



NORWICH City Council

Committee Name: Audit

Committee Date: 13/07/2021

Report Title: Draft Statement of Accounts 2020-21

Portfolio:	Councillor Kendrick
Report from:	Executive director of corporate and commercial services (S151 officer)
Wards:	All wards
OPEN PUBLIC ITEM	

Purpose

This report presents the formal unaudited draft Statement of Accounts.

Recommendation:

It is recommended that the committee reviews the draft Statement of Accounts 2020-21

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets all the corporate priorities

This report addresses healthy organisation strategic action in the Corporate Plan

This report helps to meet council's financial objective of the COVID-19 Recovery Plan

Report Details

Background

1. There is no requirement for the committee to approve the draft financial statements however the unaudited accounts are presented to the audit committee for review. The unaudited draft statement of accounts will be authorised by the Executive Director of Corporate and Commercial Services (S.151 officer) ahead of publication on the council's website.
2. The Ministry of Housing, Communities and Local Government (MHCLG) has put in place revised regulations that come into force on 31 March 2021. The Accounts and Audit (Amendment) Regulations 2021 extend the statutory audit deadlines for 2020/21 and 2021/22 for all local authorities.
3. To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead, local authorities must commence the public inspection period on or before the first working day of August 2021. This means that accounts that must be confirmed by the responsible finance officer and be published by 31 July 2021 at the latest. The publication date for audited accounts has consequently moved from 31 July to 30 September 2021.
4. In line with the requirements, the unaudited Statement of Accounts will be accessible on the council website. Our period of public inspection will run from 26 July until 6 September 2021.
5. In line with the external audit plan (also on the agenda), the council will not achieve the publication date for audited accounts as EY have scheduled for the work to be undertaken in November and December 2021.
6. Covid-19 has continued to present challenges both in terms of working arrangements and additional financial activity to account for and report. Despite this the team have worked hard to prepare the financial statements, including liaison with budgets managers and external partners.

Statement of Accounts

7. The draft statement of accounts is attached at Appendix 1. Its format is required to follow the Code of Practice on Local Authority Accounting in the United Kingdom (supported by International Financial Reporting Standards) and includes a full balance sheet and statement of cash flow movements.
8. Group Accounts have been prepared which consolidate in the financial performance and position of the council's wholly-owned subsidiaries Norwich Regeneration Limited and Norwich City Services Ltd.
9. The narrative report is included within the Statement of Accounts. The report provides the reader with:
 - an understanding of the council, its strategic priorities, and the local and national context in which it operates;

- an overview of the council's medium term financial plans, future outlook, and key risks going forwards;
- a summary of the council's financial performance for 2020/21 along with information on how well the council delivered its key priorities during the year; and
- a guide to the key features of the primary statements and notes that make up the financial statements.

10. Section 9 of the narrative report details each of the primary financial statements and provides explanations of the key figures and movements.

11. There have been no significant changes to the accounting standards in 2020-21.

Covid-19 Implications

12. Since setting the 2020-21 budget in February 2021, the global economic environment has fundamentally shifted in light of the Covid-19 pandemic. The 2020/21 financial year has been a full year dealing with the issues generated by the ongoing pandemic. For the 2020/21 financial reporting period, we have had to consider a range of potential reporting impacts, including:

- Impact on property, plant and equipment valuations
- Consideration of expected credit losses and bad debt provisions
- The impact on Narrative reporting
- Reporting judgements and estimation uncertainty
- Financial impacts on group entities
- Accounting for government grants to support business during the pandemic.

13. The narrative report contains details of the current and future impacts on the council's operations and finances, as well as the operational impacts it has had on the council in 2020/21.

14. The council has received a significant level of government funding in relation to Covid-19, in particular to fund business support payments. The associated grant restrictions and conditions vary between schemes and have been assessed on an individual basis to form a judgement on the accounting treatment. The review and analysis have been shared with the external auditors.

15. To prepare the Statement of Accounts independent valuations have been undertaken on the pension and property assets. Note 4 in the accounts provides further details on the assumptions made about future and other major sources of estimation uncertainty and the sensitivity of valuations. Management will continue to monitor information available about asset valuations and the implications for the accounts until the accounts audit is finalised.

Consultation

16. Details of the public inspection period in paragraph 4.

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 2019-22 and Budget.

17. There are no proposals in this report that would reduce or increase resources.

Legal

18. 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	None identified
Health, Social and Economic Impact	None identified
Crime and Disorder	None identified
Children and Adults Safeguarding	None identified
Environmental Impact	None identified

Risk Management

Risk	Consequence	Controls Required
None identified		

Other Options Considered

19. There are no alternative options to this report.

Reasons for the decision/recommendation

20. There is no requirement for the committee to approve the draft financial statements however the unaudited accounts are presented to the audit committee for review.

Tracking Information

Governance Check	Name	Date Considered
Relevant Executive Director	Annabel Scholes	
Legal opinion	Katrina Hulatt	
Relevant finance officer	Hannah Simpson	02/07/2021
Chief Finance Officer (or Deputy)	Annabel Scholes	05/07/2021
Monitoring Officer (or Deputy)	Katrina Hulatt	05/07/2021

Background papers:

None

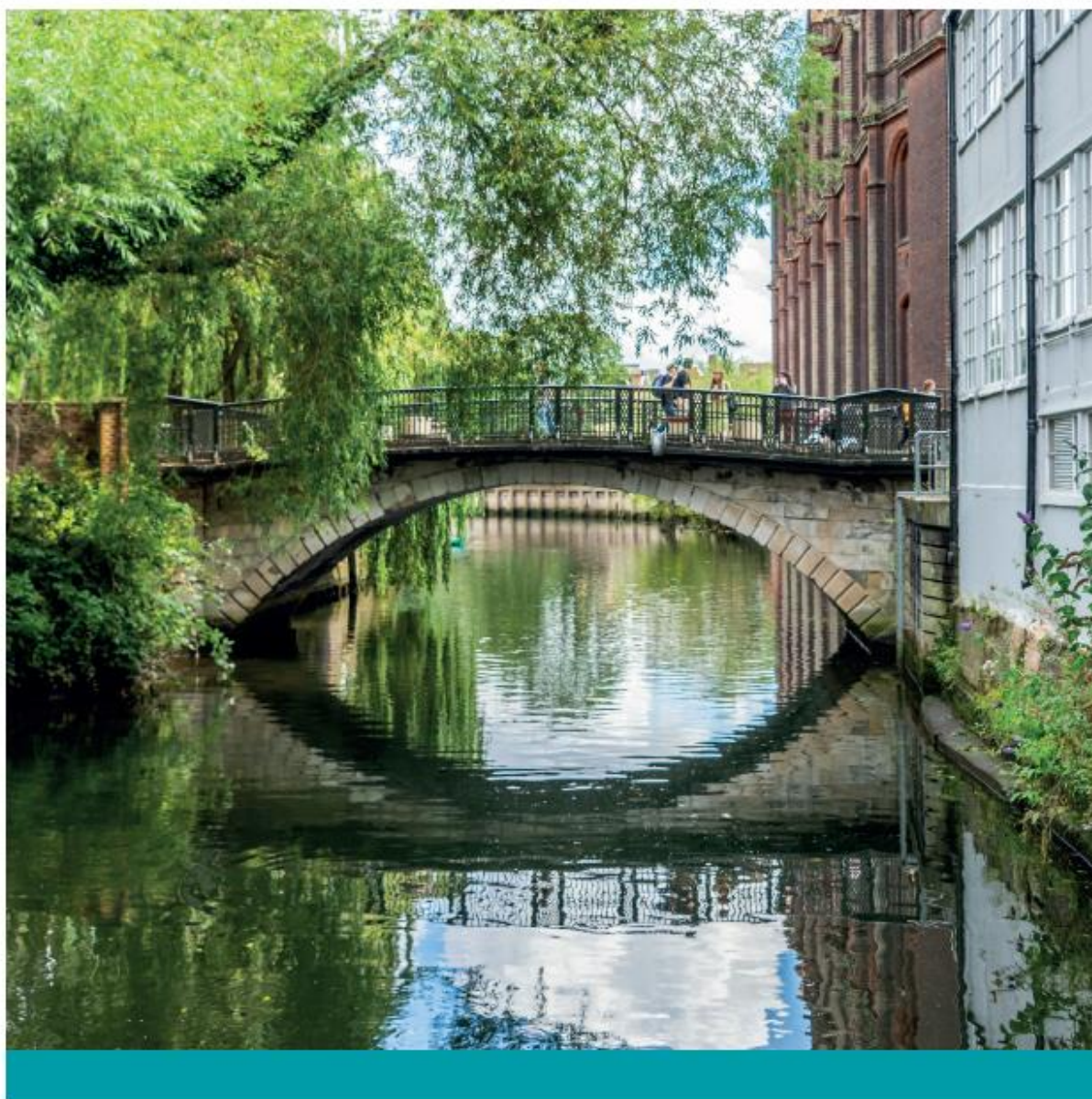
Appendices:

Contact Officer:

Name: Hannah Simpson

Telephone number: 01603 989569

Email address: hannahsimpson@norwich.gov.uk



Statement of accounts

for the year ending 31 March 2021



Contents

Narrative Report.....	1
1. Introduction	1
2. Norwich City Council	1
3. Strategic direction of the Council	3
4. Local context	4
5. National Context & Future Outlook	5
6. Medium Term Financial Plans and Risks	7
7. Performance against our priorities	12
8. 2020/21 Statement of Accounts.....	18
Independent auditor's report to the members of Norwich City Council	30
Statement of Responsibilities for the Statement of Accounts.....	33
Comprehensive Income and Expenditure Statement (CIES) *	34
Balance Sheet	35
Movement in Reserves Statement	36
Cash Flow Statement.....	38
Notes to the Accounts	40
1. Accounting Policies.....	40
2. Accounting Standards that have been issued but have not been adopted.....	56
3. Critical Judgments in Applying Accounting Policies	56
4. Assumptions made about future and other major sources of estimation uncertainty	58
5. Expenditure and Funding Analysis.....	62
6. Adjustments between Accounting Basis and Funding Basis under regulations	64
7. Segmental Income	68
8. Defined Benefit Pension Schemes.....	69
9. Grant Income	72
10. Material Items of Income and Expense.....	73
11. Earmarked Reserves	73
12. Unusable Reserves	76
13. Capital Financing Requirement	80
14. Property Plant and Equipment	82
15. Heritage Assets	86
16. Investment Properties	88
17. Intangible Assets	92
18. Assets held for sale	92
19. Long Term Debtors	93
20. Long Term Investments	93
21. Short Term Investments.....	94
22. Short Term Debtors	94
23. Short Term Creditors	94
24. Long Term Creditors	95
25. Trading Operations	95
26. Grants Receipts in Advance	96
27. Financial Instruments.....	97
28. Agency Services	106
29. Officers Remuneration	108
30. External Audit Costs.....	110
31. Leases	111
32. Associates	114
33. Members Allowances	115
34. Provisions.....	115
35. Events after the Reporting Date	115
36. Impairment Losses	116

37. Termination Benefits	116
38. Other Long Term Liabilities	116
39. Contingent Assets and Liabilities	117
40. Related Parties	118
41. Going Concern	120
Housing Revenue Account Income & Expenditure Statement	122
Movement in Reserves Statement (Housing Revenue Account)	123
Notes to Housing Revenue Account Income & Expenditure Statement	124
1. Other Operating (Income) / Expenditure	124
2. Financing and Investment Income and Expenditure	124
3. Taxation and Non-Specific Grant Income	124
4. Loan Charges	124
5. HRA Council Dwellings	125
6. Housing Valuation	125
7. Major Repairs Reserve	126
8. HRA Capital Expenditure	127
9. HRA Capital Receipts	127
10. Depreciation	127
11. Impairment Costs	128
12. Pensions Reserve	128
13. Rent Arrears	128
The Collection Fund Revenue Account	129
Notes to the Collection Fund Statement	130
1. Income from Business Rates	130
2. Council Tax	130
3. Council Tax Contribution to Collection Fund Surpluses & Deficits	130
4. NNDR Contribution to Collection Fund Surpluses and Deficits	131
Group Financial Statements	132
1. Introduction	132
2. Basis of Identification of the Group Boundary	132
3. Norwich Regeneration Limited (NRL)	132
4. Norwich City Services (NCSL)	133
5. NPS Norwich Ltd	133
6. Norwich Norse (Environmental) Limited	134
7. Norwich Norse (Building) Limited	134
8. Three Score Open Space Management Ltd	134
9. Norwich City New Co Ltd	135
10. Basis of Consolidation	135
Group Movement in Reserves Statement	136
Group Comprehensive Income and Expenditure Statement	138
Group Balance Sheet	139
Group Cash Flow Statement	140
Notes to the Group Accounts	142
1. Property Plant and Equipment	143
2. Investment Properties	145
3. Long Term Investments	146
4. Long Term Debtors	146
5. Short Term Debtors	146
6. Inventories	147
7. Short Term Creditors	147
Glossary of Terms	148

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 (commonly known as the accounts) 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 assets used, and liabilities incurred, in delivering services.

However, 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 2020/21", which is based on International Reporting Standards (IFRS), and also 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 2020/21 along with information on how well the Council delivered its key priorities during the year.
- The response and future challenges related to Covid-19.

- An overview of the council's medium term financial plans, future outlook, and 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 the risks it faces when meeting its responsibilities. The 2020/21 Annual Governance Statement can be found at:

https://www.norwich.gov.uk/downloads/download/1978/statement_of_accounts

2. Norwich City Council

Norwich City Council is a district city council. It delivers services to the heart of the city, approximately 60% of the urban area, covering a population of some 141,137 (Source: 2018-based population projections, Office of National Statistics, March 2020). These services include:

- | | |
|--|--|
| <ul style="list-style-type: none">• Housing services• Waste & recycling collections• Street cleansing• Car parking• Parks and open spaces• Cultural, tourism and leisure services | <ul style="list-style-type: none">• 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 political make-up of the city council during the 2020/21 civic year was as follows:

- Labour 27 seats,
- Green Party 8, and
- Liberal Democrats 3.

There was one vacancy as a member of the green group resigned in the summer of 2020.

Labour had a majority of the seats and therefore had overall control. The Cabinet for the 2020/21 civic year consisted of eight members of the Labour group including the Leader of the Council, as follows:

Portfolio	Councillor
Leader of the council	Councillor Alan Waters
Deputy leader and social housing	Councillor Gail Harris
Safe and sustainable city environment	Councillor Kevin Maguire
Social inclusion	Councillor Karen Davis
Safer, stronger neighbourhoods	Councillor Beth Jones
Resources	Councillor Paul Kendrick
Sustainable and inclusive growth	Councillor Mike Stonard
Health and wellbeing	Councillor Matthew Packer

Following the elections held on 6 May 2021 and 17 June 2021, the political makeup is

- Labour 26 seats,
- Green Party 10, and
- Liberal Democrats 3

The Council employs 554.4 full time equivalent (FTE) employees (as at 31 March 2021). The actual number of employees is 647 of whom 427 are full time and 220 are part-time employees.

The Council delivers some of its services in partnership with other organisations. During 2020/21 the most significant of these being Norse Property Services Norwich Ltd (land and property management), Norwich Norse Environmental Ltd (street and other cleansing, grounds maintenance and tree work), Norwich Norse Building Ltd (housing and non-housing repairs and maintenance), CNC Building Control and NPLaw (legal services).

The council insourced the LGSS joint venture contract (provision of finance, internal audit and IT services) on 1 April 2020. The council insourced the Norwich Norse Environmental Ltd contract on 1 April 2021. The council will be insourcing the other Norse joint venture contracts back into council control from April 2022.

3. Strategic direction of the Council

The corporate plan 2019-2022 sets out the overall strategic direction of the council including its vision, priorities and values. This guides everything the council will do for the city and its residents and visitors for the period. A copy of the Corporate Plan can be downloaded by following:

https://www.norwich.gov.uk/info/20277/performance_and_open_data/1859/corporate_plan

Our vision: overall this is what as a council we aim to achieve for the city and its citizens.

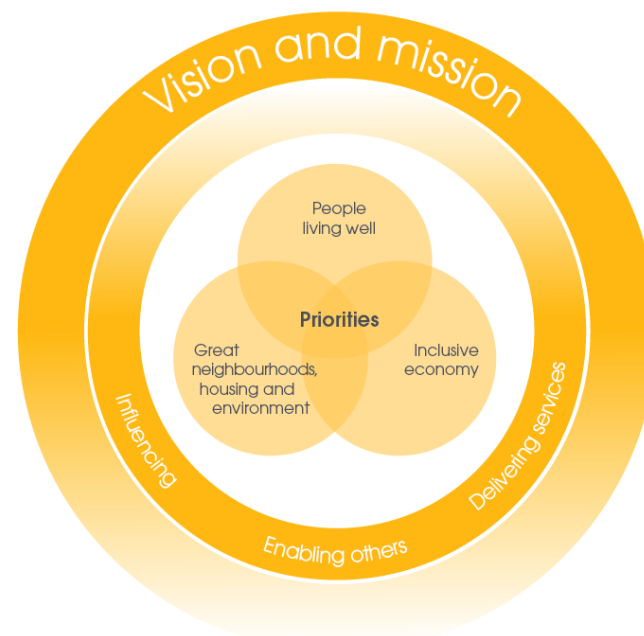
Our vision: to make Norwich a fine city for all.

Our mission: this is the fundamental purpose of the council – so basically what we are here for.

Our mission: put people and the city first.

Our priorities: these are the key things we aim to focus on achieving for the city and its residents to realise our vision over the next five years. These are:

- People living Well
- Great neighbourhoods, housing and environment
- Inclusive economy



Our core values: these drive how we will all work and act as teams and employees of the council. Taken together, these summarise what we promise to do and be as a council for the city and its residents. These are:

- P Pride:** We will take pride in what we do and demonstrate integrity in how we do it.
- A Accountability:** We will take responsibility, do what we say we will do and see things through.
- C Collaboration:** We will work with others and help others to succeed.
- E Excellence:** We will strive to do things well and look for ways to innovate and improve.

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.

Detailed statistical information about the city can be found in The State of Norwich report found at:

https://www.norwich.gov.uk/downloads/file/6623/state_of_norwich

The 2019-22 Corporate Plan was developed in the light of the wider city vision work, which was undertaken under the 'Norwich 2040' banner. This started with a significant piece of resident and stakeholder engagement during 2016/17 and 2017/18 to identify consensus about what the strengths and challenges of Norwich are. It then continued with analysis of the findings to shape a vision for Norwich in 2040 which provides a shared set of aspirations for Norwich.

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 looking at demographics, economic, environmental and equalities data.
- Assessing the current 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.
- Reflecting the Medium-Term Financial Strategy and transformation programme which helps plan resource allocation.

Running alongside this is a review of the Council's whole 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 launched a programme of service reform, with a range of service reviews. These service reviews, which commenced in September 2020, will aim to identify service improvements as well as savings options for future years. The service reviews will look to build on the momentum of, and lessons from, the council's response to Covid19 to identify new ways of delivering, to better meet the needs of our customers and deliver services more efficiently, thereby protecting frontline services where possible.

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

5. National Context & Future Outlook

Norwich City Council is working in the context of the most challenging and uncertain financial times that local government has ever faced.

Covid-19

The global economic environment has fundamentally shifted in light of the Covid-19 pandemic. It has had a dramatic impact on the financial outturn for 2020/21.

Council's Response

Using the established business continuity planning process, the council has been able to suspend certain non-essential services and re-deploy staff into areas and activities that have been critical to our emergency response. Key elements of the response have included:

- Ensuring the IT capabilities to allow staff to work from home;
- Establishing the Norwich Community Response Hub (NCR) which was set up to support the most vulnerable in the city. This has provided emergency food and supplies and made welfare calls;
- Changing the way many services delivered – for example customer contact services are have been delivered over the phone and via the [norwich.gov.uk](https://www.norwich.gov.uk) website;
- Continuing to meet statutory requirements with regards to homelessness and providing emergency housing support;

- Working hard to administer grants to thousands of small and retail businesses who are eligible under the government's schemes.

In June 2020, Cabinet agreed the Covid-19 Blueprint for Recovery, one of the first in the country to do so. This document provided an overview of the council's initial response to the virus, and identified a number of priority themes and actions to frame the council's – and the city's – recovery.

https://www.norwich.gov.uk/news/article/358/ambitious_covid-19_recovery_plan_for_norwich_now_published

An update was provided to Cabinet on progress in December 2020, across the 8 Blueprint themes:

- Securing the Council's finances
- Modernising the Council; Re-imagining local services
- Supporting the most vulnerable
- Business and the local economy
- Housing, regeneration and development
- Arts, Culture and Heritage
- Climate change and the green economy
- Harnessing social capital

The Blueprint made clear that the city's response to Covid 19 would require a partnership approach and over the last 12 months the city council has continued to work with City Vision partners within business, the community and beyond, to make progress on key issues to steer the city through this challenging period. The Norwich 2040 City Vision, of a city which is connected, creative, dynamic, fair and liveable, is as vital as ever.

Financial Implications

The council continues to face a substantial financial challenge. The sustained period of austerity over the past decade has decreased the city's council's own budgets whilst putting huge financial pressures not just on council resources, but those of partners, local businesses, and residents, particularly the most vulnerable residents.

Alongside austerity, the council has to manage ongoing and unprecedented risk arising from the Covid-19 pandemic as well as the longer term uncertainty around changes in future local government funding.

The Covid-19 pandemic has had a significant impact on the 2020/21 budget; this is due to a combination of increased costs and lost income (e.g. from car parks, commercial rents, planning fees, licensing, event bookings).

In response to the financial challenges of the Covid-19 pandemic, the Council took a number of proactive short-term saving decisions to partially offset the additional costs and loss of income. The most significant saving was in borrowing costs with a net saving in 2020/21 of £2.28m. Costs were also reduced through the cancellation of council-run events and the deferring planned maintenance work into future years.

The council was also awarded four tranches of government Covid-19 Emergency funding which totalled £2.78m to assist in dealing with the crisis. This funding has been vital in offsetting the additional Covid-19 related costs the council has incurred in areas such as IT support for homeworking, rough sleeping, support for the council's leisure provider,

additional contractual costs, and staff overtime arising from the delivery of the Covid-19 response.

The council has also received a number of other additional one-off grants to offset the impacts of Covid-19. The most significant of these has been from the Sales, Fees and Charges Compensation Scheme. The key income streams covered by the grant are car parking fees, planning fees and sales losses from council venues such as St Andrews Hall and the Norman Centre.

The receipt of this funding, alongside the positive short-term saving decisions taken by the council, has led to an overall general fund underspend and means no general reserves are needed to balance the outturn position in 2020/21.

The medium-term financial challenge to the council remains uncertain with many new grants only awarded for one year; whilst the impact from Covid-19 will be seen for years to come. As part of the 2021/22 Budget it was agreed that the underspend is used to fund two new earmarked reserves: one to manage future budget risks and the other to fund support costs for the transformation change programme. These reserves will be key in managing the financial risk and uncertainty over the short term as the covid recovery continues and wider government support to the economy and taxpayers is reduced.

Government Funding and Reforms

The financial year 2021/22 is the eleventh 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

from Covid, means that the council will not receive adequate resources to cover its costs over the medium term.

The financial settlement covered only 2021/22, with the government implementing a 'roll forward' finance settlement. This means at least a one-year delay to the longer-term local government financial reforms. It remains unclear on the timeframe for the government reforms and whether a multi-year settlement will be provided for 2022/23 and beyond.

The settlement for 2021/22 included a number of one-off Covid-19 related grants. The allocations to Norwich for these grants totalled £1.521m. Other grant funding is expected to be available to the council through the announced extension of the sales, fees and charges reimbursement scheme until June 2021. These grants have removed the need to budget for a draw down on reserves in 2021/22 but the one-off nature of the funding means the longer-term savings challenge for the council remains.

Given the lack of clarity on future local government funding from April 2022, 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.

Consequently, the forecasts for 2022/23 onwards in the MTFS are not to be taken as robust figures and they are largely based on the current status quo continuing, particularly concerning how much business rates income the government allows the city council to retain in the future.

6. Medium Term Financial Plans and Risks

The latest general fund Medium Term Financial Strategy (MTFS), Housing Revenue Account (HRA) Business Plan, and capital, investment & treasury management strategies were approved by Council in February 2021 and can be found at this link: [The council's 2021/22 budget and medium term financial strategy.](#)

General Fund

The council's General Fund (GF) revenue budget comprises the annual day-to-day costs and income of providing all of the council's services except social housing which is in a separate budget called the Housing Revenue Account (HRA).

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

Current forecasts, given the caveats highlighted above, show that a further £11.8m of gross permanent savings will need to be found over the four-year period from 2022/23. This quantum of savings represents 21% of the 2021/22 proposed gross expenditure budget (excluding the housing benefits budget).

In addition to the ongoing financial challenges, the 2021/22 budget has 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. At this stage it is not clear for how long and to what extent these impacts will be continue and therefore a high level assumption has been adopted to unwind the short term growth evenly over a two year period. This means that that base budget in 2022/23 includes a possible £1.574m of short term growth (year 2) which will be met from further one-off savings in 2022/23.

General Fund MTFs 2021/22 to 2023/24 £000s

	2022/23	2023/24	2024/25	2025/26
Budget base	23,837	25,025	27,072	29,530
Resources	(16,369)	(16,786)	(17,288)	(17,745)
Savings required (cumulative)	7,467	8,240	9,784	11,785
Permanent savings (cumulative)	(3,200)	(6,400)	(9,600)	(11,800)
Short-term savings	(1,574)	0	0	0
Required use of reserves	2,693	1,840	184	15

In order to respond to this 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 so as 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. It can do this because it has built-up significant general fund reserves in recent years, both purposefully and through in-year underspending of the approved budget. These will be used to partially fund the budget in a planned way over the next four financial years until the reserves are forecast to reduce gradually towards the minimum prudential level as recommended by the chief finance officer.

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 does not face the same financial pressures as the council's general fund, although the account has lost significant income in recent years from the government's enforced four year rent reduction enacted in the Welfare Reform and Work Act 2016. Additionally, there are significant potential risks to rental income streams arising from the Covid-19 pandemic, the accelerated roll out of Universal Credit and the continuing Right-to-Buy legislation.

The HRA is forecast to make a surplus of income over expenditure of £5.039m in 2021/22 and it is proposed to use this surplus along with £10.640m of existing reserves to fund capital investment new social housing.

The Direction on the Rent Standard 2019 enables authorities to increase rent annually by up to CPI (Consumer

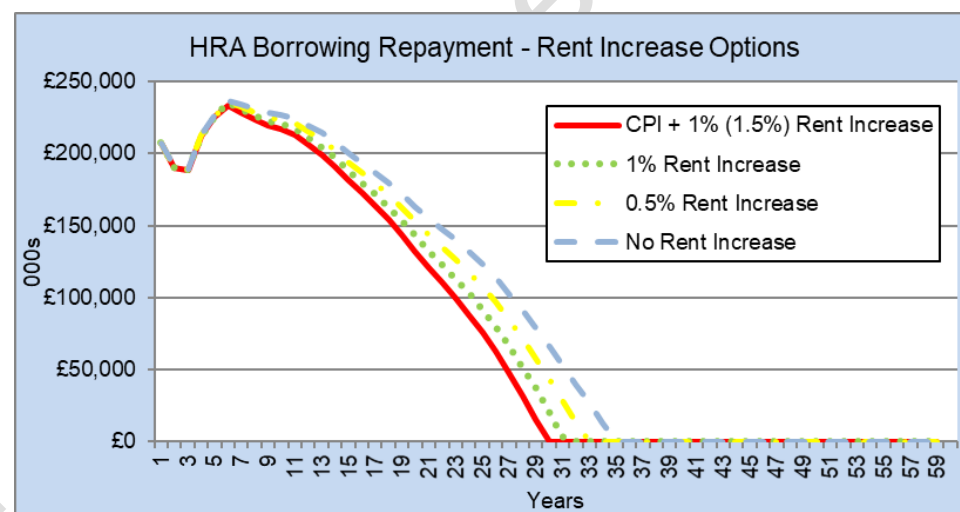
Price Index) as at the preceding September plus 1%, which would result in the average HRA rent increasing to £80.28.

Longer term financial strategy for the HRA is based upon a 60-year business plan, which models the revenue costs of intended 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 intended investments in the 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 gap combined with the council's long term business planning approach and recent experience of house building mean 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.

Ability to repay HRA borrowing



Capital Strategy

The council owns and maintains an extensive range of assets including commercial property, HRA dwellings, 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 2021/22 is £69.456m. In addition further capital ambition projects may seek approval from council later in the year, subject to viable Business Cases.

Unlike the HRA, the general fund has insufficient capital resources to meet investment needs for the future. An initial view, without having the benefit of up-to-date condition

surveys for all assets held, is that in excess of £21m of backlog maintenance is required on the council's assets over the medium term. Due to constrained finances, it is considered that this level of investment is unaffordable. Therefore a comprehensive review of the entire general fund's land and property assets will be undertaken, with a view to optimising the contribution property makes to the council's strategic and service objectives by identifying assets that require investment, are not financial performing, or are surplus to service needs.

The council's overall financial position

The council has a strong balance sheet and holds over £1 billion of long-term assets (mostly land and property). In addition, it has significant general reserves both for the general fund (£9.98m) and HRA (£43.368m) as at 31 March 2021.

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 post the Covid-19 pandemic plus the changes in the local government finance regime from 2022/23 hinder robust forward financial planning for the general fund.

The council holds £103.394m of investment properties which generate a revenue stream for the council. 14% of the General Fund's gross expenditure budget for 2021/22 will be 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 these commercial activities.

In November 2020 the government published the results of a consultation on the Public Works Loan Board (PWLB) future funding terms. The result is that local authorities will no longer be able to invest in projects that are purely debt-for-yield activity. However the local authorities can continue to borrow for the crucial work that local government does 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 council's 2020-21 capital budget contained £25m for asset investments (for either new properties or investment in the existing portfolio) with the aim of generating additional rental income and this has not been spent due to the results of the consultation.

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 by £80.5m from 2020/21 to 2025/26, a 37% increase. This is being driven predominantly by HRA investment.

The council currently has £75m of cash holdings and short-term investments and will therefore need to borrow externally at some point to fund the capital financing requirement. The strategy for switching from internal to external borrowing is set out in the Capital Strategy approved by Council in February 2021.

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 borrow money (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 MRP (Minimum Revenue Provision) 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 2021/22 Budget Report identified the key financial risks facing the Council as set out in the Council's Corporate Risk Register.

- Risk: 1. Council Funding Short Term (covid-19 related)
- Risk: 2. Council Funding Medium- Long Term
- Risk: 3. Commercialisation (investment property, Norwich Regeneration Ltd, other commercial income sources)
- Risk: 5. Second wave of Covid-19
- Risk: 6. Impact of Brexit
- Risk: 10. Joint Venture contracts

7. Performance against our priorities

Corporate KPIs

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

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

The corporate plan 2019-22 established three corporate priorities: people living well; great neighbourhoods, housing and environment; and inclusive economy. It also contained the objective of maintaining a healthy organisation. The performance framework aims to measure progress against these through over 100 outcome and output measures or key performance indicators (KPIs).

The table summarises the KPI information for the full performance year under each corporate priority. 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.

Overall council performance reflects a very challenging operating environment, with significant economic and financial challenges for the city and the council, changing resident and business behaviours, and new and changing patterns of demand. The council's C19 recovery blueprint and update report show how the council is responding to these challenges and individual areas of council

performance are highlighted below. Specific areas where anticipated performance is not on track are being addressed through service management, organisational change and working with partners. Ultimately this highlights the need for adequate resourcing of local government to ensure resilience of key services, especially in challenging times.

Corporate priority	Red	Amber	Green	No data	Total
People Living Well	3	1	6	0	10
Great Neighbourhoods	4	5	9	2	20
Inclusive Economy	2	2	4	1	9
Healthy Organisation	3	1	7	3	14
Total	12	9	26	6	53

A limited amount of data remains unavailable due to issues in gathering data or pauses in service delivery as a result of Covid-19. There are six indicators where delivery of the service or area of work was not possible, or data collection was prevented, as a result of Covid-19.

Areas to highlight from the performance reporting include:

- 34 empty houses have been brought back into use this year; this figure has exceeded the annual targeted of 20.
- Availability of core ICT systems continues to perform strongly, with systems available 99.9% of the time.
- Norwich market occupancy rate remains strong with an annual average of 97.8%.

- Number of food premises moving from non-compliant to compliant is 91.5% over the year.

Full details and further information on the Council's performance can be accessed [here](#).

2020/21 Financial Performance

Revenue Expenditure

2020/21 actual against budget for each service area

Cost of Services	Budget £000	Actual £000	Variance £000
Corporate	(14,410)	(17,076)	(2,666)
Resources	4,741	4,303	(438)
Chief Executive	225	207	(18)
Communications & Culture	1,806	2,115	309
Neighbourhoods	12,885	11,554	(1,332)
Place	(5,247)	(2,716)	2,531
HRA	0	(4,831)	(4,831)
Net revenue expenditure	0	(6,445)	(6,445)

2020/21 General Fund outturn

The final outturn for the General Fund is a surplus of £1.6m which represents 1.13% of the gross expenditure budget reflecting sound financial management and good budgetary control.

Detailed information on how service areas performed against budget in 2020/21 is provided in the outturn report to Cabinet on 9 June 2021.

2020/21 General Fund outturn

	Budget £000	Outturn £000	Variance £000
General Fund			
Expenditure	143,295	171,184	27,887
Income	(54,931)	(47,881)	7,050
Grants and subsidies	(88,365)	(124,916)	(36,551)
Total in year variance	0	(1,613)	(1,614)
Budgeted reserves used in year			517
Transfer to Business Change Reserve			913
Transfer to Risk Reserve			700
Total movement in GF reserve (as shown in the EFA & the movement in reserves statement)			516

Significant key variances are as follows:

- £3.423m unbudgeted income from Government's sales, fees and charges income compensation scheme – partially covers some overspends listed below
- £2.672m unbudgeted Covid-19 funding designed to support local authorities in dealing with challenges arising from Covid-19
- £2.278m lower than budgeted net borrowing costs due to internal, rather than external, borrowing
- £0.398m underspend in relation to business rates pool levy; no payment required based on collection fund outturn
- £0.292m net underspend relating to cancellation of key events i.e. Lord Mayor's Procession

The overall underspend was partially offset by:

- £3.093m reduction in car parking income compared to budget – this loss has been partially compensated through the government's sales, fees and charges reimbursement scheme
- £1.215 net reduction in rental income from current tenanted investment properties (£0.53m) No income from new commercial property acquisitions in 2020/21 (£0.69m)
- £0.773m lower than anticipated housing benefit subsidy recovery rates & lower overpayments identified
- £0.497m reduction in planning fee income compared to budget - this loss has been partially compensated through the government's sales, fees and charges reimbursement scheme
- £0.332m cost of support payments to Riverside Leisure Centre and loss of management fee income.
- £0.289m reduction in income from The Halls, tourist information centre and Norman centre. This loss has been partially compensated through the government's sales, fees and charges reimbursement scheme.
- £0.245m reduction in income in respect of bus shelter advertising
- £0.233 reduction in net rental income from the market mainly due to in year rent reductions agreed
- £0.200m additional Covid-19 costs for recycling relating to increased labour, disposal and PPE costs
- £0.173m reduction in budgeted income relating to licenses – taxis & liquor

The Council continues to conduct regular analysis of budget outturns and where there are consistent underspends assessment is made of whether budgets can be reduced.

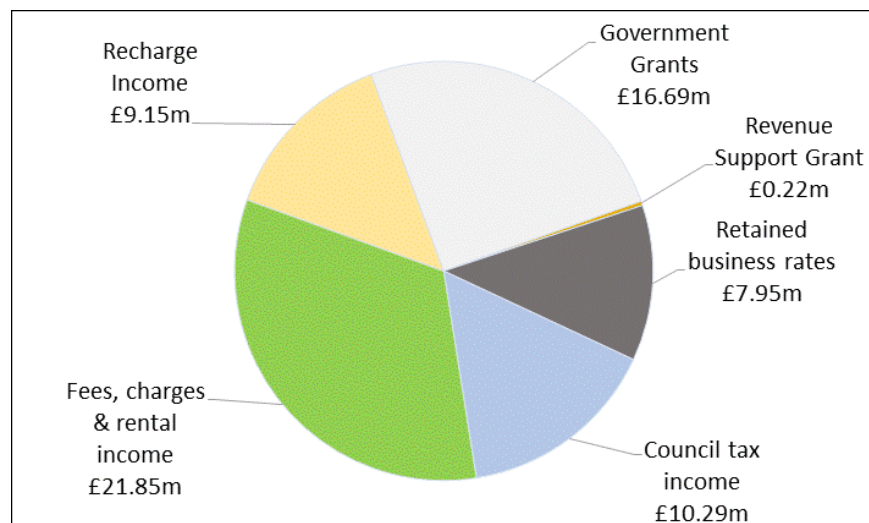
The General fund repairs reserve has been increased by £0.387m, the amount being the underspend on the repairs budget in 2020/21. This will be used to meet the future repair and maintenance liabilities on general fund properties.

As agreed as part of the 2021/22 budget papers, a Budget risk reserve has been created with a contribution of £0.700m from the provisional outturn. This will be used to manage the financial risks associated with both the future impacts of the pandemic and the delivery of the 2021/22 budget savings identified.

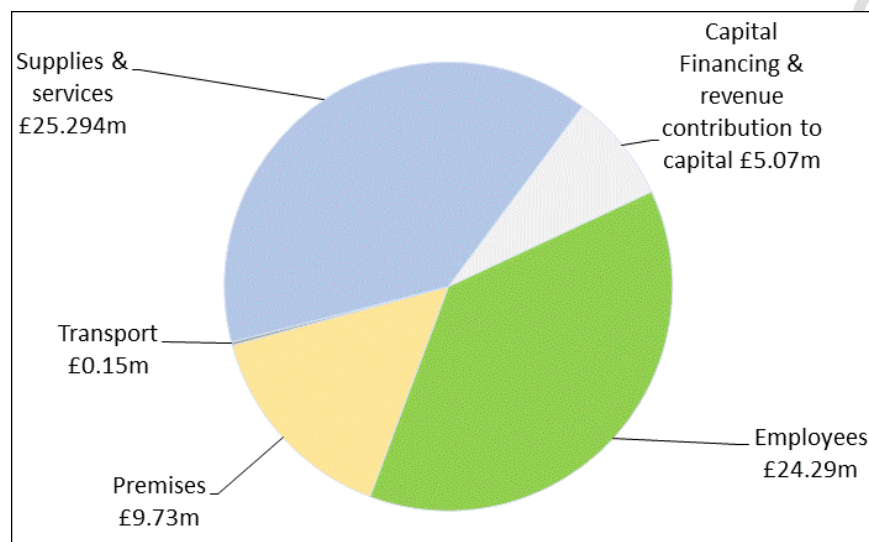
The remainder of the general fund underspend (£0.913m) has been transferred to the new Business change reserve. This reserve will be used to fund costs linked to the change programme which are not delivering specific savings, for example project management and benchmarking. It will also support training and development of our workforce to ensure we have the skills required to deliver the ambitions of the Council.

The following pie charts show how the money was spent (excluding housing benefit payments and recharge expenditure) and where the money came from in 2020/21.

General Fund – how the money was spent in 2020/21



General Fund - where the money came from in 2020/21



2020/21 Housing Revenue Account outturn

HRA	Budget £000	Outturn £000	Variance £000
Expenditure	68,580	63,361	(5,220)
Income	(68,580)	(68,192)	389
Total in year variance	0	(4,831)	(4,831)
Budgeted contribution to reserves			(4,570)
Total movement in HRA reserve (as shown in the EFA & the movement in reserves statement)			(9,401)

The final outturn position for the HRA is a surplus of £4.831m which represents 7% of the total expenditure budget.

Significant key variances are as follows:

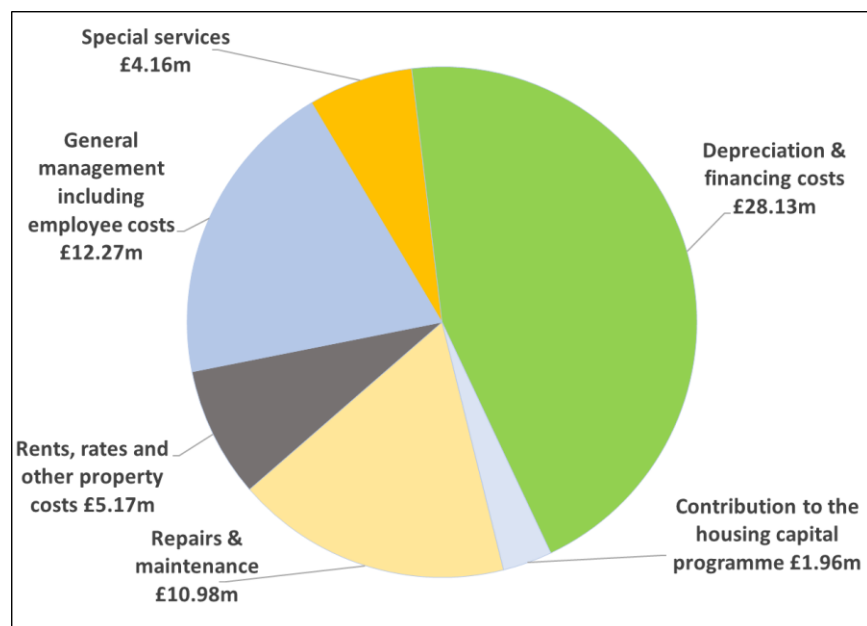
- £2.842m repairs underspend mainly caused by delays in non-essential repair work, due to Covid-19 related restrictions and retendering of some contracts
- £0.521m lower than budgeted cost of recharges from the general fund
- £0.354m sheltered housing tenancy management underspend mainly due to lower than budgeted gas costs, alarm costs funded from repairs budget and no spend on furniture/fittings
- £0.303m depreciation underspend - final figure lower than originally expected after full analysis
- £0.250m budget originally for new property improvements, however new properties will have adjustments made during the build process therefore, this budget was not required
- £0.233m employee savings across the service mainly due to vacancies

- £0.184m reduced revenue contribution to capital to reflect the 2020/21 requirements of the new build capital programme
- £0.172m unutilised contingency fund

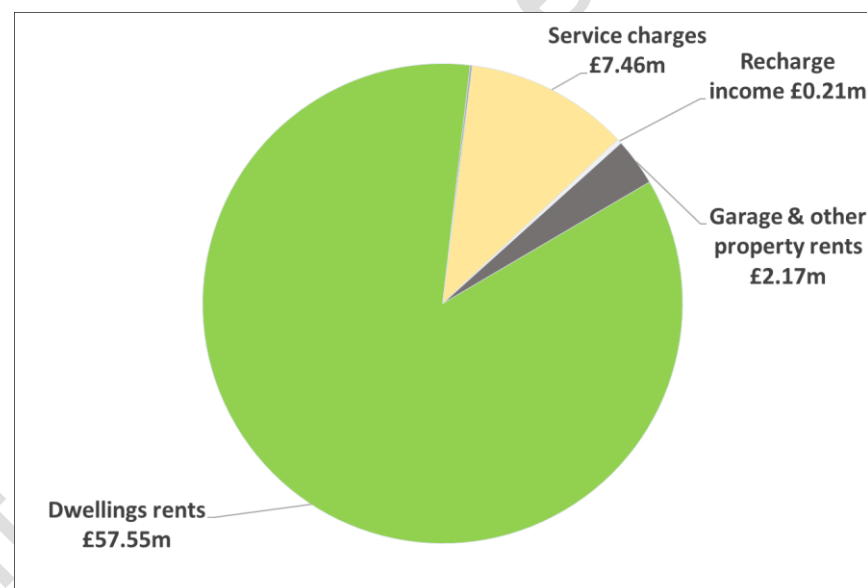
The overall underspend was partially offset by:

- £0.229m provision for bad debts: based on a 98.75% recovery rate. Although the full income due has been raised, there is a requirement to calculate a provision for those debts considered to be at risk. Some of this may be recovered in future years. The figure shown relates to both rental and service charge income.

HRA – how the money was spent in 2020/21



HRA- where the money came from in 2020/21



Capital Expenditure

2020/21 capital outturn

Capital Programme	Current Budget (£000)	Provisional Outturn (£000)	Variance (£000)
General Fund	39,311	5,851	(33,460)
Housing Revenue Account	51,270	18,518	(32,752)
Total Capital Programme	90,581	24,369	(66,212)
Capital loans to wholly owned companies		7,390	
Total Capital Funding Requirement		31,759	

2020/21 funding of the capital programme

Source of Funding	£000
Borrowing	9,030
Revenue Contribution (RCCO)	2,941
Major Repairs Reserve (MRR)	13,813
Retained One for One RTB (Right To Buy) Capital Receipts	1,401
Other Capital Receipts	1,401
City Cycle Ambition Grant	3
Grants & Contributions funding	1,573
CIL (Community Infrastructure Levy) Strategic Pool	924
Section 106	95
Leaseholder Contributions	577
Funding of 2020/21 Capital Programme	31,759

The planned capital programme for 2020/21 was significantly restricted by the Covid-19 pandemic. Many schemes were unable to proceed and have been extended into 2021/22. However, significant investment of £1.3m was made in IT; £0.7m of which has funded new laptop computers, enabling staff to work from home and the council to continue to operate during periods of lockdown.

Additionally, changes to the Public Works and Loans Board borrowing regulations have prevented further borrowing for commercial property acquisition, meaning that the £25m budget within the 2020/21 capital programme remains unspent.

During the 2020/21 financial year, the housing capital programme delivered upgrades to over 4,491 council homes, including heating upgrade works to over 1,020 properties, over 250 new kitchens, 470 new bathrooms and 530 replacement doors. Additionally, over 600 properties have benefitted from structural or roofing upgrades whilst

200 properties received renewable energy installations or additional insulation.

Although no new build council homes have been completed during 2020/21, work has continued on the development programme with budgets for three significant new sites at Argyle Street, Three Score and Mile Cross being added to the capital programme during the year. Additionally, £2.3m has been invested in eleven new council homes by buying back properties formerly sold under Right to Buy or acquiring through the open market.

Grants of Right to Buy receipts to Registered Providers totalling £0.6m have also enabled the development of further new affordable homes in the city, although progress on some developments was again restricted due to the Covid-19 pandemic.

Detailed information on 2020/21 performance against the capital budget is provided in the outturn report to Cabinet on 9th June 2021.

8. 2020/21 Statement of Accounts

The Statement of Accounts sets out the financial performance of the Council for the year ended 31 March 2021 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 Statement also includes the financial performance and position of the Council's wholly owned company, Norwich Regeneration Limited.

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 essentially reconciles the figures given in the budget outturn position to those included in the Comprehensive Income and Expenditure Statement (CIES) which follows the Analysis.

The CIES shows the accounting cost for the year of providing the Council's services. This is not the same as the budget 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, has to comply with local government legislation.

The Code requires that councils make a number of adjustments to the budget outturn results 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 public and private sector.

The Expenditure Funding Analysis allows a link to be made between year-end outturn against the budget to the financial position as set out in the financial statements.

**Net (Surplus) /
Deficit on
General Fund
and HRA
balance in year**

This part of analysis shows how annual expenditure is used and funded from resources (government grants, fees & charges, council tax and business rates).

For the General Fund the year-end outturn position is a surplus of (£20.825m), alongside total transfers to reserves of £20.309m in line with the proposed

	<p>approach to managing reserves set out in the Medium term financial Strategy.</p> <p>For the HRA the year-end outturn is a surplus of (£9.25m), alongside total net transfers from reserves of £0.151m. This results in an overall increase in HRA general reserves of £9.40m.</p>
Adjustments between the funding & accounting basis	<p><i>This part of the analysis shows the adjustments that have been made in order to comply with generally accepted accounting practices.</i></p> <p>These total £4.36m and comprise:</p> <ul style="list-style-type: none"> • Depreciation & Impairment • Revaluation gains/losses • Capital grants and contributions credited to the CIES • Reversal of the HRA depreciation charge • Pension reserve adjustments • Collection fund adjustment account adjustments.
Net expenditure in the CIES	<p><i>This shows the accounting cost of providing each service (shown also in the CIES) after adding together the year-end outturn position against the budget with the adjustments required under accounting standards.</i></p> <p>It is a surplus of £25.71m.</p>

Comprehensive Income and Expenditure Statement (CIES)

The CIES records all of 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 losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pension liabilities.

Key figures to note:

Cost of Services	<p><i>This shows expenditure on continuing operations analysed by service area (based on the way the Council operates and manages its services). These lines are reconciled to the budget outturn position in the Expenditure & Funding Analysis.</i></p> <p>The 2020/21 cost of services is a surplus of £1.36m compared to a deficit of (£18.07m in 2019/20.</p> <p>The main reason for the movement is an in-year revaluation gain on the Council's HRA dwellings compared to the prior year where there was a revaluation loss.</p>
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Other operating income & expenditure	<p><i>This includes the surplus or deficit from the sale of property, plant or equipment.</i></p> <p>Total other operating income and expenditure is a (£1.058m) surplus largely arising from gains on the disposal of HRA dwellings (against the carrying value of the properties).</p>
Financing and investment income and expenditure	<p><i>Includes interest receivable and payable, net rental income on the properties held purely for investment purposes; and the interest element of the pension fund liability.</i></p> <p>The net costs have decreased from 2019/20 when an impairment provision of £4m was made on the council's loan to its wholly owned subsidiary. In addition, rental income from investment properties has increased as a result of new acquisitions during the 2019/20 financial year.</p>
Taxation and no-specific grant income and expenditure	<p>The total net grant income of £29.12m is an increase of £6.81m from the prior year. This is due to addition Covid-19 related grant income. There is a reduction in non-domestic rates income predominantly because of additional reliefs provided by central government to businesses. The council has been compensated for the loss of income through additional Section 31 grant (showing within the non-ringfenced government grant line).</p>
Other income & expenditure	<p><i>This includes surplus/deficit on revaluations of non-current assets and actuarial gains/losses on the local government pension scheme. These are both calculated annually by our property valuers and actuaries. These items are non-cash transactions and do not impact</i></p>

	<p><i>on the general fund reserve balances, being reversed out through the Movement in Reserves Statement.</i></p>
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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 return to 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 prudential financial management and help reduce the financial risks mentioned 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

A description of each of the Council's useable reserves and the amount held in the reserve as at the end of 2019/20 is shown below.

Reserve	Purpose	Amount as at 31/3/21 (£000)
GENERAL FUND RESERVES		
General reserve	This is a usable reserve which has not been earmarked for a specific future use. However, the agreed MTFS strategy is to use this reserve over the next 4 years to part fund the annual budget.	9,980
Invest to save reserve	The reserve has been set up to support the delivery of savings and efficiencies. The reserve is expected to be utilised to support the implementation of a new ways of working and IT investment over the next 2-3 years.	2,513

Revenue grants unapplied reserve	This holds the grants and contributions received which have yet to be applied to meet expenditure. The use of the balance is restricted and can only be used to fund the specific expenditure/service area awarded the grant income.	3,491
S31 Earmarked reserve	This holds the unutilised balance of the S31 grant monies received from central government to fund Business Rates relief. The balance has increased by £17.47m in 2020/21. This is due to additional Section 31 grant being set aside; the funding will be utilised to offset the collection fund deficits impacting the general fund over the next two years.	19,518
Insurance reserve	This is to cover the excesses carried in respect of claims under various insurance policies and is subject to annual review.	1,081
Commercial property reserve	Has been established to reduce the risks associated with holding commercial property by providing funding for any future void and rent free periods as well as repairs and upgrades to the investment property portfolio.	2,465
Elections reserve	This is to provide funding for future elections, the cost and funding of which varies each year depending on the type of elections being held.	113

Mousehold Heath Reserve	Set aside for use on Mousehold Heath.	30
NRL reserve	This reserve has been established to smooth any fluctuations in net income received by the Council from lending to NRL. It was increased in 2019/20 to also provide a buffer in case the company is unable to repay the loan balance in full.	3,350
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.	831
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 2021/22 budget savings identified.	700
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.	913

HOUSING REVENUE ACCOUNT (HRA) RESERVES		
General reserve	This is also a usable reserve which has not been earmarked for a specific future use. The use of this is incorporated into the HRA business plan.	43,368
Invest to save reserve	This will fund the HRA's share of implementing the Fit for the Future programme (see above).	1,772
Tenancy & estate management system	Reserve to support the project to replace the IT system for housing rents.	415
CAPITAL RESERVES		
Major Repairs Reserve (MRR)	The MRR 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.	10,019
Capital Receipts Reserve	The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which can only be used to fund capital expenditure. Some of this reserve will already be committed for schemes that are progressing or have been approved in the future capital programme. The breakdown of the reserve is as follows:	56,875

	<ul style="list-style-type: none"> £6.6m General Fund – earmarked to fund the 5 year capital programme £26.4m HRA - included within HRA Business Plan funding (in line with housing strategy) for specific schemes £24.0m HRA Retained One for One receipts - earmarked for new social housing but can only fund 40% of total cost of scheme 	
Capital grants unapplied	This holds the grants and contributions received towards capital projects which have yet to be applied to fund expenditure. The use of the balance is restricted and can only be used to fund the specific capital projects awarded the grant income.	4,274
TOTAL USEABLE RESERVES		161,706

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 2021. 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 £705.953m. With a current ratio (current assets/current liabilities) of 1.5:1, the Council is able to pay all its short term liabilities with current assets and is holding cash and cash equivalents of £45.133m.

Key figures to note:

Non-current assets including: <ul style="list-style-type: none"> • Property, plant & equipment • Heritage assets • Intangible assets • Investment property • Long term debtors 	<p><i>Non-current assets have a life of more than one year. For most authorities, including Norwich City Council, the biggest balance by far is property, plant and equipment. These are tangible (i.e. physical) assets that are used to deliver the authority’s objectives and services.</i></p> <p><i>With some exceptions they need an existing use value. Any changes in valuations are matched by changes in reserves (generally the unusable revaluation reserve).</i></p> <p>Plant, property and equipment has been valued at £953m as at 31 March 2021 – an increase of £23.4m. This is mainly driven by asset additions of £20m, disposals of £6m, upward revaluations of £27m and depreciation charged of £18m. The Council dwelling valuations are undertaken annually by qualified valuers.</p> <p>As at 31 March 2020 there were 14,553 HRA council dwellings, which is a reduction of 104 units from 2019/20. This includes the loss of 115 dwellings mainly through</p>
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	<p>Right to Buy sales and the addition of 11 dwellings.</p> <p>Investment properties held by the council are valued at £103.4m at 31 March.</p> <p>Long term debtors total £16.3m at 31 March. This includes the loan balances with the Council's wholly owned subsidiaries Norwich Regeneration Ltd (£12.65m) and Norwich City Services Ltd (£1.64m). A £3.25m provision for doubtful debt has been included to reflect the fact that Norwich regeneration may not be able to repay the balance in full.</p>
Current assets	<p><i>These are assets that are either held as cash or other assets that, in the normal course of business, will be turned into cash within a year of the balance sheet date.</i></p> <p>Cash & cash equivalents total £45.1m at 31 March 2021. The balances have increased by £9.14m from the prior year. Short term investments however total £30.0m, which is an increase £21.0m from the prior year. The higher balances reflect the additional grants monies the council was holding for Covid-19 business grants and the preceptors share of S31 grants.</p> <p>Short term debtors include housing rent debt, the VAT recovery claim, collection fund debtors and trade receivables. The increase in the balance is mainly due to a £22.7m debtor, reflecting the county council and central government's share of the in-</p>

	<p>year business rates deficit in the collection fund.</p>
Current Liabilities	<p><i>Short term creditors include trade creditors, collection fund shares for central government and Norfolk County Council and year end expenditure accruals. These are amounts which are anticipated to be settled within 12 months.</i></p> <p>The short-term creditors balance has increased by £37.4m from 19/20. The main element of the increase relates to a s31 grant balance repayable. During the pandemic the government paid across grant to cover the loss of income from additional business rates reliefs. As the billing authority, the council also received the major preceptors' share of the grant to minimise in-year cashflow issues. This additional share will be repayable in 2020/21 to match when the deficit is recoverable from the preceptors (county council and central government).</p>
Long term liabilities & provisions	<p><i>Includes borrowings, any amounts owed for leases and an estimate for the cost of meeting the council's pensions obligations earned by past and current members of the pension scheme.</i></p> <p>Borrowing - the Council has not taken or repaid any borrowing during the year.</p> <p>Provisions – represent future liabilities over how much the authority owes or when it will have to pay. The Council's provision relates to Business Rates valuation appeals and</p>

probable redundancy costs for restructures agreed during 2020/21.

Pension Liabilities - The Council has net pension liabilities of £209.9m in the Balance Sheet. This reflects the value of pension liabilities which the Council is required to pay in the future as they fall due, offset by the value of assets invested in the pension fund.

The Council's pension is revalued every three years to set future contribution rates. The latest triennial valuation took place at 31 March 2019.

Statutory arrangements are in place for funding the deficit, which will be by increased employer contributions over the remaining working life of the employees. Details of the Council's pension liability calculated under IAS19 are shown in note 8 of the core financial statements.

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 subsidised by other Council activities.

Collection Fund

The Collection Fund shows the total income received by the Council from Business Rates and Council Tax and how the redistribution of some of that money to Norfolk County Council, Norfolk Police Authority, and central government.

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.

Business Rates

As part of the response to the pandemic the government announced additional business rates reliefs to cover 100% of the rates due by businesses in the retail, hospitality and leisure sectors. These reliefs have reduced the income received directly from business rates payers and results overall in an in-year deficit of £47.0m. The element of the lost income relating to the additional reliefs has however been compensated for by a Section 31 grant from central government.

The element of the business rates deficit relating to the City Council is £17.816m and the additional S31 grant is £17.092m. Due to the required accounting treatment, there is a timing difference between when the two elements impact on the general fund (S31 grant income in 2020/21 and the deficit in 2021/22). To manage the impact of this the additional grant income received in 2020/21 has been transferred into the S31 Earmarked reserve and will be returned into the general fund in 2021/22 to offset the impact of the business rates deficit.

Council Tax

The council was awarded £2.037m of grant to provide a Council Tax Hardship Fund. The council developed a scheme to determine how this fund should be distributed to those currently part of the council tax reduction scheme. In addition to the Government directive of awarding £150 to working age customers in receipt of a partial CTR award, the council decided to award additional funds to reduce their liability for 2020/21 to zero. The same principle has been applied to pensionable age customers.

The overall year-end council tax surplus is £0.871m which will be taken into account in considering distribution of balances between the preceptors (city, county, and police) in the future. The City Council's share of the surplus is £0.119m.

Group Financial Statements

Group accounts need to be prepared if the council has a significant subsidiary such as a trading company. The Group Accounts report the full extent of the assets and liabilities of the Council and the companies and similar entities which the Council either controls or significantly influences.

The Council is presenting Group Accounts by consolidating the financial performance and position of Norwich Regeneration Limited (NRL) and Norwich City Services Limited (NCSL) into the overall group.

Norwich Regeneration Ltd

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

NRL'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.

NRL's first project is housing development at Trinity Gardens at Rayne Park in Threescore. This commenced on site in May 2017 to deliver 179 new homes over four phases to provide a mixture of private and social housing for Norwich residents.

179 homes have now been constructed with 122 new homes made available for private sales, 8 new homes being rented privately, and 49 new homes sold to the HRA for social letting.

The first phase of the development (79 homes) was built and subsequently sold at a loss to the company, due partly to lower-than-expected property sales values and private sector rental returns. This led to significant revisions to governance of the company and its operating procedures as

well as revisions to the contracts of the remaining phases of the development.

Company activities in 2020/21 have been impacted by the pandemic. Construction activity was required to stop on 26 March due to the impact of Covid-19. NRL worked closely with the main contractor to assess and mitigate the risk of covid-19. In the light of the lockdown period and new measures necessary on-site revisions to both contracts were necessary. These revisions see extensions to the two contracts of 10 and 15 weeks respectively meaning the revised date for completion of section 3 and 4 moved to April 2021, and section 2 to July 2021. As a result of the unforeseen delays, Cabinet agreed to an increase in the loan facility available to the company in June 2020.

Despite the challenges and delays caused by the Covid-19 pandemic, the company has seen strong sales performance during the year. The company is pleased to report that 73 homes across Sections 2, 3 and 4 of have now been sold for private sale. One property is held by the company as a marketing suite and a facility to conclude the conveyancing process of these sales. The total gross sales value from the sale of these 73 homes is £17.8m. The deferred sales value of the marketing suite is £0.24m.

The retained losses in Norwich Regeneration Limited are £4.449m at the end of 2020/21, an improvement on the position forecast in the March 2020 despite the challenges presented by the pandemic. The company however has long term assets - property that it is renting on the private sector market valued at £2.005m and work in progress assets of £8.220m.

In order to finance the development, NRL borrows money at commercial interest rates from the Council. As at 31 March 2021 the company has a loan outstanding with the Council of £12.65m (2019/20: £9.40m). The loan balance peaked at £15.65m during the financial year with the company making at repayment of £3.00m on 31 March 2021.

To support the company in 2020/21, the council increased its shareholding with an investment of £1.15m cash equity. This takes the total equity investment in the company to £3.87m at 31 March 2021 (2019/20: £2.72m).

The company's Business Plan was presented to Cabinet in March 2021. It is based the delivery of three further projects for the company, all on sites which are within the Council's ownership. The precise level of investment is uncertain at this stage and will be set out in the detailed business cases required for the council to approve any additional financing. At this stage the total level of investment in loan and equity to the company to deliver the business plan is likely to be in excess of £20m.

It is the council's role as shareholder to strike the right balance between risk and reward. Although the company has undoubtedly improved in terms of operations and governance – there are clear risks which need to be weighed up. These include significant risks in relation to the UK housing market and construction sector, particularly in the context of ongoing disruption from Covid-19 and emerging issues relating to Brexit. In light of the required investment and associated risk, an independent expert analysis of the assumptions and forecasts in NRL's business plan has been commissioned. The results of this will be considered by the council and used to inform future investment decisions.

A draft Statement of Accounts for Norwich Regeneration Limited has been prepared and will be subject to audit by Aston Shaw. The accounts will be presented to the company's Board of Directors in July 2021 for approval.

Norwich City Services Ltd

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

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

NCSL will deliver environmental and building repairs and maintenance services. Previously these services have been 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 will transfer on 1 April 2022.

The council has entered into a contract with the company to provide environmental services for the six-year period from 1 April 2021 to 31 March 2027, with the option to extend for a further period of 5 years on an annual basis. The annual value of the contract is £6.6m. The environmental services being delivered include grounds maintenance, streets cleansing, parks and open spaces maintenance, arboricultural services, pest control, stray dog service, building cleansing, car park cleansing and other associated works.

From 2022/23 the building maintenance element of the company will focus on the provision of a reactive maintenance service for the council's housing stock. The services will include routine repairs and maintenance, major and minor repairs, voids, and heating repairs. A reactive and responsive service will also be provided for commercial properties owned by the council.

Cabinet approved the NCSL business plan in April 2021. The company's main objectives for Year 1 of operation are to:

- deliver quality services efficiently and effectively;
- implement improvements to service delivery whilst maintaining and increasing service quality;
- produce a robust plan for the effective transfer of the Building Maintenance service and employees in April 2022;
- ensure that employees are motivated, engaged and well supported within their roles; and
- support and help Norwich City Council to implement and achieve the overarching strategic priorities and outcomes as identified within the Corporate plan, the C19 recovery plan, the Environmental strategy and the Norwich 2040 Vision.

To finance the set-up of the company including the capital works on its depot building, the council has provided NCSL with both loan and equity financing during 2020/21. A 20-year capital loan of £1.140m was advanced to the company as well as a working capital loan of £0.500m. Cash equity investment was made into the company of £0.370m.

The retained losses in Norwich City Services Ltd are £0.015m at the end of 2020/21 with net assets of £0.355m.

The losses relating to set up costs for the new company are expected to be recouped through future trading.

A draft Statement of Accounts for Norwich City Services Limited has been prepared and will be subject to audit by Aston Shaw. The accounts will be presented to the company's Board of Directors in July 2021 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.

	These are set out in note 3.
Property, plant & equipment	<p><i>The notes gives a lot of detail about assets acquired and disposed of during the year, whether they have been revalued, the impact of any changes in value, and the amount of depreciation charged.</i></p> <p>These are set out in note 14.</p>

Accounting Policies	<p><i>These set out the accountancy rules the Council has followed in preparing the financial statements.</i></p> <p><i>They are largely specified by International Financial Reporting Standards and CIPFA's Code of Practice.</i></p> <p>There have been no changes made to the accounting policies in the year.</p>
Critical Judgements	<p><i>Show the key areas where officers and third party experts have made judgements about the application of accounting policies.</i></p> <p><i>The aim is to highlight key areas of the accounts where others may have made different judgements about the accounting treatment.</i></p>

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

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Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- 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 2021 and its income and expenditure for the year then ended.

Signed:

Date:

[To be signed]

Annabel Scholes
Executive Director, Corporate and Commercial Services (S.151 Officer)

Comprehensive Income and Expenditure Statement (CIES) *

	2020/21			2019/20 Re-stated		
	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000
Resources	62,019	(50,741)	11,278	63,718	(51,352)	12,366
Chief Executive	708	0	708	912	(27)	885
Customers, Communications & Culture	6,476	(553)	5,923	6,221	(1,058)	5,163
Neighbourhoods	19,789	(9,227)	10,562	18,013	(7,464)	10,549
Place	11,398	(5,796)	5,602	18,236	(12,895)	5,341
Housing Revenue Account	32,455	(67,889)	(35,434)	51,148	(67,382)	(16,234)
Cost of Services	132,845	(134,206)	(1,361)	158,248	(140,178)	18,070
Payments to the Government Housing Capital Receipts Pool			1,097			1,097
(Gains) on the disposal of assets			(2,074)			(6,242)
Provision Market			(86)			(376)
Livestock Market			5			(51)
Other Operating Expenditure			(1,058)			(5,572)
Pension interest cost and expected return on pension assets			4,014			4,912
Interest receivable and similar income			(896)			(1,199)
Interest payable and similar expenses			8,231			8,236
Changes in fair value of investment properties						
(Gains)/Losses on disposal of investment properties			(168)			(32)
Impairment losses			(750)			4,000
Impairment of Soft Loans			92			127
Other investment income			0			(365)
Income and expenditure in relation to investment properties and changes in their fair value			(4,711)			(53)
Financing and Investment Income and Expenditure			5,812			15,626
Council Tax Income			(9,937)			(9,714)
Non Domestic Rates			13,823			(4,085)
Non-ringfenced government grants			(29,007)			(4,368)
Capital grants and contributions			(3,984)			(4,127)
Taxation and non-specific grant income and expenditure			(29,105)			(22,294)
(Surplus) or Deficit on Provision of Services			(25,712)			5,830
Surplus on revaluation of non-current assets.			(14,117)			(3,564)
(Surplus)/deficit from investments in equity instruments designated FVOCI			109			(1,198)
Actuarial (gains)/losses on pension assets/liabilities			37,881			(39,752)
Other Comprehensive Income and Expenditure			23,873			(44,514)
Total Comprehensive Income and Expenditure			(1,839)			(38,684)

*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.

The 2019/20 prior year figures have been re-stated to reflect the directorate changes in service departments.

Balance Sheet

	Notes	31-Mar-21	31-Mar-20
		£'000	£'000
Property, Plant & Equipment	14	953,406	930,027
Heritage Assets	15	25,553	25,553
Investment Properties	16	103,394	105,677
Intangible Assets	17	614	621
Long term Investments	20	6,263	4,852
Long Term Debtors	19	16,263	11,209
Long Term Assets		1,105,493	1,077,939
Short Term Investments	21	30,005	9,000
Assets Held for Sale	18	-	131
Short term Debtors	22	38,513	13,252
Inventories		27	27
Cash and Cash Equivalents	Cash Flow	45,133	35,988
Current Assets		113,678	58,398
Short Term Borrowing		(3,398)	(886)
Short Term Creditors	23	(71,132)	(33,736)
Provisions	34	(378)	-
Capital Grants Receipts in Advance Short Term	26	(3,410)	(488)
Current Liabilities		(78,318)	(35,110)
Long Term Creditors	24	(2,411)	(2,805)
Long term Borrowing	27	(217,579)	(220,136)
Other Long Term Liabilities		(210,032)	(169,739)
Provisions	34	(2,959)	(3,135)
Capital Grants Receipts in Advance Long Term	26	(1,919)	(1,306)
Long Term Liabilities		(434,900)	(397,121)
Net Assets		705,953	704,106
Usable Reserves	MRS	161,706	123,373
Unusable Reserves	12	544,247	580,733
Total Reserves		705,953	704,106

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Signed:

Date:

[To be signed]

Annabel Scholes
Executive Director, Corporate and Commercial Services (S.151 Officer)

Movement in Reserves Statement

	General Fund Balance £'000	Earmarked General Fund Balance Reserves £'000	Housing Revenue Account £'000	Earmarked H.R.A. Balance Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2020	9,464	14,603	33,968	2,500	51,069	8,307	3,462	123,373	580,733	704,106
<u>Movement in reserves during 2020/21</u>										
Surplus/ (deficit) on provision of services	317	-	25,395	-	-	-	-	25,712	-	25,712
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	(23,873)	(23,873)
Total Comprehensive Income & Expenditure	317	-	25,395	-	-	-	-	25,712	(23,873)	1,839
Adjustments between accounting basis & funding basis under regulations (note 9)	20,508	-	(16,146)	-	5,728	1,712	812	12,612	(12,612)	-
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	20,825	-	9,249	-	5,728	1,712	812	38,324	(36,485)	1,839
Transfers to/from Earmarked Reserves (note 10)	(20,309)	20,401	221	(313)	-	-	-	-	-	-
Transfers between reserves	-	-	(70)	-	70	-	-	-	-	-
Other Adjustments	-	-	-	-	8	-	-	-	(2)	(2)
Increase/(Decrease) in 2020/21	516	20,401	9,400	(313)	5,806	1,712	812	38,324	(36,487)	1,837
Balance at 31 March 2021 carried forward	9,980	35,004	43,368	2,187	56,875	10,019	4,274	161,707	544,246	705,953

Norwich City Council – 2020-21 Statement of Accounts

	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 2019	11,653	10,555	30,903	1,500	43,154	9,796	5,141	112,702	552,720	665,422
<u>Movement in reserves during 2019/20</u>										
Surplus/ (deficit) on provision of services	(13,530)	-	7,701	-	-	-	-	(5,829)	-	(5,829)
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	44,514	44,514
Total Comprehensive Income & Expenditure	(13,530)	-	7,701	-	-	-	-	(5,829)	44,514	38,685
Adjustments between accounting basis & funding basis under regulations (note 9)	15,250	-	(3,366)	-	7,739	(1,489)	(1,679)	16,456	(16,456)	-
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	1,720	-	4,335	-	7,739	(1,489)	(1,679)	10,627	28,058	38,685
Transfers to/from Earmarked Reserves (note 10)	(3,909)	4,048	(1,139)	1,000	-	-	-	-	-	-
Transfers between reserves	-	-	(131)	-	176	-	-	45	(45)	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in 2019/20	(2,189)	4,048	3,065	1,000	7,915	(1,489)	(1,679)	10,672	28,013	38,685
Balance at 31 March 2020 carried forward	9,464	14,603	33,968	2,500	51,069	8,307	3,462	123,373	580,733	704,106

Cash Flow Statement

	2020-21 £'000	2019-20 £'000
Taxation	(19,528)	(42,332)
Grants and Contributions	(94,892)	(58,749)
Housing Rents	(59,563)	(59,190)
Sales of goods and rendering of services	(28,581)	(66,531)
Interest received	(844)	(825)
Other receipts from operating activities	(304)	449
Cash inflows generated from operating activities	(203,712)	(227,178)
Cash paid to and on behalf of employees	22,048	18,785
Housing benefit payments	46,287	49,652
NNDR Tariff payments	26,190	28,181
Cash paid to suppliers of goods and services	59,284	85,900
Payments to the capital receipts pool	1,097	1,097
Interest paid	8,368	8,181
Other operating cash payments	8,304	6,860
Cash outflows generated from operating activities	171,578	198,656
Net cashflows from operating activities	(32,134)	(28,522)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,088)	(14,417)
Purchase of property, plant and equipment, investment property and intangible assets	17,325	72,951
Purchase of short-term and long-term investments	45,520	23,500
Proceeds from the sale of short-term and long-term investments	(23,000)	(38,500)
Capital grants	(8,268)	(1,294)
Other Capital payments	0	800
Other payments for investing activities	7,861	3,021
Other receipts from investing activities	(3,274)	(9,979)
Net cashflows from investing activities	26,076	36,082
Cash Receipts - long/short term borrowing	0	(20,262)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	107	101
Repayments of long/short term borrowing	0	0
Changes in Council Tax and NNDR balances held for preceptors	(3,194)	812
Net cashflows from financing activities	(3,087)	(19,349)
Net (Increase) / decrease in cash and cash equivalents	(9,145)	(11,789)

Norwich City Council – 2020-21 Statement of Accounts

	2020-21	2019-20
	£'000	£'000
Cash and cash equivalents 1 April	35,988	24,199
Net increase / (decrease) in cash and cash equivalents	9,145	11,789
Cash and cash equivalents 31 March	<u>45,133</u>	<u>35,988</u>
Cash	313	688
Call accounts and short term deposits	20,000	19,000
MMF	21,070	15,000
Bank balances	3,750	1,300
Cash and cash equivalents 31 March	<u>45,133</u>	<u>35,988</u>

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 2020/21 financial year and its position at 31 March 2021. 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 2020/21, 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.

There are no changes in the accounting policies in the year.

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

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

Discretionary Benefits

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

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 (FVOCI) – 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 2020/21. Further detail on the Group boundary judgement is included in note 3 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 2020/21 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)
- 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 & Non-Current 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 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, and can then 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, and 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

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the UK.

- Amendments to IFRS 3 Business Combinations. Definition of a Business.
- Amendments to IFRS9, IAS 39 and IFRS 7. Interest Rate Benchmark Reform:
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2:

3. Critical Judgments 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
- 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

Pensions 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 45.

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:

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

Due to the material levels of transactions going through Norwich Regeneration Ltd (NRL) in 2020-21, consolidated group accounts have been prepared. Consolidated group accounts have been prepared for NCSL Ltd due to the material level of transactions that will be going through and for future comparative purposes. As a subsidiary, the accounts of both NRL 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.

Covid-19 and Valuation Uncertainty

In accordance with the Royal Institution of Chartered Surveyors (RICS) Guidance, in valuing in accordance with the RICS Valuation – Global Standards (The Red Book), the valuer has declared a 'material valuation uncertainty' in the valuation report used in carrying out this assessment for some properties in the leisure and hospitality sector. This is on the basis of uncertainties and limited transactional evidence in markets caused by COVID-19. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available for Norwich City Council.

The council holds other land and buildings with a net book value of £128.8m – of which £29.873m are specialised assets on depreciated replacement cost (DRC) basis and the remainder non-specialised assets on either an existing use value (EUV) or fair value (FV) basis. The council holds investment property with a net book value of £103m – all of which is valued on a fair value basis.

EUV is an estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing, DRC refers to specialised assets which are valued on a depreciated replacement cost basis e.g. community centres. Here the valuer bases their assessment on the cost to replacing the service potential of the assets, whereas 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 measurement date.

As part of the annual valuation program, the valuer undertook a full portfolio review of all investment properties and other land and building within the following categories:

- Offices
- Other
- Parking
- Community centres
- Industrial
- Retail
- Residential
- Development Land

Current RICS Guidance is that as property markets are mostly functioning again, Material Valuation Uncertainty would not generally be reported for many categories of property. This is not the case for properties in the leisure and hospitality sector, where many remain closed or have their operations restricted by government regulations and there is an absence of market evidence on which to base a judgement.

There has been no significant reduction in the occupancy, use and demand for Norwich City Council properties as a result of Covid-19, although as the pandemic and government response to it, including the withdrawal of grants and financial assistance continues to evolve, markets may react and tenants may still struggle or fail.

The review by the valuers has assessed the material valuation uncertainty classification still applies to some properties in the hospitality and leisure sectors. This is because the use of these premises is still currently restricted and there is an absence of relevant/sufficient market evidence on which to base the judgements. Based on the portfolio review, the conclusion of the valuer and council is that MVU clause is still applied to

properties valued at £18m (2019/20 £29.4m included retail). This figure includes 13-25 London Street & 4-8 Bedford Street which is predominantly retail and valued as such however the upper floor has a gym and restaurant which arguably falls into hospitality and leisure.

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	<p>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 2020/21 and earlier financial years in their proportionate share. As at the 31 March 2021 70 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 £2.2m.</p> <p>Following the 2017 revaluation, a new check, challenge and appeal process has been introduced by the Valuation Office Agency; the impact of which is highly uncertain. As at the 31st March 2021 264 challenges are outstanding. However, 224 of these are Covid 19 related Material Change of Circumstances challenges and the government have legislated to rule out such appeals. A provision has been made for the estimated success of future appeals from the 2017 list of £5.18m which equates to 6.6% of annual net rates payable. A 1% increase in the coverage of net rates for the 2017 list would increase the provision by £0.8m.</p>	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.
Property, Plant and Equipment (excluding Housing Stock) £148.8m	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 £0.250m for every year that useful lives had to be reduced.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Property, Plant and Equipment (excluding Housing Stock) £148.8m	<p>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.</p> <p>Of the balance £29.873m (20%) 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.</p>	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 £128.836m would equate to £1.29m.
Pensions Liability £209.9m	<p>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.</p> <p>A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p> <p>The acturaries allowed for the impact of full GMP indexation in the calculation of 31 March 2019 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.</p> <p>Other recent court cases have been considered but no further adjustments made this year for their impact. At the accounting date.</p>	The sensitivities resulting in an impact on the Council's finances are disclosed in Note 8.
Arrears	At 31 March 2021, the Council had a balance of sundry debtors for £4.9m. 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.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Housing Stock £804.6m	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.	<p>The percentages used to reduce the value may not reflect the true depreciated value of the individual components.</p> <p>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 £8.046m.</p>
Housing Stock £804.6m	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.	<p>The use of standard lives to calculate components and assumption of full depreciation on components not upgraded may not be valid.</p> <p>The depreciation of council dwellings may be under or overstated The depreciation charge is £15m. It is estimated that the annual depreciation charge for assets would increase by £0.276m for every year that useful lives had to be reduced.</p>
Fair value measurement of investment property	<p>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.</p> <p>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.</p>	<p>The total value of investment properties is £103.394m. Of this £82.721m (80%) is a Level 2 valuation and £20.672m (20%) Level 3 valuation. Level 3 valuations use significant unobservable inputs to determine the fair value measurements.</p> <p>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</p> <p>A 1% change in the assumed valuation of investment property would equate to £1.034m</p>

5. Expenditure and Funding Analysis

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Resources	11,329	50	11,279
Chief Executive	804	96	708
Customers, Communications & Culture	5,975	52	5,923
Neighbourhoods	10,051	(512)	10,563
Place	3,554	(2,049)	5,602
Housing Revenue Account	(21,025)	14,409	(35,434)
Net Cost of Services	10,687	12,047	(1,359)
Other income & expenditure	918	1,976	(1,058)
Financing and Investment Income	2,619	(3,193)	5,812
Taxation and non-specific grant income	(44,297)	(15,189)	(29,108)
(Surplus) or deficit	(30,072)	(4,360)	(25,712)
Opening General Fund and HRA balance at 31 March 2020	(43,432)		
Net (Surplus) / Deficit on General Fund and HRA balance in year	(30,072)		
Transfer between reserves	20,158		
Closing General Fund and HRA balance at 31 March 2020	(53,346)		
Analysed between General fund and HRA balances	General Fund	HRA	Total
Opening General Fund and HRA balance at 31 March 2019	(9,464)	(33,968)	(43,432)
Net (Surplus) / Deficit on General Fund and HRA balance in year	(20,825)	(9,249)	(30,074)
Transfer between reserves	20,309	(151)	20,158
In year movement in reserves	(516)	(9,400)	(9,916)
Closing General Fund and HRA balance at 31 March 2020	(9,980)	(43,368)	(53,348)

	Adjustments for capital purposes £'000	Net Changes for Pension adjustments £'000	Other Difference £'000	Total Adjustments £'000
Resources	300	252	(502)	50
Chief Executive	-	96	-	96
Customers, Communications & Culture	(489)	541	-	52
Neighbourhoods	(840)	328	-	(512)
Place	(2,222)	174	-	(2,049)
Housing Revenue Account	14,238	220	(49)	14,409
Net Cost of Services	10,988	1,610	(552)	12,047
Other income & expenditure	1,976	-	-	1,976
Financing and Investment Income	821	(4,014)	-	(3,193)
Taxation and non-specific grant income	3,985	-	(19,174)	(15,189)
(Surplus) or deficit	17,770	(2,404)	(19,726)	(4,360)

Expenditure Funding Analysis 2019/20 (Restated)

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Resources	10,777	(1,590)	12,367
Chief Executive	879	(6)	885
Customers, Communications & Culture	4,642	(521)	5,163
Neighbourhoods	9,610	(939)	10,549
Place	(1,648)	(6,989)	5,341
Housing Revenue Account	(15,781)	453	(16,235)
Net Cost of Services	8,479	(9,591)	18,070
Other income & expenditure	511	6,083	(5,572)
Financing and Investment Income	3,152	(12,474)	15,626
Taxation and non-specific grant income	(18,196)	4,098	(22,296)
(Surplus) or deficit	(6,055)	(11,884)	5,829
Opening General Fund and HRA balance at 31 March 2019	(42,556)		
Net (Surplus) / Deficit on General Fund and HRA balance in year	(6,055)		
Transfer between reserves	5,179		
Closing General Fund and HRA balance at 31 March 2019	(43,432)		
Analysed between General fund and HRA balances	General Fund	HRA	Total
Opening General Fund and HRA balance at 31 March 2018	(11,653)	(30,903)	(42,556)
Net (Surplus) / Deficit on General Fund and HRA balance in year	(1,720)	(4,335)	(6,055)
Transfer between reserves	3,909	1,270	5,179
In year movement in reserves	2,189	(3,065)	(876)
Closing General Fund and HRA balance at 31 March 2019	(9,464)	(33,968)	(43,432)

	Adjustments for capital purposes £'000	Net Changes for Pension adjustments £'000	Other Difference £'000	Total Adjustments £'000
Resources	(1,435)	(160)	5	(1,590)
Chief Executive	-	(6)	-	(6)
Customers, Communications & Culture	(485)	(36)	-	(521)
Neighbourhoods	(892)	(47)	-	(939)
Place	(6,938)	(50)	-	(6,989)
Housing Revenue Account	508	(54)	-	453
Net Cost of Services	(9,242)	(353)	5	(9,591)
Other income & expenditure	6,083	-	-	6,083
Financing and Investment Income	(7,562)	(4,912)	-	(12,474)
Taxation and non-specific grant income	4,127		(29)	4,098
(Surplus) or deficit	(6,594)	(5,265)	(24)	(11,884)

6. Adjustments between Accounting Basis and Funding Basis under regulations

2020/21	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							
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>							
Charges for depreciation and impairment of non-current assets	(2,194)	(18,131)	-	-	-	(20,324)	20,324
Excess dep'n over HRA MRA	-	-	-	-	-	-	-
Revaluation gains / (Losses) on Property, Plant and Equipment	56	15,506	-	-	-	15,012	(15,012)
Movement in Market Value of Investment Properties	(96)	-	-	-	-	(96)	96
Capital Grants and Contributions Applied	1,252	14	-	-	-	1,266	(1,266)
Movement in Donated Assets Account	-	-	-	-	-	-	-
Revenue expenditure funded from capital under statute	(1,971)	(550)	-	-	-	(1,971)	1,971
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	(570)	(7,354)	-	-	-	(7,924)	7,924
<u>Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement</u>							
Statutory provision for the financing of capital investment	1,693	107	-	-	-	1,801	(1,801)
Capital expenditure charged against the General Fund and HRA balances	1,000	1,941	-	-	-	2,941	(2,941)
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,142	577	-	-	(2,719)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	1,907	1,907	(1,907)
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	766	9,322	(10,088)	-	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	3,233	-	-	3,224	(3,224)
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(10)	(160)	169	-	-	-	-
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	(1,097)	-	1,097	-	-	-	-
Transfers from Deferred Capital Receipts reserve	-	-	-	-	-	-	-

Norwich City Council – 2020-21 Statement of Accounts

2020/21	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(140)	-	-	(140)	140
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	15,525	-	(15,525)	-	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	13,813	-	13,813	(13,813)
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	(133)	-	-	-	-	(133)	133
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(8,016)	(2,186)	-	-	-	(10,202)	10,202
Employer's pension contributions and direct payments to pensioners payable in the year	6,214	1,584	-	-	-	7,798	(7,798)
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	(19,174)	-	-	-	-	(19,174)	19,174
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	(370)	(49)	-	-	-	(419)	419
Total Adjustments	(20,508)	16,146	(5,729)	(1,712)	(812)	(12,621)	12,621

Norwich City Council – 2020-21 Statement of Accounts

2019/20 comparative figures

Adjustments involving the Capital Adjustment Account

Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement

	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
Charges for depreciation and impairment of non-current assets	(6,811)	(18,035)	-	-	-	(24,846)	24,846
Revaluation gains / (Losses) on Property, Plant and Equipment	(422)	(2,178)	-	-	-	(2,600)	2,600
Movement in Market Value of Investment Properties	(3,594)	-	-	-	-	(3,594)	3,594
Capital Grants and Contributions Applied	1,729	227	-	-	-	1,956	(1,956)
Movement in Donated Assets Account	56	-	-	-	-	56	(56)
Revenue expenditure funded from capital under statute	(6,190)	-	-	-	-	(6,190)	6,190

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
HRA Self Financing Debt

	(875)	(9,658)	-	-	-	(10,533)	10,533
						-	-

Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement

Statutory provision for the financing of capital investment	567	101	-	-	-	668	(668)
Capital expenditure charged against the General Fund and HRA balances	207	5,590	-	-	-	5,797	(5,797)

Adjustments involving the Capital Grants Unapplied Account

Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,670	445	-	-	(2,115)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	3,793	3,793	(3,793)

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	1,417	12,999	(14,417)	-	-	(1)	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	6,897	-	-	6,897	(6,897)
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(23)	(231)	255	-	-	1	-
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	(1,097)	-	1,097	-	-	-	-

Norwich City Council – 2020-21 Statement of Accounts

2019/20 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 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	2,250	-	-	-	-	2,250	(2,250)
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(1,571)	-	-	(1,571)	1,571
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	15,261	-	(15,261)	-	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	16,750	-	16,750	(16,750)
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	5	-	-	-	-	5	(5)
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(10,353)	(2,796)	-	-	-	(13,149)	13,149
Employer's pension contributions and direct payments to pensioners payable in the year	6,242	1,642	-	-	-	7,884	(7,884)
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	(29)	-	-	-	-	(29)	29
Total Adjustments	(15,251)	3,367	(7,739)	1,489	1,678	(16,456)	16,456

7. Segmental Income

	2020-21 Surplus / Deficit on the Provision of Services £'000	Restated 2019-20 Surplus / Deficit on the Provision of Services £'000
Employee benefits expenses	32,617	32,102
Other service expenses	54,595	60,258
Interest payments	8,231	8,236
IFRS 9 adjustment	(658)	0
Depreciation, amortisation, impairment etc.	5,611	30,904
Payments to Housing Capital Receipts Pol	1,097	1,097
Housing Benefit Expenditure	46,644	49,604
Non-Domestic rates tariff	26,190	28,181
Total Expenditure	174,327	210,382
Fees, charges and other service income	(86,878)	(92,631)
Fair value adjustments	0	0
Interest and investment income	(896)	(6,132)
Council Tax and Non-Domestic Rate income	(22,304)	(41,981)
Grants and Contributions	(42,843)	(8,495)
Housing Benefit contributions and allowances	(44,876)	(49,073)
Gains on the disposal of assets	(2,242)	(6,241)
Total income	(200,039)	(204,553)
Net	(25,712)	5,829

Income received on a segmental basis is analysed below:

	2020/21 £000	2019/20 £000
Revenue from External customers	(86,878)	(92,631)
Other Income	(113,161)	(111,922)
Total Income	(200,039)	(204,553)

8. Defined Benefit Pension Schemes

	2020-21 £'000	2019-20 £'000
Comprehensive Income and Expenditure Statement		
Current Service Cost	6,733	8,127
Curtailments	67	110
Settlements	(612)	0
Cost of Services	6,188	8,237
Net interest expense	4,014	4,912
Financing and Investment Income and Expenditure	4,014	4,912
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	10,202	13,149
Return on plan assets, less included in interest expense	61,644	24,902
Actuarial gains & losses:		
Changes in demographic assumptions	(5,414)	(11,718)
Changes in financial assumptions	(96,747)	(33,911)
Other	2,636	(19,025)
Remeasurement of the net defined benefit liability	(37,881)	(39,752)
Total Comprehensive Income and Expenditure Statement	(27,679)	(26,603)
Movement in Reserves Statement		
Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	10,202	13,149
Employer's pension contributions and direct payments to pensioners payable in the year	(7,798)	(6,699)
Total taken to Note 6	2,404	6,450
	2020-21 £'000	2019-20 £'000
Reconciliation of Fair Value of Employer Assets (scheme Assets):		
Value of Assets at 1 April	270,061	295,856
Effect of settlements	(1,476)	0
Interest income on plan assets	6,090	7,021
Contributions by Members	1,333	1,231
Contributions by the Employer	7,798	6,699
Return on assets excluding amounts recognised in Other Comprehensive Income	61,644	(24,902)
Effect of business combinations	4,814	
Benefits Paid	(16,452)	(15,844)
	333,812	270,061

Norwich City Council – 2020-21 Statement of Accounts

	2020-21 £'000	2019-20 £'000
Reconciliation of Defined Benefit Obligation (scheme Liabilities):		
Value of Liabilities at 1 April	(439,664)	(499,947)
Current Service Cost	(6,733)	(8,127)
Past Service Cost	(67)	(110)
Effect of settlements	2,088	0
Interest Cost	(10,104)	(11,933)
Contribution by Members	(1,333)	(1,231)
Actuarial Gains and (Losses):		
Change in demographic assumptions	(5,414)	11,718
Change in financial assumptions	(96,747)	33,911
Other experience gains and (losses)	4,001	19,025
Effect of business combinations and disposals	(6,179)	0
Benefits Paid	16,452	17,030
	<u>(543,700)</u>	<u>(439,664)</u>
Net Liability at 31st March	<u>(209,888)</u>	<u>(169,603)</u>

In the 2020-21 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.

	2020-21	2019-20
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.9	21.7
Women	24.3	23.9
Longevity at 45 for future pensioners:		
Men	23.2	22.8
Women	26.2	25.5
	2020-21	2019-20
Rate of inflation	2.85%	1.90%
Rate of increase in salaries	3.55%	2.60%
Rate of increase in pensions	2.85%	1.90%
Rate for discounting scheme liabilities	2.00%	2.30%

Norwich City Council – 2020-21 Statement of Accounts

	2020/21			% of total assets	2019/20		
	Quoted Prices in active markets £000	Quoted prices not in active markets £000	Total £000		Quoted Prices in active markets £000	Quoted prices not in active markets £000	Total £000
Cash & Cash Equivalents	4,313		4,313	1.3%		7,430	7,430
Equity Instruments <i>by industry type</i>							
Consumer			-		12,397	12,397	3.7%
Manufacturing			-		9,828	9,828	2.9%
Energy and Utilities			-		2,997	2,997	0.9%
Financial institutions			-		8,402	8,402	2.5%
Health and care			-		7,764	7,764	2.3%
Information Technology			-		10,323	10,323	3.1%
Other			-		5	5	0.0%
Sub-total Equity Instruments	-		-		51,716	51,716	
Private equity		27,231	27,231	8.2%		20,130	20,130
Bonds <i>by sector</i>							
Corporate							
UK Government			-				
Other	3,021		3,021	0.9%	2,520	2,520	0.8%
Sub-total Bonds	3,021		3,021		2,520	2,520	
Property <i>by geographical location</i>							
UK property		18,277	18,277	5.5%		17,116	17,116
Overseas property		4,648	4,648	1.4%		3,920	3,920
Sub-total Property		22,926	22,926			21,036	21,036
Investment Funds & Unit Trusts							
Equities	191,263		191,263	57.3%	96,679	96,679	29.0%
Bonds	69,524		69,524	20.8%	65,464	65,464	19.6%
Infrastructure		14,537	14,537	4.4%		5,556	5,556
Other		846	846	0.3%			
Sub-total Investment Funds & Unit Trusts	260,786	15,383	276,169		162,143	5,556	167,699
Derivatives						(470)	(470)
Other	152.5		152.5	0.0%			
Total Assets	268,273	65,540	333,812		216,379	53,682	270,061

9. Grant Income

	2020-21 £'000	2019-20 £'000
DWP benefits subsidy - Rent Allowance	(21,171)	(22,539)
DWP benefits subsidy - Rent Rebate	(23,244)	(24,764)
Discretionary Housing Payments	(461)	(389)
Housing Benefits Administration Grant	(609)	(627)
Covid grants	(5,862)	0
Homelessness & Rough Sleeping Initiatives	(1,535)	(1,257)
Other Grants and Contributions	(1,843)	(1,418)
Total within Cost of Services	(54,725)	(50,994)
<i>Revenue</i>		
Revenue Support Grant	(216)	0
Local Strategic Partnership - Second Homes	0	(12)
Council Tax Admin subsidy	(231)	0
New Homes Bonus	(693)	(676)
NNDR admin grant	(269)	(273)
NNDR Section 31 grant	(20,570)	(2,931)
Covid grants	(6,977)	0
Other Grants and Contributions	(51)	(475)
<i>Capital</i>		
Community Infrastructure Levy - from developers	(881)	(1,220)
Community Infrastructure Levy - from GNGB Strategic Pool	(18)	(93)
Disabled Facilities Grant	(944)	(1,133)
Grants for revenue financed from capital under statute		(10)
Grants and contributions towards capital - from Government	(1,565)	(610)
Grants and contributions towards capital - non Government	(576)	(1,005)
Total within Taxation and non-specific grant income	(32,991)	(8,438)
Total income from grants and contributions	(87,716)	(59,432)

10. Material Items of Income and Expense

During 2020/21 NRL repaid loans of £3m (2019/20: £6m), and the Council loaned a further £6.25m to NRL (2019/20: £3m), leaving a net balance of £12.65m outstanding at the end of the financial year (2019/20 £9.4m). A further £1.15m of equity was purchased in NRL by the Council.

During 2020/21 the Council loaned £1.64m to NCSL (2019/20: £0m). £0.370m of equity was purchased in NCSL by the Council.

Due to the Covid 19 pandemic the Government has given the Council £6.978m of grants to administer. This is included as grant income. Further details can be found in the grant income note 9

11. 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 and the amount set aside to cover the uninsured risks at 31 March 2021 is based on the assessed liability. 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 unused balance of the S31 grant monies received in 2020/21 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 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.

Norwich Regeneration Ltd Reserve

The Council has a commercial loan of £9.4m (2018/19 £12.4m) with its wholly-owned subsidiary Norwich Regeneration Ltd (NRL). 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 NRL. 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.

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.

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 2021/22 budget savings identified.

HRA Tenancy & Estate Management System

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

	Balance at 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance at 31 March 2020 £'000	Transfers Out 2020/21 £'000	Transfers In 2020/21 £'000	Balance at 31 March 2021 £'000
General Fund							
Insurance Reserve	935	(153)	303	1,085	(204)	200	1,081
S31 Earmarked Reserve	2,045	-	-	2,045	-	17,473	19,518
Mousehold Conservators Reserve	9	-	10	19	-	11	30
General Fund Invest to Save Reserve	4,262	(1,809)	557	3,010	(497)	-	2,513
Revenue Grants Unapplied Reserve GF	1,841	(108)	107	1,840	-	1,651	3,491
Revenue Grants Unapplied Reserve HRA	-	-	-	-	-	-	-
Commercial Property Earmarked Reserve	1,058	-	989	2,047	-	418	2,465
Norwich Regeneration Ltd Earmarked Reserve	293	-	3,707	4,000	(650)	-	3,350
Elections Earmarked Reserve	113	-	-	113	-	-	113
General Fund Repairs Reserve	-	-	444	444	-	387	831
Budget Risk Reserve	-	-	-	-	-	700	700
Business Change Reserve	-	-	-	-	-	913	913
HRA Invest to Save Reserve	1,500	-	1,000	2,500	(728)	-	1,772
HRA Tenancy & Estate Management System	-	-	-	-	-	415	415
Total	12,056	(2,070)	7,117	17,103	(2,079)	22,168	37,192

12. Unusable Reserves

	2020/21 £000	2019/20 £000
Revaluation Reserve	89,481	76,632
Financial Instruments Revaluation Reserve	1,919	2,028
Capital Adjustment Account	680,323	669,398
Financial Instruments Adjustments Account	(954)	(822)
Deferred Capital Receipts	1,495	1,635
Pensions Reserve	(209,901)	(169,617)
Collection Fund Adjustment Account	(17,697)	1,477
Accumulated Absences Reserve	(419)	
Total Unusable Reserves	544,247	580,731

Revaluation Reserve

	2020/21 £000	2019/20 £000
Balance at 1 April		74,600
Upward revaluation of assets	15,893	8,644
Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,776)	(5,080)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	14,117	3,564
Difference between fair value depreciation & historical cost depreciation	(657)	(632)
Accumulated gains on assets sold or scrapped	(611)	(702)
Amount written off to the Capital Adjustment Account	(1,268)	(1,334)
Other movements	-	(198)
Balance at 31 March	89,481	76,632

Financial Instruments Revaluation Reserve

	2020/21 £000	2019/20 £000
<u>Financial Instruments Revaluation Reserve</u>		
Balance at 1 April	2,028	830
Upward revaluation of investments	-	
Downward revaluation of investments	(110)	1,198
Change in impairment loss allowances		
	1,918	2,028
Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-	
Accumulated gains or losses on assets sold and maturing assets written out to the General Fund Balances for financial assets designated to fair value through other comprehensive income	-	
Balance at 31 March	1,918	2,028

Capital Adjustment Account

Capital Adjustment Account

	2020/21 £000	2019/20 £000
Balance at 1 April	669,398	679,756
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
Charges for depreciation & impairment of non current assets	(20,320)	(24,846)
Revaluation gains / (losses) on Property, Plant & Equipment	15,572	(2,600)
Revenue expenditure funded from capital under statute	(2,521)	(6,190)
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	(7,926)	(10,533)
Difference between historic cost & carrying value depreciation	657	632
Net written out amount of the cost of non-current assets consumed in the year	(14,538)	(43,537)
Adjusting amounts written out of the Revaluation Reserve	608	702
Net written out amount of the cost of non-current assets consumed in the year	(13,930)	(42,835)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital Expenditure	5,802	6,897
Use of the Major Repairs Reserve to finance new capital expenditure	13,813	16,750
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	1,266	1,956
Application of grants to capital financing from the Capital Grants Unapplied Account	1,907	3,793
Statutory provision for the financing of capital investment charged against the General Fund & HRA balances	1,801	669
Capital expenditure charged against the General Fund & HRA balances	2,941	5,797
	27,530	35,862
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	(96)	(3,594)
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	-	56
Capital expenditure financed from Capital Receipts (NRL loan)	(3,000)	-
Other	420	153
Balance at 31 March	680,322	669,398

Collection Fund Adjustment Account

	2020/21	2019/20
	£000	£000
<u>Collection Fund Adjustment Account</u>		
Balance at 1 April	(1,477)	(1,507)
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	352	269
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	18,822	(239)
Balance at 31 March	17,697	(1,477)

Pension Reserve

	2020/21	2019/20
	£000	£000
<u>Pensions Reserve</u>		
Balance at 1 April	(169,616)	(204,103)
Actuarial gains or (losses) on pensions assets & liabilities	(37,881)	39,752
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	(10,202)	(13,149)
Employer's pensions contributions & direct payments to pensioners payable in the year	7,798	7,346
Non-Council Employer's pensions contributions payable in the year in respect of TUPE'd employees still in pension fund	-	538
Balance at 31 March	(209,901)	(169,616)

Deferred Capital Receipts

	2020/21	2019/20
	£000	£000
<u>Deferred Capital Receipts Reserve</u>		
Balance at 1 April	1,635	1,433
IFRS9 Adjustment		(399)
Balance at 1 April	1,635	956
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	2,250
Transfer to the Capital Receipts Reserve upon receipt of cash	(140)	(1,571)
Balance at 31 March	1,495	1,635

Financial Instruments Adjustment Account

	2020/21	2019/20
	£000	£000
<u>Financial Instruments Adjustment Account</u>		
Balance at 1 April	822	826
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	274	-
	1,096	826
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	(142)	(4)
Balance at 31 March	954	822

Accumulated Absences Reserve

	2020/21	2019/20
	£000	£000
<u>Accumulated Balances Account</u>		
Balance at 1 April	0	0
Difference between accounting and statutory credit for holiday	(419)	0
Balance at 31 March	(419)	-

13. Capital Financing Requirement

	2020-21 £'000	2019-20 £'000
Opening Capital Financing Requirement 1 April	325,980	282,779
Prior years adjustment		4,703
<i>Capital Investment</i>		
Property, Plant and Equipment	20,070	27,983
Investment Properties	64	43,112
Heritage Assets	1	8
Intangible assets	176	217
Revenue Expenditure Funded from Capital under Statute (REFCUS)	2,521	6,190
<i>Sources of finance</i>		
Capital receipts	(3,222)	(6,897)
Norwich Regeneration Ltd loan repayment	(3,000)	
Government grants and other contributions	(3,173)	(5,749)
HRA Major Repairs Reserve	(13,813)	(16,750)
Sums set aside from revenue and reserves	(2,941)	(5,898)
<i>Other Capital movement</i>		
Capital derecognition	(134)	(141)
Norwich Regeneration Ltd Share capital	1,150	
Norwich Regeneration Ltd loan	6,250	(3,000)
Norwich City Services Ltd Share capital	370	(10)
Norwich City Services loan	1,140	
Finance lease	(107)	
Other	209	
Minimum Revenue provision	(1,694)	(567)
Closing Capital Financing Requirement 31 March	329,847	325,980

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 and PFI contracts), 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.

A review of the Capital Financing Requirement has been undertaken to reconcile the amount to the council's balance sheet. This has resulted in a adjustment relating to prior years which increases the CFR carried forward.

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

	31 March 2021 £'000	31 March 2020 £'000
Property, Plant and Equipment	953,407	930,027
Heritage assets	25,553	25,553
Investment Properties	103,391	105,677
Intangible Assets	614	621
Assets Held for Sale	0	131
Long term Investments	6,163	4,752
Long Term Debtors	11,487	6,456
Financial Instruments revaluation Reserve	(1,919)	(2,028)
Financial Instruments Adjustment Account	954	822
Revaluation Reserve	(89,481)	(76,633)
Capital Adjustment Account	(680,322)	(669,398)
	329,847	325,980

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.

14. Property Plant and Equipment

Movements in 2020/21	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At 1 April 2020	790,620	139,786	28,770	2,862	11,923	25	606	974,592
Additions	16,119	1,054	1,525	23	284	-	1,065	20,070
Revaluation increases / (decreases) recognised in the Revaluation Reserve	8,676	444	-	-	-	29	-	9,149
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(4,579)	(376)	-	-	-	-	-	(4,955)
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	8,992	25	-	-	-	-	-	9,017
Derecognition – Disposals	(6,319)	-	(18,358)	-	-	-	-	(24,677)
Derecognition - Other	(397)	-	-	-	-	-	-	(397)
Demolition	-	(8)	-	-	-	-	-	(8)
Assets Reclassified (to) / from Held for Sale	(476)	(16)	-	-	-	-	-	(492)
Other Movements in Cost or Valuation	(6)	1,807	-	-	-	-	-	1,801
At 31 March 2021	812,630	142,716	11,937	2,885	12,207	54	1,671	984,100
Accumulated Depreciation & Impairment								
At 1 April 2020	(7,126)	(11,113)	(25,024)	(1,300)	-	-	-	(44,563)
Depreciation charge	(14,999)	(2,521)	(729)	(81)	-	-	-	(18,330)
Depreciation written out to the Surplus/Deficit on Provision of Services	10,974	39	-	-	-	-	-	11,013
Depreciation write-back on revaluation to Revaluation Reserve	4,025	643	-	-	-	-	-	4,668
Impairment losses / (reversals) recognised in CIES	(1,132)	(927)	-	-	-	-	-	(2,059)
Impairment losses / (reversals) recognised in RR	225	-	-	-	-	-	-	225
Derecognition – Disposals	-	-	18,353	-	-	-	-	18,353
Derecognition - Other	-	-	-	-	-	-	-	-
At 31 March 2021	(8,033)	(13,879)	(7,400)	(1,381)	-	-	-	(30,693)
Net Book Value								
At 31 March 2021	804,597	128,837	4,537	1,504	12,207	54	1,671	953,407
At 31 March 2020	783,495	128,672	3,745	1,561	11,923	25	606	930,027

Norwich City Council – 2020-21 Statement of Accounts

Comparative Movements in 2019/20	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Furniture & equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At 1 April 2019	782,152	140,890	28,147	2,812	11,809	293	7,001	973,104
Additions	25,639	1,517	512	49	114	-	152	27,983
Revaluation increases / (decreases) recognised in the Revaluation Reserve	364	(1,929)	-	-	-	(40)	-	(1,605)
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(18,711)	(1,026)	-	-	-	-	-	(19,737)
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	4,205	356	-	-	-	-	-	4,561
Derecognition – Disposals	(8,469)	-	(119)	-	-	-	-	(8,588)
Derecognition - Other	(194)	-	-	-	-	-	-	(194)
Demolition	-	(10)	-	-	-	-	-	(10)
Assets Reclassified (to) / from Held for Sale	(670)	(25)	-	-	-	-	-	(695)
Other Movements in Cost or Valuation	6,305	13	229	-	-	(228)	(6,547)	(228)
At 31 March 2020	790,621	139,786	28,769	2,861	11,923	25	606	974,591
Accumulated Depreciation & Impairment								
At 1 April 2019	(6,141)	(9,880)	(24,442)	(1,220)	-	(7)	-	(41,690)
Depreciation charge	(14,729)	(2,493)	(682)	(80)	-	(1)	-	(17,985)
Depreciation written out to the Surplus/Deficit on Provision of Services	11,592	104	-	-	-	-	-	11,696
Depreciation write-back on revaluation to Revaluation Reserve	3,137	1,784	-	-	-	8	-	4,929
Impairment losses / (reversals) recognised in CIES	(1,184)	(616)	-	-	-	-	-	(1,800)
Impairment losses / (reversals) recognised in RR	199	(13)	-	-	-	-	-	186
Derecognition – Disposals	-	-	100	-	-	-	-	100
Derecognition - Other	-	-	-	-	-	-	-	-
At 31 March 2020	(7,126)	(11,114)	(25,024)	(1,300)	-	-	-	(44,564)
Net Book Value								
At 31 March 2020	783,495	128,672	3,745	1,561	11,923	25	606	930,027
At 31 March 2019	776,012	131,009	3,705	1,591	11,809	287	7,002	931,415

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:

Deborah O'Shea MRICS (NPS)

Grant Brewer MRICS (NPS)

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

HRA Dwellings

The date of valuation is 31 March 2021.

The valuers undertook a full revaluation at 31 March 2021. The valuations were undertaken in accordance with 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 62% (2017/18 62%), 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 DCLG 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 property used as the beacon in each beacon type, are fully upgraded. For all other dwellings in the beacon; a percentage reduction is made for each component that has not been upgraded. The percentage reduction is that advised by 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 2021.

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 only for valuing property that is 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 2020.

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 only for valuing property that is 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
'000s								
Valued at historical cost			12,207	1,503	4,536	1,671		19,917
Valued at current value								-
2020-21	804,597	40,678					54	845,329
2019-20		17,090						17,090
2018-19		23,379						23,379
2017-18		45,729						45,729
2016-17		1,960						1,960
Total	804,597	128,836	12,207	1,503	4,536	1,671	54	953,404

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	Paintings	Sculptures & Bronzes	Statues, Fountain etc	Buildings	Total Heritage Assets
	£000	£000	£000	£000	£000	£000
Valuation						
1st April 2019	8,078	4,675	6,930	2,457	3,405	25,545
Additions	-	-	-	-	8	8
Disposals	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
31st March 2020	8,078	4,675	6,930	2,457	3,413	25,553
Valuation						
1st April 2020	8,078	4,675	6,930	2,457	3,405	25,545
Additions	-	-	-	-	1	1
Disposals	(1)	-	-	-	-	(1)
Revaluations	-	-	-	-	-	-
31st March 2021	8,077	4,675	6,930	2,457	3,406	25,545

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

- 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 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 were also reviewed by NPS in 2016 -17 who advised that no revaluations were required

In 2017/18 a review of the specialist valuation for the Gurney Clock was completed by Michlmayr Clock and Watchmakers Ltd. As a result of this the valuation is now £490k.

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.

	2020/21 £000	2019/20 £000
Rental income from investment property	(7,313)	(4,932)
Direct operating expenses arising from investment property	2,506	1,285
Net (gains)/losses from fair value adjustments	96	3,594
Total	(4,711)	(53)

Norwich City Council – 2020-21 Statement of Accounts

	2020/21 £000	2019/20 £000
Balance at start of the year	105,677	65,931
Additions	64	43,112
Disposals	(453)	-
Net gains / (losses) from fair value adjustments	(96)	(3,594)
Transfers (to) / from Property, Plant & Equipment	(1,801)	228
Transfers (to) / from Long Term Debtors	-	-
Balance at end of year	103,391	105,677

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 2021

	Other significant observable inputs (level 2) £000	Significant unobservable inputs (level 3) £000	Fair value as at 31 March 2021 £000
Recurring fair value measurements using:			
Industrial	28,646	10,326	38,972
Offices	12,327	3,769	16,096
Other	30,318	4,915	35,233
Residential	1,131	-	1,131
Retail	10,299	1,662	11,961
Total	54,075	20,672	103,393

Investment Property Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2020

Recurring fair value measurements using:	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value as at 31 March 2020
	£000	£000	£000
Industrial	30,632	10,226	40,858
Offices	12,622	3,583	16,205
Other	26,144	6,799	32,943
Residential	1,131	-	1,131
Retail	12,869	1,672	14,541
Total	83,398	22,280	105,678

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

Investment Properties Level 2	2020/21					Total £000
	Industrial £000	Offices £000	Other £000	Residential £000	Retail £000	
Opening balance	30,631	12,622	26,145	1,131	12,869	83,398
Reclassification to/from PPE	-	-	-	-	-	-
Transfer between disclosure category	(3,695)	(123)	3,688	-	-	(130)
Transfers into Level 2	228	-	-	-	-	228
Transfers out of Level 2	-	(103)	-	-	-	(103)
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	1,716	(69)	477	-	(2,569)	(445)
Additions	-	-	42	-	-	42
Disposals	(235)	-	(34)	-	-	(269)
Balance at end of year	28,645	12,327	30,318	1,131	10,300	82,721

Investment Properties Level 2	2019/20					Total £000
	Industrial £000	Offices £000	Other £000	Residential £000	Retail £000	
Opening balance	7,568	6,285	21,863	1,131	14,302	51,149
Reclassification to OLB	-	228	-	-	-	228
Transfer between disclosure category	(2,220)	2,220	-	-	-	-
Transfers into Level 2	(61)	(2,712)	(3,186)	-	(1,520)	(7,479)
Transfers out of Level 2	-	-	-	-	-	-
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	(2,008)	(690)	126	-	73	(2,499)
Additions	27,352	7,291	7,342	-	14	41,999
Disposals	-	-	-	-	-	-
Balance at end of year	30,631	12,622	26,145	1,131	12,869	83,398

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

Investment Properties Level 3	2020/21					
	Industrial £000	Offices £000	Other £000	Residential £000	Retail £000	Total £000
Opening balance	10,226	3,582	6,799	-	1,672	22,279
Reclassification to/from PPE	-	-	(1,801)	-	-	(1,801)
Transfer between disclosure category	(107)	-	103	-	236	232
Transfers into Level 3	-	-	-	-	-	-
Transfers out of Level 3	(228)	-	-	-	-	(228)
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	412	187	(186)	-	(63)	350
Additions	23	-	-	-	-	23
Disposals	-	-	-	-	(183)	(183)
Balance at end of year	10,326	3,769	4,915	-	1,662	20,672

Investment Properties Level 3	2019/20					
	Industrial £000	Offices £000	Other £000	Residential £000	Retail £000	Total £000
Opening balance	10,186	920	3,610	-	66	14,781
Reclassification to OLB	-	-	-	-	-	-
Transfer between disclosure category	-	-	-	-	-	-
Transfers into Level 3	61	2,712	3,186	-	1,520	7,479
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	(21)	(50)	(1,110)	-	86	(1,095)
Additions	-	-	1,113	-	-	1,113
Disposals	-	-	-	-	-	-
Balance at end of year	10,226	3,582	6,799	-	1,672	22,278

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: Deborah O'Shea MRICS (NPS)

17. Intangible Assets

	2020/21 £000	2019/20 £000
Balance at the start of the year		
· Net carrying amount	621	573
· Additions	176	218
· Disposals	-	(2)
Amortisation for the period	(183)	(168)
Disposals	-	-
Net Carrying amounts at the end of the year	614	621
Comprising:		
· Gross carrying amount	1,197	2,150
· Accumulated amortisation	(583)	(1,529)
	614	621

18. Assets held for sale

	Current 2020/21 £000	2019/20 £000
Balance outstanding at 1 April	131	380
Assets newly classified as held for sale:		
Property, Plant & Equipment	492	695
Assets declassified as held for sale:		
Property, Plant & Equipment	-	-
Asset disposals	(688)	(985)
Other movements	65	41
Balance outstanding at 31 March	-	131

19. Long Term Debtors

	2020/21		2019/20
	Debtors	Provision for Net Debtors	Net Debtors
		Bad Debt	
	£000	£000	£000
Advances for House Purchase: Council Houses Sold	3	-	3
Norfolk County Council Transferred Debt	551	-	635
Deferred Capital Receipt Sale of Airport Shares	-	-	-
Deferred Capital Receipt – Livestock Market	-	-	-
Decent Home Loans	2,043	(1,500)	605
Finance Lease > 1 year	1,715	-	1,808
Home Improvement Loans	205	-	203
Local Authority Mortgage Scheme	-	-	-
Housing Benefit Overpayments	5,481	(4,367)	1,451
Shared Equity Dwellings	199	-	248
SALIX	330	-	294
Debts with legal charge over property	202	-	207
Wholly owned subsidiary	14,290	(3,250)	5,400
Other Long Term Debtors	361	-	355
Total	25,380	(9,117)	11,209

Long Term Debtors include:

Wholly Owned Subsidiary Loan – the Council has advanced a loan to its wholly owned subsidiary Norwich Regeneration Ltd. The balance outstanding on the loan at 31 March 2021 was £12.65m. The Council has advanced a loan to its wholly owned subsidiary Norwich Council Services Ltd. The balance outstanding on the loan at 31 March 2021 was £1.64m.

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 NRL Ltd 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 (2019/20 £4m).

20. Long Term Investments

	2020/21	2019/20
	£000	£000
Norwich City Services Ltd	370	-
Norwich Regeneration Ltd	3,874	2,724
Municipal Bonds Agency	100	100
Legislator 1656	1,919	2,028
	6,263	4,852

Legislator Companies

Legislator 1656 and its subsidiary company Legislator 1657 are jointly owned Local Authority companies. Norwich City Council holds 40% of the shares in Legislator 1656, with Norfolk County Council holding the other 60%. The principal activity of Legislator 1657 is the leasing of investment properties.

Norwich City Council's interest in Legislator Companies 1656 and 1657 has been assessed as out of scope for the purposes of Group Accounts.

In 2018/19, as part of the implementation of IFRS 9, the shareholdings in Legislator 1656 and Legislator 1657 were subject to an independent professional valuation and held in the accounts at fair value. In 2020/21 these valuations have been updated to reflect the latest fair value information available.

21. Short Term Investments

	2020/21	2019/20
	£000	£000
Banks	15,002	4,000
Building Societies	-	-
Local Authority	15,003	5,000
Total Short Term Investments	30,005	9,000

22. Short Term Debtors

	2020/21	2019/20
	£000	£000
Central Government Bodies	22,449	2,581
Other entities & individuals	7,864	8,511
Other Local Authorities	8,009	2,160
National Health Bodies	3	-
Total Short Term Debtors	38,325	13,252

23. Short Term Creditors

	2020/21	2019/20
	£000	£000
Central Government Bodies	48,892	7,053
Other Local Authorities	8,308	14,030
National Health Bodies	10	3
Trade Creditors	7,271	5,808
Receipts in Advance	4,045	4,336
Other entities & individuals	2,606	2,506
Total Short Term Creditors	71,132	33,736

24. Long Term Creditors

	2020/21 £000	2019/20 £000
Developer Contributions	1,373	1,533
Lease Liability	680	794
Rent Prepayments	286	387
SALIX	72	91
Total Long Term Creditors	2,411	2,805

25. Trading Operations

The Authority has established various trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. The financial results for which are disclosed below:

	2020/21		2019/20	
	Expenditure £000	Income £000	(Surplus) / Deficit £000	(Surplus) / Deficit £000
Car Parks	3,525	(4,845)	(1,320)	(2,189)
Industrial Estates	(6)	(691)	(697)	(661)
Corporate Estates	3,288	(6,346)	(3,058)	(1,402)
Civic Halls	493	(121)	372	324
Markets	473	(509)	(36)	(126)
Net (Surplus) / Deficit	7,773	(12,512)	(4,739)	(4,054)

The decrease in surplus on Car Parks during 2020/21 is related reductions in income as a result of the Covid-19 pandemic.

The increase in surplus on Corporate Estates in 2020/21 is related to a reduction in capital charges and an increase of rental income following acquisitions in the 2019/20 financial year.

26. Grants Receipts in Advance

	31 March 2021 £'000	31 March 2020 £'000
Amounts falling due within one year (All other bodies):		
Homes and Communities Agency Capital Grant	(12)	(12)
DECC Green Deal Community Fund	(6)	(6)
MHCLG Towns Deal Fund	(1,000)	
BEIS SALIX PSDS Grants	(727)	
BEIS Green Homes Grant	(716)	
Disabled Facilities Grant	(342)	
Land Release Fund Grant	(150)	
Other Government Grants & Contributions.	(212)	
Developers Contributions (S106)	(246)	(470)
Total short term capital grants received in advance	(3,410)	(488)
Amounts falling due after one year (all other bodies)		
Disabled Facilities Grant	-	0
Land Release Fund Grant	(67)	(71)
Other Government Grants & Contributions.	(28)	(28)
Developers Contributions (S.106)	(1,715)	(1,147)
SALIX	(109)	(60)
Total long term capital grants received in advance	(1,919)	(1,306)

Revenue Grants Receipts in Advance

	31 March 2021 £'000	31 March 2020 £'000
Amounts falling due within one year (All other bodies):		
MHCLG s31 NNDR grant 2020/21	0	(3,098)
BIES Additional Restrictions Grant	(2,875)	
Other Government grants and contributions	(313)	(486)
Other Non-Government grants and contributions	(950)	(1,310)
LEGI Re Guildhall	0	(50)
SALIX	0	(18)
Developers Contributions (S106)	(422)	(331)
Total short term revenue grants received in advance	(4,560)	(5,293)
Amounts falling due after one year (all other bodies)		
LEGI Re Guildhall	(50)	(50)
Other Non-Government grants and contributions	(236)	(337)
SALIX	(71)	(90)
Developers Contributions (S106)	(1,373)	(1,533)
Total long term revenue grants received in advance	(1,731)	(2,010)

27. Financial Instruments

Financial Assets

	31 March 2021		31 March 2020	
	Book Value £,000	Fair Value £,000	Book Value £,000	Fair Value £,000
Investments - Amortised Cost	4,244	4,244	2,724	2,724
Investments - FVOCI	2,019	2,019	2,128	2,128
Debtors - Amortised Cost	19,027	19,027	14,371	14,371
Assets not defined as financial liabilities	(2,764)	(2,764)	(3,163)	(3,163)
Long term Assets	22,526	22,526	16,060	16,060
Investments - Amortised Cost	30,005	30,014	8,312	8,332
Callable cash - amortised cash	20,000	20,003	10,000	10,009
Bank deposits < 3 months - Amortised Cost	3,750	3,750	10,977	10,977
MMF - Amortised Cost	21,070	21,070	15,000	15,002
Cash - Amortised Cost	313	313	11	11
Debtors - Amortised Cost	9,884	7,838	8,146	8,146
Assets not defined as financial liabilities	28,631	30,677	5,794	5,794
Other financial assets at amortised cost	113,653	113,665	58,240	58,271
Total Financial Assets	136,179	136,191	74,300	74,331

Financial Liabilities

	31 March 2021		31 March 2020	
	Book Value £,000	Fair Value £,000	Book Value £,000	Fair Value £,000
Short Term Creditors - Amortised Cost	(21,524)	(21,524)	(18,369)	(18,369)
Public Works Loan Board - Amortised Cost	(3,230)	(3,230)	(744)	(744)
Finance Lease - Amortised cost	(114)	(114)	(107)	(107)
Other borrowing	(168)	(168)	(142)	(142)
Liabilities not defined as financial liabilities	(49,494)	(49,494)	(15,260)	(15,260)
Short Term Financial liabilities at amortised cost	(74,530)	(74,530)	(34,622)	(34,622)
Public Works Loan Board - Amortised Cost	(211,607)	(242,763)	(214,107)	(236,515)
Other borrowing	(5,777)	(8,904)	(6,029)	(8,823)
Creditors - Amortised cost	(680)	(680)	(794)	(794)
Liabilities not defined as financial liabilities	(1,925)	(1,925)	(2,011)	(2,011)
Long Term Liabilities at amortised cost	(219,989)	(254,272)	(222,941)	(248,143)
Total Financial Liabilities	(294,350)	(328,633)	(257,563)	(282,765)

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 subsidiary, 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 2021 the Council held £21m 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 principle. 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 £2.471m.

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 from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account. The detailed decent home loans information is as follows:

Decent Homes Loans

	31-Mar-21	31-Mar-20
	£000	£000
Opening Balance Gross	2,547	2,592
Remeasured carrying amounts at 1 April 2018 under IFRS 9	(442)	(450)
Impairment	(1,500)	(1,500)
Fair value Adjustments	13	8
Loans Repaid	(76)	(45)
Balance Carried Forward	542	605

The home improvement loans carrying value after fair value adjustments (minus £41K) total £204k.

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 investment in Norwich Regeneration Ltd, its wholly-owned subsidiary, remains at amortised costs as the company is included in the Council's group accounts.

	Nominal	Fair Value	Change in fair value during 2020/21	Dividends
	£000	£000	£000	£000
Legislator 1656 Ltd shares	-	1,919	(110)	-
Legislator 1657 Ltd shares	-	-	-	-
Municipal Bonds Agency shares	100	100	-	-
	100	2,019	(110)	-

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:

	2020/21		2019/20	
	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
<i>Net gains/losses on:</i>				
financial assets measured at amortised cost	0	109	(1,199)	-
investments in equity instruments designated at fair value through other comprehensive income	-	0	-	(1,198)
financial liabilities measured at amortised cost	0	-	8,236	-
Total net gains/losses	0	109	7,037	(1,198)
<i>Interest revenue:</i>				
financial assets measured at amortised cost	(845)	-	(1,199)	-
Total interest revenue	(845)	-	(1,199)	-
<i>Interest expense:</i>				
financial liabilities measured at amortised cost	8,328	-	8,236	-
Total interest expense	8,328	-	8,236	-

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-21	31-Mar-20
Fair Value through Other Comprehensive Income				
Legislator 1656 Ltd shares*	Level 3	Market approach – adjusted net assets	1,919	2,028
Legislator 1657 Ltd shares	Level 3	Market approach – adjusted net assets	-	-
Total			1,919	2,028

The Council's shareholding in Legislator companies are not traded in an active market. The fair value of £1.919m 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/prevaling market rates (choose which one is being used) 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/borrowing rates (the alternative to the above), highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, PWLB premature repayment rates/prevaling market rates (choose which one is being used) 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;
- 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.

- **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 25 February 2020. The key issues within the strategy were:

- The Authorised Limit for 2020/21 was set at £405.744m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £375.744m. 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.
- 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.
- 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-21		31-Mar-21	31-Mar-20
Customers	4,939	12%	593	463

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 £4.939m of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31-Mar-21	31-Mar-20
	£000	£000
Less than three months	2,996	2,194
Three to six months	416	508
Six months to one year	376	196
More than one year	1,152	957
Total	4,939	3,855

The current provision of £1.638m for sundry debt covers 33% of the balance.

Amounts Arising from Expected Credit Losses

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

	12mth Expected Credit losses	Lifetime Expected Credit Losses – simplified approach	Total
	£000	£000	£000
Opening balance as at 1 April 2020	-	(10,817)	(10,817)
Movement in loss allowance	-	(266)	(266)
Other changes	-	-	-
As at 31 March 2021	-	(11,083)	(11,083)
Opening balance as at 1 April 2020	-	(6,385)	(6,385)
Movement in loss allowance	-	(4,432)	(4,432)
Other changes	-	-	-
As at 31 March 2020	-	(10,817)	(10,817)

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 2021	31 March 2020
	£'000	£'000
Repayable between:		
less than one year	3,230	744
between 1 and 2 years	50,959	2,500
	54,189	3,244

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 2021	31 March 2020
	£'000	£'000
Less than one year	3,230	744
Between one and two years	50,959	2,500
Between two and five years	59,700	54,959
Maturing in five to ten years	66,000	117,700
Maturing in more than ten years	34,948	38,948
Total	214,837	214,851
Non-PWLB		
Maturing in five to ten years	499	
Maturing in more than ten years	5,279	6,029

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)	405
Increase in interest receivable on variable rate investments	0
Impact on Surplus or Deficit on Provision of Services	405
Decrease in fair value of fixed rate borrowings liabilities (no impact CIES)	(17,029)

The impact of a 1% fall in interest rates on interest receivable would take the interest lower than zero, this interest received has been taken as zero. 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 £0.824m 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.

Draft for Audit Committee

28. 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 four Joint Committees – Norfolk Joint Museums and Archaeology Committee, Norfolk Joint Records Committee, Norfolk Highways Joint Committee and CNC Building Control Consultancy Joint Committee (Building Control Partnership).

In January 2019 Norfolk County Council's Environment, Development and Transport Committee agreed not to renew the county council's highways agency agreement with the city council in its current form. As of 1st April 2020, therefore, the delivery of most highway services and functions returned to Norfolk County Council. The Norwich Highways Agency Committee meetings ceased from April 2020 onwards.

Norwich City Council is still 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 2020/21 and 2019/20 are as follows:

Highways	2020/21	2019/20
	£000	£000
Expenditure	-	2,342
Income	-	(2,223)
(Surplus) / Deficit	-	119

On-Street Car parking	2020/21	2019/20
	£000	£000
Expenditure	1,101	1,267
Income	(1,448)	(1,334)
(Surplus) paid over to Norfolk County Council	(347)	(67)

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 2017 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	2020/21	2019/20
	£000	£000
Billed	894	907
Collected	(876)	(889)
Paid over to Norwich BID	849	881

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.

	Income	Expenditure	(Surplus) / deficit at 31/03/21
	£000	£000	£000
Retail, Hospitality & Leisure and Small Business Grants	(38,485)	38,340	(145)
Local Restrictions Support Grant (Closed) addendum	(3,541)	2,282	(1,259)
Local Restrictions Support Grant (Sectors)	-	6	6
Local Restrictions Support Grant (Open & closed post 2 December)	(804)	519	(285)
Local Restrictions Support Grant (closed) addendum - Tier 4	(1,292)	777	(515)
Local Restrictions Support Grant (closed) - addendum - Post 5 January 2021	(10,875)	6,442	(4,433)
Closed Business Lockdown Payment	(10,620)	6,310	(4,310)
Christmas Support Payment	(83)	61	(22)
Business Improvement District	(44)	44	-
	(65,745)	54,783	(10,962)
	(131,489)	109,564	(21,925)

29. Officers Remuneration

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Expense Allowance	Com-pensation for loss of office	Pension Con-tributions**	Total Remun-eration
	£	£	£	£	£
Financial Year: 2020-21					
Chief Executive Officer	141,436			20,508	161,944
Director of Place	79,875			11,582	91,457
Director of Strategy and Culture	95,853			13,899	109,752
Director of People & Neighbourhoods (8)	66,115			9,476	75,591
Director of Resources (9)	43,568		82,642	6,317	132,527
Interim chief finance officer (S151) 20/21 (10)	34,326			4,977	39,303
TOTAL COST	461,173		82,642	66,759	610,574

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Expense Allowance	Com-pensation for loss of office	Pension Con-tributions**	Total Remun-eration
	£	£	£	£	£
Financial Year: 2019-20					
Chief Executive Officer (1)	29,972	-	-	4,346	34,318
Chief Executive Officer (2,3)	102,576	-	-	13,369	115,945
Interim Director of place (4)	42,131	-	-	6,037	48,168
Director of Regeneration & Development (5)	34,030	-	-	4,859	38,889
Director of Strategy & Culture	95,308	-	-	13,819	109,127
Director of People & Neighbourhoods	85,280	-	-	12,297	97,577
Director of Resources (2)	87,438	-	-	12,297	99,735
Interim Chief Finance Officer (s151) (6)	22,884	-	-	5,012	27,896
Chief Finance Officer (s151) (7)	55,961	-	-	5,829	61,790
TOTAL COST	555,580	0	0	77,865	633,445

Both the Interim director of resources, who started in October 2020, and the Interim director of people & neighbourhoods, who started in November 2020, were employed through agencies during 2020/21. The amount paid in respect of the Interim director of resources, including agency fees, was £116,615. The amount paid in respect of the Interim director of people & neighbourhoods, including agency fees, was £68,250.

¹ Chief executive officer started full time in January 2020

² Remuneration includes payments made in respect of election duties for the Chief executive and Director of business services

³ Chief executive officer worked 4 days; and left December 2019.

⁴ Interim Director of place started September 2019.

⁵ Director of regeneration & development left August 2019.

⁶ Interim chief finance officer (S151) started December 2019, and was employed by LGSS shared services.

⁷ Chief finance officer (S151) officer left November 2019, and was employed by LGSS shared services.

⁸ Director of people & neighbourhoods left December 2020.

⁹ Director of resources left September 2020.

¹⁰ Interim chief finance officer left September 2020.

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	2020/21	2019/20
£50,000 to £54,999	8	9
£55,000 to £59,999	4	2
£60,000 to £64,999	2	2
£65,000 to £69,999	3	4
£70,000 to £74,999	3	1
£75,000 to £79,999	1	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	2
£90,000 to £94,999	-	-
£95,000 to £99,999	1	1
£100,000 to £104,999	-	1
£105,000 to £109,999	-	-
£110,000 to £114,999	-	-
£115,000 to £119,999	-	-
£120,000 to £124,999	-	-
£125,000 to £129,999	1	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	1	-
	24	22

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:

2020/21

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	3		3	26,313
£20,001 - £40,000		2	2	57,634
£40,001 - £60,000	1		1	40,506
£60,001 - £80,000	1		1	71,748
£80,001 - £100,000		1	1	82,642
£100,001 - £120,000		1	1	105,244
Total	5	4	9	384,087

2019/20

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	-	-	-	-
£20,001 - £40,000	-	-	-	-
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	1	-	1	95,820
£180,001 - £200,000		1	1	181,975
Total	1	1	2	277,795

30. 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 2020/21 and 2019/20 the following fees were payable by the Council to our external auditors.

	2020/21 £000	2019/20 £000 Restated
External Audit Services	117	145
Fees payable for certification of grant claims	25	30
Total	142	125

The scale fee set by Public Sector Audit Appointments Ltd (PSAA) for both 2020/21 and 2019/20 is £62k. An additional £55k 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.

The 2019/20 figures have been restated to reflect the final fee of £145k for the external audit and £30k for the Housing Benefit certification. The external audit fee is subject to agreement with the external auditors and PSAA.

31. 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-21		31-Mar-20	
	Vehicles, Plant & Equipment £000	Land & Buildings £000	Vehicles, Plant & Equipment £000	Land & Buildings £000
Future Rental Liabilities				
Not later than one year	110	1,398	111	1,438
Later than one year & not later than five years *	215	1,962	211	1,955
Total	325	3,360	322	3,393

* 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 £2.188m (2019/20 £1.880m).

	2020/21 £000	2019/20 £000
Sublease payments receivable	2,144	1,931
Total	2,144	1,931

Finance Leases

The council has acquired communal aeries 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 £0.556m (2019/20 £0.649m).

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.

	2020/21 £000	2019/20 £000
Finance Lease Liabilities		
Current	114	107
Non-Current	680	794
Financing Costs payable in future years	174	228
Minimum Lease Payments	968	1,129

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

	2020/21 £000	2019/20 £000
Future Rental Liabilities		
No later than one year	161	161
Later than one year & not later than 5 years	645	645
Over 5 years	161	323
Total	967	1,129

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:

	2020/21 £000	2019/20 £000
Tenants Future Rental Liabilities		
Not later than one year	7,221	6,095
Later than one year & not later than five years	24,838	22,733
Over five years	72,577	95,774
Total	104,636	124,602

In addition to the above, there are 127 properties (2019/20: 93) where the rent is in perpetuity that amounts annually to £0.338m per annum (2019/20: £0.311m).

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

	2020/21 £000	2019/20 £000
Finance lease debtor (net present value of minimum lease payments):		
Current	49	15
Non-current	1,716	1,809
Unearned finance income	1,814	1,844
Unguaranteed residual value of property	-	-
Gross investment in the leases	3,579	3,668

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-21 £000	31-Mar-20 £000	31-Mar-21 £000	31-Mar-20 £000
Future Rental Liabilities				
Not later than one year	51	123	51	123
Later than one year & not later than five years	247	213	247	213
Later than five years	3,281	3,332	3,281	3,332
Total	3,579	3,668	3,579	3,668

32. 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 47. 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 entitlement to the Council in terms of dividends or rights to retained earnings.

The draft unaudited performance of the associates is shown below.

	NPS (Norwich) Ltd		Norwich/Norse Environmental Ltd		Norwich Norse Building Ltd	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000	£000	£000
Profit & Loss Account						
Operating Profit	95	73	151	119	(425)	124
Interest (Payable) /Receivable	-	-	(3)	(2)	-	-
Profit on Ordinary Activities before Corporation Tax	95	73	148	117	(425)	124
Corporation Tax	(20)	(13)	(28)	(21)	80	(23)
Retained Profit for the financial year	75	60	120	96	(345)	101
Balance Sheet						
Profit & Loss b/f	945	885	604	508	491	390
Profit & Loss for the financial year	75	60	120	96	(345)	101
Profit & Loss reserve c/f	1,020	945	724	604	146	491

33. Members Allowances

	2020-21 £'000	2019-20 £'000
Members Allowances	382	377

34. Provisions

Long Term Provisions

	2020/21 £000	2019/20 £000
Balance at 1 April	3,134	3,517
Movement in provisions	(174)	(383)
Balance at 31 March	2,960	3,134

Short Term Provisions

	2020/21 £000	2019/20 £000
Balance at 1 April	-	-
Movement in provisions	378	-
Balance at 31 March	378	-

Total Provisions	3,338	3,134
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The provision includes £2.959m (2019/20: £3.134m) in respect of Non-Domestic Rates appeals following the introduction of Business Rates Retention on 1 April 2013.

There is £0.378m provision based on probable redundancy costs for a number of officers as part of the restructure of several service areas during 2020/21.

35. Events after the Reporting Date

The statement of accounts were authorised for issue by the Director of Resources (S.151 Officer) on 12th January 2021. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 30th April, Norwich Regeneration Ltd made a repayment of £2.5m in respect of its loan balance.

36. Impairment Losses

During the year the Council carried out adaptations at a cost of £602,951 (2019/20 £828,186) 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 £700,885, of which structural work constituted £339,561, door access controls £281,119, work to tower blocks £29,836, roofing £43,024, window upgrades £4,144 and lift upgrades £3,284.

The Council also impaired the cost of works to district heating boiler houses £531,154, housing alarms £35,540, HRA shops £144,684, lift upgrades £89,475 and enhancement of HRA estates £372,786 as it was deemed not to add value.

The Council has also impaired the cost of St. Giles car park lighting works £81,213 on advice of the valuer as this was not deemed to add value to the asset.

37. Termination Benefits

The Council terminated the contracts of a number of employees in 2020/21, incurring liabilities of £384,087 (2019/20 £277,796). These were payable to 9 (2 in 2019/20) officers who were made redundant as part of the Council's rationalisation of Services and include amounts payable in respect of early retirement to the pension fund. The accounts also include a provision of £378,304 for exit package costs when plans were in place at the year end, but notice given and exit costs to be paid in 2021/22.

38. Other Long Term Liabilities

The Council has other long term liabilities as detailed in the table below

	2020/21	2019/20
	£000	£000
Pension Fund Liability	209,902	169,617
Other	131	123
	<hr/> 210,032	<hr/> 169,739

39. 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.

Dispute

The Council was in dispute with one of its contractors over some construction costs. The case was referred for adjudication and on 1 May 2018 the Adjudicator ruled in favour of the Council, finding it not to be liable for additional payments to the contractor. Whilst the decision could be referred to the High Court, the Council does not believe there is any liability for these costs.

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.

Assets

Contractual Rebate

Discussions remain ongoing with a supplier in relation to the level of contractual rebate owed to the council. The council's position is that a rebate is owed to the council as a result of contractual adjustments to the fees. As the discussions have not yet concluded, the final sums owed are still uncertain and have therefore been disclosed as a contingent asset.

40. 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 9 on reporting for resources allocation decisions. Grant receipts in advance outstanding at 31 March 2021 are also shown in Note 9; debtors are shown in Note 22 and creditors in Note 23.

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2020/21 and 2019/20 is shown in Note 36. During 2020/21, no works and services (2019/20 £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 £573,966 (2019/20 £264,500) as grants to voluntary organisations in which three members had an interest. No community grants were awarded in 2020/21 (2019/20 £4,200). 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 2020/21, no grants were made to any organisations (2019/20 £0) in which members of senior management had interests.

During 2020/21, there were no works and services commissioned (2019/20 £0) from entities in which officers 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 £581,613 (2019/20 £472,359). There have also been a number of transactions on behalf of the strategic partnerships with the Highways Agency, disclosed in Note 28. These partnership activities are integrated into the council's usual budget setting and management processes.

Companies and joint ventures – the council has interests in:

- I. Two companies, Legislator 1656 and 1657 Ltd, which the Council has shares in and are related to developments at Norwich Airport.
- II. Norwich Norse (Environmental) Ltd – provides a range of facilities, management, and contract services to Norwich and surrounding areas.
- III. Norwich Norse (Building) Ltd – provides maintenance, repairs and upgrades to housing and non-housing buildings for Norwich City Council.
- IV. NPS Norwich Ltd – provides property management services to Norwich City Council.
- V. Norwich Regeneration Ltd – a wholly owned subsidiary company set up by the council to carry out redevelopment projects.
- VI. Norwich City New Co Ltd – a wholly owned subsidiary company set up to manage all private rental sector properties built by Norwich Regeneration Ltd (NRL) or those that the new company may purchase itself as a business opportunity.
- VII. Three Score Open Space Management Ltd – a company set up to manage the open spaces around the Three Score development.
- VIII. Norwich City Services Ltd - a wholly owned subsidiary company set up by the council to carry out a range of facilities, management, and contract services to Norwich City Council.

For all the above, the Council has officer and member representatives on the boards of these companies, and relevant information is disclosed in the notes to the accounts about such interests.

Legislator Companies

No amounts of money have been paid to or from Legislator 1657 during 2020/21 (2019/20 £0).

The 2019/20 accounts include a dividend declared by Legislator 1656 of £364,000. The dividend was declared by Legislator 1656 following the sales of its shareholding in Norwich Airport Ltd in July 2019.

Norse Joint Ventures

During 2020/21 £6,378,708 (2019/20 £6,026,494) has been spent with Norwich Norse Environmental Ltd; £9,258,590 (2019/20 £12,223,879) has been spent with Norwich Norse Building Ltd; and £3,150,006 (2019/20 £3,532,277) has been spent with NPS Norwich Ltd.

Amounts due from Norwich Norse Environmental Ltd are £618,630, Norwich Norse Building Ltd are £246,906 and NPS Norwich Ltd are £389,770.

Norwich Regeneration Ltd

Norwich Regeneration Ltd (NRL) issued £2,200,000 of shares to the Council in 2016/17 in exchange for land (at the full market value) upon which the Threescore development has taken place. In 2018/19 the Council invested £524,000 in the form of cash equity into NRL. During 20/21 the council invested a further £1,150,000 of cash equity to bring the total shareholder investment to £3,874,000.

During 2020/21 NRL received additional loan financing of £6,250,000 (2019/20: £3,000,000) and repaid loans of £3,000,000 (2019/20: £6,000,000) leaving a balance of £12,650,000 outstanding at the end of the financial year (2019/20: £9,400,000).

During 2020/21 employees of Norwich Regeneration Ltd were part-seconded into the council to work on Housing Revenue Account new build capital projects at a cost of £69,740.

During 2019/20 the council's Housing Revenue Account (HRA) purchased properties from NRL for social housing totalling £7,217,831. The HRA incurred further expenditure with NRL in 2019/20 for the redevelopment of a site in Bullard Road into social housing totalling £553,594 and consultancy fees in relation to the redevelopment of the former Mile Cross depot site totalling £178,323.

During the year the Council received income from the company of £611,550 relating to the interest on the loan, and £141,380 for services provided by the Council to the company under a service level agreement (2019/20 £663,625 in total). The Council recharged an additional £153,198 to the company for salary costs paid out on the company's behalf (2019/20 £129,686).

As at 31 March 2021, the amount due to NRL was nil (2019/20 £0). Amounts due from NRL are short term £486,950 (2019/20 £486,950) and long term £12,650,000 (2019/20 £9,400,000).

Threescore Open Space Management Ltd

The Council's HRA made a payment of £4,543 (2019/20 £3,688) to Threescore Open Space Management Ltd for management fees on the properties purchased at the Threescore development. During the year the Council received no income from the company.

Norwich City New Co Ltd

No amounts of money have been paid to or from Norwich City New Co Ltd during 2020/21 (2019/20 £0).

Norwich City Services Ltd

Norwich City Services Limited (NCSL) issued £370,000 of shares to the Council in 2020/21 (2019/20: £0).

During 2020/21 NCSL received £1,140,000 of capital loan financing to make improvements to its depot building and a £500,000 working capital loan from the council. The balance on the loans at 31 March 2021 totals £1,640,000 (2019/20: £0).

During the year the Council received income from the company of £7,961 relating to loan interest.

As at 31 March 2021, the amount due to NCSL was £42,621 (2019/20 £0). Amounts due from NRL are short term £7,961 (2019/20 £0) and long term £1,640,000 (2019/20 £0).

41. Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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 were 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. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Council's accounts are therefore produced under the Code and assume that the Council's services will continue to operate for the foreseeable future.

The impact of COVID-19 has had substantial implications for the Council's finances in 2020/21. However, the receipt of additional government funding, alongside positive short-term saving decisions taken by the council, has meant no general reserves have been needed to balance the outturn position in 2020/21.

The Council's year-end reserve balances, as reported in these statements are as follows.

Date	General Fund	Earmarked Reserves
31 March 21	£9.8m	£37.2m

We have carried out an assessment of the impact of Covid-19 on our future finances and we are satisfied that there is no material uncertainty relating to the Council's going concern.

As part of the setting the budget for 2021/22 an assessment of estimated short-term impact of Covid-19 on the council was undertaken. This resulted in short-term growth items being identified which totalled £3.175m, including:

- Car parking charges - £1.5m loss for the year
- Commercial Income – £0.4m relating to lost rent or increases in doubtful debts
- Leisure and recreation income - £0.2m loss for the year

These short-term impacts are expected to be offset by a combination of additional government funding and short-term savings options which means the council does not expect to draw down on its main general fund reserves in 2021/22. The ongoing risks in relation to the pandemic will be managed through a new budget risk earmarked reserve.

The local government finance settlement for 2021/22 included a number of one-off Covid-19 related grants. The allocations to Norwich for these grants totalled £1.5m. Other grant funding is expected to be available to the council through the announced extension of the sales, fees and charges reimbursement scheme until June 2021.

The Council had cash and short-term investment balances of £75.1m at 31 March 2021. The Council has undertaken cash flow modelling which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework throughout the period to 31 March 2022.

The General Reserves are projected to remain above the s151 officer's minimum level of £5.1m through to March 2023, as set out below.

Date	General Fund
31 March 2021	£10.0m
31 March 2022 (estimated and unaudited)	£10.0m
31 March 2023 (estimated and unaudited)	£7.3m

Conclusion

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of approval of these financial statements, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short-term investment balances and the ability for borrowing under the Treasury Management Policy.

Housing Revenue Account Income & Expenditure Statement

		2020/21	2019/20
	Notes	£000	£000
Expenditure			
Repairs & Maintenance		11,583	12,470
Supervision & Management		15,852	16,607
Rents, Rates, Taxes & Other Charges		4,969	5,368
Revenue expenditure funded as capital (Refcus)		550	-
Depreciation & Impairment of Non-current Assets	HRA 10&11	18,127	18,034
Local Authority Housing - Revaluation loss (gain) on Dwellings		(15,502)	2,178
Debt Management Costs		142	136
Movement in Allowance for Bad Debts		710	236
Total Expenditure		36,431	55,029
Income			
Dwelling Rents		(57,527)	(56,491)
Non-dwelling Rents		(2,208)	(2,309)
Charges for Services & Facilities		(2,835)	(2,755)
Contributions towards expenditure		(5,521)	(6,018)
Total Income		(68,091)	(67,573)
Net (Income)/Cost of HRA Services included in the Comprehensive Income & Expenditure Statement		(31,660)	(12,544)
HRA services share of Corporate & Democratic Core		864	771
Net (Income)/Cost of HRA Services		(30,796)	(11,773)
HRA share of operating income & expenditure included in the Comprehensive Income & Expenditure Statement			
Other Operating Expenditure		(2,045)	(3,474)
Financing & Investment Income & expenditure		8,037	8,217
Taxation & Non-Specific Grant Income		(591)	(672)
(Surplus)/deficit for the year on HRA services		(25,395)	(7,702)

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)

	2020/21 £000	2019/20 £000
Balance at 1 April	33,968	30,903
<u>Movement in reserves during Year</u>		
Surplus/ (deficit) on provision of services	25,395	7,702
Other Comprehensive Income & Expenditure	-	
Total Comprehensive Income & Expenditure	25,395	7,702
Adjustments between accounting basis & funding basis under regulations (note 9 main accounts)	(16,146)	(3,366)
Net Increase/ Decrease before Transfers to Earmarked Reserves	9,249	4,336
Transfers to/from Earmarked Reserves (note 10 main accounts)	221	(1,139)
Transfers between reserves	(70)	(131)
Increase/Decrease in Year	9,400	3,066
Balance at 31 March carried forward	43,368	33,969

Notes to Housing Revenue Account Income & Expenditure Statement

1. Other Operating (Income) / Expenditure

	2020/21 £000	2019/20 £000
(Gains)/Losses on the disposal of non-current assets	(2,045)	(3,474)
Total	(2,045)	(3,474)

2. Financing and Investment Income and Expenditure

	2020/21 £000	2019/20 £000
Interest payable and similar charges	7,258	7,311
Pension interest cost and expected return on pension assets	822	1,100
Interest receivable and similar income	(43)	(194)
Total	8,037	8,217

3. Taxation and Non-Specific Grant Income

	2020/21 £000	2019/20 £000
Capital Grants and contributions	(591)	(672)
Total	(591)	(672)

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 £7.311m being charged to the HRA in 2020/21 (2019/20 £7.311m).

5. HRA Council Dwellings

At 31 March 2021 there were 14,553 HRA Council dwellings, of which 923 were sheltered housing units.

	31-Mar-21	31-Mar-20
	Total Stock	Total Stock
Parlour houses	291	297
Non-parlour houses	4,917	4,963
Non-traditional houses	624	627
Bungalows	336	336
Cottage properties	187	188
Flats	6,249	6,292
Maisonettes	472	476
Flats in tower blocks	406	407
Sheltered/Good Neighbour housing units	923	923
Passivhaus flats	73	73
Passivhaus houses	75	75
	14,553	14,657

The changes in stock during the year can be summarised as follows

Stock as at 1 April	14,657	14,729
Right to Buy sales	(112)	(156)
Other Dwelling Sales	(3)	(6)
Conversions		2
Housing acquisitions	11	1
New Build Housing		87

Stock as at 31 March	14,553	14,657
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6. Housing Valuation

	31-Mar-21 £000	31-Mar-20 £000
Operational Assets:		
Council Dwellings (HRA)	804,597	783,494
Other Land & Buildings	24,584	22,710
Vehicle, Plant & Equipment	692	809
Infrastructure & Community Assets	2,197	2,197
Assets Under Construction	1,435	441
Surplus assets	24	24
Sub Total	833,529	809,675
Assets held for Sale - Current	-	130
Sub Total	-	130
Intangible Assets	-	(2)
Sub Total	-	(2)
Total	833,529	809,803

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% (2019/20 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 2021 was £2,075.62m (31 March 2020 £2,021.09m).

7. Major Repairs Reserve

	2020/21	2019/20
	£000	£000
Balance brought forward at 1 April	(8,307)	(9,796)
Depreciation charge for the year	(15,525)	(15,261)
Financing of capital expenditure for the year	13,812	16,750
Balance for the year	(1,713)	1,489
Balance Carried forward	(10,020)	(8,307)

8. HRA Capital Expenditure

	2020/21 £000	2019/20 £000
Capital Investment		
Opening Capital Financing Requirement 1st April	205,716	205,716
Operational Assets	16,820	26,269
Other Land & Buildings	145	72
Vehicles, Plant & Equipment	9	73
Assets under Construction	994	152
Revenue Expenditure Financed as Capital	550	2,179
Appropriation to General Fund	1,801	-
	226,035	234,461
Sources of Finance		
Capital Receipts	(1,957)	(5,143)
Government Grants & Other Contributions	(807)	(1,262)
Major Repairs Allowance	(13,813)	(16,750)
Revenue Contributions	(1,941)	(5,590)
Closing Capital Financing Requirement 31 March	207,517	205,716

9. HRA Capital Receipts

In 2020/21 total capital receipts from the disposal of HRA assets were:

	2020/21 £000	2019/20 £000
Land	9,321	50
Council dwellings	71	13,070
Total	9,392	13,120

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 £15.357m (2019/20 £15.357m).

	2020/21 £000	2019/20 £000
<u>Operational Assets</u>		
Council dwellings	14,999	14,731
Other land & buildings	526	532
Vehicles, Plant & Equipment	125	94
Intangible Assets	-	-
Total	15,651	15,357

11. Impairment Costs

During the year there were £2.481m of impairment costs (2019/20 £2.680m) relating to HRA assets, which are detailed in the table below.

	2020/21 £000	2019/20 £000
Council Dwellings	(2,333)	(2,604)
Other Property	(148)	(76)
Total	(2,481)	(2,680)
Disabled Facilities adaptations not adding value	(603)	(828)
Lift installations not adding value	(89)	(47)
Housing alarm upgrades not adding value	(36)	(114)
Upgrades to District Heating schemes not adding value	(531)	(620)
Enhancement of HRA estates not adding value	(373)	(362)
Structural work to flats where lease has been sold not adding value	(340)	(382)
Other work to flats where lease has been sold not adding value	(361)	(251)
Other	(148)	(76)
Total	(2,481)	(2,680)

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 2021 were £6.51m (2019/20 £5.63m). The provision for doubtful debts (rents) at 31 March 2021 was £3.93m (2019/20 £3.34m). Amounts written off during the year amounted to £0.08m (2019/20 £0.45m).

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-21		31-Mar-20
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
INCOME				
Council Tax receivable	-	88,715	88,715	84,776
Business rates receivable	33,449	-	33,449	79,050
Council Tax Reduction Scheme	-	(14,801)	(14,801)	(13,858)
Interest	-	-	-	-
	33,449	73,914	107,363	149,968
EXPENDITURE				
Precepts & Demands:				
Central Government	37,931	-	37,931	18,693
Norfolk County Council	7,586	52,415	60,001	73,784
Norfolk Police Authority	-	9,734	9,734	9,193
Norwich City Council	30,345	9,968	40,313	41,373
Distribution of Estimated Surplus / (Deficit) for Previous Years:				
Central Government	840	-	840	310
Norfolk County Council	379	1,655	2,034	2,066
Norfolk Police Authority	-	307	307	347
Norwich City Council	844	321	1,165	637
Charges to Collection Fund:				
Transitional Protection Payment	791	-	791	684
Costs of Collection	271	-	271	273
Increase/decrease in Bad Debt Provision	703	1,396	2,099	1,950
Increase/decrease in Provision for Appeals	24	-	24	580
Write Offs of uncollectable amounts	744	655	1,399	1,406
	80,458	76,451	156,909	151,296
Collection Fund Balance b/fwd at 1 April	2,445	3,408	5,853	7,181
Surplus / (Deficit) for the year	(47,009)	(2,537)	(49,546)	(1,328)
Collection Fund Balance c/fwd at 31 March	(44,564)	871	(43,693)	5,853

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. However, for 2019/20, Norwich was part of the 75% Norfolk Pilot Scheme and so, for this year only, the percentages are 25%, 42.5% and 32.5% respectively.

The total non-domestic rateable value on 31 March 2021 was £198,524,709 (31 March 2020 £200,536,024). The national non-domestic rate multiplier for 2020/21 was 51.2p in the £ (2019/20 50.4p in the £). The small business multiplier for eligible businesses in 2020/21 was 49.9p in the £ (2019/20 49.1p 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	2020/21 Calculated Number of Properties in Band	2019/20 Calculated Number of Properties in Band
Up to £40,000	A	10,629.23	10,321.30
£40,001 to £52,000	B	13,246.14	13,060.64
£52,001 to £68,000	C	6,274.67	6,192.58
£68,001 to £88,000	D	3,109.50	3,066.95
£88,001 to £120,000	E	2,431.31	2,381.13
£120,001 to £160,000	F	1,207.19	1,180.76
£160,001 to £320,000	G	958.33	953.92
Over £320,000	H	95.50	99.00
		37,951.87	37,256.28
Collection Rate		0.975	0.975
Tax Base		37,003.00	36,325.00

The tax rate per Band D property was £1948.96 (2019/20 £1,879.45).

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.

	2020/21	2019/20
	£000	£000
Norfolk County Council	633	2,477
Norfolk Police Authority	119	460
Norwich City Council	119	471
Surplus Carried Forward	871	3,408

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. However, for 2019/20, Norwich was part of the 75% Norfolk Pilot Scheme and so, for current year surplus only, the percentages are 25%, 42.5% and 32.5% respectively.

	2020/21	2019/20
	£000	£000
Central Government	(22,377)	935
Norwich City Council	(17,816)	1,007
Norfolk County Council	(4,371)	503
Surplus /(deficit) Carried Forward	(44,564)	2,445

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 Norwich Regeneration 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. These entities are included in the group.

Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.

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:

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

3. Norwich Regeneration Limited (NRL)

Norwich Regeneration Limited (NRL) was incorporated on 13 November 2015. It is wholly owned by Norwich City Council. It was set up to develop more housing for affordable rent (to be purchased by the HRA upon completion from NRL) 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 NRL 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. NRL expenditure and income, adjusted for transactions with the council, is shown within the Norwich Regeneration Limited line in the Comprehensive Income and Expenditure Statement. As the NRL 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.

NRL has prepared 2019/20 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.

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 2020/21 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. The principle activity of the company is the provision of property management services for NCC, which is managed under a service agreement.

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%.

NPS Norwich Ltd has been included within the Group due to the nature and extent of activities carried out by the associate for the council.

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 34 of the Council's single entity accounts.

Apart from the discount on charges, there is no other 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. The principle activities of the company are provision of streets, buildings and other cleaning, grounds maintenance, arboriculture and associated services for NCC, which is managed under a service agreement.

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%.

Norwich Norse (Environmental) Ltd has been included within the Group due to the nature and extent of activities carried out by the associate for the council.

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 34 of the Council's single entity accounts.

Apart from the discount on charges, there is no other 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. The principle activities of the company are provision of reactive and proactive maintenance and refurbishments, repairs and upgrades for both housing revenue and general fund non-housing buildings.

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 whom 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%.

Norwich Norse (Building) Ltd has been included within the Group due to the nature and extent of activities carried out by the associate for the council.

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 34 of the Council's single entity accounts.

Apart from the discount on charges, there is no other 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 NRL and NCC are registered as subscribers and have guarantee limit of £1 each should the company be wound up. NRL 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 NRL). 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 2020/21 or 2019/20 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 Norwich Regeneration Ltd (NRL) 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 2020/21 or 2019/20, therefore the company will not be consolidated into the 2020/21 Consolidated Group Statements.

10. Basis of Consolidation

The financial statements of Norwich Regeneration 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 £'000	Subsidiary usable reserves £'000	Total Group usable reserves £'000	Council unusable reserves £'000	Subsidiary unusable reserves £'000	Total Group unusable reserves £'000	Total Group Reserves £'000
Balance at 1 April 2020	123,373	(3,570)	119,803	584,733	0	584,733	704,537
Movement in Reserves in 2020/21:							
(Surplus)/ deficit on the provision of services (accounting basis)	24,962	(861)	24,101	-	-	-	24,101
Other Comprehensive Income and Expenditure	-	-	-	(23,873)	-	(23,873)	(23,873)
Total Comprehensive Income and Expenditure	24,962	(861)	24,101	(23,873)	-	(23,873)	228
Adjustments between group accounts and authority accounts	-	-	-	-	-	-	-
Adjustments between accounting and funding basis under regulation - note 6	13,362	-	13,362	(13,362)	-	(13,362)	-
	-	-	-	-	-	-	-
Net increase/decrease before transfers to Earmarked reserves	38,324	(861)	37,463	(37,235)	-	(37,235)	228
Transfers to/from Earmarked reserves	-	-	-	-	-	-	-
Transfers between reserves	-	-	-	-	-	-	-
Other adjustments	8	-	8	(1)	-	(2)	6
Increase/(Decrease) in Year	38,332	(861)	37,471	(37,236)	-	(37,237)	234
Balance at 31 March 2021	161,705	(4,431)	157,274	547,497	-	547,496	704,771

Norwich City Council - 2019-20 Statement of Accounts

Comparative Year

	£'000	Council's usable Reserves £'000	Subsidiary usable Reserves £'000	Total Group usable Reserves £'000	Council's unusable Reserves £'000	Subsidiary unusable Reserves £'000	Total Group unusable Reserves £'000	Total Group Reserves £'000
Balance at 1 April 2019		112,702	(1,391)	111,311	552,720	-	552,720	664,031
<u>2019/20</u>		-	-	-	-	-	-	-
Surplus/ (deficit) on provision of services	(2,489)	(1,519)	(4,008)	-	-	-	(4,008)	
Other Comprehensive Income & Expenditure	-	-	-	44,514	-	44,514	44,514	
Total Comprehensive Income & Expenditure	(2,489)	(1,519)	(4,008)	44,514	-	44,514	40,506	
Adjustments between group accounts and authority accounts	660	(660)	-	-	-	-	-	
Adjustments between accounting basis & funding basis under regulations (note 9)	12,456	-	12,456	(12,456)	-	(12,456)	-	
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	10,627	(2,179)	8,448	32,058	-	32,058	40,506	
Transfers to/from Earmarked Reserves	-	-	-	-	-	-	-	
Transfers between reserves	45	-	45	(45)	-	(45)	-	
Other Adjustments	-	-	-	-	-	-	-	
Increase/(Decrease) in 2019/20	10,672	(2,179)	8,493	32,013	-	32,013	40,506	
Balance at 31 March 2020	123,374	(3,570)	119,804	584,733	-	584,733	704,537	

Group Comprehensive Income and Expenditure Statement

	2020/21			2019/20		
	Expenditure	Income	Net	Expenditure	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Resources	62,019	(50,485)	11,534	63,718	(51,227)	12,491
Chief Executive	708	0	708	912	(27)	885
Customers, Communications & Culture	6,476	(526)	5,950	6,221	(1,053)	5,168
Neighbourhoods	19,789	(9,227)	10,562	18,013	(7,432)	10,581
Place	11,398	(5,785)	5,613	18,236	(12,895)	5,341
Housing Revenue Account	32,386	(67,889)	(35,503)	51,148	(67,382)	(16,234)
Norwich Regeneration Ltd	8,424	(8,332)	92	4,201	(2,667)	1,534
NCSL Ltd	50	(42)	8			
Cost of Services	141,250	(142,286)	(1,036)	162,449	(142,683)	19,766
Payments to the Government Housing Capital Receipts Pool			1,097			1,097
(Gains) on the disposal of assets			(2,074)			(6,242)
Provision Market			(86)			(376)
Livestock Market			5			(51)
Other Operating Expenditure			(1,058)			(5,572)
Pension interest cost and expected return on pension assets			4,014			4,912
Interest receivable and similar income			(1,516)			(1,712)
Interest payable and similar expenses			9,471			9,232
Changes in fair value of investment properties			(84)			3,594
(Gains)/Losses on disposal of investment properties			(168)			(32)
Impairment losses			0			4,000
Impairment of Soft Loans			92			(3,873)
Other investment income			0			(365)
Income and expenditure in relation to investment properties			(4,711)			(3,647)
Financing and Investment Income and Expenditure			7,098			12,109
Council Tax Income			(9,937)			(9,714)
Non Domestic Rates			13,823			(4,085)
Non-ringfenced government grants			(29,007)			(4,368)
Capital grants and contributions			(3,984)			(4,127)
Taxation and non-specific grant income and expenditure			(29,105)			(22,294)
(Surplus) or Deficit on Provision of Services			(24,101)			4,009
Surplus on revaluation of non-current assets.			(14,117)			(3,564)
designated FVOCIE			109			(1,198)
Actuarial (gains)/losses on pension assets/liabilities			37,881			(39,752)
Other Comprehensive Income and Expenditure			23,873			(44,514)
Total Comprehensive Income and Expenditure			(228)			(40,505)

Group Balance Sheet

		31 March 2021 £'000	31 March 2020 £'000
Property, Plant and Equipment	<i>Note 14</i>	954,786	930,286
Heritage Assets		25,553	25,553
Investment Properties	<i>Note 15</i>	105,399	108,630
Intangible Assets	<i>Note 16</i>	614	621
Long Term Investments	<i>Note 21</i>	2,019	2,128
Long Term Debtors	<i>Note 17</i>	5,223	5,809
LONG TERM ASSETS		1,093,594	1,073,027
Assets Held for Sale		0	131
Short Term Debtors	<i>Note 17</i>	38,050	12,802
Inventories		8,279	5,782
Short Term Investments	<i>Note 21</i>	30,005	9,000
Cash and Cash Equivalents	<i>Cash Flow</i>	49,339	37,398
CURRENT ASSETS		125,673	65,113
Short Term Creditors	<i>Note 18</i>	(72,409)	(35,110)
Provisions	<i>Note 19</i>	(378)	0
Short Term Borrowing	<i>Note 19</i>	(3,398)	(886)
Capital grants receipts in advance	<i>Note 20</i>	(3,410)	(488)
CURRENT LIABILITIES		(79,595)	(36,484)
Capital grants receipts in advance	<i>Note 20</i>	(1,919)	(1,306)
Long Term Creditors		(2,411)	(2,805)
Provisions		(2,960)	(3,135)
Other Long Term Liabilities		(210,032)	(169,739)
Long Term Borrowing	<i>Note 21</i>	(217,579)	(220,136)
LONG TERM LIABILITIES		(434,901)	(397,121)
NET ASSETS		704,771	704,535
USABLE RESERVES		157,274	119,802
UNUSABLE RESERVES	<i>Note 12</i>	547,497	584,733
TOTAL RESERVES		704,771	704,535

Signed:

Date:

[To be signed]

Annabel Scholes
Executive Director, Corporate and Commercial Services (S.151 Officer)

Group Cash Flow Statement

	2020-21 £'000	2019-20 £'000
Taxation	(19,528)	(42,332)
Grants and Contributions	(94,998)	(58,749)
Housing Rents	(59,562)	(59,190)
Sales of goods and rendering of services	(35,221)	(73,212)
Interest received	(844)	(840)
Other receipts from operating activities	37	(3,551)
Cash inflows generated from operating activities	(210,116)	(237,874)
Cash paid to and on behalf of employees	22,620	18,915
Housing benefit payments	46,288	49,652
NNDR Tariff payments	26,190	28,181
Precepts paid	0	0
Cash paid to suppliers of goods and services	68,494	95,419
Payments to the capital receipts pool	1,098	1,097
Interest paid	8,988	8,680
Other operating cash payments	8,304	6,860
Cash outflows generated from operating activities	181,982	208,804
Net cashflows from operating activities	(28,134)	(29,070)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,088)	(16,355)
Purchase of property, plant and equipment, investment property and intangible assets	17,325	74,655
Purchase of short-term and long-term investments	44,000	201,760
Proceeds from the sale of short-term and long-term investments	(23,000)	(219,958)
Capital grants	(8,267)	(1,294)
Other Capital payments	0	800
Other payments for investing activities	(29)	3,021
Other receipts from investing activities	(274)	(6,781)
Net cashflows from investing activities	19,667	35,848
Cash Receipts - long/short term borrowing	0	(20,262)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	107	101
Repayments of long/short term borrowing	0	0
Changes in Council Tax and NNDR balances held for preceptors	(3,194)	812
Net cashflows from financing activities	(3,087)	(19,349)
Net (Increase) / decrease in cash and cash equivalents	(11,554)	(12,571)

Norwich City Council - 2019-20 Statement of Accounts

	2020-21	2019-20
	£'000	£'000
Cash and cash equivalents 1 April	37,398	24,826
Net increase / (decrease) in cash and cash equivalents	11,554	12,571
Cash and cash equivalents 31 March	48,952	37,397
Cash in hand	313	688
Call accounts and short term deposits	20,000	19,000
MMF	21,070	15,000
Bank balances	7,956	2,709
Cash and cash equivalents 31 March	49,339	37,397

Notes to the Group Accounts

Group Boundary

Norwich Regeneration Limited was incorporated on 13 November 2015. On 7 October 2016, the Council transferred 3.35 hectares of land at Bowthorpe at full market value to its wholly owned subsidiary Norwich Regeneration 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	Consolidated
Norwich Norse (Environmental) Limited	Associate	Consolidated
Norwich Norse (Building) Limited	Associate	Consolidated

Accounting Policies

NRL and NCSL have prepared 2020/21 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies.

There is only one addition to the stated accounting policies for the Council which needs to be included for NRL. 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 NRL.

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 NRL.

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

	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
Movements in 2020/21								
Cost or Valuation								
At 1 April 2020	790,620	141,166	28,770	2,862	11,923	25	606	975,972
Additions	16,119	1,054	1,525	23	284	-	1,065	20,070
Revaluation increases / (decreases) recognised in the Revaluation Reserve	8,676	444	-	-	-	29	-	9,149
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(4,579)	(376)	-	-	-	-	-	(4,955)
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	8,992	25	-	-	-	-	-	9,017
Derecognition – Disposals	(6,319)	-	(18,358)	-	-	-	-	(24,677)
Derecognition - Other	(397)	-	-	-	-	-	-	(397)
Demolition	-	(8)	-	-	-	-	-	(8)
Assets Reclassified (to) / from Held for Sale	(476)	(16)	-	-	-	-	-	(492)
Other Movements in Cost or Valuation	(6)	1,807	-	-	-	-	-	1,801
At 31 March 2021	812,630	144,096	11,937	2,885	12,207	54	1,671	985,480
Accumulated Depreciation & Impairment								
At 1 April 2020	(7,126)	(11,113)	(25,024)	(1,300)	-	-	-	(44,563)
Depreciation charge	(14,999)	(2,521)	(729)	(81)	-	-	-	(18,330)
Depreciation written out to the Surplus/Deficit on Provision of Services	10,974	39	-	-	-	-	-	11,013
Depreciation write-back on revaluation to Revaluation Reserve	4,025	643	-	-	-	-	-	4,668
Impairment losses / (reversals) recognised in CIES	(1,132)	(927)	-	-	-	-	-	(2,059)
Impairment losses / (reversals) recognised in RR	225	-	-	-	-	-	-	225
Derecognition – Disposals	-	-	18,353	-	-	-	-	18,353
Derecognition - Other	-	-	-	-	-	-	-	-
At 31 March 2021	(8,033)	(13,879)	(7,400)	(1,381)	-	-	-	(30,693)
Net Book Value								
At 31 March 2021	804,597	130,217	4,537	1,504	12,207	54	1,671	954,787
At 31 March 2020	783,495	128,931	3,745	1,561	11,923	606	25	930,286

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
Comparative Movements in 2019/20	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2019	782,152	141,935	28,147	2,812	11,809	293	7,001	974,149
Additions	25,639	1,517	512	49	114	-	152	27,983
Revaluation increases / (decreases) recognised in the Revaluation Reserve	364	(1,929)	-	-	-	(40)	-	(19,737)
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(18,711)	(1,026)	-	-	-	-	-	4,561
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	4,205	356	-	-	-	-	-	(8,588)
Derecognition – Disposals	(8,469)	-	(119)	-	-	-	-	(194)
Derecognition - Other	(194)	-	-	-	-	-	-	(10)
Demolition	-	(10)	-	-	-	-	-	(695)
Assets Reclassified (to) / from Held for Sale	(670)	(25)	-	-	-	-	-	(228)
Other Movements in Cost or Valuation	6,305	13	229	-	-	(228)	(6,547)	-
Other reclassifications	-	-	-	-	-	-	-	-
At 31 March 2020	790,621	140,831	28,769	2,861	11,923	25	606	975,636
Accumulated Depreciation & Impairment								
At 1 April 2019	(6,141)	(9,880)	(24,442)	(1,220)	-	(7)	-	(41,690)
Depreciation charge	(14,729)	(2,493)	(682)	(80)	-	(1)	-	(17,985)
Depreciation written out to the Surplus/Deficit on Provision of Services	11,592	104	-	-	-	-	-	11,696
Depreciation write-back on revaluation to Revaluation Reserve	3,137	1,784	-	-	-	8	-	4,929
Impairment losses / (reversals) recognised in CIES	(1,184)	(616)	-	-	-	-	-	(1,800)
Impairment losses / (reversals) recognised in RR	199	(13)	-	-	-	-	-	186
Derecognition – Disposals	-	(786)	100	-	-	-	-	(686)
Derecognition - Other	-	-	-	-	-	-	-	-
At 31 March 2020	(7,126)	(11,900)	(25,024)	(1,300)	-	-	-	(45,350)
Net Book Value								
At 31 March 2020	783,495	128,931	3,745	1,561	11,923	25	606	930,286
At 31 March 2019	783,495	129,717	3,745	1,561	11,923	25	606	931,072

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 NRL's Balance Sheet at the 31 March 2020 is land held by the NRL which is as yet undeveloped. It has been valued at cost £0.259m. 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.

	Council dwellings	Other Land & Buildings	Community assets	Infrastructure	Vehicles Plant etc.	Surplus properties	Assets under construction	Total PPE
VALUATION CYCLE								
Valued at historical cost		1,380	12,207	1,503	4,536		1,671	21,297
Valued at current value								0
2020-21	804,597	40,678				54		845,329
2019-20		17,090						17,090
2018-19		23,379						23,379
2017-18		45,729						45,729
2016-17		1,960						1,960
	804,597	130,216	12,207	1,503	4,536	54	1,671	954,784

2. Investment Properties

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

	2020/21 £000	2019/20 £000
Rental income from investment property	(7,397)	(4,932)
Direct operating expenses arising from investment property	2,516	1,285
Net (gains)/losses from fair value adjustments	12	3,594
Total	(4,869)	(53)
	2020/21 £000	2019/20 £000
Balance at start of the year	108,630	71,331
Additions	64	1,704
Purchases	0	43,112
Disposals	(1,482)	(4,151)
Net gains / (losses) from fair value adjustments	(12)	(3,594)
Transfers (to) / from Property, Plant & Equipment	(1,801)	228
Balance at end of year	105,399	108,630

The table above includes the investment properties which are held on NRL's Balance Sheet. These are houses being built which will be held by the company when complete for rental to the private sector. This will generate an income stream for the company. The assets are included at cost.

3. Long Term Investments

	2020-21 £'000	2019-20 £'000
Norwich Regeneration Ltd	0	0
Norwich City Services Ltd		
Municipal Bonds Agency	100	100
Legislator 1656	1,919	2,028
Total	2,019	2,128

4. Long Term Debtors

	Debtors £000	2020/21 Provision for Bad Debt £000	Net Debtors £000	2019/20 Net Debtors £000
Advances for House Purchase: Council Houses Sold	3	0	3	3
Norfolk County Council Transferred Debt	551	0	551	635
Decent Home Loans	2,043	(1,500)	543	605
Finance Lease > 1 year	1,972	0	1,972	1,808
Home Improvement Loans	205	0	205	203
Housing Benefit Overpayments	5,481	(4,367)	1,114	1,451
Shared Equity Dwellings	199	0	199	248
SALIX	330	0	330	294
Debts with legal charge over property	202	0	202	207
Wholly owned subsidiary	0	0	0	0
Other Long Term Debtors	104	0	104	355
Total	11,090	(5,867)	5,223	5,809

5. Short Term Debtors

	31 March 2021 £'000	31 March 2020 £'000
Amounts falling due within one year:		
Central government bodies	22,449	2,581
Other Local Authorities & Public Bodies	7,095	1,673
NHS	3	0
All other bodies	8,503	8,548
Total short term debtors	38,050	12,802

6. Inventories

	2020-21 £'000	2019-20 £'000
Balance 1 April	5,783	7,332
Purchases	3,787	10,203
Recognised as an expense in the year	0	177
Transfers	(1,291)	(11,929)
Balance 31 March	8,279	5,783
Council Stock	27	28
NRL	8,252	5,754
Total	8,279	5,782

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

7. Short Term Creditors

	31 March 2021 £'000	31 March 2020 £'000
Amounts falling due within one year:		
Central government bodies	48,900	7,055
Other Local Authorities & Public Bodies	8,265	13,852
NHS	10	3
All other bodies	15,234	14,200
Total short term creditors	72,409	35,110

Glossary of Terms

Accounting Period

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

Accrual

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

Amortisation

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

Asset

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

Audit of Accounts

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

Balance Sheet

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

Billing Authority

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

Budget

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

Capital Expenditure

Expenditure to acquire fixed assets that will be used in providing services beyond the current accounting period or expenditure that adds value to an existing fixed asset.

Capital Financing

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.

Capital Financing Requirement

The capital financing requirement reflects the Council's underlying need to borrow for a capital purpose.

Capital Programme

The capital schemes the council intends to carry out over a specified time period, often within a 6 to 10 year timeframe.

Capital Receipt

The proceeds from the disposal of land and other assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used for revenue purposes.

Cash Equivalents

Investments that mature in 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute Of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with local government finance.

CIPFA Code of Practice on Local Authority Accounting

This specifies the principles and practices of accounting to be followed when preparing the Statement of Accounts. It constitutes "proper accounting practice" and is recognised as such by statute.

Collection Fund

A separate fund maintained by a billing authority which records the expenditure and income relating to council tax, NNDR and residual community charges.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions in their disposal. Examples of community assets are parks.

Comprehensive Income and Expenditure Statement

This statement reports the net cost for the year of all the functions for which the Council is responsible, and demonstrates how that cost has been financed from general government grants, and income from local taxpayers. It brings together expenditure and income relating to all the local authority's functions.

Consistency

The concept that the accounting treatment of like items within an accounting period, and from one period to the next one is the same.

Contingent Liability

A possible obligation arising from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events, that are not wholly within the Council's control.

Creditor

Amounts owed by the Council for work done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

Debtor

Amounts due to the Council for work done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

Depreciation

The measure of the cost or revalued amount of the benefits of a fixed asset that have been consumed during the accounting period.

Effective Rate of Interest

The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance at initial measurement.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Council, and which need to be disclosed separately, by virtue of their size or incidence, such that the financial statements give a true and fair view.

Fair Value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Finance Lease

A lease which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Not the same as an Operating Lease (q.v.).

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets (e.g. bank deposits and investments), and financial liabilities (e.g. trade payables and borrowings).

Financial Reporting Standard (FRS)

Financial Reporting Standards cover particular aspects of accounting practice, and set out the correct accounting treatment, for example, of depreciation. Compliance with these standards is normally mandatory and any departure from them must be disclosed and explained.

Fixed Assets

Tangible assets that yield benefits to the Council, and to the services it provides, for a period of more than one year.

Housing Revenue Account

A separate account to the General Fund, which includes the expenditure and income arising from the provision of housing accommodation owned by the Council.

Impairment

The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.

Infrastructure Assets

Fixed assets belonging to the Council which do not necessarily have a resale value (e.g. highways), and for which a useful life-span cannot be readily assessed.

Intangible Fixed Assets

These are assets which do not have a physical substance, e.g. software licences, but which yield benefits to the Council and the services it provides, for a period of more than one year.

Minimum Revenue Provision

MRP is a charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements

Movement in Reserves Statement

This statement precedes the Comprehensive Income and Expenditure Statement. It takes into account items, in addition to the Income and Expenditure Account surplus or deficit, which are required by statute, and non-statutory proper practices, to be charged or credited to the General Fund, Housing Revenue Account & other reserves

Movement in Reserves Statement – Housing Revenue Account

This statement follows the Housing Revenue Account Income and Expenditure Statement. It takes into account items, in addition to the Income and Expenditure Account surplus or deficit, which are required by statute, and non-statutory proper practices, to be charged or credited to the Housing Revenue Account.

NNDR (National Non-Domestic Rate)

National Non-Domestic Rate is a standard rate in the pound, set by the government, on the assessed rateable value of properties used for business purposes.

Non-Current Asset

Tangible assets that yield benefits to the Council, and to the services it provides, for a period of more than one year.

Operating Lease

A lease where the ownership of the fixed asset remains with the lessor. Not the same as a Finance Lease (q.v.).

Outturn

Refers to actual income and expenditure or balances as opposed to budgeted amounts.

Precept

The amount which a local authority, which cannot level a council tax directly on the public, requires to be collected on its behalf. The major precepting authorities are Norfolk County Council and Norfolk Police Authority.

Provisions

Monies set aside for liabilities which are likely to be incurred, but where exact amounts or dates are uncertain.

Prudential Code

The Prudential Code, introduced in April 2004, sets out the arrangements for capital finance in local authorities. It constitutes 'proper accounting practice' and is recognised as such by statute.

Rateable Value

The annual assumed rental value of a property, which is used for business purposes.

Reserves

The accumulation of surpluses and deficits over past years. Reserves of a revenue nature can be spent or earmarked at the discretion of the Council. Reserves of a capital nature may have some restrictions placed on them as to their use.

Revenue Expenditure

Spending on day to day items, such as employees' pay, premises costs and supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund and impact on that years' council tax.

Revenue Support Grant

The main grant paid by central government to a local authority towards the costs of their services.

SERCOP (Service Reporting Code of Practice)

The Service Reporting Code of Practice provides guidance on the content and presentation of costs of service activities within the CIES. It constitutes 'proper accounting practice' and is recognised as such by statute.

Tangible Assets

See Fixed Assets (q.v.)

Transfer of Undertakings (Protection of Employment) Regulations (TUPE)

This protects employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner when the business changes hands automatically become employees of the new employer on the same terms and conditions.

Trust Funds

Funds administered by the Council for such purposes as prizes, charities and specific projects, usually as a result of individual legacies and donations.

Two Tier Authority

In most areas of England, local government functions are divided between two tiers of local authority, county council's, known as "upper tier" authorities and city, borough or district council's, known as "lower tier" authorities.



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