportion of the income is set aside into earmarked reserves to mitigate against the risks associated with undertaking these commercial activities.

Following recent consultations local authorities are no longer be able to invest in projects that represent purely debt-for-yield activity. However, local authorities can continue to borrow for the crucial work that they do on service delivery, housing, and regeneration. The proposals, mean that the Public Works Loan Board are no longer a source of lending to local authorities investing in commercial properties to generate income.

The funding of non-financial investments along with the proposed capital programme will significantly increase the council’s capital funding requirement (its indebtedness or underlying need to borrow). If projects and programmes proceed to plan, then the capital financing requirement will increase significantly by 2025/26. This increase is being driven predominantly by HRA investment.

The council currently has relatively high levels of internal borrowing which will need to be externalised at some point to fund the capital financing requirement.

The council’s policy for using borrowing as a means of funding capital expenditure is also described in the Capital Strategy. Essentially the council will only use borrowing (increase its capital financing requirement) in cases where there is a clear financial benefit, such as a new income stream or budget saving, that, at the very least, will fund the costs arising from the borrowing (interest and Minimum Revenue Provision (MRP) costs).

The overall proposed direction of travel means more focus is being given to enhanced options appraisal, business case preparation, financial modelling, and commercial awareness so that robust decisions can be made.

Financial Risks

Financially the Council faces a large number of challenges in the coming years. The 2022/23 Budget Report identified a number of key financial risks facing the Council and these are set out in the Council’s Corporate Risk Register. The financial risks identified include the Councils Medium-

Long Term funding position and the impact of the cost-of-living crisis. All of the Councils identified risks are monitored and reported against throughout the year as part of the quarterly assurance monitoring report to Cabinet and can be found here.

7. Performance against our priorities

Performance framework

To help us improve and demonstrate progress, we use a performance management framework. This helps us to:

- Focus on the council priorities set out in the corporate plan.
- Set targets aimed at improving services and measuring progress.
- Be accountable to our residents.

The corporate plan includes five corporate aims:

- People live well and independently in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

The performance framework measures progress through a detailed action plan and outcome and output key performance indicators against each of the five aims.

2022/23 Performance summary

The council's performance needs to be seen in the wider context of significant economic and financial challenges. The ongoing cost of living crisis has increased demand for our services, impacting our performance in some areas. Areas where performance is not on track are being addressed through service management, organisational change and partnership working.

The table below groups the performance indicators for the year by corporate directorate. These are RAG rated red, amber or green. Green is on target, amber provides an early warning for possible intervention and red suggests intervention is necessary.

Directorate	Red	Amber	Green	Monitoring data	Not completed	No data this quarter	Total
Cross Cutting	1	0	1	0	0	0	2
Community Services	4	2	4	0	0	1	11
Corporate and Commercial Services	0	0	4	0	0	0	4
Development & City Services	2	2	4	1	0	1	10
Total	**7**	**4**	**13**	**1**	**0**	**2**	**27**

Despite the ongoing challenges faced by local authorities, we continue to deliver for our residents.

Cost of living support

We continue to support our residents and our vital VCSE sector through the ongoing cost of living crisis through strong partnership working and additional financial support where possible:

- **Council Tax Reduction Scheme:** we continue to offer 100% discount to eligible residents through the scheme.

- **Sustainable warmth**: we secured £50,000 from the Norwich Health and Wellbeing Partnership for VCSE partners to provide advice and fuel payments to those needing help with the rise in fuel costs over the winter.

- **Social welfare advice**: we increased the funding by £93,345 to our contracted social welfare advice service who provide key support to help prevent or mitigate crises and increase financial resilience for a wide range of residents.

- **Discretionary Housing Payments:** we paid out the full allocation of £272,000 to support eligible residents with rent payments, including arrears.

- **Council Tax Energy Rebate:** we paid £9.462m to 60,884 households in the City.

- **Covid Outbreak Management Fund:** we secured £120,000 from Norfolk County Council which has been split across a number of initiatives including community hot spots, foodbanks, social supermarkets, fuel poverty and outreach work.

- **Household Support Fund:** we continue to provide food vouchers, help with energy costs, fuel top ups and other essentials.

- **Non-commercial debt policy**: our most vulnerable customers now experience a 'no wrong door approach', and benefit from multiple service areas working together to support them to manage their debt.

- **Cost of Living directory**: we launched a newly developed tool for use by frontline officers, enabling them to access information on the range of support and services aimed at helping those suffering from financial hardship.

Customer experience and community enabling

Our customer, IT and digital strategy is helping us to achieve improved customer experience and digital transformation with:

- a revised complaints policy from October 2022
- a revised process for handling Councillor enquiries from November 2022
- the introduction of user experience testing to identify further areas for improvement.
- a dedicated resource to lead on customer experience, ensuring that our services are easily accessible and inclusive.

Through £492,000 of Community Renewal Funding, our reducing inequalities work has delivered a range of projects this year including skills development for 641 people living in our most deprived areas.

Housing

- Our £3.7million Sustainable Warmth Competition funded project is underway, retrofitting 306 properties during 2023.

- We have secured £1.3 million through the Social Housing Decarbonisation Fund to fit external wall insulation to 61 properties during 2023.

- We have established a partnership with a Registered Social Landlord to offer supported, safe short-term accommodation to those at risk of or suffering from domestic abuse.

- We have implemented all requirements from the Charter for Social Housing into our housing policies and procedures. This has informed the development of a new Tenant Engagement Strategy, published in March 2023.

- Work to protect private renters has continued throughout the year, with a new Houses in Multiple Occupation (HMO) Policy published in July 2022 (Licensing policies | Norwich City Council) and a new fee structure adopted in November 2022 (How much will an HMO licence cost? | How much will a HMO licence cost? | Norwich City Council).

Investment and regeneration

Through our £25 million of government funding, we continue to see strong progress in delivery of the eight Town Deal projects, which are overseen by our internal Programme Board and the external stakeholder Town Deal Board. Five of the projects are now completed:

- Digi-Tech Factory
- ACE Centre
- East Norwich Masterplan
- The Revolving Fund
- Place Branding

The remaining three projects: The Halls, Public Realm at Hay Hill and The Digital Hub are all progressing, with completion on track for 2024.

We have successfully delivered a Capital Investment Programme in our parks including:

- £0.435 million investment delivered to provide new tennis courts at Heigham Park and Lakenham Recreation Ground
- £0.165 million to deliver a new pavilion at Heigham Park
- £0.200 million investment in Wensum Park (£0.085 million Levelling Up Fund investment in woodland management and £0.115 million S106 investment in play equipment)
- £0.065 million for new floodlights at Harford Tennis Courts
- £0.055 million investment in new play equipment at Douro Place

We continue to engage with Norfolk County Council through the Transport for Norwich Board and Co-ordination Group on the projects within the Local Cycling and Walking Infrastructure Plan which was adopted in March 2022.

Street scene and the environment

- We have reviewed our contract with Norwich City Services Limited to improve the efficiency and effectiveness of our arrangements for street cleaning, including litter collection, fly tipping and litter bin emptying. A four-year savings programme has been developed, and savings for year one have been agreed. We have implemented a Land Audit Management System to monitor performance for street cleaning and grounds maintenance and identify opportunities for improvement.

- The Norwich Climate Commission has provided input into the council's Biodiversity Strategy and Action Plan and has begun providing expert advice into the forthcoming Corporate and Citywide Climate Action Plans, as well as ad hoc guidance and advice on other initiatives, such as the East Norwich development.

Full details and further information on the Council's performance can be accessed here and via the quarterly performance reporting to Cabinet on the Councils website.

2022/2023 Financial Performance

Revenue Expenditure

2022/2023 actual against budget for each service area

	Budget £000	Provisional outturn £000	Provisional variance £000
Chief Executive	280	248	(32)
Corporate Financing	(24,498)	(24,464)	34
Corporate & Commercial Services	6,926	7,261	335
Community Services	10,608	9,554	(1,054)
Development & City Services	6,684	5,606	(1,078)
General Fund Total	**0**	**(1,796)**	**(1,796)**
Housing Revenue Account Total	**0**	**(1,376)**	**(1,376)**
Net Revenue Expenditure	**0**	**(3,172)**	**(3,172)**

The outturn for the General Fund is a surplus of £1.796m which represents 2.76% of the council's gross expenditure.

Detailed information on how service areas performed against budget in 2022/23 is provided in the outturn report to Cabinet on 14 June 2023.

The significant variances are as follows:

- £2.550m contributed by interest generated by the council's day to day cash investments, due to the increasing level of interest rates and relatively high cash balances, as capital expenditure has been lower and the externalisation of some debt took place last year when interest rates were lower;

- £0.509m reduction in repair costs on corporate property during the year;
- £0.470m from additional grants received, in addition to those known about at the time the budget was set;
- £0.131m additional income generated from off-street car parks;
- £0.130m additional rental income from investments property due to rent reviews and the retention of a property previously considered for disposal;

The General Fund underspend has been transferred to the business change reserve. This reserve will be used to fund costs linked to the change programme which are not delivering directly specific savings, for example project management capacity and benchmarking costs. It will also support training and development of our workforce to ensure we have the skills required to deliver the ambitions of the Council.

The outturn position for the HRA is a surplus of £1.376m which represents 1.79% of the total expenditure budget.

Significant key variances are as follows:

- £1.566m from combined general repairs and maintenance and major and minor costs due to reduced demand and the re-profiling of non-urgent major works to be undertaken as part of future capital programmes;
- £0.956m arising from higher than budgeted income from investments resulting from an increase in interest rates and higher balances due to the re-profiling of the capital programme;
- £0.309m from the unspent responsive drainage budget as minor works covered under responsive repairs and maintenance and no major works required;
- £0.295m from the unspent repairs contingency (intended to only be drawn upon for increases in material costs should the main budget be fully spent);
- £0.248m generated from lower bad debt charges arising from a better than anticipated arrears position, due to the positive work of the income team and tenants continuing to pay during payment free weeks.

Capital expenditure

Capital Programme	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
General Fund	23,460	10,161	(13,299)
HRA	39,848	29,014	(10,834)
Total	**63,308**	**39,175**	**(24,133)**

2022/23 funding of the capital programme

Source of Funding	£000
Revenue Contribution (RCCO)	8320
Major Repairs Reserve (MRR)	13578
Retained right to buy Capital Receipts	5316
Other Capital Receipts	1746
Grants & Contributions	8431
Community Infrastructure Levy	1164
Section 106	135
Leaseholder Contributions	482
Funding of 2022/23 Capital Programme	**39,175**

During the 2022/23 financial year, there continued to be significant capital expenditure on Towns' Fund projects, including the creation of the ACE Centre at City College Norwich (£2.6m), ongoing works to Carrow House (£1.3m) and the Digital Hub (£0.1m). Additionally, investment was made in council owned property assets (£0.8m) and a significant number of disabled facilities and housing assistance grants were made (£1.1m).

The housing capital programme delivered upgrades to over 3,078 council homes, with investment of £14.2m, including heating upgrade works to over 660 properties, 245 new kitchens, over 470 new bathrooms and over 140 replacement doors. Additionally, over 440 properties have benefitted from structural or roofing upgrades whilst almost 50 properties received renewable energy installations or additional insulation.

During the year, five new homes were completed at the former King's Arms PH site, and work has continued on the development programme at Argyle Street, Mile Cross and Three Score, the latter progressing ahead of the profiled budget. Additionally, following the receipt of DLUHC funding, twelve additional council homes were purchased from the council's wholly owned company, Lion Homes (Norwich) Ltd.

Grants of right to buy receipts to registered providers totalling £0.311m have also enabled the development of further new affordable homes in the city.

Detailed information on 2022/23 performance against the capital budget is also provided in the outturn report to Cabinet on 14 June 2023.

8. 2022/23 Statement of Accounts

The Statement of Accounts sets out the financial performance of the Council for the year ended 31 March 2023 and its financial position at that date.

It comprises core and supplementary statements together with disclosure notes.

The format and content of the financial statements are prescribed by the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The Code requires that the accounts give a true and fair view of the financial position of the Council and are prepared on the basis that the Council is a going concern. In line with the Code, suitable accounting policies have been applied, and where necessary, prudent judgements and estimates have been made.

The group statements also include the financial performance and position of the Council's wholly owned companies, Norwich City Services Ltd and Norwich Regeneration Limited (renamed as Lion Homes (Norwich) Ltd in 2023).

The purpose and key figures to note for each of the key statements are described in the following sections of this narrative report.

Expenditure and Funding Analysis

The expenditure and funding analysis reconciles the figures given in the outturn position to those included in the Comprehensive Income and Expenditure Statement (CIES).

The CIES shows the accounting cost for the year of providing the Council's services. This is not the same as the outturn information. The accounting cost is determined in accordance with generally accepted accounting principles (contained within the code) whilst the budget, and the year-end outturn against the budget, must comply with other local government specific legislation.

The code requires that councils make a number of adjustments to the outturn position to determine the accounting costs and income shown in the statement of accounts. For example, large adjustments are made for the accounting treatment of fixed assets (depreciation) and pension costs. These costs, whilst shown in the CIES because they are required under accounting standards, are not included in the council's annual budget nor funded from council tax.

The inclusion of such costs in the CIES is to enable comparison of a council's statement of accounts with other organisations, both within the public and private sectors.

The expenditure funding analysis allows a link to be made between the year-end outturn against the budget to the financial position as set out in the financial statements.

Comprehensive Income and Expenditure Statement (CIES)

The CIES records all the council's income and expenditure for the year and has two parts:

- The first part reflects the accounting cost of providing the council's services with the results summarised at the surplus or deficit on the cost of services line. In the private sector this would be equivalent to the profit or loss of a company.

- The second part, showing other comprehensive income and expenditure, shows the gains or losses in the measurement of the council's assets and liabilities. These gains and loses arise because of changes in market valuations, interest rates or changes in measurement assumptions in relation to pension liabilities.

Movement in Reserves Statement (MIRS)

The MIRS shows the movement from the start of the year to the end on the different reserves held by the council. It shows how the movements are broken down between gains and losses incurred in accordance with the code and the statutory adjustments required to identify the amounts chargeable to the budget as required under local government legislation.

Reserves are important to local authorities as, unlike central government, they cannot borrow money over the medium-term, other than for investment in assets, and they are required to balance their budgets on an annual basis. They are therefore a vital part of prudent financial management and help reduce the financial risks identified earlier in this narrative report.

Reserves are analysed into two categories: usable and unusable.

Usable reserves

- Result from the council's activities
- Members are involved in deciding on the levels maintained and their use.

- Can be spent in the future.
- Include: general fund, HRA, earmarked reserves, capital receipts reserve, major repairs reserve, and capital grants unapplied

Unusable reserves

- Derive from accounting adjustments.
- Cannot be spent.
- Include: revaluation reserve and capital adjustment account

Balance Sheet

The balance sheet provides a snapshot of the council's position at a specific point in time; showing what it owns and owes as at 31 March 2023. It is very similar to other public sector or private sector balance sheets.

The Balance Sheet is always divided into two halves that should, as the name suggests, balance:

- Net Assets (the top half), and
- Reserves (the bottom half).

The council continues to maintain a strong balance sheet with net assets of £1,033.7m. With a current ratio (current assets/current liabilities) of 2.6:1, the Council is able to pay all its short-term liabilities with current assets and is holding cash and cash equivalents of £76.772m.

Cash flow statement

This shows the reason for changes in the council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

The statement also includes cash equivalents which are short-term investments that are readily convertible into cash and which are subject to only insignificant risks of changes in value.

Cash flows are related to the income and expenditure seen in the CIES but are not the same as them. The difference arises from the accruals concept, whereby income and expenditure are recognised in the CIES when the transactions occurred, and not when the cash was paid or received.

Housing revenue account (HRA)

This statement shows the income and expenditure incurred by the council as a provider of social housing under the Local Government & Housing Act 1989. It is a ring-fenced account, so it cannot subsidise or be subsided by other Council activities.

Collection Fund

The collection fund shows the total income received by the council from business rates and council tax and the redistribution of some of that money to Norfolk County Council, Norfolk Police Authority, and central government.

Business rates

In 2022/23, the Council repaid to the Collection Fund its share (£10.807m) of the historic deficit (£27.018m) and with these repayments, the Council's business rate position returned to a more pre-pandemic position.

In 2022/23, the Collection Fund ended in £12.339m surplus, of which the Council's share is £4.935m. Due to timing differences, the difference between this amount and the estimated £4.351m figure in the NNDR 1 statutory return, which forms part of the 2023/24 budget, will only be returned to the General Fund in 2024/25.

Our fellow preceptors are Central Government and Norfolk County Council.

The City Council also belongs to a pan-Norfolk pool, which shares out resources from growth and the Council's accrued share is £0.354m but it is possible that the final position is significantly different.

Council tax

In 2022/23, the end of year surplus for the Council Tax element of the Collection Fund is £1.210, of which the Council's share is £1.210m, of which the Council's share is £0.161m.

The Council's estimated share of the surplus, £0.028m, forms part of the 2023/24 budget. Similarly to business rates, the difference of £0.133m will return to the General Fund alongside any estimated surplus/deficit for 2023/24, as part of 2024/25 budget setting.

Our fellow preceptors are Norfolk County Council and Norfolk Constabulary.

Group financial statements

Group accounts need to be prepared where the council either controls or significantly influences a company. The group accounts report the full extent of the assets and liabilities of the group entities.

The council is presenting group accounts by consolidating the financial performance and position of Lion Homes (Norwich) Limited (previously Norwich Regeneration Ltd (NRL)) and Norwich City Services Limited (NCSL) into the overall group.

NRL was renamed Lion Homes (Norwich) Limited (LHL) in March 2023 and is a private limited company wholly owned by Norwich City Council. It was incorporated on 13 November 2015.

LHL's vision and over-arching objective is to deliver sustainable and balanced communities primarily in Norwich. Its aims are to:

- accelerate housing delivery in the city.
- catalyse regeneration opportunities.
- generate a return for the council's general fund.

Draft accounts for LHL have been prepared subject to audit by Aston Shaw before presentation to the company's Board of Directors for approval.

Norwich City Services Ltd (NCSL)

NCSL is a private limited company wholly owned by Norwich City Council. It was incorporated on 9 June 2020.

The council created NCSL to support its aspirations to transform the way some services are delivered to the city and its people and to have more flexibility and direct control over budgets and expenditure.

NSCL delivers environmental services and building repairs and maintenance services. Previously these services were provided through joint venture arrangements with the Norse Group. Norwich Norse Environmental Limited staff joined NCSL on 1 April 2021 and Norwich Norse Building Limited staff transferred on 1 April 2022.

Draft accounts for NCSL have been prepared subject to audit by Aston Shaw before presentation to the company's Board of Directors for approval.

Additional disclosures

The notes to the financial statements include important information and provide the context and detail for the figures in the primary financial statements.

Accounting Policies - These set out the accountancy rules the council has followed in preparing the financial statements. They are largely specified by International Financial Reporting Standards and CIPFA's Code of Practice. There have been no changes made to the accounting policies in the year.

Critical Judgements - Show the key areas where officers and third-party experts have made judgements about the application of accounting policies. The aim is to highlight key areas of the accounts where others may have made different judgements about the accounting treatment.

Independent auditor's report to the members of Norwich City Council

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Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Norwich City Council that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts;

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

The Chief Finance Officer has also:

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

Certificate of Chief Finance Officer

I certify that the Statement of Accounts presents a true and fair view of the financial position of Norwich City Council as at 31 March 2023 and its income and expenditure for the year then ended.

Signed: Date: 31 May 2023

NEVILLE MURTON

Neville Murton
Interim Chief Finance Officer (S.151)

Comprehensive Income and Expenditure Statement (CIES)

		2022/23			2021/22		
	Note	**Expenditure**	**Income**	**Net**	**Expenditure**	**Income**	**Net**
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Chief Executive		328	(56)	272	305	-	305
Community Services		20,940	(9,407)	11,533	21,147	(8,520)	12,627
Corporate & Commercial Services		56,874	(43,578)	13,296	59,742	(48,566)	11,176
Corporate Financing		8,051	(8,255)	(204)	190	(136)	54
Development & City Services		27,045	(15,759)	11,286	27,553	(15,329)	12,224
Housing Revenue Account *		50,031	(69,920)	(19,889)	38,404	(68,074)	(29,670)
Cost of Services		**163,269**	**(146,975)**	**16,294**	**147,341**	**(140,625)**	**6,716**
Other Operating Expenditure	11			(2,902)			(1,267)
Financing and Investment Income and Expenditure	12			(2,240)			(9,696)
Taxation and non-specific grant income and expenditure	13			(30,658)			(30,979)
(Surplus) or Deficit on Provision of Services				**(19,506)**			**(35,226)**
Surplus on revaluation of non-current assets.	14			(59,857)			(36,229)
(Surplus)/deficit from investments in equity instruments designated FVOCIE	18			(267)			(1,083)
Actuarial (gains)/losses on pension assets/liabilities	40			(114,710)			(56,914)
Other Comprehensive Income and Expenditure				**(174,834)**			**(94,226)**
Expenditure				**(194,340)**			**(129,452)**

*The amounts disclosed above relating to the Housing Account do not match those in the Housing Revenue Account Income and Expenditure Account as the figures above are before corporate recharges and those in the Housing Revenue Account Income and Expenditure Account are after these recharges.

Movement in Reserves Statement

	General Fund Balance £'000	Earmarked General Fund Balance Reserves £'000	Housing Revenue Account £'000	Earmarked H.R.A. Balance Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2022	**(10,349)**	**(29,849)**	**(51,561)**	**(848)**	**(64,156)**	**(7,503)**	**(4,333)**	**(168,599)**	**(670,793)**	**(839,392)**
Movement in reserves during 2022/23										
Surplus/ (deficit) on provision of services	(556)	-	(18,949)	-	-	-	-	**(19,505)**	-	**(19,505)**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	(174,833)	**(174,833)**
Total Comprehensive Income & Expenditure	**(556)**	**-**	**(18,949)**	**-**	**-**	**-**	**-**	**(19,505)**	**(174,833)**	**(194,338)**
Adjustments between accounting basis & funding basis under regulations (note 9)	15,768	-	22,455	-	(31,538)	(2,893)	84	**3,876**	(3,876)	**-**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**15,212**	**-**	**3,506**	**-**	**(31,538)**	**(2,893)**	**84**	**(15,629)**	**(178,709)**	**(194,338)**
Transfers to/from Earmarked Reserves (note 10)	(13,112)	12,963	1,927	(1,778)	-	-	-	**-**	-	**-**
Transfers between reserves	2,656	12,963	24,382	(1,778)	(31,538)	(2,893)	84	**3,876**	(3,876)	**-**
Other Adjustments	-	-	-	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in 2022/23	**2,100**	**12,963**	**5,433**	**(1,778)**	**(31,538)**	**(2,893)**	**84**	**(15,629)**	**(178,709)**	**(194,338)**
Balance at 31 March 2023 carried forward	**(8,249)**	**(16,886)**	**(46,128)**	**(2,626)**	**(95,694)**	**(10,396)**	**(4,249)**	**(184,228)**	**(849,502)**	**(1,033,730)**

	General Fund Balance £'000	Earmarked General Fund Balance Reserves £'000	Housing Revenue Account £'000	Earmarked H.R.A. Balance Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2021	**(9,890)**	**(34,805)**	**(43,370)**	**(2,187)**	**(55,726)**	**(10,020)**	**(4,274)**	**(160,272)**	**(549,672)**	**(709,944)**
<u>Movement in reserves during 2021/22</u>										
Surplus/ (deficit) on provision of services	(15,680)	-	(19,542)	-	-	-	-	**(35,222)**	-	**(35,222)**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	(94,226)	**(94,226)**
Total Comprehensive Income & Expenditure	**(15,680)**	**-**	**(19,542)**	**-**	**-**	**-**	**-**	**(35,222)**	**(94,226)**	**(129,448)**
Adjustments between accounting basis & funding basis under regulations (note 9)	20,237	-	12,630	-	(8,430)	2,517	(59)	**26,895**	(26,895)	**-**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**4,557**	**-**	**(6,912)**	**-**	**(8,430)**	**2,517**	**(59)**	**(8,327)**	**(121,121)**	**(129,448)**
Transfers to/from Earmarked Reserves (note 10)	(5,016)	4,956	(1,279)	1,339	-	-	-	**-**	-	**-**
Transfers between reserves	15,221	4,956	11,351	1,339	(8,430)	2,517	(59)	**26,895**	(26,895)	**-**
Other Adjustments	-	-	-	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in 2021/22	**(459)**	**4,956**	**(8,191)**	**1,339**	**(8,430)**	**2,517**	**(59)**	**(8,327)**	**(121,121)**	**(129,448)**
Balance at 31 March 2022 carried forward	**(10,349)**	**(29,849)**	**(51,561)**	**(848)**	**(64,156)**	**(7,503)**	**(4,333)**	**(168,599)**	**(670,793)**	**(839,392)**

Balance Sheet

	Notes	31 March 2023	31 March 2022
		£'000	£'000
Property, Plant & Equipment	14	1,069,758	995,837
Heritage Assets	15	25,783	25,596
Investment Properties	16	99,223	119,445
Intangible Assets	17	1,959	1,465
Long term Investments	18	7,382	7,115
Long Term Debtors	19	9,162	9,641
Long Term Assets		**1,213,267**	**1,159,099**
Short Term Investments	18	55,347	57,083
Assets Held for Sale	21	-	798
Short term Debtors	19	15,603	22,514
Inventories		27	27
Cash and Cash Equivalents	20	76,772	107,326
Current Assets		**147,749**	**187,748**
Short Term Borrowing	18	(5,099)	(52,034)
Short Term Creditors	22	(46,411)	(65,171)
Provisions	23	(707)	-
Capital Grants Receipts in Advance Short Term	34	(4,750)	(6,343)
Current Liabilities		**(56,967)**	**(123,548)**
Long Term Creditors	22	(514)	(2,210)
Long term Borrowing	18	(207,615)	(211,565)
Other Long Term Liabilities	40	(45,205)	(154,846)
Provisions	23	(2,233)	(2,560)
Capital Grants Receipts in Advance Long Term	34	(14,751)	(12,727)
Long Term Liabilities		**(270,318)**	**(383,908)**
Net Assets		**1,033,731**	**839,391**
Usable Reserves	24	(184,228)	(168,597)
Unusable Reserves	25	(849,503)	(670,794)
Total Reserves		**(1,033,731)**	**(839,391)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Signed: Date: 31 May 2023

NEVILLE MURTON

Neville Murton
Interim Chief Finance Officer (S.151)

Cash Flow Statement

	Note	2022-23 £'000	2021-22 £'000
Net surplus or (deficit) on provision of services		19,506	35,222
Adjustments to net surplus or deficit on provision of services for non-cash movements		32,919	14,590
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(49,582)	(22,957)
Net cash flows from Operating Activities	26	**2,843**	**26,855**
Investing Activities	27	17,735	(12,067)
Financing Activities	28	(51,133)	47,406
Net Increase or (decrease) in cash and cash equivalents		**(30,555)**	**62,194**
Cash and cash equivalents at 1 April		107,327	45,133
Cash and cash equivalents at 31 March	20	**76,772**	**107,327**

Notes to the Accounts

1. Accounting Policies

Going Concern

The concept of a going concern assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. Where this is not the case, particular care will be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or redundancies. An inability to apply the going concern concept can have a fundamental impact on the financial statements.

Accounts drawn up under the Code assume that a local authority's services will continue to operate for the foreseeable future. This assumption is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of Central Government). If an authority was in financial difficulty, the prospects are thus that alternative arrangements might be made by Central Government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015.These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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.

The Statement of Accounts has been prepared on a 'going concern' basis.

Accruals of Income & 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 in accordance with the terms and conditions of the contract.
- 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 services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Rental income from the Council's housing stock is accounted for on the basis of a full year, i.e. 365 or 366 days as appropriate.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet; the de Minimis for accruals is £5,000. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

Cash & 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 within 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.

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 & Estimates & 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.

The council prepared the cash flow statement using the indirect method in 2022/23. There are no changes to accounting policies in 2022/23.

Charges to Revenue for Non-Current Assets

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.
- revaluation and impairment gains, where they reverse losses previously charged to services
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, this provision known as the Minimum Revenue Provision (MRP), is equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance (England and Wales). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. No MRP is currently charged on HRA debt, as the debt acquired in relation to the HRA, as it is outside the scope of this regime.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that these benefits are charged to the General Fund in the financial year in which payment is made.

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 relevant service cost line in the CIES when the Council is demonstrably committed to the termination of 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 pension enhancement termination 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.

Post-Employment Benefits

The majority of the Council's employees are members of the Local Government Pensions Scheme, administered by Norfolk County Council. The Scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.
The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Norfolk pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond chosen by the Fund's Actuary.
- The assets of the Norfolk pension fund attributable to the Council are included in the Balance Sheet at their fair value:
    - quoted securities - current bid price
    - unquoted securities - professional estimate
    - unitised securities - current bid price
    - property - market value
- The change in the net pensions liability is analysed into the following components:
    - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CI&ES to the services for which the employees worked
    - past service cost -the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CI&ES as part of the cost of other Operating Expenses
    - net interest on the defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income 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 to the defined benefit liability at the beginning of the

period – taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- o remeasurements comprising:
  - the return on plan assets, excluding amounts included in net interest on the net defined liability, charged to the Pension Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains or losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- o 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 and Housing Revenue Account to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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 is 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 Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. Non-exchange transactions, such as those relating to taxes, benefits, and government grants, do not give rise to financial instruments.

They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and

Expenditure Statement for interest payable 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.

This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Liabilities include trade payables. It has been assessed that the carrying amount in the Balance Sheet is a proxy for the fair value of those liabilities.

Financial Assets

There are three main classes of financial assets measured 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 (FVOCIE) – 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.

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 authority has a portfolio of a significant number of Decent Homes Loans and Home Improvement Loans to local residents. It does not have reasonable and supportable information that is available without undue cost or 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.

Financial Assets Measured at Fair Value through Other Comprehensive Income

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.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expense Statement or in the notes to the account.

Government Grants & Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and 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 reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

Part of the CIL income is retained to offset the cost of administration and is accounted for as income in the Comprehensive Income and Expenditure Statement. The rest is intended for use to finance capital and is treated as capital contributions. As it is received without conditions it is recognised immediately as capital grants and contributions income and is then transferred to the Capital Grants Unapplied Reserve. A small proportion of the monies may be used to fund revenue expenditure.

The income from CIL is accounted for on an accruals basis and recognised immediately in the CI&ES at the commencement date of the chargeable development. Surcharges and interest received in accordance with the CIL regulations will be accounted for as if they were CIL receipts.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued on a five year rolling programme according to market conditions with the exception of properties with a brought forward value in excess of £500,000 as these are valued every year. Based on consultation with the valuer, any other assets which may have significant volatility in fair value are also included in the assessment. Carrying values are reviewed annually to ascertain if materially different from market values for those assets not valued in year.

Revaluation gains and losses are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via 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 is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement on a straight-line basis.

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) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and that authority will be able to generate future economic benefits or deliver service potential by being able to use the asset. Costs relating to the development of computer software for internal use are capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred in the development phase. When the software is available for its intended use, these costs are amortised in equal annual amounts over the estimated useful life of the software.

Amounts capitalised include the total cost of any external products or services and labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved. The useful life is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. For computer software licences, the useful life represents management's view of the expected period over which the Council will receive benefits from the software.

Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is written down over its useful life, to the appropriate line in the Comprehensive Income and Expenditure Statement. No intangible assets are recorded with indefinite lives. An asset is tested for impairment whenever there is an indication that the asset might be impaired, and any losses are posted to the appropriate line in the Income and Expenditure Statement.

The calculated amounts for amortisation and impairment are charged to the Cost of Services in the Comprehensive
Income and Expenditure Account, but they are not proper charges against the General Fund. A transfer is therefore made from the Capital Adjustment Account to the General Fund to reverse the impact.

Interest in Companies and Other Entities

Local authorities are required to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. In order to assess whether the

Council has interests relevant to group accounts, consideration has been given to involvement with companies, partnerships, voluntary organisations, and other public bodies to determine whether

- the Council has a formal interest in a body which gives it access to economic benefits or service potential and that the body is an identifiable entity carrying on a trade or business of its own.
- the interest constitutes control over the majority of equity capital or voting rights or over rights to appoint the majority of the governing body or the interest involves it exercising, or having the right to exercise, dominant influence over the entity, such that the entity is classified as a subsidiary of the Council.
- If the authority does not have control, whether its interest involves it being able to exercise a significant influence over the entity without support from other participants, such that the entity is classified as an associate of the authority.
- If the authority does not have control, whether its interest allows it to direct the operating and financial policies in conjunction and with the consent of the other participants in the entity, such that the entity is classified as a joint venture for the authority.

Consideration has been given to the relationship with all potential entities and the following disclosures have been made:

Interests in other entities as shown in a note to the Core Financial Statements

The relationship with the body disclosed is not material and therefore there is no entity where the Council's interest is such that it would give rise to the requirement to prepare group accounts.

The position is reviewed and updated on an annual basis.

The Council has gone through a process in line with the Code guidance flowcharts and concluded Group Accounts are required in 2022/23. Further detail on the Group boundary judgement is included in the relevant notes and the Group Financial statements.

Leases

The Council as Lessee

Finance Leases

Leases are classified as finance leases where the terms of the agreement transfer substantially all the risks and rewards of ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, present value of the minimum lease payments in relation to the asset's fair value and whether the Council obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the land and building elements are considered separately for classification.

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.

Property, Plant and Equipment recognised under finance leases is 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 interest element of finance leases is charged to Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement. The amount of the finance lease payment to write down the liability is included within the Minimum Revenue Provision in line with statutory guidance.

Operating Leases

All other leases are treated as 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 leased 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 and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

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 recognised in the Comprehensive Income and Expenditure Statement 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).

Overheads & Support Services

The Code of Practice on Local Authority Accounting in the United Kingdom introduced the requirement for local authorities to report their service segments based on the way in which they operate and manage services, thereby allowing the reporting on the face of the Comprehensive Income and Expenditure Statement to align with how a local authority reports its performance internally to its management.

Corporate overhead allocations are made at the year-end and shared between users in proportion to the benefits received. However, during the year the authority reports to budget holders and members the financial performance without the impact of the corporate recharges. In deference to the intentions of CIPFA's review, the accounts have been reported without support cost recharges, showing support and overhead costs within their respective portfolio lines.

Fair Value Measurement

The council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. The Council also discloses fair values for financial assets and liabilities categorised as loans and receivables. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the year end. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the council's financial statements are categorised within the fair value hierarchy, as follows:

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

Property Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

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

The de minimis level for accounting for expenditure as capital is £5,000.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as 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 (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for 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 an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Componentisation

The 2022/23 CIPFA Code of Practice on Local Authority Accounting states that each part of an item of Property, Plant and Equipment (PP&E) with a cost that is significant in relation to the total cost of the item shall be depreciated separately, applied from 1 April 2010 onwards. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In adopting the Code, the Authority has developed the following Componentisation Policy using the approach set out in LAAP bulletin 86:

- Assets within PP&E, excluding Council dwellings with a carrying value of £1m and below, will be disregarded for componentisation as the impact upon the reported cost of service is not considered material.
- Assets, excluding Council dwellings that are above the £1m de-minimis threshold will be componentised where the cost of the component:
  i) Is significant in relation to the overall total cost of the asset and
  ii) Has a different useful life and/or method of depreciation to the main asset.

This policy excludes land assets which are already identified separately.

Council dwellings are not individually componentised. The valuation of dwellings is based on a beacon approach using the assumption that the beacon property is fully upgraded. Each property in that beacon has a reduction in value, as a percentage, for each component that is not upgraded.

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 an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Dwellings – from 1st April 2012 depreciation is calculated based on the useful life of the individual components of the dwelling (30-60 years) depending on the beacon group
- Other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (30-100 years)
- Vehicles – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (25% carrying amount)
- Infrastructure – straight-line allocation of between 25-40 years.
- Plant, furniture & equipment – straight line allocation over the useful life of asset (3-25 years)

Where an item of Property, Plant and Equipment assets 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.

Disposals & Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services.

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, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, 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.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve; this residual amount can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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.

Provisions, Contingent Liabilities and Contingent Assets

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 CI&ES in the year that the Council becomes aware of the obligation. Subsequently, they 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), this 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.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. 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. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The Council maintains two groups of reserves, usable and unusable.
Usable reserves comprise the following:

- Capital Receipts Reserve: proceeds from the sales of non-current assets are initially credited to the CI&ES, but legally can only be used to finance capital expenditure, and so are transferred to the Capital Receipts Reserve and afterwards used for this specific purpose.

- Capital Grants Unapplied: the Council receives grants and contributions towards capital expenditure, and, where repayment conditions are not present or no longer apply, they are credited to the CI&ES and immediately transferred into the Capital Grants Unapplied Reserve until required to finance capital investment.

- Earmarked Reserves: the Council may set aside earmarked reserves to cover specific projects or contingencies. These are transferred from the General Fund, and amounts are withdrawn as required to finance such expenditure. The expenditure itself is charged to the appropriate line in the Comprehensive Income and Expenditure Statement. There are no legal restrictions on the use of earmarked reserves, and unspent balances can be taken back to the General Fund in the same way.

- General Fund: this represents all other usable reserves for the general fund, without legal restrictions on spending, which arise from annual surpluses or deficits.

- Housing Revenue Account (HRA): This is a statutory reserve for the HRA.

- HRA Earmarked Reserves: this represents reserves from the HRA which arise from annual surpluses or deficits.

- Major Repairs Reserve: This is a statutory reserve which can only be used to fund new capital investment in HRA assets or the financing of historical capital expenditure by the HRA.

Unusable Reserves consist of those which cannot be used to finance capital or revenue expenditure:

- Revaluation Reserve: this consists of accumulated gains on individual items of Property, Plant and Equipment. The Reserve contains only gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date were consolidated into the balance on the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are:
  - revalued downwards or impaired and the gains are lost.
  - used in the provision of services and the gains are consumed through depreciation, or
  - disposed of and the gains are realised.

- Capital Adjustment Account: Receives credits when capital is financed from the General Fund or from the Capital Receipts and Capital Grants Unapplied reserves, and receives debits to offset depreciation and other charges relating to capital which are not chargeable against the General Fund. The account contains revaluation gains accumulated on non-current assets before 1 April 2007, the date on which the Revaluation Reserve was created to hold such gains.

- Deferred Capital Receipts: in some cases (particularly former housing stock disposed of, where the purchaser financed the transaction through a mortgage from the Council) an asset is disposed of, but the income cannot be collected immediately. The Council maintains records for a long-term debtor, offset by a balance in the Deferred Capital Receipts Account. When the income is received the debtor is written down and a transfer is made between this account and the Capital Receipts Reserve.

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

- Collection Fund Adjustment Account: this represents the differences arising from the recognition of Council Tax income and Non-Domestic Rates in the Comprehensive Income and Expenditure Statement as they fall due from payers, compared with the statutory arrangements for paying across amounts from the Collection Fund to the General Fund.

- Accumulated Absences Reserve: this contains the difference between the statutory and accounting liability for the cost of accumulated absences: the cost is properly chargeable to the Comprehensive Income and Expenditure Statement, but not to the General Fund.

- Financial Instruments adjustment account: this absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

- Financial Instrument Revaluation Reserve: this contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:
    - revalued downwards or impaired and the gains are lost.
    - disposed of and the gains are realised.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement 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.

VAT

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

The Collection Fund

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates. The Council, as a billing authority, is statutorily required to maintain a separate agency Collection Fund account, into which 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. The Collection Fund account is accounted for separately from the General Fund.

The Council collects income from payers of Council Tax and Non-Domestic Ratepayers, but only part of the income relates to this Council, the balance being collected on behalf of other major precepting authorities, including the Government. The amounts of debtors, adjustments for doubtful debts, overpayment creditors and receipts in advance that relate to the precepting authorities are shown as a single net debtor or creditor in the balance sheet. The element of the Collection Fund due to preceptors is held as part of the Short Term Creditors balance. Annual changes in the amounts held for preceptors are shown as part of financing activities in the Cash Flow Statement.

The amounts legally credited to the General Fund are those estimated before the start of the financial year, including distributions of estimated surplus, or contributions towards estimated deficits. In accounting terms, however, the Council's share of the collectable debit (including adjustments to allowances for doubtful debts and appeals) are credited to the Comprehensive Income and Expenditure Statement. The difference between the cumulative amounts for statutory and accounting purposes forms the Collection Fund Adjustment Account (an unusable reserve) and the annual adjustment forms part of the accounting and financing adjustments.

The cash flow statement only includes in revenue activities cash flows relating to its own share of council tax and business rates income collected. The difference between the government and the preceptors' share of the net cash collected and the net cash paid to them is included as a net movement in other liquid resources.

There are a number of Business Rates reliefs available to rate payers which are mandatory, the government funds these reliefs in full (except for Small Business Rate relief which it funds in part) via s31 grant to each authority. The s31 grant included in the CIES for the year that which is equal to the NNDR3 outturn. Any excess of this amount compared to the estimated NNDR1 figure is transferred to a s31 earmarked reserve and distributed in subsequent years against any deficit amounts.

Under the Business Rate Retention Scheme the government has calculated the Funding Baseline which each authority needs to fund its business as well as a Business Rate Baseline which relates to the collectable NNDR, the difference between the two will either result in an individual authority paying a tariff to, or receiving top-up from the government. In a two tier authority the County Council will be in a top-up position and the billing authority in a tariff position. The tariff or top-up is reflected in the authority's individual CIES i.e. does not go through the Collection Fund.

The authority is required to calculate whether it is in a levy or safety net position at year end. If the authority's income from NNDR and the s31 grant less the tariff paid is greater than the funding baseline then a levy is payable according to the levy formula, the percentage of levy is capped at 50%. If the authority's income from NNDR and the s31 grant less the tariff paid is less than 92.5% of the funding baseline then the authority is entitled to a safety net payment. Any levy/ safety net amounts are accrued and included in the CIES and in creditors/debtors as appropriate in the Balance Sheet.

2. Accounting Standards that have been issued but have not been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of the 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 and will be introduced by the 2023/24 and 2024/25 Codes of Practice of Local Authority Accounting in the United Kingdom:

- IFRS16 Leases (but only for those local authorities that have decided to adopt IFRS16 in the 2022/23 year). This is due to be implemented for the 2024/25 financial year for the Council but NCSL has already adopted this (2021/22).

  This will lead to an increase in assets and liabilities on the balance sheet as operational leases under the old standard are treated as finance leases.

- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards: IFRS1; IFRS 9; IFRS16 and IAS41.

- Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16).

The Council does not anticipate that the above amendments will have a material impact on the information provided in the financial statements.

3. Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future 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.
- Note 18 Financial Instruments details the authority's Investment Strategy and approach to managing risk. None of the authority's investments are impaired.
- The Council has undertaken an analysis to classify the leases it holds, both as a lessee and lessor, as either operating or finance leases. The accounting policy for leases has been applied to these arrangements and assets are recognised or derecognised (as appropriate) as Property, Plant and Equipment in the Council's Balance Sheet.
- The Council has reviewed all property assets in accordance with the policy for Investment Properties and classified as appropriate.
- The Council has reviewed all property assets in accordance with the policy for Assets Held for Sale and reclassified as appropriate; and
- Insurance fund levels are maintained on advice from the council's insurance manager.

The preparation of financial statements also requires management to exercise judgement in applying the council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant are disclosed below:

Property, Plant and Equipment

In determining the useful economic life of property, plant and equipment, judgement needs to be exercised in estimating the length of time that assets will be operational. Judgements are also required regarding the classification of specialist/non-specialist assets and in determining residual values.

Valuers also make a range of judgements when determining the values of assets held at fair value.

The significant assumptions applied in estimating the fair values are:

- For income producing properties, the Valuers adopted an investment approach where they applied a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice, they construct their valuations adopting hardcore methodology where the reversions are generated from regular short-term uplifts of market rent. They would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

- The assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in "the Red Book". Where circumstances dictate that it is necessary to utilise a different rental value in the capital valuation, the valuers will generally set out the reasons for this in their report.

- Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable; and

- Owner-occupied properties are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

Investment Properties

IAS 40 *Investment properties* ("IAS 40") requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals. To comply with IAS 40, judgement needs to be exercised in determining whether these properties should be classified as investment properties in accordance with IAS 40. As investment properties are valued at fair value with movements in the fair value being recorded in the income statement this could have a significant effect on the reported surplus or deficit of the Council.

Post Retirement Benefits

Pension's liability – the 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. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The assumptions made and sensitivity analyses are provided in note 40.

Group Boundaries

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

The group boundaries have been estimated using criteria associated with the Code of Practice and the following relationships determined:

Lion Homes (Norwich) Limited (previously Norwich Regeneration Limited (NRL))	Subsidiary	Consolidated
Norwich City Services Limited (NCSL)	Subsidiary	Consolidated
Three Score Open Space Management Limited	Subsidiary	Not Material
Norwich City New Co Ltd	Subsidiary	Not Material

NPS Norwich Ltd (NPSN)	Associate
Norwich Norse (Environmental) Limited (NNEL)	Associate
Norwich Norse (Building) Limited (NNBL)	Associate

Due to the material levels of transactions going through Lion Homes (Norwich) Limited (LHL) and Norwich City Services Limited (NCSL) in 2022/23, consolidated group accounts have been prepared. As subsidiaries the accounts of both LHL and NCSL have been consolidated with those of the Council on a line-by-line basis, and any balances and transactions between parties have been eliminated in full.

4. Assumptions made about future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The other key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Business Rates	Since the introduction of the Business Rates retention Scheme in April 2013, Local Authorities are liable for successful appeals against business rates charged to business in 2022-23 and earlier financial years in their proportionate share. As at the 31 March 2023, 6 appeals remain outstanding relating to the 2010 rating list. A provision has been recognised for the best estimate of the amount that businesses have been overcharged for the period totalling £0.335M. Following the 2017 revaluation, a new check, challenge and appeal process was introduced by the Valuation Office Agency; the impact of which remains highly uncertain. As at the 31st March 2023, 41 challenges are outstanding. A provision has been made for the estimated success of future appeals from the 2017 list of £4.0m which equates to 5.8% of annual net rates payable.	Should the outstanding appeals be successful, the amount owed to businesses may be more than estimated, in which case the proportionate share of this would require an increase to the provision. However there may be appeals that are not successful or they may be successful but the amount owed to businesses be less than estimated, which would result in a reduction in the appeals provision. A 1% increase in the coverage of net rates for the 2017 list would increase the provision by £0.7m.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Property, Plant and Equipment (excluding Housing Stock) £182.2m	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for assets would increase by £0.426m for every year that useful lives had to be reduced.
Property, Plant and Equipment (excluding Housing Stock) £182.5m	Apart from infrastructure, community and assets under construction, the basis of value for all assets is Current Value. Current value may be either the Existing Use Value, Depreciated replacement Cost or Fair Value depending on the property type and classification. Of the balance £32.933m (18%) of assets are held at depreciated replacement cost (DRC). This method is used where there is no established property market which would enable a reliable valuation by any other method.	Property values are affected by a number of factors and a 1% change in the assumed valuation of other land and buildings and surplus assets totalling £147.5m would equate to £1.48m.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Liability £45.1m	Estimation of the net liability to pay pensions depends on a number of complex judgments 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 2021-22 IAS19 schedule has been revised for the outcome of the 2022 Valuation and the closing asset and liabilities included in the starting point for the 2022-23 IAS19 schedule. The actuaries allowed for the impact of full GMP indexation in the latest funding valuation results. The Employer's valuation results position is used as the starting point for the accounting roll forward calculations and therefore an allowance for full GMP indexation was included within the closing balance sheet position of last year's Accounting Date. Other recent court cases have been considered but no further adjustments made this year for their impact. At the accounting date.	The sensitivities resulting in an impact on the Council's finances are disclosed in Note 40.
Arrears	At 31 March 2023, the Council had a balance of sundry debtors of £6.3m. A review of significant balances suggested that an impairment of doubtful debts ranging from 10% to 100% was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, an increase in the amount of the impairment for doubtful debt would be required.
Housing Stock £887.6m	The housing stock is not individually componentised, for valuation purposes a beacon approach is used with the assumption that the beacon property is fully upgraded. Each property in that beacon is then reduced by percentages for each component that is not upgraded.	The percentages used to reduce the value may not reflect the true depreciated value of the individual components. The valuation of housing stock may be under or overstated Property values are affected by a number of factors - a 1% change in the assumed valuation would equate to £8.876m.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Housing Stock £887.6m	The housing stock is not individually componentised, for depreciation purposes council dwellings have their individual components identified as to date of upgrade and using the asset life as advised by the council's valuers, the depreciation associated with each properties components is calculated.	The use of standard lives to calculate components and assumption of full depreciation on components not upgraded may not be valid. The depreciation of council dwellings may be under or overstated The depreciation charge is £16m. It is estimated that the annual depreciation charge for assets would increase by £0.384m for every year that useful lives had to be reduced.
Fair value measurement of investment property	The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available. Further information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in Note 16.	The total value of investment properties £99.223m. Of this £84.370m (85%) is a Level 2 valuation and £14.853m (15%) Level 3 valuation Level 3 valuations use significant unobservable inputs to determine the fair value measurements. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for investment properties and financial assets A 1% change in the assumed valuation of investment property would equate to £0.99m

5. Material Items of Income and Expense

During 2022/23 LHL did not repay any of its loans or equity (2021/22: £6.15m and £0.45m), with no new loans being made (2021/22: no new loans made), leaving a net loan balance of £2.9m after provision for a £3.25m impairment.

During 2022/23 no new loans were made by the Council to NCSL (2021/22: £1.80m). No additional equity was purchased in NCSL by the Council (2021/22: no equity purchased).

6. Events after the Reporting Date

The statement of accounts were authorised for issue by the Interim Chief Finance Officer (S.151) on 31 May 2023. 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 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Expenditure and Funding Analysis

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Earmarked Reserve Movements £'000	Net Expenditure in the CIES £'000
Chief Executive	342	(70)	0	272
Community Services	14,518	(2,985)	0	11,533
Corporate & Commercial Services	15,477	(2,181)	0	13,296
Corporate Financing	25,087	(689)	(13,112)	11,286
Development & City Services	(11,303)	11,098	0	(205)
Housing Revenue Account	(28,364)	6,549	1,927	(19,888)
Net Cost of Services	**15,757**	**11,722**	**(11,185)**	**16,294**
Other income & expenditure	(3,009)	107	0	(2,902)
Financing and Investment Income	(6,463)	4,225	0	(2,238)
Taxation and non-specific grant income	(52,829)	22,169	0	(30,660)
(Surplus) or deficit	**(46,544)**	**38,223**	**(11,185)**	**(19,506)**
Opening General Fund and HRA balance at 31 March 2022	(61,910)			
Net (Surplus) / Deficit on General Fund and HRA balance in year	(19,506)			
Transfer between reserves	27,039			
Closing General Fund and HRA balance at 31 March 2023	**(54,377)**			

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2022	**(10,349)**	**(51,561)**	**(61,910)**
Net (Surplus)/Deficit on General Fund and HRA balance in year	(556)	(18,950)	(19,506)
Transfer between reserves	2,657	24,382	27,039
In year movement in reserves	**2,101**	**5,432**	**7,533**
Closing General Fund and HRA balance at 31 March 2023	**(8,248)**	**(46,129)**	**(54,377)**

	Adjustments for capital purposes £'000	Net Changes for Pension adjustments £'000	Other Difference £'000	Total Adjustments £'000
Chief Executive	-	(72)	2	**(70)**
Community Services	-	(2,921)	(64)	**(2,985)**
Corporate & Commercial Services	(274)	(1,840)	(66)	**(2,180)**
Corporate Financing	2,034	(2,724)	1	**(689)**
Development & City Services	11,213	-	(115)	**11,098**
Housing Revenue Account	8,359	(1,763)	(47)	**6,549**
Net Cost of Services	**21,332**	**(9,320)**	**(289)**	**11,723**
Other income & expenditure	107	-	-	**107**
Financing and Investment Income	-	4,259	(34)	**4,225**
Taxation and non-specific grant income	7,674	-	14,494	**22,168**
(Surplus) or deficit	**29,113**	**(5,061)**	**14,171**	**38,223**

Expenditure Funding Analysis 2021/22

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Earmarked Reserve Movements £'000	Net Expenditure in the CIES £'000
Chief Executive	331	16	(42)	305
Community Services	11,752	2,616	(1,741)	12,627
Corporate & Commercial Services	9,314	3,403	(1,541)	11,176
Corporate Financing	1,865	(1,804)	(7)	54
Development & City Services	10,059	3,850	(1,685)	12,224
Housing Revenue Account	(17,945)	(10,446)	(1,279)	(29,670)
Net Cost of Services	**15,376**	**(2,365)**	**(6,295)**	**6,716**
Other income & expenditure	15	(1,282)		(1,267)
Financing and Investment Income	1,854	(11,550)		(9,696)
Taxation and non-specific grant income	(13,419)	(17,560)		(30,979)
(Surplus) or deficit	**3,826**	**(32,757)**	**(6,295)**	**(35,226)**
Opening General Fund and HRA balance at 31 March 2021	(53,260)			
Net (Surplus) / Deficit on General Fund and HRA balance in year	(35,222)			
Transfer between reserves	26,572			
Closing General Fund and HRA balance at 31 March 2022	**(61,910)**			

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2021	**(9,890)**	**(43,370)**	**(53,260)**
Net (Surplus) / Deficit on General Fund and HRA balance in year	(15,680)	(19,542)	(35,222)
Transfer between reserves	15,221	11,351	26,572
In year movement in reserves	**(459)**	**(8,191)**	**(8,650)**
Closing General Fund and HRA balance at 31 March 2022	**(10,349)**	**(51,561)**	**(61,910)**

	Adjustments for capital purposes £'000	Net Changes for Pension adjustments £'000	Other Difference £'000	Total Adjustments £'000
Chief Executive	-	12	4	**16**
Community Services	2,153	473	(10)	**2,616**
Corporate & Commercial Services	3,124	338	(59)	**3,403**
Corporate Financing	(1,757)	(57)	10	**(1,804)**
Development & City Services	3,561	375	(86)	**3,850**
Housing Revenue Account	(10,723)	313	(36)	**(10,446)**
Net Cost of Services	**(3,642)**	**1,454**	**(177)**	**(2,365)**
Other income & expenditure	(1,282)	-	-	**(1,282)**
Financing and Investment Income	(15,681)	4,131	-	**(11,550)**
Taxation and non-specific grant income	(9,454)	-	(8,106)	**(17,560)**
(Surplus) or deficit	**(30,059)**	**5,585**	**(8,283)**	**(32,757)**

8. Income and Expenditure by Nature

	2022/23	2021/22
	Surplus / Deficit on the Provision of Services	Surplus / Deficit on the Provision of Services
	£'000	£'000
Employee benefits expenses	44,943	38,749
Other service expenses	73,588	63,098
Interest payments	10,936	10,532
Depreciation, amortisation, impairment etc.	3,981	(6,996)
Payments to Housing Capital Receipts Pool	0	1,097
Housing Benefit Expenditure	42,682	43,691
Non-Domestic rates tariff	26,826	26,798
Total Expenditure	**202,956**	**176,969**
Fees, charges and other service income	(99,190)	(95,948)
Interest and investment income	(6,288)	(2,790)
Council Tax and Non-Domestic Rate income	(38,502)	(31,581)
Grants and Contributions	(34,819)	(37,088)
Housing Benefit contributions and allowances	(39,778)	(41,163)
Gains on the disposal of assets	(3,885)	(3,621)
Total income	**(222,462)**	**(212,191)**
Net Cost of Services	**(19,506)**	**(35,222)**

Income received on a segmental basis is analysed below:

	2022/23	2021/22
	£'000	£'000
Revenue from External customers	(99,190)	(95,948)
Other Income	(123,272)	(116,243)
Total Income	**(222,462)**	**(212,191)**

9. Adjustments between Accounting Basis and Funding Basis under regulations

2022/23	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non-current assets	(3,901)	(21,721)	-	-	-	**(25,622)**	**25,622**
Revaluation gains / (Losses) on Property, Plant and Equipment	458	16,209	-	-	-	**16,667**	**(16,667)**
Movement in Market Value of Investment Properties	5,062	-	-	-	-	**5,062**	**(5,062)**
Capital Grants and Contributions Applied	6,201	1,973	-	-	-	**8,174**	**(8,174)**
Revenue expenditure funded from capital under statute	(5,811)	(311)	-	-	-	**(6,122)**	**6,122**
Amounts of non-current assets written off on disposal or sale as part of a gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(26,130)	(9,802)	-	-	-	**(35,932)**	**35,932**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	1,208	121	-	-	-	**1,329**	**(1,329)**
Capital expenditure charged against the General Fund and HRA balances	826	7,494	-	-	-	**8,320**	**(8,320)**
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,473	483	-	-	(1,956)	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	2,040	**2,040**	**(2,040)**
Adjustments involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	26,441	12,764	(39,205)	-	-	**-**	**-**
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	7,063	-	-	**7,063**	**(7,063)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(451)	(192)	642	-	-	**(1)**	**1**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	-	-	-	-	-	**-**	**-**
Transfers from Deferred Capital Receipts reserve	-	-	(38)	-	-	**(38)**	**38**

Continued below

2022/23 (continued)	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	247	-	-	-	-	**247**	**(247)**
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	-	-	-	**-**	**-**
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	16,472	-	(16,472)	-	**-**	**-**
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	13,579	-	**13,579**	**(13,579)**
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(34)	-	-	-	-	**(34)**	**34**
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(12,033)	(2,844)	-	-	-	**(14,877)**	**14,877**
Employer's pension contributions and direct payments to pensioners payable in the year	7,959	1,856	-	-	-	**9,815**	**(9,815)**
Adjustments involving the Collection Fund Adjustment Account							
Amount by which Council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	14,494	-	-	-	-	**14,494**	**(14,494)**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	(241)	(47)	-	-	-	**(288)**	**288**
Total Adjustments	**15,768**	**22,455**	**(31,538)**	**(2,893)**	**84**	**3,876**	**(3,876)**

2021/22 comparative figures	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non-current assets	(4,171)	(21,244)	-	-	-	**(25,415)**	**25,415**
Revaluation gains / (Losses) on Property, Plant and Equipment	-	-	-	-	-	**16,327**	**(16,327)**
Movement in Market Value of Investment Properties	(686)	17,013	-	-	-	**15,696**	**(15,696)**
Capital Grants and Contributions Applied	15,696	-	-	-	-	**6,969**	**(6,969)**
Movement in Donated Assets Account	6,969	-	-	-	-	**-**	**-**
Revenue expenditure funded from capital under statute	-	-	-	-	-	**(5,688)**	**5,688**
Amounts of non-current assets written off on disposal or sale as part of a gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,076)	(1,612)	-	-	-	**(18,085)**	**18,085**
HRA Self Financing Debt	(7,065)	(11,020)	-	-	-	**-**	**-**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	1,761	114	-	-	-	**1,875**	**(1,875)**
Capital expenditure charged against the General Fund and HRA balances	-	1,106	-	-	-	**1,106**	**(1,106)**
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,904	736	-	-	(2,640)	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	2,581	**2,581**	**(2,581)**
Adjustments involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,178	13,345	(20,523)	-	-	**-**	**-**
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	10,806	-	-	**10,806**	**(10,806)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(5)	(219)	224	-	-	**-**	**-**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	(1,097)	-	1,097	-	-	**-**	**-**

Continued below

2021/22 comparative figures (continued)	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(34)	-	-	**(34)**	**34**
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	15,541	-	(15,541)	-	**-**	**-**
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	18,058	-	**18,058**	**(18,058)**
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(14)	-	-	-	-	**(14)**	**14**
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(11,474)	(2,990)	-	-	-	**(14,464)**	**14,464**
Employer's pension contributions and direct payments to pensioners payable in the year	7,056	1,824	-	-	-	**8,880**	**(8,880)**
Adjustments involving the Collection Fund Adjustment Account							
Amount by which Council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	8,106	-	-	-	-	**8,106**	**(8,106)**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	155	36	-	-	-	**191**	**(191)**
Total Adjustments	**20,237**	**12,630**	**(8,430)**	**2,517**	**(59)**	**26,895**	**(26,895)**

10. Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure the year. The following sets out a description of the reserves.

Insurance Reserve

The Insurance Reserve was established to cover the excesses carried in respect of claims under various insurance policies, particularly public and employers' liability, subject to periodic review of the appropriate level at which any 'stop-loss' arrangements apply. It will also be used to mitigate risk associated with premium cost increases.

An evaluation of the balance on the Insurance Reserve has been undertaken. The amount set aside to cover the uninsured risks at 31 March 2023 is based on the assessed liability and has been apportioned between the General Fund and HRA. Included within this balance is an amount to cover potential liabilities following the trigger of the Municipal Mutual Insurance Limited (MMI) Scheme of Arrangement.

S31 Earmarked Reserve

Central government compensates local authorities for changes to business rates reliefs. This compensation is made outside of the rate retention scheme by means of a Section 31 (S31) grant directly to the general fund. The S31 Earmarked Reserve holds the historical unused balance of the S31 grant monies received in 2022/23 and earlier years. These monies will be transferred to the General Fund Reserves in future years to mitigate the delayed impact of deficits on the NNDR Collection Fund as properly accounted for under regulation.

Similar transfers in and out of the reserve will take place each year whilst the S31 grant is received.

Mousehold Conservators Reserve

Mousehold Heath is a unique 88-hectare area made up of heathland, woodland and recreational open space located in the north of Norwich. Norwich City Council owns the land, supports the Conservators and delivers services on their behalf. The reserve holds funding for future costs of maintaining the area.

General Fund & HRA Invest to Save Reserves

The Invest to Save Reserves for both the General Fund and Housing Revenue Account were set up to support the delivery of savings and efficiencies through the Transformation Programme. The reserve is expected to be utilised to support the implementation of a new operating model and IT investment over the next 2-3 years.

Revenue Grants Unapplied Reserves

This reserve is the balance of revenue grant income received that has no conditions applied to it, but where the grant has yet to be applied and there are restrictions as to how the monies are to be applied. This ensures that amounts are set aside from the General Fund and the Housing Revenue Account balances to provide financing to meet the requirements of the grant. The amounts set aside will be transferred back to meet General Fund and Housing Revenue Account expenditure in future years, the transfer being accounted for in the Movement in Reserves Statement within the transfers to/or from Earmarked reserves line.

Commercial Property Reserve

The Council has a significant and increasing investment property portfolio. The Commercial Property Reserve has been created using a proportion of the net income generated from the investment properties during the year and will be used to provide funding for any future void and rent free periods as well as any repairs/upgrades required to the property. The reserve will help to safeguard the future value of the investment properties and the rental income stream, thereby minimising the risk of holding these assets and of fluctuations in the income return. It is planned that the reserve will continue to be built up as the investment portfolio grows.

Lion Homes (Norwich) Limited (LHL) Reserve (previously Norwich Regeneration Ltd Reserve)

The Council has a commercial loan of £6.15m (2021/22 £6.15m) with its wholly-owned subsidiary Lion Homes (Norwich) Limited (LHL). The company is using the loan to finance its house building at the Three Score site and the Council receives an income stream through the loan interest payments.

An earmarked reserve has been set up to smooth any fluctuations in net income received by the Council from the lending to (LHL). It will also provide a buffer in case the company is unable to repay the loan balance in full and the council is then required to make minimum revenue provision payments.

Elections Reserve

This is to provide future funding for council election costs which vary each year according to the differing local and national elections cycles.

General Fund Repairs Reserve

This is to provide future funding for required maintenance on general fund properties, the costs of which can vary each year according to the differing repairs requirements.

Budget Risk Reserve

This reserve will be used to manage the financial risks associated with both the future impacts of the pandemic and the delivery of the 2023/24 budget savings identified.

Business Change Reserve

This reserve will be used to fund costs linked to the change programme which are not delivering specific savings, for example project management and benchmarking. It will also support training and development of our workforce to ensure we have the skills required to deliver the ambitions of the Council.

Business Rates Pool Reserve

The council used £0.565m from the Norfolk Business Rates Pool to fund the refurbishment of the recently purchased Carrow House site.

HRA Tenancy & Estate Management System

Reserve to support the project to replace the IT system for housing rents.

	Balance at 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 31 March 2023 £'000
Earmarked Reserves							
Insurance Reserve	(1,081)	90	(142)	(1,133)	932	(110)	**(311)**
Mousehold Conservators Reserve	(30)	0	(7)	(37)	6	(10)	**(41)**
Revenue Grants Unapplied Reserve GF	(3,491)	624	(1,610)	(4,477)	1,538	(922)	**(3,861)**
S31 Earmarked Reserve	(19,317)	7,672	0	(11,645)	11,016	0	**(629)**
Commercial Property Earmarked Reserve	(2,465)	192	(217)	(2,490)	449	0	**(2,041)**
Lion Homes (Norwich) Ltd Earmarked Reserve	(3,350)	650	0	(2,700)	1,000	0	**(1,700)**
Elections Earmarked Reserve	(113)	0	0	(113)	0	0	**(113)**
General Fund Repairs Reserve	(831)	231	0	(600)	71	0	**(529)**
Budget Risk Reserve	(700)	0	(1,691)	(2,391)	591	0	**(1,800)**
Business Change Reserve	(913)	244	(908)	(1,577)	(76)	(2,438)	**(4,091)**
Business Rates Pool Reserve	0	0	(675)	(675)	0	565	**(110)**
General Fund Invest to Save Reserve	(2,513)	502	0	(2,011)	0	351	**(1,660)**
HRA Invest to Save Reserve	(1,772)	931	0	(841)	0	(1,000)	**(1,841)**
HRA Tenancy & Estate Management System	(415)	408	0	(7)	137	0	**130**
HRA Insurance Reserve	0	0	0	0	0	(202)	**(202)**
HRA Compliance Reserve	0	0	0	0	0	(713)	**(713)**
Total	**(36,991)**	**11,544**	**(5,250)**	**(30,697)**	**15,664**	**(4,479)**	**(19,512)**

11. Other Operating Expenditure

	2022/23 £'000	2021/22 £'000
Payments to the Government Housing Capital Receipts Pool	-	1,097
(Gains)/Losses on the disposal of non-current assets	(2,909)	(2,370)
Levies	7	6
Total	**(2,902)**	**(1,267)**

12. Financing and Investment Income and Expenditure

	2022/23 £'000	2021/22 £'000
Interest payable and similar charges	8,868	8,612
(Gains)/Losses on the disposal of investment property	(515)	(14)
Pension interest cost and expected return on pension assets	4,259	4,131
Interest Receivable and similar income	(4,221)	(762)
Income and expenditure in relation to investment properties and changes in their fair value	(10,810)	(21,788)
Other investment income	-	(59)
Impairment losses	-	-
Impairment of Soft Loans	179	184
Total	**(2,240)**	**(9,696)**

Further details about investment property income is provided in Note 16.

13. Taxation and Non-Specific Grant Income

	2022/23 £'000	2021/22 £'000
Council tax income	(10,701)	(10,282)
Non domestic rates income and expenditure	(27,801)	(21,299)
Non-ring fenced government grants	(8,336)	(15,958)
Capital grants and contributions	(10,536)	(9,564)
Business Rates - Tariff & Levy	26,826	26,798
Business Rates - Receipt from Norfolk Pool	(110)	(675)
Total	**(30,658)**	**(30,980)**

14. Property Plant and Equipment

Movements in 2022/23	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2022	**855,676**	**145,820**	**12,769**	**2,791**	**12,956**	**-**	**5,103**	**1,035,115**
Additions	13,952	2,749	305	44	417	-	14,334	**31,801**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	32,127	9,910	-	-	-	-	-	**42,037**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(456)	(4,720)	-	-	-	-	-	**(5,176)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	10,479	1,025	-	-	-	-	-	**11,504**
Derecognition – Disposals	(9,107)	-	(237)	-	-	-	-	**(9,344)**
Derecognition - Other	(460)	-	-	-	-	-	-	**(460)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	-	-	-	-	-	-	-	**-**
Other Movements in Cost or Valuation	739	2,031	(6)	-	6	-	(3,156)	**(386)**
At 31 March 2023	**902,950**	**156,815**	**12,831**	**2,835**	**13,379**	**-**	**16,281**	**1,105,091**
Accumulated Depreciation & Impairment								
At 1 April 2022	(12,007)	(17,547)	(8,300)	(1,425)	-	-	-	**(39,279)**
Depreciation charge	(15,920)	(2,613)	(1,082)	(79)	-	-	-	**(19,694)**
Depreciation written out to the Surplus/Deficit on Provision of Services	6,023	2,735	-	-	-	-	-	**8,758**
Depreciation write-back on revaluation to Revaluation Reserve	9,897	6,963	-	-	-	-	-	**16,860**
Impairment losses / (reversals) recognised in CIES	(3,352)	7	-	-	-	-	-	**(3,345)**
Impairment losses / (reversals) recognised in RR	-	1,130	-	-	-	-	-	**1,130**
Derecognition – Disposals	-	-	237	-	-	-	-	**237**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2023	(15,359)	(9,325)	(9,145)	(1,504)	-	-	-	**(35,333)**
Net Book Value								
At 31 March 2023	**887,591**	**147,490**	**3,686**	**1,331**	**13,379**	**-**	**16,281**	**1,069,758**
At 31 March 2022	843,670	128,273	4,469	1,366	12,956	0	5,102	995,836

Comparative Movements in 2021/22	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2021	812,630	142,715	11,938	2,885	12,207	53	1,671	**984,099**
Additions	19,082	2,024	943	2	749	-	4,361	**27,161**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,104	1,803	-	-	-	(1)	-	**27,906**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(791)	(1,109)	-	(96)	-	-	-	**(1,996)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	9,358	746	-	-	-	-	-	**10,104**
Derecognition – Disposals	(9,387)	-	(112)	-	-	(52)	-	**(9,551)**
Derecognition - Other	(1,203)	-	-	-	-	-	-	**(1,203)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(160)	(368)	-	-	-	-	(114)	**(642)**
Other Movements in Cost or Valuation	44	9	-	-	-	-	(816)	**(763)**
At 31 March 2022	**855,677**	**145,820**	**12,769**	**2,791**	**12,956**	**-**	**5,102**	**1,035,115**
Accumulated Depreciation & Impairment								
At 1 April 2021	(8,033)	(13,878)	(7,401)	(1,381)	-	-	-	**(30,693)**
Depreciation charge	(14,970)	(2,620)	(1,011)	(82)	-	-	-	**(18,683)**
Depreciation written out to the Surplus/Deficit on Provision of Services	8,004	113	-	-	-	-	-	**8,117**
Depreciation write-back on revaluation to Revaluation Reserve	6,966	714	-	38	-	-	-	**7,718**
Impairment losses / (reversals) recognised in CIES	(3,974)	(1,876)	-	-	-	-	-	**(5,850)**
Impairment losses / (reversals) recognised in RR	-	-	-	-	-	-	-	**-**
Derecognition – Disposals	-	-	112	-	-	-	-	**112**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2022	**(12,007)**	**(17,547)**	**(8,300)**	**(1,425)**	**-**	**-**	**-**	**(39,279)**
Net Book Value								
At 31 March 2022	**843,670**	**128,273**	**4,469**	**1,366**	**12,956**	**-**	**5,102**	**995,836**
At 31 March 2021	804,597	128,837	4,537	1,504	12,207	53	1,671	**953,406**

<u>Valuations</u>

The Council operates a 5-year rolling programme of revaluations in relation to land and buildings except for revaluation of Housing Revenue Account Assets which is carried out on an annual basis. The assets are valued by our external valuers NPS Property Consultants Ltd.

Current year valuations were carried out by:
Liz Macdonald MRICS (NPS)
Grant Brewer MRICS (NPS)
Jed Snell (under the supervision of Grant Brewer MRICS, NPS

HRA Dwellings

The date of valuation is 31 March 2023.

The valuers undertook a full desktop revaluation at 31 March 2023. The valuations were undertaken in accordance with the Stock Valuation for Resource Accounting Guidance for Valuers 2016 and the RICS Valuation – Global Standards as published by the Royal Institution of Chartered Surveyors.

For each operational asset, that is, those held, occupied and used by the Council in the direct delivery of services for which the Council has either a statutory or a discretionary responsibility, a Current Value Existing Use Value (EUV) has been provided, except in the case of housing stock where Existing Use Value for Social Housing is appropriate (EUV-SH). EUV-SH assumes the property is let for its existing use as social housing.

EUV-SH valuations are arrived at by means of a beacon approach. The beacons are valued on the additional assumptions that there is no potential residential redevelopment of the site or intensification of use. They are then adjusted by a regional adjustment factor, in this case for the Eastern region at 38% to arrive at EUV-SH to reflect the fact that sitting tenants enjoy rents lower than market rents and tenants' rights including Right to Buy.

Any reference to Existing Use Value is not recognised under International Financial Reporting Standards and the use of Existing Use Value (Social Housing) is a departure from International Accounting Standards. This departure is in accordance with current CIPFA and DLUHC guidance

Under paragraph 4.1.2.40 of the Code, if an item of property comprises two or more significant components with substantially different useful lives, then each component is treated separately for depreciation purposes and depreciated over its individual lives.

Due to the onerous amount of work that would be involved in componentising all the council dwellings, this has not been done. However, for valuation purposes, the age of the selected components are noted for each property. The age of the components of the property selected as the beacon in each beacon type is note and all other properties within the asset group are compared to the beacon and values are adjusted up or down depending on whether the age of their components is old or new compared to the beacon. The percentage addition or reduction was agreed between the Council and the Council's valuers.

The valuations are made on the following assumptions:

- That no high alumina cement, asbestos, or other deleterious material was used in the construction of any property and that none has been subsequently incorporated.
- That the properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown.
- That the properties and their values are unaffected by any matters which would be revealed by a local search or inspection of any register and that the use and occupation are both legal.
- That inspection of those parts which have not been inspected would not cause us to alter our opinion of value.

- That the land and properties are not contaminated, nor adversely affected by radon.
- That no allowances have been made for any rights obligations or liabilities arising from the Defective Premises Act 1972.

HRA Non-Dwellings

The date of valuation is 31 March 2023.

The valuations were undertaken in accordance with the RICS Valuation – Global Standards as published by the Royal Institution of Chartered Surveyors.

Apart from infrastructure, community and assets under construction, the basis of value for all assets is Current Value. Current value may be either the Existing Use Value, Depreciated replacement Cost or Fair Value depending on the property type and classification.

EUV is used for valuing property that is operational non-specialised and is often owner-occupied. Fair value is used to value property held as surplus assets or properties held for sale.

In accordance with changes brought about by the HRA item 8 post- transition outcomes, Impairment and valuation losses not covered by revaluation reserve in relation to HRA non-dwellings can now be reversed in the same way as losses for dwellings. This is a change, as under transition any such losses for non-dwellings could not be reversed and therefore impacted on the HRA balance in full.

As with dwellings, valuation gains for non-dwellings, where taken to the HRA income and expenditure statement, can also be reversed under the new Determination, again by a transfer to the CAA via the movement in reserves statement. Note that this change has been applied prospectively from 1 April 2017 only.

General Fund Assets

The date of valuation is 1st December 2022.

The Council carries out a rolling programme that ensures that all Property, Plant and equipment required to be measured at current value is revalued at least every five years. Valuations are carried out by the Council's external valuers, NPS Property Consultants Ltd, in accordance with the methodologies and bases for estimation set out by the Royal Institution of Chartered surveyors.

Apart from infrastructure, community and assets under construction, the basis of value for all assets is Current Value. Current value may be either the Existing Use Value, Depreciated replacement Cost or Fair Value depending on the property type and classification.

EUV is used for valuing property that is operational non-specialised and is often owner-occupied. Fair value is used to value property held for investment purposes, surplus assets or properties held for sale.

The valuation cycle fluctuated due to asset reclassifications, disposals and additions and any additional revaluations which occur due to the portfolio review and impairment review.

VALUATION CYCLE	Council dwellings	Other Land & Buildings	Community assets	Infrastructure	Vehicles, Plant, & Equipment	AUC	Surplus properties	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued at historical cost			13,379	1,331	3,686	16,281		**34,677**
Valued at current value								**-**
2022/23	887,591	131,309						**1,018,900**
2021/22		1,228						**1,228**
2020/21		1,403						**1,403**
2019/20		7,431						**7,431**
2018/19		6,119						**6,119**
Total	**887,591**	**147,490**	**13,379**	**1,331**	**3,686**	**16,281**	**-**	**1,069,758**

15. Heritage Assets

Museums collections
The museums are run by the Norfolk Museums & Archaeology Service (NMAS) which is regarded as one of the leaders in the museum sector.

The Council's heritage assets are relatively static, and significant acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and subsequently at valuation where available.

Material disposals are rare. However, any disposals are accounted for in accordance with the Council's accounting policies on property, plant and equipment. The proceeds of disposals, if any, are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment.

Heritage Buildings
There are a number of buildings within the city which are considered to be of significant historical value.

Where the buildings have an operational use, as offices or museums for instance, they are classified as operational assets and are depreciated and valued on a rolling five year program.

Four of the buildings are considered to be heritage assets and in the category of National Treasures. These are assets which are incapable of meaningful valuation, in that there is no recognised method of traditional valuation which gives any degree of accuracy. Therefore these assets are held at nil value.

Civic Plate & Regalia
The Council owns a large collection of Civic Plate and Regalia which date back to the 19th century. This collection is stored, managed and cared for on behalf of the Council by NMAS in line with County Council and National Museums standards. The collection of Civic Plate and Regalia is reported in the Balance Sheet at market value. Individual items in the collection are periodically revalued by an external valuer with any surplus being credited to the revaluation reserve. Any deficit on revaluation, after utilisation of any revaluation reserve in respect of the individual asset, is reported in the Comprehensive Income and Expenditure Statement. The Civic Plate and Regalia collection are deemed to have indeterminate lives and a high residual value; hence the Council do not consider it appropriate to charge depreciation.

Paintings
The Council owns a collection of paintings which are stored, managed, insured, valued and cared for on behalf of the Council by NMAS in line with County Council and National Museums standards. The collection of

paintings is reported in the Balance Sheet at insurance value. Individual items in the collection are periodically revalued by an external valuer with any surplus being credited to the revaluation reserve. Any deficit on revaluation, after utilisation of any revaluation reserve in respect of the individual asset, is reported in the Comprehensive Income and Expenditure Statement. The collection of paintings is deemed to have indeterminate lives and a high residual value; hence the Trustees do not consider it appropriate to charge depreciation.

Sculptures and Bronzes
The Council owns 25 sculptures and bronzes which are situated in external locations around the city. The Sculptures and Bronzes are reported in the Balance Sheet at insurance value and are periodically revalued by an external valuer with any surplus being credited to the revaluation reserve. Any deficit on revaluation, after utilisation of any revaluation reserve in respect of the individual asset, is reported in the Comprehensive Income and Expenditure Statement.

Statues, Architectural Ornamentation, Plaques, Fountains etc
The Council owns 60 of the above which are situated in external locations around the city. The assets are reported in the Balance Sheet at insurance value and are periodically revalued by an external valuer with any surplus being credited to the revaluation reserve. Any deficit on revaluation, after utilisation of any revaluation reserve in respect of the individual asset, is reported in the Comprehensive Income and Expenditure Statement

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

	Civic Plate & Regalia £'000	Paintings £'000	Sculptures & Bronzes £'000	Statues, Fountain etc £'000	Buildings £'000	Total Heritage Assets £'000
Valuation						
1st April 2021	8,077	4,675	6,930	2,457	3,414	**25,553**
Additions	-	-	-	-	43	**43**
Disposals	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	**-**
31st March 2022	**8,077**	**4,675**	**6,930**	**2,457**	**3,457**	**25,596**
Valuation						
1st April 2022	8,077	4,675	6,930	2,457	3,457	**25,596**
Additions	-	-	-	-	37	**37**
Disposals	-	-	-	-	-	**-**
Revaluations	-	-	150	-	-	**150**
31st March 2023	**8,077**	**4,675**	**7,080**	**2,457**	**3,494**	**25,783**

Valuations

The Council's external valuer (Christopher Hartop and Juliet Nusser) carried out a full valuation of the collection of civic plate and regalia as at 31 January 2014. The valuations were based on commercial markets, including recent transaction information from auctions where similar types of silverware are regularly being purchased. A review of these valuations was completed as at 31 January 2019 to ensure that they remain current, in accordance with the code requirements. No changes to the valuations were required.

There are two particularly significant exhibits within the collection which are:

- The Reade Salt - A rare and important Elizabeth I silver-gilt standing or drum salt (William Cobbold I 1568), valued by our external valuers as £2.5m; and

- The Howard Ewer and Basin - An early 17th century silver-gilt ewer and basin or rosewater dish (1617), valued by our external valuers as £2.0m

At any time approximately 50 percent of the collection of regalia and civic plate are on display in Shirehall museum, 34 percent in the Castle Museum and 15 percent in public meeting rooms at City Hall.

The Council's external valuer (Bonhams Fine Art Valuer and Auctioneers) carried out a full valuation of the collection of paintings, sculptures, bronzes, statues, plaques, fountains, memorials etc as at 31 March 2012.

In accordance with the accounting code a full valuation every five years is not required as there is no prescribed minimum period between valuations however, the code includes a requirement that authorities review the carrying amounts of these heritage assets carried at valuation with sufficient regularity to ensure they remain current.

In 2016-17 a review of the valuations was carried out by Bonhams who advised that the only piece that would need updating at this stage would be the Barbara Hepworth which was last valued at £1.3m. The Modern British Art specialists have provided an up-to-date auction estimate of £3.0m - £5.0m and for insurance suggested £6.0m. A review was planned in 2021/22 however in January 2022 Bonhams decided that they no longer had the expertise and pulled out of the process. It is intended to commission a review in 2023/24.

A particularly significant exhibit within the collection is the portrait of Sir Harbord Harbord by Gainsborough. The portrait has been valued by an external valuer at £2.5m.

At any time approximately 17 percent of the collection of paintings are on display in the Castle Museum, 19 percent in Blackfriars Hall, 10 percent in public meeting rooms at City Hall, 9 percent in St Andrews Hall and 5 percent in Strangers Hall. The remaining items are held in storage but access is permitted to scholars and others for research purposes.

The Heritage buildings valuations are held at historic cost in accordance with the Code.

16. Investment Properties

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

	2022/23	**2021/22**
	£'000	**£'000**
Rental income from investment property	(7,542)	(7,955)
Direct operating expenses arising from investment property	1,745	1,864
Net (gains)/losses from fair value adjustments	(5,062)	(15,696)
Total	**(10,859)**	**(21,787)**

	2022/23 £'000	2021/22 £'000
Balance at start of the year	119,445	103,393
Additions	217	266
Disposals	(25,888)	-
Net gains / (losses) from fair value adjustments	5,062	15,696
Transfers (to) / from Property, Plant & Equipment	387	90
Balance at end of year	**99,223**	**119,445**

The revaluation gains are reversed out in the movement in Reserve Statement so as to have no impact on Council Tax requirement.

The introduction of IFRS 13 fair value measurement from 1 April 2015 resulted in a change in the classification of properties into different 'levels' which are based on the relevant fair value hierarchy.

Investment Property Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2023

Recurring fair value measurements using:	**Other significant observable inputs (level 2) £'000**	**Significant unobservable inputs (level 3) £'000**	**Fair value as at 31 March 2023 £'000**
Industrial	41,022	3,336	44,358
Offices	13,499	4,019	17,518
Other	24,318	5,799	30,117
Residential	1,926	-	1,926
Retail	3,605	1,699	5,304
Total	**84,370**	**14,853**	**99,223**

Investment Property Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2022

Recurring fair value measurements using:	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair value as at 31 March 2022 £'000
Industrial	61,206	3,277	64,483
Offices	13,506	4,246	17,752
Other	25,533	5,151	30,684
Residential	1,228	-	1,228
Retail	3,605	1,692	5,297
Total	**105,078**	**14,366**	**119,444**

Reconciliation of fair value measurements (using significant observable inputs) categorised within Level 2 of the fair value hierarchy

			2022/23			
Investment Properties Level 2	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	**61,206**	**13,506**	**25,533**	**1,228**	**3,605**	**105,078**
Reclassification to/from PPE	**-**	387	-	-	-	**387**
Transfer between disclosure category	**-**	-	-	-	-	**-**
Transfers into Level 2	**-**	-	-	-	-	**-**
Transfers out of Level 2	**-**	-	-	-	-	**-**
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	5,704	(604)	(1,215)	698	-	**4,583**
Additions	**-**	210	-	-	-	**210**
Disposals	(25,888)	-	-	-	-	**(25,888)**
Balance at end of year	**41,022**	**13,499**	**24,318**	**1,926**	**3,605**	**84,370**

			2021/22			
Investment Properties Level 2	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	28,645	12,326	30,318	1,131	10,300	**82,720**
Reclassification to OLB	90	-	-	-	-	**90**
Transfer between disclosure category	13,115	-	(6,419)	-	(6,664)	**32**
Transfers into Level 2	7,077	-	-	-	-	**7,077**
Transfers out of Level 2	(90)	-	-	-	-	**(90)**
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	12,370	1,062	1,633	97	(30)	**15,132**
Additions	-	117	-	-	-	**117**
Disposals	-	-	-	-	-	**-**
Balance at end of year	**61,206**	**13,505**	**25,533**	**1,228**	**3,605**	**105,078**

Gains or losses arising from changes in the fair value of the investment property are recognised in surplus or deficit on the provision of services – financing and investment income and expenditure line.
The transfers out of level 2 were due to new lettings being agreed.

Reconciliation of fair value measurements (using significant unobservable inputs) categorised within Level 3 of the fair value hierarchy

	2022/23					
Investment Properties Level 3	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	**3,277**	**4,246**	**5,151**	**-**	**1,692**	**14,366**
Transfer between disclosure category	-	-	-	-	-	**-**
Transfers into Level 3	-	-	-	-	-	**-**
Transfers out of Level 3	-	-	-	-	-	**-**
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	59	(227)	648	-	-	**479**
Additions	-	-	-	-	7	**7**
Disposals	-	-	-	-	-	**-**
Balance at end of year	**3,335**	**4,018**	**5,799**	**-**	**1,699**	**14,852**

	2021/22					
Investment Properties Level 3	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	10,326	3,769	4,914	-	1,662	**20,671**
Reclassification to OLB	-	-	-	-	-	**-**
Transfer between disclosure category	-	-	(32)	-	-	**(32)**
Transfers out of Level 3	(7,077)		-	-		**(7,077)**
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	(63)	383	268	-	(25)	**564**
Additions	-	94	-	-	55	**149**
Disposals	-	-	-	-	-	**-**
Balance at end of year	**3,277**	**4,246**	**5,150**	**-**	**1,692**	**14,365**

Gains or losses arising from changes in the fair value of the investment property are recognised in surplus or deficit on the provision of services – financing and investment income and expenditure line.

The transfers into level 3 followed reassessment by the valuers.

Valuation process for Investment Properties

The fair value of the council's investment property is valued in a five year rolling programme; except for the year ended 31 March 2016 the whole portfolio was valued as at 1 April 2015 following the introduction of IFRS13.

All valuations are carried out by our external valuers NPS Property Consultants Ltd.

All valuations are carried out in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.
Current year valuations were carried out by: Liz Macdonald MRICS (NPS)

17. Intangible Assets

	2022/23 £'000	2021/22 £'000
Balance at the start of the year		
Net carrying amount	1,464	614
· Additions	945	368
· Reclassifications	-	673
Amortisation for the period	(450)	(191)
Net Carrying amounts at the end of the year	**1,959**	**1,464**
Comprising:		
· Gross carrying amount	3,183	2,238
· Accumulated amortisation	(1,224)	(774)
	1,959	**1,464**

18. Financial Instruments

Financial Assets

	31 March 2023		31 March 2022	
	Book Value £'000	Fair Value £'000	Book Value £'000	Fair Value £'000
Investments - Amortised Cost	3,894	3,894	3,894	3,894
Investments - FVOCI	3,488	3,488	3,221	3,221
Debtors - Amortised Cost	11,599	11,599	13,130	19,027
Assets not defined as financial liabilities	(2,437)	(2,437)	(3,489)	(2,764)
Long term Assets	**16,544**	**16,544**	**16,756**	**23,378**
Investments - Amortised Cost	105,000	106,544	123,782	123,870
Callable cash - amortised cash	10,000	10,028	10,000	10,005
Bank deposits < 3 months - Amortised Cost	4,633	4,634	6,525	6,525
MMF - Amortised Cost	12,000	12,040	24,000	24,009
Cash - Amortised Cost	498	498	279	279
Debtors - Amortised Cost	9,808	9,808	9,420	9,420
Assets not defined as financial liabilities	5,783	5,783	12,917	12,917
Other financial assets at amortised cost	**147,722**	**149,335**	**186,923**	**187,025**
Total Financial Assets	**164,266**	**165,879**	**203,679**	**210,403**

Financial Liabilities

	31 March 2023 Book Value £'000	31 March 2023 Fair Value £'000	31 March 2022 Book Value £'000	31 March 2022 Fair Value £'000
Short Term Creditors - Amortised Cost	(15,137)	(15,137)	(28,341)	(28,341)
Public Works Loan Board - Amortised Cost	(4,000)	(4,118)	(51,866)	(52,311)
Finance Lease - Amortised cost	(121)	(121)	(114)	(114)
Other borrowing	(116)	(116)	(168)	(168)
Liabilities not defined as financial liabilities	(32,136)	(32,136)	(36,716)	(36,716)
	0	0		
Short Term Financial liabilities at amortised cost	**(51,510)**	**(51,628)**	**(117,205)**	**(117,650)**
Public Works Loan Board - Amortised Cost	(201,648)	(167,280)	(205,648)	(207,076)
Other borrowing	(5,968)	(6,085)	(5,970)	(8,632)
Creditors - Amortised cost	(431)	(432)	(559)	(680)
Liabilities not defined as financial liabilities	(82)	(1,926)	(1,598)	(1,926)
Long Term Liabilities at amortised cost	**(208,129)**	**(175,723)**	**(213,776)**	**(218,314)**
Total Financial Liabilities	**(259,638)**	**(227,350)**	**(330,981)**	**(335,964)**

The long-term investments of share capital are classified as outside the scope of IFRS 9. This is because as the Council has no immediate plans to sell its subsidiaries, the Council believes that the cost of obtaining valuations for this investment would be disproportionate to the benefits to users of the financial statements. The investments are fully consolidated into the Group Accounts.

As at 31 March 2023 the Council held £12m in Money Market Funds (shown within the comparative short term investments). At the inception of the investments, 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.

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

Soft Loans

The Council has made a number of loans to residents in respect of decent home loans and home improvement loans at less than market rates (soft loans). There are a number of small loans making up the balance owing of £2.374m.

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 decent home loans information is as follows:

Decent Homes Loans

	31/03/2023	31/03/2022
	£'000	**£'000**
Opening Balance	**545**	**542**
Fair value Adjustments	55	62
Loans Repaid	(38)	(59)
Balance Carried Forward	**562**	**545**
Nominal Value carried forward	**2,374**	**2,412**

The home improvement loans carrying value after fair value adjustments (minus £47K) total £195k.

Valuation Assumptions

The interest rate at which fair the fair value of this soft loan had been made is arrived at by taking the authority's prevailing cost of borrowing (5%). A review of the assets has identified a collective impairment required on the loans. These are shown within the Amounts Arising from Expected Credit Losses section of the Note.

Investments in equity instruments designated at fair value through other comprehensive income

The Council holds shares in Norwich Airport Limited and in two other companies associated with the Airport (Legislator 1656 and Legislator 1657) which originated through a policy initiative with other authorities to promote economic generation and tourism. As the asset is not held for trading or income generation, rather a longer term policy initiative the equity has been designated as fair value through comprehensive income.

The Authority has a shareholding in the Municipal Bonds Agency. The shares were subscribed to in order to fund the mobilisation and implementation phase of the Agency. As the asset is not held for trading or income generation, rather a longer term policy initiative the equity has been designated as fair value through comprehensive income. The shares are carried at cost of £100k as a proxy for fair value given the immaterial nature of the investment.

No financial assets measured at fair value through other comprehensive income have been impaired by a loss allowance.

The Council's investments in Lion Homes (Norwich) Ltd and Norwich City Services Ltd, its wholly-owned subsidiaries, remain at amortised costs as the companies are included in the Council's group accounts.

	Nominal	Fair Value	Change in fair value during 2022/23	Dividends
	£'000	**£'000**	**£'000**	**£'000**
Legislator 1656 Ltd shares	0	3,488	267	0
Legislator 1657 Ltd shares	0	0	0	0
Municipal Bonds Agency shares	100	100	0	0
	100	**3,588**	**267**	-

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:

	2022/23		2021/22	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
Net gains/losses on:				
financial assets measured at amortised cost	0	(267)	0	(1,083)
Total net gains/losses	**0**	**(267)**	**0**	**(1,083)**
Interest revenue:				
financial assets measured at amortised cost	(4,221)	0	(762)	0
Total interest revenue	**(4,221)**	**0**	**(762)**	**0**
Interest expense:				
financial liabilities measured at amortised cost	8,869	0	8,613	0
Total interest expense	**8,869**	**0**	**8,613**	**0**

Fair Value of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31-Mar-23	31-Mar-22
Fair Value through Other Comprehensive Income				
Legislator 1656 Ltd shares*	Level 3	Market approach – adjusted net assets	3,488	3,221
Legislator 1657 Ltd shares	Level 3	Market approach – adjusted net assets	-	-
Total			**3,488**	**3,221**

The Council's shareholding in Legislator companies are not traded in an active market. The fair value of £3.448m has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made by an independent third party based on an analysis of the assets and liabilities in the companies' latest audited accounts.

There have been no transfers between levels of the Fair Value Hierarchy and no changes in valuation techniques used during the year.

Except for the financial assets carried at fair value (described in the table above), all other 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 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 premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, 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; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Nature and Extent of Risks Arising from Financial Instruments

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; and
- **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 implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

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 at annually to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 22 February 2022. The key indicators within the strategy were:

- The Authorised Limit for 2022/23 was set at £358.248m. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £328.248m. This is the expected level of debt and other long term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 20% based on the Council’s net debt; and
- The maximum and minimum exposures to the maturity structure of debt are shown within this note.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit ratings from the three major credit ratings agencies. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each rating category and country. The Annual Investment Strategy is contained within the Council's approved Treasury Management Strategy.

The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criterion is applied. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A, Support C and Individual 3 (Fitch or equivalent rating), with the lowest available rating being applied to the criteria;
- UK institutions provided with support from the UK Government; and
- Building societies with assets in excess of £2bn

Commercial Tenants are assessed, taking into account their financial position, past experience via trade and bank references, if these are not available then rent deposits may be requested or a guarantor required. Heads of Terms state rent liability and commitments in accordance with parameters set by Norwich City Council.

Norwich City Council has debentures, unquoted equity investments and loans to related parties where there is no observable market or historical experience of default and has assessed the credit risk as nil.
The following analysis summarises the Council's maximum exposure to credit risk:

	Amount	Historical experience of default	Estimated maximum exposure to default	Estimated maximum exposure to default
	£'000	%	£'000	£'000
	31-Mar-23		31-Mar-23	31-Mar-22
Customers	6,260	12%	751	769

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

The Council does not generally allow credit for its customers, such that £6.260m of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

	45,016	44,651
	£'000	£'000
Less than three months	3,178	2,949
Three to six months	1,015	944
Six months to one year	147	774
More than one year	1,920	1,745
Total	**6,260**	**6,412**

The current provision of £1.651m for sundry debt covers 26% of the balance.

Amounts Arising from Expected Credit Losses

The changes in loss allowance during the year are as follows:

	12mth Expected Credit losses £'000	Lifetime Expected Credit Losses – simplified approach £'000	Total £'000
Opening balance as at 1 April 2022	**0**	**(11,637)**	**(11,637)**
Movement in loss allowance	0	(392)	- **392**
Other changes	0	0	-
As at 31 March 2023	0	**(12,029)**	**(12,029)**
Opening balance as at 1 April 2021	**0**	**(11,083)**	**(11,083)**
Movement in loss allowance	0	(554)	**(554)**
Other changes	0	0	-
As at 31 March 2022	**0**	**(11,637)**	**(11,637)**

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has immediate access to liquid investments as well as ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Repayable between:		
less than one year	4,118	51,866
between 1 and 2 years	2,500	4,000
	6,618	**55,866**

Refinancing & Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

PWLB	**31 March 2023 £'000**	**31 March 2022 £'000**
Less than one year	4,118	51,866
Between one and two years	2,500	4,000
Between two and five years	113,200	63,200
Maturing in five to ten years	12,830	61,260
Maturing in more than ten years	73,118	77,188
Total	**205,766**	**257,514**
Non-PWLB		
Maturing in more than ten years	5,968	5,778

Market risk

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 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 Income and Expenditure Account 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 Income and Expenditure Account 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, subject to influences from Government grants (i.e. HRA). 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.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings (all Norwich City Council borrowing is at fixed rate)	0
Increase in interest receivable on variable rate investments	266
Impact on Surplus or Deficit on Provision of Services	**266**
Decrease in fair value of fixed rate borrowings liabilities (no impact CIES)	(12,294)

The impact of a 1% fall in interest rates on interest receivable and the impact of a 1% fall in interest rates on the fair value of fixed rate borrowing liabilities would be as above, but with the movement being reversed.

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings at a cost of £3.488m in Norwich Airport. Whilst these holding are generally illiquid; the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

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

19. Debtors

Long Term Debtors

	2022/23			2021/22
	Debtors	Provision for Bad Debt	Net Debtors	Net Debtors
	£'000	£'000	£'000	£'000
Advances for House Purchase: Council Houses Sold	3	-	**3**	**3**
Norfolk County Council Transferred Debt	54	-	**54**	**487**
Deferred Capital Receipt	247	-	**247**	**-**
Decent Home Loans	2,547	(2,122)	**425**	**481**
Finance Lease > 1 year	1,664	-	**1,664**	**1,692**
Home Improvement Loans	198	-	**198**	**203**
Housing Benefit Overpayments	4,626	(3,666)	**960**	**1,019**
Shared Equity Dwellings	150	-	**150**	**144**
SALIX	322	-	**322**	**321**
Debts with legal charge over property	202	-	**202**	**202**
Wholly owned subsidiary	7,930	(3,250)	**4,680**	**4,720**
Other Long Term Debtors	257	-	**257**	**369**
Total	**18,200**	**(9,038)**	**9,162**	**9,641**

Long Term Debtors include:

Wholly Owned Subsidiary Loan – the Council has advanced a loan to its wholly owned subsidiary Lion Homes (Norwich) Limited. The balance outstanding on the loan at 31 March 2023 was £6.15m (2021/22 £6.15m). The Council has advanced a loan to its wholly owned subsidiary Norwich Council Services Ltd. The balance outstanding on the loan at 31 March 2023 was £1.78m (2021/22 £1.82m).

The authority recognises expected credit losses on all of its financial assets. Current analysis of the company's financial position shows that the council's loan to LHL might not be fully recoverable. Under accounting standards an assessment of the expected loss has been estimated and an allowance of £3.25m has been recognised (2021/22 £3.25m).

Short Term Debtors

	2022/23	2021/22
	£'000	£'000
Trade Customers		
- HRA Rentpayer	3,039	3,300
- Other Trade Customers	6,094	4,787
Collection Fund		
- Taxpayers (Council Tax & Business Rates)	1,339	1,230
- Preceptors	-	9,083
Other Receivables	4,456	2,781
Prepayments	675	1,333
Total Short Term Debtors	**15,603**	**22,514**

20. Cash and Cash Equivalents

	2022/23 £'000	2021/22 £'000
Cash held by Council	7	8
Bank current accounts	4,341	(1,682)
Short term deposits with banks	15,092	35,000
Short term deposits with building societies	10,075	25,000
Short term deposits with Debt Management Office	-	7,000
Short term deposits with local authorities	35,194	18,000
Money Markets	12,063	24,000
Total Cash & Cash Equivalents	**76,772**	**107,326**

21. Assets held for sale

	2022/23 £'000	2021/22 £'000
Balance outstanding at 1 April	**798**	**-**
Assets newly classified as held for sale:		
Property, Plant & Equipment	-	642
Asset disposals	(477)	(430)
Other movements	(321)	586
Balance outstanding at 31 March	**-**	**798**

22. Creditors

Long Term Creditors

	2022/23 £'000	2021/22 £'000
Developer Contributions	4	(1,374)
Lease Liability	(431)	(559)
Rent Prepayments	(4)	(206)
SALIX	(83)	(71)
Total Long Term Creditors	**(514)**	**(2,210)**

Short Term Creditors

	2022/23 £'000	2021/22 £'000
Amounts repayable to Government		
- Revenue Grants Receipts in Advance	(5,216)	(27,664)
Preceptors	(11,667)	-
Trade Payables	(15,138)	(18,758)
Other Payables	(9,880)	(3,918)
Receipts in Advance		
- Council Tax Rebate Funding	-	(9,583)
- Other receipts in advance	(4,510)	(5,248)
Total Short Term Creditors	**(46,411)**	**(65,171)**

23. Provisions

Long Term Provisions

	2022/23 £'000	2021/22 £'000
Balance at 1 April	(2,560)	(2,767)
Movement in provisions	327	207
Balance at 31 March	**(2,233)**	**(2,560)**

Short Term Provisions

	2022/23 £'000	2021/22 £'000
Balance at 1 April	-	(378)
Movement in provisions	(707)	378
Balance at 31 March	**(707)**	**-**
Total Provisions	**(2,940)**	**(2,560)**

The long term provision consists of £1.74m (2021/22: £2.56m) in respect of Non-Domestic Rates appeals following the introduction of Business Rates Retention on 1 April 2013, and £0.491m in new insurance provisions for the General Fund and HRA. Short term provisions totalled £0.707m (£0.378m 2021/22) and is made up of the probable redundancy costs for a number of officers as part of the restructure of several service areas.

24. Usable Reserves

The usable reserves of the council are:

	2022/23 £'000	2021/22 £'000
General Fund	(8,249)	(10,336)
HRA	(46,128)	(51,373)
Earmarked Reserves	(19,512)	(30,697)
Major Repairs Reserve	(10,396)	(7,281)
Capital Grants Unapplied	(4,249)	(4,249)
Capital Receipts Reserve	(95,694)	(64,353)
	(184,228)	**(168,289)**

Details of the movements on these reserves are provided in the Movement in Reserves Statement.

25. Unusable Reserves

The unusable reserves of the council are:

	2022/23 £'000	2021/22 £'000
Revaluation Reserve	(182,234)	(124,285)
Capital Adjustment Account	(703,592)	(707,128)
Financial Instruments Revaluation Reserve	(3,488)	(3,221)
Financial Instruments Adjustments Account	1,002	968
Deferred Capital Receipts	(1,670)	(1,461)
Pensions Reserve	45,058	154,707
Collection Fund Adjustment Account	(5,096)	9,399
Accumulated Absences Reserve	517	228
Total Unusable Reserves	**(849,503)**	**(670,793)**

Revaluation Reserve

	2022/23 £'000	£'000	2021/22 £'000
Balance at 1 April		(124,285)	**(89,481)**
Upward revaluation of assets	(65,842)		(37,172)
Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	5,985		943
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**(59,857)**	**(36,229)**
Difference between fair value depreciation & historical cost depreciation	937		845
Accumulated gains on assets sold or scrapped	971		580
Amount written off to the Capital Adjustment Account		**1,908**	**1,425**
Other movements		-	-
Balance at 31 March		**(182,234)**	**(124,285)**

Capital Adjustment Account

Capital Adjustment Account	2022/23		2021/22
	£'000	£'000	£'000
Balance at 1 April		**(707,129)**	**(681,473)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:			
Charges for depreciation & impairment of non current assets	25,623		25,415
Revaluation gains / (losses) on Property, Plant & Equipment	(16,667)		(16,328)
Revenue expenditure funded from capital under statute	6,122		5,688
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	35,933		11,585
Difference between historic cost & carrying value depreciation	-		(845)
Net written out amount of the cost of non-current assets consumed in the year		**51,011**	**25,515**
Adjusting amounts written out of the Revaluation Reserve		(1,908)	(580)
Net written out amount of the cost of non-current assets consumed in the year		**49,103**	**24,935**
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital Expenditure	(7,063)		(10,806)
Use of the Major Repairs Reserve to finance new capital expenditure	(13,579)		(18,058)
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(16,493)		(9,550)
Application of grants to capital financing from the Capital Grants Unapplied Account	-		-
Statutory provision for the financing of capital investment charged against the General Fund & HRA balances	(1,329)		(1,875)
Capital expenditure charged against the General Fund & HRA balances	(2,040)		(1,106)
		(40,504)	**(41,395)**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement		(5,062)	(15,696)
Capital expenditure financed from Capital Receipts (NRL loan)		-	6,500
Other		-	-
Balance at 31 March		**(703,592)**	**(707,129)**

Financial Instruments Revaluation Reserve

	2022/23	2021/22
Financial Instruments Revaluation Reserve	£'000	£'000
Balance at 1 April	(3,221)	(2,138)
Upward revaluation of investments	(267)	(1,083)
	(3,488)	**(3,221)**

Financial Instruments Adjustment Account

	2022/23	2021/22
	£'000	£'000
Financial Instruments Adjustment Account		
Balance at 1 April	**968**	**954**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	43	(18)
	1,011	**936**
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(9)	32
Balance at 31 March	**1,002**	**968**

Deferred Capital Receipts

	2022/23	2021/22
	£'000	£'000
Deferred Capital Receipts Reserve		
Balance at 1 April	**(1,461)**	**(1,495)**
Transfer of deferred sale proceeds	(247)	-
Transfer to the Capital Receipts Reserve upon receipt of cash	38	34
Balance at 31 March	**(1,670)**	**(1,461)**

Pension Reserve

	2022/23 £'000	2021/22 £'000
Pensions Reserve		
Balance at 1 April	**154,706**	**206,036**
Actuarial gains or (losses) on pensions assets & liabilities	(114,710)	(56,914)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	14,877	14,464
Employer's pensions contributions & direct payments to pensioners payable in the year	(9,815)	(8,880)
Balance at 31 March	**45,058**	**154,706**

Collection Fund Adjustment Account

	2022/23 £'000	2021/22 £'000
Collection Fund Adjustment Account		
Balance at 1 April	**9,399**	**17,505**
Amount by which Council tax income credited to the Comprehensive Income & Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	-	71
Amount by which NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	(14,495)	(8,177)
Balance at 31 March	**(5,096)**	**9,399**

Accumulated Absences Reserve

	2022/23 £'000	2021/22 £'000
Accumulated Balances Account		
Balance at 1 April	228	419
Difference between accounting and statutory credit for holiday	289	(191)
Balance at 31 March	**517**	**228**

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2022/23 £'000	2021/22 £'000
Interest received	4,201	684
Interest paid	(8,625)	(8,490)

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

	2022/23 £'000	2021/22 £'000
Depreciation	25,348	19,254
Impairment and downward valuations	(16,667)	(10,357)
Amortisation	274	191
Increase/(decrease) in impairment for bad debts	(219)	-
Increase/(decrease) in creditors	(9,467)	3,012
(Increase)/decrease in debtors	(2,451)	1,991
Movement in pension liability	5,061	5,584
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	35,932	11,135
Other non-cash items charged to the net surplus or deficit on the provision of services	(4,892)	(16,221)
Net adjustment for non-cash movements	**32,919**	**14,589**

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

	2022/23 £'000	2021/22 £'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes		
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(39,452)	(13,350)
Any other items for which the cash effects are investing or financing cash flows	(10,129)	(9,608)
Investing and financing activities	**(49,581)**	**(22,958)**

27. Cash Flow Statement – Investing Activities

	2022/23 £'000	2021/22 £'000
Purchase of property, plant & equipment, investment property &	(34,645)	(28,856)
Purchase of short term & long-term investments	(101,000)	(32,000)
Other payments for investing activities	-	(180)
Proceeds from the sale of property, plant & equipment, investment property & intangible assets	39,158	13,680
Proceeds from short term & long-term investments	103,000	5,450
Other receipts from investing activities	11,222	29,839
Net cash flows from investing activities	**17,735**	**(12,067)**

28. Cash Flow Statement – Financing Activities

	2022/23 £'000	2021/22 £'000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(121)	-
Cash receipts of short and long term borrowing	-	45,000
Repayments of short- & long-term borrowing	(51,012)	(2,500)
Other payments for financing activities	-	4,906
Net cash flows from financing activities	**(51,133)**	**47,406**

29. Associates

Norwich City Council has three associate companies; NPS Norwich Limited, Norwich Norse Environmental Limited and Norwich Norse Building Limited– see disclosure of services produced in note 35. In line with the service level agreements, Norwich City Council is entitled to an amount equivalent to 50% of any pre-tax profits as a discount on charges. An estimate of the pre-tax discounts has been accrued in the accounts. There is no other confirmed entitlement to the Council in terms of dividends or rights to retained earnings.

The initial draft performance is shown below for NPS (Norwich) Ltd, Norwich/Norse Environmental Ltd and Norwich Norse Building Ltd.

	NPS (Norwich) Ltd		Norwich/Norse Environmental Ltd		Norwich Norse Building Ltd	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Profit & Loss Account						
Operating Profit	(115)	(122)	1	(16)	(46)	(1,089)
Interest (Payable) /Receivable	-	-	-	-	1	-
Profit on Ordinary Activities before Corporation Tax	**(115)**	**(122)**	**1**	**(16)**	**(45)**	**(1,089)**
Corporation Tax	43	22	12	1	14	227
Retained Profit for the financial year	**(72)**	**(100)**	**13**	**(15)**	**(31)**	**(862)**
Balance Sheet						
Profit & Loss b/f	**920**	**1,020**	**709**	**724**	**(2,417)**	**(1,555)**
Profit & Loss for the financial year	(72)	(100)	13	(15)	(31)	(862)
Profit & Loss reserve c/f	**848**	**920**	**722**	**709**	**(2,448)**	**(2,417)**

30. Agency Services

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

The City Council is a member of three Joint Committees – Norfolk Joint Museums and Archaeology Committee, Norfolk Joint Records Committee and CNC Building Control Consultancy Joint Committee (Building Control Partnership).

Norwich City Council is responsible for parking issues on all city roads, including permit parking, controlled parking extensions, tariffs and enforcement. The council also continues to provide bus-lane enforcement.

The amounts of income and expenditure for 2022/23 and 2021/22 are as follows:

On-Street Car parking	**2022/23**	**2021/22**
	£'000	**£'000**
Expenditure	971	1,151
Income	(1,056)	(1,193)
(Surplus)/deficit paid over to Norfolk County Council	**(86)**	**(42)**

The Council's interest in the Norfolk Joint Museums and Archaeology Committee and the Norfolk Joint Records Committee are not material.

On 1st November 2012 the Norwich Business Improvement District was launched. A Business Improvement District (BID) is a defined area within which businesses pay an additional tax or fee in order to fund projects within the district's boundaries.

On 1st November 2022 a new five year BID agreement was launched, covering an expanded geographic area.

The council acts as agent for Norwich BID by billing and collecting the additional tax.

Business Improvement District	**2022/23**	**2021/22**
	£'000	**£'000**
Billed	962	858
Collected	(936)	(951)
Paid over to Norwich BID	962	879

Business Support Grants

The Government asked the council to administer a number of grants on their behalf through the Covid-19 pandemic. We have listed all the Covid-19 grants where they are non-discretionary and have treated those as an agency transaction, with both income and expenditure going through the balance sheet. Any income not paid out at the balance sheet date has been treated as a creditor in the balance sheet.

	Balance at 31/03/22	**Transfers In**	**Transfers Out**	**(Surplus) / deficit at 31/03/23**
	£'000	**£'000**	**£'000**	**£'000**
Retail, Hospitality & Leisure and Small Business Grants	(210)	(20)	-	**(230)**
Additional Restrictions Grant	(7)	(7)	-	**(14)**
Local Restrictions Support Grant	(3,472)	(1)	3,429	**(44)**
	(3,689)	**(28)**	**3,429**	**(288)**

31. Members Allowances

	2022/23	**2021/22**
	£'000	**£'000**
Members Allowances	428	392

32. Officers Remuneration

Post holder information (Post title)	Salary (Inc. fees & Allow-ances)	Expense Allowance	Com-pensation for loss of office	Pension Cont-ributions	Total Remun-eration
	£	£	£	£	£
Financial Year: 2022-23					
Stephen Evans, Chief Executive Officer (1)	149,155	-	-	21,095	170,250
Lou Rawsthorne, Interim chief executive officer (2)	2,568	-	-	372	
Executive Director of Development & City Services (1)	101,696	-	-	14,884	116,580
Executive Director of Community Services (2)	104,647	-	-	4,924	109,571
Executive Director of Corporate & Commercial Services (1, 3)	110,777	2,049	26,277	11,431	150,534
TOTAL COST	**468,843**	**2,049**	**26,277**	**52,706**	**546,935**

Post holder information (Post title)	Salary (Inc. fees & Allow-ances)	Expense Allowance	Com-pensation for loss of office	Pension Cont-ributions	Total Remun-eration
	£	£	£	£	£
Financial Year: 2021-22					
Stephen Evans, Chief Executive Officer (1)	156,220	13	-	20,632	176,865
Executive Director of Development & City Services (1, 2)	96,574	-	-	13,656	110,230
Director of Strategy & Culture (3)	17,847	-	82,719	1,560	102,126
Executive Director of Community Services (1, 2)	99,340	-	-	10,157	109,497
Executive Director of Corporate & Commercial Services (1, 2)	105,075	8,114	-	14,800	127,989
TOTAL COST	**475,056**	**8,127**	**82,719**	**60,805**	**626,707**

[1] Remuneration includes payments made in respect of election duties

[2] Executive Director of Community Services took up position of interim Chief Executive Officer on 25th March 2023.

[3] Executive Director of Corporate & Commercial Services left December 2022.

The number of employees, including senior employees, whose remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 was:

Remuneration Band	**2022/23**	**2021/22**
£50,000 to £54,999	21	17
£55,000 to £59,999	14	5
£60,000 to £64,999	1	-
£65,000 to £69,999	3	4
£70,000 to £74,999	2	4
£75,000 to £79,999	4	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999	1	-
£95,000 to £99,999	-	2
£100,000 to £104,999	1	2
£105,000 to £109,999	1	-
£110,000 to £114,999	-	1
£115,000 to £119,999	-	-
£120,000 to £124,999	-	-
£125,000 to £129,999	-	-
£130,000 to £134,999	-	-
£135,000 to £139,999	1	-
£140,000 to £144,999	-	-
£145,000 to £149,999	-	-
£150,000 to £154,998	-	1
£155,000 to £159,999	1	-
	50	**36**

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

2022/23

Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	**Total number of exit packages by cost band**	**Total cost of exit packages in each band**
£0 - £20,000	1	2	**3**	40,240
£20,001 - £40,000	1	-	**1**	22,391
£40,001 - £60,000	-	3	**3**	135,213
£60,001 - £80,000	-	-	**-**	-
£80,001 - £100,000	-	-	**-**	-
£140,001 - £160,000	-	-	**-**	-
Total	**2**	**5**	**7**	**197,843**

2021/22

Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	**Total number of exit packages by cost band**	**Total cost of exit packages in each band**
£0 - £20,000	2	1	**3**	38,801
£20,001 - £40,000	4	1	**5**	143,413
£40,001 - £60,000	1	1	**2**	95,921
£60,001 - £80,000	-	1	**1**	64,310
£80,001 - £100,000	-	1	**1**	88,193
£140,001 - £160,000	1	-	**1**	153,177
Total	**8**	**5**	**13**	**583,815**

33. External Audit Costs

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

In 2022/23 and 2021/22 the following fees were payable by the Council to our external auditors.

	2022/23 £'000	**2021/22 £'000**
External Audit Services	229	120
Fees payable for certification of grant claims	26	29
Total	**255**	**149**

The scale fee set by Public Sector Audit Appointments Ltd (PSAA) for 2022/23 is £74k (2021/22 £65k). An additional £155k has been recognised in year based on likely further costs associated ongoing additional professional and regulatory requirement relating to the audit process. The final fee will be subject to agreement with the external auditors and PSAA.

34. Grant Income

	2022/23 £'000	2021/22 £'000
DWP benefits subsidy - Rent Allowance	(20,615)	(19,593)
DWP benefits subsidy - Rent Rebate	(19,163)	(21,226)
Discretionary Housing Payments	(259)	(344)
Norfolk Pool Business Rates	-	
Housing Benefits Administration Grant	(572)	(715)
Housing Benefit Shortfall	(214)	-
Council tax energy rebate	(9,462)	-
Homes for Ukraine	(303)	-
NNDR admin grant	(269)	
Covid grants	(1,604)	(5,029)
Homelessness & Rough Sleeping Initiatives	(1,852)	(2,191)
Community Infrastructure Levy - from developers	(177)	-
Towns Fund	(172)	(1,061)
Household Support Work	(365)	-
Other Grants and Contributions	(587)	(1,585)
Total within Cost of Services	**(55,614)**	**(51,744)**
Revenue		
Revenue Support Grant	(225)	(217)
Council Tax Admin subsidy	-	(246)
New Homes Bonus	(546)	(689)
NNDR admin grant	-	(268)
Norfolk Pool Business Rates	(354)	-
NNDR Section 31 grant	(6,032)	(12,116)
Nutrient Neutrality Grant	(200)	-
Covid grants	(100)	(1,828)
Lower Tier Services Grant	(687)	(255)
Council Tax Support Grant	(234)	(319)
Other Grants and Contributions	(170)	(19)
Capital		
Community Infrastructure Levy - from developers	(1,364)	(1,810)
Disabled Facilities Grant	(1,051)	(952)
Towns Fund	(3,853)	(5,103)
BEIS Sustainable Warmth grant	(661)	-
Devolution Grant	(1,973)	-
Grants and contributions towards capital - from Government	(863)	(211)
Grants and contributions towards capital - non Government	(618)	(871)
BEIS SALIX Grant	(54)	-
Total within Taxation and non-specific grant income	**(18,985)**	**(24,904)**
Total income from grants and contributions	**(74,599)**	**(76,648)**

	31 March 2023 £'000	31 March 2022 £'000
Amounts falling due within one year (All other bodies):		
BEIS SALIX PSDS Grants	(58)	(227)
BEIS Green Homes Grant	(593)	(699)
BEIS Decarbonisation Grant	(193)	(855)
BEIS Sustainable Warmth Grant	(3,716)	(3,748)
Disabled Facilities Grant	63	(342)
Land Release Fund Grant	(150)	(150)
Other Government Grants & Contributions.	(156)	(76)
Developers Contributions (S106)	53	(246)
Total short term capital grants received in advance	**(4,750)**	**(6,343)**
Amounts falling due after one year (all other bodies)		
Disabled Facilities Grant	(975)	(342)
Land Release Fund Grant	(67)	(67)
Towns Fund	(13,331)	(10,500)
Other Government Grants & Contributions.	(281)	(28)
Developers Contributions (S.106)	-	(1,681)
SALIX	(97)	(109)
Total long term capital grants received in advance	**(14,751)**	**(12,727)**

Revenue Grants Receipts in Advance

	31 March 2023 £'000	31 March 2022 £'000
Amounts falling due within one year (All other bodies):		
DLUHC Rebates for Council Taxpayers	-	(9,583)
BIES Local Restrictions Grant	(44)	-
Other Government grants and contributions	(244)	-
Other Non-Government grants and contributions		(19)
Developers Contributions (S106)	(4,928)	(289)
Total short term revenue grants received in advance	**(5,216)**	**(9,891)**
Amounts falling due after one year (all other bodies)		
LEGI Re Guildhall	-	-
Other Non-Government grants and contributions	4	-
SALIX	(82)	(71)
Developers Contributions (S106)	-	(1,373)
Total long term revenue grants received in advance	**(78)**	**(1,444)**

35. Related Parties

The council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

UK government has significant influence over the general operations of the council– it is responsible for providing the statutory framework within which the council operates, and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 34 on reporting for resources allocation decisions. Grant receipts in advance outstanding at 31 March 2023 are also shown in Note 34; debtors are shown in Note 19 and creditors in Note 22.

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2022/23 and 2021/22 is shown in Note 31. During 2022/23, no works and services (2021/22 £0) were commissioned from organisations in which members had interests. Contracts were entered into in full compliance with the council's standing orders. In addition members approved £629,353 (2021/22 £617,906) as grants to voluntary organisations in which two members had an interest. Community grants to the value of £3,805 were awarded in 2022/23 (2021/22 £2,195). 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 the interests are recorded in the Register of Members' Interests, open to public inspection at City Hall during office hours.

During 2022/23, no grants were made to any organisations (2021/22 £0) in which members of senior management had interests.

During 2022/23, there were no works and services commissioned (2021/22 £0) from entities in which members of senior management had interests.

Several councillors and members of senior management are appointed to represent the Council on various strategic partnership boards. During the year there have been a number of transactions with the strategic partnerships totalling £441,025 (2021/22 £449,154). These partnership activities are integrated into the council's usual budget setting and management processes.

Companies and joint ventures

Lion Homes (Norwich) Limited (LHL) (formerly Norwich Regeneration Ltd) is a wholly owned subsidiary company set up by the council to carry out redevelopment projects. The total shareholder investment in 2022/23 has remained the same at £3,424,100 (2021/22 £3,424,100). During 2022/23 no loans were repaid by LHL leaving a balance of £6,150,000 outstanding at the end of the financial year (2021/22 £6,500,000). The council receives income relating to loan interest and services provided by the council to the company as part of a service level agreement. The council, in conjunction with LHL, have set up two companies - Threescore Open Space Management Ltd and Norwich City New Co Ltd – to assist with the running of LHL operations.

Norwich City Services Ltd (NCSL) is a wholly owned subsidiary company set up to provide environmental and building repairs, and maintenance services to Norwich City Council. There were no changes to council shareholder investment in 2022/23 – it remained at £370,000. No loans were taken out by NCSL during 22/23 (2021/22 £200,000). Repayments of £40,000 were made in relation to this loan during 22/23 (2021/22 £40,000), with the balance of loans at 31 March 2023 totalling £1,760,000 (2021/22 £1,800,000). The council receives income relating to loan interest and services provided by the council to the company as part of a service level agreement.

The Council previously operated some services through joint ventures including Norwich Norse (Environmental) Ltd, Norwich Norse (Building) Ltd, and NPS Norwich Ltd. Those services are now provided through the Councils wholly owned company Norwich city Services Ltd and only residual transactions relating to the joint ventures are taking place during 2022/23. Further details of the joint ventures are include in Note 29 and the Group Financial Statements.

The council has a 40.5% shareholding in Legislator 1656 and its subsidiary company 1657 Ltd, which are related to developments at Norwich Airport.

All of these companies have Council officer or member representatives on their boards of these companies, and relevant information is disclosed in the notes to the accounts about the group interests.

36. Capital Financing Requirement

	2022/23 £'000	2021/22 £'000
Opening Capital Financing Requirement 1 April	321,535	328,700
Capital Investment		
Property, Plant and Equipment	31,801	27,161
Investment Properties	217	266
Heritage Assets	36	43
Intangible assets	945	368
Revenue Expenditure Funded from Capital under Statute (REFCUS)	6,122	5,688
Sources of finance		
Capital receipts	(7,063)	(10,806)
Norwich Regneration Ltd loan repayment	0	(6,500)
Government grants and other contributions	(16,493)	(9,550)
HRA Major Repairs Reserve	(13,579)	(18,058)
Sums set aside from revenue and reserves	(2,040)	(1,106)
Other Capital movement		
Capital derecognition	(50)	(117)
Norwich Regeneration Ltd Share capital	0	(450)
Norwich Regeneration Ltd loan	0	6,500
Norwich City Services Ltd Share capital	-	0
Norwich City Services loan	(40)	180
Finance lease	(111)	(114)
Other	582	1,091
Minimum Revenue provision	(1,218)	(1,761)
Closing Capital Financing Requirement 31 March	**320,644**	**321,535**

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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

The CFR is analysed in the second part of this note.

	31 March 2023 £'000	31 March 2022 £'000
Property, Plant and Equipment	1,069,758	995,836
Heritage assets	25,782	25,596
Investment Properties	99,223	119,445
Intangible Assets	1,958	1,464
Assets Held for Sale	-	798
Long term Investments	7,282	7,015
Long Term Debtors	4,953	5,048
Financial Instruments Revaluation Reserve	(3,488)	(3,221)
Financial Instruments Adjustment Account	1,002	968
Revaluation Reserve	(182,234)	(124,285)
Capital Adjustment Account	(703,592)	(707,129)
	320,644	**321,535**

Each local Council has a borrowing limit determined by the level of debt which it can afford. The system is governed by CIPFA's 'Prudential Code for Capital Finance in Local Authorities' and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

37. Leases

Council as Lessee

Operating Leases
The Council leases cars and equipment to facilitate provision of services. It also leases privately owned properties to provide a decent, affordable housing alternative to those facing homelessness.

The Council's future minimum lease payments due under non-cancellable lease in future years are:

	31-Mar-23		31-Mar-22	
	Vehicles, Plant & Equipment £'000	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Land & Buildings £'000
Future Rental Liabilities				
Not later than one year	63	2,080	95	2,124
Later than one year & not later than five years *	122	3,450	189	2,873
Total	**185**	**5,530**	**284**	**4,997**

* based on Pool Car contract extension to March 2023

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £2.524m (2021/22 £2.328m).

	2022/23 £'000	2021/22 £'000
Sublease payments receivable	(2,476)	2,277
Total	**(2,476)**	**2,277**

Finance Leases
The council has acquired communal aerials for its dwellings under a finance lease, these assets are disclosed as Property, Plant and Equipment in the Balance Sheet under Vehicles, Plant and Equipment at the net amount of £0.371m (2021/22 £0.464m).

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest 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.

	2022/23 £'000	2021/22 £'000
Finance Lease Liabilities		
Current	128	121
Non-Current	432	559
Financing Costs payable in future years	86	127
Minimum Lease Payments	**646**	**807**

The future minimum lease payments payable under non-cancellable leases in future years are:

	2022/23 £'000	2021/22 £'000
Future Rental Liabilities		
No later than one year	161	161
Later than one year & not later than 5 years	484	645
Over 5 years	-	-
Total	**645**	**806**

Council as Lessor

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

- The provision of community services such as sports facilities, tourism services and community centres
- economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2022/23 £'000	2021/22 £'000
Tenants Future Rental Liabilities		
Not later than one year	5,214	7,431
Later than one year & not later than five years	18,565	27,023
Over five years	51,237	72,250
Total	**75,016**	**106,704**

In addition to the above, there are 117 properties (2021/22 124 properties) where the rent is in perpetuity that amounts annually to £0.313m per annum (2021/22 £0.332m).

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Finance Leases

The Council has gross investments in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments are the payments over the lease term that the lessee is or can be required to make, excluding contingent rent. The gross investment is made up of the following amounts

	2022/23 £'000	2021/22 £'000
Finance lease debtor (net present value of minimum lease payments):		
Current	15	53
Non-current	194	1,692
Unearned finance income	375	1,783
Gross investment in the leases	**584**	**3,528**

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	£'000	£'000	£'000	£'000
Future Rental Liabilities				
Not later then one year	59	55	59	55
Later than one year & not later than five years	283	265	283	265
Later than five years	3,130	3,208	3,130	3,208
Total	**3,472**	**3,528**	**3,472**	**3,528**

38. Impairment Losses

During the year the Council carried out adaptations at a cost of £1,239,357 (2021/22 £1,640,476) to a number of council dwellings under Disabled Facilities legislation. As advised by our valuer, these adaptations added no value to the dwellings; therefore this expenditure was impaired as shown in note 14 (combined with the impairments detailed below).

The Council also impaired the cost of works to flats within blocks for which the lease has been sold £464,489, of which structural work constituted £315,835, roofing £112,694, replacement windows £24,776, lift upgrades £9,383 and composite doors £1,801.

The Council also impaired the cost of works to district heating schemes £1,271,241, enhancement of HRA estates £590,787, HRA shops £295,363, compliance upgrades £250,600, housing alarms £105,404 and lift upgrades £102,017 as it was deemed not to add value.

The Council has also impaired the cost of £561,622 in other land and buildings and £201,593 in investment properties on advice of the valuer, as these amounts were deemed not to add additional value to the asset due to the basis of the valuation.

39. Termination Benefits

The Council terminated the contracts of a number of employees in 2022/23, incurring liabilities of £197,843 (2021/22 £583,815). These were payable to 7 (13 in 2021/22) officers as part of the Council’s rationalisation of Services and include amounts payable in respect of early retirement to the pension fund.

40. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS), administered by Norfolk County Council ─ this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The LGPS pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Norfolk County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee which includes the Executive Director of Finance and Commercial Services at Norfolk County Council in their role as Scheme Administrator.

The principal risks to the authority of the scheme are longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

The liabilities of the Norfolk pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (2.70% 2021/22) based on the indicative rate of return on high quality corporate bonds.

The assets of Norfolk pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The figures for 2021/22 have be restated to reflect the impact of the 31st March 2022 Valuation on the 31st March 2022 IAS19 schedule.

	2022/23 £'000	2021/22 £'000
Comprehensive Income and Expenditure Statement		
Current Service Cost	10,648	10,392
Curtailments	0	227
Settlements	0	(286)
Cost of Services	**10,648**	**10,333**
Net interest expense	4,259	4,140
Financing and Investment Income and Expenditure	**4,259**	**4,140**
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	**14,907**	**14,473**
Return on plan assets, less included in interest expense	15,473	(23,479)
Actuarial gains & losses:		
Changes in demographic assumptions	(3,634)	5,647
Changes in financial assumptions	(157,535)	(27,522)
Other	28,253	9,768
Remeasurement of the net defined benefit liability	**(117,443)**	**(35,586)**
Total Comprehensive Income and Expenditure Statement	**(102,536)**	**(21,113)**
Movement in Reserves Statement		
Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	14,907	14,473
Employer's pension contributions and direct payments to pensioners payable in the year	(9,846)	(8,880)
Total taken to Note 6	**5,061**	**5,593**

Reconciliation of Fair Value of Employer Assets (scheme Assets):	2022/23 £'000	2021/22 £'000
Value of Assets at 1 April	**357,640**	**337,677**
Effect of settlements	0	(240)
Interest income on plan assets	9,574	6,676
Contributions by Members	1,558	1,359
Contributions by the Employer	9,846	8,880
Return on assets excluding amounts recognised in Other Comprehensive Income	(15,473)	23,479
Effect of business combinations	0	230
Benefits Paid	(17,041)	(16,651)
Other		(3,770)
	346,104	**357,640**

Reconciliation of Defined Benefit Obligation (scheme Liabilities):	2022/23 £'000	2021/22 £'000
Value of Liabilities at 1 April	**(515,080)**	**(543,700)**
Current Service Cost	(10,648)	(10,392)
Past Service Cost	0	(227)
Effect of settlements	0	526
Interest Cost	(13,833)	(10,816)
Contribution by Members	(1,558)	(1,359)
Actuarial Gains and (Losses):	0	0
Change in demographic assumptions	3,634	(5,647)
Change in financial assumptions	157,535	27,522
Other experience gains and (losses)	(28,253)	12,710
Effect of business combinations and disposals	0	(348)
Benefits Paid	17,041	16,651
	(391,162)	**(515,080)**
Net Liability at 31st March	**(45,058)**	**(157,440)**

Local Government Pension Scheme assets comprised:

	2022/23				2021/22			
	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of total assets	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of total assets
Cash & Cash Equivalents	5,338	-	**5,338**	**1.5%**	4,750		**4,750**	**1.3%**
Equity Instruments								
by industry type								
Consumer			-				-	**0.0%**
Manufacturing			-				-	**0.0%**
Energy and Utilities			-				-	**0.0%**
Financial institutions			-				-	**0.0%**
Health and care			-				-	**0.0%**
Information Technology			-				-	**0.0%**
Other			-				-	**0.0%**
Sub-total Equity Instruments	-	-	-		-		-	
Private equity		39,947	**39,947**	**11.5%**		38,014	**38,014**	**10.5%**
Bonds								
by sector								
Corporate			-				-	
UK Government	2,322		**2,322**	**0.7%**	2,854		2,854	**0.8%**
Other								
Sub-total Bonds	**2,322**	-	**2,322**		**2,854**	-	**2,854**	
Property								
by geographical location								
UK property		22,413	**22,413**	**6.5%**		22,403	22,403	**6.2%**
Overseas property		3,849	**3,849**	**1.1%**		3,452	3,452	**1.0%**
Sub-total Property	-	26,262	26,262		-	25,855	**25,855**	
Investment Funds & Unit Trusts								
Equities	193,803		**193,803**	**56.0%**	198,186		198,186	**54.8%**
Bonds	50,202		**50,202**	**14.5%**	72,046		72,046	**19.9%**
Infrastructure			-	**0.0%**		19,597	19,597	**5.4%**
Other		29,093	**29,093**	**8.4%**			-	**0.0%**
Sub-total Investment Funds & Unit Trusts	**244,005**	**29,093**	**273,098**		**270,232**	**19,597**	**289,829**	
Derivatives							-	**0.0%**
Foreign Exchange	(863)		**(863)**	**-0.2%**	108		108	**0.0%**
Total Assets	**250,802**	**95,302**	**346,104**		**277,944**	**83,466**	**361,410**	

Basis for Estimating Assets & Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme at 31 March 2022.

In the 2022/23 accounts the council has recognised changes in the liability arising from changes in assumptions within the re-measurement of the defined benefit liability and reported in Other Comprehensive Income and Expenditure Statement within the Comprehensive Income and Expenditure Statement.

	2022/23 £'000	2021/22 £'000
Present Value of funded liabilities	(376,417)	(498,249)
Present Value of unfunded liabilities	(14,745)	(17,854)
Fair Value of plan assets	346,104	361,410
Net Liability arising from defined benefit obligation	**(45,058)**	**(154,693)**

	2022/23	2021/22
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Male	21.0	21.7
Female	24.4	24.1
Longevity at 45 for future pensioners:		
Male	22.1	22.9
Female	26.0	26.0

	2022/23	2021/22
Rate of increase in salaries	3.70%	3.90%
Rate of increase in pensions (CPI)	3.00%	3.20%
Rate for discounting scheme liabilities	4.75%	2.70%

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.

Change in assumptions at 31 March 2023	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	1%	5,574
1 year increase in member life expectancy	4%	15,646
0.1% increase in the Salary Increase Rate	0%	484
0.1% increase in the Pension Increase Rate (CPI)	1%	5,172

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The last triennial valuation was completed on 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total contribution expected to be made to the scheme by the Council for the year to March 2024 is £7.857m

The weighted average duration of the defined benefit obligation for scheme members is 15 years, (2021/22 17 years).

41. Contingent Assets and Liabilities

Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. 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.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Water Charges

The Authority has acted as a collection agent on behalf of Anglia Water in respect of Housing Revenue Account (HRA) tenants' water and sewerage charges. In return for this service the Authority has received a commission which has been treated as an income stream to the HRA. The treatment of this arrangement has been called in to question due to a Court ruling (Kim Jones versus London Borough of Southwark). Traditionally this has been viewed as an agency arrangement, but the Court ruling concluded that the Authority concerned was acting as a water supplier and that amounts could be reclaimed by tenants. In light of the ruling a contingent liability is disclosed while the council assesses any potential impact on its own current and previous arrangements.

42. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 May 2023, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	General Fund Earmarked Reserves
31 March 23 (unaudited)	£8.2m	£19.5m

The General Reserves are projected to remain above the s151 officer's minimum level of £5.4 million through to March 2024, as set out below.

Date	General Fund	General Fund Earmarked Reserves
31 March 2024 (estimated and unaudited)	£8.2m	£14.0m

The key assumptions within this forecast include:

- the achievement of £5.5m of savings in 2023/24 as approved in February 2023.
- further gross savings of £2.7m in 2024/25 per the current medium term financial strategy.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing other than to support the capital programme which is consistent to our plans and normal practice.

We have considered a downside scenario where the savings are not achieved to the planned timetable, or income fails to recover to pre-pandemic levels. The council has a budget risk reserve of £2.4m to mitigate against such scenarios and therefore it is considered that the above projections would not be significantly affected with both minimum levels of reserves and liquidity remaining through the same period.

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

Housing Revenue Account Income & Expenditure Statement

	Notes	2022/23 £'000	2021/22 £'000
Expenditure			
Repairs & Maintenance		15,744	12,971
Supervision & Management		19,945	18,403
Rents, Rates, Taxes & Other Charges		6,181	5,334
Revenue expenditure funded as captial (Refcus)		311	1,612
Depreciation & Impairment of Non-current Assets	HRA 10&11	21,163	20,668
Local Authority Housing - Revaluation loss (gain) on Dwellings		(16,246)	(17,009)
Debt Management Costs		76	112
Movement in Allowance for Bad Debts		481	466
Total Expenditure		**47,655**	**42,557**
Income			
Dwelling Rents		(58,951)	(57,514)
Non-dwelling Rents		(2,285)	(2,184)
Charges for Services & Facilities		(2,963)	(2,799)
Contributions towards expenditure		(5,720)	(5,785)
Total Income		**(69,919)**	**(68,282)**
Net (Income)/Cost of HRA Services included in the Comprehensive Income & Expenditure Statement		**(22,264)**	**(25,725)**
HRA services share of Corporate & Democratic Core		2,377	1,167
Net (Income)/Cost of HRA Services		**(19,887)**	**(24,558)**
HRA share of operating income & expenditure included in the Comprehensive Income & Expenditure Statement			
Other Operating Expenditure		(2,854)	(2,330)
Financing & Investment Income & expenditure		6,459	8,061
Taxation & Non-Specific Grant Income		(2,665)	(713)
(Surplus)/deficit for the year on HRA services		**(18,947)**	**(19,540)**

The amounts disclosed above do not match those in the Comprehensive Income and Expenditure Statement disclosure relating to the Housing Revenue Account as the figures above are after corporate recharges and those in the Comprehensive Account Income and Expenditure Statement are before these recharges.

Movement in Reserves Statement (Housing Revenue Account)

	2022/23 £'000	2021/22 £'000
Balance at 1 April	(51,561)	(43,370)
Movement in reserves during Year		
Surplus/ (deficit) on provision of services	(18,947)	(19,540)
Other Comprehensive Income & Expenditure	-	-
Total Comprehensive Income & Expenditure	**(18,947)**	**(19,540)**
Adjustments between accounting basis & funding basis under regulations (note 7 main accounts)	22,455	12,630
Net Increase/ Decrease before Transfers to Earmarked Reserves	3,508	(6,910)
Transfers to/from Earmarked Reserves (note 8 main accounts)	1,927	(1,279)
Transfers between reserves	-	-
Other Adjustments	-	-
Increase/Decrease in Year	5,435	(8,189)
Balance at 31 March carried forward	(46,126)	(51,559)

Notes to Housing Revenue Account Income & Expenditure Statement

1. Other Operating (Income) / Expenditure

	2022/23 £'000	2021/22 £'000
(Gains)/Losses on the disposal of non-current assets	(2,854)	(2,330)
Total	**(2,854)**	**(2,330)**

2. Financing and Investment Income and Expenditure

	2022/23 £'000	2021/22 £'000
Interest payable and similar charges	6,542	7,274
Pension interest cost and expected return on pension assets	831	852
Interest receivable and similar income	(915)	(67)
Total	**6,458**	**8,059**

3. Taxation and Non-Specific Grant Income

	2022/23 £'000	2021/22 £'000
Capital Grants and contributions	(2,665)	713
Total	**(2,665)**	**713**

4. Loan Charges

Under HRA self-financing the Council has adopted a 'two-pool' approach so that HRA self-financing loans and the resultant interest are directly attributable to the HRA. This has led to external interest charges of £6.542m being charged to the HRA in 2022/23 (2021/22 £7.227m).

5. HRA Council Dwellings

At 31 March 2023 there were 14,257 HRA Council dwellings, of which 923 were sheltered housing units.

	31-Mar-23	31-Mar-22
	Total Stock	**Total Stock**
Parlour houses	282	285
Non-parlour houses	4,773	4,844
Non-traditional houses	609	615
Bungalows	332	334
Cottage properties	182	185
Flats	6,134	6,189
Maisonettes	464	468
Flats in tower blocks	405	405
Sheltered/Good Neighbour housing units	923	924
Passivhaus flats	80	73
Passivhaus houses	72	75
Passivhaus bungalows	1	-
	14,257	**14,397**
The changes in stock during the year can be summarised as follows:		
Stock as at 1 April	**14,397**	**14,553**
Right to Buy sales	(145)	(159)
Other Dwelling Sales	-	(1)
Long term lease	-	(1)
Transfer to Registered provider of Social Housing	5	
Housing acquisitions	-	5
Stock as at 31 March	**14,257**	**14,397**

6. Housing Valuation

	31-Mar-23 £'000	31-Mar-22 £'000
Operational Assets:		
Council Dwellings (HRA)	887,591	843,669
Other Land & Buildings	26,556	27,286
Vehicle, Plant & Equipment	467	599
Infrastructure & Community Assets	2,197	2,197
Assets Under Construction	15,690	1,508
Surplus assets	24	
Sub Total	**932,525**	**875,259**
Assets held for Sale - Current	-	235
Sub Total	**-**	**235**
Intangible Assets	732	882
Sub Total	**732**	**882**
Total	**933,257**	**876,376**

The above figure for HRA Council dwellings equates to the value for Council dwellings shown in note 14 to the Core Financial Statements.

As set out in the Statement of Accounting Policies, Council dwellings are valued on the basis of Existing Use Value for Social Housing (EUV-SH). This value is less than the Vacant Possession Value to reflect the fact that Local Authority Housing is let at sub-market rents and, in broad terms, is arrived at after applying a regional adjustment factor of 62% (2021/22 62%). The difference between the two values therefore shows the economic cost of providing housing at less than market value.

The Vacant Possession Value of all HRA Dwellings as at 31 March 2023 was £2,218.73m (31 March 2022 £2,176.41m).

7. Major Repairs Reserve

	2022/23	2021/22
	£'000	£'000
Balance brought forward at 1 April	(7,503)	(10,020)
Depreciation charge for the year	(16,472)	(15,541)
Financing of capital expenditure for the year	13,579	18,058
Balance for the year	**(2,893)**	**2,517**
Balance Carried forward	**(10,396)**	**(7,503)**

8. HRA Capital Expenditure

	2022/23 £'000	2021/22 £'000
Capital Investment		
Opening Capital Financing Requirement 1st April	208,533	207,517
Operational Assets	14,417	19,825
Other Land & Buildings	320	168
Vehicles, Plant & Equipment	-	32
Intangible Assets	26	209
Assets under Construction	13,966	912
Revenue Expenditure Financed as Capital	311	1,612
Appropriation to General Fund	-	1,017
	237,573	**231,292**
Sources of Finance		
Capital Receipts	(5,343)	(2,660)
Government Grants & Other Contributions	(2,623)	(935)
Major Repairs Reserve	(13,579)	(18,058)
Revenue Contributions	(7,495)	(1,106)
Closing Capital Financing Requirement 31 March	**208,533**	**208,533**

9. HRA Capital Receipts

In 2022/23 total capital receipts from the disposal of HRA assets were:

	2022/23 £'000	2021/22 £'000
Other Land & Buildings	-	100
Council dwellings	12,764	13,224
Total	**12,764**	**13,324**

10. Depreciation

From 1st April 2012 depreciation of the Council's housing stock is calculated by reference to the value at the previous 31st March. Council dwellings have their individual components identified as to the date of upgrade and using the asset life as advised by the Council's valuers, depreciation associated with each properties components is calculated. The amount of depreciation charged for the year was £16.781m (2021/22 £15.667m).

	2022/23 £'000	2021/22 £'000
Operational Assets		
Council dwellings	15,920	14,970
Other land & buildings	552	571
Vehicles, Plant & Equipment	132	126
Intangible Assets	176	-
Total	**16,781**	**15,667**

11. Impairment Costs

During the year there were £4.389m of impairment costs (2021/22 £5.005m) relating to HRA assets, which are detailed in the table below.

	2022/23 £'000	2021/22 £'000
Council Dwellings	3,818	4,837
Other Property	571	168
Total	**4,389**	**5,005**
Disabled Facilities adaptations not adding value	1,239	1,640
Lift installations not adding value	102	-
Housing alarm upgrades not adding value	150	121
Upgrades to District Heating schemes not adding value	1,271	1,644
Enhancement of HRA estates not adding value	591	689
Structural work to flats where lease has been sold not adding value	316	581
Other work to flats where lease has been sold not adding value	149	162
Other	571	168
Total	**4,389**	**5,005**

12. Pensions Reserve

As set out in the Statement of Accounting Policies at Note 1, the Council has restricted the accounting entries for the purposes of IAS19 'Retirement Benefits' to current service cost only for the HRA. This is reflected in the Net Cost of Services and a compensating adjustment is made to the Pensions Reserve in order that there is no impact on either the Surplus/ (Deficit) for the year or subsequent rent levels.

13. Rent Arrears

Rent arrears at 31 March 2023 were £7.86m (2021/22 £7.46m). The provision for doubtful debts (rents) at 31 March 2023 was £4.71m (2021/22 £4.38m). Amounts written off during the year amounted to £0.275m (2022/22 £0.09m).

The Collection Fund Revenue Account

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates.

	31-Mar-23			31-Mar-22
	Business Rates	**Council Tax**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
INCOME				
Council Tax receivable	-	(95,345)	**(95,345)**	**(91,983)**
Business rates receivable	(69,330)	-	**(69,330)**	**(53,972)**
Council Tax Reduction Scheme	-	14,079	**14,079**	**14,606**
Interest	-	-	**-**	**-**
	(69,330)	**(81,266)**	**(150,596)**	**(131,349)**
EXPENDITURE				
Precepts & Demands:				
Central Government	30,283	-	**30,283**	**38,019**
Norfolk County Council	6,057	57,322	**63,379**	**62,704**
Norfolk Police Authority	-	10,883	**10,883**	**10,400**
Norwich City Council	24,226	10,589	**34,815**	**40,692**
Distribution of Estimated Surplus / (Deficit) for Previous Years:	-	-		
Central Government	(13,509)	-	**(13,509)**	**(21,724)**
Norfolk County Council	(2,702)	2	**(2,700)**	**(3,845)**
Norfolk Police Authority	-	1	**1**	**73**
Norwich City Council	(10,807)	-	**(10,807)**	**(17,218)**
Charges to Collection Fund:	-	-		
Transitional Protection Payment	361	-	**361**	**398**
Costs of Collection	269	-	**269**	**268**
Increase/decrease in Bad Debt Provision	825	1,236	**2,061**	**1,291**
Increase/decrease in Provision for Appeals	(2,046)	384	**(1,662)**	**(517)**
Write Offs of uncollectable amounts	418	-	**418**	**850**
	33,375	**80,417**	**113,792**	**111,391**
Collection Fund Balance b/fwd at 1 April	23,616	(361)	**23,255**	**43,213**
(Surplus) / Deficit for the year	(35,955)	(849)	**(36,804)**	**(19,958)**
Collection Fund Balance c/fwd at 31 March	**(12,339)**	**(1,210)**	**(13,549)**	**23,255**

Notes to the Collection Fund Statement

1. Income from Business Rates

Since 1 April 2013 and the introduction of the Business Rates Retention Scheme, the Council collects national non-domestic rates (NNDR) for its area, which are based on local rateable values controlled by the Valuation Office multiplied by a uniform rate controlled by Central Government. The total amount, less certain reliefs and other deductions is paid to Central Government, Norwich City Council and Norfolk County Council in accordance with legislated percentages of 50%, 40% and 10% respectively.

The total non-domestic rateable value on 31 March 2023 was £189,603,247 (31 March 2022 £196,750,422). The national non-domestic rate multiplier for 2022/23 was 51.2p in the £ (2021/22 51.2p in the £). The small business multiplier for eligible businesses in 2022/23 was 49.9p in the £ (2021/22 49.9p in the £).

2. Council Tax

The calculation of the tax base, i.e. the number of chargeable dwellings in each Valuation Band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, is shown below:

Property Value	Band	2022/23 Calculated Number of Properties in Band	2021/22 Calculated Number of Properties in Band
Up to £40,000	A	10,842.86	10,813.14
£40,001 to £52,000	B	13,475.19	13,247.31
£52,001 to £68,000	C	6,570.22	6,467.78
£68,001 to £88,000	D	3,152.50	3,129.00
£88,001 to £120,000	E	2,460.64	2,446.28
£120,001 to £160,000	F	1,203.58	1,216.22
£160,001 to £320,000	G	951.67	949.58
Over £320,000	H	100.50	98.00
		38,757.16	**38,367.31**
Collection Rate		0.975	0.975
Tax Base		**37,788.00**	**37,408.00**

The tax rate per Band D property was £2,085.16 (2021/22 £2,025.69).

3. Council Tax Contribution to Collection Fund Surpluses & Deficits

The Council Tax surplus/deficit on the Collection Fund will be distributed in subsequent financial years between Norwich City Council, Norfolk County Council and Norfolk Police Authority in proportion to the value of the respective precept made on the Collection Fund.

	2022/23	2021/22
	£'000	£'000
Norfolk County Council	(882)	(263)
Norfolk Police Authority	(167)	(50)
Norwich City Council	(161)	(49)
Surplus Carried Forward	**(1,210)**	**(362)**

4. NNDR Contribution to Collection Fund Surpluses and Deficits

The NNDR surplus/deficit on the Collection Fund will be distributed in subsequent financial years between Central Government, Norwich City Council and Norfolk County Council in accordance with legislated percentages of 50%, 40% and 10% respectively. These percentages apply to any prior year surplus.

	2022/23	2021/22
	£'000	£'000
Central Government	(6,169)	11,808
Norwich City Council	(4,935)	9,447
Norfolk County Council	(1,234)	2,362
Surplus /(deficit) Carried Forward	**(12,338)**	**23,617**

Group Financial Statements

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 Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Lion Homes (Norwich) Ltd and Norwich City Services 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

These statements are set out on the following pages, together with accompanying disclosure notes.

2. 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.

Jointly Controlled Entities - where the Council exercises joint control with one or more organisations.

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:

Lion Homes (Norwich) Limited (LHL) (previously Norwich Regeneration Limited (NRL)	Subsidiary	Consolidated
Norwich City Services Limited (NCSL)	Subsidiary	Consolidated
Three Score Open Space Management Ltd	Subsidiary	Not material
Norwich City New Co Ltd	Subsidiary	Not material
NPS Norwich Ltd	Associate	
Norwich Norse (Environmental) Limited	Associate	
Norwich Norse (Building) Limited	Associate	

3. Lion Homes (Norwich) Limited (LHL) (Previously Norwich Regeneration Limited (NRL))

Lion Homes (Norwich) Limited (LHL) was incorporated on 13 November 2015 and renamed in March 2023. It is wholly owned by Norwich City Council. It was set up to develop more housing for affordable rent (to be purchased by the HRA upon completion from LHL) and also to develop housing for private sale and market rent.

The company accounts are subject to audit by Aston Shaw. Copies of the accounts may be obtained from Companies House or by request to the Council.

As a subsidiary, the accounts of LHL have been consolidated with those of the Council on a line by line basis, and any balances and transactions between parties have been eliminated in full. LHL expenditure and income, adjusted for transactions with the council, is shown within the Lion Homes (Norwich) Limited line in the Comprehensive Income and Expenditure Statement. As the LHL performance is not reported alongside the Council's to management, the figures have been shown as a separate service line. Balance sheet values are incorporated into the relevant heading of the Balance Sheet, removing balances owed between the two parties.

LHL has prepared 2022/23 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies except with regards Adjustment in relation IFRS16 leases.

4. Norwich City Services (NCSL)

Norwich City Services Ltd (NCSL) is a private limited company wholly owned by Norwich City Council. It was incorporated on 9 June 2020. NCSL will deliver environmental and building repairs and maintenance services.

The company accounts are subject to audit by Aston Shaw. Copies of the accounts may be obtained from Companies House or by request to the Council.

As a subsidiary, the accounts of NCSL have been consolidated with those of the Council on a line-by-line basis, and any balances and transactions between parties have been eliminated in full. NCSL expenditure and income, adjusted for transactions with the council, is shown within the Norwich City Services Limited line in the Comprehensive Income and Expenditure Statement. As the NCSL performance is not reported alongside the Council's to management, the figures have been shown as a separate service line. Balance sheet values are incorporated into the relevant heading of the Balance Sheet, removing balances owed between the two parties.

NCSL has prepared 2022/23 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies. Both entities have a financial year end of 31 March.

5. NPS Norwich Ltd

This is a company owned by NPS Property Consultants Limited (a subsidiary of Norfolk County Council) and Norwich City Council. This joint venture company is being wound down following the transfer of work to NCSL.

NPS Property Consultants hold eight A shares and NCC hold two B shares in NPS Norwich Ltd. Two senior officers of NCC are Directors of NPS Norwich Ltd whilst NPS Property Consultants have three representatives on the board. In line with the Service Level Agreement, Norwich City Council is entitled to an amount equivalent to 50% of any pre-tax profits as a discount on charges, with NPS Property Consultants Limited retaining the remaining 50%.

An estimate of the pre-tax discount is accrued at the year-end within the Council's accounts. The company results are disclosed in Note 29 of the Council's single entity accounts.

Apart from the discount on charges, there is no other confirmed entitlement to NCC e.g. dividends or rights to retained profits and therefore no financial equity asset to be disclosed in the Group Accounts.

6. Norwich Norse (Environmental) Limited

This is a company owned by NPS Norwich Limited (NPSN) and Norwich City Council. This joint venture company is being wound down following the transfer of work to NCSL.

NCS hold eight A shares and NCC hold two B shares in Norwich Norse (Environmental) Limited. A senior officer of NCC and the portfolio holder are Directors of Norwich Norse (Environmental) Limited whilst NCS have three representatives on the board. In line with the Service Level Agreement, Norwich City Council is entitled to an amount equivalent to 50% of any pre-tax profits as a discount on charges, with Norse Commercial Services Limited retaining the remaining 50%.

An estimate of the pre-tax discount is accrued at the year-end within the Council's accounts. The company results are disclosed in Note 29 of the Council's single entity accounts.

Apart from the discount on charges, there is no other confirmed entitlement to NCC e.g. dividends or rights to retained profits and therefore no financial equity asset to be disclosed in the Group Accounts.

7. Norwich Norse (Building) Limited

This is a company owned by NPS Norwich Limited (NPSN) and Norwich City Council. This joint venture company is being wound down following the transfer of work to NCSL.

NPSN hold eight A shares and NCC hold two B shares in Norwich Norse (Building) Limited. A senior officer of NCC and the portfolio holder are Directors of Norwich Norse (Building) Limited, whilst Norfolk County Council appoints two Directors to the board, the fifth Director is the company Managing Director who is jointly appointed by NPSN & NCC. In line with the Service Level Agreement, Norwich City Council is entitled to an amount equivalent to 50% of any pre-tax profits as a discount on charges, with NPS Norwich Ltd retaining the remaining 50%.

An estimate of the pre-tax discount is accrued at the year-end within the Council's accounts. The company results are disclosed in Note 29 of the Council's single entity accounts.

Apart from the discount on charges, there is no other confirmed entitlement to NCC e.g. dividends or rights to retained profits and therefore no financial equity asset to be disclosed in the Group Accounts.

8. Three Score Open Space Management Ltd

This company has been set up to manage the open spaces around the Three Score development. The principle activity will be to maintain the open spaces on the Three Score site. Income to do this will be generated through homeowners paying over of an annual service charge to the company for the maintenance. This is incorporated within the contract to purchase any properties on the site.

The company has been set up initially as a subsidiary of LHL and NCC are registered as subscribers and have guarantee limit of £1 each should the company be wound up. LHL has been registered as being the Relevant Legal Entity with 75% ownership of the voting rights. NCC is named as an 'Other Registrable Person' again with 75% ownership of the voting rights (as it indirectly holds the voting rights as parent company of LHL). In the long term it is intended to hand the company over to the residents/stakeholders to manage at which point the ownership of the voting rights will be amended accordingly.

There are no material transactions in 2021/22 or 2020/21 therefore it is not included in the Group Accounts.

9. Norwich City New Co Ltd

Norwich City New Co Ltd was incorporated on 4 March 2019. The company has been set up to manage all private rental sector properties built by Lion Homes (Norwich) Ltd (LHL) or those that the new company may purchase itself as a business opportunity.

Norwich City New Co Ltd is a limited liability company using the Council's powers to set up such a company under S1 and S4 of the Localism Act 2011 and S95 of the Local Government Act 2003. The company is limited by shares all of which are wholly owned by the Council, and the council will have full control of its activities via the approval of an annual Business Plan.

No transactions have occurred in the company in 2021/22 or 2020/21, therefore the company will not be consolidated into the 2021/22 Consolidated Group Statements.

10. Basis of Consolidation

The financial statements of Lion Homes (Norwich) Limited and Norwich Council Services Limited have been consolidated with those of Norwich City Council on a line by line basis which has eliminated balances, transactions, income and expenditure between the Council and the subsidiary.

Group Movement in Reserves Statement

	Council usable reserves	Subsidiary usable reserves	Total Group usable reserves	Council unusable reserves	Subsidiary unusable reserves	Total Ghroup unusable reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	**(168,599)**	**1,792**	**(166,807)**	**(670,793)**	**-**	**(670,793)**	**(837,600)**
Movement in Reserves in 20222/23:							
(Surplus)/ deficit on the provision of services	(19,506)	1,471	(18,035)	-	-	**-**	**(18,035)**
Other Comprehensive Income and Expenditure	-	-	-	(174,833)	-	**(174,833)**	**(174,833)**
Total Comprehensive Income and Expenditure	**(19,506)**	**1,471**	**(18,035)**	**(174,833)**	**-**	**(174,833)**	**(192,868)**
Adjustments between group accounts and authority accounts	-	-	-	-	-	**-**	**-**
Adjustments between accounting and funding basis under regulation - note 8	3,876	-	3,876	(3,876)	-	**(3,876)**	**-**
Net increase/decrease before transfers to Earmarked reserves	**(15,630)**	**1,471**	**(14,159)**	**(178,709)**	**-**	**(178,709)**	**(192,868)**
Transfers to/from Earmarked reserves - note 10	-	-	-	-	-	**-**	**-**
Transfers between reserves	3,876	-	3,876	(3,876)	-	**(3,876)**	**-**
Other adjustments	-	-	-	-	-	**-**	**-**
(Increase)/Decrease in 2022/23	**(11,754)**	**1,471**	**(10,283)**	**(182,585)**	**-**	**(182,585)**	**(192,868)**
Balance at 31 March 2023	**(180,353)**	**3,263**	**(177,090)**	**(853,378)**	**-**	**(853,378)**	**(1,030,468)**

	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
Balance at 1 April 2021	**(160,268)**	**666**	**(159,602)**	**(549,670)**	**-**	**(549,670)**	**(709,272)**
Movement in Reserves in 2021/22	**(35,226)**	**1,126**	**(34,100)**	**-**	**-**	**-**	
	-	**-**	**-**	**(94,226)**	**-**	**(94,226)**	
(Surplus)/ deficit on provision of services	(35,226)	1,126	(34,100)	(94,226)	-	**(94,226)**	**(128,326)**
Other Comprehensive Income & Expenditure			-	-	-	**-**	**-**
Total Comprehensive Income & Expenditure	**26,895**	**-**	**26,895**	**(26,895)**	**-**	**(26,895)**	**(128,326)**
Adjustments between group accounts and authority accounts	-	-	-	-	-	**-**	**-**
Adjustments between accounting basis & funding basis under regulations (note 9)	26,895	-	26,895	(26,895)	-	**(26,895)**	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(8,331)**	**1,126**	**(7,205)**	**(121,121)**	**-**	**(121,121)**	**(128,326)**
	-	**-**	**-**	**-**	**-**	**-**	
Transfers to/from Earmarked Reserves	**-**	**-**	**-**		**-**	**-**	**-**
Transfers between reserves	**-**	**-**			**-**		**-**
Other Adjustments	**-**	**-**		**(2)**	**-**	**(2)**	**(2)**
(Increase)/Decrease in 2021/22	**(8,331)**	**1,126**	**(7,205)**	**(121,123)**	**-**	**(121,123)**	**(128,328)**
Balance at 31 March 2022	**(168,599)**	**1,792**	**(166,807)**	**(670,793)**	**-**	**(670,793)**	**(837,600)**

Group Comprehensive Income and Expenditure Statement

	2022/23			2021/22		
	Expenditure	Income	Net	Expenditure	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	328	(56)	**272**	305	0	**305**
Community Services	20,940	(9,407)	**11,533**	21,107	(8,296)	**12,811**
Corporate & Commercial Services	56,874	(43,578)	**13,296**	59,742	(48,144)	**11,598**
Corporate Financing	8,051	(8,255)	**(204)**	190	(61)	**129**
Development & City Services	27,045	(15,759)	**11,286**	22,598	(15,333)	**7,265**
Housing Revenue Account	50,031	(69,920)	**(19,889)**	36,941	(68,074)	**(31,133)**
Norwich Regeneration Ltd	375	(108)	**267**	10,122	(9,846)	**276**
NCSL Ltd	17,633	(16,796)	**837**	6,394	(179)	**6,215**
Cost of Services	**181,277**	**(163,879)**	**17,398**	**157,399**	**(149,933)**	**7,466**
Other Operating Expenditure			**(2,949)**			**(1,267)**
Financing and Investment Income and Expenditure			**(1,826)**			**(9,320)**
Taxation and non-specific grant income and expenditure			**(30,658)**			**(30,979)**
(Surplus) or Deficit on Provision of Services			**(18,035)**			**(34,100)**
Surplus on revaluation of non-current assets.			**(59,857)**			**(36,229)**
(Surplus)/deficit from investments in equity instruments designated FVOCIE			**(267)**			**(1,083)**
Actuarial (gains)/losses on pension assets/liabilities			**(114,710)**			**(56,914)**
Other Comprehensive Income and Expenditure			**(174,834)**			**(94,226)**
Total Comprehensive Income and Expenditure			**(192,869)**			**(128,326)**

Group Balance Sheet

		31 March 2023 £'000	31 March 2022 £'000
Property, Plant and Equipment	*Note 1*	1,071,433	997,849
Heritage Assets		25,783	25,596
Investment Properties	*Note 2*	101,385	121,560
Intangible Assets		1,959	1,465
Long Term Investments	*Note 3*	3,588	3,495
Long Term Debtors	*Note 4*	4,482	4,921
Long Term Leasehold		0	0
LONG TERM ASSETS		**1,208,630**	**1,154,886**
Assets Held for Sale		0	798
Short Term Debtors	*Note 5*	17,847	21,808
Inventories	*Note 6*	2,951	263
Short Term Investments		55,347	57,103
Cash and Cash Equivalents		81,477	111,444
		0	
CURRENT ASSETS		**157,622**	**191,416**
Short Term Creditors	*Note 7*	(51,363)	(66,418)
Provisions		(707)	0
Short Term Borrowing		(5,099)	(52,034)
Capital grants receipts in advance		(8,665)	(6,343)
Lease liabilities		(1,087)	0
CURRENT LIABILITIES		**(66,921)**	**(124,795)**
Capital grants receipts in advance		(14,751)	(12,727)
Long Term Creditors		(514)	(2,210)
Provisions		(2,233)	(2,560)
Other Long Term Liabilities		(44,835)	(154,846)
Long Term Borrowing		(207,441)	(211,565)
Finance Leases		911	0
LONG TERM LIABILITIES		**(268,863)**	**(383,908)**
NET ASSETS		**1,030,468**	**837,599**
Usable Reserves		(180,965)	(166,805)
Unusable Reserves		(849,503)	(670,794)
TOTAL RESERVES		**(1,030,468)**	**(837,599)**

Signed: NEVILLE MURTON

Date: 31 May 2023

Neville Murton
Interim Chief Finance Officer (S.151)

Group Cash Flow Statement

	2022-23 £'000	2021-22 £'000
Net surplus or (deficit) on provision of services	18,036	34,097
Adjustments to net surplus or deficit on provision of services for non-cash movements	36,131	23,374
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(49,551)	(22,957)
Net cash flows from Operating Activities	**4,616**	**34,514**
Investing Activities	16,876	(12,415)
Financing Activities	(51,460)	40,006
Net Increase or (decrease) in cash and cash equivalents	**(29,968)**	**62,105**
Cash and cash equivalents at 1 April	111,445	49,339
Cash and cash equivalents at 31 March	**81,477**	**111,444**

Notes to the Group Accounts

Group Boundary

Lion Homes (Norwich) Limited (LHL) (previously Norwich Regeneration Limited (NRL)) was incorporated on 13 November 2015 and renamed in March 2023. On 7 October 2016, the Council transferred 3.35 hectares of land at Bowthorpe at full market value to its wholly owned subsidiary Lion Homes (Norwich) Limited in exchange for 22,000 £100 shares in the company. It is a subsidiary for accounting purposes, and has been consolidated into the Council's group accounts.

Norwich City Services Limited was incorporated on 9 June 2020.

The Council has determined its associate relationships as follows:

NPS Norwich Ltd	Associate
Norwich Norse (Environmental) Limited	Associate
Norwich Norse (Building) Limited	Associate

Accounting Policies

LHL and NCSL have prepared 2022/23 accounts using accounting policies consistent with those applied by the Council with the exception of the implementation of IFRS16 by NCSL in respect of leasehold assets, and the only adjustments required to align accounting policies are the removal of those right of use assets from the balance sheet.

There is only one addition to the stated accounting policies for the Council which needs to be included for LHL. This is the accounting policy for Inventories. There is no stated policy on Inventories within the council's accounting policies as these are immaterial for the Council. However Inventories are material for LHL.

The accounting policy is that Inventories are measured at the lower of cost and net realisable value. The cost of inventories is assigned using the First In First Out (FIFO) costing formula. The policy is consistent for both the Council and LHL.

All entities have a financial year end of 31 March. Disclosure notes have only been restated in the group accounts section where they are materially different from those of the Council's single entity accounts.

1. Property, Plant and Equipment

Movements in 2022/23	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2022	**855,677**	**147,912**	**12,769**	**2,791**	**12,956**	**-**	**5,102**	**1,037,207**
Additions	13,952	2,791	1,055	44	417	-	14,334	**32,593**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	32,127	9,910	-	-	-	-	-	**42,037**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(456)	(4,720)	-	-	-	-	-	**(5,176)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	10,479	1,025	-	-	-	-	-	**11,504**
Derecognition – Disposals	(9,107)	-	(237)	-	-	-	-	**(9,344)**
Derecognition - Other	(460)	-	-	-	-	-	-	**(460)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	-	-	-	-	-	-	-	**-**
Other Movements in Cost or Valuation	739	1,111	(6)	-	6	-	(3,156)	**(1,306)**
Other reclassifications	-	-	-	-	-	-	-	**-**
At 31 March 2023	**902,951**	**158,029**	**13,581**	**2,835**	**13,379**	**-**	**16,280**	**1,107,055**
Accumulated Depreciation & Impairment								
At 1 April 2022	**(12,007)**	**(17,626)**	**(8,300)**	**(1,425)**	**-**	**-**	**-**	**(39,358)**
Depreciation charge	(15,920)	(2,823)	(1,082)	(79)	-	-	-	**(19,904)**
Depreciation written out to the Surplus/Deficit on Provision of Services	6,023	2,735	-	-	-	-	-	**8,758**
Depreciation write-back on revaluation to Revaluation Reserve	9,897	6,963	-	-	-	-	-	**16,860**
Impairment losses / (reversals) recognised in CIES	(3,352)	7	-	-	-	-	-	**(3,345)**
Impairment losses / (reversals) recognised in RR	-	1,130	-	-	-	-	-	**1,130**
Derecognition – Disposals	-	-	237	-	-	-	-	**237**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2023	(15,359)	(9,614)	(9,145)	(1,504)	-	-	-	(35,622)
Net Book Value								
At 31 March 2023	**887,592**	**148,415**	**4,436**	**1,331**	**13,379**	**-**	**16,280**	**1,071,433**
At 31 March 2022	843,670	130,286	4,469	1,366	12,956	-	5,102	997,849

Comparative Movements in 2021/22	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At 1 April 2021	**812,630**	**144,497**	**11,938**	**2,885**	**12,207**	**53**	**1,671**	**985,881**
Additions	19,082	2,037	943	2	749	-	4,361	**27,174**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,104	1,803	-	-	-	(1)	-	**27,906**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(791)	(1,109)	-	(96)	-	-	-	**(1,996)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	9,358	746	-	-	-	-	-	**10,104**
Derecognition – Disposals	(9,387)	-	(112)	-	-	(52)	-	**(9,551)**
Derecognition - Other	(1,203)	-	-	-	-	-	-	**(1,203)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(160)	(368)	-	-	-	-	(114)	**(642)**
Other Movements in Cost or Valuation	44	306	-	-	-	-	(816)	**(466)**
Other reclassifications	-	-	-	-	-	-	-	**-**
At 31 March 2022	**855,677**	**147,912**	**12,769**	**2,791**	**12,956**	**-**	**5,102**	**1,037,207**
Accumulated Depreciation & Impairment								
At 1 April 2021	**(8,033)**	**(13,878)**	**(7,401)**	**(1,381)**	**-**	**-**	**-**	**(30,693)**
Depreciation charge	(14,970)	(2,699)	(1,011)	(82)	-	-	-	**(18,762)**
Depreciation written out to the Surplus/Deficit on Provision of Services	8,004	111	-	-	-	-	-	**8,115**
Depreciation write-back on revaluation to Revaluation Reserve	6,966	714	-	38	-	-	-	**7,718**
Impairment losses / (reversals) recognised in CIES	(3,974)	(1,876)	-	-	-	-	-	**(5,850)**
Impairment losses / (reversals) recognised in RR	-	-	-	-	-	-	-	**-**
Derecognition – Disposals	-	-	112	-	-	-	-	**112**
Derecognition - Other	-	2	-	-	-	-	-	**2**
At 31 March 2022	**(12,007)**	**(17,626)**	**(8,300)**	**(1,425)**	**-**	**-**	**-**	**(39,358)**
Net Book Value	-	-	-	-	-	-	-	**-**
At 31 March 2022	**843,670**	**130,286**	**4,469**	**1,366**	**12,956**	**-**	**5,102**	**997,849**
At 31 March 2021	804,597	130,619	4,537	1,504	12,207	53	1,671	**955,188**

The Council operates a 5-year rolling programme of revaluations in relation to land and buildings except for revaluation of Housing Revenue Account Assets which is carried out on an annual basis. The only property, plant and equipment asset included in LHL's Balance Sheet at the 31 March 2023 is land held by the LHL which is as yet undeveloped. It has been valued at cost £0.232m. NCSL have made several improvements to leasehold property which are currently included in the balance sheet at a net cost of £2.040m, based on historic cost less depreciation. Property, plant and equipment for the single entity is measured at current value and revalued at least every five years, by the Council's external valuers NPS. The valuation cycle is shown in the table below and more details on the valuations can be found at note 14 to the single entity accounts.

VALUATION CYCLE	Council dwellings	Other Land &Buildings	Community assets	Infrastructure	Vehicles Plant etc.	Surplus properties	Assets under construction	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued at historical cost			13,379	1,331	4,436	0	16,280	35,426
Valued at current value								-
2022/23	887,592	130,005						1,017,597
2021/22		1,460						1,460
2020/21		3,400						3,400
2019/20		7,431						7,431
2018/19		6,119						6,119
	887,592	**148,415**	**13,379**	**1,331**	**4,436**	**0**	**16,280**	**1,071,433**

2. Investment Properties

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

	2022/23 £'000	2021/22 £'000
Rental income from investment property	(7,627)	(8,041)
Direct operating expenses arising from investment property	1,763	1,874
Net (gains)/losses from fair value adjustments	(5,109)	(15,806)
Total	**(10,973)**	**(21,973)**

	2022/23 £'000	2021/22 £'000
Balance at start of the year	**121,560**	**105,399**
Additions	218	266
Purchases	-	-
Disposals	(25,888)	0
Net gains / (losses) from fair value adjustments	5,108	15,805
Transfers (to) / from Property, Plant & Equipment	387	90
Balance at end of year	**101,385**	**121,560**

The table above includes the investment properties which are held on LHL's Balance Sheet. These are houses held by the company for rental to the private sector. This generates an income stream for the company. The assets are included at fair value.

3. Long Term Investments

	2022/23 £'000	2021/22 £'000
Norwich Regeneration Ltd	-	-
Norwich City Services Ltd	-	-
Municipal Bonds Agency	100	100
Legislator 1656	3,488	3,221
Total	3,588	3,321

4. Long Term Debtors

	2022/23			2021/22
	Debtors £'000	Provision for Bad Debt £'000	Net Debtors £'000	Net Debtors £'000
Advances for House Purchase: Council Houses Sold	3	-	**3**	**3**
Norfolk County Council Transferred Debt	54	-	**54**	**487**
Decent Home Loans	2,547	(2,122)	**425**	**481**
Finance Lease > 1 year	1,664	-	**1,664**	**1,692**
Home Improvement Loans	198	-	**198**	**203**
Housing Benefit Overpayments	4,626	(3,666)	**960**	**1,019**
Shared Equity Dwellings	150	-	**150**	**144**
SALIX	322	-	**322**	**321**
Debts with legal charge over property	202	-	**202**	**202**
Wholly owned subsidiary	-	-	**-**	**-**
Other Long Term Debtors	257	-	**257**	**369**
Total	**10,023**	**(5,788)**	**4,235**	**4,921**

5. Short Term Debtors

	2022/23 £'000	2021/22 £'000
Amounts falling due within one year:		
Trade Customers		
- HRA Rentpayer	3,039	3,300
- Other Trade Customers	6,324	4,947
Collection Fund		
- Taxpayers (Council Tax & Business Rates)	1,339	1,230
- Preceptors	(1)	9,083
Other Receivables	4,247	1,848
Prepayments	2,899	1,400
Total short term debtors	**17,847**	**21,808**

6. Inventories

	2022/23	2021/22
	£'000	£'000
Balance 1 April	264	8,279
Purchases	170	38
Recognised as an expense in the year	2,517	-
Transfers		(8,053)
Balance 31 March	**2,951**	**264**
Council Stock	27	27
NRL	2,754	199
NCSL	170	38
Total	**2,951**	**264**

The stock held on the balance sheet, relating to LHL, is the houses under construction that once complete will be sold on the open market.

7. Short Term Creditors

	2022/23 £'000	2021/22 £'000
Amounts falling due within one year:		
Amounts repayable to Government		
- Covid-19 Business Grants	(5,216)	(27,664)
- NNDR Grants & Funding	(11,667)	0
Trade Payables	(18,631)	(19,169)
Other Payables	(11,339)	(4,754)
Receipts in Advance		
- Council Tax Rebate Funding	0	(9,583)
- Other receipts in advance	(4,510)	(5,248)
Total short term creditors	**(51,363)**	**(66,418)**

Glossary of Terms

Accounting Period
The period of time covered by the accounts, normally a period of twelve months, that commences on 1 April for local authority accounts. The end of the accounting period, i.e. 31 March, is the balance sheet date.

Accrual
A sum included in the final accounts attributable to the accounting period but for which payment has yet to be made or income received.

Amortisation
A measure of the consumption of the value of intangible assets, based on the remaining economic life.

Asset
An item having a value measurable in monetary terms. Assets can either be defined as fixed or current. A fixed asset has use and value for more than one year where a current asset (e.g. stocks or short-term debtors) can readily be converted into cash.

Audit of Accounts
An independent examination of the Council's financial affairs, which ensures that the relevant legal obligations and codes of practice have been followed.

Balance Sheet
A financial statement that summarises the Council's assets, liabilities and other balances at the end of the accounting period.

Billing Authority
A local authority charged by statute with the responsibility for the collection of and accounting for council tax, NNDR and residual community charge. These in the main are district council's, such as Norwich, and unitary authorities.

Budget
A financial statement that expresses the council's service delivery plans in monetary terms. This covers as a minimum the same period as the financial year but increasingly council's are preparing medium-term financial plans covering 3 to 5 years.

Capital Expenditure
Expenditure to acquire fixed assets that will be used in providing services beyond the current accounting period or expenditure that adds value to an existing fixed asset.

Capital Financing
The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.

Capital Financing Requirement
The capital financing requirement reflects the Council's underlying need to borrow for a capital purpose.

Capital Programme
The capital schemes the council intends to carry out over a specified time period, often within a 6 to 10 year timeframe.

Capital Receipt
The proceeds from the disposal of land and other assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used for revenue purposes.

Cash Equivalents
Investments that mature in 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute Of Public Finance and Accountancy (CIPFA)
The principal accountancy body dealing with local government finance.

CIPFA Code of Practice on Local Authority Accounting
This specifies the principles and practices of accounting to be followed when preparing the Statement of Accounts. It constitutes "proper accounting practice" and is recognised as such by statute.

Collection Fund
A separate fund maintained by a billing authority which records the expenditure and income relating to council tax, NNDR and residual community charges.

Community Assets
Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions in their disposal. Examples of community assets are parks.

Comprehensive Income and Expenditure Statement
This statement reports the net cost for the year of all the functions for which the Council is responsible, and demonstrates how that cost has been financed from general government grants, and income from local taxpayers. It brings together expenditure and income relating to all the local authority's functions.

Consistency
The concept that the accounting treatment of like items within an accounting period, and from one period to the next one is the same.

Contingent Liability
A possible obligation arising from past events, 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.

Creditor
Amounts owed by the Council for work done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

Debtor
Amounts due to the Council for work done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

Depreciation
The measure of the cost or revalued amount of the benefits of a fixed asset that have been consumed during the accounting period.

Effective Rate of Interest
The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance at initial measurement.

Exceptional Items
Material items which derive from events or transactions that fall within the ordinary activities of the Council, and which need to be disclosed separately, by virtue of their size or incidence, such that the financial statements give a true and fair view.

Fair Value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Finance Lease
A lease which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Not the same as an Operating Lease (q.v.).

Financial Instruments
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets (e.g. bank deposits and investments), and financial liabilities (e.g. trade payables and borrowings).

Financial Reporting Standard (FRS)
Financial Reporting Standards cover particular aspects of accounting practice, and set out the correct accounting treatment, for example, of depreciation. Compliance with these standards is normally mandatory and any departure from them must be disclosed and explained.

Fixed Assets
Tangible assets that yield benefits to the Council, and to the services it provides, for a period of more than one year.

Housing Revenue Account
A separate account to the General Fund, which includes the expenditure and income arising from the provision of housing accommodation owned by the Council.

Impairment
The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.

Infrastructure Assets
Fixed assets belonging to the Council which do not necessarily have a resale value (e.g. highways), and for which a useful life-span cannot be readily assessed.

Intangible Fixed Assets
These are assets which do not have a physical substance, e.g. software licences, but which yield benefits to the Council and the services it provides, for a period of more than one year.

Minimum Revenue Provision
MRP is a charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements

Movement in Reserves Statement
This statement precedes the Comprehensive Income and Expenditure Statement. It takes into account items, in addition to the Income and Expenditure Account surplus or deficit, which are required by statute, and non-statutory proper practices, to be charged or credited to the General Fund, Housing Revenue Account & other reserves

Movement in Reserves Statement – Housing Revenue Account
This statement follows the Housing Revenue Account Income and Expenditure Statement. It takes into account items, in addition to the Income and Expenditure Account surplus or deficit, which are required by statute, and non-statutory proper practices, to be charged or credited to the Housing Revenue Account.

NNDR (National Non-Domestic Rate)
National Non-Domestic Rate is a standard rate in the pound, set by the government, on the assessed rateable value of properties used for business purposes.

Non-Current Asset
Tangible assets that yield benefits to the Council, and to the services it provides, for a period of more than one year.

Operating Lease
A lease where the ownership of the fixed asset remains with the lessor. Not the same as a Finance Lease (q.v.).

Outturn
Refers to actual income and expenditure or balances as opposed to budgeted amounts.

Precept
The amount which a local authority, which cannot level a council tax directly on the public, requires to be collected on its behalf. The major precepting authorities are Norfolk County Council and Norfolk Police Authority.

Provisions
Monies set aside for liabilities which are likely to be incurred, but where exact amounts or dates are uncertain.

Prudential Code
The Prudential Code, introduced in April 2004, sets out the arrangements for capital finance in local authorities. It constitutes ‘proper accounting practice’ and is recognised as such by statute.

Rateable Value
The annual assumed rental value of a property, which is used for business purposes.

Reserves
The accumulation of surpluses and deficits over past years. Reserves of a revenue nature can be spent or earmarked at the discretion of the Council. Reserves of a capital nature may have some restrictions placed on them as to their use.

Revenue Expenditure
Spending on day to day items, such as employees’ pay, premises costs and supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund and impact on that years’ council tax.

Revenue Support Grant
The main grant paid by central government to a local authority towards the costs of their services.

SERCOP (Service Reporting Code of Practice)
The Service Reporting Code of Practice provides guidance on the content and presentation of costs of service activities within the CIES. It constitutes ‘proper accounting practice’ and is recognised as such by statute.

Tangible Assets
See Fixed Assets (q.v.)

Transfer of Undertakings (Protection of Employment) Regulations (TUPE)
This protects employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner when the business changes hands automatically become employees of the new employer on the same terms and conditions.

Trust Funds
Funds administered by the Council for such purposes as prizes, charities and specific projects, usually as a result of individual legacies and donations.

Two Tier Authority
In most areas of England, local government functions are divided between two tiers of local authority, county council’s, known as “upper tier” authorities and city, borough or district council’s, known as “lower tier” authorities.

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