NORWICH
City Council

Audit committee

Date: Tuesday, 10 March 2026
Time: 16:30
Venue: Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH

Committee members:

Councillors:

Schmierer (Chair)
Driver (Vice-Chair)
Bolton
Kendrick
Lawes
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Independent Member
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For information about attending or speaking at meetings, please contact the committee officer above or refer to the council's website

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communication for all

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Agenda

		Page nos
1	**Apologies** To receive apologies for absence	
2	**Declarations of interest** (Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting)	
3	**Public questions/petitions** To receive questions / petitions from the public which have been submitted in accordance with the council's constitution.	
4	**Minutes - To Follow** To agree the minutes of the meeting on 23 February 2026.	
5	**Statement of Accounts 2024-25** **Purpose** - To present the Audit Results schedule for 2024-25 Statement of Accounts.	5 - 220
6	**Work Programme** **Purpose** - To set out the Committee's work proramme to fulfil its terms of reference as set out in the Council's constitution.	221 - 226

EXEMPT ITEMS:

(During consideration of these items the meeting is not likely to be open to the press and the public.)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part 1 of Schedule 12 A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, members are asked to decide whether, in all circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

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7 Exclusion of the public

Consideration of exclusion of the public.

Date of publication**:**

NORWICH City Council

Item 5

Committee Name: **Audit**

Committee Date: **10/03/2026**

Report Title: Statement of Accounts 2024-25

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

Report from: Interim Director of Finance (S151 officer)

Wards: **All Wards**

OPEN PUBLIC ITEM

Purpose

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

Recommendation:

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

Policy Framework

The Council has five corporate priorities, which are:

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

This report supports the delivery of all these priorities.

Report Details

Background

1. The unaudited draft statement of accounts were authorised by the Interim Chief Finance Officer (S.151) on 27th September 2025 and published on the website ready for the commencement of the period of public inspection which ran from 29th September to 7th November 2025 following the publication on the website of the Annual Governance Statement on 26th September 2025.

2. The unaudited draft statement of accounts were presented to Audit Committee on 11th November at the Statement of Accounts training.

3. The accounts have been further reviewed by EY since November as part of the annual audit and updated for known adjustments and Audit differences set out in section five of the Audit results schedule.

4. The statement of accounts are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom (supported by International Financial Reporting Standards) and includes a full balance sheet, comprehensive income and expenditure statement, movement in reserves statement and cash flow statement.

5. Group accounts are also prepared which consolidate the financial performance and position of the council's wholly owned subsidiaries Lion Homes (Norwich) Limited and Norwich City Services Limited.

Statement of Accounts

6. The 2024-25 Statement of accounts are shown at Appendix A. A list of Major Balance Sheet movements are detailed below.

7. The council's net worth has increased by £5,815, million from 31 March 2024 to 31 March 2025. This movement can be summarised as follows:

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

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

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

Audit Results

9. A copy of the 2024-25 EY Audit Results Report is shown at Appendix B.

10. EY started work on the formal audit for 2024-2025 in October 2025 and council officers have provided all working papers and sample items requested. Since the commencement of the planning work back in April 2025 around 370 queries from EY have been responded to by officers through their online portal.

11. All requests from EY have been responded to however this year it has been noted that requests have been more complex and have taken more time to respond to, than in previous years. This is due to the higher risk placed on the audit due to the governance issues associated with the Council's subsidiary companies.

12. The draft SOA's have been updated for minor changes following a working paper review for items such as wording, rounding and casting for presentation. The revised 2024-25 IAS19 report received in October adjusted the asset ceiling and some late asset valuations. A further revised 2024-25 IAS19 report was received in February and the required further changes and these are reflected in the accounts.

13. The government set a backstop date of the end February for the completion of the audit work and sign off of the accounts. The back stop deadline for the 2024/25 accounts is 27th February 2026.

14. The Council did not publish the Statement of Accounts by 27 February. The delay is primarily related to the timeliness of the final reporting of audit outcomes and several technical points within the 2024-25 audit results report.

15. The first draft Audit Results Report was received in November 2025, this short document did not highlight the level of concerns that later came to light until late January 2026.

16. The final draft Audit Results Report was received from EY on the 10th of February, this contained several items that NCC did not agree with. Examples of this were IFRS16 and the Pension asset ceiling notes.

17. On challenge, EY removed some of the items and their comments and reissued an updated version on the evening of the 17th of February 2026.

18. The publication deadline for the 23rd of February 2026 Audit Committee meeting was Friday 13th February. It was deemed unacceptable to publish the ARR with the limited amount of time available for the internal review process applied to all committee reports.

19. The Council has produced a management response to the audit results report which is included at Appendix C. A summary of the response is included in the table below.

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

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

Annual Governance Statement

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

Consultation

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

Implications

Financial and Resources

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

Legal

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

Statutory Considerations

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

Risk Management

Risk	Consequence	Controls Required
None identified		

Other Options Considered

24. There are no alternative options to this report.

Reasons for the decision/recommendation

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

Background papers: Draft accounts published on the Council website

Appendices:

Appendix A - 2024-25 Statement of Accounts

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

Appendix C – Management action plan in response to the ARR

Appendix D – Addendum to the AGS

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Appendix A

COVER PAGE TO BE INSERTED IN FINAL VERSION

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 2024-2025", 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 2024-2025 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 2024-2025 Annual Governance Statement can be found on the Council's website: Statement of accounts | Statement of accounts | Norwich City Council

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, Home - Office for National Statistics). 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 665.8 full time equivalent (FTE) employees (as at 31 March 2025). The actual number of employees is 743 of whom 576 are full time and 167 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, Norwich City Services Ltd and Three Score Open Space Management Ltd.

3. Strategic direction of the Council

Following extensive engagement with residents, community organisations, partners and staff, Norwich City Council formally adopted a new community-led plan in April 2024: **We Are Norwich (2024–2029).** This plan represents a significant shift in the council's strategic direction, placing outcomes, inclusion, and public voice at the heart of our work.

The "We Are Norwich" plan replaces our previous corporate plan and is structured around five city-wide priorities:

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

Each of these priorities is underpinned by a clear set of outcomes, actions, and performance indicators to ensure accountability and progress over time. Our approach recognises the interconnected nature of these goals and places greater emphasis on partnership working, evidence-informed decision making, and flexibility in responding to emerging needs.

Our actions are informed and guided by seven organisational principles:

- Be unashamedly ambitious for Norwich
- Do the basics well on the services we provide
- Listen to the city
- Work in partnership
- Focus on the climate in all that we do
- Put equality and inclusion at the heart of our thinking
- Use evidence to inform services

These principles shape how we engage, deliver and lead. In practical terms, they guide everything from capital investment decisions and digital transformation to our approach to reducing inequality and tackling the climate emergency.

A key shift in our approach this year is the trialling of the Outcomes-Based Accountability (OBA) model. This model supports more meaningful performance monitoring, replacing activity-based tracking with outcome-focused indicators that better reflect residents' lived experiences.

We have begun to test this approach across all services, supported by the development of a revised performance framework and quarterly reporting cycles. The council's audit function provides oversight, ensuring robust and transparent governance.

Where existing data is insufficient to track progress, we are developing new indicators and improving data collection methods to support better decision-making. We are also ensuring that residents and stakeholders are able to access and understand the difference our work is making through platforms such as the "State of Norwich" and tailored community engagement.

Local Government Reorganisation and Devolution

Norwich City Council remains committed to the principle of establishing a **unitary authority for the Norwich urban area** as part of wider Local Government Reorganisation (LGR) in Norfolk. We believe this approach offers the most effective and accountable structure for delivering city-focused services and ensuring that Norwich's voice is directly represented in regional decision-making.

We are also an active participant in the devolution programme aimed at forming a Mayoral Combined County Authority (MCCA) for Norfolk and Suffolk, expected to be in place by May 2026. In this context, the council has begun early preparations for LGR, including aligning strategies, resources, and performance frameworks in anticipation of future structural reform. This year's business plan includes preparatory work to support this transformation.

We recognise that the period leading up to 2026 and beyond will be one of considerable change as the council continues to respond to change in line with public expectations and wider governance reform. However, our strategic direction remains rooted in the needs and aspirations of the people of Norwich. Our city is ambitious, vibrant, and diverse - and our strategic approach seeks to amplify these strengths while ensuring we remain financially resilient, responsive, and inclusive.

By embedding the We Are Norwich plan, investing in evidence-based governance, and preparing for future local government change, we are positioning the council to deliver long-term impact, unlock future powers through devolution, and build a stronger, fairer Norwich for all.

4. Local context

Norwich is a uniquely positioned city: rich in heritage, creativity, and civic spirit, yet facing complex and persistent challenges. From stark health inequalities and high levels of deprivation to housing pressures and the climate crisis, the city continues to navigate the realities of delivering public services in a time of economic uncertainty and rising demand.

Demographically, Norwich remains a compact and growing urban area, with a diverse population and a youthful age profile compared to the wider county. However, outcomes for residents vary significantly between neighbourhoods, with some communities experiencing deep-rooted disadvantage. These challenges require not only well-targeted council services, but also collective action through effective partnership working.

The policy and financial environment for local government continues to change. The city is currently preparing for its role within a new Mayoral Combined County Authority (MCCA) for Norfolk and Suffolk, with an elected mayor anticipated by 2026. Norwich City Council is also advocating for a new unitary authority for the urban area, in recognition of its distinct governance, economic and service needs. These developments will shape the way services are designed and delivered in future.

Our current approach has been informed by a broad range of data and engagement activities, including:

- Analysis of local demographic, economic and environmental trends, including inequalities across neighbourhoods
- Learning from peer authorities, national policy shifts, and emerging models of governance
- Feedback from residents, partners, and community groups through conversations and consultations
- Targeted work in areas of greatest need, through the Reducing Inequalities Target Areas (RITA) framework
- Evidence and insight generated by partnership strategies across health, housing, culture, and climate

Although the Norwich 2040 City Vision remains a shared long-term aspiration, the formal partnership is currently inactive. In practice, the council is working closely with a range of more active, outcome-focused partnerships to address strategic priorities. These include:

- Norwich Health and Wellbeing Partnership, supporting place-based population health
- Greater Norwich Growth Board, guiding infrastructure and economic investment
- Creative City Compact, supporting cultural development and inclusive growth
- Retrofit Taskforce and Climate Programme partnerships, advancing net-zero delivery
- Financial Inclusion Consortium, tackling cost-of-living and income inequality

Together, these partnerships reflect the city's commitment to collaborative problem-solving and a shared responsibility for outcomes. They also support the council's ambition to become more transparent, responsive and inclusive in how it plans, delivers and evaluates its work.

Looking ahead, Norwich's success will depend on its ability to harness local strengths - its people, place, and partnerships - while shaping its role within a changing governance landscape. The local context in 2024-2025 demands innovation, shared leadership, and continued focus on the things that matter most to residents: fairness, climate action, opportunity, and place-based improvement.

5. National Context & Future Outlook

2024-2025 continued to be challenging for Norwich City Council with increasing demands for our services, heightened customer expectations and continued pressure on our sources of income as austerity and the cost-of-living crisis impacted in the aftermath of the pandemic. Despite these challenges the Council has continued to help and support the residents and businesses of the 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.

The council has continued to manage the uncertainty associated with changes to future local government funding. The 2024-2025 budget was in effect a roll-over of previous years' funding with little certainty on the direction of travel; this has continued into 2025-2026 with limited additional information on longer term funding intentions.

The medium-term financial challenge to the council remains, with no spending review figures available beyond 2025-2026.

Earmarked reserves have been established to manage future budget risks and uncertainty and to fund the costs of transformation and change in the council. 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 2024-2025 budget in February 2024, further economic uncertainty in the form of inflationary pressures continued to emerge with high inflation continuing for part of the year; this has inevitably led to concerns about inflationary pressures on the council's budget and this is reflected in the current 2025-2026 Medium Term Financial Strategy.

Government funding and reforms

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 efficiencies, reductions or increased income generation as well as looking for further efficiencies in pursuit of maximising value for money for Council Tax payers.

The financial settlement covered only 2024-2025, with the government implementing a 'roll forward' finance settlement for that year which has also continued into 2025-2026. The timeframe for any government reforms will be set out in the spending review due to be announced in June 2025 and the autumn of 2025.

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. This was demonstrated tangibly with the late announcement of additional funding for 2025-2026 alongside an additional requirement to produce and publish a productivity plan and, whilst the additional funding was welcome, the late announcement of it made financial planning more challenging.

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 for 2024-2025 were approved by Council in February 2024 and can be found at this link: [2024-2025 Budget and MTFS]

This demonstrated a balanced position across short-term planning period to March 2025.

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 and growth in demand for services.

When the 2024-2025 budget was set, forecasts indicated that a further £8.819m of gross permanent savings would have needed to be found over the four-year period from 2025-2026. Since that time savings have been identified across all years of the MTFS including actions to balance the 2025-2026 budget. However, given the continuing pressures it is anticipated that further savings are likely to be required.

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 are 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 and rent cap in April 2023. 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 £10.102m in 2024-2025 and it was proposed to use £10.045m of this surplus to fund capital investment in new social housing, with the remaining £0.057m being transferred to reserves. Following the approval of the 2024-2025 HRA budget, the government announced increased flexibilities enabling retained ‘one-for-one’ Right to Buy receipts to fund the full cost of new social housing for a two-year period from 2024-2025. As a result, the planned contribution of £10.045m of revenue funds to support capital investment was not required and the resulting underspend was transferred to HRA reserves. 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 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 and heritage assets. Major investment in these and in new assets is included in the capital programme which in turn is resourced from the disposal of surplus assets, revenue budget contributions, grants, and borrowing.

The council’s original capital programme for 2024-2025 was £72.245m. In addition, amendments to projects were actioned during the year, resulting in a revised programme of £62.027m.

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 continues to be 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 (£8.249m) and HRA (£51.503m) as at 31 March 2025.

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 and 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.

Local authorities are no longer 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. These regulatory changes, 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 is expected to 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 2029-2030, 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; this will be planned to reflect the best position on interest rates.

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 2024-2025 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 on the following link: CMIS > Meetings calendar.

7. Performance against our priorities

Corporate Performance

The period 2024-2025 marked the first year of delivery against our new community-led plan, We Are Norwich (2024–2029). This plan reflects five priorities shaped by our residents and partners:

- A fairer Norwich
- A climate-responsive Norwich
- A future-proof Norwich
- A prosperous Norwich

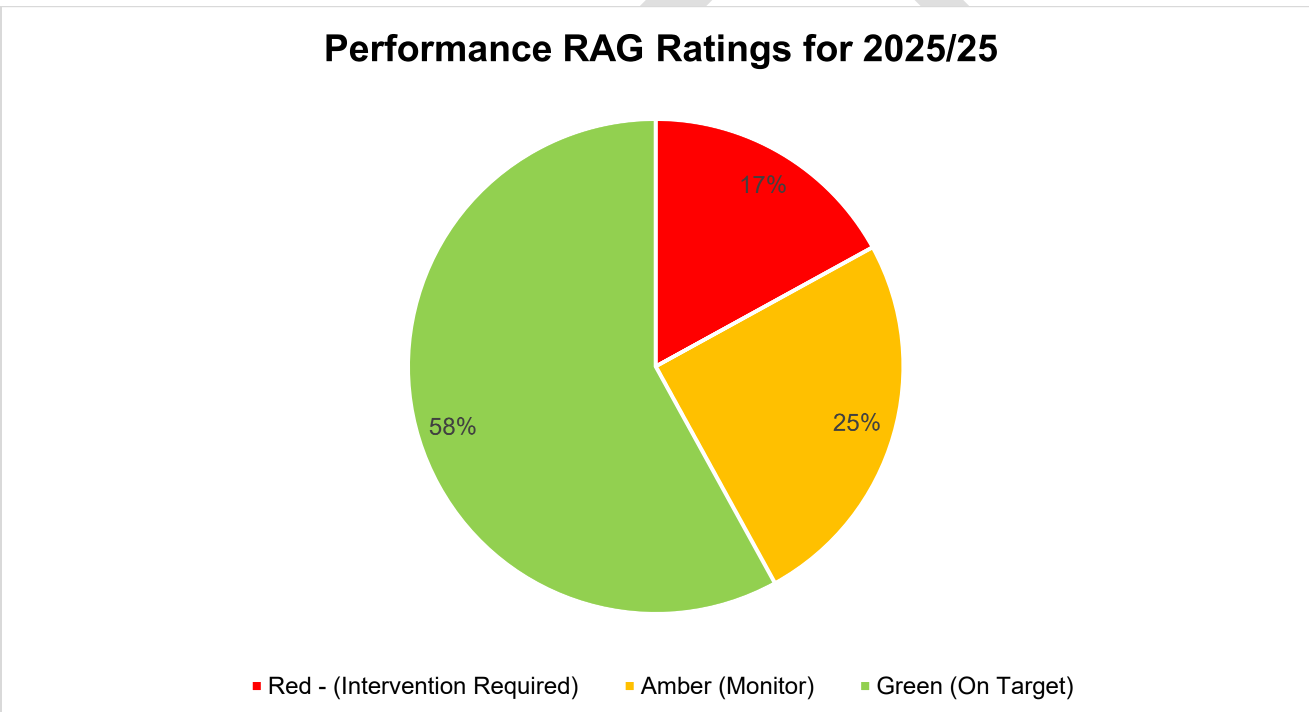
- An open and modern council

To support the delivery of these priorities, we introduced a revised performance framework, mapping existing indicators to the new structure. Our KPIs are under review to ensure we focus on measurable results and impact, rather than simply monitoring activity.

Headline Performance

Of the 28 Key Performance Indicators (KPIs) monitored in 2024-2025:

- 58% were rated Green (on or above target)
- 25% were Amber (early warning – action may be required)
- 17% were Red (off target – intervention required)



The overall performance remained steady year-on-year, despite a backdrop of financial constraints, service pressures, and increasing resident need. Several indicators showed notable progress, while others flagged key areas for improvement. Further details on our performance monitoring, can be found on the following link: Performance reports | Norwich City Council

Delivery highlights by priority

An Open and Modern Council

The council continued to modernise how it works, guided by its principles to listen, use evidence and do the basics well. The introduction of focusing on outcomes across business planning marked a fundamental shift in how services are monitored, prioritising impact over activity. Digital transformation also progressed, with 56.77% of customer contact now occurring through digital channels - a 15.9% increase year-on-year.

Service stability remained high, with IT availability exceeding targets and the new Customer and Digital Strategy ensuring digital services are accessible, inclusive and cost-effective. A redesigned website, shaped by community consultation, is being developed to meet a diverse range of needs. The council also improved complaints handling, with 84% responded to on time, and launched more accessible equality impact assessment tools.

Consultation and transparency were strengthened through the rollout of Get Talking Norwich, which hosted 28 consultations in its first year. Internally, the council published its first Data and Information Strategy, equipping services to use insights to better serve residents. These developments reflect a commitment to open, inclusive and accountable governance, ensuring the organisation is ready for future challenges including devolution and local government reorganisation.

A Prosperous Norwich

In 2024-2025, the council supported economic and cultural vibrancy while continuing to protect the financial resilience of the organisation. Planning performance improved, with statutory timescales met and appeal success rates rising. Council Tax and Business Rates collection exceeded targets despite economic uncertainty, helping sustain core services.

The city's cultural ecosystem benefited from targeted investment. The Lord Mayor's Weekend drew over 30,000 attendees and saw more than 1,000 people participate in the procession. Fourteen projects were awarded grants through the cultural partnership fund, increasing cultural access for children, LGBTQIA+ communities, disabled residents, and emerging artists. New busking guidelines, co-produced through public consultation, ensured that high streets remain vibrant and inclusive.

The council also invested in preserving heritage assets, including restoration works at the Guildhall and St John Maddermarket, sustaining Norwich's cultural identity and its appeal as a destination. These projects directly support tourism, local pride and the wider economy.

A Fairer Norwich

In 2024-2025, Norwich City Council made significant strides in creating a fairer city, aligned to its guiding principles of inclusion, listening, and partnership. The council enabled the delivery of 48 new affordable homes and reduced long-term empty properties to their lowest level in three years. Through improved re-let times and better housing management, more residents accessed safe, secure accommodation. A key success was achieving 100% gas safety compliance across the housing stock, reflecting a sustained focus on tenant wellbeing.

Tackling inequality remained central. The council's targeted work through the Financial Inclusion Consortium helped secure over £3.8 million in benefits for residents and restructure over £1,488,000 in personal debt. Meanwhile, the Green Doctor service reached vulnerable households with tailored energy advice and practical support to combat fuel poverty. Accessibility and inclusion were further embedded through the launch of the Equality, Diversity and Inclusion (EDI) Strategy 2024-2027 and the formation of the Inclusive Norwich Partnership, a new collaborative platform shaping services for underrepresented communities.

Investment in inclusive public spaces and healthy lifestyles was also evident. The Hay Hill redesign improved city centre accessibility and biodiversity. New play areas and refurbished tennis courts, co-designed with residents, created welcoming places for active lifestyles, particularly in areas of deprivation. Norwich also joined the Age-Friendly Communities network, committing to supporting older residents to thrive.

A Climate Responsive Norwich

Reflecting the council's guiding principle to prioritise climate in all that we do, 2024-2025 saw major progress in reducing emissions and engaging communities in climate action. The council exceeded its 3% annual emissions reduction target, achieving an 8% drop in operational carbon output. The council published the Climate Responsive Norwich Programme 2025-2035 for consultation with key partners, setting the framework for forthcoming Climate Action Plans across housing, council operations and the wider city.

Over £4.7 million was secured through the Warm Homes grant scheme to retrofit 325 homes. This was complemented by further investment through the Social Housing Decarbonisation Fund, targeting the most inefficient properties. In parallel, the council introduced rooftop solar at Riverside Leisure Centre, cutting carbon emissions by 75 tonnes annually and reducing operational costs. The Solar Together scheme provided 485 households access to discounted solar installations, making renewable energy more accessible.

On community engagement, Norwich supported the creation of Our Power, a neighbourhood energy network training local Energy Champions to promote retrofit and energy advice. The Net Zero Communities pilot in Eaton offered further insight into barriers faced by residents, helping tailor future outreach. Biodiversity also remained a priority, with six parks awarded Green Flag status and new partnerships delivering the Norwich Nature Recovery Network. This collaborative effort is increasing access to nature while tackling environmental inequality.

A Future-Proof Norwich

The council continued to future-proof services and infrastructure while using evidence to inform decision-making. Through strategic alignment with its Medium-Term Financial Strategy and partnership working, the council secured £42.7 million in external funding for place-shaping, regeneration and infrastructure projects. Delivery of the Greater Norwich Local Plan in partnership with neighbouring authorities provided a long-term growth framework for housing, jobs and green infrastructure to 2038.

The council deepened community involvement through the UK Shared Prosperity Fund-supported "community conversations" initiative, enabling 32 local groups to manage 57 green spaces. This built community capacity, reduced isolation, and increased pride of place. The establishment of Norwich Unity Hub, providing affordable space for local charities, is forecast to generate over £2.7 million in social value, directly benefiting some of Norwich's most vulnerable residents.

The council successfully acquired the Anglia Square Shopping Centre in December 2024, a pivotal step in delivering the much-anticipated regeneration scheme to revitalise this key area of the city. The purchase marked a significant milestone in the ambitious plans to transform Anglia Square into a vibrant, modern hub and will support the ambition to deliver around 1,100 new homes, business opportunities and jobs for local people.

The regeneration of East Norwich represents the largest development opportunity of its kind in the east of England. The project is intended to support the creation of 3,500 new homes and 4,000 jobs across a 50-hectare site. The council's ambition is to deliver a new urban quarter that offers high-quality walking, cycling, and public transport links to the city and the Broads, alongside a diverse mix of housing types and tenures.

Internally, futureproofing also meant modernising systems. The council progressed a new People Strategy, delivered training on digital innovation, and prepared for the full digitisation of planning and regulatory systems. Insights from the new Data and Information Strategy and staff engagement on the Customer and Digital Strategy have laid the groundwork for smarter, more responsive services.

Our next steps include:

- Finalising and testing new KPIs for priority outcomes
- Using learning from Year 1 to refine our business planning process
- Strengthening partnerships and performance governance in preparation for potential Local Government Reorganisation (LGR)

Our focus remains on delivering better outcomes for residents, using evidence and engagement to shape a fairer, greener and more inclusive city.

2024-2025 Financial Performance

Revenue Expenditure

2024-2025 actual against budget for each service area

	Budget £000	Provisional outturn £000	Provisional variance £000
Chief Executive	471	487	16
Corporate Financing	(29,744)	(30,631)	(887)
Resources	15,560	14,444	(1,116)
Housing and Communities	4,801	4,095	(706)
Development & City Services	8,912	10,836	1,924
General Fund Total	**0**	**(769)**	**(769)**
Housing Revenue Account Total	**0**	**(8,300)**	**(8,300)**
Net Revenue Expenditure	**0**	**(9,069)**	**(9,069)**

The outturn for the General Fund is a surplus of £0.769m which represents 1.18% of the council's gross General Fund expenditure budget.

Detailed information on how service areas performed against budget in 2024-2025 is provided in the outturn report to Cabinet on 9th July 2025.

The significant variances are as follows:

- £0.809m of additional income contributed by interest generated by the council's day to day cash investments, due to interest rates remaining high and relatively high cash balances;
- £1.116m of underspend arose within the Resources directorate, largely generated from projects supporting the Customer and Digital Strategy extending into the next financial year, higher than anticipated grant income being received and a lower share of legal costs during the year;
- £0.706m of underspend was generated within the Communities and Housing directorate, arising from higher than anticipated levels of grants and external funding being received from various sources throughout the year;
- £1.924m overspend was generated within the Development and City Services directorate; lower than forecast income from parking significantly contributed towards this. Additionally, income from planning applications and Community Infrastructure Levy was considerably lower than anticipated due to uncertainty surrounding local nutrient neutrality issues.

The General Fund underspend has been transferred to reserves with the intention that it will be used to support priority areas in 2025-2026 including the new Community Plan priorities. It will also be used to mitigate some specific risks such as those in relation to the insurance of the council's assets whilst refurbishment and enhancement work is undertaken. A budget risk reserve is also maintained to provide resilience against emerging pressures and delays in the delivery of savings and other unforeseen events.

The outturn position for the HRA is an underspend of £8.300m which represents 10.17% of the total HRA expenditure budget.

Significant key variances are as follows:

- £10.045m underspend has arisen from no longer making a revenue contribution towards the cost of new social housing, following the increased flexibilities announced by the Ministry of Housing, Communities and Local Government, enabling the full cost to be met from retained one-for-one Right to Buy Receipts for a two-year period;
- £1.695m of additional depreciation charges have been made in the year, resulting from higher property values, although the full value of the charge remains within the HRA to support the cost of capital upgrade work.
- £0.318m of underspend has been generated from the outcome of the 2023-2024 NCSL open book audit, offset by significant additional costs arising from enhanced levels of work to mitigate damp, mould and compliance issues.
- £0.353m of additional income contributed by interest generated by the council's day to day cash investments, due to interest rates remaining high and relatively high cash balances;

Capital expenditure

Capital Programme	Budget £000	Provisional outturn £000	Provisional variance £000
General Fund	31,025	23,678	(7,347)
HRA	30,983	25,063	(5,920)
Total	**62,008**	**48,741**	**(13,267)**

2024-2025 funding of the capital programme

Source of Funding	£000
Revenue Contribution (RCCO)	346
Major Repairs Reserve (MRR)	13,203
Retained right to buy Capital Receipts	8,503
Other Capital Receipts	730
Grants & Contributions	19,113
Community Infrastructure Levy	613
Section 106	502
Leaseholder Contributions	923
Borrowing	4,807
Funding of 2024-2025 Capital Programme	**48,740**

During the 2024-2025 financial year, there was significant expenditure at The Halls which is undergoing a major refurbishment programme (£4.8m) part funded from Towns' Deal grant, along with the development of a Digital Hub (£3.6m) and the completion of the public realm scheme at Hay Hill (£0.6m), also both funded by the Towns' Deal. Solar panels were installed at Riverside Leisure Centre (£0.6m), play equipment was upgraded in parks (£0.6m) and a significant number of disabled facilities grants were made (£1.7m). Investment was also made in the purchase of the Anglia Square site (£6.2m) fully funded by grant income from Homes England and the acquisition of the fire damaged factory site at Dibden Road, which has now been sold to Flagship Housing for the development of new affordable housing.

The housing capital programme delivered upgrades to over 3,000 council homes, with investment of £11.5m, including electrical upgrades to 1,240 properties, heating upgrade works to 360 properties, over 240 new kitchens, over 400 new bathrooms and over 70 replacement doors. Additionally, over 330 properties have benefitted from structural or roofing upgrades whilst 270 properties received renewable energy installations or additional insulation.

During the year, 24 new HRA homes were completed with an additional 24 being acquired at the Three Score Phase 3 site in Bowthorpe, and a further 5 at St James' Quay, whilst work has continued on the development programmed at Argyle Street and Mile Cross.

Grants of right to buy receipts to registered providers totalling £4.280m have also enabled the development of further new affordable homes in the city.

8. 2024-2025 Statement of Accounts

The Statement of Accounts sets out the financial performance of the Council for the year ended 31 March 2025 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 Lion Homes (Norwich) Ltd.

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 2025. 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 £1,050.974m. With a current ratio (current assets/current liabilities) of 1.4:1, the Council is able to pay all its short-term liabilities with current assets and is holding cash and cash equivalents of £61.607m.

Disclosure of Transitional Accounting Adjustments

In 2024-2025, the Council applied IFRS 16, *Leases,* as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (that is, those lease arrangements where the Council's judgement was that the arrangement did not transfer substantially all the risks and rewards of ownership of an asset and expenditure was recorded in the Comprehensive Income and Expenditure Statement each year) a right of use asset and a lease liability are to be recognised on the Council's Balance Sheet at 1 April 2024 through an adjustment to opening balances. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that Right of Use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024-2025 without adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council's incremental borrowing rate at that date
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- the weighted average of the incremental borrowing rates used to discount liabilities was 4.36%
- Right of Use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024
- all leases were assessed as to whether they were onerous at 31 March 2024, so Right of Use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet at 1 April 2024:

- £6.007m Property, plant and equipment – land and buildings (Right of Use assets)
- £9k Property, plant and equipment – vehicles, plant and equipment (Right of Use assets)
- £7.20m Non-current creditors (lease liabilities)
- £1.68m Current creditors (lease liabilities)

The newly recognised lease liabilities of £8.89m compare with the operating lease commitments of £4.37m at 31 March 2024 disclosed in the notes to the 2023-2024 financial statements. The lease liabilities exclude amounts for leases of low value items and leases that will expire before 31 March 2025. The Council has finance leases where it is the Lessor, these equate to a right of use asset of £0.21m which has been removed the property, plant and equipment – land and buildings (Right of use assets).

The Council also identified that they have two leases for investment property, Travelodge Harlow and Bacon House where a lease liability has not previously been recognised. The Council have corrected this in year which has resulted in an additional liability of £3.05m being recognised.

There are peppercorn arrangements which have been bought onto the balance sheet at fair value in line with the Code. This results in a difference between the land and buildings - right of use asset and liability of £137k.

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 2024-2025, the Council received from the Collection Fund its share (£0.573m) of the historic surplus (£1.432m).

In 2024-2025, the Collection Fund ended in £3.470m surplus, of which the Council's share is £1.388m. Due to timing differences, the difference between this amount and the estimated £1.741m figure in the NNDR 1 statutory return, which forms part of the 2024-2025 budget, will only be returned to the General Fund in 2025-2026.

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, the Council is waiting to hear what the outturn position is for 2024-2025.

Council Tax

In 2024-2025, the end of year surplus for the Council Tax element of the Collection Fund is £4.700m, of which the Council's share is £0.604m.

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 (LHL) and Norwich City Services Limited (NCSL) into the overall group.

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

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

Lion Homes (Norwich) Ltd

LHL is a private limited company wholly owned by Norwich City Council. It was incorporated on 13 November 2015. 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.

Draft accounts for LHL have been prepared by Shaw & Co 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. At the balance sheet date, the following new standard has been adopted for the 2024-2025 financial year for the Council: IFRS16 Leases. This was introduced by the 2024-2025 Code of Practice of Local Authority Accounting in the United Kingdom.

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 2025 and its income and expenditure for the year then ended.

Signed:

Date: 26th September 2025

ALISTAIR RUSH

Alistair Rush
Interim Chief Finance Officer (S.151)

Comprehensive Income and Expenditure Statement (CIES)

	Note	2024-2025			2023-2024		
		Expenditure	**Income**	**Net**	**Expenditure**	**Income**	**Net**
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Chief Executive		472	-	472	356	(54)	302
Housing & Communities		17,838	(9,602)	8,236	22,896	(9,613)	13,283
Resources		65,979	(44,961)	21,018	58,388	(43,847)	14,541
Corporate Financing		(1,836)	(104)	(1,940)	1,000	(354)	646
Development & City Services		30,418	(16,045)	14,373	31,425	(16,301)	15,124
Housing Revenue Account *		75,220	(80,297)	(5,077)	69,028	(74,742)	(5,714)
Cost of Services		**188,092**	**(151,009)**	**37,083**	**183,093**	**(144,911)**	**38,182**
Other Operating Expenditure	11			(3,689)			(1,463)
Financing and Investment Income and Expenditure	12			5,537			4,137
Taxation and non-specific grant income and expenditure	13			(42,987)			(31,646)
(Surplus) or Deficit on Provision of Services				**(4,056)**			**9,210**
(Surplus)/deficit on revaluation of non-current assets.	14/15			(34,646)			1,892
(Surplus)/deficit from investments in equity instruments designated FVOCIE	18			(75)			533
Actuarial (gains)/losses on pension assets/liabilities	40			33,099			(23,003)
Other Comprehensive Income and Expenditure				**(1,622)**			**(20,578)**
Expenditure				**(5,678)**			**(11,368)**

*The amounts disclosed above relating to the Housing Revenue Account may 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.

**Due to the implementation of IFRS16, which does not require restatement, there is an adjustment to opening balances of £137k and this is reflected in the Movement in Reserves Statement below.

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 2024	**(8,249)**	**(21,683)**	**(42,696)**	**(1,690)**	**(72,607)**	**(13,993)**	**(2,388)**	**(163,306)**	**(881,855)**	**(1,045,161)**
Adjustment for the Implementation of IFRS 16 (Note 37)									**(137)**	
Adjusted Balance at 1 April 2024	**(8,249)**	**(21,683)**	**(42,696)**	**(1,690)**	**(72,607)**	**(13,993)**	**(2,388)**	**(163,306)**	**(881,992)**	**(1,045,298)**
<u>Movement in reserves during 2024-2025</u>										
Surplus/ (deficit) on provision of services	(2,304)	-	(1,752)	-	-	-	-	**(4,055)**	-	**(4,055)**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	(1,622)	**(1,622)**
Total Comprehensive Income & Expenditure	**(2,304)**	**-**	**(1,752)**	**-**	**-**	**-**	**-**	**(4,055)**	**(1,622)**	**(5,677)**
Adjustments between accounting basis & funding basis under regulations (note 9)	5,525	-	(6,739)	-	(5,947)	(4,067)	589	**(10,639)**	10,639	**10,639**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**3,221**	**-**	**(8,491)**	**-**	**(5,947)**	**(4,067)**	**589**	**(14,695)**	**9,017**	**4,962**
Transfers (to)/from Earmarked Reserves (note 10)	(3,221)	3,221	134	(134)	-	-	-	**-**	-	**-**
Transfers between reserves	-	-	-	-	-	-	-	**-**	-	**-**
Other Adjustments	-	-	-	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in 2024-2025	**-**	**3,221**	**(8,357)**	**(134)**	**(5,947)**	**(4,067)**	**589**	**(14,695)**	**9,017**	**4,962**
Balance at 31 March 2025 carried forward	**(8,249)**	**(18,462)**	**(51,053)**	**(1,824)**	**(78,554)**	**(18,060)**	**(1,799)**	**(178,001)**	**(872,973)**	**(1,050,974)**

An adjustment to the Movement in Reserves Statement for the implementation of IFRS16 has arisen due to the recognition of peppercorn arrangements leaving a difference between land and building right of use asset and liability of £137k.

	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 2023	**(8,249)**	**(16,973)**	**(44,126)**	**(2,625)**	**(95,743)**	**(10,397)**	**(4,248)**	**(182,361)**	**(851,431)**	**(1,033,792)**
Movement in reserves during 2023-2024										
Surplus/ (deficit) on provision of services	6,686	-	2,525	-	-	-	-	**9,211**	-	**9,211**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	(20,578)	**(20,578)**
Total Comprehensive Income & Expenditure	**6,686**	**-**	**2,525**	**-**	**-**	**-**	**-**	**9,211**	**(20,578)**	**(11,367)**
Adjustments between accounting basis & funding basis under regulations (note 9)	(11,396)	-	(160)	-	23,136	(3,596)	1,860	**9,844**	(9,846)	**(2)**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**(4,710)**	**-**	**2,365**	**-**	**23,136**	**(3,596)**	**1,860**	**19,055**	**(30,424)**	**(11,369)**
Transfers (to)/from Earmarked Reserves (note 10)	4,710	(4,710)	(935)	935	-	-	-	**-**	-	**-**
Transfers between reserves	-	-	-	-	-	-	-	**-**	-	**-**
Other Adjustments	-	-	-	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in 2023-2024	**-**	**(4,710)**	**1,430**	**935**	**23,136**	**(3,596)**	**1,860**	**19,055**	**(30,424)**	**(11,369)**
Balance at 31 March 2024 carried forward	**(8,249)**	**(21,683)**	**(42,696)**	**(1,690)**	**(72,607)**	**(13,993)**	**(2,388)**	**(163,306)**	**(881,855)**	**(1,045,161)**

Balance Sheet

	Notes	31 March 2025	31 March 2024
		£'000	£'000
Property, Plant & Equipment	14	1,079,205	1,061,343
Heritage Assets	15	33,731	25,940
Investment Properties	16	96,046	93,217
Intangible Assets	17	2,264	2,302
Long term Investments	18	6,325	6,849
Long Term Debtors	19	5,652	9,200
Long Term Assets		**1,223,223**	**1,198,851**
Short Term Investments	18	40,733	67,353
Assets Held for Sale	21	769	216
Short term Debtors	19	23,588	24,666
Inventories	21	7,097	792
Cash and Cash Equivalents	20	61,607	23,906
Current Assets		**133,794**	**116,933**
Short Term Borrowing	18	(54,151)	(3,632)
Short Term Creditors	22	(38,327)	(30,673)
Provisions	23	-	-
Revenue Grants Receipts in Advance Short Term	34	(133)	(130)
Capital Grants Receipts in Advance Short Term	34	(510)	(597)
Current Liabilities		**(93,121)**	**(35,032)**
Long Term Creditors	22	(6,641)	(379)
Long term Borrowing	18	(151,361)	(204,590)
Other Long Term Liabilities	40	(47,271)	(18,680)
Provisions	23	(2,056)	(1,824)
Capital Grants Receipts in Advance Long Term	34	(5,592)	(10,120)
Long Term Liabilities		**(212,922)**	**(235,593)**
Net Assets		**1,050,974**	**1,045,159**
Usable Reserves	24	(178,001)	(163,305)
Unusable Reserves	25	(872,973)	(881,854)
Total Reserves		**(1,050,974)**	**(1,045,159)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

Signed: Date: 26th September 2025

ALISTAIR RUSH

Alistair Rush
Interim Chief Finance Officer (S.151)

Cash Flow Statement

	Note	2024-2025 £'000	2023-2024 £'000
Net surplus or (deficit) on provision of services		4,056	(9,210)
Adjustments to net surplus or deficit on provision of services for non-cash movements	26	57,751	9,461
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(35,470)	(18,513)
Net cash flows from Operating Activities		**26,337**	**(18,262)**
Investing Activities	27	(4,551)	(42,046)
Financing Activities	28	15,915	(2,568)
Net Increase or (decrease) in cash and cash equivalents		**37,701**	**(62,876)**
Cash and cash equivalents at 1 April		23,893	86,769
Adjustment to opening balance		13	
Adjusted cash and cash equivalents at 1 April		23,906	
Cash and cash equivalents at 31 March	20	**61,607**	**23,893**

In the presentation of the cashflow statement for 2023-2024, the opening cash balance at 1 April 2023 was misstated by £13k, which resulted in the balance at 31 March 2024 not matching the cash and cash equivalents line item reported in the balance sheet at that date. The opening balance at 1 April 2024 has been amended to correct this error as detailed in the note above.

Notes to the Accounts

1. Accounting Policies

i. 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 (see disclosure Note 42).

Accounts drawn up under the Code of Practice on Local Authority Accounting in the United Kingdom 2024-2025 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.

ii. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024-2025 financial year and its position at 31 March 2025. 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 2024-2025, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared on a 'going concern' basis except for Lion Homes (Norwich) Ltd. As at 31 March 2025 the company was unable to repay its outstanding £6.15m loan to the Council and has since entered into a member voluntary liquidation arrangement process. As a result the accounts for Lion Homes (Norwich) Ltd have been prepared on a break up basis.

iii. 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.

iv. 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.

v. 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.

vi. 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 is outside the scope of this regime.

vii. 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 CIES 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 CIES 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.
  - 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.
  - 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.

viii. 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.

ix. 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 Council'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 Council 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 Council.

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

The Council has 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.

x. 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 Expenditure Statement or in the notes to the account.

xi. 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.

xii. Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) 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 CIES 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.

xiii. 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.

xiv. 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 the Council 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 Comprehensive 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.

xv. 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 Council 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 Council 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 Council.

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

- Where 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 2024-2025. Further detail on the Group boundary judgement is included in the relevant notes and the Group Financial statements.

xvi. Leases

The Council as lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code of Practice on Local Authority Accounting expands the scope of IFRS 16 *Leases* to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

Lease liability - measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined.

The lease payments used in the determination of the lease liability include:

- fixed rental payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate at the adoption data
- amounts expected to be payable under a residual value guarantee
- the price payable under a purchase option if the Council is reasonably certain to exercise that option
- lease payments in an optional renewal period if the Council is reasonably certain to exercise that option
- penalties for early termination of the lease unless the Council is reasonably certain not to exercise the option for early termination.

Right-of-use asset - The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

For leases not valued under the cost model, the right of use asset is carried at a revalued amount. The Council determines that the value of right of use assets held under index-linked leases have been adjusted for changes in the relevant index while assets held under peppercorn or nil consideration leases have been valued by a valuer with appropriate qualifications.

The right of use asset is depreciated on a straight-line basis over the shorter period of the remaining lease term and useful life of the underlying asset at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest rate method. The Council remeasures the lease liability when there is a change in:

- future lease payments arising from a change in the index or rate
- the estimated amount payable under a residual value guarantee
- the Council's assessment of whether it will exercise a purchase, extension or termination option, or
- a fixed lease payment.

When a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right of use asset with any further adjustment required from remeasurement recorded in the income statement.

Low value and short lease exemption

The Council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure charged to revenue

Lease payments are debited against the lease liability.

The Comprehensive Income and Expenditure Statement is charged each year with:

- interest
- straight line depreciation
- any asset impairments, and
- changes in variable payments that are not included in the measurement of the lease liability.

Rentals for leases of low-value items that cost less than £10,000 or for leases with a term shorter than 12 months, are expensed and recognised in the Comprehensive Income and Expenditure Statement.

The Council as lessor

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

Finance Leases

Where the Council grants a finance lease, at the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement.

When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

<u>Operating Leases</u>

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).

xvii. 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 Council 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.

xviii. 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.

xix. 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 £10,000.

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.

<u>Componentisation</u>
The 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 of Practice on Local Authority Accounting, the Council 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.

<u>Impairment</u>
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.

<u>Depreciation</u>
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 1 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.

<u>Disposals & Assets Held for Sale</u>
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.

xx. Provisions, Contingent Liabilities and Contingent Assets

<u>Provisions</u>
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 CIES 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.

xxi. 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 CIES, 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 CIES 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.

xxii. 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.

xxiii. VAT

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

xxiv. 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement i.e. does not go through the Collection Fund.

The Council 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 2024-2025 Code of Practice of Local Authority Accounting in the United Kingdom:

a) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.

b) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.

c) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover.

d) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements.

The Council does not anticipate that items a) and b) will have a material impact on the information provided in the financial statements and does not expect items c) and d) to apply to the Council.

The standards introduced by the 2025-2026 Code where disclosures are required in the 2024-2025 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

b) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The Council currently only completes transactions in GBP.

c) The changes to the measurement of non-investment assets within the 2025-2026 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

It is likely there will be limited application of items a) and b), although authorities will need to consider their individual circumstances in case either of these standards apply.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the 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 (LHL)	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

Due to the material levels of transactions going through Lion Homes (Norwich) Limited (LHL) and Norwich City Services Limited (NCSL) in 2024-2025, 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 2024-2025 and earlier financial years in their proportionate share. As at the 31 March 2025, there were no outstanding appeals relating to the 2010 rating list. 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 31 March 2025, 21 challenges are outstanding. A provision has been made for the estimated success of future appeals from the 2017 list of £0.8m. Following the 2023 revaluation a further check, challenge and appeal process is in place. As at 31 March 2025, 35 checks and 79 challenges remain outstanding. A total provision has been made for the estimated success of future appeals from this list of £2.40m which equates to 3.0% of the annual net rates payable adjusted for potential loss of reliefs.	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 2023 list would increase the provision by £0.769m.
Property, Plant and Equipment (excluding Housing Stock) £188.2m	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 £0.904m for every year that useful lives had to be reduced.
Property, Plant and Equipment (excluding Housing Stock) £188.2m	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 (DRC) or Fair Value depending on the property type and classification. Of the balance, £34.071m (18%) of assets are held at 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 £156m would equate to £1.60m.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Net Liability (£42.239m)	Estimation of the net assets or 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. This also includes estimation of the effect of the asset ceiling adjustment. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. 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.	The sensitivities resulting in an impact on the Council's finances are disclosed in Note 40.
Arrears	At 31 March 2025, the Council had a balance of sundry debtors of £6.15m. 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 £890.9m	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 £8.909m.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Housing Stock £890.9m	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 £16.7m. It is estimated that the annual depreciation charge for assets would increase by £0.395m 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 £96.047m. Of this £85.157m (89%) is a Level 2 valuation and £10.890m (11%) 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 £0.96m.

5. Material Items of Income and Expense

On 31 March 2025 loans made to LHL totaling £6.15m (2023-2024 £6.15m) were due to be repaid. LHL was unable to repay any of its loans and has since entered into a managed voluntary liquidation agreement process. As a result the council has impaired the total amount of the loans to nil. The council has also impaired its equity holding in LHL in line with accounts prepared on a break up basis.

During 2024-2025 no new loans were made by the Council to NCSL (2023-2024 new loan of £0.50m). NCSL made repayments of existing loans of £0.54m (2023-2024: repayments of £0.04m). No additional equity was purchased in NCSL by the Council (2023-2024: no equity purchased).

During 2024-2025 the council purchased the Anglia Square site in the city centre for £6.2m using grant funding received from Homes England. The site will be held as an inventory item in the 2024-2025 accounts to reflect the plans for onward disposal in 2025-2026.

6. Events after the Reporting Date

The statement of accounts were authorised for issue by the Interim Chief Finance Officer (S.151) on 26 September 2025. 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 2025, 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 2024-2025

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Chief Executive	487	(15)	472
Communities & Housing	5,191	3,045	8,236
Resources	18,474	2,544	21,018
Corporate Financing	1,182	(3,122)	(1,940)
Development & City Services	12,566	1,807	14,373
Housing Revenue Account	(18,633)	13,556	(5,077)
Net Cost of Services	**19,267**	**17,815**	**37,083**
Other income & expenditure	155	(3,843)	(3,689)
Financing and Investment Income	(2,266)	7,804	5,537
Taxation and non-specific grant income	(22,425)	(20,561)	(42,987)
(Surplus) or deficit	**(5,269)**	**1,215**	**(4,056)**
Opening General Fund and HRA balance at 31 March 2024	(50,945)		
Net (Surplus) / Deficit on General Fund and HRA balance in year	(5,269)		
Transfer to/(from) earmarked reserves	(3,087)		
Closing General Fund and HRA balance at 31 March 2025	**(59,301)**		

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2024	**(8,249)**	**(42,696)**	**(50,945)**
Net (Surplus)/Deficit on General Fund and HRA balance in year	3,221	(8,491)	(5,269)
Transfer to/(from) earmarked reserves	(3,221)	134	(3,087)
In year movement in reserves	**0**	**(8,357)**	**(8,356)**
Closing General Fund and HRA balance at 31 March 2025	**(8,249)**	**(51,053)**	**(59,301)**

	Adjustments for capital purposes £'000	Net Changes for Pension adjustments £'000	Other Difference £'000	Total Adjustments £'000
Chief Executive	-	(20)	5	**(15)**
Communities & Housing	4,516	(1,466)	(4)	**3,045**
Resources	3,570	(967)	(59)	**2,544**
Corporate Financing	(3,171)	49	-	**(3,122)**
Development & City Services	3,044	(1,191)	(46)	**1,807**
Housing Revenue Account	14,925	(1,338)	(31)	**13,556**
Net Cost of Services	**22,884**	**(4,933)**	**(135)**	**17,816**
Other income & expenditure	(3,843)	-	-	**(3,843)**
Financing and Investment Income	7,895	415	(506)	**7,804**
Taxation and non-specific grant income	(20,561)	-	-	**(20,561)**
(Surplus) or deficit	**6,375**	**(4,517)**	**(642)**	**1,215**

Expenditure and Funding Analysis 2023-2024

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Chief Executive	315	(13)	302
Community Services	13,930	(647)	13,283
Corporate & Commercial Services	9,254	5,287	14,541
Corporate Financing	(209)	855	646
Development & City Services	10,681	4,443	15,124
Housing Revenue Account	(8,000)	2,286	(5,714)
Net Cost of Services	**25,971**	**12,211**	**38,182**
Other income & expenditure	230	(1,693)	(1,463)
Financing and Investment Income	(7,135)	11,272	4,137
Taxation and non-specific grant income	(21,412)	(10,234)	(31,646)
(Surplus) or deficit	**(2,346)**	**11,556**	**9,210**
Opening General Fund and HRA balance at 31 March 2023	(52,375)		
Net (Surplus) / Deficit on General Fund and HRA balance in year	(2,346)		
Transfer to/(from) earmarked reserves	3,775		
Closing General Fund and HRA balance at 31 March 2024	**(50,946)**		

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2023	**(8,249)**	**(44,126)**	**(52,375)**
Net (Surplus)/Deficit on General Fund and HRA balance in year	(4,710)	2,365	(2,345)
Transfer to/(from) earmarked reserves	4,710	(935)	3,775
In year movement in reserves	**0**	**1,430**	**1,430**
Closing General Fund and HRA balance at 31 March 2024	**(8,249)**	**(42,696)**	**(50,945)**

	Adjustments for capital purposes £'000	Net Changes for Pension adjustments £'000	Other Difference £'000	Total Adjustments £'000
Chief Executive	-	(19)	6	**(13)**
Community Services	878	(1,544)	19	**(647)**
Corporate & Commercial Services	6,253	(981)	15	**5,287**
Corporate Financing	378	477	-	**855**
Development & City Services	5,677	(1,237)	3	**4,443**
Housing Revenue Account	3,994	(1,236)	72	**2,830**
Net Cost of Services	**17,180**	**(4,540)**	**115**	**12,755**
Other income & expenditure	(1,693)	-	-	**(1,693)**
Financing and Investment Income	5,896	1,765	3,611	**11,272**
Taxation and non-specific grant income	(10,234)	-	-	**(10,234)**
(Surplus) or deficit	**11,149**	**(2,775)**	**3,726**	**12,100**

8. Income and Expenditure by Nature

	2024-2025 Surplus / Deficit on the Provision of Services £'000	2023-2024 Surplus / Deficit on the Provision of Services £'000
Employee benefits expenses	20,037	22,010
Other service expenses	73,956	71,358
Interest payments	25,586	25,352
Depreciation, amortisation, impairment etc.	44,094	39,276
Payments to Housing Capital Receipts Pool	-	-
Housing Benefit Expenditure	43,358	42,874
Non-Domestic rates tariff	25,505	24,683
Total Expenditure	**232,536**	**225,553**
Fees, charges and other service income	(112,016)	(104,883)
Interest and investment income	(5,843)	(6,480)
Council Tax and Non-Domestic Rate income	(38,649)	(36,174)
Grants and Contributions	(36,269)	(26,852)
Housing Benefit contributions and allowances	(39,972)	(40,261)
Gains on the disposal of assets	(3,843)	(1,693)
Total income	**(236,592)**	**(216,343)**
Net Cost of Services	**(4,056)**	**9,210**

Income received on a segmental basis is analysed below:

	2024-2025 £'000	2023-2024 £'000
Revenue from External customers	(112,016)	(104,883)
Other Income	(124,576)	(111,460)
Total Income	**(236,592)**	**(216,343)**

9. Adjustments between Accounting Basis and Funding Basis under regulations

2024-2025	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	(8,320)	(27,769)	-	-	-	**(36,089)**	**36,089**
Revaluation gains / (Losses) on Property, Plant and Equipment	-	-	-	-	-	**-**	**-**
Movement in Market Value of Investment Properties	(4,396)	-	-	-	-	**(4,396)**	**4,396**
Movement in Fair Value of Financial Instruments	(3,383)	(116)	-	-	-	**(3,499)**	**3,499**
Capital Grants and Contributions Applied	17,118	3,356	-	-	-	**20,474**	**(20,474)**
Revenue expenditure funded from capital under statute	(2,810)	(4,382)	-	-	-	**(7,193)**	**7,193**
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	(1,858)	(9,382)	-	-	-	**(11,240)**	**11,240**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	2,842	136	-	-	-	**2,978**	**(2,978)**
Capital expenditure charged against the General Fund and HRA balances	346	-	-	-	-	**346**	**(346)**
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	87	-	-	-	(87)	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	677	**677**	**(677)**
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	2,014	13,070	(15,084)	-	-	**-**	**-**
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	9,234	-	-	**9,234**	**(9,234)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(17)	(179)	196	-	-	**-**	**-**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	-	-	-	-	-	**-**	**-**
Transfers from Deferred Capital Receipts reserve	-	-	-	-	-	**-**	**-**

Continued

2024-2025 (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	-	-	-	-	-	**-**	**-**
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(293)	-	-	**(293)**	**293**
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	17,270	-	(17,270)	-	**-**	**-**
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	13,203	-	**13,203**	**(13,203)**
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	33	-	-	-	-	**33**	**(33)**
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(4,049)	(1,486)	-	-	-	**(5,535)**	**5,535**
Employer's pension contributions and direct payments to pensioners payable in the year	7,340	2,712	-	-	-	**10,052**	**(10,052)**
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	473	-	-	-	-	**473**	**(473)**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	105	31	-	-	-	**136**	**(136)**
Total Adjustments	**5,525**	**(6,739)**	**(5,947)**	**(4,067)**	**590**	**(10,639)**	**10,639**

2023-2024 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	(6,555)	(26,646)	-	-	-	**(33,201)**	**33,201**
Revaluation gains / (Losses) on Property, Plant and Equipment	-	-	-	-	-	**-**	**-**
Movement in Market Value of Investment Properties	(5,896)	-	-	-	-	**(5,896)**	**5,896**
Movement in Fair Value of Financial Instruments	-	-	-	-	-	**-**	**-**
Capital Grants and Contributions Applied	9,610	1,117	-	-	-	**10,727**	**(10,727)**
Movement in Donated Assets Account	-	-	-	-	-	**-**	**-**
Revenue expenditure funded from capital under statute	(6,253)	(412)	-	-	-	**(6,665)**	**6,665**
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	(237)	(5,609)	-	-	-	**(5,846)**	**5,846**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	(733)	128	-	-	-	**(605)**	**605**
Capital expenditure charged against the General Fund and HRA balances	364	6,843	-	-	-	**7,207**	**(7,207)**
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(492)	-	-	-	492	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	1,368	**1,368**	**(1,368)**
Adjustments involving the Capital Receipts Reserve:							
of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	485	7,054	(7,539)	-	-	**-**	**-**
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	30,600	-	-	**30,600**	**(30,600)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(9)	(108)	117	-	-	**-**	**-**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	-	-	-	-	-	**-**	**-**
Transfers from Deferred Capital Receipts reserve	-	-	-	-	-	**-**	**-**

Continued

2023-2024 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 of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	**-**	**-**
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(42)	-	-	**(42)**	**42**
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	16,744	-	(16,744)	-	**-**	**-**
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	13,148	-	**13,148**	**(13,148)**
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	(5,183)	(1,851)	-	-	-	**(7,034)**	**7,034**
Employer's pension contributions and direct payments to pensioners payable in the year	7,157	2,652	-	-	-	**9,809**	**(9,809)**
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	(3,577)	-	-	-	-	**(3,577)**	**3,577**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	(43)	(72)	-	-	-	**(115)**	**115**
Total Adjustments	**(11,396)**	**(160)**	**23,136**	**(3,596)**	**1,860**	**9,844**	**(9,844)**

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.

General Fund & HRA Insurance Reserves
The Insurance Reserves were 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 2025 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.

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.

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.

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 2022-2023 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.

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 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.

Lion Homes (Norwich) Limited Reserve
In previous financial years, the Council made commercial loans to LHL. The outstanding balance of £6.15m (2023-2024 £6.15m) was due to be repaid on 31 March 2025. LHL was unable to repay the loans and has since entered into a managed voluntary liquidation agreement process. As a result, the council has impaired the total amount of the loans to nil.

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 the delivery of the 2025-2026 budget and risks potential arising in 2026-2027 and beyond.

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
Sums from the Norfolk Business Rates Pool set aside for the refurbishment of the Carrow House site.

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 General Fund Invest to Save Reserve balance will be transferred to the Business Change Reserve in 2025-2026 both to reflect changing circumstances and to provide appropriate levels of flexible funding to respond to future challenges. This transfer was agreed by full Council in February 2025.

Neighbourhood CIL Reserve
This new reserve has been created to hold the proportion of the Community Infrastructure Levy funds to be used to fund to revenue projects in line with the Executive's decision to apply 15% of the funds received to smaller schemes which will not meet the criteria to be treated as capital expenditure.

HRA Tenancy & Estate Management System
Reserve to support the project to replace the IT system for housing rents.

HRA Transformation Reserve
This reserve will be used to fund costs linked to the HRA transformation programme.

	Balance at 31 March 2023	Transfers Out 2023-24	Transfers In 2023-24	Balance at 31 March 2024	Transfers Out 2024-25	Transfers In 2024-25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves							
Insurance Reserve	(311)	-	-	(311)	87	-	**(224)**
Mousehold Conservators Reserve	(41)	17	(11)	(35)	-	(19)	**(54)**
Revenue Grants Unapplied Reserve GF	(3,861)	356	(370)	(3,875)	303	(90)	**(3,662)**
S31 Earmarked Reserve	(629)	-	-	(629)	-	-	**(629)**
Commercial Property Earmarked Reserve	(2,041)	617	(292)	(1,716)	203	-	**(1,513)**
Lion Homes (Norwich) Ltd Reserve	(1,700)	-	(1,300)	(3,000)	842	-	**(2,158)**
Elections Earmarked Reserve	(113)	-	-	(113)	-	-	**(113)**
General Fund Repairs Reserve	(529)	-	-	(529)	-	(122)	**(651)**
Budget Risk Reserve	(1,800)	-	(4,219)	(6,019)	494	(1,066)	**(6,591)**
Business Change Reserve	(4,178)	1,255	-	(2,923)	2,375	-	**(548)**
Business Rates Pool Reserve	(110)	-	-	(110)	-	-	**(110)**
General Fund Invest to Save Reserve	(1,660)	-	(150)	(1,810)	-	-	**(1,810)**
Neighbourhood CIL Reserve	-	420	(1,033)	(613)	340	(126)	**(399)**
HRA Invest to Save Reserve	(704)	223	-	(481)	-	-	**(481)**
HRA Tenancy & Estate Management System	(7)	-	-	(7)	-	-	**(7)**
HRA Insurance Reserve	(202)	-	-	(202)	-	(134)	**(336)**
HRA Compliance Reserve	(713)	713	-	-	-	-	**-**
HRA Transformation Reserve	(1,000)	-	-	(1,000)	-	-	**(1,000)**
Total	**(19,599)**	**3,601**	**(7,375)**	**(23,373)**	**4,644**	**(1,557)**	**(20,286)**

11. Other Operating Expenditure

	2024-2025 £'000	2023-2024 £'000
Payments to the Government Housing Capital Receipts Pool	-	-
(Gains)/Losses on the disposal of non-current assets	(3,696)	(1,470)
Levies	7	7
Total	**(3,689)**	**(1,463)**

12. Financing and Investment Income and Expenditure

	2024-2025 £'000	2023-2024 £'000
Interest payable and similar charges	7,169	7,083
(Gains)/Losses on the disposal of investment property	(121)	(205)
Pension interest cost and expected return on pension assets	415	1,765
Interest Receivable and similar income	(5,843)	(6,480)
Income and expenditure in relation to investment properties and changes in their fair value	368	1,838
Other investment income	(60)	(43)
Impairment losses	-	-
Impairment of Soft Loans	3,609	179
Total	**5,537**	**4,137**

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

13. Taxation and Non-Specific Grant Income

	2024-2025 £'000	2023-2024 £'000
Council tax income	(11,892)	(11,209)
Non domestic rates income and expenditure	(26,289)	(25,107)
Non-ring fenced government grants	(9,278)	(9,103)
Capital grants and contributions	(20,565)	(11,052)
Business Rates - Tariff & Levy	25,502	24,427
Business Rates - Norfolk Pool	(465)	398
Total	**(42,987)**	**(31,646)**

14. Property Plant and Equipment

Movements in 2024-2025	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 2024	**889,316**	**162,758**	**13,311**	**2,840**	**13,933**	**-**	**21,769**	**1,103,927**
Adjustment for the Implementation of IFRS 16	-	5,966	9	-	-	-	-	**5,975**
Adjusted Balance at 1 April 2024	**889,316**	**168,724**	**13,320**	**2,840**	**13,933**	**-**	**21,769**	**1,109,902**
Additions	19,028	5,187	1,030	221	290	-	8,769	**34,525**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	12,541	1,071	-	-	-	32	-	**13,644**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(13,315)	(435)	-	-	-	-	-	**(13,750)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	1,799	210	-	-	-	40	-	**2,049**
Derecognition – Disposals	(8,768)	-	(408)	-	-	-	-	**(9,176)**
Derecognition - Other	(306)	-	-	-	-	-	-	**(306)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(1,025)	-	-	-	-	-	-	**(1,025)**
Other Movements in Cost or Valuation	12,967	(185)	850	-	2,978	193	(20,760)	**(3,957)**
At 31 March 2025	**912,237**	**174,572**	**14,792**	**3,061**	**17,201**	**265**	**9,778**	**1,131,906**
Accumulated Depreciation & Impairment								
At 1 April 2024	(18,679)	(12,328)	(9,992)	(1,584)	-	-	-	**(42,583)**
Adjustment for the Implementation of IFRS 16	-	-	-	-	-	-	-	**-**
Adjusted Balance at 1 April 2024	(18,679)	(12,328)	(9,992)	(1,584)	-	-	-	**(42,583)**
Depreciation charge	(16,703)	(4,586)	(1,017)	(82)	-	-	-	**(22,388)**
Depreciation written out to the Surplus/Deficit on Provision of Services	4,851	91	-	-	-	-	-	**4,942**
Depreciation write-back on revaluation to Revaluation Reserve	11,852	1,160	-	-	-	-	-	**13,012**
Impairment losses / (reversals) recognised in CIES	(2,875)	(3,396)	-	-	-	-	-	**(6,271)**
Impairment losses / (reversals) recognised in RR	215	-	-	-	-	-	-	**215**
Derecognition – Disposals	-	-	372	-	-	-	-	**372**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2025	(21,339)	(19,059)	(10,637)	(1,666)	-	-	-	**(52,701)**
Net Book Value								
At 31 March 2025	**890,898**	**155,513**	**4,155**	**1,395**	**17,201**	**265**	**9,778**	**1,079,205**
At 31 March 2024	870,636	150,429	3,320	1,256	13,933	0	21,769	1,061,343

Comparative Movements in 2023-2024	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 2023	902,950	156,814	12,831	2,835	13,379	-	16,281	**1,105,090**
Additions	13,690	2,855	704	5	604	-	14,273	**32,131**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(20,544)	4,594	-	-	-	-	-	**(15,950)**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(9,969)	(2,441)	-	-	-	-	-	**(12,410)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	19	1,072	-	-	-	-	-	**1,091**
Derecognition – Disposals	(4,333)	-	(196)	-	-	-	-	**(4,529)**
Derecognition - Other	(381)	-	-	-	-	-	-	**(381)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(895)	(220)	-	-	-	-	-	**(1,115)**
Other Movements in Cost or Valuation	8,779	83	(27)	-	(50)	-	(8,785)	**-**
At 31 March 2024	**889,316**	**162,757**	**13,312**	**2,840**	**13,933**	**-**	**21,769**	**1,103,927**
Accumulated Depreciation & Impairment								
At 1 April 2023	(15,359)	(9,324)	(9,145)	(1,504)	-	-	-	**(35,332)**
Depreciation charge	(16,201)	(2,887)	(1,043)	(80)	-	-	-	**(20,211)**
Depreciation written out to the Surplus/Deficit on Provision of Services	4,305	210	-	-	-	-	-	**4,515**
Depreciation write-back on revaluation to Revaluation Reserve	11,896	1,643	-	-	-	-	-	**13,539**
Impairment losses / (reversals) recognised in CIES	(3,361)	(2,299)	-	-	-	-	-	**(5,660)**
Impairment losses / (reversals) recognised in RR	40	329	-	-	-	-	-	**369**
Derecognition – Disposals	-	-	196	-	-	-	-	**196**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2024	**(18,680)**	**(12,328)**	**(9,992)**	**(1,584)**	**-**	**-**	**-**	**(42,584)**
Net Book Value								
At 31 March 2024	**870,636**	**150,429**	**3,320**	**1,256**	**13,933**	**-**	**21,769**	**1,061,343**
At 31 March 2023	887,591	147,490	3,686	1,331	13,379	-	16,281	**1,069,758**

Valuations

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)
Jed Snell MRICS (NPS)
Paul Warren (under the supervision of Liz Macdonald MRICS, NPS)

HRA Dwellings

The date of valuation is 31 March 2025.

The valuers undertook a full desktop revaluation at 31 March 2025. 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 MHCLG guidance.

Under paragraph 4.1.2.43 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 2025.

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, properties held for sale or properties held under non-commercial leases.

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 Capital Adjustment Account 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 1 December 2024.

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, properties held for sale or properties held under non-commercial leases.

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			17,201	1,395	4,155	9,778	-	**32,530**
Valued at current value								**-**
2024-25	890,898	9,886					265	**901,049**
2023-24		74,896						**74,896**
2022-23		68,286						**68,286**
2021-22		1,197						**1,197**
2020-21		1,246						**1,246**
Total	**890,898**	**155,512**	**17,201**	**1,395**	**4,155**	**9,778**	**265**	**1,079,205**

Right of Use Asset

The Council has adopted IFRS 16, Leases, with effect from 1 April 2024. The Code requires that IFRS 16 is applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that Right of Use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024-2025 without adjusting prior year figures.

Details of the movements in balances are set out below.

	Land and buildings £000	Vehicles, plant and equipment £000	Total £000	Investment Property* £000	Total £000
Balance at 1 April 2024	**-**	**-**	**-**	**-**	**-**
Transfer of Existing Finance leases from Property, Plant and Equipment	48	278	**326**	-	**-**
IFRS 16 adjustment for recognition of former operating leases	6,178	9	**6,187**	3,054	**3,054**
IFRS 16 adjustment for subleases which are finance leases and where the Council is the Lessor	(211)	-	**(211)**	-	**-**
Investment Property revaluation adjustment on adoption	**-**	**-**	**-**	(3054)	(3054)
Amended Opening Balance	**6,015**	**287**	**6,302**	**-**	**-**
Additions	1,749	56	**1,805**	-	**-**
Revaluations	(84)	-	**(84)**	-	**-**
Depreciation and amortisation	(1,551)	(96)	**(1,647)**	-	**-**
Disposals	-	-	**-**	-	**-**
Balance at 31 March 2025	**6,129**	**247**	**6,376**	**-**	**-**

*Investment properties included above for completeness.

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.

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 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 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 62 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	Paintings	Sculptures & Bronzes	Statues, Fountain etc	Buildings	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation						
1st April 2023	8,077	4,825	6,930	2,457	3,493	**25,782**
Additions	-	-	-	-	33	**33**
Disposals	-	-	-	-	-	**-**
Revaluations	-	-	-	125	-	**125**
31st March 2024	**8,077**	**4,825**	**6,930**	**2,582**	**3,526**	**25,940**
Valuation						
1st April 2024	8,077	4,825	6,930	2,582	3,526	**25,940**
Additions	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	**-**
Revaluations	-	-	-	7,791	-	**7,791**
31st March 2025	**8,077**	**4,825**	**6,930**	**10,373**	**3,526**	**33,731**

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. A more recent review of these valuations was completed as at 31 December 2023 after which 2 changes to the value of the civic chain were made in line with a quotation for replacement provided by Sonkai Jewellers.

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 (Angus W J Gull) carried out a full valuation of the collection of paintings, sculptures, bronzes, statues, plaques, fountains, memorials etc was completed by 18 December 2024. Prior to this, the last full valuation was carried out by Bonhams Fine Art Valuer and Auctioneers as at 31 March 2012 and reviewed subsequently in 2017.
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.

A particularly significant exhibit within the collection is the portrait of Viscount Horatio Nelson by Sir William Beechey.

Currently approximately 20 percent of the collection of paintings are on display in the Castle Museum, 11 percent in Blackfriars Hall, 27 percent in public meeting rooms at City Hall and 5 percent in Strangers Hall. St Andrews Hall is currently undergoing refurbishment and so none are currently on display there. 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.

	2024-2025 £'000	2023-2024 £'000
Rental income from investment property	(7,252)	(6,947)
Direct operating expenses arising from investment property	3,225	2,889
Net (gains)/losses from fair value adjustments	1342	5,896
Loss on IFRS16 adoption due to recognition of lease liability	3054	0
Total	**369**	**1,838**

	2024-2025 £'000	2023-2024 £'000
Balance at start of the year	93,217	99,223
Additions	687	97
Disposals	(473)	(207)
Net gains / (losses) from fair value adjustments	(1,342)	(5,896)
Transfers (to) / from Property, Plant & Equipment	3,957	-
Balance at end of year	**96,046**	**93,217**

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.

The adoption of IFRS 16 leases resulted in additions of £3.054m on adoption which were then revalued downwards by £3.054m to nil balance immediately. This was because the assets were previously recognised as investment properties, in accordance with the code.

Investment Property Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2025

Recurring fair value measurements using:	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair value as at 31 March 2025 £'000
Industrial	44,401	3,590	47,991
Offices	11,672	1,230	12,902
Other	23,027	5,206	28,233
Residential	2,322	-	2,322
Retail	3,734	864	4,598
Total	**85,156**	**10,890**	**96,046**

Investment Property Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2024

Recurring fair value measurements using:	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair value as at 31 March 2024 £'000
Industrial	41,280	4,241	45,521
Offices	10,558	3,242	13,800
Other	21,501	5,249	26,750
Residential	2,042	-	2,042
Retail	3,541	1,563	5,104
Total	**78,922**	**14,295**	**93,217**

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

	2024-2025					
Investment Properties Level 2	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	**41,280**	**10,558**	**21,501**	**2,042**	**3,541**	**78,922**
Reclassification to/from PPE	-	-	-	-	-	-
Transfer between disclosure category	-	-	-	-	-	-
Transfers into Level 2	671	1,981	-	-	638	**3,291**
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	2,442	(4,398)	1,599	280	(755)	**(831)**
Additions	8	3,849	-	-	310	**4,167**
Disposals	-	(319)	(74)	-	-	**(392)**
Balance at end of year	**44,401**	**11,672**	**23,027**	**2,322**	**3,734**	**85,156**

	2023-2024					
Investment Properties Level 2	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	41,022	13,499	24,318	1,926	3,605	**84,370**
Reclassification to OLB	-	-	-	-	-	-
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	257	(2,985)	(2,821)	116	(30)	**(5,463)**
Additions	-	45	5	-	10	**60**
Disposals	-	-	-	-	(44)	**(44)**
Balance at end of year	**41,279**	**10,559**	**21,502**	**2,042**	**3,541**	**78,923**

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 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

	2024-2025					
Investment Properties Level 3	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	**4,241**	**3,242**	**5,249**	**-**	**1,563**	**14,295**
Transfer between disclosure category	-	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-	-
Transfers out of Level 3	(671)	(1,981)	-	-	(638)	**(3,291)**
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	56	(503)	(47)	-	(16)	**(511)**
Additions	-	473	4	-	-	**477**
Disposals	(36)	-	-	-	(45)	**(81)**
Balance at end of year	**3,590**	**1,230**	**5,206**	**-**	**864**	**10,890**

Investment Properties Level 3	Industrial £'000	Offices £'000	Other £'000	Residential £'000	Retail £'000	Total £'000
			2023-2024			
Opening balance	3,335	4,019	5,799	-	1,699	**14,852**
Reclassification to OLB						**-**
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	978	(808)	(550)	-	(53)	**(433)**
Additions	7	31	-	-	-	**38**
Disposals	(80)	-	-	-	(83)	**(163)**
Balance at end of year	**4,240**	**3,242**	**5,249**	**-**	**1,563**	**14,295**

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.

There were no transfers into level 3.

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: Paul Warren, under supervision of Liz Macdonald MRICS (NPS).

17. Intangible Assets

	2024-2025 £'000	2023-2024 £'000
Balance at the start of the year		
Net carrying amount	2,302	1,959
· Additions	632	870
· Other changes	(48)	-
Amortisation for the period	(622)	(527)
Net Carrying amounts at the end of the year	**2,264**	**2,302**
Comprising:		
· Gross carrying amount	4,686	4,053
· Accumulated amortisation	(2,422)	(1,751)
	2,264	**2,302**

18. Financial Instruments

Financial Assets

	31 March 2025 Book Value £'000	31 March 2025 Fair Value £'000	31 March 2024 Book Value £'000	31 March 2024 Fair Value £'000
Investments - Amortised Cost	3,295	3,295	3,894	3,894
Investments - FVOCI	3,030	3,030	2,955	2,955
Debtors - Amortised Cost	5,346	5,346	8,700	8,700
Assets not defined as financial assets	306	306	500	500
Long term Assets	**11,977**	**11,977**	**16,049**	**16,049**
Investments - Amortised Cost	55,000	55,817	71,000	72,364
Callable cash - amortised cash	10,000	10,038	10,000	10,050
Bank deposits < 3 months - Amortised Cost	4,535	4,540	1,923	1,929
MMF - Amortised Cost	31,500	31,625	6,300	6,343
Cash - Amortised Cost	321	321	573	573
Debtors - Amortised Cost	11,502	11,502	8,425	8,425
Assets not defined as financial assets	13,070	13,070	17,704	17,703
Other financial assets at amortised cost	**125,928**	**126,913**	**115,925**	**117,387**
Total Financial Assets	**137,905**	**138,890**	**131,974**	**133,436**

Financial Liabilities

	31 March 2025		31 March 2024	
	Book Value £'000	Fair Value £'000	Book Value £'000	Fair Value £'000
Short Term Creditors - Amortised Cost	(11,675)	(11,675)	(11,318)	(11,318)
Public Works Loan Board - Amortised Cost	(53,200)	(54,011)	(2,500)	(2,537)
Leases - Amortised cost	(2,538)	(2,538)	(128)	(128)
Other borrowing	(140)	(141)	(168)	(168)
Liabilities not defined as financial liabilities	(24,925)	(24,925)	(20,191)	(20,191)
Short Term Financial liabilities at amortised cost	**(92,478)**	**(93,290)**	**(34,305)**	**(34,342)**
Public Works Loan Board - Amortised Cost	(145,948)	(103,934)	(199,148)	(159,163)
Other borrowing	(5,133)	(4,322)	(5,133)	(4,996)
Leases - Amortised cost	(6,509)	(6,509)	(296)	(296)
Liabilities not defined as financial liabilities	(412)	(412)	(392)	(392)
Long Term Liabilities at amortised cost	**(158,003)**	**(115,178)**	**(204,969)**	**(164,847)**
Total Financial Liabilities	**(250,481)**	**(208,467)**	**(239,274)**	**(199,189)**

The long-term investments of share capital are classified as outside the scope of IFRS9. 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 2025 the Council held £31.5m 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 £2.271m.

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-Mar-25	31-Mar-24
	£'000	£'000
Opening Balance	**512**	**562**
Fair value Adjustments	(11)	(7)
Loans Repaid	(60)	(43)
Balance Carried Forward	**441**	**512**
Nominal Value carried forward	**2,271**	**2,331**

The home improvement loans carrying value after fair value adjustments (minus £43k) total £205k.

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. During 2024-2025 the council impaired its share holding in Lion Homes.

	Nominal	Fair Value	Change in fair value during 2024-2025	Dividends
	£'000	£'000	£'000	£'000
Legislator 1656 Ltd shares	-	3,030	75	-
Legislator 1657 Ltd shares	-	-	-	-
Municipal Bonds Agency shares	100	100	-	-
	100	**3,130**	**75**	**-**

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:

	2024-2025		2023-2024	
	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	-	(75)	-	533
investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-
financial liabilities measured at amortised cost	-	-	-	-
Total net gains/losses	**-**	**(75)**	**-**	**533**
Interest revenue:				
financial assets measured at amortised cost	(5,843)	-	(6,480)	-
Total interest revenue	**(5,843)**	**-**	**(6,480)**	**-**
Interest expense:				
financial liabilities measured at amortised cost	7,169	-	7,083	-
Total interest expense	**7,169**	**-**	**7,083**	**-**

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-25	31-Mar-24
Fair Value through Other Comprehensive Income				
Legislator 1656 Ltd shares*	Level 3	Market approach – adjusted net assets	3,030	2,955
Legislator 1657 Ltd shares	Level 3	Market approach – adjusted net assets	-	-
Total			**3,030**	**2,955**

The Council's shareholdings in Legislator companies are not traded in an active market. The fair value of £3.030m 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 (including lease liabilities), 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.

The financial liabilities for finance lease liabilities as at 31 March 2025 include the impact of the transition to IFRS16, Leases, with effect from 1 April 2024. The detail for the liabilities at 31 March 2024 have been based on the requirements of IAS17, Leases. Details of the impact of the transition set out in Note 37 to these financial statements.

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 9 January 2024. The key indicators within the strategy were:

- The Authorised Limit for 2024-2025 was set at £341.537m. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £311.537m. 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 Long Term A (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 £2.5bn

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-25		31-Mar-25	31-Mar-24
Customers	6,158	12%	739	526

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 £6.158m of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31-Mar-25	31-Mar-24
	£'000	£'000
Less than three months	2,540	642
Three to six months	1,507	853
Six months to one year	1,011	513
More than one year	1,101	2,378
Total	**6,159**	**4,386**

The current provision of £2.881m for sundry debt covers 47% 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 2024	**-**	**(12,148)**	**(12,148)**
Movement in loss allowance	-	2,083	**2,083**
Other changes	-	-	**-**
As at 31 March 2025	**-**	**(10,065)**	**(10,065)**
Opening balance as at 1 April 2023	**-**	**(12,028)**	**(12,028)**
Movement in loss allowance	-	(120)	**(120)**
Other changes	-	-	**-**
As at 31 March 2024	**-**	**(12,148)**	**(12,148)**

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 2025 £'000	31 March 2024 £'000
Repayable between:		
less than one year	53,200	2,500
between 1 and 2 years	7,500	53,200
	60,700	**55,700**

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 2025 £'000**	**31 March 2024 £'000**
Less than one year	53,200	2,500
Between one and two years	7,500	53,200
Between two and five years	56,500	62,000
Maturing in five to ten years	14,980	14,830
Maturing in more than ten years	66,968	69,118
Total	**199,148**	**201,648**
Non-PWLB		
Maturing in more than ten years	5,133	5,133

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 receivable on variable rate investments	360
Impact on Surplus or Deficit on Provision of Services	**360**
Decrease in fair value of fixed rate borrowings liabilities (no impact CIES)	(7,080)

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 £3.030m 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

	2024-2025			2023-2024
	Debtors	Provision for Bad Debt	Net Debtors	Net Debtors
	£'000	£'000	£'000	£'000
Advances for House Purchase: Council Houses Sold	-	-	**-**	**-**
Norfolk County Council Transferred Debt	54	-	**54**	**54**
Deferred Capital Receipt	-	-	**-**	**247**
Decent Home Loans	2,547	(2,169)	**378**	**370**
Finance Lease > 1 year	1,594	-	**1,594**	**1,631**
Home Improvement Loans	237	(43)	**194**	**194**
Housing Benefit Overpayments	4,137	(3,114)	**1,023**	**898**
Shared Equity Dwellings	160	-	**160**	**155**
SALIX	305	-	**305**	**253**
Debts with legal charge over property	34	-	**34**	**34**
Wholly owned subsidiary	1,680	-	**1,680**	**5,120**
Other Long Term Debtors	230	-	**230**	**244**
Total	**10,978**	**(5,326)**	**5,652**	**9,200**

Long Term Debtors include:

Wholly Owned Subsidiary Loans

On 31 March 2025 outstanding loans made to LHL totaling £6.15m (2023-2024 £6.15m) were due to be repaid. LHL were unable to repay any of its loans and has since entered into a managed voluntary liquidation agreement process. As a result, the council has impaired the total amount of the loans to nil.

The Council has advanced a loan to its wholly owned subsidiary Norwich City Services Ltd. The balance outstanding on the loan at 31 March 2025 was £1.68m (2023-2024 £2.22m).

Short Term Debtors

	2024-2025	2023-2024
	£'000	£'000
Trade Customers		
- HRA Rentpayer	3,485	(1,697)
- Other Trade Customers	6,844	9,317
Collection Fund		
- Taxpayers (Council Tax & Business Rates)	2,186	1,392
Other Receivables	5,032	4,878
Prepayments - Pension Fund	4,868	9,945
Prepayments - Other	1,173	831
Total Short Term Debtors	**23,588**	**24,666**

20. Cash and Cash Equivalents

	2024-2025 £'000	2023-2024 £'000
Cash held by Council	4	4
Bank current accounts	4,851	2,492
Short term deposits with banks	20,043	10,056
Short term deposits with building societies	-	-
Short term deposits with local authorities	5,084	5,011
Money Markets	31,625	6,343
Total Cash & Cash Equivalents	**61,607**	**23,906**

21. Assets Held for Sale & Inventories

Assets Held for Sale

	2024-2025 £'000	2023-2024 £'000
Balance outstanding at 1 April	**216**	**-**
Assets newly classified as held for sale:		
Property, Plant & Equipment	1,025	1,115
Revaluations in Revaluation Reserve	(16)	26
Asset disposals	(456)	(925)
Other movements	-	-
Balance outstanding at 31 March	**769**	**216**

Inventories

The Council has utilised funding from the Government's Towns Fund grant to set up a "revolving fund" to enable the purchase and resale of development sites in the City area to assist with regeneration. At 31 March 2025, the Council held one site which it was in the process of reselling, and other costs were set against "work in progress" for future site acquisitions. Proceeds from the sale of properties will be recycled to buy further sites for resale.

Additionally, during 2024-2025 the council purchased the Anglia Square site in the city centre. The total purchase was funded using a grant received from Homes England. The council is working to dispose of the site in 2025-2026.

In 2024-2025, one property was both purchased and disposed of in the year.

	2024-2025 £'000	2023-2024 £'000
Balance outstanding at 1 April	792	28
Properties purchased for resale	7,378	748
Work in Progress	130	44
Disposals	(1,203)	
Historic Inventory balance written out	-	(28)
Balance held at 31 March	**7,097**	**792**

The balance brought forward for 2023-2024 was missing from the table above in the 2023-2024 Statement of Accounts; this has now been updated.

22. Creditors

Long Term Creditors

	2024-2025 £'000	2023-2024 £'000
Developer Contributions	-	-
Lease Liability	(6,509)	(296)
Rent Prepayments	-	-
SALIX	(132)	(83)
Total Long Term Creditors	**(6,641)**	**(379)**

Significant increase in lease liability due to adoption of IFRS 16 leases (Note 37).

Short Term Creditors

	2024-2025 £'000	2023-2024 £'000
Preceptors	(7,709)	(6,026)
Trade Payables	(11,675)	(11,318)
Other Payables	(8,871)	(6,248)
Receipts in Advance	(10,072)	(7,081)
Total Short Term Creditors	**(38,327)**	**(30,673)**

23. Provisions

Long Term Provisions

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	(1,824)	(2,233)
Movement in provisions	(232)	409
Balance at 31 March	**(2,056)**	**(1,824)**

Short Term Provisions

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	-	(1,537)
Movement in provisions	-	1,537
Balance at 31 March	**-**	**-**
Total Provisions	**(2,056)**	**(1,824)**

The long-term provision consists of £1.285m (2023-2024: £1.332m) in respect of Non-Domestic Rates appeals following the introduction of Business Rates Retention on 1 April 2013, and £0.771m (2023-2024: £0.491m in insurance provisions for the General Fund and HRA.

24. Usable Reserves

The usable reserves of the council are:

	2024-2025 £'000	2023-2024 £'000
General Fund	(8,249)	(8,249)
HRA	(51,053)	(42,696)
Earmarked Reserves	(20,286)	(23,372)
Major Repairs Reserve	(18,060)	(13,993)
Capital Grants Unapplied	(1,799)	(2,389)
Capital Receipts Reserve	(78,554)	(72,606)
	(178,001)	**(163,305)**

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:

	2024-2025 £'000	2023-2024 £'000
Revaluation Reserve	(208,908)	(177,573)
Financial Instruments Revaluation Reserve	(3,030)	(2,955)
Capital Adjustment Account	(706,313)	(718,371)
Financial Instruments Adjustments Account	1,003	1,036
Deferred Capital Receipts	(1,335)	(1,628)
Pensions Reserve	47,107	18,525
Collection Fund Adjustment Account	(1,992)	(1,519)
Accumulated Absences Reserve	495	631
Total Unusable Reserves	**(872,973)**	**(881,854)**

Revaluation Reserve

	2024-2025 £'000	2024-2025 £'000	2023-2024 £'000
Balance at 1 April		**(177,573)**	**(182,234)**
Upward revaluation of assets	(39,922)		(19,658)
Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	5,276		21,550
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**(34,646)**	**1,892**
Difference between fair value depreciation & historical cost depreciation	1,811		1,575
Accumulated gains on assets sold or scrapped	1,500		1,194
Amount written off to the Capital Adjustment Account		**3,311**	**2,769**
Balance at 31 March		**(208,908)**	**(177,573)**

Financial Instruments Revaluation Reserve

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	(2,955)	(3,488)
(Upward)/downard revaluation of investments	(75)	533
	(3,030)	**(2,955)**

Capital Adjustment Account

	2024-2025 £'000	2024-2025 £'000	2023-2024 £'000
Balance at 1 April		**(718,371)**	**(704,766)**
Adjustment for the Implementation of IFRS 16		2,917	-
Adjusted Balance at 1 April 2024		**(715,454)**	**(704,766)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:			
Charges for depreciation & impairment of non current assets	29,491		26,745
Revaluation gains / (losses) on Property, Plant & Equipment	6,598		6,457
Revenue expenditure funded from capital under statute	7,193		6,665
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	11,240		5,846
Difference between historic cost & carrying value depreciation	-		-
Net written out amount of the cost of non-current assets consumed in the year		**54,522**	**45,713**
Adjusting amounts written out of the Revaluation Reserve		(3,311)	(2,769)
Net written out amount of the cost of non-current assets consumed in the year		**51,211**	**42,944**
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital Expenditure	(9,234)		(30,600)
Use of the Major Repairs Reserve to finance new capital expenditure	(13,203)		(13,148)
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(21,151)		(12,094)
Statutory provision for the financing of capital investment charged against the General Fund & HRA balances	(2,978)		605
Capital expenditure charged against the General Fund & HRA balances	(346)		(7,208)
		(46,912)	**(62,445)**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement		1,343	5,896
Movements in the fair value of Financial Instruments debited or credited to the Comprehensive Income & Expenditure Statement		3,499	-
Balance at 31 March		**(706,313)**	**(718,371)**

Financial Instruments Adjustment Account

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	**1,036**	**1,002**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(18)	(18)
	1,018	**984**
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	(15)	52
Balance at 31 March	**1,003**	**1,036**

Deferred Capital Receipts

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	**(1,628)**	**(1,670)**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-
Transfer to the Capital Receipts Reserve upon receipt of cash	293	42
Balance at 31 March	**(1,335)**	**(1,628)**

Pension Reserve

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	**18,525**	**44,303**
Actuarial gains or (losses) on pensions assets & liabilities	33,099	(23,003)
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	5,535	7,511
Employer's pensions contributions & direct payments to pensioners payable in the year	(10,052)	(10,286)
Balance at 31 March	**47,107**	**18,525**

Collection Fund Adjustment Account

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	**(1,519)**	**(5,095)**
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	(303)	(140)
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	(170)	3,716
Balance at 31 March	**(1,992)**	**(1,519)**

Accumulated Absences Reserve

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	631	516
Difference between accounting and statutory credit for holiday	(136)	115
Balance at 31 March	**495**	**631**

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2024-2025 £'000	2023-2024 £'000
Interest received	5,843	3,736
Interest paid	(7,169)	(8,410)

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

	2024-2025 £'000	2023-2024 £'000
Depreciation	22,388	20,211
Impairment and downward valuations	-	13,007
Amortisation	622	527
Movement in contract assets, liabilities and costs	-	-
Increase/(decrease) in impairment for bad debts	-	55
Increase/(decrease) in creditors	12,646	(14,266)
(Increase)/decrease in debtors	3,817	(6,993)
(Increase)/decrease in inventories	(6,305)	(765)
Movement in pension liability	(4,517)	(12,720)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	10,037	5,846
Other non-cash items charged to the net surplus or deficit on the provision of services	18,926	6,096
Net adjustment for non-cash movements	**57,614**	**10,998**

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

	2024-2025 £'000	2023-2024 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(14,905)	(7,422)
Any other items for which the cash effects are investing or financing cash flows	(20,565)	(11,091)
Investing and financing activities	**(35,470)**	**(18,513)**

27. Cash Flow Statement – Investing Activities

	2024-2025 £'000	2023-2024 £'000
Purchase of property, plant & equipment, investment property	(46,265)	(30,419)
Other Capital Payments	-	-
Purchase of short term & long-term investments	(70,000)	(71,000)
Other payments for investing activities	(1,656)	(500)
Proceeds from the sale of property, plant & equipment, investment property & intangible assets*	14,905	7,464
Other Capital Cash Receipts	-	-
Capital grants received	-	-
Proceeds from short term & long-term investments	96,000	50,000
Other receipts from investing activities	2,465	2,409
Net cash flows from investing activities	**(4,551)**	**(42,046)**

*The table when copied into the document excluded this line in the 2023-2024 Statement of Accounts, even though the total net cash flows were correct.

28. Cash Flow Statement – Financing Activities

	2024-2025 £'000	2023-2024 £'000
Other receipts from financing activities	20,565	7,441
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(2,106)	(136)
Cash receipts of short and long term borrowing	8	-
Repayments of short- & long-term borrowing	(2,552)	(4,418)
Other payments for financing activities	-	(5,455)
Net cash flows from financing activities	**15,915**	**(2,568)**

29. Associates

The services provided to the Council by NPS Norwich Limited, Norwich Norse Environmental Limited and Norwich Norse Building Limited were transferred back to the council or to NCSL in the period up to 1 April 2022. The City Council formally ceased to be involved with the companies on 26 January 2024.

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 was responsible for parking issues on all city roads, including permit parking, controlled parking extensions, tariffs, and enforcement, but from November 2023 some of these responsibilities transferred to another council. The council also ceased to provide bus-lane enforcement services for the County Council but remains responsible for the collection of most On Street parking income.

The amounts of income and expenditure for 2024-2025 and 2023-2024 are as follows:

On-Street Car parking	2024-2025 £'000	2023-2024 £'000
Expenditure	1,424	1,433
Income	(535)	(986)
(Surplus)/deficit paid over to Norfolk County Council	**889**	**448**

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

On 1 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 1 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	2024-2025 £'000	2023-2024 £'000
Billed	806	846
Collected	(772)	(870)
Paid over to Norwich BID	794	837

31. Members Allowances

	2024-2025 £'000	2023-2024 £'000
Members Allowances	437	435

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: 2024-2025					
Lou Rawsthorne, Chief Executive Officer (1)	164,428			7,153	171,581
Executive Director of Resources 24/25 (1)	120,161			16,937	137,098
Executive Director of Communities & Housing 24/25	103,704			15,007	118,711
Executive Director of Development & City Services 2024/25 (1) (2)	51,870			6,573	58,443
TOTAL COST	**440,163**	**-**	**-**	**45,670**	**485,833**

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: 2023-2024					
Lou Rawsthorne, Chief Executive Officer (1)	143,184	-	-	-	143,184
Executive Director of Development & City Services (1)	109,178	-	-	15,774	124,952
TOTAL COST	**252,362**	**-**	**-**	**15,774**	**268,136**

1 Remuneration includes payments made in respect of election duties.

2 Executive director of resources started on the 22nd April 2024.

3 Executive director of communities & housing started on the 29th April 2024.

4 Executive director of development & city services left on the 6th September 2024.

Interim staff employed through Agencies

2024-2025

The interim S151 officers, and interim executive director of major projects, were all employed through agencies during 2024-2025, as well as the interim executive director of resources at the beginning of the year.

- The amount paid in respect of the interim executive director of resources, including agency fees, was £13,500.
- The amount paid in respect of the interim S151 officers, including agency fees, was £202,571.
- The amount paid in respect of the interim executive director of major projects, including agency fees, was £197,910.

2023-2024

The interim executive director of communities and housing, interim executive director of resources, the interim S151 officer, and interim executive director of major projects, were all employed through agencies during 2023-2024.

- The amount paid in respect of the interim executive director of communities and housing, including agency fees, was £126,940.
- The amount paid in respect of the interim executive director of resources, including agency fees, was £161,100.

- The amount paid in respect of the interim S151 officer, including agency fees, was £198,240.
- The amount paid in respect of the interim executive director of major projects, including agency fees, was £64,260.

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

Remuneration Band	2024-2025	2023-2024
£50,000 to £54,999	26	20
£55,000 to £59,999	19	14
£60,000 to £64,999	12	6
£65,000 to £69,999	4	6
£70,000 to £74,999	1	3
£75,000 to £79,999	6	6
£80,000 to £84,999	1	-
£85,000 to £89,999	2	-
£90,000 to £94,999	-	1
£95,000 to £99,999	-	1
£100,000 to £104,999	2	-
£105,000 to £109,999	-	1
£110,000 to £114,999	-	-
£115,000 to £119,999	-	-
£120,000 to £124,999	1	-
£125,000 to £129,999	-	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	1
£145,000 to £149,999	-	-
£150,000 to £154,999	-	-
£155,000 to £159,999	-	-
£160,000 to £165,999	1	-
	75	**59**

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:

2024-2025

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	3	**4**	34,997
£20,001 - £40,000				
£40,001 - £60,000		1	**1**	60,000
£60,001 - £80,000				
£80,001 - £100,000				
Total	**1**	**4**	**5**	**94,997**

2023-2024

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	**2**	6,500
£20,001 - £40,000	1	4	**5**	142,956
£40,001 - £60,000	-	1	**1**	42,777
£60,001 - £80,000	-	2	**2**	139,198
£80,001 - £100,000	-	2	**2**	192,111
£100,001 - £150,000	-	1	**1**	107,531
Total	**1**	**12**	**13**	**631,073**

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 2024-2025 and 2023-2024 the following fees were payable by the Council to our external auditors.

	2024-2025 £'000	**2023-2024 £'000**
External Audit Services	285	243
Fees payable for certification of grant claims	37	18
Total	**322**	**261**

The scale fee set by Public Sector Audit Appointments Ltd (PSAA) for 2024-2025 is £230k (2023-2024 £213k). An additional £55k has been recognised in year based on likely further costs associated with ongoing additional professional and regulatory requirements relating to the audit process. During 2024-2025 the Government addressed the audit backlog and the 2021-2022 and 2022-2023 accounts have now received disclaimed audit opinions and the accounts signed off. The estimated audit fees for these years have been reviewed and the accrual for unbilled fees reduced by £86k. The final fees will be subject to agreement with the external auditors and PSAA.

34. Grant Income

	2024-2025 £'000	2023-2024 £'000
DWP benefits subsidy - Rent Allowance	(21,169)	(20,537)
DWP benefits subsidy - Rent Rebate	(18,803)	(19,724)
Discretionary Housing Payments	(259)	(259)
Housing Benefits Administration Grant	(567)	(546)
Council tax energy rebate	-	(121)
Refugee & Asylum scheme grants	(494)	(525)
NNDR admin grant	(262)	(264)
Covid grants	-	(323)
Homelessness & Rough Sleeping Initiatives	(2,327)	(2,375)
Towns Fund	(126)	-
Household Support Work	(159)	(412)
Other Grants and Contributions	(2,232)	(1,614)
Total within Cost of Services	**(46,398)**	**(46,700)**
Revenue		
Revenue Support Grant	(523)	(491)
New Homes Bonus	(58)	(45)
NNDR Section 31 grant	(7,596)	(7,289)
Funding Guarantee Grant	(975)	(536)
Lower Tier Services Grant	(42)	(202)
Council Tax Support Grant	-	(348)
Community Infrastructure Levy - from developers	(4)	-
Other Grants and Contributions	(84)	(192)
Capital		
Community Infrastructure Levy - from developers	(19)	(173)
Disabled Facilities Grant	(1,649)	(2,095)
Towns Fund	(7,971)	(4,794)
BEIS Sustainable Warmth grant	(17)	(1,960)
Decarbonisation Grant	-	(418)
Homes England Grant	(6,174)	-
Social Housing Decarbonisation Fund	(2,433)	-
Grants and contributions towards capital - from Government	(731)	(74)
Grants and contributions towards capital - non Government	(1,567)	(1,537)
Total within Taxation and non-specific grant income	**(29,843)**	**(20,154)**
Total income from grants and contributions	**(76,241)**	**(66,854)**

Capital Grants Receipts in Advance

	31 March 2025 £'000	31 March 2024 £'000
Amounts falling due within one year (all other bodies):		
BEIS SALIX PSDS Grants	-	(41)
BEIS Green Homes Grant	(202)	(202)
BEIS Decarbonisation Grant	(83)	(83)
BEIS Sustainable Warmth Grant	(54)	(72)
Land Release Fund Grant	(150)	(150)
Other Government Grants & Contributions.	(21)	(49)
Total short term capital grants received in advance	**(510)**	**(597)**
Amounts falling due after one year (all other bodies):		
Disabled Facilities Grant	(182)	(227)
Land Release Fund Grant	(67)	(67)
Towns Fund	(2,803)	(9,549)
Other Government Grants & Contributions.	(2,540)	(234)
SALIX	-	(43)
Total long term capital grants received in advance	**(5,592)**	**(10,120)**

Revenue Grants Receipts in Advance

	31 March 2025 £'000	31 March 2024 £'000
Amounts falling due within one year (all other bodies):		
Other Government grants and contributions	(133)	(130)
Developers Contributions (S106)	(4,383)	(4,809)
Total short term revenue grants received in advance	**(4,516)**	**(4,939)**

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 2025 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 2024-2025 and 2023-2024 is shown in Note 31. During 2024-2025, works and services to the value of £57,598 (2023-2024 £1,200) were commissioned from three organisation in which two members had interests. Contracts were entered into in full compliance with the council's standing orders. In addition members approved £188,944 (2023-2024 £554,905) as grants to voluntary organisations, in which one member had an interest. Community grants to the value of £6,747 were awarded in 2024-2025 (2023-2024 £5,274). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members and staff 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 and available on the council website.

During 2024-2025, no grants were made to organisations (2023-2024 £0), or works and services commissioned from entities (2023-2024 £0), 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 £871,776 (2023-2024 £471,736). These partnership activities are integrated into the council's usual budget setting and management processes.

Companies and joint ventures

Lion Homes (Norwich) Ltd (LHL) is a wholly owned subsidiary company set up by the council to carry out redevelopment projects. At 31 March 2025 LHL was unable to repay loans totalling £6.15m that had fallen due and has since entered into a member voluntary liquidation arrangement process. As a result, in 2024-2025 the council as shareholder has impaired its holding to £2,824,955 (2023-2024 £3,424,100).

The council, in conjunction with LHL, have set up two companies - Threescore Open Space Management Ltd and Norwich City New Co Ltd which is currently dormant.

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 2024-2025 – it remained at £370,010. No further loans were taken out by NCSL during 2024-2025 (2023-2024 £500,000). Repayments of £540,000 were made in relation to these loans during 2024-2025 (2023-2024 £40,000), with the balance of loans at 31 March 2025 totalling £1,680,000 (2023-2024 £2,220,000). 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 has a 40.5% shareholding in Legislator 1656 Ltd and its subsidiary company Legislator1657 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 – additional MRP charge

	2024-2025 £'000	2023-2024 £'000
Opening Capital Financing Requirement 1 April	298,033	319,471
Adjustment to the opening balance due to the implementation of IFRS 16	8,893	-
Capital Investment		
Property, Plant and Equipment	32,719	32,131
Investment Properties	687	97
Heritage Assets	-	33
Intangible assets	632	870
Revenue Expenditure Funded from Capital under Statute (REFCUS)	7,193	6,665
Properties for resale (Inventory)	7,508	792
Sources of finance		
Capital receipts	(9,234)	(5,600)
Government grants and other contributions	(21,151)	(12,094)
HRA Major Repairs Reserve	(13,203)	(13,148)
Sums set aside from revenue and reserves	(346)	(7,208)
Other Capital movement		
Capital derecognition	12	(50)
Application of capital receipts to reduce CFR	-	(25,000)
Norwich City Services Ltd loan	(540)	440
Finance lease	(136)	(128)
IFRS16 in year	1,804	-
Other	(33)	29
Minimum Revenue Provision	(896)	(567)
Minimum Revenue Provision (IFRS16)	(1,946)	-
Reversal of prior year Minimum Revenue Provision	-	1,300
Closing Capital Financing Requirement 31 March	**309,997**	**298,033**

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 2025 £'000	31 March 2024 £'000
Property, Plant and Equipment	1,079,205	1,061,343
Heritage assets	33,731	25,940
Investment Properties	96,046	93,217
Intangible Assets	2,264	2,302
Assets Held for Sale	769	216
Inventory	7,097	792
Long term Investments	6,223	6,749
Long Term Debtors	1,910	5,339
Financial Instruments Revaluation Reserve	(3,030)	(2,955)
Financial Instruments Adjustment Account	1,003	1,036
Revaluation Reserve	(208,908)	(177,573)
Capital Adjustment Account	(706,313)	(718,371)
	309,997	**298,035**

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

In 2024-2025, the Council has applied IFRS 16, *Leases,* for the first time as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (that is, those lease arrangements where the Council's judgement was that the arrangement did not transfer substantially all the risks and rewards of ownership of an asset and expenditure was recorded in the Comprehensive Income and Expenditure Statement each year) a right of use asset and a lease liability are to be recognised on the Council's Balance Sheet at 1 April 2024 through an adjustment to opening balances. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024.

Council as Lessee

The Council's lease contracts comprise leases of investment properties, operational land and buildings, and vehicles, plant and equipment.

Right of use liability

This table shows the change in the value of right of use liabilities held under leases by the Council:

	Land and buildings £000	Vehicles, plant and equipment £000	Total £000	Investment Property £000	Total £000
Balance at 1 April 2024	**-**	**-**	**-**	**-**	**-**
Transfer of Existing Finance leases from Property, Plant and Equipment	-	484	484	-	484
IFRS 16 adjustment for recognition of former operating leases	5,829	9	5,838	3,054	8,892
Amended Opening Balance	5,829	493	6,322	3,054	9,376
Additions	1,749	55	1,804	-	1,804
Lease Payments	(2,214)	(195)	(2,409)	(163)	(2,573)
Lease Interest	302	28	330	162	492
Disposals	-	-	-	-	-
Balance at 31 March 2025	5,666	381	6,047	3,053	9,100

Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases

	2024-2025 £000
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	304
Expense relating to short-term leases	195
Expense relating to exempt leases of low value items	58
Variable lease payments not included in the measure of lease liabilities	34
Income from subletting right of use assets	2,573
Gains or losses arising from sale and leaseback transactions	-
Cash flow statement	
Minimum lease payments	2,573

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments)

	31 March 2025 £000
Less than one year	2,131
One to five years	3,423
More than five years	3,493
Total undiscounted liabilities	9,047

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
- other arrangements.

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

	2024-2025 £'000	2023-2024 £'000
Tenants Future Rental Liabilities		
Not later than one year	4,485	4,990
Later than one year & not later than five years	14,143	18,027
Over five years	49,190	49,596
Total	**67,818**	**72,613**

In addition to the above, there are 102 properties (2023-2024 109 properties) where the rent is in perpetuity that amounts annually to £0.221m per annum (2023-2024 £0.268m).

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 leases out property and equipment under finance leases for the following purposes:

- The transfer of land and buildings to deliver a cultural benefit to the people of Norwich
- other arrangements.

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:

	2024-2025 £'000	2023-2024 £'000
Finance lease debtor (net present value of minimum lease payments):		
Current	66	57
Non-current	1,594	1,678
Unearned finance income	1,689	1,678
Gross investment in the leases	**3,349**	**3,413**

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-25 £'000	31-Mar-24 £'000	31-Mar-25 £'000	31-Mar-24 £'000
Future Rental Liabilities				
Not later then one year	68	64	68	64
Later than one year & not later than five years	322	302	322	302
Later than five years	2,959	3,047	2,959	3,047
Total	**3,349**	**3,413**	**3,349**	**3,413**

38. Impairment Losses

During the year the Council carried out adaptations at a cost of £2,376,438 (2023-2024 £2,781,682) 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 £478,083, including door access controls, roofing works, energy efficiency measures, compliance upgrades, lift upgrades and upgrades to tower blocks.

Additionally, the council impaired the cost of the works to district heating schemes £218,356, housing alarms £204,340, HRA shops £118,277, compliance upgrades £86.758, water hygiene upgrades £44,698, enhancement of HRA estates £66,882, lift upgrades £40,239 and the stock condition survey £48,326, as it was deemed not to add value.

The Council has also impaired the cost of £2,800,003 in other land and buildings and £786,908 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 2024-2025, incurring liabilities of £94,997 (2023-2024 £631,072). These were payable to 5 (13 in 2023-2024) 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 Strategic Director of Finance 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 the discount rate, 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 5.80% (4.80% 2023-2024) 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.

	2024-2025 £'000	2023-2024 £'000
Comprehensive Income and Expenditure Statement		
Current Service Cost	5,071	5,269
Curtailments	49	477
Settlements	-	-
Cost of Services	**5,120**	**5,746**
Net interest expense	415	1,765
Financing and Investment Income and Expenditure	**415**	**1,765**
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	**5,535**	**7,511**
Return on plan assets, less included in interest expense	6,159	(17,217)
Actuarial gains & losses:		
Changes in demographic assumptions	(678)	(2,285)
Changes in financial assumptions	(53,018)	(15,736)
Other	(4,223)	12,235
Changes in the effect of the asset ceiling	84,859	-
Remeasurement of the net defined benefit liability	**33,099**	**(23,003)**
Total Comprehensive Income and Expenditure Statement	**38,634**	**(15,492)**
Movement in Reserves Statement		
Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	5,535	7,511
Employer's pension contributions and direct payments to pensioners payable in the year	(10,052)	(10,286)
Total taken to Movement in Reserves Statement	**(4,517)**	**(2,775)**

Reconciliation of Fair Value of Employer Assets (scheme Assets):	**2024-2025 £'000**	**2023-2024 £'000**
Value of Assets at 1 April	**381,798**	**346,859**
Effect of settlements	-	-
Interest income on plan assets	18,002	16,504
Contributions by Members	1,693	1,601
Contributions by the Employer	4,975	20,231
Return on assets excluding amounts recognised in Other Comprehensive Income	(6,159)	17,217
Effect of business combinations	-	-
Benefits Paid	(19,829)	(20,614)
	380,480	**381,798**

Reconciliation of Defined Benefit Obligation (scheme Liabilities):	**2024-2025 £'000**	**2023-2024 £'000**
Value of Liabilities at 1 April	**(390,378)**	**(391,162)**
Current Service Cost	(5,071)	(5,269)
Past Service Cost	(49)	(477)
Effect of settlements	-	-
Interest Cost	(18,417)	(18,269)
Contribution by Members	(1,693)	(1,601)
Actuarial Gains and (Losses):		-
Change in demographic assumptions	678	2,285
Change in financial assumptions	53,018	15,736
Other experience gains and (losses)	4,223	(12,235)
Effect of business combinations and disposals	-	-
Benefits Paid	19,829	20,614
	(337,860)	**(390,378)**
Net Asset/(Liability) at 31st March (before effect of Asset Ceiling)	**42,620**	**(8,580)**
Effect of the asset ceiling	(84,859)	-
Net Asset/(Liability) at 31st March	**(42,239)**	**(8,580)**

Local Government Pension Scheme assets comprised:

	2024-2025				2023-2024 Restated			
	Quoted prices in active markets	Quoted prices not in active markets	Total	% of total assets	Quoted prices in active markets	Quoted prices not in active markets	Total	% of total assets
	£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	
Cash & Cash Equivalents	**12,788**	**-**	**12,788**	**3.0%**	**5,807**	**-**	**5,807**	**2.0%**
Private equity		48,678	**48,678**	**13.0%**		48,073	**48,073**	**13.0%**
Bonds								
by sector								
Corporate								
UK Government	7,211		**7,211**	**2.0%**	9,541		**9,541**	**2.0%**
Other								
Sub-total Bonds	**7,211**	-	**7,211**	**2.0%**	**9,541**	-	**9,541**	**2.0%**
Property								
by geographical location								
UK property		24,253	**24,253**	**6.0%**		28,566	**28,566**	**7.0%**
Overseas property		3,564	**3,564**	**1.0%**		4,311	**4,311**	**1.0%**
Sub-total Property	**-**	**27,817**	**27,817**	**7.0%**	**-**	**32,877**	**32,877**	**7.0%**
Investment Funds & Unit Trusts								
Equities	212,527		**212,527**	**56.0%**	162,384		**162,384**	**43.0%**
Bonds	28,724		**28,724**	**8.0%**	72,784		**72,784**	**19.0%**
Infrastructure		42,516	**42,516**	**11.0%**		43,537	**43,537**	**11.0%**
Other								
Sub-total Investment Funds & Unit Trusts	**241,251**	**42,516**	**283,767**	**75.0%**	**235,168**	**43,537**	**278,705**	**73.0%**
Derivatives								
Foreign Exchange	219		**219**	**0.0%**	6,796		**6,796**	**2.0%**
Total Assets	**261,469**	**119,011**	**380,480**		**257,312**	**124,486**	**381,798**	

A revised IAS 19 report should have been reflected in the prior year document and wasn't in error, resulting in older asset values being shown. These have been restated above.

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. The 31 March 2025 triennial valuation is currently underway.

In the 2024-2025 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.

	2024-2025 £'000	2023-2024 Restated £'000
Present Value of funded liabilities	(325,380)	(376,346)
Present Value of unfunded liabilities	(12,480)	(14,032)
Fair Value of plan assets	380,480	381,798
Amounts not recognised due to effect of asset ceiling	(84,859)	-
Net Liability arising from defined benefit obligation	**(42,239)**	**(8,580)**

	2024-2025	2023-2024
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Male	25.7	20.9
Female	24.2	24.2
Longevity at 45 for future pensioners:		
Male	21.8	21.9
Female	25.7	25.8

	2024-2025	2023-2024
Rate of increase in salaries	3.50%	2.80%
Rate of increase in pensions (CPI)	2.80%	3.50%
Rate for discounting scheme liabilities	5.80%	4.80%

A revised IAS 19 report should have been reflected in the prior year document and wasn't in error, resulting in older asset values being shown. These have been restated above.

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 2025	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	1%	4,994
1 year increase in member life expectancy	4%	13,514
0.1% increase in the Salary Increase Rate	0%	185
0.1% increase in the Pension Increase Rate (CPI)	1%	4,946

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 31 March 2025 triennial valuation is currently underway.

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.

As part of the 2023-2024 MTFS and budget setting the Council agreed to pre-pay its secondary pension contributions in April 2023. The Council elected to account for the pre-payment in accounting period the contribution fell due. The total contribution expected to be made to the scheme by the Council for the year to March 2026 is £3.695m which excludes the 2025-2026 element of the pre-payment of secondary contributions totalling £5.077m.

The weighted average duration of the defined benefit obligation for scheme members is 15 years, (2023-2024 15 years).

41. Contingent Assets and Liabilities

Assets

A contingent asset is a potential economic benefit that is dependent on a future event or events and is largely out of the council's control. Not knowing for certain whether a gain will materialise, or being able to determine their precise economic value, means these assets cannot be recorded on the balance sheet. However, they can be reported in the accompanying footnotes of the statement of accounts provided that certain conditions are met.

Software Product Upgrade

During 2024-2025 the council identified functionality issues with a software upgrade. The council is seeking full reimbursement of our implementation costs and will pursue these via formal legal dispute if a negotiated settlement is not reached.

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.

Capital Scheme

During 2023-2024 the council lodged a dispute against one of our contractors in relation to costs charged against a scheme. The council does not consider these costs to be payable and issued a pay less notice under paragraph 10 of Part II of the Scheme for Construction Contracts (England and Wales) Regulations 1998 (SI 1998/649) (as amended) and section 111 of the Housing Grants, Construction and Regeneration Act 1996 (as amended). The outcome of the dispute is still to be determined.

Association for Public Service Excellence (APSE)

The Authority is a member of the APSE. Litigation proceedings had been instigated by one of the members against the other 23 members. A notice of stay of proceedings has since been issued whilst the dispute is considered by all parties. The Authority is not a representative defendant in the proceedings but could be affected by any judgement or settlement.

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; in light of this, preparations are underway for a substantial proportion of the commission to be passed on to tenants, and a contingent liability is disclosed while the council assesses the financial impact.

42. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-2025 (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 except for Lion Homes (Norwich) Ltd. The company has entered into a member voluntary liquidation arrangement process. As a result the Lion Homes accounts have been prepared on a break up basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2027 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 25 (unaudited)	£8.25m	£18.46m

The General Reserves are projected to remain above the s151 officer's minimum level of £5.5 million through to March 2027, as set out below.

Date	General Fund	General Fund Earmarked Reserves
31 March 2027 (estimated and unaudited)	£8.25m	£17.23m

The key assumptions within this forecast include:

- the achievement of £3.2m of savings in 2025-2026 as approved in February 2025
- further gross savings of £1.1m in 2026-2027 per the current medium term financial strategy (February 2025)

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 £5.8m 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	2024-2025 £'000	2023-2024 £'000
Expenditure			
Repairs & Maintenance		17,110	16,974
Supervision & Management		23,037	23,307
Rents, Rates, Taxes & Other Charges		7,365	6,422
Negative Subsidy payable to Secretary of State		-	-
Revenue expenditure funded as captial (Refcus)		4,382	412
Depreciation & Impairment of Non-current Assets	HRA 10&11	21,273	21,348
Local Authority Housing - Revaluation loss (gain) on Dwellings		6,496	5,298
Debt Management Costs		96	80
Movement in Allowance for Bad Debts		586	115
Total Expenditure		**80,345**	**73,956**
Income			
Dwelling Rents		(66,578)	(63,070)
Non-dwelling Rents		(2,519)	(2,413)
Charges for Services & Facilities		(10,331)	(3,335)
Contributions towards expenditure		(1,008)	(6,056)
Total Income		**(80,436)**	**(74,874)**
Net (Income)/Cost of HRA Services included in the Comprehensive Income & Expenditure Statement		**(91)**	**(918)**
HRA services share of Corporate & Democratic Core		1,169	1,311
HRA share of the other amounts included in the whole Council Net Cost of Services but not allocated to specific services		-	-
Net (Income)/Cost of HRA Services		**1,078**	**393**
HRA share of operating income & expenditure included in the Comprehensive Income & Expenditure Statement			
Other Operating Expenditure		(3,687)	(1,445)
Financing & Investment Income & expenditure		4,213	4,693
Taxation & Non-Specific Grant Income		(3,356)	(1,117)
(Surplus)/deficit for the year on HRA services		**(1,752)**	**2,524**

The amounts disclosed above may 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)

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	(42,696)	(44,126)
Movement in reserves during Year		
(Surplus)/ deficit on provision of services	(1,752)	2,525
Other Comprehensive Income & Expenditure	-	-
Total Comprehensive Income & Expenditure	**(1,752)**	**2,525**
Adjustments between accounting basis & funding basis under regulations (Note 9)	(6,739)	(160)
Net Increase/ Decrease before Transfers to Earmarked Reserves	(8,491)	2,365
Transfers to/from Earmarked Reserves (Note 10)	134	(935)
Transfers between reserves	-	-
(Increase)/Decrease in Year	(8,357)	1,430
Balance at 31 March carried forward	**(51,053)**	**(42,696)**

Notes to Housing Revenue Account Income & Expenditure Statement

1. Other Operating (Income) / Expenditure

	2024-2025 £'000	2023-2024 £'000
(Gains)/Losses on the disposal of non-current assets	(3,687)	(1,445)
Total	**(3,687)**	**(1,445)**

2. Financing and Investment Income and Expenditure

	2024-2025 £'000	2023-2024 £'000
Interest payable and similar charges	6,532	6,533
Pension interest cost and expected return on pension assets	112	435
Interest receivable and similar income	(2,431)	(2,275)
Total	**4,213**	**4,693**

3. Taxation and Non-Specific Grant Income

	2024-2025 £'000	2023-2024 £'000
Capital Grants and contributions	(3,356)	(1,117)
Total	**(3,356)**	**(1,117)**

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 £6.532m being charged to the HRA in 2024-2025 (2023-2024 £6.532m).

5. HRA Council Dwellings

At 31 March 2025 there were 14,130 HRA Council dwellings, of which 923 were sheltered housing units.

	31-Mar-25	31-Mar-24
	Total Stock	**Total Stock**
Parlour houses	279	281
Non-parlour houses	4,683	4,742
Non-traditional houses	598	608
Bungalows	332	332
Cottage properties	174	177
Flats	6,049	6,103
Maisonettes	455	460
Flats in tower blocks	404	404
Sheltered/Good Neighbour housing units	923	923
Passivhaus flats	81	72
Passivhaus houses	151	108
Passivhaus bungalows	1	1
	14,130	**14,211**
The changes in stock during the year can be summarised as follows:		
Stock as at 1 April	**14,211**	**14,257**
Right to Buy sales	(134)	(69)
Other Dwelling Sales	-	(5)
Housing acquisitions	29	-
New Build Housing	24	28
Stock as at 31 March	**14,130**	**14,211**

6. Housing Valuation

	31-Mar-25	31-Mar-24
	£'000	£'000
Operational Assets:		
Council Dwellings (HRA)	890,898	870,637
Other Land & Buildings	28,216	27,509
Vehicle, Plant & Equipment	249	393
Infrastructure & Community Assets	2,197	2,197
Assets Under Construction	5,626	17,593
Surplus assets	-	-
Sub Total	**927,186**	**918,329**
Intangible Assets	430	567
Sub Total	**430**	**567**
Total	**927,616**	**918,896**

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% (2023-2024 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 2025 was £2,298.37m (31 March 2024 £2,246.10m).

7. Major Repairs Reserve

	2024-2025	2023-2024
	£'000	£'000
Balance brought forward at 1 April	(13,993)	(10,397)
Depreciation charge for the year	(17,270)	(16,744)
Financing of capital expenditure for the year	13,203	13,148
Balance for the year	**(4,067)**	**(3,596)**
Balance Carried forward	**(18,060)**	**(13,993)**

8. HRA Capital Expenditure

	2024-2025 £'000	2023-2024 £'000
Capital Investment		
Opening Capital Financing Requirement 1st April	208,533	208,533
Operational Assets	19,028	13,690
Other Land & Buildings	597	596
Vehicles, Plant & Equipment	-	58
Intangible Assets	48	17
Assets under Construction	1,007	10,687
Revenue Expenditure Financed as Capital	4,382	412
Appropriation to General Fund	-	-
	233,595	**233,993**
Sources of Finance		
Capital Receipts	(8,503)	(4,352)
Government Grants & Other Contributions	(3,356)	(1,117)
Major Repairs Reserve	(13,203)	(13,148)
Revenue Contributions	-	(6,843)
Closing Capital Financing Requirement 31 March	**208,533**	**208,533**

9. HRA Capital Receipts

In 2024-2025 total capital receipts from the disposal of HRA assets were:

	2024-2025 £'000	2023-2024 £'000
Other Land & Buildings	100	-
Council dwellings	12,969	6,662
Total	**13,069**	**6,662**

10. Depreciation

From 1 April 2012 depreciation of the council's housing stock is calculated by reference to the value at the previous 31 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 £17,599k (2023-2024 £17,058k).

	2024-2025 £'000	2023-2024 £'000
Operational Assets		
Council dwellings	16,703	16,201
Other land & buildings	567	543
Vehicles, Plant & Equipment	144	132
Intangible Assets	185	182
Total	**17,599**	**17,058**

11. Impairment Costs

During the year there were £3.680m of impairment costs (2023-2024 £4.305m) relating to HRA assets, which are detailed in the tables below.

	2024-2025 £'000	2023-2024 £'000
Council Dwellings	3,137	4,116
Other Property	543	189
Total	**3,680**	**4,305**
Disabled Facilities adaptations not adding value	2,376	2,782
Lift installations not adding value	-	74
Housing alarm upgrades not adding value	-	139
Upgrades to District Heating schemes not adding value	216	160
Enhancement of HRA estates not adding value	67	379
Structural work to flats where lease has been sold not adding value	37	140
Other work to flats where lease has been sold not adding value	441	442
Other	543	189
Total	**3,680**	**4,305**

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 2025 were £7.93m (2023-2024 £7.73m). The provision for doubtful debts (rents) at 31 March 2025 was £4.70m (2023-2024 £4.64m). Amounts written off during the year amounted to £0.395m (2023-20-24 £0.378m).

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-25			31-Mar-24
	Business Rates	Council Tax	Total	Total
	£'000	£'000	£'000	£'000
INCOME				
Council Tax receivable	-	(106,741)	**(106,741)**	**(101,055)**
Business rates receivable	(65,996)	-	**(65,996)**	**(58,648)**
Council Tax Reduction Scheme	-	14,865	**14,865**	**14,509**
	(65,996)	**(91,876)**	**(157,872)**	**(145,194)**
EXPENDITURE				
Precepts & Demands:				
Central Government	31,933	-	**31,933**	**30,591**
Norfolk County Council	6,387	64,833	**71,220**	**67,052**
Norfolk Police Authority	-	12,248	**12,248**	**11,591**
Norwich City Council	25,546	11,524	**37,070**	**35,514**
Distribution of Estimated Surplus / (Deficit) for Previous Years:				
Central Government	716	-	**716**	**5,438**
Norfolk County Council	143	359	**502**	**1,242**
Norfolk Police Authority	-	68	**68**	**29**
Norwich City Council	573	65	**638**	**4,379**
Charges to Collection Fund:				
Transitional Protection Payment	(476)	-	**(476)**	**(2,772)**
Costs of Collection	262	-	**262**	**264**
Increase/decrease in Bad Debt Provision	566	(115)	**451**	**36**
Increase/decrease in Provision for Appeals	(117)	-	**(117)**	**(1,024)**
Write Offs of uncollectable amounts	39	497	**536**	**1,053**
	65,572	**89,479**	**155,051**	**153,393**
Collection Fund Balance b/fwd at 1 April	**(3,046)**	**(2,303)**	**(5,349)**	**(13,548)**
(Surplus) / Deficit for the year	(424)	(2,397)	**(2,821)**	**8,199**
Collection Fund Balance c/fwd at 31 March	**(3,470)**	**(4,700)**	**(8,170)**	**(5,349)**

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 2025 was £186,909,412 (31 March 2024 £187,469,542). The national non-domestic rate multiplier for 2024-2025 was 54.6p in the £ (2023-2024 51.2p in the £). The small business multiplier for eligible businesses in 2024-2025 was 49.9p in the £ (2023-2024 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	2024-2025 Calculated Number of Properties in Band	2023-2024 Calculated Number of Properties in Band
Up to £40,000	A	11,201.11	11,102.47
£40,001 to £52,000	B	13,745.47	13,639.11
£52,001 to £68,000	C	6,665.11	6,634.67
£68,001 to £88,000	D	3,192.50	3,161.75
£88,001 to £120,000	E	2,486.61	2,454.83
£120,001 to £160,000	F	1,214.78	1,195.64
£160,001 to £320,000	G	963.75	959.58
Over £320,000	H	95.00	93.00
		39,564.33	**39,241.05**
Collection Rate		0.98 x	0.975 x
		38,773.00	**38,260.00**
Contribution in Lieu (relating to Crown Properties)		0.00	0.00
Tax Base		**38,773.00**	**38,260.00**

The tax rate per Band D property was £2,285.23 (2023-2024 £2,184.17).

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.

	2024-2025 £000	2023-2024 £000
Norfolk County Council	3,448	1,685
Norfolk Police Authority	648	318
Norwich City Council	604	300
Surplus/(Deficit) Carried Forward	**4,700**	**2,303**

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.

	2024-2025 £000	2023-2024 £000
Central Government	1,735	1,523
Norwich Council	1,388	1,218
Norfolk County Council	347	305
Surplus/(deficit) Carried Forward	**3,470**	**3,046**

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

3. Lion Homes (Norwich) Limited (LHL)

Lion Homes (Norwich) Limited (LHL) was incorporated on 13 November 2015. 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 Shaw & Co and have a financial year end of 31 March.

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 performance of LHL 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.

Since the 31 March 2025, LHL has entered into a member voluntary liquidation arrangement process and has prepared 2023-2024 accounts on a break up basis using accounting policies consistent with those applied by the Council. The 2023-2024 accounts were finalised in December 2025 and filed at Companies House on 16th January 2026. The auditor for Lion Homes has issued a qualified audit opinion for the 2023-2024 accounts due to a limitation of scope arising from an ongoing independent investigation arising from a whistleblowing complaint. Although the company is unable to quantify the contingent liability in their accounts, the value is not considered material when consolidated into the council's group accounts.

The LHL ledger data reflecting the activity carried out during 2024-2025 has been used for consolidation into the 2024-2025 Group accounts using the break up basis.

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 delivers environmental and building repairs and maintenance services.

The company accounts are subject to audit by Shaw & Co. 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 performance of NCSL 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 2024-2025 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies. NCSL has a financial year end of 31 March.

5. 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 had 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. Since 31 March

2025, LHL has entered into a member voluntary liquidation arrangement process and all assets and liabilities from LHL will be met by the City Council.

There are no material transactions in 2024-2025 or 2023-2024 therefore it is not included in the Group Accounts.

6. 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 2024-2025 or 2023-2024, therefore the company will not be consolidated into the 2024-2025 Consolidated Group Statements.

7. 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. Since the 31 March 2025, LHL has entered into a member voluntary liquidation arrangement process and has prepared 2023-2024 accounts on a break up basis using accounting policies consistent with those applied by the Council. LHL ledger data reflecting the activity carried out during 2024-2025 has been used for consolidation into the 2024-2025 Group accounts using the break up basis.

Group Movement in Reserves Statement

	Council usable reserves	Subsidiary usable reserves	Total Group usable reserves	Council unusable reserves	Subsidiary unusable reserves	Total Group unusable reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	**(161,740)**	**5,544**	**(156,196)**	**(885,104)**	**-**	**(885,104)**	**(1,041,300)**
Adjustment for the Implementation of IFRS 16	**-**	**-**	**-**	(136)	**-**	**(136)**	**(136)**
Adjusted Balance at 1 April 2024	**(161,740)**	**5,544**	**(156,196)**	**(885,240)**	**-**	**(885,240)**	**(1,041,436)**
Movement in Reserves in 2024/25:							
(Surplus)/ deficit on the provision of services	(4,055)	(777)	(4,834)	-	-	**-**	**(4,834)**
Other Comprehensive Income and Expenditure	-	-	-	(1,622)	-	**(1,622)**	**(1,622)**
Total Comprehensive Income and Expenditure	**(4,055)**	**(777)**	**(4,834)**	**(1,622)**	**-**	**(1,622)**	**(6,456)**
Adjustments between group accounts and authority accounts	(33)	33	-	-	-	**-**	**-**
Adjustments between accounting and funding basis under regulation	(10,639)	-	(10,639)	10,639	-	**10,639**	
Net increase/decrease before transfers to Earmarked reserves	**(14,727)**	**(744)**	**(15,471)**	**9,017**	**-**	**9,017**	**(6,456)**
Transfers to/from Earmarked reserves - note 10	-	-	-	-	-	**-**	**-**
Transfers between reserves	-	-	-	-	-	**-**	**-**
Other adjustments	-	-	-	-	-	**-**	**-**
(Increase)/Decrease in 2024/25	**(14,727)**	**(744)**	**(15,471)**	**9,017**	**-**	**9,017**	**(6,456)**
Balance at 31 March 2025	**(176,467)**	**4,800**	**(171,669)**	**(876,223)**	**-**	**(876,223)**	**(1,047,892)**

	Council usable reserves	Subsidiary usable reserves	Total Group usable reserves	Council unusable reserves	Subsidiary unusable reserves	Total Group unusable reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023	**(179,850)**	**7,057**	**(172,793)**	**(855,913)**	**-**	**(855,913)**	**(1,028,706)**
Movement in Reserves in 2023/24:							
(Surplus)/ deficit on the provision of services	7,978	(1,227)	**6,751**	1,233	-	**1,233**	**7,984**
Other Comprehensive Income and Expenditure	-	-	**-**	(20,578)	-	**(20,578)**	**(20,578)**
Total Comprehensive Income and Expenditure	**7,978**	**(1,227)**	**6,751**	**(19,345)**	**-**	**(19,345)**	**(12,594)**
			-			-	-
Adjustments between group accounts and authority accounts	(944)	944	-	-	-	-	-
			-			-	-
Adjustments between accounting and funding basis under regulation	9,846	-	**9,846**	(9,846)	-	**(9,846)**	-
			-			-	-
Net increase/decrease before transfers to Earmarked reserves	**16,880**	**(283)**	**16,597**	**(29,191)**	**-**	**(29,191)**	**(12,594)**
			-			-	-
Transfers to/from Earmarked reserves - note 10	-	-	-	-	-	-	-
Transfers between reserves	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
			-			-	-
(Increase)/Decrease in 2023/24	**16,880**	**(283)**	**16,597**	**(29,191)**	**-**	**(29,191)**	**(12,594)**
			-			-	-
Balance at 31 March 2024	**(162,970)**	**6,774**	**(156,196)**	**(885,104)**	**-**	**(885,104)**	**(1,041,300)**

Group Comprehensive Income and Expenditure Statement

	2024-2025			2023-2024 - Restated		
	Expenditure	Income	Net	Expenditure	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	472	0	**472**	356	(54)	**302**
Housing & Communities	17,838	(9,602)	**8,236**	22,896	(9,613)	**13,283**
Resources	65,503	(42,944)	**22,559**	58,388	(43,548)	**14,840**
Corporate Financing	(1,836)	(104)	**(1,940)**	1,000	(260)	**740**
Development & City Services	22,201	(15,598)	**6,603**	25,009	(16,301)	**8,708**
Housing Revenue Account	63,698	(80,297)	**(16,599)**	56,197	(74,742)	**(18,545)**
Lion Homes (Norwich) Limited	75	(141)	**(66)**	1,173	(27)	**1,146**
NCSL Ltd	21,397	(383)	**21,014**	18,710	(2,242)	**16,468**
Cost of Services	**189,347**	**(149,068)**	**40,279**	**183,729**	**(146,787)**	**36,942**
Other Operating Expenditure			**(4,149)**			**(1,606)**
Financing and Investment Income and Expenditure			**2,023**			**4,295**
Taxation and non-specific grant income and expenditure			**(42,987)**			**(31,646)**
(Surplus) or Deficit on Provision of Services			**(4,834)**			**7,984**
Surplus on revaluation of non-current assets.			**(34,646)**			**1,892**
(Surplus)/deficit from investments in equity instruments designated FVOCIE			**(75)**			**533**
Actuarial (gains)/losses on pension assets/liabilities			**33,099**			**(23,003)**
Other Comprehensive Income and Expenditure			**(1,622)**			**(20,578)**
Total Comprehensive Income and Expenditure			**(6,456)**			**(12,594)**

Group Balance Sheet

		31 March 2025 £'000	31 March 2024 Restated £'000	01 April 2023 £'000
Property, Plant and Equipment	*Note 1*	1,081,460	1,056,241	1,071,400
Heritage Assets		33,731	25,940	25,783
Investment Properties	*Note 2*	98,250	95,422	101,385
Intangible Assets		2,264	2,302	1,958
Long Term Investments	*Note 3*	3,130	3,055	3,588
Long Term Debtors	*Note 4*	3,972	4,080	4,567
LONG TERM ASSETS		**1,222,807**	**1,187,040**	**1,208,681**
Assets Held for Sale		769	216	0
Short Term Debtors	*Note 5*	21,646	28,568	20,079
Inventories	*Note 6*	7,459	7,285	2,951
Short Term Investments		40,733	67,353	45,336
Cash and Cash Equivalents		63,333	26,256	91,488
CURRENT ASSETS		**133,940**	**129,679**	**159,854**
Short Term Creditors	*Note 7*	(40,029)	(35,467)	(52,645)
Provisions		0	0	(1,537)
Short Term Borrowing		(54,151)	(3,632)	(5,204)
Capital Grants Receipts in Advance		(133)	(130)	(966)
Revenue Grants Receipts in Advance		(510)	(597)	(8,678)
Lease liabilities		(743)	0	0
CURRENT LIABILITIES		**(95,566)**	**(39,826)**	**(69,030)**
Capital grants receipts in advance		(5,592)	(10,120)	(14,669)
Long Term Creditors		(6,641)	(379)	(514)
Provisions		(2,056)	(1,824)	(2,233)
Other Long Term Liabilities		(47,271)	(18,680)	(44,081)
Long Term Borrowing		(151,361)	(204,590)	(207,337)
Finance Leases		(369)	0	(1,965)
LONG TERM LIABILITIES		**(213,290)**	**(235,593)**	**(270,799)**
NET ASSETS		**1,047,892**	**1,041,300**	**1,028,706**
Usable Reserves		(171,669)	(156,196)	(177,275)
Unusable Reserves		(876,223)	(885,104)	(851,431)
TOTAL RESERVES		**(1,047,892)**	**(1,041,300)**	**(1,028,706)**

Signed: ALISTAIR RUSH

Date: 26th September 2025

Alistair Rush
Interim Chief Finance Officer (S.151)

Group Cash Flow Statement

	2024-2025	2023-2024
	£'000	£'000
Net surplus or (deficit) on provision of services	4,833	(7,984)
Adjustment to Balance Sheet movement of IFRS16 opening adjustment	137	-
Adjustments to net surplus or deficit on provision of services for non-cash movements	57,916	5,690
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(35,470)	(18,513)
Net cash flows from Operating Activities	**27,416**	**(20,807)**
Investing Activities	(5,108)	(41,157)
Financing Activities	14,769	(3,267)
Net Increase or (decrease) in cash and cash equivalents	**37,077**	**(65,231)**
Cash and cash equivalents at 1 April	26,256	91,488
Cash and cash equivalents at 31 March	**63,333**	**26,257**

Notes to the Group Accounts

Group Boundary

Lion Homes (Norwich) Limited (LHL) was incorporated on 13 November 2015. 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.

Lion Homes (Norwich) Limited has now entered into a member voluntary liquidation arrangement process. As a result, in 2024-2025 the council as shareholder has impaired its holding.

Norwich City Services Limited was incorporated on 9 June 2020.

Accounting Policies

LHL and NCSL have prepared 2024-2025 accounts using accounting policies consistent with those applied by the Council.

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.

Prior Period Adjustment

Three prior period adjustments have been made to the Group financial statements for 2023-2024 as detailed below.

Adjustment due to change in basis of Lion Homes (Norwich) Ltd 2023-2024 Financial Statements
In 2023-2024, the draft accounts for Lion Homes (Norwich) Ltd (LHL) as supplied for the consolidation were produced on a going concern basis as appropriate at the time. Since 31 March 2025, LHL entered into a members' voluntary liquidation arrangement and as 2023-2024 accounts had not been filed for the company, these have now been updated to a break up basis. An adjustment has been made to the group accounts to reclassify fixed assets of £0.217m to inventories, revalue the investment properties downwards to market value (£0.051m), revalue work in progress downwards to realisable value (£0.496m), remove trade debts (£0.236m) and payables (£0.409m) owed between entities that were not fully eliminated previously, and correct the elimination of the loan split between short-term and long-term borrowings (£0.9m).

Adjustment due to correction of income recognition in Lion Homes (Norwich) Ltd in 2023-2024
The 2023-2024 draft Lion Homes (Norwich) Ltd accounts included 19 property sales, however during the audit, it was recognised that the legal completion of these sales had not been finalised as at 31 March 2024. An adjustment has therefore been made to these accounts to move the income (£6.063m) to the balance sheet as income in advance and the cost of these property sales (£5.232m) back on the balance sheet as WIP, leaving a net impact to the CIES of a reduction in profit of £0.831m. The full sales transaction of £6.947m was then eliminated on consolidation between assets under construction and prepayments. The net effect of both adjustments was a reduction in short term creditors of £0.883m.

Error in presentation of Group 2023-2024 Cashflow Statement
An error was identified in the 2023-2024 group cashflow which was caused by inter-group transactions that were not eliminated appropriately, leading to the Net Surplus or Deficit on the Provision of Services presented in the Group Cashflow not matching the value presented in the Group CIES. This has been corrected by a reduction of deficit on provision of services of £2.273m, matched by an adjustment to non-cash movements, plus an increase of £0.5m within investing activities offset by a reduction in financing activities.

The prior period adjustments impact the 2023-2024 financial year only. No adjustments were required to the opening balances at 1 April 2023.

Effect on Comprehensive Income and Expenditure Statement	Originally stated at 31 March 2024 Net Expenditure	Amount of restatement Break up	Amount of restatement Delayed Sales	Restated at 31 March 2024 Net Expenditure
	£000	£000	£000	£000
Corporate & Commercial Services	14,571	269	-	**14,840**
Lion Homes (Norwich) Limited	(270)	585	831	**1,146**
Cost of Services	**35,257**	**854**	**831**	**36,942**
Other Operating Expenditure	(1,463)	(143)	-	**(1,606)**
Financing and Investment Income and Expenditure	4,413	(118)	-	**4,295**
(Surplus) or Deficit on Provision of Services	**6,561**	**592**	**831**	**7,984**
Total Comprehensive Income and Expenditure	**(14,017)**	**592**	**831**	**(12,594)**

The adjustment due to change in basis for Lion Homes (Norwich) Ltd reduced income within the Corporate & Commercial Services by £0.269m as a result of cancelling debts owed by LHL, which then for Lion Homes (Norwich) Ltd increased expenditure by £0.585m, reduced other operating expenditure by £0.143m, and reduced financing and investment expenditure by £0.118m.

The adjustment due to correction of income recognition reduced the income for Lion Homes (Norwich) Ltd by £6.063m and reduced the expenditure by £5.232m.

Effect on Items in the Balance Sheet	Originally stated at 31 March 2024	Amount of restatement Break up	Amount of restatement Delayed Sales	Restated at 31 March 2024
	£000	£000	£000	£000
Property, Plant and Equipment	1,063,405	(217)	(6,947)	**1,056,241**
Investment Properties	95,473	(51)	-	**95,422**
Long Term Assets	**1,194,255**	**(268)**	**(6,947)**	**1,187,040**
Short Term Debtors	28,804	(236)	-	**28,568**
Inventories	2,549	(496)	5,232	**7,285**
Cash and Cash Equivalents	26,257	(1)	-	**26,256**
Current Assets	**125,179**	**(732)**	**5,232**	**129,679**
Short Term Creditors	(36,759)	409	883	**(35,467)**
Short Term Borrowing	(4,532)	900	-	**(3,632)**
Current Liabilities	**(42,018)**	**1,309**	**883**	**(39,826)**
Long Term Borrowing	(203,690)	(900)	-	**(204,590)**
Long Term Liabilities	**(234,693)**	**(900)**	**-**	**(235,593)**
Net Assets	**1,042,723**	**(592)**	**(831)**	**1,041,300**
Usable Reserves	**(157,619)**	592	831	**(156,196)**
Total Reserves	**(1,042,723)**	**592**	**831**	**(1,041,300)**

The adjustment due to change in basis for Lion Homes (Norwich) Ltd reclassified fixed assets of £0.217m to inventories, revalued the investment properties downwards to market value (£0.051m), revalued work in progress downwards to realisable value (£0.496m), removed trade debts (£0.236m) and payables (£0.409m) owed between entities that were not fully eliminated previously, and corrected the elimination of the loan split between short-term and long-term borrowings (£0.9m).

The adjustment due to correction of income recognition reduced property, plant and equipment by £6.947m, reduced short term creditors by £0.883m, and increased inventories £5.232m due to sales not completing in 2023-2024.

Effect on Movement in Reserves Statement within Group Usable Reserves	Originally stated at 31 March 2024	Amount of restatement Break up	Amount of restatement Delayed Sales	Restated at 31 March 2024
	£000	£000	£000	£000
Balance at the end of the previous reporting	**(1,028,706)**	**-**	**-**	**(1,028,706)**
(Surplus)/ deficit on the provision of services	6,564	589	831	7,984
Adjustments between accounting and funding basis under regulation	(3)	3	-	-
(Increase)/Decrease in 2023-2024	**(14,017)**	**591**	**831**	**(12,594)**
Balance at 31 March 2024	**(1,042,723)**	**591**	**831**	**(1,041,300)**

The prior period adjustments affected only the Group Usable Reserves, matching the changes in Total Comprehensive Income and Expenditure.

	Originally stated at 31 March 2024	Amount of restatement Error Correction	Amount of restatement Break up	Amount of restatement Delayed Sales	Restated at 31 March 2024
	£000	£000	£000	£000	£000
Net surplus or (deficit) on provision of services	(8,833)	2,273	(592)	(831)	(7,984)
Adjustments to net surplus or deficit on provision of services for non-cash movements	6,540	(2,273)	592	831	5,690
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(18,513)				(18,513)
Net cash flows from Operating Activities	**(20,806)**	**-**	**-**	**-**	**(20,807)**
					-
Investing Activities	(41,657)	500			(41,157)
Financing Activities	(2,767)	(500)			(3,267)
Net Increase or (decrease) in cash and cash equivalents	**(65,230)**	**-**	**-**	**-**	**(65,231)**
					-
Cash and cash equivalents at 1 April 2023	91,474	14			91,488
Cash and cash equivalents at 31 March 2024	**26,244**	**14**	**-**	**-**	**26,257**

The prior period adjustments affected the net surplus or (deficit) on provision of services by the change in the CIES above, matched by adjustments to non-cash movements.

The adjustment due to error in presentation reduced deficit on provision of services by £2.273m, matched by an adjustment to non-cash movements, and increased investing activities by £0.5m, offset by a reduction in financing activities.

1. Property, Plant and Equipment

Movements in 2024-2025	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Lion & NCSL £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At 1 April 2024	**889,318**	**164,242**	**14,571**	**2,840**	**13,933**	**-**	**14,821**	**1,099,725**
Adjustment for the Implementation of IFRS 16	-	482	1,512	-	-	-	-	**1,994**
Adjusted Balance at 1 April 2024	**889,318**	**164,724**	**16,083**	**2,840**	**13,933**	**-**	**14,821**	**1,101,719**
Additions	19,028	11,271	1,037	221	290	-	15,716	**47,562**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	12,541	1,071	-	-	-	32	-	**13,644**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(13,315)	(435)	-	-	-	-	-	**(13,750)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	1,799	210	-	-	-	40	-	**2,049**
Derecognition – Disposals	(8,768)	-	(530)	-	-	-	-	**(9,298)**
Derecognition - Other	(306)	-	-	-	-	-	-	**(306)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	-	-	-	-	-	-	-	**-**
Other Movements in Cost or Valuation	11,940	(185)	850	-	2,978	193	(20,759)	**(4,983)**
Other reclassifications	-	-	-	-	-	-	-	-
At 31 March 2025	**912,237**	**176,656**	**17,440**	**3,061**	**17,201**	**265**	**9,778**	**1,136,638**
Accumulated Depreciation & Impairment								
At 1 April 2024	**(18,680)**	**(12,537)**	**(10,683)**	**(1,584)**	**-**	**-**	**-**	**(43,484)**
Adjustment for the Implementation of IFRS 16	-	(99)	(727)	-	-	-	-	**(826)**
Adjusted Balance at 1 April 2024	**(18,680)**	**(12,635)**	**(11,410)**	**(1,584)**	**-**	**-**	**-**	**(44,309)**
Depreciation charge	(16,703)	(4,748)	(1,718)	(82)	-	-	-	**(23,251)**
Depreciation written out to the Surplus/Deficit on Provision of Services	4,851	91	-	-	-	-	-	**4,942**
Depreciation write-back on revaluation to Revaluation Reserve	11,852	1,160	-	-	-	-	-	**13,012**
Impairment losses / (reversals) recognised in CIES	(2,875)	(3,396)	-	-	-	-	-	**(6,271)**
Impairment losses / (reversals) recognised in RR	215	-	-	-	-	-	-	**215**
Derecognition – Disposals	-	-	484	-	-	-	-	**484**
Derecognition - Other	-	-	-	-	-	-	-	-
At 31 March 2023	**(21,340)**	**(19,528)**	**(12,644)**	**(1,666)**	**-**	**-**	**-**	**(55,178)**
Net Book Value								
At 31 March 2025	**890,897**	**157,128**	**4,796**	**1,395**	**17,201**	**265**	**9,778**	**1,081,460**
At 31 March 2024	870,638	151,705	3,888	1,256	13,933	-	14,821	1,056,241

Restated Movements in 2023-2024	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and equipment	Infrastructure Assets	Community Assets	Lion & NCSL	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2023	**902,952**	**158,686**	**13,581**	**2,835**	**13,379**	**-**	**16,280**	**1,107,713**
Additions	13,690	2,855	1,213	5	604	-	7,326	**25,693**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(20,544)	4,594	-	-	-	-	-	**(15,950)**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(9,969)	(2,441)	-	-	-	-	-	**(12,410)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	19	1,072	-	-	-	-	-	**1,091**
Derecognition – Disposals	(4,333)	(156)	(196)	-	-	-	-	**(4,685)**
Derecognition - Other	(381)	-	-	-	-	-	-	**(381)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(895)	(220)	-	-	-	-	-	**(1,115)**
Other Movements in Cost or Valuation	8,779	83	(27)	-	(50)	-	(8,785)	**-**
Other reclassifications	-	(231)	-	-	-	-	-	(231)
At 31 March 2024	**889,318**	**164,242**	**14,571**	**2,840**	**13,933**	**-**	**14,821**	**1,099,725**
Accumulated Depreciation & Impairment								
At 1 April 2023	**(15,359)**	**(9,614)**	**(9,836)**	**(1,504)**	**-**	**-**	**-**	**(36,313)**
Depreciation charge	(16,201)	(2,971)	(1,043)	(80)	-	-	-	**(20,295)**
Depreciation written out to the Surplus/Deficit on Provision of Services	4,305	210	-	-	-	-	-	**4,515**
Depreciation write-back on revaluation to Revaluation Reserve	11,896	1,643	-	-	-	-	-	**13,539**
Impairment losses / (reversals) recognised in CIES	(3,361)	(2,299)	-	-	-	-	-	**(5,660)**
Impairment losses / (reversals) recognised in RR	40	329	-	-	-	-	-	**369**
Derecognition – Disposals	-	156	196	-	-	-	-	**352**
Derecognition - Other	-	9	-	-	-	-	-	**9**
At 31 March 2024	**(18,680)**	**(12,537)**	**(10,683)**	**(1,584)**	**-**	**-**	**-**	**(43,484)**
Net Book Value								
At 31 March 2024	**870,638**	**151,705**	**3,888**	**1,256**	**13,933**	**-**	**14,821**	**1,056,241**
At 31 March 2023	887,593	149,072	3,745	1,331	13,379	-	16,280	1,071,400

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. LHL had a marketing suite held in property, plant and equipment valued at £0.232m at 1 April 2023. This was transferred into stock as part of the members' voluntary liquidation arrangement process within 2023-2024. LHL held no fixed assets in 2024-2025.

NCSL have made several improvements to leasehold property which are currently included in the balance sheet at a net cost of £1.268m, 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.

In prior years, IFRS16 adjustments made by the company have been stripped out of the Group Accounts. IFRS16 was adopted by the Council in April 2024 in accordance with the requirements of the CIPFA Code of Practice and therefore the group data now reflects the requirements of the accounting standard.

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		1,616	17,201	1,395	4,795	0	9,778	34,785
Valued at current value								-
2024-25	890,898	14,903				265		906,066
2023-24		69,879						69,879
2022-23		68,286						68,286
2021-22		1,197						1,197
2020-21		1,246						1,246
	890,898	**157,128**	**17,201**	**1,395**	**4,795**	**265**	**9,778**	**1,081,460**

2. Investment Properties

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

	2024-2025 £'000	2023-2024 £'000
Rental income from investment property	(7,252)	(7,034)
Direct operating expenses arising from investment property	3,225	2,907
Net (gains)/losses from fair value adjustments	4,396	5,868
Total	**369**	**1,741**

	2024-2025 £'000	2023-2024 £'000
Balance at start of the year	**95,422**	**101,380**
Additions	3,741	98
Purchases	-	-
Disposals	(473)	(207)
Net gains / (losses) from fair value adjustments	(4,397)	(5,849)
Transfers (to) / from Property, Plant & Equipment	3,957	-
Balance at end of year	**98,250**	**95,422**

The table above includes investment properties held by LHL as at 31 March 2025. These are units of accommodation held by the company for rental to the private sector.

3. Long Term Investments

	2024-2025 £'000	2023-2024 £'000
Lion Homes (Norwich) Limited	-	-
Norwich City Services Ltd	-	-
Municipal Bonds Agency	100	100
Legislator 1656	3,030	2,955
Total	**3,130**	**3,055**

4. Long Term Debtors

	2024-2025			2023-2024
	Debtors	Provision for Bad Debt	Net Debtors	Net Debtors
	£'000	£'000	£'000	£'000
Advances for House Purchase: Council Houses Sold	-	-	**-**	**-**
Norfolk County Council Transferred Debt	54	-	**54**	**54**
Deferred Capital Receipt	0	-	**0**	**247**
Decent Home Loans	2,547	(2,169)	**378**	**370**
Finance Lease > 1 year	1,594	-	**1,594**	**1,631**
Home Improvement Loans	237	(43)	**194**	**194**
Housing Benefit Overpayments	4,137	(3,114)	**1,023**	**898**
Shared Equity Dwellings	160	-	**160**	**155**
SALIX	305	-	**305**	**253**
Debts with legal charge over property	34	-	**34**	**34**
Wholly owned subsidiary	-	-	**-**	**-**
Other Long Term Debtors	230	-	**230**	**244**
Total	**9,298**	**(5,326)**	**3,972**	**4,080**

5. Short Term Debtors

	2024-2025	Restated 2023-2024	2022-2023
	£'000	£'000	£'000
Amounts falling due within one year:			
Trade Customers			
- HRA Rentpayer	3,485	(1,697)	3,120
- Other Trade Customers	2,349	8,867	6,433
Collection Fund			
- Taxpayers (Council Tax & Business Rates)	2,186	1,392	1,340
- Preceptors	-	-	(1)
Other Receivables	5,032	4,878	6,288
Prepayments	8,594	15,129	2,899
Total short term debtors	**21,646**	**28,569**	**20,079**

6. Inventories

	2024-2025	2023-2024
	£'000	£'000
Balance 1 April	7,285	2,951
Purchases	6,308	4,361
Recognised as an expense in the year	(6,134)	(27)
Transfers	-	-
Balance 31 March	**7,459**	**7,285**
Council Stock	7,097	792
LHL	222	6,355
NCSL	140	138
Total	**7,459**	**7,285**

Under the members voluntary liquidation arrangement process a marketing suite of £0.222m was reclassified to stock in LHL in 2023-2024. In 2024-2025, sales of 24 completed properties to the council were finalised and development costs recognised as an expense.

7. Short Term Creditors

	2024-2025	Restated 2023-2024	2022-2023
	£'000	**£'000**	**£'000**
Amounts falling due within one year:			
Preceptors	(7,708)	(6,026)	(11,667)
Trade Payables	(8,220)	(14,133)	(20,764)
Other Payables	(12,985)	(7,345)	(11,577)
Receipts in Advance	(11,116)	(7,964)	(8,637)
Total short term creditors	**(40,029)**	**(35,467)**	**(52,645)**

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 that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. 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.

INSERT NEW REAR COVER

Norwich City Council

Audit Results Report

Year ended 31 March 2025

26 February 2026

The better the question. The better the answer. The better the world works.

Shape the future with confidence

26 February 2026

Audit Committee
Norwich City Council
City Hall
St Peter's Street
Norwich
NR2 1NH

Dear Audit Committee Members

2024/25 Audit Results Report

We are pleased to present our Audit Results Report, which provides a summary of the current status of our audit in advance of the forthcoming meeting of the Audit Committee.

The Audit Results Report was initially issued to the Council on 19 February 2026 in preparation for the Audit Committee meeting scheduled for 23 February 2026. However, the Council chose not to present the report at that meeting. As a result, both the consideration of our Audit Results Report and the approval of the Council's 2024/25 financial statements have been deferred to the next Audit Committee meeting, which is scheduled to take place on 10 March 2026.

As you will be aware, the Government's Accounts and Audit (Amendment) Regulations 2024 introduced mandatory backstop dates for the publication of audited financial statements. For the year ended 31 March 2025, the statutory backstop date for completion of the audit is 27 February 2026. Because the Council deferred approval of its financial statements, we are unable to obtain the necessary approvals to complete our audit procedures and therefore cannot finalise our audit before the statutory deadline. We will provide a further update to the Audit Committee at its meeting on 10 March 2026, at which point we will report on progress and outline the remaining steps required to issue our final audit opinion

The audit is designed to express an opinion on the 2024/25 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Norwich City Council's (the Council's) accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

The Audit Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements; and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so. We draw Audit Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their financial statements.

This report is intended solely for the information and use of the Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 10 March 2026.

Yours faithfully

Stephen Reid
Partner, For and on behalf of Ernst & Young LLP
Enc

Contents

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Norwich City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Norwich City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Norwich City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

Executive Summary – Context for the audit

Context for the audit - Measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- lack of capacity within the local authority financial accounting profession;
- increased complexity of reporting requirements within the sector;
- lack of capacity within audit firms with public sector experience; and
- increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG worked collaboratively with the FRC and other system partners, to develop and implement measures to clear the backlog. The approach to addressing the backlog consists of three phases:

- Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for the audit of the 2024/25 financial statements is 27 February 2026.
- Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 6 February 2025 Audit Results Report, we issued a disclaimer of opinion on the Council's 2023/24 financial statements under these arrangements to reset and recover local government audit. We also issued a disclaimer of opinion for the financial years 2021/22 and 2022/23. Whilst there have been some improvements in the financial statement and audit process in 2024/25, we have been unable to complete all planned audit procedures. When combined with the lack of assurance over the comparatives and opening balances, we are unable to conclude that the 2024/25 financial statements are free from material and pervasive misstatement. We therefore anticipate issuing a disclaimed 2024/25 audit opinion.

Appendix A sets out the current position of the Council in rebuilding to return to a position of full assurance on its financial statements. This is informed by the summary of the assurances we have gained from our 2023/24 and 2024/25 audit procedures, set out at Appendix B.

As EY's Head of UK Government and Public Sector Audit, I wrote to the Section 151 officer at the Council on 3 June 2025 to set out our current approach to Phase 2. In line with the Government's requirement to deliver audits to an earlier timetable in future years, and considering our available resource, we phased a large proportion of our audits to be finalised prior to 31 December 2025, with a smaller proportion extending through to February 2026. At the same time, we needed to remain mindful of the expectations on us to safeguard the timeliness of the audits in other priority sectors where we audit public funds – central government, the NHS and higher education. In respect of the delivery of 2024/25 audits, as in 2023/24, we therefore prioritised those audits that we considered to meet the following criteria:

- high-quality draft unaudited financial statements published by 1 July 2025;
- evidence that the relevant finance teams can effectively and efficiently support the audit process; and
- high-quality audit evidence and supporting information that is delivered in accordance with our agreed timetable and in advance of the commencement of the audit.

We have further considered the weaknesses in the Council's arrangements for external financial reporting as part of our Value for Money work. See Section 03 for further details.

Executive Summary – Context for the audit

Scope update

In our Audit Planning Report presented at the 13 May 2025 Audit Committee meeting and the addendum presented on 21 October 2025, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- During the 2024/25 audit, management prioritised work on account balances where sufficient evidence could be obtained and acknowledged that adequate audit evidence could not be provided for certain areas – specifically creditors and debtors. As evidence for these balances was either unavailable or not capable of being appropriately supported, this represents a management-imposed limitation of scope.
- We also initially identified a risk of material misstatement relating to the payroll system implementation, due to concerns about the completeness of the data transfer and whether it had been carried out in line with policy. Following review, we confirmed that the work undertaken by the EY specialist team in 2023/24, alongside Council staff, provides sufficient assurance over the completeness of the data migration. No further audit work is therefore required in 2024/25, and this risk has been removed.

Following the identification of risks linked to the Council's subsidiary, Lion Homes, together with delays in publishing the 2024/25 draft financial statements, we have increased our client engagement risk assessment to 'higher'. As a result, a senior partner has been appointed as Partner in Charge of the audit, and planning materiality has been reduced accordingly.

Our previously reported Group planning materiality was £4.48 million, representing 2% of the 2023/24 gross expenditure on the provision of services, with performance materiality set at 50% (£2.24 million). Following the revised risk assessment, planning materiality was reduced to 1.5% of gross expenditure. Based on the published 2024/25 financial statements, this results in an applied Group planning materiality of £3.40 million. Performance materiality remains at 50% (£1.70 million). We continue to report to the committee all uncorrected misstatements relating to the primary statements above £0.17 million.

Status of the audit

Our audit procedures are currently undergoing review and as such the assurance levels set out in Appendix B are subject to change. In addition to the areas of review, we also have the following tasks to undertake:

- finalise remaining queries with the finance team;
- Receipt of a final, signed set of financial statements which includes amendments made for adjustments identified during the audit;
- receipt of a signed letter of representations; and
- review of post balance sheet events up to the date of our opinion.

Audit differences

- Management has corrected a number of disclosure misstatements, including those relating to sensitive notes where we would apply a lower materiality threshold. Schedules of corrected and uncorrected misstatements can be found in Section 05.

Executive Summary (cont'd)

Areas of audit focus

In our Audit Planning Report, we identified a number of key areas of focus for our audit of the financial statements of the Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Risk/area of focus	Risk identified	Details
Management override: Misstatement due to fraud or error	Fraud risk	Due to the matters identified on pages 9 and 11 we have been unable to complete all planned procedures in relation to this risk, including those related to estimates, unusual transactions, and any further procedures to address the heightened risk of fraud. See section 02 for more details.
Risk of fraud in expenditure recognition: Inappropriate capitalisation of revenue expenditure	Fraud Risk	We are currently concluding our audit procedures in relation to the capitalisation of revenue expenditure. See section 02 for more details.
Change in accounting policy – Minimum Revenue Provision	Fraud Risk	We are currently concluding our audit procedures in relation to the Minimum Revenue Provision. See section 02 for more details.
Implementation of IFRS 16: Leases	Significant risk	We are currently concluding our audit procedures in relation to the IFRS 16. See section 02 for more details.
Valuation of land and buildings and investment property	Risk of material misstatement	Due to the matters identified on pages 9, 11 and 16 in relation to property valuations we have been unable to complete all planned procedures in relation to this risk.
Group Accounts – Consolidation Procedures	Significant risk	Due to the matters identified on pages 9 and 17 we have been unable to complete all planned procedures in relation to this risk.
Pension Liability Valuation	Risk of material misstatement	We are currently concluding our audit procedures in relation to pension liability valuation. We identified that the prior period balances are misstated as no asset ceiling had been applied to the pension asset in prior periods. See section 02 for more details.

We request that you review these and other matters set out in this report to ensure:

- There are no further considerations or matters that could impact these issues.
- You concur with the resolution of the issue.
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.

Executive Summary (cont'd)

Value for Money

In our Audit Planning Report presented to the 13 May 2025 Audit Committee meeting and the addendum presented on 21 October 2025, we reported that we had identified one risk of significant weakness arising from our risk assessment procedures. This risk related to whether the Council has adequate governance arrangements to establish, monitor and manage partnerships to ensure these do not impact negatively on the Council's objectives. We have reported a significant weakness in respect of this risk.

Having updated and completed the risk assessment and associated planned procedures, we have also identified a further weakness relating to the Council's arrangements for effective processes and systems to support statutory financial reporting requirements.

See Section 03 of the report for further details.

Other reporting issues

We reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work. We have yet to complete the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts.

Control observations

During the audit, we identified 6 deficiencies in internal control. These are set out in Section 06 of this report.

Independence

Please refer to Section 8 for our update on Independence. We have not identified any issues to bring to your attention.

Factors impacting the execution of the audit

Management, and the Audit Committee, as the Council's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit.

The table over-page sets out our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures.

We have been unable to undertake all planned procedures. This is likely to extend the timetable to recover assurance on the Council's financial statements. See Appendices A and B for further details.

Executive Summary (cont'd)

Factors impacting the execution of the audit

Area	Status (R / A / G)	Explanation
Timeliness of the draft financial statements	Requires improvement	The financial statements were not published by the 30 June 2025 deadline set out in the Accounts and Audit Regulations. This was due to delays in finalising the group financial statements. The required Notice of Delay was issued and the financial statements were subsequently published on 26 September 2025.
Quality and completeness of the draft financial statements, narrative report and Annual Governance Statement	Effective	We identified a low number of non-material internal inconsistencies, disclosure, typographical and arithmetic errors in the draft Statement of Accounts, overall the draft financial statements were of a good quality. The Annual Governance Statement is materially consistent with the financial statements, and our knowledge gained from work on the corporate governance arrangements and any other knowledge of the Council.
Delivery of working papers in accordance with agreed client assistance schedule	Requires improvement	A number of key working papers were not provided in accordance with the agreed timetable or in a suitable format for sampling. The most significant of these were working papers relating to creditors, debtors, property, plant & equipment, other income and expenditure and the Housing Revenue Account expenditure.
Timeliness and quality of working papers and supporting evidence	Requires improvement	We identified issues across several working papers, including those relating to creditors, debtors, property, plant & equipment, other income and expenditure, housing revenue account expenditure and group disclosures. In particular, the creditors and debtors working papers did not meet the requirements set out in our working paper request, as they included significant opening and gross balances. Management acknowledges that further work is required in these areas.
Timeliness and quality of evidence supporting key accounting estimates	Requires improvement	We have not received adequate supporting evidence for the valuation of land and buildings within property, plant and equipment. In particular, the input data provided for the valuation was insufficient, which affected our ability to complete the planned audit procedures in this area. We also experienced delays in receiving the detailed working papers and supporting evidence for the NDR appeals provision. Working papers supporting the other key accounting estimates within the Statement of Accounts were provided in line with the agreed project plan.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective	Members of the finance team have been accessible throughout the audit and have communicated and responded to requests promptly. We did experience some challenge when requesting supporting information from teams outside of the finance team.
Volume and value of identified misstatements, including disclosure misstatements.	Requires improvement	We have identified several misstatements which are included in Section 05 of this report.

02 Areas of Audit Focus

Areas of Audit Focus

Audit status

Management has engaged positively throughout the audit process. Both teams worked well under pressure, demonstrated strong cooperation, and have built a constructive and open working relationship. Despite an initial delay to the start of the audit, officers have remained committed to complete the audit within the timeframes allocated. During the 2024/25 audit, management prioritised work on account balances where sufficient evidence could be obtained and acknowledged that adequate audit evidence could not be provided for certain areas — specifically creditors and debtors. Appendix B presents the assurance ratings for the 2023/24 and 2024/25 balances.

During the 2024/25 audit, management actively participated in discussions regarding areas of the financial statements where sufficient audit evidence would not be available within the audit timeframe. This approach allowed EY and the Council to focus its resources on providing evidence for balances where it believed the required documentation could be delivered.

Given the ongoing challenges in auditing the financial statements (refer to page 9), we agreed with management to prioritise audit resources based on the likelihood that audit procedures could be completed. Examples of issues encountered were:

- Debtor and Creditor balances: listings did not meet the requirements set out in our working paper request, as they included significant opening balances and gross balances. In addition, officers did not understand the functionality within the Unit4 ERP system in order to provide the required listings of auditable balances. Management acknowledges that further work is required in these areas.
- Housing Revenue Account (HRA) Expense and other income and expenditure: We experienced delays in receiving cleansed and accurate transaction listings for sampling. For both HRA expenditure and other income and expenditure, multiple iterations and discussions were required before suitable listings were provided, which in turn delayed the sampling process. For HRA, the listings initially received had not been sufficiently reviewed or cleansed, which prevented us from selecting a reliable sample. It was only after additional intervention from the finance team that a suitably cleansed listing was produced, giving us the necessary assurance to proceed with sampling. Following these initial delays, and further delays in providing the required support, management were ultimately unable to facilitate completion of the audit procedures ahead of the backstop.
- Property, Plant and Equipment (PPE) Valuations: There have been numerous initial queries arising from our work reconciling the Fixed Asset Register (FAR) to the property, plant and equipment note. In addition, we noted discrepancies that occurred because the disclosure table had been prepared before the FAR revaluation dates were finalised, resulting in the note 14 table needing to be re-worked. Furthermore, we were unable to complete our planned audit procedures over the work performed by the Council's valuer due to significant issues arising during the input-testing phase, including delays in obtaining essential evidence. Although some responses were provided, further clarification and additional evidence would have been required to conclude the work.
- NDR Appeals Provision: We experienced significant delays in this area. The team member responsible for this area was new to the role and had limited familiarity with the process and the data requirements, which resulted in incomplete and, in some cases, inaccurate information being provided. We facilitated several discussions to clarify the required data, challenged management's assumptions, and identified errors and discrepancies within both the provision calculations and the supporting information.

Areas of Audit Focus (cont'd)

Fraud Risk

Presumptive risk of management override of controls: Misstatements due to fraud or error

What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What are our conclusions

We obtained and considered responses to our fraud enquiries from management and those charged with governance and updated our understanding of the Council's environment.

We performed testing of the Council's related parties' disclosures. This work remains subject to review.

We have, however, been unable to complete all planned procedures in this area due to the matters identified on pages 9 and 11, and we are unable to conclude on whether there is management bias in journal entries, the key accounting estimates or in management's judgments.

Our response to key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- We made inquiries of management regarding fraud risks and the controls implemented to address those risks.
- We obtained an understanding of the oversight exercised by those charged with governance over management's fraud-related processes.
- We discussed with those charged with governance the fraud risks relevant to the entity, including risks specific to its business sector and those arising from economic, industry and operational conditions.
- We considered the presence of fraud risk factors relating to related-party relationships and transactions and assessed whether these gave rise to risks of material misstatement due to fraud.
- We evaluated the effectiveness of management's controls designed to mitigate the risk of fraud.
- We determined an appropriate audit strategy to address the identified fraud risks.
- We performed mandatory audit procedures, regardless of whether specific fraud risks were identified, including testing journal entries and other adjustments made in preparing the financial statements.
- We performed procedures to identify significant unusual transactions.
- We assessed whether there was evidence of management bias in key accounting estimates and judgments.

Areas of Audit Focus (cont'd)

Fraud Risk

Risk of fraud in expenditure recognition: Inappropriate capitalisation of revenue expenditure

What is the risk, and the key judgements and estimates?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure, including expenditure being classified as revenue expenditure financed as capital under statute (REFCUS) when inappropriate to do so.

If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE)/Investment Property (IP) additions and/or REFCUS in the financial statements.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- We tested additions to Property, Plant and Equipment (PPE) and Investment Property (IP) to confirm that the expenditure incurred and capitalised was clearly capital in nature.
- We assessed whether the capitalised expenditure enhanced or extended the useful life of the asset, rather than representing repairs or maintenance.
- We evaluated whether development and related costs that had been capitalised were reasonable, ensuring that the costs were directly attributable to bringing the asset into operational use.
- We considered the need to test REFCUS, where material, to ensure that revenue expenditure financed from ring-fenced capital resources was appropriate.
- We identified and reviewed any significant year-end journals that transferred expenditure from revenue to capital codes in the general ledger, to understand the basis and appropriateness of such transfers.

What are our conclusions?

We have completed our testing, and work is currently undergoing review. Subject to these review procedures we will have no matters to bring to report.

Areas of Audit Focus (cont'd)

Fraud Risk

Misstatement due to fraud or error : Change in accounting policy – Minimum Revenue Provision

What is the risk, and the key judgements and estimates?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

The Council has reviewed and updated its minimum revenue provision (MRP) accounting policy in 2023/24. The changes to the policy will reduce the amount of MRP charged annually to the general fund. We have assessed this change as an area where there maybe be misstatement of revenue due to improper revenue recognition.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- We tested the application of the Minimum Revenue Provision (MRP) to confirm that the Council's calculation complied with the statutory guidance.
- We re-performed the MRP calculation to verify its accuracy.
- We reviewed any capital receipts included in the MRP calculation, assessing whether their use was consistent with the requirements of the Prudential Code.

What are our conclusions?

We have performed a reconciliation of the Capital Financing Requirement (CFR) and understood the elements that make up the annual MRP charge. We have assessed the Council's policy with the appropriate regulations. We are currently concluding our audit procedures in relation to the Minimum Revenue Provision. We will provide an update to Members at the Audit Committee.

Areas of Audit Focus (cont'd)

Significant Risk

IFRS 16 Implementation

What is the risk, and the key judgements and estimates?

IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.

IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is lessee, these are now recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition depends on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g. RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

The Council performed an initial impact assessment in 2023/24 and expected to recognise a right of use (ROU) asset. There was no value disclosed in the 2023/24 accounts however based on our inspection of operating leases disclosed, the lease value will be material to our responsibilities. We have therefore included the implementation of IFRS 16 as a new significant risk.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- Reviewed the IFRS 16 disclosure requirements in accordance with the CIPFA Code of Practice.
- Reviewed management's IFRS 16 accounting policies, including the application of the portfolio approach, the low-value asset threshold, and the use of practical expedients for non-lease components, to confirm these had been applied consistently and appropriately
- We obtained and reviewed the work of the Council's appointed expert and performed sample testing of lease inputs, including verification of the lease term, commencement date, rental amounts and the discount rate applied, to ensure accuracy and appropriateness of the data used in the IFRS 16 calculations.
- Verified that the Council had applied the transitional arrangements correctly and that recognition and measurement under IFRS 16 had been performed appropriately.
- Confirmed the discount rate used in calculating the ROU asset and lease liability and assessed its reasonableness with reference to supporting documentation and relevant benchmarks.
- Obtained assurance over the lease liability and ROU assets recognised in the 2024/25 financial statements through recalculation procedures, and inspection of supporting evidence.
- Verified lease liability movements by agreeing them to actual payment activity to confirm that the accounting treatment appropriately reflected the underlying cash flows.
- Considered the accounting treatment of below-market leases, including peppercorn and nil-consideration arrangements, and assessed whether adjustments were required to reflect the appropriate cost of the ROU assets at the balance sheet date.
- Verified whether any impairment of right-of-use (ROU) assets was required.

What are our conclusions?

We have completed our testing, and work is currently undergoing review.

To date, we have identified disclosure amendments to notes 1, 14, 36 and 37. Management has adjusted the disclosures in the financial statements.

Areas of Audit Focus (cont'd)

Significant Risk

Valuation of land and property

What is the risk, and the key judgements and estimates?

The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Council's financial statements and is subject to valuation changes, impairment reviews and depreciation charges.

At 31 March 2025, the net book value of PPE and IP were £1,079.20 million and £96.04 million respectively. We note that within PPE, our focus is on Land and Buildings.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample tested key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre); and
- Considered the annual cycle of valuations to ensure that assets have been valued within a 5-year rolling programme as required by the Code for PPE. We have also considered if there were any specific changes to assets that have occurred and that these have been communicated to the valuer.

However, due to issues outlined below we were not able to complete all of our planned procedures including finalising our sample testing and also the following from our Audit Planning Report:

- Review assets not subject to valuation in 2024/2025 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation;
- Test accounting entries have been correctly processed in the financial statements; and
- Review Financial Statement disclosures to ensure that adequate disclosures have been made in relation to estimation uncertainty.

What are our conclusions?

We were unable to complete our planned audit procedures over the work performed by the Council's valuer. Significant issues emerged during the input-testing phase, where we experienced delays in obtaining essential evidence from the valuer. Although responses were received to some of these queries, further clarification and additional evidence would have been required to conclude the work.

Given the statutory 27 February 2026 backstop date, we do not have sufficient time remaining to resolve these outstanding matters and finalise the valuation testing. The unresolved valuation work will therefore form part of the rebuilding of assurance process in subsequent audit cycles.

Areas of Audit Focus (cont'd)

Significant Risk

Group Accounting – Consolidation Procedures

What is the risk, and the key judgements and estimates?

We were unable to obtain assurance over the group statements as the component auditor has not reported to us on Lion Homes Ltd We also did not have assurance over the opening group balances, and therefore we did not have assurance over the group statements.

The Council will need to undertake its annual assessment of the group boundary to determine the procedures it needs to undertake to consolidate the relevant component entities.

Update:
A financial sustainability risk has been identified concerning the council's wholly owned subsidiary, Lion Homes Ltd. The Council has significant long term debtor balances, arising from loans issued to the subsidiary. There is a risk that some of these balances may not be recoverable.

In additional, material errors have been identified in the draft financial information for Lion Homes Ltd, that were consolidated into the Council's 2023/24 financial statements. This will require a prior period adjustment in the Council's 2024/25 financial statements.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- Reviewed the Council's assessment of its group boundary;
- Considered the need to liaise with the component auditors to understand any risks that they are recognising and issue Group Instructions as necessary; and
- Evaluated any risks at component level on the group accounts.

However, due to issues outlined below we could not complete the following planned procedures:

- Issue instructions to the component auditors we intend to place reliance on;
- Review audit procedures performed by the component auditor; and
- Audit the consolidation process and group accounts.

What are our conclusions?

We have been unable to complete our planned procedures in this area due to following reasons:

- Lion Homes (Norwich) Ltd is currently undergoing a Member Voluntary Liquidation process. The Company's financial statements for 2023/24 have not been audited and filed. The 2024-25 financial statements have not yet been prepared. As a result, no subsidiary auditor reporting was prepared for 2024/25. The company has therefore been consolidated into the Group financial statements on a break-up basis, and we are unable to obtain assurance over the subsidiary's financial information.
- We have not received the Norwich City Services Limited (NCSL) subsidiary auditor's Group reporting pack as they have not concluded their work on the subsidiary's financial statements. Therefore, we are unable to gain assurance over the group financial statements.

From the work we have completed:

- The Council has appropriately assessed the recoverability and subsequently impaired balances owed by Lion Homes Ltd to the Council.
- Material errors have been identified in the draft financial information for Lion Homes Ltd, that were consolidated into the Council's 2023/24 financial statements. This has led to a prior period adjustment in the Council's 2024/25 financial statements.

Areas of Audit Focus (cont'd)

Other area of focus

Pension liability valuation (Risk of Material Misstatement)

What is the risk, and the key judgements and estimates?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2024 this totalled £2.8 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary.

The Council prepaid £15.24 million in April 2023 pension deficit payments for financial years 2023/24, 2024/25 and 2025/26 to benefit from a 4.3% discount in doing so.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our response to key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- We liaised with the auditor of the Norfolk Pension Fund to obtain assurance over the information provided to the actuary in respect of the Council.
- We assessed the work of the pension fund actuary, including the assumptions used, by drawing on the work of PwC—Consulting Actuaries commissioned by the National Audit Office for all local government auditors, and by considering relevant reviews performed by the EY actuarial team.
- We assessed whether any pension asset was recognised in accordance with IAS 19 and IFRIC 14 and aligned with our understanding of the Local Government Pension Scheme.
- Engaged EY specialists to assess the Council's asset ceiling calculations.
- We reviewed and tested the accounting entries and disclosures within the Council's financial statements to ensure compliance with IAS 19.

What are our conclusions?

We note that in 2023/24, the Council did not request an asset ceiling adjustment, therefore the balances in these financial statements (upon which we disclaimed our audit opinion) may contain a material misstatement. Consequently, management obtained an updated asset ceiling report from the actuary highlighting that the defined pension liability is overstated by £35.1 million. We have included this misstatement in the basis for disclaimer within our audit opinion, and within section 05 of this report.

Areas of Audit Focus (cont'd)

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Scope of the consolidation, including any exclusion criteria applied to non-consolidated entities if any and whether they are in accordance with the financial reporting framework;
- Significant difficulties, if any, encountered during the audit;
- Significant matters, if any, arising from the audit that were discussed with management;
- Matters regarding management's process for identifying and responding to the risks of fraud in the entity;
- Disagreements with management, if any arising during the audit;
- Other matters if any, significant to the oversight of the financial reporting process, including the strengths and weaknesses of the finance function and the quality of the financial statement preparation process;
- Related parties;
- Going concern;
- External confirmations;
- Consideration of laws and regulations;
- Group audits; and
- Use of auditor's external specialists.

We have no further matters, other than those identified elsewhere in this report, to bring to your attention.

03

Value for Money

Value for Money

The Authority's responsibility for Value for Money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment and status of our work

We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

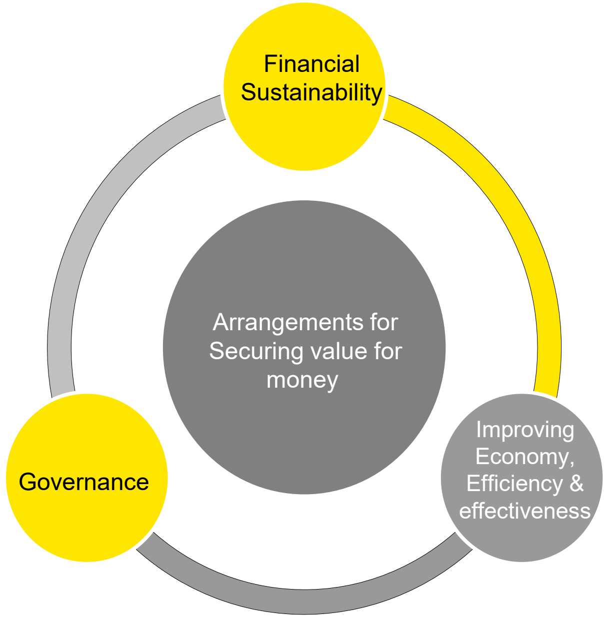
Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, and to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We provide a commentary on the Council arrangements against three reporting criteria:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

In our Audit Planning Report presented to the 13 May 2025 Audit Committee meeting and the addendum presented on 21 October 2025, we reported that we had identified a risk of significant weakness arising from our risk assessment procedures. This risk related to whether the Council has adequate governance arrangements to establish, monitor and manage partnerships to ensure these do not impact negatively on the Council's objectives. We have reported a significant weakness in respect of this risk.

Having updated and completed the risk assessment and associated planned procedures, we have also identified a further weakness relating to the Council's arrangements for effective processes and systems to support statutory financial reporting requirements.



Value for Money risks of significant weakness (cont'd)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?	What arrangements did this impact?	What did we do?
Arrangements over the solely owned subsidiary company – Lion Homes Limited. During the 2024/25 statutory audit we were made aware of increased risk concerning the financial sustainability of Lion Homes Limited, a subsidiary company of the Council. The Council is the sole shareholder of Lion Homes Limited which was incorporated in 2015. Management are considering the options for the future of the company.	**Governance** **Improving economy, efficiency and effectiveness**	**We have :** ▪ Ascertained if there are documented governance arrangements to monitor the performance and related risks for the Council's Companies. ▪ Tested compliance with the documented arrangements and determined what partnership-related governance arrangements are in place for Lion Homes Ltd if there is no over-arching policy/procedure. ▪ Documented whether and how subsidiaries related risks are reflected in the Council's risk management arrangements and used to inform decision making.

Findings

The Council did not have in place adequate policies, procedures or governance oversight of its part, or wholly, owned companies. This lack of oversight resulted in Council Members and Officers being unaware of inappropriate operating procedures and challenges at one of its subsidiaries. This meant that the Council was unable to consider these, or the associated risks, in Council decision-making. Furthermore, on incorporation, the subsidiary was established with Articles of Association which did not appropriately include sufficient requirements to interact with the Council. Whilst the subsidiary had a Board of Directors and the Council had a Shareholder Panel committee, their terms of reference provided for minimal interaction with the Council and there was no further Council guidance regarding reporting, governance or decision-making processes. This resulted in the subsidiary operating independently, with no mandatory requirement to report to the Council; and financial issues at the subsidiary were not identified by the Council in a timely manner, preventing effective intervention and exposing the Council and local taxpayers to increased risk of financial loss. Where issues have been experienced, the directors of the subsidiary had the power to report issues to the Council at their discretion and, since there were no established policies, there was no breach of procedure if they chose not to do so. The absence of structured oversight and clear directives significantly contributed to the challenges faced by this subsidiary, ultimately leading to the company entering a member voluntary liquidation process and subsequent reintegration into the Council.

In response to the financial issues identified at the subsidiary, the Council commissioned external support in October 2024 to assess the level of financial risk to which the Council was exposed. As a result of this review, the Council paused activity at the company and raised concerns as to whether its business plan was viable. In July 2025, Cabinet approved a member voluntary liquidation of the company.

Review of the Council's constitution, identified that not all subsidiaries have been included with only one referenced; nor is there any consideration given to potential future arrangements that the Council may wish to explore. Terms of reference for committees and boards only pertain to those committees within the Council and there is no provision determining: the reporting responsibilities of a subsidiary; how a subsidiary shall report to the Council; or how the Council communicates with the subsidiary. This means that subsidiaries have been left to govern themselves independently and report to the Council at their own discretion. The Council has been exposed to risks of poor decision making and has been unable to exercise governance, adequately support, or monitor the activities of, its subsidiaries. Addressing these failure is critical for introducing and maintaining robust governance practices that reduces the exposure to risks for the Council and taxpayers.

Conclusion: This is evidence of significant weaknesses in proper arrangements that the Council does not have effective oversight of subsidiaries or to deliver its role with significant partnerships, monitor performance against expectations or ensure action is taken where necessary to improve.

Recommendation: The Council should update its constitution to make provision for effective governance and management of any companies in which it has an interest, to provide comprehensive oversight of governance guidelines for all subsidiaries and explicitly reference where these policies can be found.

Value for Money risks of significant weakness (cont'd)

Other significant weakness

In the course of our work on the 2024/25 audit, we have identified one other significant weakness in the Council's arrangements that was not originally identified as a risk. We have set out our findings below

Findings	What arrangements did this impact?	Conclusion and Recommendation
Timely financial reporting The financial statements were not published by the 30 June 2025 deadline set out in the Accounts and Audit Regulations. This was due to delays in finalising the Group financial statements. The required Notice of Delay was issued, and the financial statements were subsequently published on 26 September 2025. A number of key working papers were not provided in accordance with the agreed timetable or in a suitable format for sampling. The most significant of these were working papers relating to creditors, debtors, property, plant & equipment, other income and expenditure and the Housing Revenue Account expenditure. In particular, the creditors and debtors working papers did not meet the requirements set out in our working paper request, as they included significant opening and gross balances. Management acknowledges that further work is required in these areas. We have not received adequate supporting evidence for the valuation of land and buildings within property, plant and equipment. In particular, the input data provided for the valuation was insufficient, and responses to our queries were not provided in a timely fashion. This affected our ability to complete the planned audit procedures in this area. We also experienced delays in receiving the detailed working papers and supporting evidence for the NDR appeals provision. Working papers supporting the other key accounting estimates within the Statement of Accounts were provided in line with the agreed project plan.	Governance	**Conclusion:** This issue is evidence of significant weaknesses in proper arrangements that the Council does not have effective processes and systems in place to support its statutory financial reporting requirements. **Recommendation: To meet its objectives and the requirements of the Audit and Accounts Regulations the Council needs to:** ▪ **continue to re-assess roles, responsibilities and resource requirements for financial reporting; and** ▪ **take action to ensure that sufficient and appropriate audit evidence is available in relation to transactions in the financial statements.**

Value for Money (cont'd)

Non-compliance with laws and regulations

As external auditor, we have specific responsibilities to consider the implications of any suspected or actual non-compliance with laws and regulations. During 2024/25, there was one instance of non-compliance for which we performed procedures.

In performing these procedures, we consider the implications of non-compliance matters on the financial statements and the Council's arrangements for securing value for money. We have identified weaknesses in the Council's governance arrangements.

In addition to the findings that have been listed on page 22, we have identified the following:

- Officers did not inform us of the matter in a timely fashion. Actions were taken internally to investigate the matter from October 2024, however, EY were not informed until May 2025. The delays experienced were due to officers taking steps to understand the complexity and seriousness of the matter, however the time taken to do this, exceeds an acceptable interval. In Appendix F to this report, we have provided summary information to remind officers of their, and our, responsibilities relating to suspected or actual non-compliance with laws and regulations. We also note that a lack of appropriation action initially was exacerbated by disruption in two of the key roles, s151 Officer and Monitoring Officer, with both being new in post when this matter was emerging.
- Although the Council has engaged outside specialists to support in their investigation process, we have identified the following weaknesses in their process:
    - The Council was slow to recognise the significance of this issue;
    - The Council do not maintain formal whistleblowing logs; and
    - There were elements of the investigation that were only considered following audit challenge.

We do not consider this to be a significant weakness, but we do consider this issue is evidence of weaknesses in proper arrangements for governance, in particular:

- how the body demonstrates that it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour.

Further to the recommendation made on page 22, we are recommending the following:

- **The Council should ensure that appropriate individuals are aware of their responsibilities to report suspected or actual non-compliance with laws and regulations.**
- **The Council should maintain formal whistleblowing logs.**
- **The Council should perform a lessons learned of both the matters that led to the investigations, but also of their response, and put in place appropriate arrangements for dealing with such matters in the future.**

04 Audit Report

Audit Report

Draft audit report

As a result of the 2023/24 disclaimed audit report, we do not have assurance over the brought forward balances from that year (the opening balances). This means we do not have assurance over 2024/25 in-year movements and some closing balances. We also do not have assurance over comparative amounts disclosed in the financial statements and did not plan to rebuild assurance in our 2024/25 audit.

As set out within this report we have also not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over all closing balances and in-year transactions. The lack of evidence over these movements and balances mean we are unable to conclude that the 2024/25 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2024/25 audit opinion.

The form and content of the opinion will be shared with Management.

05 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight the following misstatements which have been corrected by Management that were identified during the course of our audit:

- Factual misstatements:
  - Our audit procedures identified an audit difference of £2.5 million because of pension fund asset value re-measurement.

Summary of adjusted disclosure differences

- Narrative report
  - The Narrative Report contains several inconsistencies where figures and dates do not agree with other sections of the financial statements, including mismatches in the capital programme, personal debt, Cabinet report date, Net Assets, and Collection Fund disclosures.
- Note 14 – Property Plant and Equipment
  - A disclosure misstatement of £5.0 million was identified within the Valuation Cycle disclosures in Note 14, relating to Other Land and Buildings (OLB). The 2024/25 figure was overstated and the 2023/24 figure understated due to amounts being mapped to the incorrect year.
  - The PPE disclosure note showed the balance of £5.9 million of right of use assets recognised on implementation of the IFRS 16 amendments as in-year additions. This should have been represented as an adjustment to opening balances.
  - Reclassification of £2.0 million between 'Assets Reclassified (to) / from Held for Sale' and 'Other Movements in Cost or Valuation'.
- Note 16 – Investment Properties
  - The IFRS 16-related fair value movement of £3.1 million had not been by separately identified, requiring an adjustment to the existing fair value adjustments figure from £4.4 million to £1.3 million.
- Note 18 – Financial Instruments
  - Note required revision to present the IFRS 16 lease liabilities separately within both the short-term and long-term; to transfer the relevant amounts currently included within 'liabilities not defined as financial liabilities' so that the remaining balances in that category reflect only non-IFRS 16 items:
    - Short term financial liabilities: Reducing from £27.3 million to £24.9 million, a difference of £2.4 million relating to IFRS 16 lease liabilities
    - Long term financial liabilities: Reducing from £6.8 million to £0.4 million, a difference of £6.4 million relating to IFRS 16 lease liabilities

Audit Differences (cont'd)

Summary of adjusted disclosure differences continued

- Note 21 - Inventories
  - The addition and disposal of the Dibden Road asset were not included in the inventory, despite the property being both acquired and disposed of within the year. This has resulted in an understatement of £1.2 million in both additions and disposals for inventories in 2024/25.
- Note 25 Unusable Reserves – Capital Adjustment Account
  - The opening balance for 2024/25 was incorrect because of amendments being incorrectly applied to the 2023/24 closing balance.
  - Further adjustments were required to the opening balance following an amendment made to the Opening Capital Financing Requirement as the fair value of investment property was not included (£3 million).
  - 'Movements in the market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement' required amendment from £4.3 million to £1.3 million, reflecting a £3.0 million adjustment for IFRS 16 valuation.
- Note 32 - Officers remuneration
  - The disclosure note was incomplete and did not fully comply with the Code requirements. Specifically, the start and end dates for senior officers were not clearly disclosed.
- Note 36 - Capital Financing Requirement
  - The 'Other capital movement: IFRS 16 on adoption' amount of £9 million was omitted from the 'Adjustment to the opening balance due to the implementation of IFRS 16' line as part of the opening CFR adjustment.
- Note 37 – Leases
  - Our review of the Council's lease disclosures highlighted the need for:
    - clearer signposting to the related Right-of-Use asset table;
    - confirmation whether disclosures appropriately exclude transactions relating to investment properties in line with Note 12 and Note 16; and
    - correction of typographical errors.
- Note 40 - Defined Benefit Pension Schemes
  - Under the heading "Movement in Reserves" and within the line "Employer's pension contributions and direct payments to pensioners payable in the year," the draft accounts report no amount. However, an amount of £10.1 million should have been disclosed in this line.
  - Related disclosures required updating to reflect the impact of the new IAS 19 report, which applied an amended pension asset ceiling for 2024/25.

Audit Differences (cont'd)

Summary of unadjusted differences

Below we highlight the following misstatements which have not been corrected by management. We ask that the Audit Committee request of management that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation:

	Effect on the current period		Net assets (Decrease)/Increase			
Uncorrected misstatements 31 March 2025 (Currency'000)	**OCI**	**Income statement**	**Assets current**	**Assets non-current**	**Liabilities current**	**Liabilities non-current**
Errors	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)
Known differences:						
Understatement of expenditure due to the omission of an accrual		646,478			(646,478)	
Overstatement of Council Dwellings depreciation, which was written out on revaluation	201,706	(201,706)				
Understatement of Housing Benefit expenditure		626,577			(626,577)	
Understatement of Housing Benefit income		(304,659)	304,659			
Balance sheet totals	201,706		304,659		(1,273,055)	
Cumulative effect of uncorrected misstatements before turnaround effect		766,690				
Turnaround effect. See Note 1		(526,332)				
Cumulative effect of uncorrected misstatements, after turnaround effect		240,358				

Note 1: in the course of the audit, we identified an invoice posted to rent and rates, in respect of water that should have been included in 2023/24. We have reflected this error as an unadjusted misstatement impacting the prior year and show the impact of this error as a turnaround misstatement for 2024/25.

Overleaf we have included unadjusted disclosure misstatements.

Audit Differences (cont'd)

Summary of unadjusted disclosure differences

- Movement in Reserves Statement
  - A reclassification of £3.0 million is required between unusable reserves and usable reserves because of the adjustment for the implementation of IFRS 16.
- 40. Defined Benefit Pension Schemes
  - Our work over pensions in 2024/25 identified that the prior year pension asset balances are misstated as management had not applied an asset ceiling calculation under IFRC 14. To correct for this a prior period adjustment of £35.1 million would be required in the 2024/25 financial statements. Management has opted not to make the required amendment in the financial statements.

In addition to the above unadjusted misstatements, we also report that the Council has made adjustments to the prior year group statements. These adjustments were made in relation to a restatement of the financial statements of Lion Homes Ltd to be prepared on a break-up basis. These adjustments were not prepared in time for the 2023/24 financial statements; however, the prior year figures in the 2024/25 statements have been amended to ensure consistency with the financial statements that have since been filed with Companies House. We are reporting this difference as management has elected to make the amendment which does not meet the IAS 8 criteria for a prior year adjustment on the grounds of being immaterial.

06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control including group-wide or at components.

The matters reported in this section are limited to those that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.

The adjacent table provides an overview of the 'high' 'moderate' and 'low' rated observations we have from the 2024/25 audit.

	High	Moderate	Low	Total
Open from PY 2023/24	0	0	0	0
Closed during FY 2024/25	0	0	0	0
New points raised in FY 2024/25	1	5	0	6
Open for 2024/25	1	5	0	6

Key:

- Green: A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.
- Orange: Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
- Red: Matters and/or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.

Summary of control observations and recommendations

Control observation and impact	Grading (H / M / L)	Recommendation	Management Response
Debtor and Creditor Listings did not meet the requirements set out in our working paper request, as they included significant opening balances and gross balances. In addition, the finance system was migrated from the E5 Financial System to a Unit4 ERP system, which consolidates all balance sheet data into a single brought-forward balance. For creditors specifically, we also experienced difficulties in identifying who was responsible for cleansing the listings. Despite raising this during our initial sampling work in July, we were redirected multiple times before the correct ownership was confirmed.	H	Management should work closely with the finance systems team to ensure that accurate and complete debtor and creditor listings can be generated for future audits.	The Council has already agreed with EY to work closely with the audit team to understand their requirements and how to ensure that the information required is presented in the appropriate format they require. An initial planning meeting has already taken place and the Council's Deputy Chief Accountant tasked with leading on the action plan.
We experienced delays in receiving cleansed and accurate transaction listings for sampling. For both HRA expenditure and Other income and expenditure (non HRA), multiple iterations and discussions were required before suitable listings were provided, which in turn delayed the sampling process.	M	Management should ensure that the main finance team exercises stronger oversight over the preparation and cleansing of transaction listings provided for audit. Strengthening review procedures will help ensure that complete, accurate and audit-ready listings are provided at the outset.	The requests from audit did not clearly define the requirements or explain why the data needed to be in a specific format. A more detailed and clear definition of data requirements would've shortened the period between the provision of the original and final cleansed data files. The Council is willing to work with EY to fully review these types of requests to ensure delays are eliminated.

Assessment of Control Environment (cont'd)

Summary of control observations and recommendations

Control observation and impact	Grading (H / M / L)	Recommendation	Management Response
The financial statements were not published by the 30 June 2025 deadline set out in the Accounts and Audit Regulations. This was due to delays in finalising the group financial statements. The required Notice of Delay was issued and the financial statements were subsequently published on 26 September 2025. We identified a low number of non-material internal inconsistencies, disclosure, typographical and arithmetic errors in the draft Statement of Accounts, overall the draft financial statements was of a good quality.	M	Management should strengthen the year-end closedown and Group consolidation timetable to ensure the financial statements can be prepared, reviewed, and published by the statutory deadline. This should include earlier completion of group components, clearly assigned responsibilities, and improved monitoring of progress against key milestones. In addition, management should enhance the quality review process of the draft financial statements to identify and correct internal inconsistencies, disclosure issues, and typographical or arithmetic errors prior to submission for audit. Strengthening these controls will support timely publication and maintain the quality of the financial statements.	The delayed publication was a one-off event linked to the governance issues in Lion Homes and is not evidence of a systemic failure of its closedown processes. The rest of the single entity financial statements were ready for publication by the 30 June. The Council already has robust closure processes that include timetabling group components and quality reviews. Where any improvement can be made the Council is willing to learn from best practice elsewhere and will work with EY to incorporate these into its closedown process.
We identified errors in the Council's IFRS 16 disclosures (see Section 05).	M	In preparing the financial statements, the Council should complete the CIPFA disclosure checklist to ensure full compliance with the required disclosures.	The Council employed a specialist to assist with this implementation of IFRS16 and disclosure in the financial statements. Council staff have worked closely with EY to address all audit queries. The CIPFA disclosure checklist was completed.

Assessment of Control Environment (cont'd)

Summary of control observations and recommendations

Control observation and impact	Grading (H / M / L)	Recommendation	Management Response
We identified a control deficiency in the preparation and review of the NDR appeals provision, the team member responsible for this area was new to the role and had limited familiarity with the process and underlying data requirements, resulting in incomplete and, in some cases, inaccurate information being provided for audit.	M	Management review should be performed to check the completeness and accuracy of inputs, challenge key assumptions, and verify calculations before the estimate is finalised.	Collection Fund Accounting is highly specialised and technical area of the Council's financial statements. Due to the retirement of a member staff in 2025 who had responsibility for the Collection Fund, the Council took steps to include a new post in the Finance team as part of the restructure of the Finance function during 2025. Applicants with Collection Fund accounting experience are in short supply so recruitment focussed on an applicant who could be trained and developed into the role. The Council will incorporate the recommendations in the training and development for the Collection Fund post going forward.
During our testing of Revenue Grants Received in Advance, we identified an instance where income had been recognised prior to the Council actually receiving the funds. The extrapolation of this error fell below our reporting threshold.	M	Management should strengthen controls over the recognition of revenue grants received in advance to ensure that income is only recognised when the Council has obtained an enforceable right to the funds. This should include enhanced review procedures at year-end to confirm that all grants recorded as income have been formally received or meet the recognition criteria set out in the Code	For FY 2025-2026 an additional control will be added to the preparation of the Grants Note to check all RIA transactions (where NCC have invoiced for the income) against the aged debt report at 31.03.2026. This will provide assurance for any amounts not received and mean they can be presented in the appropriate disclosure note.

07 Other Reporting Issues

Other Reporting Issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the 2024/25 Statement of Accounts with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. Following our review of the draft financial statements and Annual Governance Statement we can confirm it is materially consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

We have not yet performed the procedures required by the NAO on the Whole of Government Accounts submission. We cannot issue our Audit Certificate until these procedures are complete, and the NAO has confirmed no further procedure are required.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State.

We have no matters to report.

08 Independence

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its directors and senior management and its affiliates, including all services provided by us and our network to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

Relationships

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

EY Transparency Report

The 2025 Transparency Report for EY UK provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as of 31 October 2025.

Independence

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our financial statements opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment
- The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/. In particular, the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. A narrative summary of the areas where we expect to raise scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	2024/25	2023/24
	£	£
Scale Fee – Code Work	229,859	212,891
Proposed scale fee variation	Note 2	Note 1
Total fees	**TBC**	**269,629**

All fees exclude VAT

1. As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DLUHC (now MHCLG), PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2023/24 audits.

   PSAA determined a final for these years as: 2021/22 £68,871, and 2022/23 £43,294. The 2023/24 final fee has not been determined.

2. The scale fee also may be impacted by a range of other factors which will result in additional work, which includes, but are not limited to:
   - Changes to the client engagement risk assessment;
   - Implementation of IFRS 16;
   - Additional hours incurred in relation to testing the Housing Revenue Account;
   - Time incurred relating to PPE Valuations testing;
   - Non-compliance with law and regulation with an impact on the financial statements;
   - VFM risks of significant weaknesses in arrangements and related reporting impacts;
   - Prior period adjustments; and
   - Modified financial statement opinions.

09

Appendices

Appendix A — Progress to full assurance

Progress to full assurance

The NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01 has set out an indicative timetable for Councils to receive an unqualified audit opinion by the 2026/27 financial year. Set out below is the illustrative timescale for the Council based on actual progress against that timescale to date. We have included reasons for where the Council is on this timetable and what still needs to be done to successfully rebuild assurance.

EXPECTED STATUS

2023/24	2024/25 Current audit year	2025/26 - 202728	2028/29	2029/30
Disclaimer opinion	**Disclaimer opinion**	**Disclaimer or qualified opinion**	**Qualified (except for) opinion**	**Unqualified opinion**
▪ Pervasive gaps over opening balances, comparators, and in-year movements. ▪ All planned procedures could not be completed, resulting in no assurance over a significant number of account balances. ▪ Lack of assurance over Reserves (cumulative nature).	Continuing impact from 2023/24: ▪ Lack of assurance over all the comparator I&E transactions, most balance sheet lines, cash flow statement and financial statement disclosures, and reserves. ▪ Management imposed limitation of scope on debtors and creditors. ▪ Lack of assurance over many balances. ▪ All planned procedures could not be completed, resulting in no assurance over a number of account balances.	Continuing impact from 2024/25: ▪ Lack of assurance over comparator I&E transactions in relation to grant income, cash flow statement and financial statement disclosures, and reserves. ▪ Work to audit the Council's PPE revaluation following the resolution of historic issues. ▪ All planned procedures need to be completed for at least two consecutive years to consider moving from a disclaimed opinion to a qualified opinion.	▪ Assurance in place over opening and closing balances, and assurance gained over each in-year movement. ▪ The impact on the CIES & reserves would require to be assessed. ▪ However, with the anticipation of incorporating build-back guidance focusing on reserves, there is increasing probability that gaps in assurance can be specifically identified, leading to higher likelihood of a qualified report (not disclaimed).	▪ Expectation that all items resolved. ▪ Auditor will need to reassess the PPE cyclical valuation impact - but may be able to work with the authority to demonstrate all assets have been revalued and audited since disclaimers of opinion have been issued or demonstrate the impact is immaterial.

CURRENT AUDIT STATUS OF THE COUNCIL

- The Council's progress is behind the expected timescales set out in LARRIG 01.
- This is because limited procedures were completed for 2023/24 and 2024/25 because of the challenges set out earlier in this report, and as referenced in our value for money significant weakness on the Council's arrangements for statutory financial reporting.
- Appendix B sets out in more detail the assurance we have gained by accounts area.

FUTURE YEARS

The Council must be able to facilitate the completion of all planned procedures for two consecutive years before we can begin to consider whether a qualified opinion can be issued. Once this position is achieved, we can then begin to consider specifically rebuilding assurance on historic balances that have been subject to a disclaimer of opinion.

There remain several significant balances that we have been unable to audit in in the current or prior year such as PPE, debtors, creditors and group disclosures. The Council will need to consider how it builds the capacity and capability to respond to all audit requirements in a single year to enable progress to be made in working towards an unqualified opinion, recognising that the Council is on an extended trajectory. In the short term, this may require the Council to take decisions on areas of the financial statements they support during the audit and imposing a management limitation for certain balances whilst the historic challenges are addressed.

Appendix B — Updated summary of assurances

Summary of Assurances

The table below summarises the audit work we have completed on the 2023/24 and 2024/25 financial statements to demonstrate to the committee the level of assurance that has been obtained as a result of the financial statements audit. The assurance rating shown for 2024/25 is the rating we anticipate obtaining. However, as our audit procedures, including review, remain in progress, these ratings may be subject to change.

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Property, Plant and Equipment ('PPE')	None	None	Due to difficulties with obtaining the required evidence to support the inputs in the valuations, we have been unable to obtain assurance over PPE valuations at 31 March 2025. However, we have completed our PPE additions and disposals testing; these are now subject to the completion of our review procedures
Heritage assets	Substantial	Substantial	We have completed our planned audit procedures in this area, and have obtained assurance over the closing balance as at 31 March 2025.
Investments (short and long term)	Substantial	Substantial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, we anticipate obtaining assurance over the closing balance as at 31 March 2025.
Investment Properties	None	None	Due to difficulties with obtaining the required evidence to support the inputs in the valuations, we have been unable to obtain assurance over PPE valuations at 31 March 2025.
Intangible Assets	None	Substantial	We have completed our planned audit procedures in this area, and have obtained assurance over the closing balance as at 31 March 2025.
Inventory	None	Substantial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, we anticipate obtaining assurance over the closing balance as at 31 March 2025.
Short Term Debtors	Partial	None	Due to difficulties with obtaining supporting schedules for this balance, this area was agreed with management to be halted due to time constraints. As a result, we have been unable to complete all planned procedures in relation to this balance as at 31 March 2025.
Cash and Cash equivalents	Substantial	Substantial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, we anticipate obtaining assurance over the closing balance as at 31 March 2025.
Short Term Creditors	None	None	Due to difficulties with obtaining supporting schedules for this balance, this area was agreed with management to be halted due to time constraints. As a result, we have been unable to complete all planned procedures in relation to this balance as at 31 March 2025.
Borrowings (short and long term)	Substantial	Substantial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, we anticipate obtaining assurance over the closing balance as at 31 March 2025.
Long Term Creditors	Partial	Substantial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, we anticipate obtaining assurance over the closing balance as at 31 March 2025.
Provisions (short and long term)	Partial	Partial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, with the exception of the NDR appeals provision, which is noted overleaf, we anticipate obtaining assurance over the closing balance as at 31 March 2025.
Capital grants received in advance	Partial	Partial	Due to difficulty obtaining the required evidence from management we have been unable to obtain substantial assurance over this area's closing balance as at 31 March 2025.

Appendix B – Updated summary of assurances

Summary of Assurances (continued)

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Local Government Pension Scheme Liability	None	Partial	In 2023/24, the Council did not request an asset ceiling adjustment in the prior year, the balances to which we have issued a disclaimer may contain a material misstatement. Consequently, we are unable to conclude that the opening balances are stated fairly, and there remains a risk that in-year movements derived from those opening positions may also be misstated.
Collection Fund	Substantial	Partial	We have completed our planned procedures over this area with the exception of impairment testing and NDR appeals as a result of delays in receiving the detailed working papers. We anticipate only partial assurance over these balances at 31 March 2025.
Comprehensive Income and Expenditure Statement (excluding grant income and staff costs)	None	Partial	Subject to review, we expect to obtain substantial assurance over cost of services income and financing and investment income and expenditure and partial assurance over cost of services expenditure and housing benefit expenditure due to difficulty obtaining supporting schedules from management.
Comprehensive Income and Expenditure Statement - Grant income	Partial	Substantial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, we anticipate obtaining assurance over the transactions in the 2024/25 period.
Comprehensive Income and Expenditure Statement - staff costs	Partial	Partial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, we expect to obtain partial assurance over staff costs due to difficulty obtaining the required supports from the payroll team at the Council.
Reserves	None	None	Until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain substantial assurance over the useable and unusable reserves of the Council reported in the financial statements.
REFCUS	None	Substantial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, we anticipate obtaining assurance over the transactions in the 2024/25 period.
Group financial statements and consolidation	None	None	We were unable to obtain assurance over the group statements as the component auditor has not reported to us on the audit of subsidiaries. We also did not have assurance over the opening group balances, and therefore we do not have assurance over the group statements.
Housing Revenue Account	None	Partial	Whilst we have completed our planned procedures in relation to HRA income, we have been unable to complete planned procedures in relation to the HRA in its entirety, including expenditure, and we are unable to obtain substantial assurance over HRA disclosures due to a lack of assurance over associated balances such as reserves, balance sheet movements and PPE.
All other disclosures	Partial	None	Subject to review, we have completed planned procedures in relation to intangible assets, officer's remuneration, exit packages, members allowances and related parties. However, we have been unable to complete our procedures on all other disclosures, including the EFA and cash flow statement.
Minimum Revenue Provision	None	Partial	We are currently concluding our audit procedures in relation to the Minimum Revenue Provision.
Implementation of IFRS 16	N/A	Substantial	We have completed our planned audit procedures in this area, and subject to the completion of review procedures, we anticipate obtaining assurance over the closing balance as at 31 March 2025.

Appendix C — Required communications with those charged with governance

Required communications with those charged with governance

There are certain communications that we must provide to those charged with governance. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report - May 2025 Audit planning report addendum - October 2025
Planning and audit approach	Communication of: ▪ The planned scope and timing of the audit ▪ Any limitations on the planned work to be undertaken ▪ The planned use of internal audit ▪ The significant risks identified When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report - May 2025 Audit planning report addendum - October 2025
Significant findings from the audit	▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▪ Significant difficulties, if any, encountered during the audit ▪ Significant matters, if any, arising from the audit that were discussed with management ▪ Written representations that we are seeking ▪ Expected modifications to the audit report ▪ Other matters if any, significant to the oversight of the financial reporting process	Audit planning report - May 2025 Audit planning report addendum - October 2025
Misstatements	▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management	Audit results report - March 2026

Appendix C — Required communications with those charged with governance (cont'd)

Required communications	What is reported?	Our Reporting to you When and where

Fraud	▪ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity
	▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist
	▪ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:
	  ▪ Management;
	  ▪ Employees who have significant roles in internal control; or
	  ▪ Others where the fraud results in a material misstatement in the financial statements.
	▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected
	▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud
	▪ Any other matters related to fraud, relevant to Audit Committee responsibility.
		Audit results report - March 2026

Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▪ Whether the events or conditions constitute a material uncertainty related to going concern ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The appropriateness of related disclosures in the financial statements	Audit results report - March 2026
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▪ Non-disclosure by management ▪ Inappropriate authorisation and approval of transactions ▪ Disagreement over disclosures ▪ Non-compliance with laws and regulations ▪ Difficulty in identifying the party that ultimately controls the entity	Audit results report - March 2026
External confirmations	▪ Management's refusal for us to request confirmations ▪ Inability to obtain relevant and reliable audit evidence from other procedures.	Audit results report - March 2026

Appendix C — Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.	Audit planning report - May 2025 Audit planning report addendum - October 2025 Audit results report - March 2026
Consideration of laws and regulations	▪ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▪ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of	Audit results report - March 2026
Significant deficiencies in internal controls identified during the audit	▪ Significant deficiencies in internal controls identified during the audit.	Audit results report - March 2026
Written representations	▪ Written representations we are requesting from management and/or those charged with governance	Audit results report - March 2026
System of quality management	▪ How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report - March 2026
Material inconsistencies or misstatements of fact	▪ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - March 2026
Auditors report	▪ Key audit matters that we will include in our auditor's report ▪ Any circumstances identified that affect the form and content of our auditor's report	Audit results report - March 2026

Appendix D — Outstanding matters

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Complete testing on pension asset ceiling	Management have provided response from actuary and then EY, work completed, subject to review.	Management and EY
Complete testing on IFRS 16 Leases	EY performing final recalculations of lease liabilities for selected sample. This work will also be subject to senior executive review.	Management and EY
Final Manager and Engagement Partner reviews	Review of the working papers	Management and EY
Final financial statements	Review of the final version of the financial statements	Management and EY
Management representation letter	Receipt of signed management representation letter	Management and audit committee
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	Management and EY

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion,

Appendix E — Regulatory update

The English Devolution and Community Empowerment Bill – Audit Measures

Background

On 16 December 2024, the Government published the English Devolution White Paper. The White Paper outlines how England is one of the most centralised countries in the world and contends that over-centralisation is holding back the prosperity of the regions. As a result, there is an intention from Government to widen and deepen devolution to local areas across England. The English Devolution and Community Empowerment Bill (the Bill) in intended to provide the legislative framework to do this by setting out a standardised framework of devolved powers, duties and functions. The bill is in six parts:

- Part 1 introduces the new devolution architecture for England, centred around the new category of "strategic authorities" (SAs). These are organisations designated by Government to have responsibility for strategy development and programme delivery over larger functional economic areas.
- Part 2 outlines the powers and duties which existing and future SAs will have, and the new process by which new powers and duties can be conferred on SAs by Government in the future.
- Part 3 is focused on measures designed to strengthen local government and communities.
- Part 4 in intended to strengthen the accountability of the local government sector by reforming the local audit system, including the establishment of the Local Audit Office (LAO) as the body responsible for overseeing local audit.
- Part 5 concerns the banning of upwards only rent review clauses for commercial leases to prevent vacant shops and regenerate high streets in communities across England.
- Part 6 contains the technical sections related to the Bill, including on regulations, commencement and extent.

The draft legislation can be found in full at English Devolution and Community Empowerment Bill.

Part 4 of the Bill - Reforming local audit

The Bill is intended to overhaul the local audit system as is part of the wider measures to address the backlog in local government audit previously considered by this report. Specifically:

- The LAO will be established with the aim of radically simplifying the current audit system and bringing functions together under a single organisation with a clear remit. The LAO will be responsible for coordinating the system, standard setting, contracting, quality oversight and reporting. It will also support and enable wider measures to address pressing challenges, including reforms to financial reporting; strengthening audit capacity and capability; and establishing public provision of audit to support the private market.
- The LAO will be responsible for audit quality and the regulation of audit providers. Regulatory powers can be delegated.
- The LAO will be responsible for auditor appointment to all local audits other than for NHS bodies, will set indicative fees, publish those fees and make final determinations on the fees to be paid. The ability of local authorities to appoint their own auditors is removed.
- Audit firms will be required to nominate 'lead individuals' and have pre-approval of their own eligibility criteria.
- The responsibility for production of the Code of Audit Practice passes from the NAO to LAO. The LAO is also able to determine technical standards that auditors must follow.
- Statutory guidance for Audit Committees will be developed by LAO in conjunction with the Local Government Association, CIPFA and other relevant bodies.

We will continue to keep you updated as these arrangements develop.

Appendix F — Non-Compliance with Laws and Regulation (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations.

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that… so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

The International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and

Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter	Implication
Suspected or known fraud or bribery	Potential fraud/breach of anti-bribery legislation
Health and Safety incident	Potential breach of section 2 of the Health and Safety at Work Act 1974
Payment of an unlawful dividend	Potential breach of Companies Act 2006
Loss of personal data (including a cyber incident or ransomware attack)	Potential GDPR breach
Allegation of discrimination in dismissal	Potential non-compliance with employment laws
HMRC, PRA, FCA or other regulatory investigation	Suspicion of non-compliance with laws/regulations
Deliberate journal mis-posting or allegations of financial impropriety	Potential fraud / breach of Companies Act 2006
Transacting business with sanctioned individuals	Potential breach of sanctions regulations

Appendix F – Non-Compliance with Laws and Regulation (NOCLAR) (continued)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit teams.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of EY's audit over the past 3 years

Actions required by management:	EY response:
Timely communication of the matter to auditors (within a couple of days)	Initial assessment of the NOCLAR matter and its potential impact
Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both	Initial consultation with risk team to determine responsive procedures and the involvement of specialists
Scope the investigation, in discussion with EY audit teams	Understand and agree scope of management's investigation with support from specialists as needed
Evaluate findings and agree next steps	Evaluate findings and undertake appropriate audit procedures
Determine effect on financial statements including disclosures	Determine audit related impact including accounting and disclosure and audit opinion implications
Prepare a paper, summarising the outcome of the investigation and management's conclusions	Document and consult on the outcome of our procedures
Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.	Communicate the outcome with management, TCWG and where necessary other audit teams within the group or regulators

Key Reminders:

- Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- Engage external specialists where needed
- Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Appendix F — Non-Compliance with Laws and Regulation (NOCLAR) (continued)

Practical examples of NOCLAR events

The key message is that management alone should not judge the materiality of a NOCLAR event. Auditing standards are stricter in this area, hence management must promptly notify EY of NOCLAR events and work with them to determine materiality and next steps. The list below includes some examples of NOCLAR incidents EY have seen in the past but is not limited to these types of events. If you are unsure if a matter needs to be reported, please discuss with your local EY contact.

Examples of matters where EY need to be informed immediately (within a couple of days of becoming aware of the incident)

- Cyber incident or ransomware attack
- All incidents of suspected or confirmed fraud involving a member of management; this also includes where there is evidence of manipulation of figures reported and non-compliance or fraud investigation by a regulatory authority
- Any allegations of bribery and conflicts of interest (including from whistleblowers, short seller reports and adverse mainstream media)
- Any matters which involve local Police or regulatory or other law enforcement (including raids of Company sites)
- Lawsuits or court cases involving external legal counsel or external forensics experts
- Loss or theft of sensitive, personal data (including customer or supplier data)
- Serious health and safety incidents involving employees or customers
- Any matters that constitute an imminent breach of law or regulation that would cause substantial harm to investors, creditors, employees or general public
- Significant environmental incidents
- Any transactions with sanctioned individuals or countries
- Allegations or evidence of insider trading

Examples of matters **which can be discussed with EY as part of standard regular audit enquiries**

- Theft of stock from a warehouse by an employee
- Theft or misuse of company equipment or assets
- Cash lost by the business making a payment to a fraudulent supplier (failed supplier due diligence, phishing attack)
- Falsifying of expenses by employees or mischarging of overtime
- Copyright infringements
- Evidence of incidents of unauthorised discounts or free samples being offered to customers
- Product recalls
- Any new matters involving tax authorities (notification of potential non-compliance or outstanding liability)
- Whistleblowing claims which relate to allegations of bullying and harassment
- Litigation being launched by the company

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.
Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

UKC-038208 (UK) 03/25. Creative UK.
ED None

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We have noted the best practice improvements suggested by EY, but we challenge several of the issues raised by EY and these are included in the table below.		
Issue raised	**Response**	**Responsible person**
Late publication of draft statement of accounts	For reasons well documented and considered at Audit Committee previously, the consolidation of Lion Homes delayed the publication of the statement of accounts 2024/25. The Council has a strong record of financial governance and publishing its accounts on time. This was a one-off event. Single entity accounts were produced on time. **Action:** Detailed closedown table and detailed task list already in place for 25/26 Closedown processes and timetable have been reviewed. 2024-25 lessons learned considered **Key – EY were kept informed of progress throughout the preparation of the draft accounts and the impact of Lion Homes accounts.**	Director Finance S151
Standard of working papers Quality review of information/checks provided	The Council has a strong record of financial reporting and its provision of working papers. We have not had any previous criticism of our previous years working papers and we have previously been commended for their transparency and good practice. The Council is happy to explore further improvements to the working papers in partnership with evidential examples provided by EY. **Action:** Records have been kept of all audit requests and responses. NCC to meet EY and record all areas where working papers require changes and ensure that these are delivered in a timely manner. EY/NCC Audit Training session set up for 18th March 2026. **Key - EY ambiguity regarding what improvements they require to working papers.**	Director Finance S151

Timeliness of response to audit queries Identify correct member of staff to address audit query	The Council has a strong record of financial reporting and its provision of timely working papers. Ambiguity of audit requests from EY led to several responses being submitted and returned without resolution. This led to delays on both sides of the audit. Timeliness issues were not proactively managed by EY until the final month of the audit. EY used a mix of Portal requests and emails for hundreds of audit enquiries. The Council is happy to explore further improvements to the timetable in partnership with evidential examples provided by EY. **Action:** EY to keep and share an updated timetable and progress plan – it was not clearly communicated that the audit was behind schedule. **Key – a shared understanding of the timetable and slippage managed on an ongoing basis. A need to have a consistent EY Team for the duration of the audit**	Director Finance S151
Company governance **(Generic subsidiary actions)** Company governance **(Subsidiary specific actions**	The Council has a strong record of financial reporting and its provision of timely consolidated accounts. The governance issues raised in the Audit Results Report reflect a legacy situation that has now been resolved. The statement of accounts reflects the correct position for all current subsidiaries. **Action:** The Council will action the audit recommendation to update the constitution. Shareholder panel terms of reference have been revised and updated. Shareholder panels are meeting on a regular basis. Governance lessons learnt to date have been applied to the incorporation of any new entities (e.g. ensuring articles of association and shareholder agreements have been drafted by specialist legal advisors).	Director Finance S151 and Head of Legal and Governance

Reason for backstop date not being achieved:

The draft Audit Results Report was received in November 2025, this short document did not highlight the level of concerns that later came to light until late January 2026.

The final draft Audit Results Report was received from EY on the 10th of February, this contained several items that NCC did not agree with. Examples of this were IFRS16 and the Pension asset ceiling notes.

On challenge, EY removed some of the items and their comments and reissued an updated version on the evening of the 17th of February 2026.

The publication deadline for the 23rd of February 2026 Audit Committee meeting was Friday 13th February. It was deemed unacceptable to publish the ARR with the limited amount of time available for the internal review process applied to all committee reports.

Extract - Norwich City Council Annual Governance Statement 2024-25 (Pages 14 to 15) – Addendum to include the Council response to the EY Audit Results Report.

External Audit

The Council's external auditors are responsible for reviewing the Council's statement of accounts and providing a value for money opinion on the Council and the Council's Housing Benefit Subsidy Claim. The external auditors operate to an agreed work programme that is reviewed by the Council's Audit Committee.

The external auditors have concluded their outstanding work on the 2021/22 and 2022/23 accounts. The statement of accounts for 2021/22 and 2022/23 were approved on 13th December 2024 in-line with the Government regulations to address the audit backlog.

The 2023/24 statement of accounts were approved on 28th February 2025 in-line with the Government 'back-stop' date set out in regulations to address the audit backlog.

The 2024/25 audit including value for money is underway and will report their opinion in February 2026 in-line with the Government 'backstop' date.

The changes to the auditing process and the inclusion of 'backstop' dates will see a return to the practice of annual audits and opinions. This had been on hold in recent years because of a national market failure that has been the subject of intensive discussions and planning by the Government in conjunction with professional and sector stakeholders including the Local Government Association (LGA) and Financial Reporting Council (FRC) and the Chartered Institute of Public Finance & Accountancy (CIPFA) and National Audit Office (NAO) amongst others.

The External Auditor has shared their draft 2024-25 Audit Results Report (ARR). The ARR includes two Value for Money risks of significant weaknesses and the findings and recommendation have been included in the AGS for completeness as follows:

1) **Finding:** Arrangements over solely owned subsidiary companies.

   Recommendation: The Council should update its constitution to make provision for effective governance and management of any companies in which it has an interest, to provide comprehensive oversight of governance guidelines for all subsidiaries and explicitly reference where these policies can be found.

   Council Response: On the 20th January 2026 Audit Committee received a confidential briefing on these matters to provide assurance that the Governance issues identified would be addressed as part of a lessons learned report.

2) **Finding:** Timely financial reporting

   Recommendation: To meet its objectives and the requirements of the Audit and Accounts Regulations the Council needs to:

▪ continue to re-assess roles, responsibilities and resource requirements for financial reporting; and

▪ take action to ensure that sufficient and appropriate audit evidence is available in relation to transactions in the financial statements.

Council Response: The Council has worked closely with EY throughout the 2024-25 audit. Where improvements have been identified with closedown processes, the Finance Team will continue to work with the auditor as required.

NORWICH City Council

Item 6

Committee Name: Audit
Committee Date: 10/03/2026
Report Title: Work Programme

Portfolio: Councillor Harper, Cabinet Member for Finance and Major Projects

Report from: Head of Legal and Governance (Monitoring Officer)

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

This report sets out the committee's work programme to fulfil its terms of reference as set out in the council's constitution and agreed by council.

Recommendation:

It is recommended that the committee considers and agrees the work programme, and if further information is required.

Policy Framework

The council has five corporate priorities, which are:

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

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

Report Details

Introduction

1. In accordance with its terms of reference, which is part of the constitution, the committee should consider the proposed work programme, as set out below. The terms of reference meet the relevant regulatory requirements of the council for accounts and audit matters, including risk management, internal control and good governance.

2. The programme includes requests for further information agreed by the committee and reflects the actions identified as part of the committee's self-assessment.

3. The committee may wish to propose further reports on additional topics relevant to the committee's terms of reference.

Work Programme 2024/25

4. The proposed work programme for 2024/25 is set out on the table attached to this report at **Appendix A**. The work programme comprises the standing agenda items and annual reports.

5. Additional items are placed on the work programme during the year either from officer discussion at committee or with the chair, including items that the officers consider relevant to the committee.

6. The work programme includes reports that have not yet been assigned to a particular meeting.

Training and development

7. All members of the committee have attended the "Effective Audit Committee" training facilitated by Ian Fifield. As part of the self-assessment exercise, members of the committee will be surveyed on their skills and training needs.

8. The chair attends meetings of the Chairs of Audit Committees Forum - Eastern Region and where appropriate information from these meetings will be shared with members of the committee.

Consultation

9. The committee will review the work programme and actions identified as part of the annual committee self-assessment exercise at each meeting.

Implications

Financial and Resources

Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.

10. The service expenditure falls within the parameters of the annual budget agreed by the council.

Legal

11. There are no direct legal implications arising from this report; reviewing its work programme supports the audit committee in delivering its role effectively, operating in line with good practice identified by CIPFA, supported by MHCLG.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	None
Health, Social and Economic Impact	None
Crime and Disorder	None
Children and Adults Safeguarding	None
Environmental Impact	None

Risk Management

Risk	Consequence	Controls Required
Include operational, financial, compliance, security, legal, political or reputational risks to the council	There are no risk implications.	None Risk management reports feature in the programme.

Other Options Considered

12. There is no alternative. The committee may wish to propose further reports on additional topics relevant to the committee's terms of reference.

Reasons for the decision/recommendation

13. As a result of the delivery of the work programme the committee will have assurance through audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or confirmation that there are plans in place to strengthen controls.

Background papers:

None

Appendices:

Appendix A – Work Programme 2025/2026

Contact Officer: Senior Committee Officer

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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 A – Audit Committee Work Programme 2025/2026

Topic	Purpose	Lead Officer
17th June 2025		
Corporate Risk Register – Summary	To provide an update on the council's risk register.	Interim Chief Finance Officer
Risk Management Policies and Strategies	To approve the risk policies and strategy to establish the council's risk management arrangements.	Interim Chief Finance Officer
Anti-Fraud and Corruption, Whistleblowing and Anti-Money Laundering Policies	To approve the three main policies to establish the council's anti-fraud and corruption arrangements.	Head of Finance
Work Programme	To review and update the committee's work programme.	Head of Legal and Governance
24th September 2025		
Progress Report on Internal Audit Activity 24/25	To review the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2024/25.	Head of Internal Audit
Annual External Audit Plan 2024/25 - addendum	To present an addendum to the Annual External Audit Plan 2024/25.	Interim Chief Finance Officer
Annual Report of the Audit Committee 2024/25	To present the Annual Report of the Audit Committee 2024-25 to the committee for comment.	Head of Legal and Governance
Work Programme	To review and update the committee's work programme.	Head of Legal and Governance
21st October 2025		
Annual External Audit Plan 2024/25 - addendum	To present an addendum to the Annual External Audit Plan 2024/25.	Interim Chief Finance Officer
Internal Audit Annual Report and Opinion, 2024-25	To conclude on internal audit activity undertaken during 24/25 and provide an annual opinion concerning the Council's framework of governance, risk management and control.	Head of Internal Audit
Corporate Risk Register – Quarter 1	To provide an update on the council's risk register.	Interim Chief Finance Officer
Draft Annual Governance Statement	To provide an opportunity for the Audit Committee to review the draft Annual Governance Statement for 24-25.	Interim Chief Finance Officer

Work Programme	To review and update the committee's work Programme.	Head of Legal and Governance
23rd February 2026		
Internal Audit Progress Report 25/26	To review the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2025/26.	Head of Internal Audit
Annual Governance Statement, 2024-25	To provide opportunity to review the AGS.	Interim Chief Finance Officer
Statement of accounting policies 25-26	To provide members with the opportunity to comment on the draft accounting policies.	Interim Chief Finance Officer
Work Programme	To review and update the committee's work programme.	Head of Legal and Governance
10th March 2026		
Statement of Accounts, 2024-25	To present the Audit Results schedule for 2024-25 Statement of Accounts.	Interim Chief Finance Officer
Work Programme	To review and update the committee's work programme.	Head of Legal and Governance

Training session on Internal Audit Standards – 10th March, on the close of the formal Committee meeting.

Audit and Risk Universe and Audit Committee Self-Assessment – TBC.

To be scheduled:

- Review of Audit Committee Terms of Reference.
- Code of Corporate Governance.