NORWICH
City Council

Audit committee

Date: Tuesday, 21 November 2023
Time: 16:30
Venue: Westwick room, City Hall, St Peters Street, Norwich, NR2 1NH

Committee members:

Councillors:

Price (chair)
Driver (vice chair)
Fulton-McAlister
Kidman
Osborn
Packer
Sands (M)
Wright

Independent person
David Harwood

For further information please contact:

Committee officer: Jackie Rodger
t: (01603) 989547
e: jackierodger@norwich.gov.uk

Democratic services
City Hall
Norwich
NR2 1NH

www.norwich.gov.uk

Information for members of the public

Members of the public and the media have the right to attend meetings of full council, the cabinet and committees except where confidential information or exempt information is likely to be disclosed, and the meeting is therefore held in private.

For information about attending or speaking at meetings, please contact the committee officer above or refer to the council's website

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.

Agenda

Page nos

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.

Page nos

Date of publication**: Monday, 13 November 2023**

Item 4

Minutes

Audit Committee

16:30 to 19:30 **11 July 2023**

Present:	Councillors Price (chair), Driver (vice chair following appointment), Kidman, Osborn, Packer, Sands (M) and Wright (from item 10, due to other council business) and David Harwood (Independent Person)
Also present:	Councillor Kendrick, cabinet member for resources
Apologies:	Councillor Fulton-McAlister

1. Appointment of Vice Chair

RESOLVED to appoint Councillor Driver as vice chair for the ensuing civic year.

2. Public questions and petitions

There were no public questions or petitions.

3. Declarations of interest

None.

4. Minutes

RESOLVED to approve the accuracy of the minutes of the meeting held on 21 March 2023.

5. Annual Report on Counter Fraud Arrangements

The Head of Legal and Procurement presented the report. This would be the first annual report on the council's counter fraud arrangements. Members were advised that there was an exempt report which could be considered in private session later in the meeting. She pointed out that of the actions in this period, the most significant was that the investigation of housing fraud was being undertaken by Anglian Revenues Partnership (ARP) on the council's behalf. ARP had already recovered £300,000 of taxpayers' money in relation to revenues and benefits fraud.

In reply to a member's question, the Head of Legal and Procurement explained that the National Fraud Initiative (NFI) was an annual exercise that matched electronic data across public sector bodies, such as the NHS. The NFI exercise had identified cases where residents have applied for a single person council tax discount and data showed that another or other people were living in their accommodation and therefore, they were not eligible for the discount. Under the council's Data Protection Policy, residents provided permission for data to be used in this way.

A member referred to the risk of contractors carrying out fraud. The Head of Legal and Procurement said that identity and legitimacy checks were made of potential suppliers and contractors which minimised the risk of fraud. Service level agreements with contractors were robustly monitored.

A member referred to the national issues relating to fraudulent claims of business grants during the pandemic. The chair said that the committee had considered a report on "Managing the Risk of Fraud and Error in the Payments of Coronavirus Business Grants" (Audit Committee, 29 November 2022) and was satisfied with the work that the` Revenues and Benefits Service had conducted on behalf of the council.

The committee noted that there were currently two cases of potential fraud undergoing investigation. The vice chair asked how residents could report cases of fraud against the council. The Head of Legal and Procurement said that cases could be reported on the council's website, to the Action Fraud helpline or to the police. The chair commented that alongside this report were the checks and balances that the council had in place to prevent fraud.

Discussion ensued on the potential for fraudulent use of the Blue Badge scheme. The Independent Person asked whether applicants' data was cross checked as part of the NFI exercise. The committee noted that whilst parking enforcement was a function of the city council, the administration of the Blue Badge scheme was a function of Norfolk County Council. The Independent Person asked whether the council's parking enforcement services had access to DVLA information and whether the county council shared information on Blue Badge holders with the Civil Enforcement Officers to assist with enforcement. The Head of Legal and Procurement said that she would make enquiries and share the information with members outside the meeting.

Members of the committee who were also county councillors said that they would enquire about whether the Blue Badge scheme was included in the county council's NFI exercise.

(The committee agreed to review the exempt appendix in private session.)

RESOLVED to:

(1) note the report;

(2) thank the Head of Legal and Procurement for bringing the report to the committee and note that members with further questions can email her;

(3) note the following action:

(a) ask the Head of Legal and Procurement to provide information on the position of Civil Enforcement Officers having access to DVLA information and data from Norfolk County Council on Blue Badge holders.[1]

[1] Norfolk County Council shares information with the city council. Information held by the DVLA does not include the Blue Badge Scheme.

6. Internal Audit Progress Update July 2023

The Head of Internal Audit presented the report for the last quarter of 2022/2023 (contained in the supplementary agenda). The audits listed in paragraph 3.2 (on page 8 of the supplementary agenda) had all been finalised and were awaiting verification. Members would be provided with copies of the full audit reports of audits that had received a limited assurance in due course. She apologised that there was an error in the Executive Summary – NC2326 Disaster Recovery; the key strategic findings had been overwritten with the key strategic findings for NC2314 Trees and Playground Equipment, and the highlights to the executive summary for NC2325 Cybersecurity had also been overwritten. These errors would be rectified, and the corrected version of the report would be published and made available to members. Members were assured that both Disaster Recovery and Cyber Security had received a reasonable assurance. It was also noted that audit recommendations relating to Food Health and Safety have been completed and, in relation to the NNDR, evidence of the new policy for processing discretionary charity top up grants had been received.

During discussion the Head of Internal Audit, together with the Head of Legal and Procurement and the Interim Head of Finance, answered members' questions.

In reply to a member's question, the Head of Internal Audit explained that there was one audit on Safeguarding that had a limited assurance and that the Key Controls audit was also indicated as limited but was still in draft. She referred to pages 9 and 12 of the report which listed the internal audits carried out in the period. She explained the four gradings of assurance; substantial, reasonable, limited and no assurance, as set out in paragraph 4.1 of the report. Most audits received a reasonable assurance. A limited assurance meant that further work was required.

In reply to a question, the Head of Internal Audit assured members that the key strategic findings following the audit of NC2306 Key Controls and Assurance would be brought back to committee if not completed within the agreed timeframe. Members were advised that "verifying that supplier changes are made with appropriate verification," should show as completed in future reports or reasons would be provided to the committee for it not being completed. The Head of Internal Audit confirmed that debt collection was being looked at across all services. The chair suggested that it would be advantageous to members if the report separated the Housing Revenue Account (HRA) and the General Fund so that members could have a better picture of what was going on. The Head of Internal Audit said that there was a lot of work to be done with management to verify the findings and address aged debt.

The committee then discussed the executive summary for NC2324 Safeguarding. A member expressed concern that only 33 per cent of staff had completed the mandatory e-learning on safeguarding adults and children and 30 per cent had not completed a renewal every three years, and asked what steps would be needed to ensure that staff took up this training. The Head of Internal Audit said that the Senior Leadership Team (SLT) had a mechanism in place to ensure that colleagues carry out mandatory e-learning when provided with information on completion, and that there was an expectation that the percentage of employees undertaking the training would increase as it needed to be a lot higher. The system tracked uptake of training so that staff who had not yet completed it could be provided to SLT so that they could ensure that it was done. There would be a refresh of the Adult Safeguarding training. If the uptake of this mandatory training did not improve it could be built into performance reviews.

In reply to a question from the Independent Person, the Head of Internal Audit clarified that internal audit had not received evidence of DBS checks being carried out at the time of writing the report but that this information had been provided subsequently, and that the data would be retested before the action could be signed off by its target date of 31 July 2023. The ambiguity was that the legislation had changed, and it was important to ensure that the right members of staff had been DBS checked in accordance with the guidance. The chair expressed concern that there was a record of individual staff requiring a DBS check, when checks were updated as well as conducted in the first place. Members considered that this should be given priority and could not wait for assurance until the next meeting, and if not addressed, would need to be flagged up in the Annual Governance Statement (AGS). The Head of Internal Audit said that the deadline was 31 July, and that she could circulate the final verified report before the next committee meeting. Members were assured that SLT received regular updates on the work of the internal audit and any recommendations outstanding by the deadline would be reported to them, and escalated as appropriate. The Chief Finance Officer (S151) would ensure that audit actions were completed.

The chair raised concern about the gap in compliance in Safeguarding due to changes in national policy, and asked what historical searches had been done to ensure that the council has been compliant in carrying out DBS checks in the past. The council needed to be aware of its liabilities if checks had not been conducted properly in the past. The Head of Internal Audit confirmed that since the report had been written records had been produced and the assurance was available. The next steps would be to verify these records to ensure that the correct level of check was carried out, as there were implications of checks being carried out unnecessarily.

During discussion members commented on NC3215 Markets and said that the market traders were frustrated at the poor maintenance of the market, particularly the cleanliness of the market roofs and awnings to prevent debris from the roof space contaminating food or surfaces, and it was noted that the recommendations would help address this. The Head of Internal Audit said that this report was strategic in nature, but would expect that there were management reports on the programme of planned maintenance. She also said that she would report member’s comments back to Environmental Services. A member said that the cleanliness of the roof spaces had been requested by market traders as part of the market strategy which had not yet been delivered.

In reply to a question from a member on the issue raised in the Key Controls audit around supplier checks, the Head of Internal Audit said that this applied to Accounts Payable and was related to the checks that take place when there was a supplier or contractor changed their details. Each change needed verification before a payment could be made. Members were also advised that there was a process for reconciliations to ensure that they were signed off by an authorised person. During discussion, the Independent Person, referred to the verification of the supply chain, and suggested that there was an automated process for validation of companies or companies which could provide checking services. The Interim Head of Finance said that in practice the council undertook a manual process and part of the issue was that the suppliers had more than one address at different locations. There was no audit function on the system to track that it had been changed. He would consider the suggestions made by the Independent Person.

The chair, referred to the health implications of poor air quality, and asked why the scoping of the internal audit review of Contaminated Land and Air Quality was to look at whether it complied with the National Air Quality Strategy (NAQS) and Local Air Quality Management (LAQM), rather than a more general look identifying poor air quality and weaknesses in the city. The scoping did not give a clear indication of the health concerns both in the city and nationally. The Head of Internal Audit said that, whilst she welcomed a further discussion with the chair, she was satisfied that the audit had been scoped to provide a good audit of compliance with national standards. A member suggested that there should be compliance with the WHO Global Air Quality Guidelines (AQGs), and the process should include the positioning of monitors, variable air quality and also looking at areas of vulnerable people (ie around schools). The Head of Internal Audit thanked members and said that these suggestions could be factored into the scoping of the internal audit review on Environmental and Sustainable Development later in the year.

The chair asked how members of the committee helped the scoping process. The Head of Internal Audit recognised that there was expertise in the room and that was pleased to take their suggestions into consideration.

RESOLVED,

(1) note the report;

(2) note the following actions:

(a) circulate and publish revised versions Executive Summaries – NC2326 Disaster Recovery and the NC2325 Cybersecurity;

(b) share the final version of the Safeguarding internal audit review report with members, and note that final internal audit reviews completed in the period that have a limited assurance will be shared with members after verification.

7. Internal Audit Annual Report and Opinion 2022/23

The Head of Internal Audit presented the report. The level of assurance provided by the Head of Internal Audit was reasonable. The report sets out the work undertaken by internal audit during the year 2022/23, including advisory work. This was the first year that Eastern Internal Audit Services (EIAS) had provided services to the council. The key performance indications were set out in paragraph 5.2. There was an expectation that improvements would be made and that the service would meet its targets relating to timeliness in year 2.

The chair commented that actions arising from the internal audit reviews on Safeguarding and Key Controls and Assurance, where a limited assurance had been provided would be referenced in the Annual Governance Statement until actions were completed. He said that despite concerns that internal audit work had not started until after Quarter 1, the Head of Internal Audit had completed sufficient work to provide an assurance.

In reply to a member's question the Head of Internal Audit confirmed that Norwich City Services (NCS) Ltd on would be subject to several internal audits in quarter 3 of 2023/24. The chair welcomed that there was ongoing audit work on the council's wholly owned companies. Members were also advised that the council's Corporate Health & Safety Board was due to receive a Health & Safety report from NCS by 31 July 2023.

Discussion ensued on the difficulty of signing off completed actions arising from internal audit reviews. The chair confirmed that he had received some notes. The Interim Head of Finance said that he had taken on the role of following up with the responsible managers to ensure that actions were completed or to investigate whether there were valid reasons for any delay.

In reply to a question relating to council housing maintenance and turnaround of voids, the Head of Internal Audit explained that levels of assurance were not given for advisory work. The internal audit plan covered the plan for the year and a 3-year strategic plan. Two members considered that the council's capital programme to retrofit council housing and actions to meet the carbon zero by 2040 should be included in the internal audit plan. Members were advised that the committee could review the plan during the year and items on the plan could be switched around in accordance with the priorities of the council. Other members pointed out that the Scrutiny Committee was better placed to oversee the implementation of policy, such as retrofitting. The Head of Legal and Procurement agreed that if the concern was about strategic outcomes, then it should be considered by the Scrutiny Committee. The chair said that both he and Councillor Osborn were concerned that the retrofitting programme covered several service areas and wanted assurance that the governance arrangements and processes were in place to deliver the programme. The Head of Internal Audit confirmed that the scoping of an internal audit would take this into consideration.

The Independent Person pointed out that the report did not contain a statement of the status of the Head of Internal Audit being independent. The Head of Internal Audit confirmed that this statement was included in the Charter (Strategic and Annual Audit Plans 2023/24, Appendix 1, Audit Committee 21 March 2023). In reply to a further question, the Head of Internal Audit said that she could provide the Independent Person with the series of questions used to survey managers on the effectiveness of the internal audit service.

RESOLVED to:

(1) approve the assurance opinion awarded of reasonable and confirm that the key information provided is carried across to the council's Annual Governance Statement 2022/23;

(2) note the following actions:

(a) add a review of the Internal Audit Plan to the committee's work programme for a midyear review;

(b) ask the Head of Internal Audit to share the series of questions used to survey managers on the effectiveness of the internal audit service with the Independent Person and any member of the committee on request.

(Councillor Wright joined the meeting at this point.)

8. Cyber Security Update

Following discussion and with advice from the Head of Legal and Procurement and the Infrastructure Security and Support Manager, Councillor Wright moved, and Councillor Price seconded that the main report should be published in the public domain, and that the committee's discussion should be held in private session. On being put to the vote it was:

RESOLVED to:

(1) ask the Head of Legal and Procurement to arrange the publication of the main report;

(2) confirm that the appendix is exempt from publication under paragraph 3 of Schedule 12A of the Local Government Act 1972.

9. Exclusion of the Public

RESOLVED to exclude the public from the meeting during consideration of items 10* to 11* (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

10. Cyber Security Update (paragraph 3)

The Infrastructure Security and Support Manager presented the report and answered detailed questions on the exempt appendix from Councillor Wright to provide him with assurance that the council was taking the necessary steps to ensure that the council was protected from cyber-attack.

The Infrastructure Security and Support Manager also answered other questions relating to the use of individual screen savers, to make it easier to repair laptops, and that Bluetooth devices were not allowed for security reasons. Members considered that IT and Cyber Security could be a topic for consideration by the Scrutiny Committee.

During discussion, members concurred with Independent Person's suggestion that there could be lessons learned from other authorities, where the controls had failed. It was noted that there had been a cyber attack at Redcar and Cleveland Borough Council.

RESOLVED to

(1) receive the report;

(2) note that the Head of Legal and Procurement will report on failed authorities to the next meeting of the committee.

11. Annual Report on Counter Fraud Arrangements (Exempt Appendix) (Paragraph 3)

During discussion, the Interim Chief Finance Officer (S151 Officer) answered members' questions and assured members that the implementation of the new HR and finance system would be beneficial and enhance the audit process.

RESOLVED to note the exempt appendix.

(The committee held a short adjournment at this point. The committee reconvened in public session.)

12. Draft Annual Governance Statement 2022/23

The chair proposed that the committee considered the Draft Annual Governance Statement 2022/23 at the next formal meeting of the committee (17 October 2023). The Draft Statement of Accounts 2022/23 would also be considered at that meeting following an informal session on 19 September.

The Head of Legal and Procurement agreed with this approach. The Draft Annual Governance Statement (AGS) 2022/23 had been published on the council's website, together with the Draft Statement of Accounts 2022/23. She thanked members of the committee who had submitted comments on the AGS and asked members to contact her with any questions. The committee would consider the revised report would then be considered at its meeting on 17 October 2023.

In reply to a member's question regarding the resignation of the chair of the Norwich City Services Limited (NCS) and the company's challenges in delivering performance improvements, the Head of Legal and Procurement referred to the exempt report to Cabinet (12 July 2023). The shareholder panels for each company reviewed the performance data from each of the companies and could make suggestions but not make its decisions. NCS was contracted by the council to deliver a service. The wholly owned companies each produced a business plan for the following year which was subject to pre-scrutiny by the Scrutiny Committee and approval at Cabinet. The Council was commissioning an external review of company governance and its recommendations would be reported to Cabinet in due course.

Replying to a further question regarding the mishandling of asbestos by NCS staff, the Head of Legal and Procurement said that both NCS and the council had to respond to the Health and Safety Executive, and it was understood that the HSE was satisfied the Council had undertaken appropriate steps.

The Independent Person referred to Appendix A, Part A of the AGS and said that out of 22 actions, only 11 had been completed and asked what urgent steps were being taken to ensure completion. The Head of Legal and Procurement said that in hindsight and benchmarking against the Chartered Institute of Public Finance and Accountancy (CIPFA) Code some of the issues identified were not so significant to warrant inclusion in the action plan albeit reflected improvements in the governance framework. There had also been some optimism bias for delivery of actions within timescales. The External Auditor was invited to comment and said that from his experience with other bodies, what was considered as a significant weakness and what was not could get blurred. The action plan should be looked against what was delivered last year and the same for this year. The narrative should provide an explanation if something was considered less significant. The Head of Legal and Procurement and the Independent Person endorsed this approach. The Independent Person said that the committee should be involved in deciding what was significant and suggested that this was included in the work programme for future years before the AGS was drafted. He suggested that the committee should consider the actions that were no longer significant and could be removed.

RESOLVED to:

(1) defer further consideration of the draft Annual Governance Statement 2022/2023 to the next meeting;

(2) note that Appendix A, Part A of the Draft AGS will be revised and an explanation of any changes will be provided in a revised report that will be presented to the committee at its next meeting;

(3) ask members to submit questions to the Head of Legal and Procurement, noting that some questions have already been received.

13. Draft Statement of Accounts 2022/23

The chair said that the Draft Statement of Accounts (SOA) 2022/23 was a significant document that the committee considered each year. The committee would have a refresh before the audited SOA came back to committee for approval. There would be an opportunity for the committee to consider the draft SOA at its informal meeting on 19 September.

The Interim Head of Finance (Deputy S151 Officer) introduced the report. The council was one of a third of local authorities that had met the 31 May deadline for publication of draft accounts. The informal session in September would provide members with an understanding of the accounts in detail before consideration at the committee meeting on 17 October.

In reply to a question from a member, the Interim Head of Finance explained that the council had repaid a £51m of debt during 2022/23.

RESOLVED to:

(1) defer further consideration of the draft Statement of Accounts 2022/2023 to the next meeting;

(2) hold an informal meeting on 19 September at 16:30, to review the draft Statement of Accounts 2022/23.

14. Annual Report of the Audit Committee 2022/23

The chair introduced the report and said that both he and the vice chair were satisfied that the report reflected the work of the committee. He thanked the officers for their support.

The committee was advised that there was a typographical error in the reference to the Chief Finance Officer (S151 officer) which would be corrected.

RESOLVED to approve the Annual Report of the Audit Committee 2022/23, subject to correcting the job title of the Chief Finance Officer, and recommend it to Council.

15. Work Programme

The chair introduced the report and explained to new members that it was a standing item on the agenda for ordinary meetings of the committee.

During discussion a new member of the committee said that following discussion earlier in the meeting, retrofitting and maintenance through the HRA could be considered for inclusion on the annual internal audit plan as discussed earlier in the meeting. He also considered that the effectiveness of the Scrutiny Committee should be considered. The Head of Internal Audit said that the governance arrangements for the authority were considered and included on the three-year rolling internal audit plan. Discussion ensued on how an audit could assess whether the Scrutiny Committee was fulfilling its terms of reference. It was noted that the full Council held the Scrutiny Committee to account. Members concurred with the Independent Person's suggestion that the Scrutiny Committee undertook a self-assessment exercise to ensure it carried out its terms of reference.

A member said that the council needed a transparent consultation policy. The Independent Person pointed out the importance of a defined policy for the audit process. The Head of Legal and Procurement said that there was best value statutory guidance that set out the conditions for formal consultations. The chair said that this did not cover all consultations and that the committee should request that Cabinet for a consultation policy. Councillor Price moved and Councillor Osborn seconded that the committee suggested that Cabinet developed and approved a Communications and Consultation Strategy, and on being put to the vote, with 3 members voting in favour, 3 against, and 1 member abstaining, the motion was carried on the chair's casting vote.

RESOLVED to:

(1) agree the work programme;

(2) ask the chair to write to:

(a) Councillor Ackroyd, chair of Scrutiny Committee proposing that the Scrutiny Committee undertakes a self-assessment exercise to ensure that it fulfils its terms of reference;

(b) Councillor Stonard, Leader of the Council and chair of Cabinet, proposing that Cabinet develops and approves a Communications and Consultation Strategy for the council.

(3) note that the committee has asked for an action tracker to record actions arising from minutes of meetings.

CHAIR

NORWICH City Council

Item 5

Committee name: Audit

Committee date: 21/11/2023

Report title: **Draft Annual Governance Statement 2022/23**

Portfolio: Councillor Kendrick, Cabinet member for resources

Report from: Head of legal and procurement

Wards: All wards

OPEN PUBLIC ITEM

Purpose

The purpose of this report is to seek the endorsement of the Audit Committee to the draft Annual Governance Statement, 2022/23, prior to its inspection by external audit.

Recommendation:

It is recommended that the Audit Committee endorse the draft Annual Governance Statement.

Policy framework

The council has five corporate priorities, which are:

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

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

Report details

1. At its meeting in July, the Audit Committee received the draft Annual Governance Statement, 2022/23. However, due to time constraints, it was agreed that members of the Committee would provide feedback to the Head of Legal and Procurement to incorporate into the document, which would then be re-presented to a future meeting of the Committee.

2. As the report in July (see here) sets out, this is the draft Annual Governance Statement for 2022/23. Following endorsement by the Audit Committee, it is provided to the council's external auditors, EY, for consideration, and will then be re-presented to the Committee for final approval alongside the final, audited statement of accounts.

3. The Council's auditors expect that the Annual Governance Statement remains reflective of significant governance issues that have arisen following year end. With that in mind, in addition to making updates following feedback from the committee, the Statement has also been updated to reflect the current position regarding the Council's companies, which has changed since July.

4. The revised document is attached at Appendix A, and includes tracked changes to show the Audit Committee how it has been modified since the previous version was presented to the Committee.

5. **Consultation**

6. The document has been updated to reflect feedback from the Audit Committee.

Implications

Financial and resources

7. 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 2022-26 and budget.

8. There are no financial implications arising from this report.

Legal

9. Please refer to the July Committee meeting agenda (referenced above) which sets out the statutory basis for the Annual Governance Statement.

10. 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

Consideration	Details of any implications and proposed measures to address:
Children and adults safeguarding	None
Environmental impact	None

Risk management

Risk	Consequence	Controls required
Failure to produce the Annual Governance Statement	External Audit raise concerns as to the adequacy and effectiveness of the Council's governance arrangements	Production of the AGS to the required timeframes Production process includes a range of sources of evidence

Other options considered

11. None

Reasons for the decision

1. Consideration of the draft AGS provides the opportunity for the Audit Committee to input to the development of the document and feedback to be taken into account ahead of External Audit review.

Background papers: None

Appendices: Appendix A, Draft Annual Governance Statement

Contact officer: Head of Legal and Procurement

Name: Leah Mickleborough

Email address: leahmickleborough@norwich.gov.uk

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.

Norwich City Council Annual Governance Statement

Introduction by the Leader and Chief Executive

Good governance is important and at the heart of what we do. It is the responsibility of all at Norwich City Council – whether councillors or officers, or those making decisions or scrutinising them, to ensure they are doing the right things in the right ways.

Our Annual Governance Statement is an opportunity for us to reflect on how we operate, the practices we have put in place and how we have worked to strengthen our governance systems. This year, we have also looked to simplify the Annual Governance Statement itself to focus more specifically on four fundamental areas:

a) How we work to comply with good practice
b) How we have strengthened our governance systems over the past year
c) How we obtain assurance to know our systems are operating effectively
d) Those areas we have identified that require further development.

In this report, we identify some of the key developments which have occurred over the past year. This includes the independent peer review of the Council, undertaken in January 2023; the work to improve our housing and non-housing compliance programme; looking at the governance arrangements for our own companies, and the changes we have put in place to support effective budget planning and programme delivery.

The statement is prepared taking into account a range of evidence. This includes the work of the Council's external and internal auditors; assurance statements prepared by our services; decisions, strategies and plans produced by the Council in the past year, looking ahead for emerging developments impacting on the sector, and other inspections or reports relevant to the Council during the year.

As the statement highlights, we recognise that there are areas that we can develop, but nonetheless we believe that when combined with the Council's broader code of corporate governance, the statement demonstrates that the governance arrangements for Norwich City Council are fit for purpose.

Each year, across the Country there are examples where failings in governance have contributed to Councils failing to provide services to those they serve in the way they should. We hope that you find this a useful position statement to understand the rules, practices and processes the Council puts in place to ensure that we are working to serve the people of Norwich.

Chief Executive

Louise Rawsthorne
30/5/2023

Leader of the Council

Mike Stonnard
30/5/2023

Oversight of the Governance Framework

We understand that all at Norwich City Council are responsible for good governance.

The Chartered Institute for Public Finance and Accountancy (CIPFA) provides guidance to Councils on good governance, particularly through their good governance in local government framework (the framework). The Council has developed a local Code of Corporate Governance which is aligned to this framework and this is reviewed annually by the Audit Committee. This establishes the overall arrangements the Council has in place to ensure good governance.

The meetings of all Councillors and Cabinet are the most significant decision making bodies in the authority. As such, it is important that they uphold, and are seen to uphold good governance principles. Ways in which this is demonstrated include:

a) Council approving the budget, which has been subject to public consultation and is accompanied by a statement from the Council's Chief Finance Officer confirming the robustness of the proposed budget and the adequacy of reserves;
b) Council receiving reports from the Scrutiny and Audit Committees on how they have performed during the year to fulfil the responsibilities that Council places on them;
c) Council adopting changes to improve the Constitution following recommendations from the Constitution Working Party
d) Cabinet reviewing quarterly assurance reports which identify how the Council is performing against its financial and non-financial targets;
e) Cabinet receiving updates on significant projects and programmes such as Towns Fund and the Housing Compliance programme;
f) Shareholder panels overseeing company performance.

This Annual Governance Statement fundamentally provides an opportunity to evaluate the effectiveness of corporate governance arrangements over the past year. It has been drawn together through:

a) Reviewing decisions and actions taken by the Council in the past year
b) Reviewing the outcomes of auditors and other inspections and incorporation of their opinions
c) Workshops held with members of the Audit Committee and key staff members
d) Completion of "service assurance statements" by Heads of Service, identifying how they comply with good practice in their service areas and the identification of areas for development
e) Review by the Council's Senior Leadership Team

1. How the Council complies with good practice and has strengthened its arrangements over the past year

The CIPFA framework sets out 6 core principles that all Councils should seek to follow. The Council has a code of corporate governance which sets out in detail each of the core principles and how the Council complies with these. In this annual governance statement, we set out examples of the steps we have taken over the past year to develop our compliance with each principle, as follows:

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

In September, the Council agreed a new Code of Conduct for Councillors. This sets out the standards of behaviour expected from members. The new Code is aligned to the Local Government Association model code of conduct, meaning the public can expect the same standards of behaviour from their Norwich City Councillors as other Councillors across the Country.

Councillors and officers are provided with a range of training opportunities and briefings on standards and conduct. This includes training for councillors on the Code of Conduct and briefings on matters such as whistleblowing and fraud.

The Council has kept its constitution under review during the year. Most recently, work has been undertaken to look at procedures in respect of the licensing and regulatory committees, to ensure there is greater clarity on the operation of sub-committee meetings for applicants, objectors and other attendees, as well as reviewing where decisions should be made in an open committee hearing or by officers.

We have reviewed our arrangements to comply with the Fighting Fraud and Corruption Locally Strategy. This is a national strategy developed to identify and manage the risks of fraud in local Councils. Following an internal audit review identifying the Council's compliance was "reasonable", we have undertaken a range of measures including strengthening arrangements to identify and manage potential housing fraud and raising awareness through briefing and visual posters in the organisation.

Ensuring openness and comprehensive stakeholder engagement

In March, the Council agreed a suite of new strategies in respect of the housing service, most notably the tenant engagement strategy. This seeks to give tenants the opportunity to scrutinise, influence and shape delivery of the Council's housing services.

Our use of Get Talking Norwich, the council's relatively new digital engagement platform, has expanded in the last year to support the increasing numbers of residents who wish to engage digitally.~~r.~~

The website is designed to offer a variety of ways for our residents have their say – from simple polls to posting ideas on a notice board and other ways to improve engagement opportunities. The platform was used to great effect for the 2023-24 budget consultation, with a record breaking number of people (2,654) responding to the survey. Engagement tools included an infographic slide deck and a fresh and more open style of questions to residents about our budget plans.

Following the recent peer review of the city council, engagement was an area that was explored and identified for further development – both internally and externally. The council fully recognises and accepts it can improve in these areas and will seek ways to enhance engagement opportunities so they are more visible, tangible and meaningful to key stakeholders. Successful engagement in the budget consultation demonstrates the potential to look at different ways the council can consult and engage in future so we can build on that success moving forward.

Defining outcomes in terms of sustainable economic, social and environmental benefits

The Council's corporate plan was agreed in February 2022. A refresh of the plan has been delayed during the year due to the changes in organisational leadership and is now expected to be presented for approval in the autumn.

~~In the autumn of 2022, ~~In 2020, t~~t~~he Norwich Good Economy Commission (GEC) ~~published its final report~~was commissioned by the Council and other partners to identify key economic issues affecting people's lives and experiences in Norwich. Its final report was published in 2022. The GEC report has influenced various aspects of the Council's work; for example, the approach of the GEC diverse voices workstream is informing the development of the new Citizen Participation Strategy and the anchor institutions approach, whereby partners collaborate to maximise their influence, shared as part of the GEC seminar series has inspired the council to explore establishing a new anchor institution network for Norwich.

In November 2018, we published City Vision 2040 – a shared commitment between the Council, local businesses, the voluntary sector, our schools and universities to work together for the good of everyone who lives, works, visits or studies in the City. ~~The Council has reviewed the operation and the way that we are using the work of the City Vision 2040 partnership to influence and inform our work.~~ Membership of the partnership which oversees delivery of the Vision has grown over the last three years, ensuring that the right voices are being heard. This has provided necessary opportunity for us to discuss and respond to challenges as they occur, most significantly to the cost-of-living crisis over the past year. To support the longer-term vision of the partnership, a core group of partners will now meet regularly to consider how we can best collectively use our resources ~~place shaping and harnessing resources~~ amidst the disruptions and challenges as a result of climate change, technological advancements, and growing inequality.

In November 2022, the Council agreed a new biodiversity strategy to maintain and improve biodiversity across the City. An action plan has been developed to deliver the strategy which will be monitored by a biodiversity working group. The Council had originally intended to bring forward an update to its existing environment strategy during the year, however re-appraised this work with the intention of bringing forwards an environment commitment policy statement and environmental programme to 2030. This will see the biodiversity strategy sitting alongside a City-wide and Council action plan to achieve net zero. Proposals on this work were presented to the Council's Climate and Environment Emergency Panel in February 2022 and the relevant work programmes will be brought forward in 2023-24.

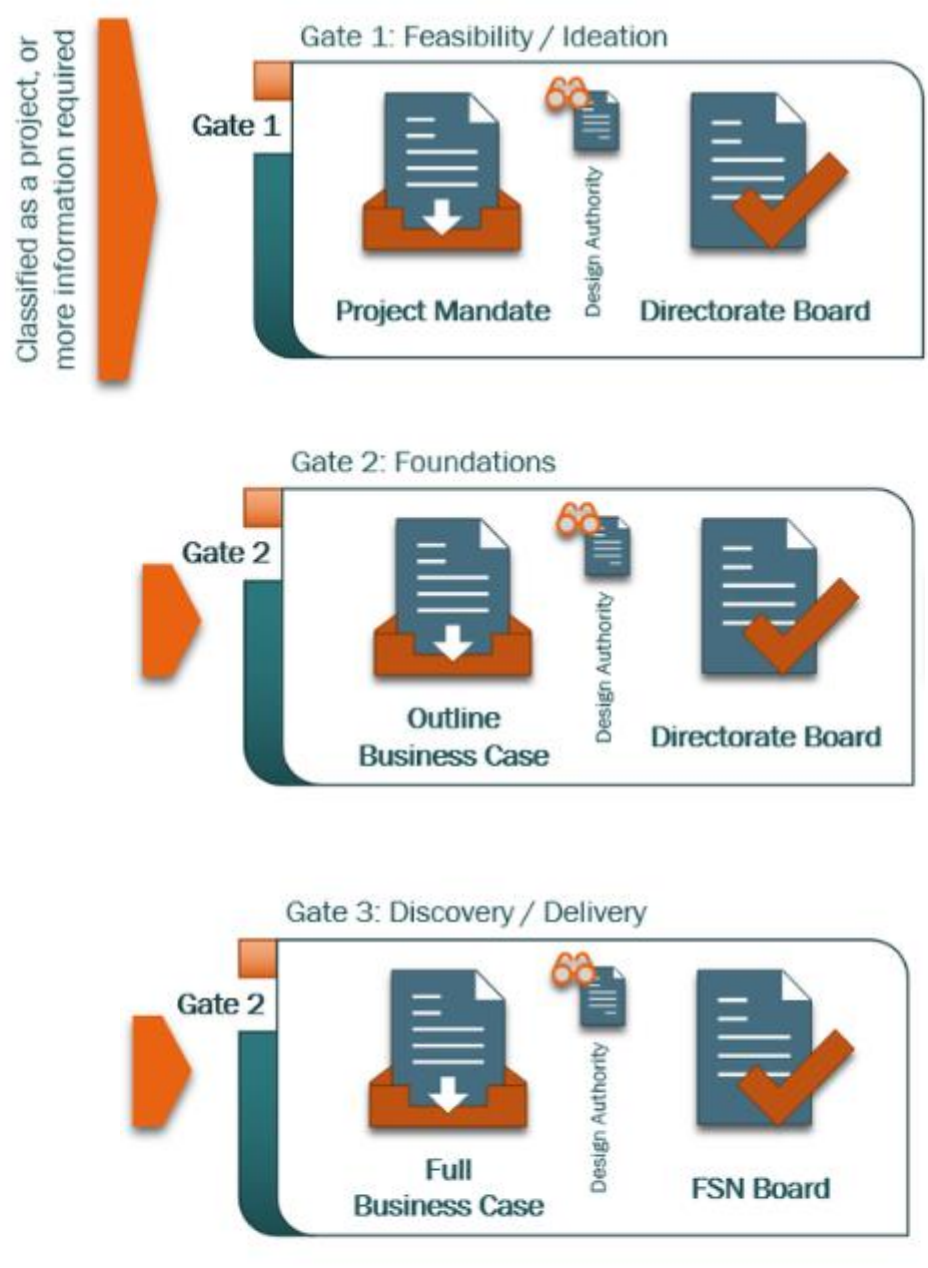
~~During the year, the Council has faced the challenge of Nutrient Neutrality.~~ In March 2022, Natural England wrote to the Council requiring it to take urgent action to identify how adverse impacts of nutrient pollution can be mitigated through planning development (commonly known as Nutrient Neutrality). This necessitated an immediate pause on residential planning applications until further action is taken to understand nutrient impacts. This risked having a significant impact on the Council's delivery of its local plan, the level of planning income received and the ability of Norwich Regeneration Limited to undertake development.

Throughout the year, the Council has worked with affected partner Councils to address the challenge, and ensuring that key stakeholders including developers, those involved in the development industry and Natural England were supportive and engaged in developing solutions. In December, the Council was able to produce an innovative interim solution, and in March Cabinet supported in principle the entering into of a joint venture with other partners to deliver a long term solution to resolve the Nutrient Neutrality challenge.

Determining the interventions necessary to optimise the achievement of intended outcomes

During the year, the council implemented new procedures to strengthen its approach to managing transformation and savings programmes as part of the Council's transformation programme, "Future Shape Norwich".

All significant change proposals are now subject to the service area producing an initial project mandate to assess the potential and feasibility of taking the work forwards. These are reviewed by the design authority, a panel of internal experts in specific areas such as IT, finance, HR, legal, procurement and asset management to give greater insight to the mandate development and how it may impact on other workstreams. If approved, the mandate goes forward to an outline, and then final business case which is subject to approval by the Future Shape Norwich Board. The Board oversees programme delivery across all major programmes.



Microsoft Sharepoint is software that allows organisations to collaborate and share information more effectively. A SharePoint ~~A Microsoft SharePoint~~ site has been set up to provide effective governance across boards and provide a collaborative hub for business case development and management and reporting across projects. Regular updates are provided through highlight reporting to boards on current projects or significant steps forward to enable effective management and communication on project progress. Closure reports are provided for completed projects to evaluate the benefits and outcomes.

This approach in moving forward programmes successfully was deployed in developing the 2023/24 budget, with the ability to test assumptions and the ability to deliver growth, capital and savings proposals. Work is now underway to refine and develop the medium term proposals for the 2024/25 budget and later years' through this route. The process was tested and endorsed through the Council's peer review.

~~This approach in moving forward programmes successfully was deployed in developing the 2023/24 budget, with the ability to test assumptions and the ability to deliver growth, capital and savings proposals. Work is now underway to refine and develop the medium term proposals for the 2024/25 budget and later years' through this route.~~

Several of the council's transformation programmes are intended to provide Council staff with more effective tools to undertake their day-to-day work. This includes a new finance and HR system, customer data management system and development of SharePoint. It is expected that in delivering these programmes, the Council will be able to operate more efficiently whilst also having better insight to our customer needs and expectations and to improve resident's experience.

By way of demonstration, introduction of the Northgate system allowed the Council to introduce "citizen access" – online systems that allow customers to better manage and understand their Council accounts and bills. Customers are now able to see their current bill, notify the Council of changes to their account, move to e-billing and direct debit, notify of housing repairs required, and apply for discounts.

Case Study - how the Council has intervened to improve outcomes: Housing Compliance

In October 2021, the Council received a regulatory notice from the Housing Regulator, raising concern at the Council's compliance with safety requirements in Council Housing. Since that time, a Health and Safety Compliance Board has been established to oversee the Council's improvement plan and a specialist team has been brought in to establish a new model of operating the compliance programme.

This has seen the Council take significant steps to improve compliance, with reductions in the number of outstanding checks and consequent remedial actions. Attention is now focused on developing a "business as usual" programme of monitoring to ensure that standards are maintained. The Compliance Board have also supported new processes where access to properties is refused, handling damp and mould complaints and installing carbon monoxide detectors in line with new legal requirements.

To support monitoring this programme of work, an independent panel was formed comprising of experts in social housing, enabling external challenge to the work being undertaken, and an independent external review of the programme has been undertaken to give assurance as to the robustness of work undertaken. The Council will be aiming for the regulator's notice to be lifted during the 2023/24 financial year.

Developing the entity's capacity, including the capability of its leadership and the people within it

The Council has placed particular importance on supporting workforce diversity and wellbeing over the past year.

In May 2022, the Council launched its new wellbeing strategy as part of events to mark national mental health awareness week. The strategy was employee-led, driven by a team within the organisation who worked with colleagues to formulate both the strategy and associated action plan which is now being delivered.

Since the launch of the strategy there has been a range of developments in the Council, both employee-led and through the work of the Council's HR team and Unison branch. This has included the establishment of a "comerados" living room to provide breakout space for staff; promotion of wellbeing groups, webinars hosted by Active Norfolk and menopause support events.

In recognition of the cost of living, in January 2023 the Council launched special grants to support colleagues experiencing financial challenges, as well as promoting cost of living support.

In July 2022, the Council was amongst the first in the country to sign the Unison anti-racism charter, and in September Council supported a motion recognising the rights of the trans community. Between December 2020 and December 2022, the ethnic diversity of the workforce increased from 3.1% to 8.3%, better reflecting the diversity of the community the Council serves. The Council maintained its position of having no gender pay gap during the year.

During the summer, the Council commenced work on a review of its existing culture and values. This started with an employee survey, which was used to inform an Organisational Culture Inventory – a tool which helps organisations understand what their current culture is, and where employees believe it should be.

All staff were invited to a series of workshops to understand the outcomes of the work and help identify steps the Council could take to move towards its desired culture. Two webinars were also held which provided the opportunity for senior officers to discuss their thoughts with staff in an interactive way.

The Council has recently recruited additional organisational development resources to take forwards this work into formal action planning, alongside a review of the Council's workforce strategy.

Managing risks and performance through robust internal control and strong public financial management

The Council has continued to produce quarterly assurance reports, to provide senior management and cabinet with oversight of the financial and non-financial performance of the organisation. For the quarter 1 report, the Council introduced a new reporting structure for risk management, requiring a more detailed appraisal of each corporate risk. Alongside the quarterly assurance report, the Council's

Corporate Leadership Team now receives quarterly reports on information security standards compliance.

A thorough re-assessment of the Council's approach to Health and Safety has been undertaken during the year. In the autumn, following the outcomes of an internal audit review, the Corporate Leadership Team commissioned an independent review of the Council's health and safety arrangements, which has been used as the basis for agreeing an interim health and safety policy and detailed action plan. The action plan will now be taken forward by a newly appointed Corporate Health and Safety Manager, supported by the Corporate Health and Safety Board.

The Council has continued its positive journey to strengthen its arrangements for contract management. In April, the Council joined the Department for Housing, Levelling Up and Communities Contract Management Pioneer Programme. This has provided access to an accredited e-learning programme to improve understanding of good practice, as well as a more comprehensive advanced programme which 7 officers have been undertaking together with a forum for sharing good practice with other authorities. Due to its active engagement in the programme, the Council was selected as one of 20 authorities to participate in the Local Partnerships' review of good practice in contract management in authorities, with emerging guidance and formal recommendations due in April 2023. The Council has also provided in-person training sessions for staff, and has now established a contract managers forum which meets monthly to discuss key contract management issues, as well as a contract manager teams group.

In recognition of the deteriorating economic situation, in September the Council strengthened its arrangements for managing risks of supplier failure. Financial checks are undertaken on key suppliers on a quarterly basis, with the results fed back to contract managers. A contract managers forum session was focused on supplier failure risk, and we continue to feed back quarterly to the forum on the results.

In the Audit Committee self-assessment exercise for 2021/22, the Committee recognised that the Council had limited routes for scrutiny of treasury management, despite the importance and complexity of this aspect of financial management. With that in mind, in September 2022 the Council established a specific treasury management committee including members of the Council's Cabinet and the Chairs of the Scrutiny and Audit Committees. Members of the Committee have been provided training and undertaken a self-assessment to understand its strengths and areas for improvement, and this committee has supported the development of the treasury management strategy for 2023/24.

Implementing good practice in transparency, reporting and audit to deliver effective accountability

In July 2022, the Audit Committee agreed a revised Code of Corporate Governance for the Council, more closely aligned to the CIPFA Code of Corporate Governance Framework. This framework has been reviewed and updated in order to inform preparation of this new-style Annual Governance Statement.

In April 2022, the council fully transferred its internal audit service to Eastern Internal Audit Services. This transfer provides a more stable and resilient future for the internal audit team, ensuring ongoing access to highly qualified staff, including those with specific audit skillsets. The outcome of internal audit's annual review is outlined below.

In January, the Council hosted a peer review by the Local Government Association. The outcomes of this work are set out in the case study below.

Case Study – how we can use external reporting to improve: Local Government Association (LGA) Corporate Peer Review

In January 2023, the LGA undertook a peer review of the Council's corporate governance arrangements. Peer reviews operate through a group of councillors and officers reviewing evidence and meeting with people both from the Council, but also from its key stakeholders, to understand more about how the Council is operating and where it can develop.

A corporate peer review has 5 core themes:

- Local priorities and outcomes
- Organisational and place leadership
- Governance and culture
- Financial planning and management
- Capacity for improvement

The findings of the review are available from the Council's website here. Key findings from the review will be delivered through the corporate plan refresh and are captured in the action plan to this annual governance statement. They are summarised as:

1. The Council needs to plan for the forthcoming changes in leadership and ensure momentum is maintained during this time of change
2. Accelerate and prioritise plans to strengthen tenant and community engagement, putting residents at the 'heart of everything we do'
3. Strengthen place leadership by involving partners more formally in delivering Norwich 2040 and identify strategic leads for key partnerships
4. Having improved governance, the Council should now focus on cultural change with an emphasis on engagement, equality and inclusivity
5. Further consideration of the governance arrangements for the Council's companies
6. Identify further growth and invest to save opportunities aligned to council priorities
7. Set clear priorities and identify opportunities to develop a 5 year capital programme

2. How we obtain assurance our systems and controls are operating effectively

Internal Audit
The Head of Internal Audit's Annual Opinion will be prepared for presentation to the Audit Committee in July 2023. In order to prepare their opinion, the Head of Internal Audit will be taking into account the outcomes of audit work which is currently in conclusion. This section will be updated with the Head of Internal Audit's Annual Opinion once received.

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.

In May 2022, the external auditors provided their opinion on the 2020/21 statement of accounts and did not report any significant matters related to the Council's internal controls. Due to challenges in the audit sector, the external auditors have only recently commenced work on the 2021/22 statement of accounts audit.~~are yet to commence work on the audit of the 2021/22 statement of accounts.~~

Audit Committee
The Audit Committee is tasked by the Council to scrutinise the Council's arrangements for governance and audit matters. Examples of the work undertaken by the Committee during the year to support delivery of its role include:

a) It undertook a review of its own self-effectiveness, putting into effect recommendations raised during the year
b) Recruited an independent person with specific expertise in audit, supporting the committee's effectiveness in undertaking its role
c) Undertook a range of training and briefing / workshops events such as training on the role of the committee and performing their role effectively and the statement of accounts
d) Undertaken specific work to support strengthening corporate governance at the council including agreement to a new Code of Corporate Governance and a review of the Council's work to reduce the risk of fraud in awarding grants
e) Supporting the creation of a new Treasury Management Committee
f) Agreeing the Council's accounting policies
g) Reviewing the work undertaken by internal and external audit and reviewing their respective plans

Ahead of preparing this Annual Governance Statement, the Committee undertook a workshop examining the Council's arrangements against the CIPFA core principles of corporate governance.

Other sources of assurance
As a statutory body, the Council may be subject to external reviews. As above, the Council has welcomed a corporate peer review by the Local Government Association during the year but there have been no other formal inspections during the year.

The Local Government and Social Care Ombudsman considers complaints made against the Council, and where it has significant concerns, may issue a public interest report against the Council. The Ombudsman will publish its annual report for

2022-23 during the summer. In respect of 2021-22, the Ombudsman did not issue a report against the Council. Of the 27 complaints it received in relation to Norwich City Council during 2021-22, 4 were subject to investigation and 2 were then upheld. Each complaint is reviewed to understand whether any changes can be made in light of the issues raised. The proportion of complaints upheld was the same as at other similar authorities.

The Housing Ombudsman considers complaints in relation to the Council's role as social landlord. As set out above, the Council is currently subject to an improvement notice in relation to compliance with housing standards. The Housing Ombudsman has not upheld any complaints about the Council during the year.

Statutory Officers
The Council has statutory officers who have specific personal duties to raise concerns about activities within the Council or report failings in governance. This includes:

Officer	**Responsibility area**
Head of Paid Service	The Council's staff
Chief Finance Officer (s.151 Officer)	Financial governance and lawfulness of expenditure
Monitoring Officer	Lawfulness of Council decision making
Senior Information Risk Owner	Information and data security
Data Protection Officer	Compliance with data protection regulations
Senior Responsible Officer for Investigatory powers	Compliance with regulatory investigation powers

There have been no adverse concerns raised by statutory officers during the year. During this time, the Council has had changes in staffing in some of the statutory roles however it has ensured that on each occasion there has been continuity in appointment.

Oversight of the Council's companies
The Council wholly owns two companies, Norwich Regeneration Limited (now Lion Homes) and Norwich City Services Limited (NCS)

Each year, the companies are asked to prepare business plans which are subject to approval by Cabinet, following review by the Council's scrutiny committee. A shareholder panel then meets on a quarterly basis to evaluate how the company is performing in delivering its business plan objectives.

On 1 April 2022, the repairs and maintenance service for the Council's housing and general fund properties transferred to NCS. A comprehensive transfer plan was developed ahead of the implementation. Over the past year, as has been reflected in performance reports, NCS have experienced challenges in delivering service improvement, which has been, and will continue to be closely monitored by the Council's shareholder panel. In May 2023, following the resignation of the Chair of the NCS Board resigned, the Council has taken action to strengthen the board and management of the company to support improvement in service delivery. This is being closely monitored by the company's shareholder panel.~~the Chair of the NCS~~

~~Board resigned, and the Council will be supporting the company in recruiting to replace this key role and improve performance.~~

~~In May 2023, NCS and the council received notification from the Health and Safety Executive that they are exploring concerns raised about NCS in relation to staff handling of asbestos containing materials.”~~

The Council also owns a smaller company, Threescore OpenSpace Management, which has specific responsibilities relating to open spaces at sites developed by Norwich Regeneration Limited. As a micro company, the Council operates lighter touch governance arrangements proportionate to the scale of the company.

3. Key governance matters

Changes in legislation

The Council is required to ensure it is compliant with legislation in a broad range of fields. Key known changes the Council will need to respond to include:

- Social Housing (Regeneration) Bill – this bill will strengthen the powers of the housing ombudsman where there are concerns relating to the provision of social housing. Councils will be required to report against a range of tenant satisfaction measures and appoint specific officers to lead on ensuring compliance with housing standards. The Council has sought to pre-empt elements of the Bill through its revised housing related strategies agreed in March 2023.
- Whilst not a direct legislative requirement, it is clear that the government is also concerned about the general condition of social housing, particularly following the tragic death of Awaab Ishak in Rochdale being attributed to damp and mould in the family's property. ~~Whilst the Council has taken action to review its approach to damp and mould,~~The Council has carefully considered its processes and approach to damp and mould to ensure it is robust, but it is clear that this will be an area of close regulation for the future.
- Building Safety Act 2022 – this Act primarily comes into effect during the 2023/24 year. This creates mandatory standards for management of high rise buildings, which must be registered with a nominated regulator
- Levelling Up Bill – this bill includes a wide range of changes across a range of Council activities. Particular changes are identified in respect of planning, whereby the current community infrastructure levy is likely to be replaced. This will require significant consideration by the Greater Norwich Growth Board, in which the Council is a partner, to assess how to jointly respond to the new requirements. Other elements of the Bill include specific restrictions on Council investment activity.
- Procurement Bill – this bill is likely to see significant shifts in current procurement legislation. For example, the Council will be required to publish information in supplier performance. The Council is actively engaged with the Department for Levelling Up, Housing and Communities deployment team and as part of their superuser group to make sure the requirements are understood and can be incorporated into the Council's procurement approach~~.~~
- Environment Act – the Environment Act was passed in November 2021, which has the potential to significantly change Council environmental service operations. However, much of the secondary legislation and guidance which will clarify what changes are required, and the timing of these changes, is yet to be passed.
- The government has been consulting on proposed changes to Minimum Energy Efficiency Standards~~EES~~ legislation over the past 2 years. Formal changes are yet to be made however it is anticipated that non-residential buildings will be required to meet an Energy Performance Certificate (EPC) rating of D by 2025, C by 2027 and B by 2030. Given no legislation has been passed yet it is difficult to plan, however this is being factored in when undertaking asset reviews and considering future investment requirements in the Council's non-residential property assets.

Economic Outlook and global instability challenges
In last year's AGS, we highlighted the impact that the economic downturn was having on the Council's operations. Whilst HM treasury and the Office for Budget Responsibility forecasts appear to be improving, there are still significant pressures on the Council as a result of the wider macroeconomic environment. These include:

a) The Government has continued to issue one-year funding settlements for local government. This makes it more challenging for Councils to undertake longer term financial planning
b) The Government has increasingly sought to fund Councils through one-off funding rounds such as the Levelling Up Fund and Towns Deal. This requires Councils to invest resources in developing proposals that may, or may not be successful. Funding bids awarded are based on fixed costs and do not account for inflation or other cost pressures.
c) Whilst inflation is forecast to reduce, it is still a significant pressure on Council budgets both in terms of staff costs and other services the Council needs to buy.
d) Households and businesses are finding it challenging to pay bills at the same time that the costs of delivering services is increasing. This increases the risk of debt for the Councils budget, and also places a demand on services such as the revenues and benefits and housing teams
e) Changing interest rates, which can have a positive effect on the Council (in terms of increased interest income) and a negative effect (cost of borrowing rises), however do also present uncertainty.

Changes in Leadership
The Council has gone through a significant period of leadership change, with interim officers operating in a number of key posts and the recent appointment of a new leader, deputy leader and chief executive.

The Council has worked to ensure continuity during this process and will be ensuring that appropriate training and onboarding programmes are in place for both recent and future appointments.

Scrutiny and Challenge to Local Government
Over the past few years, there has been significant concern as to the growing number of local authorities that are experiencing major failings. The council believes it has long term resilience in place and the budget report includes the assertion by the Chief Finance Officer (S. 151 officer) that the budget estimates are robust and reserves are adequate.

4. Areas of development

Within Appendix 1, we have provided an update on those areas of development highlighted during last year's Annual Governance Statement, and new areas of development either highlighted through the work above or identified by Council officers in preparing for this statement. The Council is committed to delivering these actions during the next year and beyond, as appropriate.

5. Conclusion

Based on the work that has been completed, assurance can be taken that the governance arrangements at Norwich City Council are fit for purpose

Appendix A

Part A: Update on actions identified in the 2020/21 and 2021/22 Annual Governance Statement Action Plan

Issues & challenges identified	Lead officer	Target implementation date	Update
Issues outstanding from 2020/21 Annual Governance Statement action plan			
Housing Compliance Implementation of the housing compliance improvement plan to deliver improvement in the performance of compliance inspections.	Executive director, community services	**In progress (target was September 2022)** The Health and Safety Compliance Board was established to monitor this programme of work. This will continue into 2022/23	**In progress** As reported to Cabinet and set out in the Annual Governance Statement, progress has been made in delivering the improvement plan. The most recent report to Cabinet expects completion of the primary plan by 31 May 2023.
Issues outstanding from 2021/22 Annual Governance Statement action plan			
Organisation Culture • Completion of a review of the Council's culture and implementation of identified actions, including taking forward the outcomes of the staff survey • Embed the principles of hybrid working across the Council	Senior Leadership Team	31 March 2023	**Council Culture – in progress** This work has progressed as set out in the Annual Governance Statement; the Council now anticipates that a formal action plan shall be developed by 30 September 2023. **Hybrid working - complete**
Scheme of Delegation • Undertake a review of the Council's scheme of delegation to ensure there is clarity on levels and authorities in decision making	Monitoring Officer	31 March 2023	**In progress** This work has progressed, however been made more complex by recent temporary changes in staffing structures. In the meantime, the Council still utilises the constitution and its operational statement approach to define responsibilities . Revised date: 30 September 2023

Issues & challenges identified	Lead officer	Target implementation date	Update
Citizen Engagement and Consultation • Develop and implement the Citizen Participation Strategy to establish how the Council will encourage the people of Norwich to participate in the development of services • Development of a consultation statement, outlining the methods through which the Council will communicate and engage with residents • Development of a revised Tenant Involvement Strategy	Executive Director for Communities	31 March 2023	**Participation Strategy and communication strategy - In progress** We are currently reviewing our approach to this work in light of the recent peer review and will be bringing forward proposals within the corporate plan refresh (revised date TBC in corporate plan refresh) **Tenant Involvement strategy - complete**
Complaints Policy • Undertake a review of the Council's policies on the handling of corporate complaints, monitoring the effectiveness of services in complying with expected standards	Executive Director for Communities	31 March 2023	**Complete**
Climate Change To support work in understanding how the Council's activities will impact on its environmental objectives: • Development of a new biodiversity strategy and review of the existing environmental strategy • Development of a net zero 2030 carbon management plan	Executive Director for Communities	31 December 2022	**Biodiversity Strategy – complete** **Environmental Strategy and net zero carbon management plan – in progress** As reported to the Climate and Environment Emergency Panel on 14 February, a review was undertaken of this work and its scope widened during the year. It is expected revised dates will come forward in the corporate plan refresh

Issues & challenges identified	Lead officer	Target implementation date	Update
Good Economy Commission Understand the emerging findings from the Good Economy Commission and how the Council can implement appropriate recommendations	Executive Director for Communities	31 March 2023	**Complete** The Good Economy Commission concluded its work during the year and findings will be incorporated into the corporate plan refresh
LGA Peer Review Commission a peer review through the LGA, agree an action plan emerging from the review and implement emerging recommendations	Chief Executive	31 March 2023	**Complete** The Peer Review took place in January; the action plan is under consideration alongside the Corporate Plan refresh.
Enforcement Policies Undertake a review of the Council's policies and actions in relation to enforcement, including the corporate enforcement policy, CCTV policy and Regulatory of Investigatory Powers	Executive Director for City and Development Services	31 December 2022	**In progress** The revised corporate enforcement policy is currently subject to consultation with the aim of coming into effect on 30 June 2023. A revised RIPA policy has been agreed and action plan developed which is currently being implemented. There is a pause on RIPA activity until the necessary actions are undertaken. A CCTV co-ordinator has been appointed to oversee the Council's compliance with the CCTV code of practice. On 27 March a programme was launched with information asset owners to monitor and maintain compliance with the Code.
Corporate Performance Measures Following the adoption of the new Corporate Plan in February 2022, undertake a review of the Council's key performance measures to ensure these are aligned to the corporate plan	Executive Director for Communities	30 September 2022	**In progress** A review was undertaken including a series of workshops and consultation across the Council. Initial outcomes of this work will feed into the corporate plan refresh with wider changes anticipated for the 2024/25 financial year.

Issues & challenges identified	Lead officer	Target implementation date	Update
Future Shape Norwich Delivery of the Future Shape Norwich transformation programme to support the Council in its financial sustainability and improvement in customer experience. This work will include implementation of a new Enterprise Resource Management system, replacing the current HR and Finance Systems; the implementation of a new Master Data Management system, and implementation of recommendations arising from the Regulatory Services Peer Review.	Senior Leadership Team	31 March 2023 (and beyond)	**Programme review complete** Future Shape Norwich is now firmly embedded as the Council's change programme. As new proposals and ideas arise, these are subject to change processes to evaluate their impact and resource requirements, with business cases developed and monitored through the Future Shape Norwich work programme. As a result, this programme approach is now considered part of business as usual working and the action is considered closed.
Staff Development and Wellbeing The Council is undertaking a range of actions to support staff development and wellbeing: • Development of a workforce strategy to support the organisation in its longer term resource planning • Conclusion of the Senior Leadership Development Programme • Implementation of the actions emerging from the agreed wellbeing strategy	Senior Leadership Team	31 March 2023	**Workforce strategy – in progress** The Council has recently recruited additional resources to take forward this workstream **Senior Leadership Development Programme – complete** **Wellbeing strategy – complete**
Service Reviews Across the Council, work has been underway to review the level of staffing resources within individual service areas, to ensure that the level of resource is robust to support the Council's aims and delivery	Senior Leadership Team	31 December 2022	**Transfer of NPS – complete** During the year, a number of service reviews have been complete (such as IT and Legal and Procurement) and several others are now well progressed (planning and regulatory

Issues & challenges identified	Lead officer	Target implementation date	Update
of the Corporate Plan. Following reviews, changing practices are embedded and staff development needs identified. This work will conclude in 2022/23. A particular area of focus will be supporting the team of staff who transfer from NPS Norwich to Norwich City Council on 1 April 2022, ensuring they are provided a robust induction programme and support for their ongoing development within the Council.			services; property services). The Council will continue to review establishment structures on an ongoing basis to ensure resources are focused where they are needed.
Implementation of actions emerging from the Audit Committee Self-Assessment The Council will be seeking to support the Audit Committee in implementing the actions emerging from the audit committee self-assessment exercise, including appointing an independent person to the Committee and reviewing its approach to monitoring treasury management	Executive Director for Corporate and Commercial Services	31 December 2022	**Complete** Reviewed as part of Audit Committee self-assessment exercise
Contract Management The Council has been undertaking work to strengthen its control environment in relation to contract management. This will include delivery of contract management training and embedding a new contract management framework	Executive Director for Corporate and Commercial Services	31 December 2022	**Complete** The specific actions here are concluded. The Council has taken a continuous improvement approach towards this area.
Health and Safety The Council needs to ensure that the 9 actions identified within the Internal Audit review of Health and Safety are implemented. The Council is planning to	Executive Director for City and Development Services	31 March 2023	**In progress** We have now implemented 3 of the audit recommendations with 4 ongoing as part of the health and safety management review process and will be completed by the end of

Issues & challenges identified	Lead officer	Target implementation date	Update
review its health and safety policy, with a view to subsequent implementation of emerging actions			quarter 4. The two low priority recommendations have been discussed with HR&OD and are now complete. Our work to strengthen the Council's Health and Safety environment includes the creation of a dedicated SharePoint page AskH&S for all matters relating to health and safety, implementation of risk assessment training for all managers, reviewing the provision of general health and safety training for all line managers and CLT and creation of an online reporting form for accident and incident recording.
Environmental Services The council needs to ensure that the actions identified within the Internal Audit review of Environmental Services are implemented.	Executive Director for City and Development Services	30 September 2023	**In progress** As reported to the audit committee in March 2023, all recommendations due at that stage had been implemented
Capital Programme Management and Accounting The council needs to ensure that the actions identified within the Internal Audit review of capital programme management and accounting are implemented.	Senior Leadership Team	31 March 2023	**In progress** The primary focus of the recommendations was on how the Council monitors delivery of its capital programme. In the context of the successful development of the Future Shape Norwich internal reporting structure, the Council is assessing its overall internal reporting mechanisms. This work is expected to conclude ahead of the revised deadline for the recommendations of July 2023.
Equality and Diversity Delivery of the Equality and Diversity Action Plan to improve the diversity of the	Executive Director for Corporate and	31 March 2023 (and beyond)	**Complete** The substance of this work is now complete as reflected in the increased diversity

Issues & challenges identified	Lead officer	Target implementation date	Update
Council's workforce in line with the profile of the City's residents (3 year plan)	Commercial Services		outcome. A new Equality, Diversity and Inclusion Strategy is in development
Commissioning and Partnerships The Council has committed to undertaking a review of its approach to commissioning and working in partnerships	Executive Director for Communities	31 December 2022	**In progress** This work has started but is yet to be concluded; revised target date to be reflected in corporate plan refresh
Internal Audit On 1 April 2022, the Internal Audit Service will transfer to Eastern Internal Audit Partnership. This will mean changing roles, relationships and potential changes in delivery approach for the internal audit service, which is a critical part of the Council's assurance framework.	Executive Director for Corporate and Commercial Services	1 April 2022	**Complete**
Policy and Procedure Audit The Council needs to ensure it implements the four outstanding recommendations from the 2020/21 audit of policies and procedures	Executive Director for Corporate and Commercial Services	31 August 2022	**Complete**

Part B: New actions identified for 2022/23

Issues & challenges identified	Lead officer	Target implementation date
Ethical Data Governance Policy Sitting above existing policies relating to information and data management, the Council is seeking to develop an ethical data governance policy outlining how data	Interim Director of Transformation	31 October 2023

should be used in a responsible fashion, supporting transparent and fair use with appropriate authorisations		
Equality, Diversity and Inclusion Strategy To develop a new Equality, Diversity and Inclusion Strategy	Interim Director of Transformation	30 November 2023
Financial Procedure Review Accompanying the constitutional financial regulations, the Council has a set of detailed financial procedures outlining how transactions should be undertaken. This document has not been reviewed for a period of time.	Interim Chief Finance Officer	31 July 2023
Commercial Debt Policy The Council's approach to collection of commercial debt has also not been reviewed for a period of time. It is intended to undertake this review during the year	Interim Chief Finance Officer	31 July 2023
Counter-fraud, whistleblowing and money laundering policies The suite of policies the Council uses to support its approach to reducing the risk and incidence of fraud in the organisation, including whistleblowing and money laundering, will be subject to review during the year	Interim Chief Finance Officer	31 March 2024

NORWICH City Council

Item 6

Committee name: Audit

Committee date: 21/11/2023

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

Portfolio: Councillor Kendrick, Cabinet member for resources

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

Wards: All wards

OPEN PUBLIC ITEM

Purpose

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

Recommendation:

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

Policy framework

The council has five corporate priorities, which are:

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

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

Report Details

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

Consultation

4. Not applicable for this report.

Implications

Financial and Resources

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

Legal

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

Statutory Considerations

Consideration:	**Details of any implications and proposed measures to address:**
Equality and Diversity	Not applicable for this report.
Health, Social and Economic Impact	Not applicable for this report.
Crime and Disorder	Not applicable for this report.
Children and Adults Safeguarding	Not applicable for this report.
Environmental Impact	Not applicable for this report.

Risk Management

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

Other Options Considered

7. Not applicable for this report.

Reasons for the decision/recommendation

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

Background papers:

None

Appendices:

Appendix 1 Questions

Appendix 2: Statement of Accounts

Contact officer: Gareth Robinson, Head of Finance (Interim)

Email address: garethrobinson@norwich.gov.uk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14) 119 Monetising assets ie income derivation?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt repayment profile

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

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

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

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

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

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

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

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

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

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

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

Cash Balances

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

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

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

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

Capital Programme

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

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

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

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

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

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

Council Funding

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

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

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

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

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

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

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

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

Tariff/Top Up Position by Council

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

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

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

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

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

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

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

21) What is the Capital Financing Requirement?

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

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

Statement of accounts

for the year ending 31 March 2023

NORWICH
City Council

Contents

Narrative Report

1. Introduction

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

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

This narrative report will provide the reader with:

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

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

2. Norwich City Council

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

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

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

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

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

3. Strategic direction of the Council

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

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

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

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

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

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

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

4. Local context

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

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

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

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

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

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

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

5. National Context & Future Outlook

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

Financial Implications

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

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

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

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

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

Government funding and reforms

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

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

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

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

6. Medium Term Financial Plans and Risks

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

General Fund

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

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

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

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

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

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

Housing Revenue Account (HRA)

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

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

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

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

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

Capital Strategy

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

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

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

The council's overall financial position

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

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

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

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

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

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

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

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

Financial Risks

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

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

7. Performance against our priorities

Performance framework

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

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

The corporate plan includes five corporate aims:

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

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

2022/23 Performance summary

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

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

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

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

Cost of living support

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

- **Council Tax Reduction Scheme:** we continue to offer 100% discount to eligible residents through the scheme.
- **Sustainable warmth**: we secured £50,000 from the Norwich Health and Wellbeing Partnership for VCSE partners to provide advice and fuel payments to those needing help with the rise in fuel costs over the winter.
- **Social welfare advice**: we increased the funding by £93,345 to our contracted social welfare advice service who provide key support to help prevent or mitigate crises and increase financial resilience for a wide range of residents.
- **Discretionary Housing Payments:** we paid out the full allocation of £272,000 to support eligible residents with rent payments, including arrears.

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

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

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

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

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

Customer experience and community enabling

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

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

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

Housing

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

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

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

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

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

Investment and regeneration

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

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

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

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

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

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

Street scene and the environment

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

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

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

2022/2023 Financial Performance

Revenue Expenditure

2022/2023 actual against budget for each service area

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

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

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

The significant variances are as follows:

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

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

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

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

Significant key variances are as follows:

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

Capital expenditure

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

2022/23 funding of the capital programme

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

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

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

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

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

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

8. 2022/23 Statement of Accounts

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

It comprises core and supplementary statements together with disclosure notes.

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

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

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

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

Expenditure and Funding Analysis

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

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

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

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

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

Comprehensive Income and Expenditure Statement (CIES)

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

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

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

Movement in Reserves Statement (MIRS)

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

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

Reserves are analysed into two categories: usable and unusable.

Usable reserves

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

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

Unusable reserves

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

Balance Sheet

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

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

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

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

Cash flow statement

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

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

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

Housing revenue account (HRA)

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

Collection Fund

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

Business rates

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

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

Our fellow preceptors are Central Government and Norfolk County Council.

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

Council tax

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

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

Our fellow preceptors are Norfolk County Council and Norfolk Constabulary.

Group financial statements

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

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

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

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

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

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

Norwich City Services Ltd (NCSL)

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

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

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

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

Additional disclosures

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

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

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

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

This page is blank intentionally

This page is blank intentionally

This page is blank intentionally

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate of Chief Finance Officer

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

Signed: Date: 31 May 2023

NEVILLE MURTON

Neville Murton
Interim Chief Finance Officer (S.151)

Comprehensive Income and Expenditure Statement (CIES)

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

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

Movement in Reserves Statement

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

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

Balance Sheet

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

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

Signed: Date: 31 May 2023

NEVILLE MURTON

Neville Murton
Interim Chief Finance Officer (S.151)

Cash Flow Statement

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

Notes to the Accounts

1. Accounting Policies

Going Concern

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

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

General Principles

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

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

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

Accruals of Income & Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

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

Cash & Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Prior Period Adjustments, Changes in Accounting Policies & Estimates & Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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

Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- revaluation and impairment gains, where they reverse losses previously charged to services
- amortisation of intangible non-current assets attributable to the service.

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

Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service cost line in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

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

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

- o remeasurements comprising:
    - the return on plan assets, excluding amounts included in net interest on the net defined liability, charged to the Pension Reserve as Other Comprehensive Income and Expenditure
    - actuarial gains or losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- o contributions paid to the Norfolk pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

Events after the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

Financial Instruments

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

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

Financial Liabilities

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

Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

There are three main classes of financial assets measured at:

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

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

Expected Credit Loss Model

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

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income

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

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

Exceptional Items

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

Government Grants & Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

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

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

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

Investment Property

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

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

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

Revaluation gains and losses are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve

Rental income is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement on a straight-line basis.

Intangible Assets

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

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

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

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

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

Interest in Companies and Other Entities

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

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

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

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

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

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

The position is reviewed and updated on an annual basis.

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

Leases

The Council as Lessee

Finance Leases

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

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

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

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

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

Operating Leases

All other leases are treated as operating leases.

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

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

Overheads & Support Services

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

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

Fair Value Measurement

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

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

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

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

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

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

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

Property Plant and Equipment

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

Recognition

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

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

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

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

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

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

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

Componentisation

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

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

This policy excludes land assets which are already identified separately.

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals & Assets Held for Sale

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

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

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

Reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

VAT

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

The Collection Fund

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

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

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

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

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

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

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of the accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date, the following new standards and amendments to existing standards have been published and will be introduced by the 2023/24 and 2024/25 Codes of Practice of Local Authority Accounting in the United Kingdom:

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

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

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

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

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

3. Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Note 18 Financial Instruments details the authority's Investment Strategy and approach to managing risk. None of the authority's investments are impaired.
- The Council has undertaken an analysis to classify the leases it holds, both as a lessee and lessor, as either operating or finance leases. The accounting policy for leases has been applied to these arrangements and assets are recognised or derecognised (as appropriate) as Property, Plant and Equipment in the Council's Balance Sheet.
- The Council has reviewed all property assets in accordance with the policy for Investment Properties and classified as appropriate.
- The Council has reviewed all property assets in accordance with the policy for Assets Held for Sale and reclassified as appropriate; and
- Insurance fund levels are maintained on advice from the council's insurance manager.

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

Property, Plant and Equipment

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

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

The significant assumptions applied in estimating the fair values are:

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

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

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

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

Investment Properties

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

Post Retirement Benefits

Pension’s liability – the estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The assumptions made and sensitivity analyses are provided in note 40.

Group Boundaries

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

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

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

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

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

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

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

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

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

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

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

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

5. Material Items of Income and Expense

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

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

6. Events after the Reporting Date

The statement of accounts were authorised for issue by the Interim Chief Finance Officer (S.151) on 31 May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Expenditure and Funding Analysis

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

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

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

Expenditure Funding Analysis 2021/22

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

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

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

8. Income and Expenditure by Nature

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

Income received on a segmental basis is analysed below:

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

9. Adjustments between Accounting Basis and Funding Basis under regulations

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

Continued below

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

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

Continued below

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

10. Earmarked Reserves

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

Insurance Reserve

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

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

S31 Earmarked Reserve

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

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

Mousehold Conservators Reserve

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

General Fund & HRA Invest to Save Reserves

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

Revenue Grants Unapplied Reserves

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

Commercial Property Reserve

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

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

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

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

Elections Reserve

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

General Fund Repairs Reserve

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

Budget Risk Reserve

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

Business Change Reserve

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

Business Rates Pool Reserve

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

HRA Tenancy & Estate Management System

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

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

11. Other Operating Expenditure

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

12. Financing and Investment Income and Expenditure

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

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

13. Taxation and Non-Specific Grant Income

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

14. Property Plant and Equipment

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

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

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)
Grant Brewer MRICS (NPS)
Jed Snell (under the supervision of Grant Brewer MRICS, NPS

HRA Dwellings

The date of valuation is 31 March 2023.

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

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

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

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

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

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

The valuations are made on the following assumptions:

- That no high alumina cement, asbestos, or other deleterious material was used in the construction of any property and that none has been subsequently incorporated.

- That the properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown.

- That the properties and their values are unaffected by any matters which would be revealed by a local search or inspection of any register and that the use and occupation are both legal.

- That inspection of those parts which have not been inspected would not cause us to alter our opinion of value.

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

HRA Non-Dwellings

The date of valuation is 31 March 2023.

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

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

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

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

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

General Fund Assets

The date of valuation is 1st December 2022.

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

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

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

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

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

15. Heritage Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

Valuations

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

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

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

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

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

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

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

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

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

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

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

16. Investment Properties

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

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

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

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

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

Investment Property Fair Value Hierarchy

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

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

Investment Property Fair Value Hierarchy

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

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

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

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

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

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

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

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

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

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

The transfers into level 3 followed reassessment by the valuers.

Valuation process for Investment Properties

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

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

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

17. Intangible Assets

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

18. Financial Instruments

Financial Assets

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

Financial Liabilities

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

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

As at 31 March 2023 the Council held £12m in Money Market Funds (shown within the comparative short term investments). At the inception of the investments, the purpose was solely to collect the repayment of interest and principal. The business model for the Money Market Funds is therefore not based on any other objective of generating profit. The investments have therefore been held at amortised cost.

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

Soft Loans

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

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

Decent Homes Loans

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

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

Valuation Assumptions

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

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

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

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

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

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

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

Items of income, expense, gains or losses

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

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

Fair Value of Financial Assets

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

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

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

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

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- **Market risk** -the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

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

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

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

Credit risk

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

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

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

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

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

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

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

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

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

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

Amounts Arising from Expected Credit Losses

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

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

Liquidity risk

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

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

Refinancing & Maturity Risk

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

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

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

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

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

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

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

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

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

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

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

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

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

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

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

19. Debtors

Long Term Debtors

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

Long Term Debtors include:

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

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

Short Term Debtors

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

20. Cash and Cash Equivalents

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

21. Assets held for sale

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

22. Creditors

Long Term Creditors

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

Short Term Creditors

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

23. Provisions

Long Term Provisions

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

Short Term Provisions

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

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

24. Usable Reserves

The usable reserves of the council are:

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

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

25. Unusable Reserves

The unusable reserves of the council are:

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

Revaluation Reserve

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

Capital Adjustment Account

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

Financial Instruments Revaluation Reserve

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

Financial Instruments Adjustment Account

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

Deferred Capital Receipts

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

Pension Reserve

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

Collection Fund Adjustment Account

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

Accumulated Absences Reserve

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

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

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

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

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

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

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

27. Cash Flow Statement – Investing Activities

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

28. Cash Flow Statement – Financing Activities

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

29. Associates

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

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

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

30. Agency Services

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

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

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

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

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

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

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

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

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

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

Business Support Grants

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

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

31. Members Allowances

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

32. Officers Remuneration

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

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

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

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

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

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

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

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

2022/23

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

2021/22

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

33. External Audit Costs

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

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

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

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

34. Grant Income

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

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

Revenue Grants Receipts in Advance

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

35. Related Parties

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

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

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2022/23 and 2021/22 is shown in Note 31. During 2022/23, no works and services (2021/22 £0) were commissioned from organisations in which members had interests. Contracts were entered into in full compliance with the council's standing orders. In addition members approved £629,353 (2021/22 £617,906) as grants to voluntary organisations in which two members had an interest. Community grants to the value of £3,805 were awarded in 2022/23 (2021/22 £2,195). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of the interests are recorded in the Register of Members' Interests, open to public inspection at City Hall during office hours.

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

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

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

Companies and joint ventures

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

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

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

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

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

36. Capital Financing Requirement

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

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

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

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

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

37. Leases

Council as Lessee

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

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

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

* based on Pool Car contract extension to March 2023

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

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

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

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

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

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

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

Council as Lessor

Operating Leases
The Council leases out property and equipment under operating leases for the following purposes:
- The provision of community services such as sports facilities, tourism services and community centres
- economic development purposes to provide suitable affordable accommodation for local businesses

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

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

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

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

Finance Leases

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

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

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

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

38. Impairment Losses

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

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

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

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

39. Termination Benefits

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

40. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

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

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

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

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

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

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

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

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

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

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

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

Local Government Pension Scheme assets comprised:

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

Basis for Estimating Assets & Liabilities

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

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

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

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

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

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

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

Impact on the Council's Cash Flows

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

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

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

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

41. Contingent Assets and Liabilities

Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Water Charges

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

42. Going Concern

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

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

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

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

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

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

The key assumptions within this forecast include:

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

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

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

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

Housing Revenue Account Income & Expenditure Statement

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

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

Movement in Reserves Statement (Housing Revenue Account)

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

Notes to Housing Revenue Account Income & Expenditure Statement

1. Other Operating (Income) / Expenditure

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

2. Financing and Investment Income and Expenditure

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

3. Taxation and Non-Specific Grant Income

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

4. Loan Charges

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

5. HRA Council Dwellings

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

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

6. Housing Valuation

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

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

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

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

7. Major Repairs Reserve

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

8. HRA Capital Expenditure

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

9. HRA Capital Receipts

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

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

10. Depreciation

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

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

11. Impairment Costs

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

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

12. Pensions Reserve

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

13. Rent Arrears

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

The Collection Fund Revenue Account

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

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

Notes to the Collection Fund Statement

1. Income from Business Rates

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

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

2. Council Tax

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

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

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

3. Council Tax Contribution to Collection Fund Surpluses & Deficits

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

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

4. NNDR Contribution to Collection Fund Surpluses and Deficits

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

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

Group Financial Statements

1. Introduction

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

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

The following pages include:
Group Movement in Reserves Statement
Group Comprehensive Income and Expenditure Statement
Group Balance Sheet
Group Cash Flow Statement
Notes to the Group Accounts

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

2. Basis of Identification of the Group Boundary

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

Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.

Associates – where the Council exercises a significant influence and has a participating interest.

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

No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

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

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

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

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

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

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

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

4. Norwich City Services (NCSL)

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

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

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

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

5. NPS Norwich Ltd

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

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

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

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

6. Norwich Norse (Environmental) Limited

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

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

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

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

7. Norwich Norse (Building) Limited

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

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

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

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

8. Three Score Open Space Management Ltd

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

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

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

9. Norwich City New Co Ltd

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

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

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

10. Basis of Consolidation

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

Group Movement in Reserves Statement

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

	Council's usable Reserves	Subsidiary usable Reserves	Total Group usable Reserves	Council's unusable Reserves	Subsidiary unusable Reserves	Total Group unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	**(160,268)**	**666**	**(159,602)**	**(549,670)**	**-**	**(549,670)**	**(709,272)**
Movement in Reserves in 2021/22	**(35,226)**	**1,126**	**(34,100)**	**-**	**-**	**-**	
	-	**-**	**-**	**(94,226)**	**-**	**(94,226)**	
(Surplus)/ deficit on provision of services	(35,226)	1,126	(34,100)	(94,226)	-	**(94,226)**	**(128,326)**
Other Comprehensive Income & Expenditure			-	-	-	**-**	**-**
Total Comprehensive Income & Expenditure	**26,895**	**-**	**26,895**	**(26,895)**	**-**	**(26,895)**	**(128,326)**
Adjustments between group accounts and authority accounts	-	-	-	-	-	**-**	**-**
Adjustments between accounting basis & funding basis under regulations (note 9)	26,895	-	26,895	(26,895)	-	**(26,895)**	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(8,331)**	**1,126**	**(7,205)**	**(121,121)**	**-**	**(121,121)**	**(128,326)**
	-	**-**	**-**	**-**	**-**	**-**	
Transfers to/from Earmarked Reserves	**-**	**-**	**-**		**-**	**-**	**-**
Transfers between reserves	**-**	**-**			**-**		**-**
Other Adjustments	**-**	**-**		**(2)**	**-**	**(2)**	**(2)**
(Increase)/Decrease in 2021/22	**(8,331)**	**1,126**	**(7,205)**	**(121,123)**	**-**	**(121,123)**	**(128,328)**
Balance at 31 March 2022	**(168,599)**	**1,792**	**(166,807)**	**(670,793)**	**-**	**(670,793)**	**(837,600)**

Group Comprehensive Income and Expenditure Statement

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

Group Balance Sheet

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

Signed: NEVILLE MURTON Date: 31 May 2023

Neville Murton
Interim Chief Finance Officer (S.151)

Group Cash Flow Statement

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

Notes to the Group Accounts

Group Boundary

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

Norwich City Services Limited was incorporated on 9 June 2020.

The Council has determined its associate relationships as follows:

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

Accounting Policies

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

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

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

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

1. Property, Plant and Equipment

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

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

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

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

2. Investment Properties

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

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

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

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

3. Long Term Investments

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

4. Long Term Debtors

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

5. Short Term Debtors

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

6. Inventories

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

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

7. Short Term Creditors

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

Glossary of Terms

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

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

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

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

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

Balance Sheet
A financial statement that summarises the Council's assets, liabilities and other balances at the end of the accounting period.

Billing Authority
A local authority charged by statute with the responsibility for the collection of and accounting for council tax, NNDR and residual community charge. These in the main are district council's, such as Norwich, and unitary authorities.

Budget
A financial statement that expresses the council's service delivery plans in monetary terms. This covers as a minimum the same period as the financial year but increasingly council's are preparing medium-term financial plans covering 3 to 5 years.

Capital Expenditure
Expenditure to acquire fixed assets that will be used in providing services beyond the current accounting period or expenditure that adds value to an existing fixed asset.

Capital Financing
The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.

Capital Financing Requirement
The capital financing requirement reflects the Council's underlying need to borrow for a capital purpose.

Capital Programme
The capital schemes the council intends to carry out over a specified time period, often within a 6 to 10 year timeframe.

Capital Receipt
The proceeds from the disposal of land and other assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used for revenue purposes.

Cash Equivalents
Investments that mature in 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute Of Public Finance and Accountancy (CIPFA)
The principal accountancy body dealing with local government finance.

CIPFA Code of Practice on Local Authority Accounting
This specifies the principles and practices of accounting to be followed when preparing the Statement of Accounts. It constitutes “proper accounting practice” and is recognised as such by statute.

Collection Fund
A separate fund maintained by a billing authority which records the expenditure and income relating to council tax, NNDR and residual community charges.

Community Assets
Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions in their disposal. Examples of community assets are parks.

Comprehensive Income and Expenditure Statement
This statement reports the net cost for the year of all the functions for which the Council is responsible, and demonstrates how that cost has been financed from general government grants, and income from local taxpayers. It brings together expenditure and income relating to all the local authority’s functions.

Consistency
The concept that the accounting treatment of like items within an accounting period, and from one period to the next one is the same.

Contingent Liability
A possible obligation arising from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events, that are not wholly within the Council’s control.

Creditor
Amounts owed by the Council for work done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

Debtor
Amounts due to the Council for work done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

Depreciation
The measure of the cost or revalued amount of the benefits of a fixed asset that have been consumed during the accounting period.

Effective Rate of Interest
The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance at initial measurement.

Exceptional Items
Material items which derive from events or transactions that fall within the ordinary activities of the Council, and which need to be disclosed separately, by virtue of their size or incidence, such that the financial statements give a true and fair view.

Fair Value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Finance Lease
A lease which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Not the same as an Operating Lease (q.v.).

Financial Instruments
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets (e.g. bank deposits and investments), and financial liabilities (e.g. trade payables and borrowings).

Financial Reporting Standard (FRS)
Financial Reporting Standards cover particular aspects of accounting practice, and set out the correct accounting treatment, for example, of depreciation. Compliance with these standards is normally mandatory and any departure from them must be disclosed and explained.

Fixed Assets
Tangible assets that yield benefits to the Council, and to the services it provides, for a period of more than one year.

Housing Revenue Account
A separate account to the General Fund, which includes the expenditure and income arising from the provision of housing accommodation owned by the Council.

Impairment
The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.

Infrastructure Assets
Fixed assets belonging to the Council which do not necessarily have a resale value (e.g. highways), and for which a useful life-span cannot be readily assessed.

Intangible Fixed Assets
These are assets which do not have a physical substance, e.g. software licences, but which yield benefits to the Council and the services it provides, for a period of more than one year.

Minimum Revenue Provision
MRP is a charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements

Movement in Reserves Statement
This statement precedes the Comprehensive Income and Expenditure Statement. It takes into account items, in addition to the Income and Expenditure Account surplus or deficit, which are required by statute, and non-statutory proper practices, to be charged or credited to the General Fund, Housing Revenue Account & other reserves

Movement in Reserves Statement – Housing Revenue Account
This statement follows the Housing Revenue Account Income and Expenditure Statement. It takes into account items, in addition to the Income and Expenditure Account surplus or deficit, which are required by statute, and non-statutory proper practices, to be charged or credited to the Housing Revenue Account.

NNDR (National Non-Domestic Rate)
National Non-Domestic Rate is a standard rate in the pound, set by the government, on the assessed rateable value of properties used for business purposes.

Non-Current Asset
Tangible assets that yield benefits to the Council, and to the services it provides, for a period of more than one year.

Operating Lease
A lease where the ownership of the fixed asset remains with the lessor. Not the same as a Finance Lease (q.v.).

Outturn
Refers to actual income and expenditure or balances as opposed to budgeted amounts.

Precept
The amount which a local authority, which cannot level a council tax directly on the public, requires to be collected on its behalf. The major precepting authorities are Norfolk County Council and Norfolk Police Authority.

Provisions
Monies set aside for liabilities which are likely to be incurred, but where exact amounts or dates are uncertain.

Prudential Code
The Prudential Code, introduced in April 2004, sets out the arrangements for capital finance in local authorities. It constitutes ‘proper accounting practice’ and is recognised as such by statute.

Rateable Value
The annual assumed rental value of a property, which is used for business purposes.

Reserves
The accumulation of surpluses and deficits over past years. Reserves of a revenue nature can be spent or earmarked at the discretion of the Council. Reserves of a capital nature may have some restrictions placed on them as to their use.

Revenue Expenditure
Spending on day to day items, such as employees’ pay, premises costs and supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund and impact on that years’ council tax.

Revenue Support Grant
The main grant paid by central government to a local authority towards the costs of their services.

SERCOP (Service Reporting Code of Practice)
The Service Reporting Code of Practice provides guidance on the content and presentation of costs of service activities within the CIES. It constitutes 'proper accounting practice' and is recognised as such by statute.

Tangible Assets
See Fixed Assets (q.v.)

Transfer of Undertakings (Protection of Employment) Regulations (TUPE)
This protects employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner when the business changes hands automatically become employees of the new employer on the same terms and conditions.

Trust Funds
Funds administered by the Council for such purposes as prizes, charities and specific projects, usually as a result of individual legacies and donations.

Two Tier Authority
In most areas of England, local government functions are divided between two tiers of local authority, county council's, known as "upper tier" authorities and city, borough or district council's, known as "lower tier" authorities.

INSERT NEW REAR COVER

IN TRAN®
communication for all

If you would like this information in another language or format such as large print, CD or Braille please visit www.norwich.gov.uk/Intran or call 0344 980 3333.

Produced by Norwich City Council – April 2023

www.norwich.gov.uk

COM13036

Item 7

Committee name: Audit

Committee date: 21/11/2023

Report title: **Internal Audit Progress November 2023**

Portfolio: Councillor Kendrick, Cabinet member for resources

Report from: Head of Finance, Audit & Risk (Interim)

Wards: All wards

OPEN PUBLIC ITEM

Purpose

This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2023/24.

Recommendation:

It is recommended that members review progress with delivery of the 2023/24 internal audit plan.

Policy framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city priority.

Report Details

1. The Audit Committee receive updates on progress made against the annual internal audit plan. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.

2. The Public Sector Internal Audit Standards require the Chief Audit Executive to report to the Audit Committee the performance of internal audit relative to its agreed plan, including any significant risk exposures and control issues. To comply with the above the report identifies:

    - Any significant changes to the approved Audit Plan;
    - Progress made in delivering the agreed audits for the year;
    - And where applicable will provide any significant outcomes arising from completed audits;
    - Provides an update on outstanding internal audit recommendations.

Consultation

3. Not applicable for this report.

Implications

Financial and Resources

4. There are no specific financial implications from this report; the internal audit plan will be delivered from within the resources available.

Legal

There are no specific legal implications arising from this report.

Statutory Considerations

Consideration:	**Details of any implications and proposed measures to address:**
Equality and Diversity	Not applicable for this report.
Health, Social and Economic Impact	Not applicable for this report.
Crime and Disorder	Not applicable for this report.
Children and Adults Safeguarding	Not applicable for this report.
Environmental Impact	Not applicable for this report.

Risk Management

Risk	**Consequence**	**Controls Required**
Failure to undertake the Annual Internal Audit Plan could result in the Head of Internal Audit not being able to provide an annual opinion.	Insufficient Internal Audit coverage could permit on-going weaknesses in the internal	Progress against completing the annual internal audit plan is reported to the Audit Committee in

	control environment at the Council not being detected and reported upon.	accordance with the Public Sector Internal Audit Standards.

Other Options Considered

5. Not applicable for this report.

Reasons for the decision/recommendation

6. The Committee is receiving this report in conformance with the Public Sector Internal Audit Standards and to assure itself on the progress being made against planned audit activity.

Background papers:

None

Appendices:

Appendix 1 Internal Audit Progress and Follow Up Report November 2023.

Contact Officer:

Name: Teresa Sharman, Head of Internal Audit

Email address: teresa.sharman@southnorfolkandbroadland.gov.uk

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.

Eastern Internal Audit Services

Norwich City Council

Progress Report on Internal Audit Activity

Period Covered: 4 July 2023 to 30 September 2023

CONTENTS

1. INTRODUCTION

1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.

1.2 The Public Sector Internal Audit Standards (PSIAS) requires the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues.

1.3 To comply with the above this report includes:

- Any significant changes to the approved Audit Plan;
- Progress made in delivering the agreed audits for the year;
- Any significant outcomes arising from audits; and
- Performance Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

2.1 In accordance with the PSIAS, the annual internal audit plan should be reviewed on a regular basis and adjusted, when necessary, in response to changes on the organisation's business risks, operations, programmes, systems and controls.

Since the approval of the plan in March 2023, there have been no significant changes to the plan.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.

3.2 In summary 106 days of programmed work have now been completed, equating to 30% of the Internal Audit Plan for 2023/24.

4. THE OUTCOMES ARISING FROM OUR WORK

4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

4.3 In addition, on completion of audit work "Operational Effectiveness Matters" are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report, Internal Audit has issued three final reports:

Audit	Assurance	P1	P2	P3
NC2310 Housing Benefits	Reasonable	1	0	3
NC2416 Anti-Social Behaviour	Reasonable	0	8	0
NC2403 Information Security and Data Compliance	Reasonable	0	2	6

The Executive Summaries of these reports are attached at **Appendix 2**.

4.5 As can be seen in the table above, as a result of these audits 20 recommendations have been raised. There have also been five Operational Effectiveness Matters proposed to management for consideration.

5. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS

5.1 In addition to providing the Committee with the performance of internal audit relative to its plan, the Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action.

5.2 To comply with the above this report includes the status of agreed actions.

5.3 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to the Committee. Verification work is also undertaken for those recommendations that are reported as closed.

5.4 **Appendix 3** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round. A total of 49 (three urgent, 29 important and 17 needs attention) recommendations are currently outstanding. A further 40 recommendations are not yet due for completion.

5.5 **Appendices 4, 5, 6 and 7** provide the committee with details of urgent and important priority recommendations that are overdue by the year in which they were raised. Management responses and a new deadline have been indicated for each where possible.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Housing Benefits	NC2310	15	15	15	Final report issued on 22 September 2023.	Reasonable	1	0	3	1	Oct-23
Planned Maintenance	NC2414	10	15	14	Draft report in review stages.						
Anti-Social Behaviour	NC2416	12	12	12	Final report issued on 3 August 2023.	Reasonable	0	8	0	0	Oct-23
TOTAL		**37**	**42**	**41**							
Quarter 2											
Information Security and Data Compliance	NC2403	12	12	12	Final report issued on 25 September 2023.	Reasonable	0	2	6	4	Oct-23
Procurement and Contract Management	NC2405	15	15	12	Fieldwork concluding.						
Income - cash and bank	NC2408	10	10	6	Fieldwork underway.						
Business Continuity and Emergency Planning	NC2410	10	10	5	Fieldwork underway.						
Housing Repairs and Void Management - NCSL	NC2415	15	15	0							
Disabled Facilities Grants	NC2418	10	10	8	Draft report in preparation.						
Parking and Civil Enforcement	NC2420	12	12	3	Fieldwork underway.						
Environmental Sustainability	NC2421	10	10	7	Fieldwork concluding.						
TOTAL		**94**	**94**	**53**							
Quarter 3											
Risk Management	NC2402	10	10	0							
Council Tax and NNDR	NC2409	15	15	3	Fieldwork underway.						
Housing Compliance	NC2413	20	20	0							
Housing Needs, Allocations, Homelessness and Housing Register	NC2417	12	12	0							
Customer Contact Team	NC2423	12	12	0							
TOTAL		**69**	**69**	**3**							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 4											
Staff Wellbeing	NC2312	12	12	0							
Corporate Governance	NC2401	10	10	0							
Key Controls and Assurance	NC2404	15	15	0							
Accountancy Services	NC2406	16	16	0							
Accounts Receivable	NC2407	10	10	0							
Private Sector Housing Enforcement	NC2411	12	12	0							
Non-Housing Capital Programme Management	NC2412	12	12	0							
Equalities	NC2422	10	10	0							
Waste Management - Biffa Contract	NC2419	10	10	0							
TOTAL		**107**	**107**	**0**							
IT Audits											
Starters, Movers, Leavers	NC2424	10	10	1	Scoping underway.						
Application Audit	NC2425	10	10	0							
TOTAL		**20**	**20**	**1**							
Follow Up											
Follow Up	N/A	16	16	8							
TOTAL		**16**	**16**	**8**							
TOTAL		**343**	**348**	**106**			1	10	9	5	
Percentage of plan completed				**30%**							

Executive Summary – NC2310 Housing Benefits

OVERALL ASSESSMENT

KEY STRATEGIC FINDINGS

- **No reconciliation has been completed between the housing benefits system and the general ledger since the new system was adopted in April 2022.**
- **Documented policies are in place including guidance for handling of overpayments, arrears and write-offs. However, improvement can be made to supporting procedure notes.**
- **Sample testing identified one case where the classification of an overpayment was incorrect which requires appropriate adjustments for the year-end subsidy claim.**
- **Annual parameters and Local Housing Allowance rates were applied to the benefits system prior to the beginning of the year and were tested and reviewed for accuracy.**

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risks:

- Failure to comply with statutory requirements
- Loss of income
- Reputational risks, and inaccurate financial records.

GOOD PRACTICE IDENTIFIED

- **Risks are reported and monitored at both a corporate and directorate level on a quarterly basis. Each risk register monitors one related risk with appropriate mitigating actions in place.**
- **A dashboard is used for performance monitoring which is sent to team leaders and managers on a weekly basis and reported to the portfolio holder and the Executive Director of Corporate and Commercial Services on a monthly basis.**

SCOPE

This key financial system feeds into the Head of Internal Audit Opinion and Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls. As this review was undertaken in an earlier quarter, top up testing will be completed in the key controls audit later in the year to provide adequate coverage.

ACTION POINTS

Urgent	Important	Needs attention	Operational
1	**0**	**3**	**1**

Executive Summary – NC2416 Anti-Social Behaviour

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: Residents being adversely affected by anti-social behaviour.

SCOPE

This audit was deferred from the 2022/23 audit plan. This area had not been reviewed recently. This review evaluated the effectiveness of the Council’s strategy for managing ASB complaints.

KEY STRATEGIC FINDINGS

Significant progress has been made with respect to Anti-Social Behaviour (ASB). ASB was previously included in the Corporate Risk Register but was sufficiently mitigated to warrant removal at Q4 22/23.

The current ASB Policy is under review to align with the Council's "Safer Norwich Strategy 2023-26" which was published In May 2023. The existing policy was issued in March 2015 and was due for review in June 2018. It is envisaged that the revised Policy will be in place by October 2023.

To measure the effectiveness of the revised Policy and procedures, there is a need to develop KPIs and appropriate management information.

Investment has been made in providing training for all team members, but there is a need to introduce defined quality assurance processes to promptly identify development needs as well as good practice.

GOOD PRACTICE IDENTIFIED

The Council is a member of the Norfolk Operational Partnership Team and Norwich Early Help Hub, with Information Sharing Agreements in place.

ASB Management proactively work with areas of the Council, such as Tenancy Management, to ensure consideration of ASB requirements.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	**8**	**0**	**0**

Executive Summary – NC2403 Information Security and Data Compliance

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The UK's Data Protection legislation places legal requirements on the Council. Non-compliance with these requirements leaves the Council at risk of financial penalty and reputational damage.

SCOPE

The audit focused on assessing the Council's compliance with the requirements of the UK GDPR, including the following key areas:

- Privacy Impact Assessments
- Data Subject rights
- Data Security & Breach Management
- Governance & Consent
- Training for staff and members.

KEY STRATEGIC FINDINGS

The Information Governance team is relatively new and has been fully staffed since June 2023. There have been good achievements in the last 18 months regarding updating policies / procedures and embedding practices, however a number of items are work in progress, notably the updating of the Information Asset Register and Record of Processing Activities.

Privacy notices require review to ensure that the correct lawful basis is listed and, where this is consent, to ensure that appropriate details are included in relation to the right to withdraw such consent and how this can be done.

Roles and responsibilities for processing Data Subject Access Requests require review to ensure that there is a central oversight by the Data Protection Officer in all cases for monitoring compliance and response times.

GOOD PRACTICE IDENTIFIED

The audit trails for Data Subject Access Requests and other Individual Rights Requests through the Civica system were considered to be thorough.

Breach reporting processes provide a good level of resilience which helps to ensure that the 72-hour reporting timeframe to the Information Commissioner's Officer (ICO) is adhered to.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	**2**	**6**	**4**

APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

		Completed between 15 June 2023 to 30 September 2023			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
		Urgent	Important	Needs Attention	Urgent	Importan t	Needs Attention	Urgent	Important	Needs Attention		Urgent	Important	Needs Attention
Audit Area	**Assurance Level**													
2019/20 Audits														
Payroll	Control: Satisfactory Compliance: Substantial					1					1			
2020/21 Audits														
Equality Duties	Limited						1				1			
2021/22 Audits														
Risk Maturity Assessment	Reasonable					2					2			
Off-payroll working (IR35) compliance	Reasonable			1			2				2			
Accounts Payable	Reasonable					2					2			
NNDR	Reasonable		1				1				1			
Environmental Services	Limited					1			1		2			
Health and Safety	Limited		1	1		6	1				7			
Capital Accounting & Management	Limited				2						2			
2022/23 Audits														
Food Health and Safety	Reasonable		1	1							0			
Annual Governance Statement	Substantial			1							0			
Anti-Fraud and Corruption	Reasonable								2	1	3			
Leasehold Management	Reasonable						1		1	2	4			
Leisure	Reasonable					1					1			1
FOIs and Complaints	Reasonable		1				2				2			
Cyber Security	Reasonable										0		2	2
Contaminated Land and Air Quality	Reasonable		1				1		1	1	3		2	
Payroll	Reasonable		3	1		1				1	2			1
Safeguarding	Limited							1	1	1	3			
Garden Waste Service	Reasonable										0		3	1
Trees and Playground Equipment	Reasonable								3	1	4		2	
Markets	Reasonable										0		5	1
Disaster Recovery	Reasonable		1								0		2	2
Buildings at Risk	Reasonable		1			2	1				3			
2023/24 Audits														
Anti-Social Behaviour	Reasonable								4		4		4	
Housing Benefits	Reasonable										0	1	0	3
Information Security and Data Compliance	Reasonable										0	0	2	6
		0	**10**	**5**	**2**	**16**	**10**	**1**	**13**	**7**	**49**	**1**	**22**	**17**

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Payroll	Complete the signing of the co-operation agreement with Sefton.	Important	Dawn Bradshaw, Head of HR and OD	31/12/2021	N/A	Outstanding	No update received.

APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Risk Maturity Assessment	A risk management training programme to be developed for relevant Council staff, highlighting roles and responsibilities and give practical tips for the identification and articulation of risk.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	30/09/2022	31/12/2023	Outstanding	This will be addressed once the new Head of Internal Audit is in post by the end of December 2023.
Risk Maturity Assessment	The Risk Management Policy and Strategy to be reviewed to clarify the following points: 4.5.1 Review the wording of the updated Risk Management Policy & Strategy and ensure that it includes details about when risks should be de-escalated.4.5.2 The council should specify responsibilities for risk control action owners.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	30/09/2022	N/A	Outstanding	New update required.
Accounts Payable	The council's 'No PO, no Pay' policy to be formally documented and re-launched with staff and suppliers.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	31/10/2022	31/10/2023	Outstanding	A new finance system is due to be in place at the end of October. This recommendation will be actioned as part of the system implementation.
Accounts Payable	As part of formalising the 'No Purchase Order No Pay' policy, an Exceptions' List be created, listing the instances in which a PO is not required prior to purchasing.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	31/10/2022	31/10/2023	Outstanding	As above.
Environmental Services	An annual timetable is prepared and shared with NCSL, so that contract requirements that require reviews and documentation by either party are visible and monitored.	Important	Andy Summers, Head of Environment Services	31/07/2023	N/A	Outstanding	No update received.
Environmental Services	The Corporate Health & Safety Board to receive a Health and Safety report from NCSL and include a set of metrics for agreement. In future years to be presented	Important	Andy Summers, Head of Environment Services	30/04/2023	N/A	Outstanding	No update received.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
	and agreed in line with the provisions of the contract, which is “the Parties shall agree a set of such Metrics not more than four (4) weeks before the anniversary of the Service Commencement Date”.						
Health and Safety	The Council to ensure that all reportable Health and Safety incidents/accidents and near misses from other areas of the business such as the Norman Centre and the Halls are provided to the Health and Safety Officer so that these can be included within the Council’s overall statistics and reported to the H&S boards and JCNC.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	30/04/2023	31/03/2024	Outstanding	Following an audit carried out by Human Applications (a company specialising in H&S), a number of recommendations have been identified. An action plan is place and is being worked through based on priority and risk. Progress is reported to the JCNC Board. Once more progress is made, recommendations that are completed will be signed off accordingly.
Health and Safety	The approach to general risk assessments and office inspections as well as the completion of the office inspection checklists should be documented and implemented within the Health and Safety policy and communicated to staff.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.
Health and Safety	Develop a system to ensure that risk assessment actions are adhered to and compliance reported to the H&S Officer.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.
Health and Safety	Develop a system to ensure that the office inspections are regularly undertaken and supported by a Health and Safety trained individual. A log should be kept of outcomes and identified actions should be followed up. Consider whether to reinstate annual walkarounds with a member of Unison around City Hall. Ensure that:- A log is kept of the findings and resulting actions- Outcomes are reported to the H&S Board.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.
Health and Safety	The Health and Safety officer to quarterly request data from the L&D team for the mandatory introductory e-learning H&S module. This data to be sorted by directorate and presented to H&S quarterly and CLT annually for awareness and to prompt an improvement in uptake. Overall uptake figures to be included within H&S performance statistics provided to the JCNC for monitoring.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Health and Safety	Develop measurable objectives for improvement of H&S at the council. Such as:• number of reported accidents and incidents per employee• Lost time injury incidence rate• Actions taken to address/reduce in future.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/01/2023	31/03/2024	Outstanding	As above.
Capital Accounting and Management	Minutes of meetings to discuss capital project progress are taken and include agreed actions, with a link to any supporting reports from Property Services. Reports to include highlights, risks and issues as appropriate.	High	Resources, Performance and Delivery Board	30/11/2022	N/A	Outstanding	New update required.
Capital Accounting and Management	All capital projects for the year are monitored for delays in works, to ensure the expenditure to date is reasonable for the works that have been completed, records are retained as to reasons with agreed actions to be taken, and that for each capital project, on the schedule included in the performance reports to Cabinet, there is a brief comment relating to progress and budget as appropriate.	High	Neville Murton, Interim Head of Audit, Finance and Risk	30/11/2022	N/A	Outstanding	New update required.

APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2022/23

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Buildings at Risk	A process to be implemented which monitors progress on agreed actions assigned to Officers arising from HAR meetings. In addition, it is suggested that a mechanism should be developed for monitoring when properties have last been inspected/contacted.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	30/11/2022	30/11/2023	Outstanding	Action points for individual Officers have been noted in the minutes taken at the 08 September meeting, the monitoring process for these action points and the proposed recording and monitoring of building inspections and owner/tenant contact remains to be devised. The Heritage at Risk portfolios for individual Officers will be drawn up when the full Conservation & Design Team are assembled in October/November 2023. Each individual Officer will then be responsible for recording and monitoring building inspections, contact with owners/tenants and comments received from the public. The overall register will be monitored by the Conservation & Design Team Leader.
Buildings at Risk	To produce internal procedures that complement and expand upon the external policies produced by Historic England. Consideration given to the following: - Standard means of applying and documenting rationale for allocated risk level and priority- Outline process for inspections/outreach with owners, including risk-based timescales, and reference to the Heritage England guide for enforcement actions - Requirements for evidence retention and file management.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/05/2023	31/12/2023	Outstanding	Procedures will be discussed at the September 2023 meeting, following which this recommendation will be completed.
Leisure	Finalise and sign the contract for Riverside Leisure Centre.	Important	Helen Chamberlin, Head of Strategy, Engagement and Culture	31/01/2023	N/A	Outstanding	This recommendation has been completed and the contract is now signed. Internal Audit are awaiting evidence to show completion of the recommendation.
Payroll	Management to ensure that the Payroll Control Account is reconciled within 30 working days of the month end, with all reconciling entries promptly investigated and actioned. The reconciliations should be signed and dated by the preparer and	Important	Gareth Robinson, Interim Head of Finance	30/06/2023	N/A	Outstanding	New update required.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
	an evidenced reviewer performed by an appropriate officer.						
Anti-Fraud and Corruption	Prepare an annual fraud plan and obtain approval from Audit Committee. The plan to cover all areas of the local authority's business and include activities undertaken by contractors and third parties or voluntary sector activities. All activity such as prevention, detection, investigation, sanctions and redress to be covered.	Important	Neville Murton, Interim Head of Audit, Finance and Risk	31/07/2023	N/A	Outstanding	New update required.
Anti-Fraud and Corruption	For the working Group to confirm that the RIPA and CCTV action plan has been completed and that the first report has been provided to members covering requirements of the Home Office Covert Surveillance and Property Interference Code of Practice	Important	Neville Murton, Interim Head of Audit, Finance and Risk	31/07/2023	N/A	Outstanding	New update required.
Leasehold Management	Review the method of calculating the horticultural maintenance charges to ensure full costs applicable are included in the leasehold service charges in the future.	Important	Bob Granville, Interim Head of Housing & Community Safety	01/09/2023	N/A	Outstanding	No update received.
Contaminated Land and Air Quality	Management to ensure that an authorised end to end, version controlled, process document is established for the identification and management of Contaminated Land, and for the measurement and statutory reporting of Air Quality. Regular reviews should be performed to ensure that the process document remains accurate.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	30/09/2023	31/12/2023	Outstanding	Several documents require reviewing and updating, a few of which are already in review stages. Due to staffing and workloads, this has not yet been completed. It is aimed that the remainder of the documents will be updated by end of December 2023.
Safeguarding	It is suggested that a review of roles requiring a DBS check is carried out as a priority, with referral to the DBS for advice, if required, to determine legal eligibility, with non-responsive services escalated to SLT. Results of the review to inform a formally agreed Corporate Policy for initial and renewal checks. Assurance to be provided to SLT that all checks required are completed or brought up to date, with evidence of completion retained.	Urgent	Dawn Bradshaw, Head of HR and OD	31/07/2023	N/A	Outstanding	Internal Audit will carry out testing on 24th October to confirm whether this recommendation has been implemented.
Safeguarding	When the mandatory safeguarding adults and safeguarding children courses have been updated, management to implement monitoring controls going forward to ensure mandatory e-learning courses and renewals at defined intervals are completed by relevant staff.	Important	Dawn Bradshaw, Head of HR and OD	31/07/2023	N/A	Outstanding	As above.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Trees and Playground Equipment	Management should implement controls to ensure that: all open defects categorised as high risk on the Defect Tracking Summary Report, are promptly reviewed and actioned as necessary; the Defect Tracking Summary Report contains sufficiently detailed notes to allow effective monitoring of all open defects; all necessary reactive maintenance identified is completely and accurately recorded on the Defect Tracking Summary Report; evidenced review is periodically performed of the Defect Tracking Summary Report; the Play Service Management and Safety Procedure is enhanced to provide greater detail on the process to be undertaken for the recording and actioning of necessary reactive maintenance identified	Important	Andy Summers, Head of Environment Services	31/07/2023	N/A	Outstanding	No update received.
Trees and Playground Equipment	Management should discuss with NCSL the adoption of the dedicated Ezetreev module to manage tree work orders.	Important	Andy Summers, Head of Environment Services	31/07/2023	N/A	Outstanding	No update received.
Trees and Playground Equipment	Management to clarify and confirm the responsibility for undertaking tree inspections in council owned residential and commercial properties, and ensure that appropriate risk assessments are undertaken.	Important	Andy Summers, Head of Environment Services	31/03/2023	N/A	Outstanding	No update received.

APPENDIX 7 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2023/24

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Anti-Social Behaviour	Management to review all cases over 80 days old to ensure that appropriate action has been taken and that they are valid to remain open	Important	Bob Granville, Interim Head of Housing & Community Safety	31/08/2023	N/A	Outstanding	No update received.
Anti-Social Behaviour	Management to develop an Action Plan to facilitate delivery of key supporting elements to the revised Anti-Social Behaviour Policy in a controlled and effective manner.	Important	Bob Granville, Interim Head of Housing & Community Safety	31/08/2023	N/A	Outstanding	No update received.
Anti-Social Behaviour	Management to promptly analyse the results of Post-Closure Complainant Satisfaction Surveys and develop an Action Plan to address the key concerns identified.	Important	Bob Granville, Interim Head of Housing & Community Safety	30/09/2023	N/A	Outstanding	No update received.
Anti-Social Behaviour	Management to ensure that tenant consultation is performed on the draft, revised, Anti-Social Behaviour Policy and results are reflected in the Policy prior to finalisation.	Important	Bob Granville, Interim Head of Housing & Community Safety	30/09/2023	N/A	Outstanding	No update received.

NORWICH City Council

Item 8

Committee name: Audit

Committee date: **21/11/2023**

Report title: **Learning lessons from failings in other authorities**

Portfolio: Councillor Kendrick, Cabinet member for resources

Report from: Head of legal and procurement

Wards: All wards

OPEN PUBLIC ITEM

Purpose

At its meeting in July, the Audit Committee requested a report outlining how the Council was learning lessons from failures in other local authorities.

Recommendation:

It is recommended that the Audit Committee review the report and note any comments arising.

Policy framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city priority.

Background

1. In the recent past, the government has found it necessary to intervene in a number of local authorities due to potential failings in the way that they are performing. These take a number of different forms – appointment of independent commissioners, instructions under a best value notice or by authorities themselves issuing S114 notices and triggering intervention.

2. The first few interventions – most notably Doncaster, Rotherham and Tower Hamlets, were due to broader governance concerns within those local authorities. However, more recent interventions (starting with Northamptonshire and continuing in areas such as Slough, Liverpool, Sandwell, Thurrock and most recently Woking) have been more focused on the financial management of the authorities.

3. The issue of a best value notice to South Cambridgeshire in connection with their trial of a 4 day working week demonstrates another form of intervention available to the government.

4. There are concerns that more authorities may face intervention in the near future due to the challenging circumstances they face such as the long-term reduction in government funding of local government, increases in demand for statutory services, the impact of inflation and inability to deliver savings. We have recently seen Birmingham issue a report under s.114 of the Local Government Finance Act 1988, based on the fact that the Council's level of expenditure exceeds its available resources.

5. At least 6 other authorities have formally issued warnings they may be required to do so this year, and national research has indicated up to 10% of authorities could be at risk of also doing so. Where this occurs, significant limitations are placed on the type and nature of expenditure the Council can make – it restricts expenditure to essential/ statutory items only – and means the Council is effectively 'bankrupt'.

6. It is worth noting that bankruptcy is a concept that applies to companies; public authorities, because of their tax raising powers, access to emergency government funds or capitalisation directions, cannot cease to trade in quite the same way but the enhanced government oversight, constraints and interventions that are associated with a S114 have the impact of it being a measure of last resort for most.

7. In addition to those authorities which have been subject to intervention, there have been a number of authorities that have experienced high profile issues but have worked to address these without formal government intervention; this includes cases such as Nottingham, which has experienced significant issues with the financing of its companies (see below, Bristol who have experienced similar issues with its companies but also its wider financial governance; Northumberland which has had challenges in its member and officer working, or the case of Redcar and Cleveland, which suffered as a result of a major cyber attack

8. The Redcar and Cleveland example indicates that failure can come from a broad range of factors. Research undertaken by the Institute for Government in 2016 highlighted that to add to financial pressures, increasing complexity,

growing service demand and innovation all heightens risks authorities have to manage.

9. Considering this backdrop, in July 2023, the Audit Committee asked officers to prepare a report outlining how the Council learns from the experiences of others, and particularly what can be learnt to avoid the failings of other Councils.

10. This report is not intended to give a comprehensive examination of each and every statutory intervention, but instead give a flavour of ways in which the Council learns from the experiences of others and what processes the Council has in place to mitigate the risk of similar issues arising. In each case highlighted, external links to relevant reports have been provided for members who wish to delve deeper into the specific case and its causes.

Existing channels for learning

11. Across the local government sector, there are established channels through which organisations learn from challenges they have faced. Bodies such as the Local Government Association (LGA) and District Councils Network share information on good practice. The Council has a corporate subscription to the Municipal Journal, as well as officers having access to professional networks and attending seminars and learning events. The Monitoring Officer circulates a monthly legal and governance update on key issues to senior officers.

12. As an example, following the Redcar and Cleveland cyber attack in 2020, DLUHC and LGA organised webinars to share learning emerging from Redcar and Cleveland that practitioners across the public sector could attend.

13. In addition, the Council can look to a range of sources of assurance which often take into account learning from other experiences, including:

    a) The LGA corporate peer review undertaken in January. The LGA take into account challenges faced by other authorities in how they approach their peer reviews

    b) Service peer reviews, which are undertaken periodically within service areas to share learning with other authorities

    c) The Council's external auditors, who undertake a value for money assessment on the Council's activities

    d) The Council's internal auditors, who will review systems of internal control within individual service areas and provide assurance

    e) Quarterly reporting on the Council's financial, non financial and risk performance

    f) The role of the council's statutory officers, namely the Head of Paid Service, s.151 Officer and Monitoring Officer, and the assurances they provide

Government review of statutory interventions

14. In June 2020, the government published its own review of lessons learned from statutory interventions: [“Addressing cultural and governance failings in local authorities: lessons in recent interventions”]

15. The report provided learning from experiences of working with Doncaster, Tower Hamlets, Northamptonshire and Rotherham, as well as non-statutory interventions in Kensington and Chelsea and Birmingham.

16. Appendix 1 identifies the Council’s position against the key areas identified in the government’s report.

Findings from other reviews and what the Council has in place to mitigate risk

17. Government interventions in other authorities are generally still in progress and therefore the causes of the issues in more recently cases are yet to be fully understood.

18. Some of the key aspects emerging from such interventions and reports emerging from authorities include:

Governance and decision making related to companies

19. There have been a number of failings in local authority companies. This in its own right should not be entirely surprising; after all, analysis of companies house statistics have indicated that approximately 1/3 of businesses are dissolved within the first 3 years of establishment. There are no formal statistics collated on the number of local authority companies that have failed, nor on the specific sectors that they operated in.

20. The challenge in local government is that we are stewards of public funding. A local authority company failure can result in losses to the Council, imperilling the ability to deliver key services, as well as implications for stakeholders such as the company’s staff, suppliers and customers. A perception can then arise that the overriding need is to keep the company going, to try to recoup losses and avoid impacts on stakeholders, even though the potential damage of failure only escalate.

21. This is expressly highlighted by Grant Thornton’s Public Interest Report on the collapse of Robin Hood Energy: *“Overall, the governance arrangements were overshadowed by the Council’s determination that the Company had to be a success, and this led to institutional blindness in the Council as a whole to the escalating risks involved and to very significant risks to Nottingham taxpayers’ money*” Grant Thornton focused on 3 core reasons why Nottingham City Council ended up in a difficult position; the complexity of the energy business, the lack of effective governance and institutional blindness to the escalating risk.

22. Councillors will be mindful that Norwich City Council has two key subsidiary companies; Lion Homes (Norwich) Ltd (formerly Norwich Regeneration Limited) and Norwich City Services. Following the LGA peer review, the Council has commissioned Local Partnerships to undertake a review of the governance of the Council’s companies. This is focusing initially on Norwich

City Services. The outcome of this report has been recently communicated to the shareholder panel, which is reviewing the next steps and considering reporting of the outcomes.

Member and Officer relations

23. Models of governance highlight of the importance of effective leadership; in local government, this must inevitably entail effective working relationships between members, and between members and officers.

24. In 2022, Northumberland commissioned SOLACE (Society for Local Authority Chief Executives) to undertake an independent governance review, the outcomes of which are available here

25. The review focused heavily on relationships and the culture within the organisation. The Norwich City Council peer review specifically reviewed this area, and members will be familiar with the report's generally positive conclusions. The Council has also been undertaking work to review its internal culture, including the undertaking of an Organisational Culture Inventory and ongoing work with the Senior Leadership Team to review how to progress the organisational culture.

26. The Northumberland review also highlighted significant issues in the handling of member complaints. This resulted in a further report by Wilkin Chapman LLP, the conclusions of which have been reviewed by the Monitoring Officer and reported to the Standards Committee as part of a Committee briefing session in July 2023.

Financial Governance

27. There have been a wide range of financial governance statutory and non-statutory interventions undertaken, such as the Best Value Inspection undertaken in relation to the failings in Thurrock. Findings have highlighted matters such as:

    a) Capability and stability of local government finance teams: the Council's finance team was restructured in early 2021. Whilst there has been change in terms of the leadership of financial matters at the Council, the Council has worked hard to ensure that there are staff with appropriate skills, experience and qualifications. However, the Council has been reliant on agency staff to achieve this. The Council has recently recruited a new permanent Director of Finance (S151 Officer) and is recruiting to the Head of Finance role. The new S151 Officer will examine how the resourcing and skills requirements of the function compare in relation to the council's ambitious agenda given their responsibility for ensuring for the proper administration of its financial affairs.

    b) Lack of effective financial planning to meet financial challenges: the Council's approach to financial planning and delivery of savings and income targets was revised to reduce reliance on reserves to balance its budget. The approach was commended by the LGA during their peer review. Moreover, the council is moving towards outcome based budgeting, while retaining the strong corporate grip that has seen it deliver on £5.2m of £5.7m savings in 2023/24. NCC intends to deliver on not only new savings to meet the £3m gap that were identified through the move to a 5 year Medium Term Financial Plan on top of inflationary pressures, but the existing approved savings for future years.

c) Failure to take heed of warning signs: There is evidence that in the most significant failings in local government, internal and external warning signs were missed, most notably in relation to treasury management. The Council has established a treasury management committee which has access to the Council's independent advisors. The Audit Committee receives reports from Internal and External Auditors and is robust in holding officers to account in their delivery.

d) Lack of effective challenge and scrutiny: It is important that Councils are receptive to challenge, recognising its importance to support sound decision making. The Council has supported the development and strengthening of the audit committee through training and the appointment of an independent member and is reviewing the development of its scrutiny committee. The Council has transferred its internal audit service to a consortia that will support greater resilience and shared learning.

e) Failure to understand risk in decision making: the council has developed its programme management approach where significant change and transformation is involved. Proposals are subject to mandates, outline and final business cases which are reviewed by a "design authority" of specialists from across the Council before being subject to approval by senior officers.

The landscape moving forwards

28. As highlighted, there is significant concern that more local authorities could be experiencing significant issues moving forward as financial pressures continue to bear heavy on many authorities. This will include other authorities previously considered to be well resourced and managed. In addition, there is concern as to how problems can be identified and avoided:

a) It is widely acknowledged that the current system of external audit for local government is not working effectively. External audit serves as an important check and balance, providing independent assurance and with the power to issue a public interest report where they are concerned about the actions being taken by local authorities. The government commissioned the Redmond Review to examine the causes and potential solutions to this challenge, and is working with the sector to identify ways forward.

b) Following the removal of assessment tools such as Use of Resources and Comprehensive Area Assessments, it was expected that the local government sector would instead work on a system of learning from each other through peer reviews. Whilst peer reviews are a useful tool, they are reliant on the individual authority being welcoming to challenge and putting the learning into practice. Peer reviews have also sometimes failed to identify the real underlying issues that have led to local authority failures.

29. With this in mind, the government has recently launched the Office for Local Government (OfLOG), whose objectives will include highlighting good performance in local government and shared learning, as well as identifying local authorities at risk of failure and helping arrange support for them.

30. Alongside this, the government has recently undertaken a consultation on criteria for future best value reviews and when intervention took place. Within that, the government include a set of governance based criteria along with what “good” and “bad” performance was seen to be. This is clearly still an emerging picture that the Council will continue to monitor.

Concluding notes

31. No local authority is immune from the pressures that the sector faces, and Norwich is no different in that. The recent LGA peer review highlighted that the Council is on a positive journey of change, which is positive and must be sustained.

32. This report highlights the ways in which the Council can learn from failings, and what measures it has in place to mitigate failings seen at other authorities. It is important that good governance remains prominent in the Council’s activities; managing risk, evaluating financial impacts, learning from the work of peer reviews, internal audit and external audit, and the challenge that effective scrutiny can provide.

Consultation

33. There has been no specific consultation on this report.

Implications

Financial and resources

34. 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 2022-26 and budget.

35. There are no financial implications arising from this report.

Legal

36. As this report highlights, the Council is under a duty to secure best value in the provision of its services as well as the duty to make arrangements for the proper administration of its financial affairs. Reviewing lessons learned from those who have, or perceived to have failed to meet these requirements is a useful means of understanding how the Council is fulfilling its own duties.

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
Ineffective governance within the Council leads to service or financial failure	Poor or ineffective service provision	Implementation of effective governance systems within the Council

Other options considered

37. None

Reasons for the decision/recommendation

38. No specific decision is required from this report. Members of the Audit Committee may wish to comment on specific points raised within the report.

Appendices:

Appendix A: Benchmarking lessons learned from government interventions.

Contact officer:

Name: Leah Mickleborough, Head of Legal and Procurement

Email address: leahmickleborough@norwich.gov.uk

IN TRAN communication for all	If you would like this agenda in an alternative format, such as a larger or smaller font, audio or Braille, or in a different language, please contact the committee officer above.

Appendix 1: Benchmarking government intervention lessons learned

<table>
<tr><th>Issue raised in government lessons learned</th><th>Council response</th></tr>
<tr><td>Lack of effective political and/or corporate leadership, including an overreliance on interim statutory officers</td><td rowspan="2">Norwich City Council has recently experienced a number of changes in its officer and political leadership. This was recognized as an emerging issue in the corporate peer review undertaken by the LGA.

Throughout this period, the Council has sought to maintain capacity at an officer level through the use of highly experienced interims which have brought significant value to the organisation. However, it was recognized that in the long term, the Council needs to look to increase its permanent staffing capacity which has resulted in a recent recruitment exercise for senior staffing posts.

From a leadership perspective, the Council’s new cabinet was confirmed after the May elections. The Council has been working with the LGA to assess development requirements at a senior membership level.</td></tr>
<tr><td>A lack of corporate capacity, resulting in a lack of strategic vision and direction, and inadequate internal processes</td></tr>
<tr><td>Poor and inappropriate councillor conduct</td><td>The Standards Committee monitors the effectiveness of the Council’s code of conduct. In September 2022, a new Code of Conduct was adopted by the Council in line with the LGA model. The Standards Committee receives an annual report on councillor conduct. In July 2023, the report again highlighted that the Council receives a very low number of complaints against members and a good record in resolving issues where these occur.</td></tr>
</table>

Issue raised in government lessons learned	Council response
Conflict and distrust among and between councillors and senior officers	This was explored by the LGA peer review which highlighted that there is positive relationships between councillors and senior officers, as well as effective relationships between political groups
The absence of effective scrutiny, transparency and public consultation, including inadequate protections for whistle-blowers	The scrutiny committee has been evaluating its own effectiveness, which will be reported back to the scrutiny committee to review in due course. The LGA peer review explored the Council's approach to public consultation and engagement, which identified the need for the Council to assess its approach. This has led to the Council looking at its approach and the way that it can use platforms such as Get Talking Norwich through which to engage. Statutory Officers are not aware of any concerns relating to transparency or whistle-blower protection. The Council will be reviewing its whistleblowing policy during the current financial year
A lack of awareness and acceptance of the need for improvement; and insufficient capacity to achieve the change required	The peer review recognized that the Council was on an improvement journey. The council has taken significant steps to review its capacity, most notably through its Future Shape Norwich transformation programme.

NORWICH
City Council

Item 9

Committee name: Audit

Committee date: 21/11/2023

Report title: **Risk Register**

Portfolio: Councillor Kendrick, Cabinet member for resources

Report from: Head of Finance, Audit & Risk (Interim)

Wards: All wards

OPEN PUBLIC ITEM

Purpose

To provide an update on the Risk Register.

Recommendation:

It is recommended that the Audit Committee review the report and to note any comments.

Policy framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city priority.

Report Details

1. The Audit Committee reviews the risk register for completeness and to ensure that there are appropriate governance and controls over risks of the authority.
2. Due to the timing of the Audit Committee meeting, they will be provided with the quarter 2 risks. The attached report at Appendix 1 will be considered at Cabinet on 15 November 2023.
3. There is an exempt item, which will be provided separately.

Consultation

4. Not applicable for this report.

Implications

Financial and Resources

5. There are no specific financial implications from this report.

Legal

6. There are no specific legal implications arising from this report.

Statutory Considerations

Consideration:	**Details of any implications and proposed measures to address:**
Equality and Diversity	Not applicable for this report.
Health, Social and Economic Impact	Not applicable for this report.
Crime and Disorder	Not applicable for this report.
Children and Adults Safeguarding	Not applicable for this report.
Environmental Impact	Not applicable for this report.

Risk Management

Risk	**Consequence**	**Controls Required**
Failure to have an appropriately managed risk register would lead to the council not managing risks appropriately.	If risks materialised and were not mitigated against, the council might find itself in financial difficulties.	Progress against risks is reported regularly.

Other Options Considered

7. Not applicable for this report.

Reasons for the decision/recommendation

8. The Committee should ensure that the council has strong governance over its risks management.

Background papers:

None

Appendices:

Appendix 1 Risk Register

Contact officer: Gareth Robinson, Head of Finance (Interim)

Email address: garethrobinson@norwich.gov.uk

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.

NORWICH City Council

Committee name: Cabinet

Committee date: 15/11/2023

Report title: **2023/24 Quarter 2 – Risk Register**

Portfolio: **Councillor Kendrick, cabinet member for resources**

Report from: **Interim Chief Finance Officer**

Wards: **All wards**

OPEN PUBLIC ITEM

Purpose

This report provides an update to the council's corporate risk register based on the position for quarter two (September 2023).

Recommendation:

It is recommended that the cabinet notes the identified risks and the direction of travel.

Policy framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city corporate aim.

Introduction and background

1. Heads of Service and other risk owners were asked to update their directorate and corporate registers to reflect the position at the end of quarter (September 2023)

2. The current Corporate Risk Register summary is shown at Appendix A.

3. The position at the end of quarter 1 (up to 30 June) was reported to Cabinet in September. This identified a number of changes to the corporate risk register at that point. There have not been significant changes in the Council's risk profile at the end of this quarter.

4. There are three risks contained within the exempt Appendix, one of which is showing an improved position in this quarter.

5. The risk environment in which the council operates remains relatively high risk as the financial environment is challenging both in terms of the economic and the funding. The government have recently confirmed that the local government financial settlement will be confirmed shortly before Christmas, which is likely to fall after Cabinet receives its medium term financial planning update in December.

6. The quarter 1 report highlighted the situation over nutrient neutrality. At that time, it was understood the government would be seeking to amend the Levelling Up and Regeneration Bill to resolve the nutrient neutrality challenge. This amendment was defeated, and so was not included in the final Levelling Up and Regeneration Act. The risk related to nutrient neutrality therefore remains unchanged at this stage.

7. The council keeps a watching brief on all key risk areas. In that same vein, the Council is also in the process of updating its risk management policy to ensure that risks are properly managed and that there is adequate guidance.

Consultation

There has been no specific consultation on these proposals.

Implications

Financial and resources

8. 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 2022-26 and budget.

9. There are no proposals in this report that would reduce or increase resources.

Legal

10. Identification and consideration of its corporate risks is an important governance function of the cabinet to ensure that appropriate action is being taken to ensure the Council takes lawful decisions and mitigates exposure to risk. The audit committee also exercises similar oversight and collectively this is designed to ensure that the council understands and is in a position to respond to risks as they arise.

Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	N/A
Health, Social and Economic Impact	N/A
Crime and Disorder	N/A
Children and Adults Safeguarding	N/A
Environmental Impact	N/A

Risk management

Risk	Consequence	Controls required
This is the risk register	Not managing risks would put the council at significant risks as noted within the report.	Risk Register

Other options considered

11. As the report is primarily for information no other options have been considered.

Reasons for the decision/recommendation

12. It is important for the Cabinet to understand the council's financial performance and to highlight corrective actions where significant variances are apparent.

Background papers: None

Appendices: None

Contact officer: Gareth Robinson, Interim Head of Finance, Audit & Risk

Telephone number: (01603) 987662

Email address: garethrobinson@norwich.gov.uk

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

	Q1 2023/24		Q2 2023/24			
Risk (inc reference)	Residual risk score	Target risk score	Residual risk score	Target risk score	Current directio	Last Review Dat
CORP01 Council Funding Medium - Long Term	12	8	12	8	Static	12/10/2023
CORP03 Health & safety in the workplace	12	8	12	8	Static	11/10/2023
CORP06 Failure to respond to a critical, business continuity or emergency planning event	12	6	12	6	Static	11/10/2023
CORP07 Cyber security	15	15	15	15	Static	08/11/2023
CORP09 Failure to fulfil statutory or legislative responsibilities - safeguarding	15	12	15	12	Static	31/10/2023
CORP12 Contract management - governance	9	6	9	4	Static	21/09/2023
CORP14 Health and safety and compliance in council homes and buildings	15	4	15	4	Static	30/09/2023
CORP15 Failure to draw down £15m of Housing Infrastructure Fund (HIF) money previously secured from Homes England (HE) to assist with the delivery of Anglia Square.	12	8	12	8	Static	11/10/2023
CORP17 Failure to deliver acceptable levels of performance in regulatory services	12	8	12	8	Static	11/10/2023
CORP18 Failure to address Natural England advice on Nutrient Neutrality (NN)	15	10	15	10	Static	11/10/2023
CORP19 Housing regulation	12	9	12	9	Static	30/09/2023
CORP20 Cost of living (COL) crisis has a negative impact on the city and the council	20	12	20	12	Static	03/10/2023
CORP21 Climate Change risk to Council and its residents	16	12	16	12	Static	05/10/2023
CORP23 Impact of economic downturn on key council suppliers	12	8	12	8	Static	21/09/2023
CORP24 Temporary and Supported Accommodation - Reducing the Housing Benefit Subsidy gap	15	12	15	12	Static	20/09/2023

NORWICH City Council

Item 10

Committee Name: Audit
Committee Date: 21/11/2023
Report Title: Work Programme

Portfolio:	Councillor Kendrick, cabinet member for resources
Report from:	Head of Legal and Procurement
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:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the 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, 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.

4. The committee meeting scheduled for 17 October 2023 was not convened. Therefore, the agenda items for that meeting have been moved forward for consideration at this meeting.

Considerations

5. The proposed work programme for the remainder of 2023/24 is set out below.

6. The action plan that came out of the committee's self-assessment, agreed at the meeting on 21 March 2023, is attached at Appendix A. The committee is asked to review the actions and target dates. It is proposed that an informal meeting is held in December 2023 to prepare for the next self-assessment session. The date of this meeting is to be agreed.

7. During the self-assessment process, the committee was satisfied with the committee's terms of reference but asked to view the terms of reference of similar size of councils where a leadership/executive model is in place. Appendix C contains the terms of reference of Oxford City Council, Exeter City Council, and Ipswich Borough Council for comparison. Cambridge City Council has a different structure to the city council's and therefore was not used for comparison purposes. When making comparisons members are reminded that in accordance with our constitution, full council sets the council tax and governance arrangements for the councillors' conduct are the function of the Standards Committee.

8. It may be necessary to convene an extraordinary meeting of the committee to sign off the Annual Governance Statement, Statement of Accounts and Audit Results Report 2021/2022 and 2022/23.

Work Programme 2023/24

9. The proposed work programme for 2023/24 is as follows:

23 January 2024
Progress Report on Internal Audit Activity 2023/24
Review of Accounting Policies
Cybersecurity
Work Programme

19 March 2024
Risk Management Update
Progress Report on Internal Audit Activity 2023/24
Strategic and Annual Internal Audit Plans 2024/25
Committee Self-Assessment
Work Programme

Actions Arising from the previous meeting

10. The action tracker has been circulated to members and attached to this report at Appendix B. All actions have been closed off.

Training and development

11. An informal session was held on 19 September 2023 facilitated by Gareth Robinson, Interim Head of Finance, on the Statement of Accounts 2022/23. This session gave members an opportunity to ask questions in an informal setting.

12. Councillor Price attended the Chairs of Audit Committees – Eastern Region Forum meeting in October 2023. The papers for this meeting have been shared with members of the committee. The information includes slides from presentations on the PSAA and the Department for Levelling Up, Housing and Communities proposals for addressing the backlog of local audit opinions.

Consultation

13. 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.

14. The service expenditure falls within the parameters of the annual budget agreed by the council.

Legal

15. 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 DLUHC.

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

16. 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

17. 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 - Actions arising from the Committee's Self-Assessment approved at Audit Committee on 21 March 2023
Appendix B – Action tracker
Appendix C – Terms of reference comparison

Contact Officer:

Name: Jackie Rodger, senior committee officer

Email address: jackierodger@norwich.gov.uk

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.

Audit Committee 21 November 2023 Work Programme
Appendix A - Actions arising from the Committee's Self-Assessment approved at Audit Committee on 21 March 2023

Question	Assessment	Action	Proposed Target Date
4	Partly	Training to be considered for members outside of the committee to raise awareness of the role of the Audit Committee.	December 2023
6	Partly	The Committee has reflected on its engagement with Cabinet and resolved to explore a process where a more formal escalation of concerns were highlighted through to cabinet.	November 2023
8	Partly	An annual self-assessment of the Audit Committee is now carried out. However, the Committee has suggested that a review is undertaken to compare its TOR to Audit Committee's at City Councils of a similar size such as Oxford and Cambridge.	November 2023
9	Yes	CLT and the Committee have considered whether Treasury Management is an appropriate area of involvement for the Audit Committee. As a result of this a Treasury Management Panel has been set up to review the Councils arrangements and provide assurance on the robustness of controls in this area.	Complete
12	Partly	To enhance knowledge skills and independence of the Committee, it was agreed that an independent person would be appointed. The Council successfully appointed an independent person in June 2022. The Committee has expressed an interest in appointing a second independent person and it has been agreed this will be progressed following May 2023 elections. The Committee have suggested that it would be useful for the personal specification to stipulate that accountancy skills would be desirable.	December 2023
15	Partly	The membership of the committee has now been assessed against the core knowledge and skills framework. A training programme covering identified gaps in skills and knowledge has been provided to the Committee for	January 2024

Question	Assessment	Action	Proposed Target Date
		comment. A training plan will be arranged when this is agreed. It is also suggested that the assessment is completed following the May 2023 elections and the training needs of the Committee are updated.	
18	Partly	Feedback to be received by the Committee as part of the presentation of the annual report. However, the Committee suggests that a survey of staff and other members interacting with the Committee such as Cabinet, Scrutiny Committee is undertaken to seek feedback. Head of Internal Audit to draft questions for Audit Committee agreement for circulation and anonymous feedback to be provided following presentation of the annual report.	December 2023
19	Partly	As part of the self-assessment exercise the Committee has evaluated how it is adding value. Part two of the 2022 version of the Cipfa self-assessment will be carried out as a part of next year's review to provide examples of strengths and weaknesses in each area.	January 2024

Audit Committee – Action Tracker

Date of Meeting	Minute Item	Action to be taken	Responsible officer	Comments
10 July 2023	**5. Annual Report on Counter Fraud Arrangements**	Ask the Head of Legal and Procurement to provide information on the position of Civil Enforcement Officers having access to DVLA information and data from Norfolk County Council on Blue Badge holders.	Jackie Rodger Senior Committee Officer	Footnote in minutes.
10 July 2023	**6. Internal Audit Progress Update July 2023**	(a) circulate and publish revised versions Executive Summaries – NC2326 Disaster Recovery and the NC2325 Cybersecurity; (b) share the final version of the Safeguarding internal audit review report with members, and note that any final internal audit reviews that have received a limited completed in the period will be shared with members after verification.	Jackie Rodger Faye Haywood, Head of Internal Audit	Completed Completed - Safeguarding internal audit review and Key Controls have been shared with members
10 July 2023	**7.Internal Audit Annual Report and Opinion 2022/23**	(a) add a review of the Internal Audit Plan to the committee's work programme for a mid year review; (b) ask the Head of Internal Audit to share the series of questions used to survey managers on the effectiveness of the internal audit service with the Independent Person and any member of the committee on request. add a review of the Internal	Jackie Rodger Faye Haywood	Completed Completed

Audit Committee – Action Tracker

Date of Meeting	Minute Item	Action to be taken	Responsible officer	Comments
		Audit Plan to the committee's work programme for a mid year review; (b) ask the Head of Internal Audit to share the series of questions used to survey managers on the effectiveness of the internal audit service with the Independent Person and any member of the committee on request.		
10 July 2023	**8. Cyber Security Update**	Ask the Head of Legal and Procurement to arrange the publication of the main report;	Jackie Rodger	Report published on the website
10 July 2023	**10. Cyber Security Update (paragraph 3)**	To note that the Head of Legal and Procurement will report on failed authorities to the next meeting of the committee.	Leah Mickleborough, Head of Legal and Procurement	On work programme for committee meeting 21 November 2023
10 July 2023	**Work programme**	(2) ask the chair to write to: (a) Councillor Ackroyd, chair of Scrutiny Committee proposing that the Scrutiny Committee undertakes a self-assessment exercise to ensure that it fulfils its terms of reference; (b) Councillor Stonard, Leader of the Council and chair of Cabinet, proposing that Cabinet develops and approves a Communications and Consultation Strategy for the council.	Cllr Price	Completed.

Appendix C

Terms of Reference of Audit Committees:

As part of the self-assessment process, members asked to review terms of reference of similar councils. The terms of reference of the audit committees of Norwich City Council, Ipswich Borough Council, Exeter City Council and Oxford Council are included for your information.

Norwich City Council

Audit Committee

Membership of the Audit Committee shall comprise 8 members appointed by the Council (excluding Cabinet members). Additionally, up to two independent non-voting co-opted members may be appointed on the basis of their skill, knowledge, qualification and experience relevant to the role of the committee.

The chair of the committee is elected by the council and the vice-chair is appointed by the committee.

Within the policies laid down by the council and within the Corporate Plan to exercise the following powers of the council:

Corporate governance

1. Review the effectiveness of internal control across the council and the adequacy of actions taken to address any weaknesses or control failures.
2. Consider the adequacy and effectiveness of the council's arrangements for the identification and management of the organisation's business risks; including the risk management policy, strategy and risk register.
3. Receive and consider regular reports at least twice a year on the risk environment, corporate risk register and associated management actions.
4. Review and ensure the adequacy of the council's anti-fraud and corruption policy and strategy and the effectiveness of their application.
5. Review and ensure that adequate arrangements are established and operating to deal with situations of suspected or actual fraud and corruption.
6. Review, consider and agree the Annual Governance Statement, including the adequacy of the corporate governance framework and improvement action plan contained within it.
7. Receive periodic updates on improvement actions taken.

Internal and external audit

8. Approve the internal audit charter.
9. Approve and monitor delivery of the internal audit strategy.

10. Consider, endorse and monitor delivery of the internal audit annual work programme, including any significant in-year changes to the programme or resource requirements.
11. Ensure adequate resourcing of the internal audit function, approving any significant additional consulting services requested from internal audit not already included in the internal audit annual work programme.
12. Receive and consider the annual internal audit report and opinion on behalf of the council.
13. Oversee the annual review of the effectiveness of the system of internal audit, to include the performance of the internal audit function, compliance with standards and delivery of improvement actions.
14. Contribute to the external quality assessment of internal audit that takes place every five years.
15. Commission work from internal and external audit and consider the resulting reports.
16. Comment on the scope and depth of external audit work and ensure it gives value for money.
17. Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
18. Seek assurance that action has been taken to implement the recommendations arising from the findings of significant audit and inspection work.

Statement of accounts

19. Discuss the annual audit plan for the audit of the financial statements with external audit.
20. Consider the external auditor’s annual letter, relevant reports and the report to those charged with governance.
21. Review and approve the annual statement of accounts, including subsequent amendments on behalf of the council.

Referral powers

22. Make recommendations for due consideration on all matters described above. Recommendations relating to all paragraphs except 9-10 and 12-21 shall be made to the Cabinet and Chief Finance Officer. Recommendations relating to paragraphs 9-10 and 12-21 shall be made to the Chief Finance Officer.

Accountability arrangements

23. Report to those charged with governance on the committee’s findings, conclusions and recommendations concerning the effectiveness of their

governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

24. Report to full council on the committee's performance in relation to the terms of reference and effectiveness of the committee in meeting its purpose.

5.3 **Terms of Reference**

5.3.1 **The Audit and Governance Committee** is to:

(a) agree the strategic and annual internal audit plans;

(b) monitor the execution of the internal audit plan and scrutinising the timely implementation of internal audit recommendations;

(c) review the Head of Internal Audit's Annual Report and Opinion and internal audit reports;

(d) receive and respond to ad hoc reports and referring such reports to the appropriate committees of the Council as necessary.

(e) consider the annual external audit plan;

(f) monitor the execution of the external audit plan and the timely implementation of external audit recommendations;

(g) be satisfied that the Council's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;

(h) review the financial statements, the external auditor's opinion, their Annual Governance Report and monitor the progress of management actions to address issues arising;

(i) consider the reports of external audit and other inspection agencies published and referring these items to the appropriate committee(s) of the Council as necessary;

(j) consider the effectiveness of the Council's anti-fraud and anticorruption arrangements

(k) monitor the effective development and operation of risk management and corporate governance in the Council;

(l) commission work from internal and external audit' and

(m) promote the value of the audit process.

5.3.2 **In relation to Codes of Conduct**:

(a) to promote and maintain high standards of conduct by members and co-opted members of the Council;

(b) to assist members and co-opted members of the Council to observe the Council's Code of Conduct;

(c) to make recommendations to the Full Council about making, changing or revoking Codes of Conduct or Protocols for Councillors, co-opted committee members and employees;

(d) to monitor the operation of Codes of Conduct and Protocols approved by the Council;

(e) to make representations to the Local Government Association and Central Government, or other organisations, about any matter relating to the general principles of conduct for Members of the Council;

(f) to consider and determine any allegations against Councillors (including members of Committees who are not members of this council) of misconduct. (Misconduct means a breach of any Code or Protocol adopted by the Council.) The Committee may issue a report on any finding of misconduct;

(g) to consider any applications from Members for Dispensations in relation to any interests of Members as provided for by the Localism Act 2011 and any regulations made thereunder;

(h) to appoint Sub Committees as required to deal with applications for Dispensations from Members;

(i) to be responsible for liaison between the Council and external agencies, in particular the District Auditor and the Local Government Ombudsman, in connection with any matter within the Committee's Terms of Reference;

(j) to provide advice and guidance to Councillors and employees and make arrangements for training in connection with any matters within the Terms of Reference of the Committee;

(k) any other Function conferred upon the former standards committee by law.

5.3.3 **In relation to Corporate Governance Issues:**

(a) To review the Council's performance in relation to transparency and public accountability for its decision making;

(b) To review the Council's performance in relation to its relationship with external stakeholders in terms of disclosure, fairness and ethical practices;

(c) To review the way the Council considers and implements its wider social economic and sustainable duties in the way it conducts its business.

Exeter City Council

Article 9 – Audit and Governance Committee

9.01 Audit and Governance Committee

The Council will appoint an Audit and Governance Committee with a membership comprising one or more representative of each political group.

9.02 Composition

Audit and Governance Committee will meet on a quarterly basis and report directly to full Council. It will comprise 11 members, excluding Executive members and the chairmanship will be subject to local protocol.

9.03 Role and Function

The Audit and Governance Committee will have the following terms of reference:

1. To approve, but not direct, the Internal Audit Strategy and annual audit plan ensuring that appropriate risk assessments have been carried out when formulating the internal audit plan and to monitor performance against the plan

2. To review any revisions to the plan as advised by the Audit Manager and agreed by the Director Finance.

3. To review half yearly internal audit reports and the main issues arising and seek assurance from management that action has been taken, where necessary

4. To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale

5. To consider the Audit Manager’s annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council’s corporate governance arrangements

6. To consider the external auditor’s annual letter, relevant reports and the report to those charged with governance

7. To consider specific reports as agreed with the external auditor

8. To comment on the scope and depth of external audit work and to ensure it gives value for money

9. To commission work from internal and external audit

Regulatory Framework

(

10. To review any issue referred to it by the Chief Executive, senior management or any council body

11. To monitor the effective development and operation of risk management and corporate governance in the Council and agree necessary actions to ensure compliance with best practice

12. To review the Annual Governance Statement (AGS) and to recommend its adoption

13. To consider the Council's compliance with its own and other published standards and controls

14. To advise the City Council on the adoption of Codes of Conduct with the aim of promoting and maintaining high standards of conduct by members and officers and the subsequent monitoring and updating of the Codes.

15. To develop and adopt a Code of Practice on relations between members and officers.

16. To develop and monitor a Local Planning Code.

17. To ensure the provision of advice and training to members and officers on the above Codes of Conduct/Practice.

18. To hear and determine allegations of misconduct.

19. To be responsible for the Council's procedure for investigating and responding to complaints.

20. To give advice to Members on the declaration of interests.

21. To monitor the "Whistle blowing Policy" which meets the requirements of the Public Interest Disclosure Act 1998, to encourage employees to report suspected malpractice, fraud or crime by other staff, the public or organisations having dealings with the Council.

22. To monitor and review the Council's Anti-fraud, Anti-bribery and Anti-corruption Strategy

23. To monitor the Council's constitution and, having regard to any report of the Monitoring Officer, to make appropriate recommendations where necessary.

Accounts

24. To approve and adopt the Council's Statement of Accounts, income, expenditure and balance sheet or record of receipts and payments.

25. To consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

26. To consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts

Oxford City Council

7.5 Audit and Governance Committee

The Audit and Governance Committee is responsible for setting the Council Tax base and for:

(a) Internal control and risk management

Reviewing internal control and risk management, particularly:

- the way the Council identifies and deals with key risks
- policies for making sure the Council follows regulatory guidance
- the way the Council's strategies, policies, processes and procedures are working in respect of anti-fraud and corruption and money-laundering
- the Annual Governance Statement
- the statement on internal control to be included in the internal auditor's annual report and all risk and control related disclosure statements before they go to Council.

(b) Audit and risk

- reviewing the internal audit programme
- considering the main findings of internal audit investigations and the management's response
- ensuring co-ordination between internal and external auditors
- ensuring the Council allocates enough resources to audit and risk and takes audit and risk sufficiently seriously

(c) External audit

- considering the choice of auditor and the auditor's fees
- discussing the terms of reference of audits before they happen
- making sure that all external audits and inspections are co-ordinated
- reviewing external audit reports, including value for money reports and
- annual audit letters, along with the management response.

(d) Statement of accounts

Considering and approving the annual statement of accounts, focusing on:

- whether the Council's accounting policies and practices are up-to-date
- areas where serious criticisms and important adjustments resulted from the audit.