Audit committee

Date: Tuesday, 04 October 2022
Time: 17:30
Venue: Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH

Committee members:
Councillors:
Price (chair)
Driver (vice chair)
Everett
Haynes
Kidman
Sands (M)
Stutely
Wright

Independent Person:
David Harwood

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Agenda

Purpose - This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2022/23

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

10 Exclusion of the public

Consideration of exclusion of the public.

EXEMPT ITEMS:

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

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

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

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11 Risk Management - Exempt Appendix

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) as in para 3 of Schedule 12A to the Local Government Act 1972.

12 Update on Transition to the New Delivery of Internal Audit Services

This will be an oral update on the transition to the new arrangements for Internal Audit services

Date of publication**: Monday, 26 September 2022**

NORWICH
City Council

Audit committee

16:30 to 17:50 **12 July 2022**

Present:	Councillors Price (chair), Driver (vice chair), Giles, Sands (M), Champion (substitute for Councillor Haynes), Stutely (from item 5, below) and Wright
Also present:	Councillor Kendrick, cabinet member for resources
Apologies:	Councillor Haynes and Sands (M)

1. Independent Person

The chair introduced David Harwood who as the Independent Person would be supporting the committee moving forward and was attending this meeting to observe the proceedings. The committee had discussed the appointment of an independent person previously. It was noted that this council was ahead of the other authorities in making this appointment before it became standard practice.

2. Appointment of vice chair

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

3. Declarations of interest

There were no declarations of interests.

4. Minutes

RESOLVED to approve the accuracy of the minutes of the meeting held on 8 March 2022 and the extraordinary meeting held on 17 May 2022.

5. Progress Report on Internal Audit Activity 2021-22

The internal audit manager introduced the report (Appendix A) and referred members to the executive summaries of internal audit reports, issued during the period,

In reply to a member's question about the limited assurance for the Health and Safety internal audit review, the internal audit manager explained that the recommendations and actions had been agreed with management and that they were working towards an achievable timetable for delivery. It was clearly a priority and some progress had been made (as set out in Appendix 2, Health and Safety Draft Executive Summary, 1.7.)

A member asked whether there had been an impact on Health and Safety by insourcing different services, and therefore introducing more diverse occupations, into the council. The internal audit manager said that there were control weaknesses around risk assessments which needed to be addressed across the council.

The executive director of community services confirmed that the Fire Risk Assessment at City Hall had been carried out and actions completed. The chair commented that the internal audit review had found that there was no documentary evidence that actions in previous assessments had been carried out and pointed out that this demonstrated that the implementation of controls to review key policies and procedures and improvements to contract management would improve this risk to the council going forward.

RESOLVED to:

(1) thank the internal audit manager for the report.

(2) note the progress in delivering the remainder of the 2020/21 Internal Audit Plan.

6. Internal Audit Annual Report and Opinion 2021/22

The internal audit manager presented the report, attached at Appendix A. The report was self-explanatory with the audit opinion of a reasonable assurance set out in paragraph 2.2 of the report. The report summarised the audit work undertaken during the year and the issues for inclusion in the Annual Governance Statement (AGS) (set out in section 3.5 of the report). The new arrangements for the internal audit service to be delivered through the consortium meant that there would be additional resources going forward. Members were referred to the appendices which set out the outstanding recommendations from internal audit reviews.

A member commented that the report provided a synopsis of issues covered at previous meetings and noted that a reasonable assurance had been provided. As discussed under the previous item the Health & Safety internal audit review had been the only one to receive a limited assurance and that recommendations would be taken forward in the AGS.

The independent person commented that the internal auditor's opinion of a reasonable assurance was without any caveats. However, the deferral of two audit areas, Payroll and Housing Benefits, to the 2022/2023 internal audit plan should be caveated. The internal audit manager agreed that these audit areas had been carried over and said that reference had been made to this in paragraphs 2.2, which sets out the annual opinion, and in paragraph 3.5.3. The independent person also commented that the CIPFA[1] guidance in 2020 had made provision for the disruption caused by Covid-19 and it seemed appropriate when it continued to be an issue that there was no reference to the pandemic in the annual report. The chair agreed that Covid had been a significant factor during the year. He also commented that it had been disappointing that the arrangements for the internal audit provision had meant that work on the internal audit plan for 2021/22 had been delayed and that this had meant that audit areas had been deferred. The internal audit manager

[1] Chartered Institute for Public Finance and Accountancy

acknowledged that Covid had had been an issue in the year and that reference to it should have been made in paragraph 3.5 of the report.

The internal audit manager confirmed that the internal work undertaken this year provided adequate levels of assurance to issue the annual audit opinion. The new arrangements would ensure that the internal audit team could deliver the internal plan, subject to any changes required to cover new risks as required.

The chair thanked the internal audit manager for her report and the approach taken and welcomed that medium and high level audit recommendations were included in reports until actions were completed. The committee's work programme included a review of Key Policies and Procedures which would follow the completion of recommendations and actions following an internal audit review.

RESOLVED, in maintaining an overview as to the quality of systems of internal control in operation at the council, to note and approve the Internal Auditor's reasonable assurance and confirm that that key information provided is carried across to the Annual Governance Statement, which will be considered at the next meeting of the committee.

7. Code of Corporate Governance

The head of legal and procurement (monitoring officer) presented the report. It was not a statutory document but was recommended as good practice in guidance from the Chartered Institute for Public Finance and Accountancy (CIPFA). The Code of Corporate Governance would feed into the draft Annual Governance Statement which would be published at the end of July and considered at the committee's September meeting.

During discussion, the head of legal and procurement answered members' questions. She explained that the AGS would have an action plan with dates for completion. It was noted that there had been a decision to avoid replication by listing the 27 areas for improvement in governance, identified by the internal audit team, in the AGS. The committee would have an opportunity to review this at its next meeting.

Discussion ensued on transparency and a member suggested that it would be useful for members of the public to see how members voted at council and committee meetings. Members were advised that there was provision for recorded votes in the constitution. Members could request a recorded vote, which would be recorded in the minutes. It was noted that it was a requirement that voting on the annual budget was recorded. It was also considered that the IT equipment for recording meetings provided poor visual quality and required investment to bring it up to standard, whilst acknowledging the financial challenges that the council faced.

A member welcomed the principle of taking a longer-term view with regard to decision making, as set out under on the table under "Sustainable economic, social and environmental benefits" (page 69 of the agenda papers), and commented on the intergenerational impact of decisions. The interim head of finance, audit and risk explained that the definition of the longer-term view depended on the "sustainable economic" situation when applied to different to strategies and policies. With regard to the Statement of Accounts, the Medium Term Financial Strategy (MTFS) was over a five year period, whilst the Housing Revenue Account (HRA) was planned over a 30 year term, and pension liability over a much longer term.

The chair considered that all members of the council should have had the opportunity to participate in a workshop to consider the draft Code of Corporate Governance. He welcomed that it would be refreshed annually and included on the committee's work programme.

RESOLVED to approve the Code of Corporate Governance July 2022.

8. Contract Management Arrangements Review

The head of legal and procurement presented the report. The committee had asked for a report at its November 2021 meeting on the council's contract management arrangements and the actions being taken to reduce the corporate risk.

The chair welcomed the report and said that the committee had concerns about contract management for several years which needed to be addressed. Lessons had been learned and these procedures would reduce the corporate risk across the council.

During discussion, the head of legal and procurement referred to the report and answered members' questions. There would be an internal contract management group to support colleagues involved with contract management and procurement share experience and best practice. In reply to a member's question, the head of legal and procurement said that the Department of Levelling Up, Housing and Communities (DLUHC) pioneer programme was valued at £7K of free support to the council and all staff involved in contract management or procurement could participate. Members were also advised that training would be ongoing and it would include contract monitoring or performance review.

RESOLVED to note the arrangements in place to support the council in managing its contracts.

9. Consideration of Treasury Management

The head of legal and procurement presented the report.

The chair thanked the head of legal and procurement and the committee officer for the report. The creation of a treasury management committee had been discussed by the committee as part of its self-assessment exercise last year. Treasury management needed to be robust to meet the financial and economic challenges and support the council to deliver a balanced budget.

Councillor Kendrick, cabinet member for resources, endorsed the proposal to establish a treasury management committee with specific skills and agreed that it was important given the current financial position in relation to next year's budget.

It was noted that the report would be considered by the next meeting of the constitution working party (18 July 2022).

RESOLVED to ask the constitution working party to develop proposals for a treasury management committee, as outlined in paragraphs 12 and 13 of the report.

10. Annual Report of the Audit Committee 2021/22

The chair introduced the report and said that both he and the vice chair had collaborated with the committee officer to produce the report. He considered that the report was an accurate reflection of the work of the committee in 2021/22.

RESOLVED to approve the content of the Annual Report of the Audit Committee 2021/22 and recommend that council adopts it.

11. Work Programme

The chair introduced the report which would be a new standing item on agendas for future meetings.

During discussion members considered the value of the work programme and that it would be useful. Councillor Wright, chair of scrutiny committee, said that he found the scrutiny committee work programme invaluable as it helped focus the work of the committee. A member suggested that it would be useful to have an informal Teams chat set up before each meeting so that new members could ask questions about items on the agenda for the next meeting.

The head of legal and procurement referred to the discussion under item 7, Code of Corporate Governance and said that the AGS 2021-22 would be agreed at the committee's meeting on 21 March 2023 and therefore suggested that the committee held an informal discussion to review the Code the following week. She also referred members to paragraph 8 of the report and said that it had been agreed with the chair to bring forward a session on governance as part of the autumn member development programme and this could include awareness of the roles of the audit and scrutiny committees.

In reply to concern that there would be a delay in approving the AGS from the independent person, the head of legal and procurement said that it was the intention that the draft AGS 2021-22 would be published in July and considered at the next meeting. The external audit would be conducted in December and therefore the audited Statement of Accounts and AGS would be considered at the committee's March meeting. Once these had been agreed the committee would then review the Code of Corporate Governance. The interim head of finance, audit and risk confirmed that the AGS was a live document and would be continually updated throughout this period.

RESOLVED agree the work programme and note the arrangements to review the Corporate Code of Governance.

CHAIR

NORWICH
City Council

Item 5

Committee Name: Audit
Committee Date: 04/10/2022
Report Title: Draft Annual Governance Statement 2021-2022

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Head of legal and procurement

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

This report seeks the agreement of the Audit Committee to the draft Annual Governance Statement

Recommendation:

It is recommended that the Audit Committee approves the draft Annual Governance Statement 2021-2022

Policy Framework

The Council has five corporate priorities, which are:

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

This report meets the Norwich City Council is in good shape to service the city corporate priority

Report Details

1. The Council's constitution requires that the Audit Committee "Review, consider and agree the Annual Governance Statement, including the adequacy of the corporate governance framework and improvement action plan contained within it".

2. In July, the Audit Committee reviewed and agreed the revised Code of Corporate Governance, which provides the overview of the Council's Corporate Governance Framework. The Code included a range of actions identified to strengthen the Council's governance framework.

3. Each year, the Council has a legal duty to conduct a review of the effectiveness of its systems of internal control and to report this alongside the statement of accounts. The Code of Practice on Local Authority Accounting confirms that if an authority produces an Annual Governance Statement in line with the Chartered Institute for Public Finance and Accountancy (CIPFA) guidance, the duty is fulfilled.

4. The Annual Governance Statement (the Statement) has been produced with a view to the CIPFA guidance. In particular, it explains the different elements of the governance arrangements in place at the Council; confirms how the Council has monitored the effectiveness of those arrangements, controls in place to manage specific risks such as failure to achieve value for money or risks of fraud, and an action plan for developing the governance framework. Its production has been informed by the recent review of the Code of Corporate Governance Framework, and in particular actions identified in the Code have been identified in the Annual Governance Statement Action Plan.

5. In addition to the work to support development of the Code, ahead of producing the Statement, individual Heads of Service were requested to complete Assurance Statements outlining how they ensure good governance is embedded within their services. These statements were enhanced for 2021/22 to include a wider range of requests such as the extent to which business continuity practices were embedded.

6. This has collectively resulted in an Action Plan that is more comprehensive than in prior years but reflects the broad level of activity that is underway within the authority to continue to develop governance arrangements.

7. As the focus has been on the Code and the Action Plan development, the Annual Governance Statement has followed a similar format to prior years. However, ahead of the production of the Statement for 2022/23, it is intended to assess whether there are opportunities to simplify the document and make it more succinct to aid its production and understanding. This will be supported by an Internal Audit review of the production of the Statement, which is due to conclude shortly.

8. Following review by the Audit Committee, the draft Statement will be considered by the Council's external auditor, EY alongside their work on the Statement of Accounts. The final statement for will be brought to the Audit Committee for approval when EY's work is concluded.

Consultation

9. The Annual Governance Statement was published alongside the Council's Statement of Accounts on 29 July 2022. The public are allowed to inspect the accounts and Statement and ask comments queries, but no such comments have been received.

Implications

Financial and Resources

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

Legal

11. The production of the Annual Governance Statement is a statutory requirement of the Accounts and Audit Regulations 2015.

12. The Accounts and Audit (Amendment) Regulations 2021 extended the period for local authorities to produce their statement of accounts and annual governance statements. In a normal year, the accounts and annual governance statement must be available for public inspection at the start of June, and then must be formally approved by 31 July. At present, the 2021 Regulations require publication for inspection must take place before 1 August, and final approval by 30 September.

13. The draft Statement was published for inspection on 29 July. The final Statement will be issued for Audit Committee consideration and approval on conclusion of the External Auditors' review.

Statutory Considerations

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

Risk Management

Risk	Consequence	Controls Required
Failure to properly prepare the Annual Governance Statement	Potential concern raised by External / Internal Audit leading to reputational damage or cost of additional audit work	The measures to prepare the Annual Governance Statement have been set out above.

Other Options Considered

14. None

Reasons for the decision/recommendation

15. The Audit Committee is requested to consider the draft Annual Governance Statement to ensure that it has been subject to appropriate scrutiny prior to consideration by External Audit.

Appendices: Draft Annual Governance Statement

Contact Officer:
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Annual Governance Statement 2021-22

1. Statement by Leader of the Council and Chief Executive

Strong internal assurance and corporate governance is at the heart of every high performing organisation. During the year, we have continued our focus on developing our systems of corporate governance despite the challenges the Council has faced, including the continuing Covid-19 situation driving our need to work in partnership to deliver a co-ordinated response to support the people and businesses of Norwich, and the ongoing uncertainty of government funding streams limiting the ability of the sector to be able to undertake stringent longer term financial planning.

In the Annual Governance Statement for 2020-21, we identified that a range of improvements were being made to embed effective governance procedures within the Council. Enhancing our procedures and critically examining operations from a new perspective has enabled us to identify areas for improvement and respond to changes, as follows:

- During the year, an internal review was undertaken of the Council's compliance with health and safety standards in its Council Housing. This identified a number of areas where inspections were not being undertaken as required. Through robust analysis of the situation, the Council has developed and resourced action plans to improve the levels of compliance.
- The Council concluded its work to transfer services from its former joint venture companies. This has enabled the Council to have a more direct relationship in the way that the grounds maintenance service has operated during 2021-22, and move towards setting the relationship for the repairs and maintenance service that transfers on 1 April 2022.
- The introduction of a new management structure across the Council, with the creation of a Senior Leadership Team of Executive Directors and Heads of Service to support collaboration on cross-cutting issues.
- The continued development of the internal board structure to support effective oversight and robust decision-making processes
- The development of the combined quarterly assurance reporting processes to effectively integrate the reporting of financial and non-financial performance data
- The creation of a new Corporate Plan, to demonstrate how the Council will deliver its services to the people of Norwich, with a specific aim to ensure Norwich City Council is in a good shape to serve the City
- Development of the Council's internal transformation programme, Future Shape Norwich, supported by the establishment of a dedicated transformation team to drive forward major changes in service delivery to more effectively deliver for the people of Norwich
- The development of an employee-led staff wellbeing strategy and associated action plan
- Revisions to the Council's risk management strategy and business continuity framework to support effective management of the Council's risks
- The commencement of work to review the Council's culture, which will conclude in 2022/23
- The delivery of a balanced budget for 2022/23 and updated Medium Term Financial Strategy
- Effective working across a range of partnerships to support delivery of corporate priorities including the establishment of the Norwich Climate Change Commission;

the ongoing work of the Good Economy Commission, and the work of the Norwich Towns Fund deal

These improvements will continue to embed during 2022/23 and we will monitor their implementation and operation not only as part of our next annual review, but also continuously throughout the year.

Signed:

......…………………………………. ………………………………….

Alan Waters	Stephen Evans
Leader of the Council	Chief Executive
Date:	Date:

2. Scope of responsibility

2.1. Norwich City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Norwich City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

2.2. In discharging this overall responsibility, Norwich City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. This is supported by statutory officers, including the Chief Executive, who is responsible for delivering the policy framework, and the s.151 Officer, who is responsible for ensuring decisions made are in line with the budgetary framework.

2.3. Norwich City Council has approved and adopted a code of governance which is consistent with the principles of the CIPFA/ SOLACE Framework Delivering Good Governance in Local Government.

2.4. This statement explains how Norwich City Council has complied with the principles of the code and also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

3. The purpose of the governance framework

3.1 The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Norwich City Council’s policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

3.3 The governance framework has been in place at Norwich City Council for the year ended 31 March 2022 and up to the date of the approval of this statement.

4. The governance framework

4.1 The council's governance framework recognises that effective governance is achieved through the following core principles:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

5. Key elements of the Governance Framework

The following is a brief description of the key elements of the systems and processes that comprise the council's governance arrangements:

1. **Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively:**

- The Localism Act 2011 requires the Council to have in place appropriate arrangements to govern the conduct of Councillors. In July 2021, the Council adopted a revised Code of Conduct for Councillors along with procedures for handling concerns raised about Councillor conduct. Training is provided to new members on the Code of Conduct and all members are required to confirm they will comply with the Code during their term of office.
- The Standards Committee is appointed to promote and maintain high standards of conduct, and may also determine matters of conduct referred to it.
- There is a separate code of conduct for employees, which is supported by HR policies and procedures. New employees are given a copy of the code of conduct and other key policies, and there are regular reminders regarding compliance with the policies. Employees are required to confirm that they have read the code of conduct and other key policies.

2. **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:**

- The chief finance officer is responsible for advising whether decisions of the cabinet and council are in accordance with the policy and budget framework.

- Budget managers have responsibility for ensuring that all proposals, decisions and actions incurring expenditure were lawful.
- Corporate policies and strategies, are available on the council intranet. Employees are required to confirm that they have read key policies relating to conduct, security and certain personnel matters.
- Managers within the council are responsible for putting in place systems of control to ensure compliance with policies, procedures, laws and regulations. This is a key control and as such each year heads of service are asked to conduct a self-assessment of the systems of internal control within their services and highlight actions intended to address any areas for improvement.

3. Documenting a commitment to openness and acting in the public interest:

- Quarterly assurance reports provide insight into how the Council is committing its resources to meet its aims and priorities. In order to demonstrate its openness the authority also publishes:
    - Constitution, setting out how the Council operates
    - Council, Cabinet and Committee Reports, available on the Council's website
    - A range of information to comply with the Local Government Transparency Code 2015
    - The Council's pay policy statement, adopted by Council annually, and its gender pay gap
- The Council has an adopted equality and diversity strategy, which is supplemented by an annual equality report which provides key data on fairness within the Council and within the wider City.
- Through its information governance group, the Council has developed its approach to monitor information governance and transparency requirements. This has included the redevelopment of the Council's data protection training programme for all staff and enhancement of monitoring information presented to the corporate leadership team.

4. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation:

- The council is part of Your Voice, a partnership of local organisations which enables anyone to sign up and have their say on services through consultations, surveys, focus groups and workshops.
- The Council has been developing its community blueprint, evaluating the thoughts of residents as part of community conversations to better understand the views of residents and use this insight to deliver new or improved services in the local area.
- This has been supplemented by Get Talking Norwich, a place for residents to provide their thoughts on services. The Council maintains databases of residents who wish to be engaged in consultations on particular services.
- Residents are informed about the council's activities at all times. This is done through Citizen, the quarterly magazine for residents; work with the local media;

the council website; social media and other channels. Council tenants also receive their own magazine, TLC, focusing on issues affecting them. Both of these publications are available on the council's website.

- Tenants have a range of ways to be involved and these are detailed on the tenant involvement page of the council website. There is a clear framework with formal group structures for tenants and leaseholders, including seven active tenant and resident associations.
- In addition, a range of other options allows tenants to be involved at a level that suits them. These consist of the 1,200 tenant and leaseholder TalkBack panel used for surveys and focus groups, tenant inspectors, involvement in estate walkabouts and mystery shoppers. Proactive work by the tenant involvement team means that events and road shows are regularly held to encourage more tenants to be involved or simply give their views on services they receive.
- The statement of community involvement, as adopted, sets out how the Council will engage and consult in the development of local plan policies and on specific planning applications
- Information on current and closed consultations, including reports and minutes, is available on the council website.

5. Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning:

- The Council has reconfirmed its vision through the development of the Corporate Plan, 2022-26, adopted by Council in February 2022.
- The corporate plan sets out the city council's strategic direction including its vision, mission and priorities. Within the plan, there are clear actions that will demonstrate delivery against each established aim.
- This has been developed in the light of the wider city vision work, which has been undertaken under the 'Norwich 2040' banner. This started with a significant piece of resident and stakeholder engagement 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

- The corporate plan was developed alongside the emerging medium term financial plan for the general fund and Housing Revenue Account along with capital, investment and treasury management strategies. The plans set out the level of general fund savings that need to be achieved in the coming and each of the following four years. An annual consultation on the budget is also undertaken. The delivery of the corporate priorities is embedded into directorate plans for each Council directorate.

6. Translating the vision into courses of action for the authority, its partnerships and collaborations:

- The council’s vision is established within the Corporate Plan.
- The corporate plan is underpinned by a range of strategic and operational plans and strategies, such as the Economic Strategy, which set out in more detail how the council’s vision and priorities will be delivered. These plans contain more specific targets, which are allocated to teams, contractors, partners and employees to deliver.
- The Norwich Good Economy Commission was established as a forum for the community to come together to address inequality within the City. With support from the UEA and a range of businesses, the Commission has used an evidence based approach to drive forward a range of projects to support digital inclusion, social enterprise and skills development.
- The Norwich Climate Commission was established in 2021. It involves a range of partners coming together to lead work within Norwich to support the drive towards net carbon zero across the City.
- The Towns Deal Board oversees the delivery of the £25m awarded by the Department of Housing, Communities and Local Government to support development of key projects within the City.

7. Reviewing the effectiveness of the authority’s decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality:

- The council’s decision-making framework is set out in the council’s constitution including an effective scheme of delegation. An updated constitution was approved by Council in March 2021 and supplemented by a review of the Councillor Code of Conduct in July 2021. The Monitoring Officer has delegated authority to make changes to factual references or changes required by law to the constitution or appendices.
- Throughout the year the constitution is kept under review, and proposed areas of development considered by the Constitution Working Party prior to Council adoption.
- The Council undertakes its activities through or in consultation with a range of partnerships, as demonstrated above. For each partnership or organisation, the Council nominates lead members and officers who undertake an ongoing review of the effectiveness of its operations.

8. Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money:

- Performance management in the council is based on corporate plan priorities supported by a strategic management framework. The plan has a number of priorities and key performance measures. Following the senior management restructure of the council in April 2021, directorate plans will be developed to reflect the council's priorities and manage resources.
- On a quarterly basis, performance information is reported to the Cabinet as part of quarterly assurance reports. These include data on the achievement of performance targets; evaluation of corporate risks; financial performance and internal audit recommendations, giving a holistic and integrated view of performance. At an officer level, the reports also evaluate key HR information.
- A summary of the overall performance of the council in 2020-21 is included in the narrative report to the statement of accounts for the year ending 31 March 2021.
- A key component of the council's performance framework and its drive for quality improvement is the work of internal audit. Their work assists management in an advisory and proactive capacity in addition to providing traditional assurance on systems and the control environment. During the year, management of the internal audit function transferred to Eastern Internal Audit Services, introducing a risk-based approach for the audit function aligned to the corporate risk register and corporate priorities. Internal Audit representation was included as part of key corporate programmes.
- Change and transformation within the council was delivered through the Future Shape Norwich programme of activity. The transformation programme was developed during the 2021/22 year to drive forward savings and service improvements embedded into the 2022/23 budget. During the year, new processes were introduced to support the prioritisation of IT programmes and corporate projects.
- During the year the council has continued to strengthen its internal board structure to provide a concise route for feeding recommendations and proposals through to CLT, allowing for a clear and transparent decision-making process.
- This has included the introduction of the Health and Safety Board, an internal board to support the development of health and safety initiatives and improvements; the Customer, IT and Digital Board to oversee the development and prioritisation of programmes that support improvements in customer delivery, and the Health and Safety Compliance Board, to support the delivery of the Council's compliance improvement programme (see below).
- A key area of activity has been to support the development of staff wellbeing within the Council. Critical to this was the formation of a staff wellbeing group, incorporating volunteers from across a range of service areas who developed a staff wellbeing strategy to shape future action to support wellbeing.
- The council is a member of HouseMark, which is the main benchmarking organisation for social housing. Norwich is a major subscriber and also a member of HouseMark clubs dealing with welfare reform and ASB issues comparing and shaping good practice. The council is a founder / board member of ARCH

(Association of Retained Council Housing) which promotes council housing and shares good practice through the exchange of ideas and seminars. The council also has active tenancy scrutiny and involvement panels, which enable tenants to be involved with contract monitoring and procurement.

9. Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements:

- The council's constitution sets out how the council operates, and includes the council's procedure rules, details of member responsibilities, executive and non-executive functions, officers with statutory functions, employee and members codes of conduct, protocol for member / officer working arrangements, financial regulations, contract procedure rules, officer scheme of delegation and various joint arrangements.
- Regular briefings are undertaken with portfolio holders, the cabinet collectively, and separately with shadow portfolio holders. This enables officers and members to work effectively to develop policy and practice; ensure there is opportunity for input and to address potential concerns.
- The Council has established protocols for handling councillor enquires and concerns. The Chief Executive has regular scheduled meetings with group leaders to discuss potential areas of concern. During the year, the officer management forum received briefings on working effectively with members.
- For the two companies, which are wholly owned by the council, Norwich Regeneration Limited (NRL) and NCSL, decision-making boards are in place, as detailed below.
- The Council is also a stakeholder in a range of other formal partnerships or arrangements. During the year, the governance arrangements for the NEWS partnership, which delivers material recycling facilities across the County was subject to review as part of their contract assessment. The Council's contracts with its joint venture companies formally ended on 31 March 2022.

10. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact.):

- The governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) are regularly monitored to ensure compliance. The council continually seeks to improve financial management practices and processes to deliver sound financial governance.
- The CIPFA Financial Management (FM) Code is intended to provide guidance about good and sustainable financial management, along with assurance that resources are being managed effectively. As such, the code requires authorities to demonstrate that processes are in place which satisfy the principles of good financial management. An initial self-assessment against the principles of the code has been conducted. Many of the requirements of the FM Code represent good practice and are already reflected in the council's planning, policies and

systems, however there are areas for continuous improvement and an action plan will be developed to monitor and track the planned improvements.

11. Ensuring effective arrangements are in place for the discharge of the monitoring officer function:

- The monitoring officer is a statutory appointment under section 5 of the Local Government and Housing Act 1989.The Monitoring Officer undertakes to discharge their statutory responsibilities with a positive determination and in a manner that enhances the overall reputation of the council. In doing so they will also safeguard, so far as is possible, members and officers whilst acting in their official capacities, from legal difficulties and/or criminal sanctions.
- It is important that members and officers work together to promote good governance within the council. The monitoring officer plays a key role in this and therefore it is vital that members and officers work with the monitoring officer to discharge the statutory responsibilities and other duties (as set out in the constitution).
- There are working arrangements and understandings in place between the monitoring officer, members and the corporate leadership team, which are designed to ensure the effective discharge of the council's business and functions. These arrangements are detailed in the monitoring officer protocol.
- The Monitoring Officer has appointed the Head of Legal Services, nplaw and Executive Director of Development and City Services as their nominated deputy.

12. Ensuring effective arrangements are in place for the discharge of the head of paid service function:

- The role of head of paid service is defined in the Local Government and Housing Act 1989. In Norwich City Council it is assigned to the chief executive as set out in the constitution and all necessary powers are delegated to him/her to fulfil the statutory role. The constitution requires the head of paid service to determine and publicise a description of the overall service structure of the Council showing the management structure and deployment of officers.
- The council is also required to provide the head of paid service with staff, accommodation and other resources sufficient to enable the performance of the function. In Norwich City Council, the annual budget proposed to council by cabinet, prepared by officers, seeks to align the provision of council resources with the delivery of the corporate plan. In this manner, the head of paid service is ensuring that the council is fulfilling its duty. During the year, any proposals that are made to significantly alter the manner of service delivery, to reduce or enhance a service, sets out the staffing and resource implications for that proposal. This is standardised in committee report formats to ensure that all relevant matters are considered when proposals are made. All cabinet papers are subject to scrutiny.
- A review (or appraisal) of the chief executive's performance is undertaken each year. The process is managed by an independent individual and takes account of the views of the Leader, cabinet and each opposition leader about how the chief executive has discharged all of his functions in relation to the role. There are also informal opportunities throughout the year for the adequacy of the chief

executive's performance to be discussed e.g. at weekly leader meetings and monthly meetings of group leaders.

13. Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training:

- The Covid-19 pandemic made the development of a full Councillor induction programme challenging during the 2021-22 year. However, a number of briefing and development events were scheduled during the year, with work programmed to support the induction of new Councillors for the 2022 elections.

- Councillors are also encouraged to participate in national briefing and training events, including those provided by the LGA. Councillors have access to e-councillor, an online information portal, and the Council's learning room e-learning package which has a specific councillor development area.

- Managers have a portfolio of learning and development available to them which is designed to develop their skills and to support achievement of the organisation's priorities. The Changing PACE values provide the overarching framework for development and include behaviours expected from all employees. There is an employee performance review which provides individual and team objectives and through which learning and development needs for all employees and managers are identified. A corporate learning programme is developed based on identified needs.

- During the year, the Council has undertaken a range of organisational development work. A senior leadership development programme commenced, supporting the collective development of the corporate and senior leadership teams. New development programmes have been delivered in areas such as information governance and equalities, and the Council has commenced work to review and develop its organisational culture.

14. Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability:

- The council adopted a new risk management strategy and policy during 2021, which was subject to approval by cabinet. This provides a framework for the assessment of individual risks which are incorporated into corporate and directorate risk registers, which are subject to a formal quarterly review alongside the assurance reports. The corporate risk register is reported to the audit committee on a twice-yearly basis.
- Individual projects and partnerships are also subject to risk assessments.
- The council has a corporate business continuity plan for the effective management of business continuity issues, in order to ensure the continued delivery of services. Both business continuity and the management of major contracts are included in the corporate risk register.

- During the year, the Council's business continuity framework has been subject to formal re-assessment, which has then been embedded into service level business continuity plans.

- The Council has introduced revised arrangements for responding to emergency events, with a formal on-call rota established across the corporate and senior leadership teams and emergency planning teams. A business continuity group has been established, with representation across service areas, to support the embedding of effective practices across the organisation.

15. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014):

- Anti-fraud and corruption, whistleblowing and anti-money laundering policies are published on the website and intranet.
- The policies are promoted to employees, who are required to confirm that they have read these.
- For the public there is also a complaints procedure, which can be accessed via the council website, plus an online form for reporting all types of suspected fraud.
- The council participates in the Cabinet Office's national fraud initiatives (NFI) and regularly reports the results to audit committee.
- The Anglia Revenues Partnership Fraud Team investigate Housing Benefit and Council Tax discounts and exemptions where cases of potential fraud or error exist
- As part of the Covid-19 response, the council has paid out grants to businesses in line with the government schemes. During the year the council has complied with the reporting, risk assessment and payment assurance process requirements.

16. Ensuring an effective scrutiny function is in place:

- The scrutiny committee undertakes three fundamental roles; to hold the cabinet to account; to support the development of key corporate plans, and to respond to issues raised by councillors and the public through its work programme.
- Scrutiny Committee members are able to "call in" cabinet decisions where they are concerned that due process has not been followed in the making of decisions. One such call-in was undertaken in 2021/22.
- The Committee considers a range of corporate documentation during the year to ensure it is subject to robust challenge in development. In 2021/22, this included the annual equality report; the corporate plan; the budget and the annual plans for the two Council companies, Norwich City Services and Norwich Regeneration Limited.
- The Council's scrutiny Committee establishes its own work programme on an annual basis, taking into account feedback from members and the public. Councillors submit TOPIC forms, outlining the rationale for inclusion of items on the agenda.
- The Scrutiny Committee appoints representatives to the Norfolk Health Overview and Scrutiny committee and the Norfolk Community Safety Partnership Scrutiny Committee, both of whom provide regular updates on their work to the council's scrutiny committee.

17. Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact:

- From July 2021, the management of the Council's internal audit function transferred to Eastern Internal Audit Services, led by South Norfolk Council. In April 2022, the full service will transfer to the partnership.
- Agreement of the Internal Audit Plan is undertaken by the Corporate Leadership Team, on recommendation of the Head of Internal Audit. The Audit Plan is communicated to the Audit Committee, who receive regular reports on progress against the Plan and the Annual Opinion of the Head of Internal Audit.
- The Head of Internal Audit monitors the service compliance with the CIPFA statement and the Public Sector Internal Audit standards.

18. Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013):

- The council has an audit committee with terms of reference and supporting procedure rules covering internal and external audit, risk management, annual statement of accounts, corporate governance and internal control arrangements, and anti-fraud and corruption arrangements.
- During the year, the audit committee undertook a self-assessment exercise to evaluate its compliance with good practice as identified by CIPFA. This has led to the identification of actions that will be progressed during 2022/23 including the introduction of an independent committee member.

19. Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations:

- The council provides support and information to the externally appointed auditors (Ernst & Young). Audit findings and recommendations are reported through the Audit Committee.

20. Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures:

- The council demonstrates a strong commitment to working in partnership with other agencies to deliver priority outcomes and ensure that this partnership activity provides value for money and added value.
- Norwich Regeneration Limited (NRL) has a board consisting of two councillors, two non-executive directors, who were appointed during 2020-21, the NRL managing director and with an ongoing invitation for two directors to attend meetings. The board combines a broad range of experience including finance, business case development, procurement, risk management as well as general management. The board is able to call on additional expertise as required including officers of the council, a financial advisor, a project manager, estate agents, architects and legal.

- Norwich Commercial Services Limited (NCSL) was set up in September 2020. It has a board consisting of an independent chair and director, three non executive directors (one independent, two council members) and the managing director as executive director. The Council has a formal support service contract in place to outline the services NCS purchases from the Council.
- Both boards have put in place a scheme of delegation to allow day to day decisions to be taken without the need for a full board meeting but major decisions are reserved for the board. Risks are managed at a company level through the business plan and board meetings while project risks are managed through the project process for each project. Nplaw provide company secretarial support to both companies.
- Each year both NRL and NCS are required to present annual plans to the Cabinet for approval. Prior to doing so, the plan is considered by the relevant shareholder panel and the Council's scrutiny committee to ensure a robust consideration.
- During the year, Shareholder Panels were established to oversee the performance of both companies. Each panel is subject to formal terms of reference and includes representation from the leading political groups. During the year, the panels have supported both companies in developing finance and performance information presented to ensure a robust representation of the relevant company performance is being evaluated through the Panel.

~~6.~~ Current & Emerging Issues

Covid 19 update

The Covid 19 pandemic continued to have a profound effect on the work and operations of the Council during 2021/22.

Covid is managed at officer level by the county wide Health Protection Board and Norfolk CEOs group. The council's chief executive officer is a member of both. At a political level, the public sector leaders board, attended by the chief executive and leader of the council supports the setting of priorities and delivering covid responses.

The council developed a blueprint for recovery, which was approved by Cabinet in June 2020. This Covid Recovery Plan includes the key strategic areas for the council to focus on, including building on opportunities arising from the pandemic to modernise the organisation and increase flexibility. This continues to serve as a key document setting out the council's key themes and activities over 2021-22 as reported to Cabinet in September 2021.

Covid-19 continued to have a significant impact on the council finances, in particular areas including car parking revenue, rental income, planning application fees, and council tax and business rates. This had been anticipated in the setting of the 2021/22 budget, with prudent estimates taken as to how income levels would recover. This was closely monitored during the year to assess how changes in the rules and regulatory framework were impacting on recovery levels.

The Council developed a range of measures to support communities during the pandemic. This included the payment of business grants, including discretionary funding; this required, as set out above, a range of regular reporting and close monitoring to minimise the risk of fraud. A specific covid support team was established to assist the public and businesses in understanding the regulatory framework.

The medium term financial challenge to the council retains a degree of uncertainty, with the impact from Covid-19 set to be seen for years to come.

Nutrient Neutrality

In March 2022, Natural England wrote to the Council requiring it to take urgent action to identify how adverse impacts of nutrient pollution can be mitigated through planning development. This necessitated an immediate pause on residential planning applications until further action is taken to understand nutrient impacts.

This is likely to have a significant medium term impact on development in Norwich and the wider Greater Norwich area, reducing the potential to bring forward required housing development. This in turn will have a range of impacts on the Council including on the levels of planning income received and on the ability of Norwich Regeneration Limited to take forward housing development.

As a result, urgent action is being taken in consultation with partner authorities across the Greater Norwich area and those impacted by nutrient neutrality to ensure the situation can be addressed as soon as possible.

Housing Compliance

NCC is responsible for ensuring all statutory requirements for health, safety, and compliance in relation to its homes and its operation as a business undertaking are met. This includes making sure that regular inspections take place within required timescales and that any remedial works arising as a result of those inspections, are completed in a timescale consistent with the level of risk.

In June 2021, following an internal high-level review of health, safety and compliance management it was identified that some compliance inspections were not being carried out as required and that remedial actions arising from inspections were not always being completed in a timely manner. The decision was taken to self-refer to the Regulator of Social Housing (RSH) on 28 July 2021 setting out the position as understood at the date of writing. In October 2021 the RSH found that NCC had breached the Homes Standard and published a Regulatory Notice.

Since then steps have been taken to address the issues as agreed by Cabinet in November 2021. A Health and Safety Compliance Board has been established to oversee actions that are set out in a compliance improvement plan with performance being tracked and reported quarterly to Cabinet. The first progress report was considered by Cabinet in February 2022.

New and emerging legislation

- The Environment Act came into effect in October 2021. In anticipation of this, the Council, alongside partners, reviewed the NEWS waste recycling contract in November 2021.
- During 2022/23, we anticipate further legislation in the following areas. In each case, the Council will be required to understand the changing requirements and potential impact on the authority and its operations

- The passing of the levelling up bill, which will give new powers to the Secretary of State in relation to the devolution agenda;
- Additional legislation relating to the regulation of social housing and the introduction of a charter for social tenants
- Further regulations relating to requirements for building and housing safety, particularly in light of the Grenfell Tower inquiry
- The implementation of the Elections Act, introducing requirements in relation to Voter ID which may come into effect for 2023 elections
- Reform of the public procurement regime
- Renewed proposals for the planning regime
- Minimum energy efficiency standards, that will need to be addressed through the Council's Strategic Asset Management Framework

The Cost of Living Crisis

- Towards the end of the 2021/22 financial year, it became evident that the cost of living was beginning to rise. This has the potential to impact on the Council in a number of ways, as set out below.
  - The potential impact on residents who are unable to pay bills leading to rising demand for Council services including homelessness advice and support;
  - The potential impact on the Council of increased debt or need to increase provision for debt;
  - The impact on the delivery of Council services and ability to meet budgetary estimates as a result of inflationary pressures

7. Review of effectiveness

7.1. Norwich City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the directors within the council, who have responsibility for the development and maintenance of the governance environment; the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

7.2. The following is a brief description of the roles and processes that have been applied in evaluating the effectiveness of the governance framework:

1. The council and cabinet

- A new corporate plan was developed during 2021/22 and approved in February 2022.
- The council approves medium term financial plans for the general fund and housing revenue account along with capital, investment and treasury management strategies. These provide the financial structure for the policy and budget framework, corporate planning, annual service planning and budget setting.

- During the year, the cabinet continued with its approach to developing the future priorities and shape of the organisation to meet the council's savings requirements, alongside the Covid Recovery Plan.
- Section 151 of the Local Government Act 1972 requires that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. Council considered and delegated the decision to appoint a S151 & Chief Finance Officer to the Chief Executive and the Leader.
- Cabinet has considered and approved key strategies including the revised risk management policy and framework.
- Cabinet has continued to be involved with the progress of risk management, and for approving mitigations taken for risks that exceeded the councils risk appetite.
- Cabinet approves the business plan for the Council's wholly owned companies.
- Quarterly assurance reports are presented to Cabinet, providing an overview of financial and non-financial performance.
- The council's constitution working party recommends to cabinet and council any changes to the constitution.

2. The scrutiny committee

- The overview and scrutiny function is exercised by the scrutiny committee. Procedure rules and terms of reference include the general remit to maintain an overview of the discharge of the council's executive functions and the right to review council policies. Reviews also include delivery of the corporate plan, through performance reports.
- The Scrutiny Committee produces an annual report which is considered by Council.

3. The audit committee

- The council has an audit committee with terms of reference which cover internal and external audit matters, risk management arrangements, corporate governance including internal control arrangements and the annual governance statement, anti-fraud and corruption arrangements, and the statement of accounts.
- The committee receives reports on corporate risks, the work of internal audit, including the head of internal audit's annual report, and external audit reports, letters and briefings. It also reviews and approves the annual governance statement.
- The Local Audit and Accountability Act 2014 introduced changes to the appointment process for external auditors. During the year, the Audit Committee made recommendations on the re-appointment of PSAA for appointing the Council's external auditors, which was adopted by Council.
- The committee can consider a range of governance related policies including anti-fraud and whistleblowing.

- The Audit Committee produces an annual report that is subject to consideration by the Council.

4. The standards committee and monitoring officer

- The council has a standards committee with terms of reference to promote and maintain high standards of conduct by members and co-opted members of the council and to assist members and co-opted members to observe the council's code of conduct.
- The standards committee is supported by the monitoring officer, whose duties include the promotion of ethics and standards across the council, maintaining the constitution, and ensuring compliance with relevant laws, regulations and policies.

5. Chief finance officer

- The chief finance officer is a statutory appointment. Duties include the proper administration of the financial affairs of the council, contributing to the effective leadership of the council as member of the corporate leadership team, ensuring that expenditure is lawful and within resources, advising on systems of internal financial control, and supporting the audit committee.
- The council continues to strive to improve financial management practices and processes, and to deliver sound financial governance. This is evidenced by the fact that the external auditors issued unqualified audit opinions on the financial statements and value for money conclusion each year from 2012-13 to 2020-21.

6. Internal audit

- The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the head of internal audit to give an opinion on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.
- The annual report of the Head of Internal Audit was presented to the Audit Committee during July 2022. This report will outline the key findings of the audit work undertaken during 2021-22, including any areas of significant weakness in the internal control environment.
- The Head of Internal Audit provided a "reasonable" opinion on the areas of governance, risk management and control that had been reviewed during the year. Within their opinion, the Head of Internal Audit highlighted that three reviews related to the 2021-22 financial year were yet to be formally issued.
- The significant governance matters highlighted within the Head of Internal Audit's opinion are raised in section 8.1 below.
- In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, internal audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the

implementation of actions is followed-up by internal audit and is reported to the corporate leadership team and audit committee.

7. Corporate Leadership Team and Corporate Boards

- The Corporate Leadership Team acts as a key internal body to collectively consider, and where appropriate approve a range of corporate policies and plans, as well as evaluating Council performance in its quarterly assurance meetings.

- To undertake its work, the Corporate Leadership Team is supported by a range of Corporate Boards who consider matters in depth and support the development of strategy, policy and plans.

8. Other explicit review / assurance mechanisms

External audit

- The Council's External Auditors are EY.
- During the year, the External Auditor experienced considerable challenge in undertaking work in respect of local authorities in the region. As a result, EY's provisional audit results report for 2020-21 was presented to audit committee on 17 May 2022. Throughout this time, both officers and the audit committee pressed EY to ensure their work was completed on a timely basis to ensure that the robustness of the Council's accounting adjustments and judgements could be understood.
- In their work, the auditors issued an unqualified opinion and did not raise any matters of significant concern.

8. Governance issues and actions

Internal Audit Reviews

8.1. The Head of Internal Audit has highlighted the following governance matters:

8.1.1. That the Corporate Health and Safety Audit was given a limited assurance opinion, with 9 recommendations being raised. The action plan to this annual governance statement includes implementation of these recommendations;

8.1.2. That 4 medium priority recommendations related to the policy and procedure audit undertaken during 2020/21 remain outstanding. This is included within the action plan

8.1.3. That throughout the year, resource limitations were identified as a risk to delivery of the internal audit plan. Action has now been taken to address these limitations

Embedding of Improvements to Governance Arrangements

8.2. The Council has continued to maintain a clear focus on enhancing the governance arrangements and internal assurance processes. A number of key changes have been instigated during the year, including: enhancement and embedding of the internal board structure; the introduction of quarterly assurance reporting; introduction of a shareholder panel to oversee the council's wholly owned companies and review of a range of key policies.

8.3. These improvements will continue to be embedded over the next year, supplemented by a scheduled LGA peer review and the delivery of the Council's transformation programme.

Action Plans

8.4. The progress and updates on the actions identified in the 2020/21 Annual Governance Statement are included in Appendix 1.

8.5. Key actions to address the governance issues and developments have been included in Appendix 2. These will be delivered over the course of the year and monitored by the corporate leadership team and the council's audit committee, and are aligned to the Council's Code of Corporate Governance. It should be noted that this appendix includes specific actions for identified areas of development; this is alongside the continuous development that occurs such as staff training and developing plans to respond to new and emerging legislation.

9. Conclusion

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

Norwich City Council is committed to ensuring the implementation of all actions that are designed to strengthen the organisation's governance arrangements. Implementation of these actions will be monitored through the next annual review.

APPENDIX 1

2021/22 ACTION PLAN

Issues & actions identified	Lead officer	Progress
Risk management: Risk management needs to be embedded across directorates and service planning to support progress made on corporate risk register (see Appendix 2).	Executive Directors	**Complete** A revised risk management policy and strategy was agreed by Cabinet in October 2021. Briefings were provided on the revised approach with the principles embedded into quarterly reporting from Q3.
Information governance • Strengthening resilience and capacity in the area of information governance. • Action is in the process of being taken – Corporate Information Assurance Group (CIAG) in place and will meet monthly, reviewing of appropriate policies, procedures and practices, and the preparation of a business case for recruiting a specialist IG co-ordinator. However, as this will take some time to implement and take effect, so consideration required to mitigating the risks in this area in the meantime.	Executive director, community services	**In Progress** Work has been undertaken to strengthen the council's information governance approaches with support of the corporate group. Development work includes improvements in monitoring information and refresh of the Council's data protection training. Further work over the next year will include review of the retention schedules and compliance with the transparency code.
Review of business continuity plans Full review of the service and corporate business continuity plans, and the BCM framework, to update in line with the restructure and take into account lessons learned from using the BCPs during the Covid 19 pandemic.	Executive Director, regeneration and city services	**Complete** The Council has reviewed its corporate business continuity plan, which has then escalated into review of all service level plans.

Issues & actions identified	Lead officer	Progress
New board structures Embedding the responsibilities of the three new boards: • Resources, performance and delivery board • Customers, IT and digital board • Health & safety board	Chief Executive	**Complete** The three boards identified have been operational over the past year, with further boards identified to enhance the reporting structure.
Project Place – phase 2 Delivery of second phase of project place, including the transfer of repairs and maintenance services to NCSL and asset services to the council, is underway. Project team with relevant technical skills established, key activities and milestones mapped and progressing. Risks and issues with appropriate mitigation actions identified.	Executive director, community services	**Complete** The second phase of the project place transfer took place on 1 April 2022. This work was overseen by a specific board with dedicated resources to ensure an effective service transfer.
Housing tenancy management system implementation The implementation of Northgate Housing Tenancy and Estate Management System to provide improved housing services and support the transfer of repairs and maintenance and asset management services to NCSL and the council.	Executive director, community services	**Complete** The main implementation of the Northgate system occurred during the year. Further enhancement work and embedding of the system will continue over the 2022/23 year.
Housing Board Reviewing the terms of reference and embedding the responsibilities of the Housing Commissioning Board to drive improvements in housing services through review of the Housing Revenue Account Business Plan	Executive director, community services	**Complete** A review of the housing commissioning board has been undertaken with the establishment of a specific development group. The Housing Revenue Account business plan is scheduled to be presented to Cabinet in Autumn 2023.

Issues & actions identified	Lead officer	Progress
Housing Compliance Implementation of the housing compliance improvement plan to deliver improvement in the performance of compliance inspections.	Executive director, community services	**In progress (target was September 2022)** The Health and Safety Compliance Board was established to monitor this programme of work. This will continue into 2022/23

APPENDIX 2

2021/22 ACTION PLAN
This collates new actions identified in addition to those highlighted as "in progress" above

Issues & challenges identified	Lead officer	Target implementation date
Organisation Culture • Completion of a review of the Council's culture and implementation of identified actions, including taking forward the outcomes of the staff survey • Embed the principles of hybrid working across the Council	Corporate Leadership Team	31 March 2023
Scheme of Delegation • Undertake a review of the Council's scheme of delegation to ensure there is clarity on levels and authorities in decision making	Monitoring Officer	31 March 2023
Citizen Engagement and Consultation • Develop and implement the Citizen Participation Strategy to establish how the Council will encourage the people of Norwich to participate in the development of services • Development of a consultation statement, outlining the methods through which the Council will communicate and engage with residents • Development of a revised Tenant Involvement Strategy	Executive Director for Communities	31 March 2023

Issues & challenges identified	Lead officer	Target implementation date
Complaints Policy • Undertake a review of the Council's policies on the handling of corporate complaints, monitoring the effectiveness of services in complying with expected standards	Executive Director for Communities	31 March 2023
Climate Change To support work in understanding how the Council's activities will impact on its environmental objectives: • Development of a new biodiversity strategy and review of the existing environmental strategy • Development of a net zero 2030 carbon management plan	Executive Director for Communities	31 December 2022
Good Economy Commission Understand the emerging findings from the Good Economy Commission and how the Council can implement appropriate recommendations	Executive Director for Communities	31 March 2023
LGA Peer Review Commission a peer review through the LGA, agree an action plan emerging from the review and implement emerging recommendations	Chief Executive	31 March 2023
Enforcement Policies Undertake a review of the Council's policies and actions in relation to enforcement, including the corporate enforcement policy, CCTV policy and Regulatory of Investigatory Powers	Executive Director for City and Development Services	31 December 2022
Corporate Performance Measures Following the adoption of the new Corporate Plan in February 2022, undertake a review of the Council's key performance measures to ensure these are aligned to the corporate plan	Executive Director for Communities	30 September 2022
Future Shape Norwich Delivery of the Future Shape Norwich transformation programme to support the Council in its financial sustainability and improvement in customer experience. This work will include implementation of a new Enterprise Resource Management system, replacing the current HR and Finance Systems; the implementation of a new Master Data Management system, and implementation of recommendations arising from the Regulatory Services Peer Review.	Corporate Leadership Team	31 March 2023 (and beyond)

Issues & challenges identified	Lead officer	Target implementation date
Staff Development and Wellbeing The Council is undertaking a range of actions to support staff development and wellbeing: • Development of a workforce strategy to support the organisation in its longer term resource planning • Conclusion of the Senior Leadership Development Programme • Implementation of the actions emerging from the agreed wellbeing strategy	Corporate Leadership Team	31 March 2023
Service Reviews Across the Council, work has been underway to review the level of staffing resources within individual service areas, to ensure that the level of resource is robust to support the Council's aims and delivery of the Corporate Plan. Following reviews, changing practices are embedded and staff development needs identified. This work will conclude in 2022/23. A particular area of focus will be supporting the team of staff who transfer from NPS Norwich to Norwich City Council on 1 April 2022, ensuring they are provided a robust induction programme and support for their ongoing development within the Council.	Corporate Leadership Team	31 December 2022
Implementation of actions emerging from the Audit Committee Self-Assessment The Council will be seeking to support the Audit Committee in implementing the actions emerging from the audit committee self-assessment exercise, including appointing an independent person to the Committee and reviewing its approach to monitoring treasury management	Executive Director for Corporate and Commercial Services	31 December 2022
Contract Management The Council has been undertaking work to strengthen its control environment in relation to contract management. This will include delivery of contract management training and embedding a new contract management framework	Executive Director for Corporate and Commercial Services	31 December 2022
Health and Safety The Council needs to ensure that the 9 actions identified within the Internal Audit review of Health and Safety are implemented. The Council is planning to review its health and safety policy, with a view to subsequent implementation of emerging actions	Executive Director for City and Development Services	31 March 2023
Equality and Diversity Delivery of the Equality and Diversity Action Plan to improve the diversity of the Council's workforce in line with the profile of the City's residents (3 year plan)	Executive Director for Corporate and	31 March 2023 (and beyond)

Issues & challenges identified	Lead officer	Target implementation date
	Commercial Services	
Commissioning and Partnerships The Council has committed to undertaking a review of its approach to commissioning and working in partnerships	Executive Director for Communities	31 December 2022
Internal Audit On 1 April 2022, the Internal Audit Service will transfer to Eastern Internal Audit Partnership. This will mean changing roles, relationships and potential changes in delivery approach for the internal audit service, which is a critical part of the Council's assurance framework.	Executive Director for Corporate and Commercial Services	1 April 2022
Policy and Procedure Audit The Council needs to ensure it implements the four outstanding recommendations from the 2020/21 audit of policies and procdures	Executive Director for Corporate and Commercial Services	31 August 2022

APPENDIX 3

KEY STRATEGIES AND POLICIES RELATING TO GOVERNANCE

Strategy / policy	Owner	Last updated	Next review due	Comment
Risk management strategy and policy	Head of finance, audit and risk	October 2021	October 2024	The new policy has been agreed during the year
Whistleblowing	Head of HR	July 2021	July 2024	New policies for this area were agreed during the year. These will be subject to an internal audit review with any actions arising to be implemented.
Anti-fraud and corruption	Head of finance, audit and risk	July 2021	July 2024	
Anti-money laundering	Head of finance, audit and risk	July 2021	July 2024	
NCC complaints policy	Customer contact manager	February 2021	See above	As highlighted in the action plan, this is subject for review during the current year
Communications strategy	Communications Manager	2013	See above	As highlighted in the action plan, this is subject for review during the current year
Corporate plan	Strategy Manager	February 2022	February 2026	This has been subject to review during the year.
Equality, inclusion and diversity policy	Strategy Officer	July 2021	July 2024	See above. Following adoption of the policy the action plan will be subject to implementation
Contract procedure rules	Business relationship & procurement manager	March 2022	March 2024	Subject to formal review during the year, with formal launch in July 2022.
Procurement and contract management strategy	Business relationship & procurement manager	April 2021	April 2024	Implementation of this strategy is subject to annual review by Cabinet.
Financial regulations	Head of finance, audit & risk	March 2021	March 2024	Updated as part of constitution

Strategy / policy	Owner	Last updated	Next review due	Comment
Financial procedures	Head of finance, audit & risk	November 2013		These will be subject to review as part of the Future Shape Norwich enabling services review.
Charging policy	Head of finance, audit & risk	July 2010		This will be subject to review as part of the Future Shape Norwich transformation programme.
Commercial property investment strategy	Head of property & economic development	2018		This will be subject to consideration following the recent adoption of the Strategic Asset Management Framework
Strategic asset management framework	Head of property & economic development	March 2022	March 2025	This has been recently adopted.
IT user security policy	Data protection and systems team leader	March 2022	Oct 2023	This policy is subject to regular review to ensure it remains relevant to IT security standards.
Data protection policy	Data protection and systems team leader.	April 2021	April 2023	
Safeguarding children and vulnerable adults policy	Early intervention and community safety manager.	2020	2023	
Health and safety policy	Environmental health & public protection manager	June 2022	June 2025	This policy is currently subject to review
Business continuity management policy & framework	Emergency planning manager	December 2021	December 2024	This policy has been reviewed during the year
Environmental strategy 2020-25	Environmental strategy manager	July 2020		Adopted July 2020. Refresh currently ongoing, alongside refresh of carbon management programme.

NORWICH City Council

Item 6

Committee date: 04/10/2022

Report title: Statement of Accounts 2021-22

Portfolio: **Councillor Kendrick, cabinet member for resources**

Report from: **Executive director of corporate and commercial services**

Wards: All wards

OPEN PUBLIC ITEM

Purpose

This report presents the unaudited draft Statement of Accounts.

Recommendation:

It is recommended that the committee notes that the draft Statement of Accounts 2021-22 was published on the council website on 28 July 2022.

Policy Framework

The Council has five corporate priorities, which are:

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

This report meets all the corporate priorities

This report addresses the healthy organisation strategic action in the Corporate Plan, and helps to meet the council’s financial objectives set out in the COVID-19 Recovery Plan.

Producing statutory accounting information enables stakeholders to understand how financial resources support the delivery of the Council’s corporate aims.

Report Details

Background

1. There is no requirement for the committee to approve the draft financial statements, however the published unaudited accounts are drawn to the committee's attention.

2. The unaudited draft statement of accounts was authorised by the Executive Director of Corporate and Commercial Services (S.151 officer) on 28 July 2022 and published on the website ready for the commencement of the period of public inspection which ran from 29 July to 9 September 2022.

3. This is in line with the revised regulations which came into force on 31 March 2021 and extended the statutory audit deadlines for both 2020/21 and 2021/22 for all local authorities.

4. The accounts can be viewed on the website at

   https://www.norwich.gov.uk/info/20189/finance_and_transparency/1599/statement_of_accounts.

Introduction

5. The statement of accounts 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, comprehensive income and expenditure statement, movement in reserves statement and cash flow statement.

6. Group accounts are also prepared which consolidate the financial performance and position of the council's wholly-owned subsidiaries Norwich Regeneration Limited and Norwich City Services Limited.

Major Balance Sheet movements

7. The council's net worth has increased by £127.6 million from 31 March 2021 to 31 March 2022. This movement can be summarised as follows:

	£m
Value of property, plant, and equipment	42.4
Value of investment properties	16.1
Increased investments	27.7
Additional cash and cash equivalents	62.2
Increased borrowing	(42.6)
Value of net Pension Liability	49.8
Increase in capital grants receipts in advance	(13.7)
Decrease in debtors	(21.9)
Decrease in creditors & provisions	6.0
Other movements	1.6
TOTAL	**127.6**

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

	£m
Unusable reserves	
Increase in capital adjustment & revaluation	(60.5)
Decrease in pensions deficit	(49.8)
Net increase in other unusable reserves	(9.3)
Usable reserves	
Increase in reserves for capital purposes	(5.9)
HRA (including HRA earmarked) increase	(6.7)
General fund earmarked reduction	5.0
General fund increase	(0.4)
TOTAL	**(127.6)**

Next Steps

9. As previously advised, the council will not achieve the publication date of 30 September 2022 for audited accounts as EY (Ernst & Young Ltd, external auditors) have scheduled the audit work to be undertaken in December 2022 and January 2023 due to their resourcing constraints.

10. However, EY have started some initial work on the audit and council officers are working to ensure that all working papers are available to EY well in advance of the commencement of the formal audit. Some initial samples are already being selected by EY and officers are working to provide the required backing information for the items picked.

Consultation

11. As detailed in paragraph 2, a formal period of public inspection ran from 29 July to 9 September 2022. No issues were raised.

Implications

Financial and Resources

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

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

Legal

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

Statutory Considerations

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

Risk Management

Risk	Consequence	Controls Required
None identified		

Other Options Considered

15. There are no alternative options to this report.

Reasons for the decision/recommendation

16. 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.

Background papers: None

Appendices: Draft unaudited accounts, published on website, and attached as an appendix.

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

Statement of accounts

for the year ending 31 March 2022

NORWICH
City Council

Contents

Narrative Report

1. Introduction

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

Local authority financial statements are complex and can be difficult to understand: they must comply with the Chartered Institute of Public Finance & Accountancy's (CIPFA) "Code of Practice on Local Authority Accounting in the United Kingdom 2021/22", 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 2021/22 along with information on how well the Council delivered its key priorities during the year;
- The council's 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; and
- 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 2021/22 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 143,414 (Source: 2018-based population projections, Office of National Statistics, March 2022). These services include:

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

1

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

The Council employs 593.6 full time equivalent (FTE) employees (as at 31 March 2022). The actual number of employees is 677 of whom 466 are full time and 211 are part-time employees.

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

The council insourced the Norwich Norse Environmental Ltd contract into its wholly owned company Norwich City Services Ltd 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 has been updated for the period 2022-2026 and 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, its residents and visitors. 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

2

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.

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

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

- Analysing information on levels of need in the city such as demographic, economic, environmental and equalities data;
- Assessing the external environment the council operates in, including the national and local economic climate and policy and legislation for local government;
- Understanding how other local authorities are responding to similar challenges;
- Looking at the potential future factors that may impact on Norwich and the council;
- Discussions with councillors and officers; and
- Reflecting the Medium Term Financial Strategy (MTFS) and transformation programme which helps plan resource allocation.

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

The council has also launched a programme of service reform. These service reviews will look to build on the lessons learnt from the council's response to Covid19, to identify new ways of delivering our services, in a way that better meet the needs of our customers and deliver services more efficiently, protecting frontline services where possible.

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

5. National Context & Future Outlook

2021/2022 has been a challenging year for Norwich City Council with Covid-19 continuing to impact services, customer requirements and income. The Council continued to take on additional duties to help the residents and businesses of Norwich City. This included distributing grants and supporting vulnerable individuals within the community as well as supporting initiatives such as the nationwide vaccination programme.

Financial Implications

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

Alongside austerity, the council has continued to manage the on-going and unprecedented risks arising from the Covid-19 pandemic as well as the longer-term uncertainty around the much talked about changes to future local government funding.

In response to the financial challenges of the pandemic, the Council took several proactive short-term saving decisions to partially offset the additional costs and loss of income.

The council has also received 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 losses from council venues such as St Andrews Hall and the Norman Centre.

The receipt of this funding, alongside the decisions taken by the council, and better than anticipated income collection performance, has led to an overall general fund underspend and means no general reserves are needed in 2021/22.

The medium-term financial challenge to the council, however, remains uncertain with many new grants only awarded for one year; whilst the impact from Covid-19 will be seen for years to come. The 2022/23 settlement was again for one year only despite spending review totals being available for later years.

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

After setting its 2022/23 budget in February 2022, further economic uncertainty in the form of inflationary pressures have emerged with double digit inflation being seen within months of the budget being set; this has inevitably led to concerns about inflationary pressures on the council's budget and MTFS.

Government funding and reforms

The government's austerity programme started in 2010 meaning that 2021/22 was the twelfth year of austerity and the level of funding allocated to local government continues to be insufficient to support the demand for council services. This, together with increased pressures arising from the global pandemic, means that the council will not receive adequate resources to cover its costs over the medium term without implementing a programme of service reductions or increased income generation.

The financial settlement covered only 2021/22, with the government implementing a ‘roll forward’ finance settlement for that year and also for 2022/23. The timeframe for any government reforms remains unclear and although a two-year settlement is now expected for 2023/24 and 2024/25 the basis for planning those resources is not known.

The settlement for 2021/22 included several one-off Covid-19 related grants. The allocations to Norwich for these grants totalled £1.502m. As these grants are removed whilst many of the pressures remain, the medium term challenges and financial pressures on the council are significant.

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

Consequentially, the forecasts for 2023/24 onwards in the MTFS are not to be taken as robust figures and they are largely based on the current funding status quo continuing, particularly concerning levels of government grant, how much business rates income the government allows the city council to retain in the future and council tax referendum levels.

6. Medium Term Financial Plans and Risks

The council’s Medium Term Financial Strategy (MTFS), Housing Revenue Account (HRA) business plan, capital programmes and capital, investment & treasury management strategies were approved by Council in February 2022 and can be found at this link: 2022/23 Budget and MTFS

General Fund

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

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

When the 2021/22 budget was set forecasts indicated that a further £11.8m of gross permanent savings would have needed to be found over the four-year period from 2022/23. Since that time savings have been identified across all years of the MTFS including actions to balance the 2022/23 budget however, in the light of the emerging inflationary pressures early in the 2022/23 financial year the estimated resource gap remains around £11m for the period 2023/24 – 2026/27.

In addition to the ongoing financial challenges, the 2021/22 budget included £3.175m of short-term growth items, with the majority related to the impact of Covid-19 on the council's income streams in areas such as car parking, rental income, licensing income and fees and charge from cultural and leisure activities. It is unclear for how long and to what extent these impacts will continue and therefore a high-level assumption was adopted to unwind the short term growth evenly over a two year period.

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

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

Housing Revenue Account (HRA)

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

The HRA has lost significant income in recent years from the government's enforced four-year rent reduction policy enacted in the Welfare Reform and Work Act 2016. Additionally, there 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.

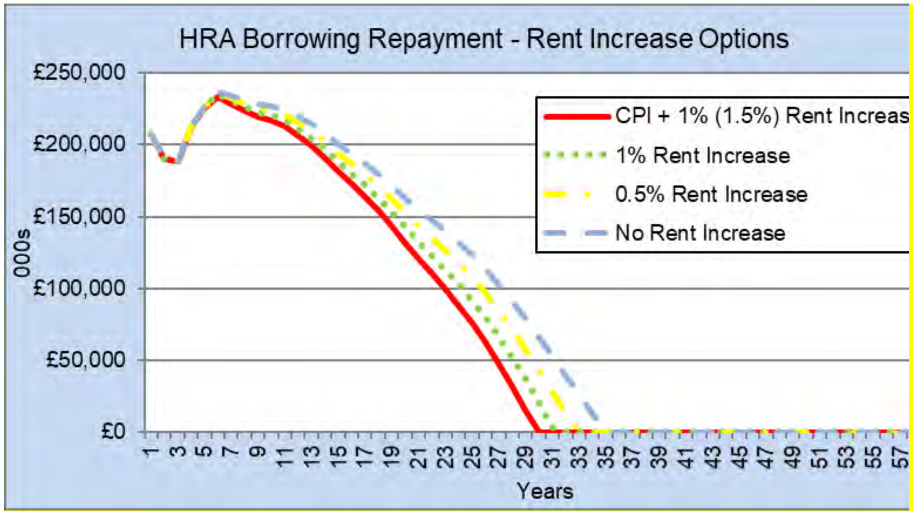
The HRA was forecast to make a surplus of income over expenditure of £5.039m in 2021/22 and it was proposed to use this surplus along with £10.640m of existing reserves to fund capital investment new social housing.

The financial strategy for the HRA is based upon a long-term business planning approach, which models the costs of capital investment alongside other forecasts of revenue expenditure and income to determine the resultant surplus or deficit over the life of the plan.

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

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

Ability to repay HRA borrowing



Capital Strategy

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

The council's proposed capital programme for 2021/22 was £69.456m. In addition, further projects may seek approval during the year, subject to viable Business Cases.

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

The council's overall financial position

The council has a strong balance sheet and owns some £1 billion of long-term assets (mostly land and property). In addition, it has significant unearmarked reserves both for the general fund (£10.978m) 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 pandemic plus the anticipated changes to the local government finance regime hinder robust forward financial planning.

The council holds over £100m of investment properties which generate a revenue stream for the council. 14% of the General Fund's gross expenditure budget for 2021/22 is assumed 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.

Following recent consultations local authorities are no longer be able to invest in projects that represent purely debt-for-yield activity. However, local authorities can continue to borrow for the crucial work that 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 funding of non-financial investments along with the proposed capital programme will significantly increase the council's capital funding requirement (its indebtedness or underlying need to borrow). If projects and programmes proceed to plan, then the capital financing requirement will increase significantly by 2025/26. This increase is being driven predominantly by HRA investment.

The council currently has relatively high levels of internal borrowing which will need to be externalised at some point to fund the capital financing requirement. The strategy for switching from internal to external borrowing is set out in in the Capital Strategy approved by the Council in February 2021 and confirmed in February 2022. During 2021/22 additional external borrowing was taken out to replace some internal borrowing, taking advantage of the historically low interest rates available at the time.

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 Minimum Revenue Provision (MRP) costs).

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

Financial Risks

Financially the Council faces a large number of challenges in the coming years. The 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

These risks have been monitored and reported against throughout the year although, inevitably new risks such as rising inflation are now being seen.

The successful re-patriation of the joint venture contracts from the Norse Group, in April 2021 and 2022 respectively, means that those are now changing into delivery risks as the new arrangements bed in. Similarly, the financial risks from Covid-19 and the potential for further waves are now better understood and able to be managed effectively.

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; and
- Be accountable to our residents.

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

The below table summarises the KPI information for the 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, the council's performance needs to be seen in the context of a very challenging operating environment, with significant economic and financial challenges. Changing resident and business behaviours in response to the Covid-19 pandemic and the developing cost of living crisis has highlighted changing patterns of demand. The council's C19 recovery blueprint shows 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 work with partners. Ultimately this highlights the need for adequate resourcing of local government to ensure resilience of key services, especially in challenging times.

2021/22 Performance against key indicators

Directorate	Red	Amber	Green	Monitoring data	Not completed	Total
Community Services	1	3	7	2	0	13
Corporate and Commercial Services	0	2	1	0	1	4
Development & City Services	3	3	3	1	0	10
Total	**4**	**8**	**11**	**3**	**1**	**27**

Areas to highlight from the council's performance reporting include:

- The customer experience and digital strategy setting out our plans to modernise internal processes and improve the ways customers can interact with us online, while growing the digital support available in the community, was approved and delivery is underway;

- We secured funding of £832,000, to expand service provision in Norwich specifically for prevention and rough sleeping work;
- The East Norwich Partnership (ENP) was created to oversee the preparation of a masterplan for the development of East Norwich. Consultation with the public and interested stakeholders took place in July to provide detail on the progress of the emerging plan and again in October to review progress and see how previous feedback had been used;
- Northgate (NEC) replacement housing system – Phase 1 was successfully launched in January 2022 following the migration of nine million data records. The system supports customer access through a self-serve 'my account' function;
- Norwich City Council has a history of welcoming refugees to the city. When Homes for Ukraine (H4U) opened on 18th March 2022, Norwich City Council worked with Norfolk County Council to assist those in need of safe space and has supported several families in need to date; and
- On 1st April the reactive repairs function transferred from Norwich Norse Building Limited (NNBL) to NCSL a wholly owned NCC company
    - The council's property services team continues to manage all aspects of the relationship with tenants, commissions, budget management and works required from NCSL, relating to maintenance of the councils' housing stock. It is funded by the HRA budget.
    - NCSL's building maintenance function are responsible for the provision of a reactive maintenance service for the council's housing stock.

Full details and further information on the Council's performance can be accessed here.

2021/2022 Financial Performance

Revenue Expenditure

2021/2022 actual against budget for each service area

	Budget £000	**Provisional outturn £000**	**Provisional variance £000**
Chief Executive	267	290	23
Corporate Financing	(19,983)	(20,025)	(42)
Corporate & Commercial Services	6,003	5,823	(180)
Community Services	8,501	7,601	(900)
Development & City Services	5,212	3,927	(1,285)
General Fund total	**0**	**(2,384)**	**(2,384)**
Housing Revenue Account (HRA) total	**0**	**(8,003)**	**(8,003)**
Net Revenue Expenditure	**0**	**(10,387)**	**(10,387)**

The outturn for the General Fund is a surplus of £2.384m which represents 2.18% of the council's gross expenditure budget which needs to be seen in the context of the uncertainty attributable to the pandemic present when the 2021/22 budget was set.

Detailed information on how service areas performed against budget in 2021/22 is provided in the outturn report to Cabinet on 6 July 2022.

The significant variances are as follows:

- £0.754m income from car parking performed better than anticipated during the pandemic with further support from the governments sales fees and charges grant assisting with the mitigation of losses during lockdowns;
- £0.507m additional income from commercial properties due to increases from rental agreements and continuation of agreements where disposals did not take place as originally planned;
- £0.369m additional income received following higher than anticipated levels of recycling;
- £0.306m reduction in level of revenue contribution required in support of capital expenditure; and
- £0.398 general contingency for unforeseen events not required.

When the 2021/22 budget was agreed, a budget risk reserve was created to manage the financial risks associated with both the future impacts of the pandemic and the delivery of the MTFS savings identified. The outturn position supported the transfer of £0.426m into the council's general fund reserve in addition to enabling a further £1.6m to be added to the risk reserve.

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

The outturn position for the HRA is a surplus of £8.003m which represents 11.7% of the total expenditure budget.

Significant key variances are as follows:

- £3.933m reduction in revenue required to fund capital programme due to the re-profiling of the council's new build programme;
- £0.891m lower than budgeted depreciation due to variations in property values and component costs;
- £0.822m reduction in recharges due to an underspend in centrally provided services;
- £0.770m underspend in general repairs and maintenance costs resulting from savings in servicing contracts and repairs and a lower level of drainage, landlord lighting and structural repairs being required;
- £0.330m savings in the income collection team due to vacancies and reduced counter payment costs;
- £0.314m reduction in bad debt provision; and

- £0.303m of increased income due to a higher level of rechargeable repairs being raised in the year.

Capital expenditure

Capital Programme	Revised Budget £000	Outturn £000	Variance £000
General Fund	21,367	10,827	(10,540)
HRA	48,989	22,758	(26,231)
Total	**70,356**	**33,585**	**(36,771)**

2021/22 funding of the capital programme

Source of Funding	£000
Borrowing	560
Revenue Contribution (RCCO)	1,106
Major Repairs Reserve (MRR)	18,280
Retained right to buy Capital Receipts	2,412
Other Capital Receipts	1,698
Grants & Contributions	8,001
Community Infrastructure Levy - Strategic Pool	781
Section 106	34
Leaseholder Contributions	713
Funding of 2021/22 Capital Programme	**33,585**

During the 2021/22 financial year, there was significant capital expenditure on Towns' Fund projects including the acquisition and works to Carrow House (£3.3m) and the creation of the Digitech Factory (£1.5m). Additionally, investment was made in City Hall with the installation of air-sourced heat pumps and an upgrade to the heating system (£0.9m).

The housing capital programme delivered upgrades to over 4,691 council homes, with investment of £19.2m, including heating upgrade works to over 720 properties, over 300 new kitchens, 650 new bathrooms and 420 replacement doors. Additionally, over 430 properties have benefitted from structural or roofing upgrades whilst 140 properties received renewable energy installations or additional insulation.

Although no new build council homes have been completed, work has continued on the development programme at four sites at the former King's Arms PH, Argyle Street, Three Score and Mile Cross. Additionally, £1m has been invested in five 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 £1.6m have also enabled the development of further new affordable homes in the city.

Detailed information on 2021/22 performance against the capital budget is also provided in the outturn report to Cabinet on 6th July 2022.

8. 2021/22 Statement of Accounts

The Statement of Accounts sets out the financial performance of the Council for the year ended 31 March 2022 and its financial position at that date.

It comprises core and supplementary statements together with disclosure notes.

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

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

The group statements also include the financial performance and position of the Council's wholly owned companies, Norwich Regeneration Limited (NRL) and Norwich City Services Limited (NCSL).

Because of the impact that Covid-19 has had on many of the council's activities the direct comparability of 2020/21 and 2021/22 figures is a challenge; with changes to the council's income levels and compensating grant in particular being areas which makes comparability difficult between years.

Other areas where significant variations can be seen between the two years presented in these accounts are the overall increase in the valuation of non-current assets, particularly Property, Plant and Equipment (PPE) and Investment Properties and the improvement in the valuation of the Pension Fund liabilities. These variations can be seen in the Other Comprehensive Income and Expenditure lines within the CIES and the Balance Sheet (Long Term Assets) with more details being found in the relevant disclosure notes - principally notes 12, 14,16 and 40.

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

Expenditure and Funding Analysis

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

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

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

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

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

Comprehensive Income and Expenditure Statement (CIES)

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

- The first part reflects the accounting cost of providing the council's services with the results summarised at the surplus or deficit on the cost of services line. In the private sector this would be equivalent to the profit or loss of a company;
- The second part, showing other comprehensive income and expenditure, shows the gains or losses in the measurement of the council's assets and liabilities. These gains and loses arise because of changes in market valuations, interest rates or changes in measurement assumptions in relation to pension liabilities.

Movement in Reserves Statement (MIRS)

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

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

Reserves are analysed into two categories: usable and unusable.

Usable reserves

- Result from the council's activities
- Members are involved in deciding on the levels maintained and their use
- Can be spent in the future
- Include: general fund, HRA, earmarked reserves, capital receipts reserve, major repairs reserve, and capital grants unapplied

Unusable reserves

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

Balance Sheet

The balance sheet provides a snapshot of the council's position at a specific point in time; showing what it owns and owes as at 31 March 2022. 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 £837.528m. 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 £107.345m.

Cash flow statement

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

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

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

Housing revenue account (HRA)

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

Collection Fund

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

Business rates

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 £22.8m. 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 £9.116m and the additional S31 grant is £9.112m. Due to the required accounting treatment, there is a timing difference between when the two elements impact on the general fund. To manage the impact of this the additional grant income received in 2021/22 has been transferred into the S31 Earmarked reserve and will be returned into the general fund in 2022/23 to offset the impact of the business rates deficit.

Council tax

The overall year-end council tax surplus is £0.362m which will be distributed between the preceptors (city, county, and police). The city council's share of the surplus is £0.049m.

Group financial statements

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

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)

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; and
- generate a return for the council's general fund.

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

Norwich City Services Ltd (NCSL)

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

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

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

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

Additional disclosures

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

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

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

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Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate of Chief Finance Officer

I certify that the Statement of Accounts presents a true and fair view of the financial position of Norwich City Council as at 31 March 2022 and its income and expenditure for the year then ended.

Signed: Date: 28 July 2022

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

Comprehensive Income and Expenditure Statement (CIES)

	Note	2021/22 Expenditure £'000	2021/22 Income £'000	2021/22 Net £'000	2020/21 Restated ** Expenditure £'000	2020/21 Restated ** Income £'000	2020/21 Restated ** Net £'000
Chief Executive		298	-	298	255	-	255
Community Services		20,844	(8,507)	12,337	18,887	(6,615)	12,272
Corporate & Commercial Services		59,525	(48,566)	10,959	54,868	(47,371)	7,497
Corporate Financing		189	(136)	53	2,978	(1,990)	988
Development & City Services		27,312	(15,329)	11,983	23,906	(10,932)	12,974
Housing Revenue Account *		38,204	(67,885)	(29,681)	32,455	(67,889)	(35,434)
Cost of Services		**146,372**	**(140,423)**	**5,949**	**133,349**	**(134,797)**	**(1,448)**
Other Operating Expenditure	11			(1,267)			(971)
Financing and Investment Income and Expenditure	12			(9,705)			5,812
Taxation and non-specific grant income and expenditure	13			(30,869)			(29,010)
(Surplus) or Deficit on Provision of Services				**(35,892)**			**(25,617)**
Surplus on revaluation of non-current assets.	14			(36,229)			(14,117)
(Surplus)/deficit from investments in equity instruments designated FVOCIE	18			(1,083)			(109)
Actuarial (gains)/losses on pension assets/liabilities	40			(54,382)			34,016
Other Comprehensive Income and Expenditure				**(91,694)**			**19,790**
Expenditure				**(127,586)**			**(5,827)**

*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.

** There was an organisation wide restructure in 2021/22 and the 2020/21 figures have been restated to reflect. the new structure. The Expenditure and Funding Analysis at note 7 has also been restated for the new structure.

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 2021	**(9,890)**	**(34,805)**	**(43,370)**	**(2,187)**	**(55,726)**	**(10,020)**	**(4,274)**	**(160,272)**	**(549,672)**	**(709,944)**
<u>Movement in reserves during 2021/22</u>										
Surplus/ (deficit) on provision of services	(16,335)	-	(19,556)	-	-	-	-	**(35,891)**	-	**(35,891)**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	(91,694)	**(91,694)**
Total Comprehensive Income & Expenditure	**(16,335)**	**-**	**(19,556)**	**-**	**-**	**-**	**-**	**(35,891)**	**(91,694)**	**(127,585)**
Adjustments between accounting basis & funding basis under regulations (note 6)	20,905	-	12,832	-	(8,627)	2,739	25	**27,874**	(27,874)	**-**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**4,570**	**-**	**(6,724)**	**-**	**(8,627)**	**2,739**	**25**	**(8,017)**	**(119,568)**	**(127,585)**
Transfers to/from Earmarked Reserves (note 11)	(5,016)	4,956	(1,279)	1,339	-	-	-	**-**	-	**-**
Transfers between reserves	-	-	-	-	-	-	-	**-**	-	**-**
Other Adjustments	-	-	-	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in 2021/22	**(446)**	**4,956**	**(8,003)**	**1,339**	**(8,627)**	**2,739**	**25**	**(8,017)**	**(119,568)**	**(127,585)**
Balance at 31 March 2022 carried forward	**(10,336)**	**(29,849)**	**(51,373)**	**(848)**	**(64,353)**	**(7,281)**	**(4,249)**	**(168,289)**	**(669,240)**	**(837,529)**

	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)**
Movement in reserves during 2020/21										
Surplus/ (deficit) on provision of services	(222)	-	(25,395)	-	-	-	-	**(25,617)**	-	**(25,617)**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	19,789	**19,789**
Total Comprehensive Income & Expenditure	**(222)**	**-**	**(25,395)**	**-**	**-**	**-**	**-**	**(25,617)**	**19,789**	**(5,828)**
Adjustments between accounting basis & funding basis under regulations (note 6)	(20,314)	-	16,146	-	(4,578)	(1,712)	(812)	**(11,270)**	11,270	**-**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**(20,536)**	**-**	**(9,249)**	**-**	**(4,578)**	**(1,712)**	**(812)**	**(36,887)**	**31,059**	**(5,828)**
Transfers to/from Earmarked Reserves (note 11)	20,109	(20,201)	(221)	313	-	-	-	**-**	-	**-**
Transfers between reserves	-	-	70	-	(70)	-	-	**-**	-	**-**
Other Adjustments	-	(1)	(2)	-	(8)	-	-	**(11)**	2	**(9)**
(Increase)/Decrease in 2020/21	**(427)**	**(20,202)**	**(9,402)**	**313**	**(4,656)**	**(1,712)**	**(812)**	**(36,898)**	**31,061**	**(5,837)**
Balance at 31 March 2021 carried forward	**(9,891)**	**(34,805)**	**(43,370)**	**(2,187)**	**(55,725)**	**(10,019)**	**(4,274)**	**(160,271)**	**(549,672)**	**(709,943)**

Balance Sheet

	Notes	31 March 2022	31 March 2021
		£'000	£'000
Property, Plant & Equipment	14	995,837	953,406
Heritage Assets	15	25,596	25,553
Investment Properties	16	119,445	103,394
Intangible Assets	17	1,465	614
Long term Investments	18	7,115	6,482
Long Term Debtors	19	9,641	16,263
Long Term Assets		**1,159,099**	**1,105,712**
Short Term Investments	18	57,083	30,005
Assets Held for Sale	21	798	-
Short term Debtors	19	23,349	38,600
Inventories		27	27
Cash and Cash Equivalents	20	107,345	45,133
Current Assets		**188,602**	**113,765**
Short Term Borrowing	18	(52,034)	(3,398)
Short Term Creditors	22	(66,336)	(71,504)
Provisions	23	-	(378)
Capital Grants Receipts in Advance Short Term	34	(6,343)	(3,410)
Current Liabilities		**(124,713)**	**(78,690)**
Long Term Creditors	22	(2,210)	(2,411)
Long term Borrowing	18	(211,565)	(217,579)
Other Long Term Liabilities	40	(156,398)	(206,169)
Provisions	23	(2,560)	(2,767)
Capital Grants Receipts in Advance Long Term	34	(12,727)	(1,919)
Long Term Liabilities		**(385,460)**	**(430,845)**
Net Assets		**837,528**	**709,942**
Usable Reserves	24	(168,286)	(160,270)
Unusable Reserves	25	(669,242)	(549,672)
Total Reserves		**(837,528)**	**(709,942)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

Signed: Date: 28 July 2022

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

Cash Flow Statement

	Note	2021-22 £'000	Restated 2020-21 £'000
Net surplus or (deficit) on provision of services		35,891	25,617
Adjustments to net surplus or deficit on provision of services for non-cash movements		14,613	23,065
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(22,848)	(13,472)
Net cash flows from Operating Activities	26	**27,656**	**35,210**
Investing Activities	27	(12,736)	(27,697)
Financing Activities	28	47,292	1,632
Net Increase or (decrease) in cash and cash equivalents		**62,212**	**9,145**
Cash and cash equivalents at 1 April		45,133	35,988
Cash and cash equivalents at 31 March	20	**107,345**	**45,133**

The 2020/21 figures have been restated to reflect the change in the method of preparation of this statement, further details of this change are provided in the prior period adjustments, changes in accounting policies & estimates & errors section of the Accounting Policies (Note 1).

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 2021/22 financial year and its position at 31 March 2022. 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 2021/22, 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; and

- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

Cash & Cash Equivalents

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

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

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

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

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

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

The council prepared the cash flow statement using the indirect method in 2021/22 and prior year figures have been restated from the direct method used in the 2020/21 statements. There are no other changes in the accounting policies for 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; and
- amortisation of intangible non-current assets attributable to the service.

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

Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

Post-Employment Benefits

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

- The liabilities of the Norfolk pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond chosen by the Fund's Actuary.
- The assets of the Norfolk pension fund attributable to the Council are included in the Balance Sheet at their fair value:
    - quoted securities - current bid price
    - unquoted securities - professional estimate
    - unitised securities - current bid price
    - property - market value; and
- 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; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

Financial Instruments

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

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

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

There are three main classes of financial assets measured at:

- Amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement;
- Fair Value Through Other Comprehensive Income (FVOCIE) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of; and
- 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; and
- 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 2021/22. 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; and
- 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); and
- 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); and
- 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 2021/22 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; and
- 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); and
- 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; and
- 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; and

- 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; and

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

VAT

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

The Collection Fund

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

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

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

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

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

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

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

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

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

At the balance sheet date the following new standards and amendments to existing standards have been published and will be introduced by the 2021/22 Code of Practice of Local Authority Accounting in the United Kingdom:

- IFRS16 Leases (but only for those local authorities that have decided to adopt IFRS16 in the 2022/23 year).

- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards: IFRS1; IAS37; IFRS16 and IAS41.

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

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

3. Critical Judgements in Applying Accounting Policies

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

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

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

Property, Plant and Equipment

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

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

The significant assumptions applied in estimating the fair values are:

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

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

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

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

Investment Properties

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

Post Retirement Benefits

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

Group Boundaries

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

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

Norwich Regeneration Limited (NRL)	Subsidiary	Consolidated
Norwich City Services Limited (NCSL)	Subsidiary	Consolidated
NPS Norwich Ltd (NPSN)	Associate	Consolidated
Norwich Norse (Environmental) Limited (NNEL)	Associate	Consolidated
Norwich Norse (Building) Limited (NNBL)	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 2021/22, 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.

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

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Business Rates	Since the introduction of the Business Rates retention Scheme in April 2013, Local Authorities are liable for successful appeals against business rates charged to business in 2021-25 and earlier financial years in their proportionate share. As at the 31 March 2022, 23 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. Following the 2017 revaluation, a new check, challenge and appeal process was introduced by the Valuation Office Agency; the impact of which remains highly uncertain. As at the 31st March 2022, 62 challenges are outstanding. A provision has been made for the estimated success of future appeals from the 2017 list of £4.2m which equates to 5.3% 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.	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) £152.2m	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for assets would increase by £0.277m 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) £152.5m	Apart from infrastructure, community and assets under construction, the basis of value for all assets is Current Value. Current value may be either the Existing Use Value, Depreciated replacement Cost or Fair Value depending on the property type and classification. Of the balance £28.899m (19%) of assets are held at depreciated replacement cost (DRC). This method is used where there is no established property market which would enable a reliable valuation by any other method.	Property values are affected by a number of factors and a 1% change in the assumed valuation of other land and buildings and surplus assets totalling £128.m would equate to £1.28m.
Pensions Liability £156.2m	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The actuaries 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. Other recent court cases have been considered but no further adjustments made this year for their impact. At the accounting date.	The sensitivities resulting in an impact on the Council's finances are disclosed in Note 40.
Arrears	At 31 March 2022, the Council had a balance of sundry debtors of £5.3m. A review of significant balances suggested that an impairment of doubtful debts ranging from 10% to 100% was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, an increase in the amount of the impairment for doubtful debt would be required.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Housing Stock £843.6m	The housing stock is not individually componentised, for valuation purposes a beacon approach is used with the assumption that the beacon property is fully upgraded. Each property in that beacon is then reduced by percentages for each component that is not upgraded.	The percentages used to reduce the value may not reflect the true depreciated value of the individual components. The valuation of housing stock may be under or overstated Property values are affected by a number of factors - a 1% change in the assumed valuation would equate to £8.436m.
Housing Stock £843.6m	The housing stock is not individually componentised, for depreciation purposes council dwellings have their individual components identified as to date of upgrade and using the asset life as advised by the council's valuers, the depreciation associated with each properties components is calculated.	The use of standard lives to calculate components and assumption of full depreciation on components not upgraded may not be valid. The depreciation of council dwellings may be under or overstated The depreciation charge is £15m. It is estimated that the annual depreciation charge for assets would increase by £0.343m for every year that useful lives had to be reduced.
Fair value measurement of investment property	The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available. Further information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in Note 16.	The total value of investment properties is £119.445m. Of this £105.078m (88%) is a Level 2 valuation and £14.367m (12%) Level 3 valuation. Level 3 valuations use significant unobservable inputs to determine the fair value measurements. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for investment properties and financial assets A 1% change in the assumed valuation of investment property would equate to £1.194m

5. Material Items of Income and Expense

During 2021/22 NRL repaid loans of £6.500m (2020/21: £3.000m), with no new loans being made (2020/21: £6.250m of new loans made), leaving a net balance of £6.150m outstanding at the end of the financial year (2020/21 £12.650m). In addition, equity of £0.450m was repaid to the Council by NRL (2020/21: £1.150m purchased).

During 2021/22 the Council loaned £0.180m to NCSL (2020/21: £1.640m). No additional equity was purchased in NCSL by the Council (2020/21: £0.370m purchased).

Due to the Covid-19 pandemic the Government has given the Council £1.828m of non-specific grants and £5.029m of specific grants (2020/21: £6.977m & £5.862m). Further details can be found in the grant income note 34.

6. Events after the Reporting Date

The statement of accounts were authorised for issue by the Executive Director, Corporate and Commercial Services (S.151 Officer) on 28 July 2022. 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.

The freehold interest in the Norwich Airport Industrial Estate was marketed in the last quarter of 2021/22. A purchaser has been secured and due diligence has been ongoing during the early part of the 2022/23 financial year. The sale is expected to complete during the summer of 2022.

7. 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
Chief Executive	290	8	298
Community Services	10,025	2,312	12,337
Corporate & Commercial Services	7,773	3,186	10,959
Corporate Financing	1,858	(1,805)	53
Development & City Services	8,374	3,609	11,983
Housing Revenue Account	(19,034)	(10,647)	(29,681)
Net Cost of Services	**9,286**	**(3,337)**	**5,949**
Other income & expenditure	15	(1,282)	(1,267)
Financing and Investment Income	1,854	(11,559)	(9,705)
Taxation and non-specific grant income	(13,309)	(17,560)	(30,869)
(Surplus) or deficit	**(2,154)**	**(33,738)**	**(35,892)**
Opening General Fund and HRA balance at 31 March 2021	(53,260)		
Net (Surplus) / Deficit on General Fund and HRA balance in year	(2,154)		
Transfer between reserves	(6,295)		
Closing General Fund and HRA balance at 31 March 2022	**(61,709)**		

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2021	**(9,890)**	**(43,370)**	**(53,260)**
Net (Surplus)/Deficit on General Fund and HRA balance in year	4,570	(6,724)	(2,154)
Transfer between reserves	(5,016)	(1,279)	(6,295)
In year movement in reserves	**(446)**	**(8,003)**	**(8,449)**
Closing General Fund and HRA balance at 31 March 2022	**(10,336)**	**(51,373)**	**(61,709)**

	Adjustments for capital purposes £'000	Net Changes for Pension adjustments £'000	Other Difference £'000	Total Adjustments £'000
Chief Executive	-	4	4	**8**
Community Services	2,153	169	(10)	**2,312**
Corporate & Commercial Services	3,124	121	(59)	**3,186**
Corporate Financing	(1,757)	(58)	10	**(1,805)**
Development & City Services	3,561	134	(86)	**3,609**
Housing Revenue Account	(10,723)	112	(36)	**(10,647)**
Net Cost of Services	**(3,642)**	**482**	**(177)**	**(3,337)**
Other income & expenditure	(1,282)	-	-	**(1,282)**
Financing and Investment Income	(15,681)	4,122	-	**(11,559)**
Taxation and non-specific grant income	(9,454)	-	(8,106)	**(17,560)**
(Surplus) or deficit	**(30,059)**	**4,604**	**(8,283)**	**(33,738)**

Expenditure Funding Analysis 2020/21 (Restated)

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Chief Executive	265	(10)	255
Community Services	15,173	(2,901)	12,272
Corporate & Commercial Services	7,280	217	7,497
Corporate Financing	(552)	1,540	988
Development & City Services	11,191	1,783	12,974
Housing Revenue Account	(20,932)	(14,502)	(35,434)
Net Cost of Services	**12,425**	**(13,873)**	**(1,448)**
Other income & expenditure	95	(1,066)	(971)
Financing and Investment Income	1,702	4,110	5,812
Taxation and non-specific grant income	(44,007)	14,997	(29,010)
(Surplus) or deficit	**(29,785)**	**4,168**	**(25,617)**
Opening General Fund and HRA balance at 31 March 2020	(43,432)		
Net (Surplus) / Deficit on General Fund and HRA balance in year	(29,785)		
Transfer between reserves	19,956		
Closing General Fund and HRA balance at 31 March 2021	**(53,261)**		

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2020	**(9,464)**	**(33,968)**	**(43,432)**
Net (Surplus) / Deficit on General Fund and HRA balance in year	(20,536)	(9,249)	(29,785)
Transfer between reserves	20,109	(153)	19,956
In year movement in reserves	**(427)**	**(9,402)**	**(9,829)**
Closing General Fund and HRA balance at 31 March 2021	**(9,891)**	**(43,370)**	**(53,261)**

	Adjustments for capital purposes £'000	Net Changes for Pension adjustments £'000	Other Difference £'000	Total Adjustments £'000
Chief Executive	-	(10)	-	**(10)**
Community Services	(2,509)	(525)	133	**(2,901)**
Corporate & Commercial Services	12	(165)	370	**217**
Corporate Financing	1,903	(363)	-	**1,540**
Development & City Services	2,111	(328)	-	**1,783**
Housing Revenue Account	(14,331)	(220)	49	**(14,502)**
Net Cost of Services	**(12,814)**	**(1,611)**	**552**	**(13,873)**
Other income & expenditure	(1,066)	-	-	**(1,066)**
Financing and Investment Income	96	4,014	-	**4,110**
Taxation and non-specific grant income	(3,985)	-	18,982	**14,997**
(Surplus) or deficit	**(17,769)**	**2,403**	**19,534**	**4,168**

There was an organisation wide restructure in 2021/22 and the 2020/21 figures have been restated to reflect. the new structure.

8. Income and Expenditure by Nature

	2021/22 Surplus / Deficit on the Provision of Services £'000	2020/21 Surplus / Deficit on the Provision of Services £'000
Employee benefits expenses	37,769	32,616
Other service expenses	63,098	57,169
Interest payments	10,532	8,231
Depreciation, amortisation, impairment etc.	(6,996)	4,953
Payments to Housing Capital Receipts Pool	1,097	1,097
Housing Benefit Expenditure	43,691	46,646
Non-Domestic rates tariff	26,798	26,277
Total Expenditure	**175,989**	**176,989**
Fees, charges and other service income	(96,015)	(89,130)
Interest and investment income	(2,790)	(898)
Council Tax and Non-Domestic Rate income	(31,581)	(22,496)
Grants and Contributions	(36,711)	(42,642)
Housing Benefit contributions and allowances	(41,163)	(44,877)
Gains on the disposal of assets	(3,621)	(2,563)
Total income	**(211,881)**	**(202,606)**
Net Cost of Services	**(35,892)**	**(25,617)**

Income received on a segmental basis is analysed below:

	2021/22 £'000	2020/21 £'000
Revenue from External customers	(96,015)	(89,130)
Other Income	(115,866)	(113,476)
Total Income	**(211,881)**	**(202,606)**

9. Adjustments between Accounting Basis and Funding Basis under regulations

2021/22	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non-current assets	(4,171)	(21,244)	-	-	-	**(25,415)**	**25,415**
Revaluation gains / (Losses) on Property, Plant and Equipment	(686)	17,013	-	-	-	**16,327**	**(16,327)**
Movement in Market Value of Investment Properties	15,696	-	-	-	-	**15,696**	**(15,696)**
Capital Grants and Contributions Applied	6,859	-	-	-	-	**6,859**	**(6,859)**
Revenue expenditure funded from capital under statute	(4,076)	(1,612)	-	-	-	**(5,688)**	**5,688**
Amounts of non-current assets written off on disposal or sale as part of a gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,065)	(11,020)	-	-	-	**(18,085)**	**18,085**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	1,761	114	-	-	-	**1,875**	**(1,875)**
Capital expenditure charged against the General Fund and HRA balances	-	1,106	-	-	-	**1,106**	**(1,106)**
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,904	736	-	-	(2,640)	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	2,665	**2,665**	**(2,665)**
Adjustments involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,178	13,345	(20,523)	-	-	**-**	**-**
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	10,609	-	-	**10,609**	**(10,609)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(5)	(219)	224	-	-	**-**	**-**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	(1,097)	-	1,097	-	-	**-**	

Continued below

2021/22 (continued)	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(34)	-	-	**(34)**	**34**
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	15,541	-	(15,541)	-	**-**	**-**
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	18,280	-	**18,280**	**(18,280)**
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(14)	-	-	-	-	**(14)**	**14**
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(10,696)	(2,788)	-	-	-	**(13,484)**	**13,484**
Employer's pension contributions and direct payments to pensioners payable in the year	7,056	1,824	-	-	-	**8,880**	**(8,880)**
Adjustments involving the Collection Fund Adjustment Account							
Amount by which Council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	8,106	-	-	-	-	**8,106**	**(8,106)**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	155	36	-	-	-	**191**	**(191)**
Total Adjustments	**20,905**	**12,832**	**(8,627)**	**2,739**	**25**	**27,874**	**(27,874)**

2020/21 comparative figures	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non-current assets	(2,192)	(18,131)	-	-	-	**(20,323)**	**20,323**
Revaluation gains / (Losses) on Property, Plant and Equipment	56	15,506	-	-	-	**15,562**	**(15,562)**
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)	-	-	-	**(2,521)**	**2,521**
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**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	1,693	107	-	-	-	**1,800**	**(1,800)**
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:							
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	-	-	4,384	-	-	**4,384**	**(4,384)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(10)	(159)	169	-	-	**-**	**-**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	(1,097)	-	1,097	-	-	**-**	**-**

Continued below

2020/21 comparative figures (continued)	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(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	(18,982)	-	-	-	-	**(18,982)**	**18,982**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	(370)	(50)	-	-	-	**(420)**	**420**
Total Adjustments	**(20,314)**	**16,146**	**(4,578)**	**(1,712)**	**(812)**	**(11,270)**	**11,270**

10. Earmarked Reserves

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

Insurance Reserve

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

An evaluation of the balance on the Insurance Reserve has been undertaken 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 & HRA Invest to Save Reserves

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

Revenue Grants Unapplied Reserves

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

Commercial Property Reserve

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

Norwich Regeneration Ltd Reserve

The Council has a commercial loan of £12.6m (2019/20 £9.4m) 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.

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.

Business Change Reserve

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

Business Rates Pool Reserve

The council received a distribution of £0.675m from the Norfolk Business Rates Pool as agreed by Norfolk Leaders. It is set aside in this reserve to support future spend in line with the economic development objectives of the fund. The 2022/23 capital budget contains a proposal to complete a refurbishment of the recently purchased Carrow House site which is proposed will be funded from the reserve.

HRA Tenancy & Estate Management System

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

	Balance at 31 March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund							
Insurance Reserve	(1,085)	204	(200)	(1,081)	90	(142)	**(1,133)**
S31 Earmarked Reserve	(2,045)	-	(17,272)	(19,317)	7,672	-	**(11,645)**
Mousehold Conservators Reserve	(19)	-	(11)	(30)	-	(7)	**(37)**
General Fund Invest to Save Reserve	(3,010)	497	-	(2,513)	502	-	**(2,011)**
Revenue Grants Unapplied Reserve GF	(1,840)	-	(1,651)	(3,491)	624	(1,610)	**(4,477)**
Commercial Property Earmarked Reserve	(2,047)	-	(418)	(2,465)	192	(217)	**(2,490)**
Norwich Regeneration Ltd Earmarked Reserve	(4,000)	650	-	(3,350)	650	-	**(2,700)**
Elections Earmarked Reserve	(113)	-	-	(113)	-	-	**(113)**
General Fund Repairs Reserve	(444)	-	(387)	(831)	231	-	**(600)**
Budget Risk Reserve	-	-	(700)	(700)	-	(1,691)	**(2,391)**
Business Change Reserve	-	-	(913)	(913)	244	(908)	**(1,577)**
Business Rates Pool Reserve	-	-	-	-	-	(675)	**(675)**
HRA Invest to Save Reserve	(2,500)	728	-	(1,772)	931	-	**(841)**
HRA Tenancy & Estate Management System	-	-	(415)	(415)	408	-	**(7)**
Total	**(17,103)**	**2,079**	**(21,967)**	**(36,991)**	**11,544**	**(5,250)**	**(30,697)**

11. Other Operating Expenditure

	2021/22 £'000	2020/21 £'000
Payments to the Government Housing Capital Receipts Pool	1,097	1,097
(Gains)/Losses on the disposal of non-current assets	(2,370)	(2,074)
Levies	6	6
Total	**(1,267)**	**(971)**

12. Financing and Investment Income and Expenditure

	2021/22 £'000	2020/21 £'000
Interest payable and similar charges	8,612	8,231
(Gains)/Losses on the disposal of investment property	(14)	(168)
Pension interest cost and expected return on pension assets	4,122	4,014
Interest Receivable and similar income	(762)	(896)
Income and expenditure in relation to investment properties and changes in their fair value	(21,788)	(4,711)
Other investment income	(59)	-
Impairment losses	-	(750)
Impairment of Soft Loans	184	92
Total	**(9,705)**	**5,812**

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

13. Taxation and Non-Specific Grant Income

	2021/22 £'000	2020/21 £'000
Council tax income	(10,282)	(9,937)
Non domestic rates income and expenditure	(21,299)	(12,559)
Non-ring fenced government grants	(15,958)	(28,807)
Capital grants and contributions	(9,453)	(3,984)
Business Rates - Tariff & Levy	26,798	26,277
Business Rates - Receipt from Norfolk Pool	(675)	-
Total	**(30,869)**	**(29,010)**

Further details about the impact of the Covid19 pandemic on taxation and government grants are provided in the Narrative Report.

14. Property Plant and Equipment

Movements in 2021/22	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant, Furniture and equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total Property, Plant & Equipment**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation								
At 1 April 2021	**812,630**	**142,715**	**11,938**	**2,885**	**12,207**	**53**	**1,671**	**984,099**
Additions	19,082	2,024	943	2	749	-	4,361	**27,161**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,104	1,803	-	-	-	(1)	-	**27,906**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(791)	(1,109)	-	(96)	-	-	-	**(1,996)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	9,358	746	-	-	-	-	-	**10,104**
Derecognition – Disposals	(9,387)	-	(112)	-	-	(52)	-	**(9,551)**
Derecognition - Other	(1,203)	-	-	-	-	-	-	**(1,203)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(160)	(368)	-	-	-	-	(114)	**(642)**
Other Movements in Cost or Valuation	44	9	-	-	-	-	(816)	**(763)**
At 31 March 2022	**855,677**	**145,820**	**12,769**	**2,791**	**12,956**	**-**	**5,102**	**1,035,115**
Accumulated Depreciation & Impairment								
At 1 April 2021	(8,033)	(13,878)	(7,401)	(1,381)	-	-	-	**(30,693)**
Depreciation charge	(14,970)	(2,620)	(1,011)	(82)	-	-	-	**(18,683)**
Depreciation written out to the Surplus/Deficit on Provision of Services	8,004	113	-	-	-	-	-	**8,117**
Depreciation write-back on revaluation to Revaluation Reserve	6,966	714	-	38	-	-	-	**7,718**
Impairment losses / (reversals) recognised in CIES	(3,974)	(1,876)	-	-	-	-	-	**(5,850)**
Impairment losses / (reversals) recognised in RR	-	-	-	-	-	-	-	**-**
Derecognition – Disposals	-	-	112	-	-	-	-	**112**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2022	(12,007)	(17,547)	(8,300)	(1,425)	-	-	-	**(39,279)**
Net Book Value								
At 31 March 2022	**843,670**	**128,273**	**4,469**	**1,366**	**12,956**	**-**	**5,102**	**995,836**
At 31 March 2021	804,597	128,837	4,537	1,504	12,207	54	1,671	953,407

Comparative Movements in 2020/21	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 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**

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 2022.

The valuers undertook a full desktop revaluation at 31 March 2022. The valuations were undertaken in accordance with the DCLG Stock Valuation for Resource Accounting Guidance for Valuers 2016 and the RICS Valuation – Global Standards as published by the Royal Institution of Chartered Surveyors.

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

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

Any reference to Existing Use Value is not recognised under International Financial Reporting Standards and the use of Existing Use Value (Social Housing) is a departure from International Accounting Standards. This departure is in accordance with current CIPFA and 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 age of the selected components are noted for each property. The age of the components of the property selected as the beacon in each beacon type is note and all other properties within the asset group are compared to the beacon and values are adjusted up or down depending on whether the age of their components is old or new compared to the beacon. The percentage addition or reduction was agreed between the Council and the Council's valuers.

The valuations are made on the following assumptions:

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

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

HRA Non-Dwellings

The date of valuation is 31 March 2022.

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

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

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

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

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

General Fund Assets

The date of valuation is 1st December 2021.

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

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

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

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

VALUATION CYCLE	Council dwellings	Other Land & Buildings	Community assets	Infrastructure	Vehicles, Plant, & Equipment	AUC	Surplus properties	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued at historical cost			12,956	1,367	4,469	5,103		**23,895**
Valued at current value								**-**
2021/22	843,669	48,014						**891,683**
2020/21		1,481						**1,481**
2019/20		11,353						**11,353**
2018/19		22,803						**22,803**
2017/18		44,622						**44,622**

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 2020	8,078	4,675	6,930	2,457	3,413	**25,553**
Additions	-	-	-	-	1	**1**
Disposals	(1)	-	-	-	-	**(1)**
Revaluations	-	-	-	-	-	**-**
31st March 2021	**8,077**	**4,675**	**6,930**	**2,457**	**3,414**	**25,553**
Valuation						
1st April 2021	8,077	4,675	6,930	2,457	3,414	**25,553**
Additions	-	-	-	-	43	**43**
Disposals	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	**-**
31st March 2022	**8,077**	**4,675**	**6,930**	**2,457**	**3,457**	**25,596**

Valuations

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

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

- The Reade Salt - A rare and important Elizabeth I silver-gilt standing or drum salt (William Cobbold I 1568), valued by our external valuers as £2.5m; and
- The Howard Ewer and Basin - An early 17th century silver-gilt ewer and basin or rosewater dish (1617), valued by our external valuers as £2.0m

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

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

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

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

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.

	2021/22 **£'000**	**2020/21** **£'000**
Rental income from investment property	(7,955)	(6,189)
Direct operating expenses arising from investment property	1,864	1,382
Net (gains)/losses from fair value adjustments	(15,696)	96
Total	**(21,787)**	**(4,711)**

	2021/22 £'000	2020/21 £'000
Balance at start of the year	103,393	105,677
Additions	266	64
Disposals	-	(452)
Net gains / (losses) from fair value adjustments	15,696	(95)
Transfers (to) / from Property, Plant & Equipment	90	(1,800)
Balance at end of year	**119,445**	**103,394**

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 2022

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

Investment Property Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2021

Recurring fair value measurements using:	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair value as at 31 March 2021 £'000
Industrial	28,646	10,326	38,972
Offices	12,327	3,769	16,096
Other	30,318	4,915	35,233
Residential	1,132	-	1,132
Retail	10,299	1,662	11,961
Total	**82,722**	**20,672**	**103,394**

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

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

			2020/21			
Investment Properties Level 2	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	30,631	12,622	26,145	1,131	12,869	**83,398**
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**

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

			2021/22			
Investment Properties Level 3	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	**10,326**	**3,769**	**4,914**	**-**	**1,662**	**20,671**
Transfer between disclosure category	-	-	(32)	-	-	**(32)**
Transfers into Level 3	90	-	-	-	-	**90**
Transfers out of Level 3	(7,077)		-	-		**(7,077)**
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	(63)	383	268	-	(25)	**564**
Additions	-	94	-	-	55	**149**
Disposals	-	-	-	-	-	**-**
Balance at end of year	**3,277**	**4,246**	**5,150**	**-**	**1,692**	**14,365**

			2020/21			
Investment Properties Level 3	**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 OLB	-	-	(1,801)	-	-	**(1,801)**
Transfer between disclosure category	(107)	-	103	-	236	**232**
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**

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

	2021/22 £'000	2020/21 £'000
Balance at the start of the year		
Net carrying amount	614	621
· Additions	368	176
· Reclassifications	673	-
Amortisation for the period	(191)	(183)
Net Carrying amounts at the end of the year	**1,464**	**614**
Comprising:		
· Gross carrying amount	2,238	1,197
· Accumulated amortisation	(774)	(583)
	1,464	**614**

18. Financial Instruments

Financial Assets

	31 March 2022		31 March 2021	
	Book Value £'000	Fair Value £'000	Book Value £'000	Fair Value £'000
Investments - Amortised Cost	3,894	3,894	4,244	4,244
Investments - FVOCI	3,221	3,221	2,238	2,238
Debtors - Amortised Cost	13,130	19,027	19,027	19,027
Assets not defined as financial liabilities	(3,489)	(2,764)	(2,764)	(2,764)
Long term Assets	**16,756**	**23,378**	**22,745**	**22,745**
Investments - Amortised Cost	123,782	123,870	30,005	30,014
Callable cash - amortised cash	10,000	10,005	20,000	20,003
Bank deposits < 3 months - Amortised Cost	6,525	6,525	3,750	3,750
MMF - Amortised Cost	24,000	24,009	21,070	21,070
Cash - Amortised Cost	279	279	313	313
Debtors - Amortised Cost	9,034	9,034	9,884	9,884
Assets not defined as financial liabilities	14,157	14,157	28,716	28,716
Other financial assets at amortised cost	**187,777**	**187,879**	**113,738**	**113,750**
Total Financial Assets	**204,533**	**211,257**	**136,483**	**136,495**

Financial Liabilities

	31 March 2022 Book Value £'000	31 March 2022 Fair Value £'000	31 March 2021 Book Value £'000	31 March 2021 Fair Value £'000
Short Term Creditors - Amortised Cost	(25,165)	(25,165)	(21,524)	(21,524)
Public Works Loan Board - Amortised Cost	(51,866)	(52,311)	(3,230)	(3,410)
Finance Lease - Amortised cost	(114)	(114)	(114)	(114)
Other borrowing	(168)	(168)	(168)	(168)
Liabilities not defined as financial liabilities	(41,057)	(41,057)	(49,866)	(49,866)
Short Term Financial liabilities at amortised cost	**(118,370)**	**(118,815)**	**(74,902)**	**(75,082)**
Public Works Loan Board - Amortised Cost	(205,648)	(207,076)	(211,607)	(240,083)
Other borrowing	(5,970)	(8,632)	(5,777)	(9,182)
Creditors - Amortised cost	(559)	(680)	(680)	(680)
Liabilities not defined as financial liabilities	(1,598)	(1,926)	(1,926)	(1,926)
Long Term Liabilities at amortised cost	**(213,776)**	**(218,314)**	**(219,990)**	**(251,871)**
Total Financial Liabilities	**(332,146)**	**(337,129)**	**(294,892)**	**(326,953)**

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 2022 the Council held £24m 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 £2.412m.

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-22	31-Mar-21
	£'000	£'000
Opening Balance	**542**	**605**
Fair value Adjustments	62	13
Loans Repaid	(59)	(76)
Balance Carried Forward	**545**	**542**
Nominal Value carried forward	**2,412**	**2,471**

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

	Nominal	Fair Value	Change in fair value during 2021/22	Dividends
	£'000	£'000	£'000	£'000
Legislator 1656 Ltd shares	-	3,221	1,083	-
Legislator 1657 Ltd shares	-	-	-	-
Municipal Bonds Agency shares	100	100	-	-
	100	**3,321**	**1,083**	**-**

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:

	2021/22		2020/21	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
Net gains/losses on:				
financial assets measured at amortised cost	-	(1,083)	-	(110)
Total net gains/losses	**-**	**(1,083)**	**-**	**(110)**
Interest revenue:				
financial assets measured at amortised cost	(762)	-	(895)	-
Total interest revenue	**(762)**	**-**	**(895)**	**-**
Interest expense:				
financial liabilities measured at amortised cost	8,613	-	8,328	-
Total interest expense	**8,613**	**-**	**8,328**	**-**

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-22	31-Mar-21
Fair Value through Other Comprehensive Income				
Legislator 1656 Ltd shares*	Level 3	Market approach – adjusted net assets	3,221	2,138
Legislator 1657 Ltd shares	Level 3	Market approach – adjusted net assets	-	-
Total			**3,221**	**2,138**

The Council's shareholding in Legislator companies are not traded in an active market. The fair value of £3.221m 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/prevailing 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/prevailing 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; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Nature and Extent of Risks Arising from Financial Instruments

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

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

Overall procedures for managing risk

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

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

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 23 February 2021. The key issues within the strategy were:

- The Authorised Limit for 2021/22 was set at £358.818m. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £328.818m. This is the expected level of debt and other long term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 20% based on the Council's net debt; and
- The maximum and minimum exposures to the maturity structure of debt are shown within this note.

Credit risk

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

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

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

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

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

	Amount	**Historical experience of default**	**Estimated maximum exposure to default**	**Estimated maximum exposure to default**
	£'000	**%**	**£'000**	**£'000**
	31-Mar-22		**31-Mar-22**	**31-Mar-21**
Customers	6,412	12%	769	593

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-22	**31-Mar-21**
	£'000	**£'000**
Less than three months	2,949	2,996
Three to six months	944	416
Six months to one year	774	376
More than one year	1,745	1,152
Total	**6,412**	**4,939**

The current provision of £1.648m for sundry debt covers 26% of the balance.

Amounts Arising from Expected Credit Losses

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

	12mth Expected Credit losses £'000	Lifetime Expected Credit Losses – simplified approach £'000	Total £'000
Opening balance as at 1 April 2021	**-**	**(11,083)**	**(10,817)**
Movement in loss allowance	-	(554)	(266)
Other changes	-	-	-
As at 31 March 2022	-	**(11,637)**	**(11,083)**
Opening balance as at 1 April 2019	**-**	**(10,817)**	**(10,817)**
Movement in loss allowance	-	(266)	(266)
Other changes	-	-	-
As at 31 March 2021	**-**	**(11,083)**	**(11,083)**

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 2022 £'000	31 March 2021 £'000
Repayable between:		
less than one year	51,866	3,230
between 1 and 2 years	4,000	50,959
	55,866	**54,189**

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 2022 £'000**	**31 March 2021 £'000**
Less than one year	51,866	3,230
Between one and two years	4,000	50,959
Between two and five years	63,200	59,700
Maturing in five to ten years	61,260	66,000
Maturing in more than ten years	77,188	34,948
Total	**257,514**	**214,837**
Non-PWLB		
Maturing in more than ten years	5,778	5,778

Market risk

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

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

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

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

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

	£'000
Increase in interest payable on variable rate borrowings (all Norwich City Council borrowing is at fixed rate)	-
Increase in interest receivable on variable rate investments	405
Impact on Surplus or Deficit on Provision of Services	**405**
Decrease in fair value of fixed rate borrowings liabilities (no impact CIES)	(22,320)

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.

19. Debtors

Long Term Debtors

	2021/22			2020/21
	Debtors	Provision for Bad Debt	Net Debtors	Net Debtors
	£'000	£'000	£'000	£'000
Advances for House Purchase: Council Houses Sold	3	-	**3**	**3**
Norfolk County Council Transferred Debt	487	-	**487**	**551**
Decent Home Loans	2,547	(2,066)	**481**	**543**
Finance Lease > 1 year	1,692	-	**1,692**	**1,715**
Home Improvement Loans	203	-	**203**	**205**
Housing Benefit Overpayments	4,905	(3,886)	**1,019**	**1,114**
Shared Equity Dwellings	144	-	**144**	**199**
SALIX	321	-	**321**	**330**
Debts with legal charge over property	202	-	**202**	**202**
Wholly owned subsidiary	7,970	(3,250)	**4,720**	**11,040**
Other Long Term Debtors	369	-	**369**	**361**
Total	**18,843**	**(9,202)**	**9,641**	**16,263**

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 2022 was £6.15m (2020/21 £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 2022 was £1.82m (2020/21 £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 (2020/21 £3.25m).

Short Term Debtors

	2021/22	Restated 2020/21
	£'000	£'000
Trade Customers		
- HRA Rentpayer	3,095	3,368
- Other Trade Customers	4,606	3,716
Collection Fund		
- Taxpayers (Council Tax & Business Rates)	2,519	1,157
- Preceptors	9,083	22,602
Other Receivables	2,713	7,033
Prepayments	1,333	724
Total Short Term Debtors	**23,349**	**38,600**

The short term debtors' figures for 2020/21 have been restated to new categories that better reflects the Council's debtors, the total debtors' figure is unaltered.

20. Cash and Cash Equivalents

	2021/22 £'000	2020/21 £'000
Cash held by Council	8	8
Bank current accounts	(1,663)	14,056
Short term deposits with banks	35,000	10,000
Short term deposits with building societies	25,000	-
Short term deposits with Debt Management Office	7,000	-
Short term deposits with local authorities	18,000	-
Money Markets	24,000	21,070
Total Cash & Cash Equivalents	**107,345**	**45,134**

21. Assets held for sale

	2021/22 £'000	2020/21 £'000
Balance outstanding at 1 April	**-**	**131**
Assets newly classified as held for sale:		
Property, Plant & Equipment	642	492
Asset disposals	(430)	(688)
Other movements	586	65
Balance outstanding at 31 March	**798**	**-**

22. Creditors

Long Term Creditors

	2021/22 £'000	2020/21 £'000
Developer Contributions	(1,374)	(1,373)
Lease Liability	(559)	(680)
Rent Prepayments	(206)	(286)
SALIX	(71)	(72)
Total Long Term Creditors	**(2,210)**	**(2,411)**

Short Term Creditors

	2021/22 £'000	Restated 2020/21 £'000
Amounts repayable to Government		
- Covid-19 Business Grants	(3,691)	(10,962)
- NNDR Grants & Funding	(23,973)	(32,471)
Trade Payables	(18,628)	(15,033)
Other Payables	(3,924)	(5,569)
Receipts in Advance		
- Council Tax Rebate Funding	(9,583)	-
- Other receipts in advance	(6,537)	(7,469)
Total Short Term Creditors	**(66,336)**	**(71,504)**

The short term creditors figures for 2020/21 have been restated to new categories that better reflects the Council's creditors, the total creditors figure is unaltered.

23. Provisions

Long Term Provisions

	2021/22 £'000	2020/21 £'000
Balance at 1 April	2,767	3,134
Movement in provisions	(207)	(367)
Balance at 31 March	**2,560**	**2,767**

Short Term Provisions

	2021/22 £'000	2020/21 £'000
Balance at 1 April	378	-
Movement in provisions	(378)	378
Balance at 31 March	**-**	**378**
Total Provisions	**2,560**	**3,145**

The long term provision consists of £2.560m (2020/21: £2.767m) in respect of Non-Domestic Rates appeals following the introduction of Business Rates Retention on 1 April 2013. There was a £0.378m short term provision based on probable redundancy costs for a number of officers as part of the restructure of several service areas during 2020/21 which was fully utilised in 2021/22.

24. Usable Reserves

The usable reserves of the council are:

	2021/22 £'000	2020/21 £'000
General Fund	(10,336)	(9,890)
HRA	(51,373)	(43,370)
Earmarked Reserves	(30,697)	(36,992)
Major Repairs Reserve	(7,281)	(10,020)
Capital Grants Unapplied	(4,249)	(4,274)
Capital Receipts Reserve	(64,353)	(55,726)
	(168,289)	**(160,272)**

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

25. Unusable Reserves

The unusable reserves of the council are:

	2021/22 £'000	2020/21 £'000
Revaluation Reserve	(124,285)	(89,481)
Capital Adjustment Account	(707,128)	(681,473)
Financial Instruments Revaluation Reserve	(3,221)	(2,138)
Financial Instruments Adjustments Account	968	954
Deferred Capital Receipts	(1,461)	(1,495)
Pensions Reserve	156,259	206,036
Collection Fund Adjustment Account	9,399	17,505
Accumulated Absences Reserve	228	(419)
Total Unusable Reserves	**(669,241)**	**549,673**

Revaluation Reserve

	2021/22 £'000	2021/22 £'000	2020/21 £'000
Balance at 1 April		(89,481)	**(76,632)**
Upward revaluation of assets	(37,172)		(15,893)
Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	943		1,776
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**(36,229)**	**(14,117)**
Difference between fair value depreciation & historical cost depreciation	845		657
Accumulated gains on assets sold or scrapped	580		611
Amount written off to the Capital Adjustment Account		**1,425**	**1,268**
Other movements		-	-
Balance at 31 March		**(124,285)**	**(89,481)**

Capital Adjustment Account

Capital Adjustment Account	2021/22		2020/21
	£'000	£'000	£'000
Balance at 1 April		**(681,473)**	**(669,398)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:			
Charges for depreciation & impairment of non current assets	25,415		20,320
Revaluation gains / (losses) on Property, Plant & Equipment	(16,328)		(15,572)
Revenue expenditure funded from capital under statute	5,688		2,521
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	11,585		7,926
Difference between historic cost & carrying value depreciation	(845)		(657)
Net written out amount of the cost of non-current assets consumed in the year		**25,515**	**14,538**
Adjusting amounts written out of the Revaluation Reserve		(580)	(608)
Net written out amount of the cost of non-current assets consumed in the year		**24,935**	**13,930**
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital Expenditure	(10,609)		(6,952)
Use of the Major Repairs Reserve to finance new capital expenditure	(18,280)		(13,813)
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(6,859)		(1,266)
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,665)		(1,907)
Statutory provision for the financing of capital investment charged against the General Fund & HRA balances	(1,875)		(1,801)
Capital expenditure charged against the General Fund & HRA balances	(1,106)		(2,941)
		(41,394)	**(28,680)**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement		(15,696)	96
Capital expenditure financed from Capital Receipts (NRL loan)		6,500	3,000
Other		-	(421)
Balance at 31 March		**(707,128)**	**(681,473)**

Financial Instruments Revaluation Reserve

Financial Instruments Revaluation Reserve	2021/22 £'000	2020/21 £'000
Balance at 1 April	(2,138)	(2,028)
Upward revaluation of investments	(1,083)	(110)
	(3,221)	**(2,138)**

Financial Instruments Adjustment Account

Financial Instruments Adjustment Account	2021/22 £'000	2020/21 £'000
Balance at 1 April	**954**	**822**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(18)	274
	936	**1,096**
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	32	(142)
Balance at 31 March	**968**	**954**

Deferred Capital Receipts

Deferred Capital Receipts Reserve	2021/22 £'000	2020/21 £'000
Balance at 1 April	**(1,495)**	**(1,635)**
Transfer to the Capital Receipts Reserve upon receipt of cash	34	140
Balance at 31 March	**(1,461)**	**(1,495)**

Pension Reserve

Pensions Reserve	2021/22 £'000	2020/21 £'000
Balance at 1 April	**206,036**	**169,616**
Actuarial gains or (losses) on pensions assets & liabilities	(54,382)	34,016
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	13,484	10,202
Employer's pensions contributions & direct payments to pensioners payable in the year	(8,880)	(7,798)
Balance at 31 March	**156,258**	**206,036**

Collection Fund Adjustment Account

Collection Fund Adjustment Account	2021/22 £'000	2020/21 £'000
Balance at 1 April	**17,505**	**(1,477)**
Amount by which Council tax income credited to the Comprehensive Income & Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	71	352
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	(8,177)	18,630
Balance at 31 March	**9,399**	**17,505**

Accumulated Absences Reserve

	2021/22 £'000	2020/21 £'000
Accumulated Balances Account		
Balance at 1 April	419	-
Difference between accounting and statutory credit for holiday	(191)	419
Balance at 31 March	**228**	**419**

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2021/22 £'000	2020/21 £'000
Interest received	684	891
Interest paid	(8,490)	(8,250)

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

	2021/22 £'000	2020/21 £'000
Depreciation	19,254	17,576
Impairment and downward valuations	(10,357)	(13,011)
Amortisation	191	183
Increase/(decrease) in impairment for bad debts	-	(750)
Increase/(decrease) in creditors	4,850	10,595
(Increase)/decrease in debtors	1,156	(2,020)
Movement in pension liability	4,604	2,403
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	11,135	7,926
Other non-cash items charged to the net surplus or deficit on the provision of services	(16,221)	163
Net adjustment for non-cash movements	**14,612**	**23,065**

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

	2021/22 £'000	2020/21 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(13,350)	(9,487)
Any other items for which the cash effects are investing or financing cash flows	(9,498)	(3,985)
Investing and financing activities	**(22,848)**	**(13,472)**

27. Cash Flow Statement – Investing Activities

	2021/22 £'000	2020/21 £'000
Purchase of property, plant & equipment, investment property	(29,416)	(17,087)
Purchase of short term & long-term investments	(32,000)	(88,020)
Other payments for investing activities	(180)	(7,927)
Proceeds from the sale of property, plant & equipment, investment property & intangible assets	13,680	9,441
Proceeds from short term & long-term investments	5,450	65,500
Other receipts from investing activities	29,729	10,396
Net cash flows from investing activities	**(12,737)**	**(27,697)**

28. Cash Flow Statement – Financing Activities

	2021/22 £'000	2020/21 £'000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(114)	(107)
Cash receipts of short and long term borrowing	45,000	-
Repayments of short- & long-term borrowing	(2,500)	(26)
Other payments for financing activities	4,906	1,046
Net cash flows from financing activities	**47,292**	**913**

29. Associates

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

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

	NPS (Norwich) Ltd		Norwich/Norse Environmental Ltd		Norwich Norse Building Ltd	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Profit & Loss Account						
Operating Profit	(122)	95	(16)	151	(1,089)	(2,526)
Interest (Payable) /Receivable	-	-	-	(3)	-	-
Profit on Ordinary Activities before Corporation Tax	**(122)**	**95**	**(16)**	**148**	**(1,089)**	**(2,526)**
Corporation Tax	22	(20)	1	(28)	227	480
Retained Profit for the financial year	**(100)**	**75**	**(15)**	**120**	**(862)**	**(2,046)**
Balance Sheet						
Profit & Loss b/f	**1,020**	**945**	**724**	**604**	**(1,555)**	**491**
Profit & Loss for the financial year	(100)	75	(15)	120	(862)	(2,046)
Profit & Loss reserve c/f	**920**	**1,020**	**709**	**724**	**(2,417)**	**(1,555)**

30. Agency Services

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

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

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

The amounts of income and expenditure for 2021/22 and 2020/21 are as follows:

On-Street Car parking	2021/22 £'000	2020/21 £'000
Expenditure	1,151	1,607
Income	(1,193)	(1,354)
(Surplus)/deficit paid over to Norfolk County Council	**(42)**	**253**

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	2021/22 £'000	2020/21 £'000
Billed	858	894
Collected	(951)	(876)
Paid over to Norwich BID	879	849

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 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.

	(Surplus) / deficit at 31/03/21 £'000	Funding Received from Government £'000	Funding Repaid to Goverment £'000	Net Expenditure £'000	(Surplus) / deficit at 31/03/22 £'000
Retail, Hospitality & Leisure and Small Business Grants	(145)	-	-	(65)	**(210)**
Local Restrictions Support Grant (Closed) addendum	(1,259)	-	1,054	200	**(5)**
Local Restrictions Support Grant (Sectors)	6	(6)	-	-	**-**
Local Restrictions Support Grant (Open & closed post 2 December)	(285)	-	186	98	**(1)**
Local Restrictions Support Grant (closed) addendum - Tier 4	(515)	-	427	83	**(5)**
Local Restrictions Support Grant (closed) - addendum - Post 5 January 2021	(4,433)	-	1,739	1,005	**(1,689)**
Closed Business Lockdown Payment	(4,310)	-	3,454	840	**(16)**
Christmas Support Payment	(22)	-	22	-	**-**
Local Restrictions Grant (Restart)	-	(11,766)	-	10,437	**(1,329)**
Local Restrictions Grant (Omicron Hospitality & Leisure)	-	(2,124)	-	1,696	**(428)**
	(10,963)	**(13,896)**	**6,882**	**14,294**	**(3,683)**

31. Members Allowances

	2021/22 £'000	2020/21 £'000
Members Allowances	**392**	382

32. Officers Remuneration

Post holder information (Post title)	Salary (Inc. fees & Allow-ances) £	Expense Allowance £	Com-pensation for loss of office £	Pension Cont-ributions £	Total Remun-eration £
Financial Year: 2021-22					
Stephen Evans, Chief Executive Officer (4)	156,220	13	-	20,632	176,865
Executive Director of Development & City Services (4, 5)	96,574	-	-	13,656	110,230
Director of Strategy & Culture (6)	17,847	-	82,719	1,560	102,126
Executive Director of Community Services (4, 5)	99,340	-	-	10,157	109,497
Executive Director of Corporate & Commercial Services (4, 5)	105,075	8,114	-	14,800	127,989
TOTAL COST	**475,056**	**8,127**	**82,719**	**60,805**	**626,707**

Post holder information (Post title)	Salary (Inc. fees & Allow-ances) £	Expense Allowance £	Com-pensation for loss of office £	Pension Cont-ributions £	Total Remun-eration £
Financial Year: 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 (1)	66,115	-	-	9,476	75,591
Director of Resources (2)	43,568	-	82,642	6,317	132,527
Interim chief finance officer (S151) 20/21 (3)	34,326	-	-	4,977	39,303
TOTAL COST	**461,173**	**-**	**82,642**	**66,759**	**610,574**

[1] Director of people & neighbourhoods left December 2020.

[2] Director of resources left September 2020.

[3] Interim chief finance officer left September 2020.

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

[5] New senior management structure in place from April 2021.

[6] Director of strategy & culture left May 2021.

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.

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	**2021/22**	**2020/21**
£50,000 to £54,999	17	8
£55,000 to £59,999	5	4
£60,000 to £64,999	-	2
£65,000 to £69,999	4	3
£70,000 to £74,999	4	3
£75,000 to £79,999	-	1
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999	-	-
£95,000 to £99,999	2	1
£100,000 to £104,999	2	-
£105,000 to £109,999	-	-
£110,000 to £114,999	1	-
£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
£145,000 to £149,999	-	-
£150,000 to £154,999	1	-
	36	**24**

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:

2021/22

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

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**

33. External Audit Costs

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

In 2021/22 and 2020/21 the following fees were payable by the Council to our external auditors.

	2021/22 £'000	**2020/21 £'000**
External Audit Services	120	117
Fees payable for certification of grant claims	29	26
Total	**149**	**143**

The scale fee set by Public Sector Audit Appointments Ltd (PSAA) for 2021/22 is £65k (2020/21 £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 2020/21 figures have been restated to reflect the final fee of £26k for the Housing Benefit certification. The external audit fee is subject to agreement with the external auditors and PSAA.

34. Grant Income

	2021-22 £'000	2020-21 £'000
DWP benefits subsidy - Rent Allowance	(19,593)	(21,171)
DWP benefits subsidy - Rent Rebate	(21,226)	(23,244)
Discretionary Housing Payments	(344)	(461)
Housing Benefits Administration Grant	(715)	(609)
Covid grants	(5,029)	(5,862)
Homelessness & Rough Sleeping Initiatives	(2,191)	(1,535)
Towns Fund	(1,061)	-
Other Grants and Contributions	(1,585)	(2,113)
Total within Cost of Services	**(51,744)**	**(54,995)**
Revenue		
Revenue Support Grant	(217)	(216)
Council Tax Admin subsidy	(246)	(231)
New Homes Bonus	(689)	(693)
NNDR admin grant	(268)	(269)
NNDR Section 31 grant	(12,116)	(20,370)
Covid grants	(1,828)	(6,977)
Lower Tier Services Grant	(255)	-
Council Tax Support Grant	(319)	-
Other Grants and Contributions	(19)	(51)
Capital		
Community Infrastructure Levy - from developers	(1,810)	(881)
Disabled Facilities Grant	(952)	(944)
Towns Fund	(5,103)	(1,021)
Grants and contributions towards capital - from Government	(211)	(544)
Grants and contributions towards capital - non Government	(871)	(594)
Total within Taxation and non-specific grant income	**(24,904)**	**(32,791)**
Total income from grants and contributions	**(76,648)**	**(87,786)**

Capital Grants Receipts in Advance

	31 March 2022 £'000	31 March 202 £'000
Amounts falling due within one year (All other bodies):		
Homes and Communities Agency Capital Grant	-	(12)
DECC Green Deal Community Fund	(6)	(6)
Towns Fund	-	(1,000)
BEIS SALIX PSDS Grants	(227)	(727)
BEIS Green Homes Grant	(699)	(716)
BEIS Decarbonisation Grant	(855)	-
BEIS Sustainable Warmth Grant	(3,748)	-
Disabled Facilities Grant	(342)	(342)
Land Release Fund Grant	(150)	(150)
Other Government Grants & Contributions.	(70)	(212)
Developers Contributions (S106)	(246)	(246)
Total short term capital grants received in advance	**(6,343)**	**(3,410)**
Amounts falling due after one year (all other bodies)		
Disabled Facilities Grant	(342)	-
Land Release Fund Grant	(67)	(67)
Towns Fund	(10,500)	-
Other Government Grants & Contributions.	(28)	(28)
Developers Contributions (S.106)	(1,681)	(1,715)
SALIX	(109)	(109)
Total long term capital grants received in advance	**(12,727)**	**(1,919)**

Revenue Grants Receipts in Advance

	31 March 2022 £'000	31 March 202 £'000
Amounts falling due within one year (All other bodies):		
DLUHC Rebates for Council Taxpayers	(9,583)	-
BIES Additional Restrictions Grant	-	(2,875)
Other Government grants and contributions	(19)	(313)
Other Non-Government grants and contributions	-	(950)
Developers Contributions (S106)	(289)	(422)
Total short term revenue grants received in advance	**(9,891)**	**(4,560)**
Amounts falling due after one year (all other bodies)		
LEGI Re Guildhall	-	(50)
Other Non-Government grants and contributions	-	(337)
SALIX	(71)	(90)
Developers Contributions (S106)	(1,373)	(1,533)
Total long term revenue grants received in advance	**(1,444)**	**(2,010)**

35. Related Parties

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

UK government has significant influence over the general operations of the council– it is responsible for providing the statutory framework within which the council operates, and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 34 on reporting for resources allocation decisions. Grant receipts in advance outstanding at 31 March 2022 are also shown in Note 34; debtors are shown in Note 19 and creditors in Note 22.

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2021/22 and 2020/21 is shown in Note 31. During 2021/22, no works and services (2020/21 £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 £617,906 (2020/21 £573,966) as grants to voluntary organisations in which four members had an interest. Community grants to the value of £2,195 were awarded in 2021/22 (2020/21 £0). 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 2021/22, no grants were made to any organisations (2020/21 £0) in which members of senior management had interests.

During 2021/22, there were no works and services commissioned (2020/21 £0) from entities in which members of senior management had interests.

Several councillors and members of senior management are appointed to represent the Council on various strategic partnership boards. During the year there have been a number of transactions with the strategic partnerships totalling £449,154 (2020/21 £581,613. These partnership activities are integrated into the council's usual budget setting and management processes.

Companies and joint ventures

Norwich Regeneration Company Ltd (NRL) is a wholly owned subsidiary company set up by the council to carry out redevelopment projects. In 2021/22 the total shareholder investment was £3,424,100 (2020/21 £3,874,000). During 2021/22 NRL repaid loans of £6,500,000 leaving a balance of £6,150,000 outstanding at the end of the financial year (2020/21 £12,650,000). The council receives income relating to loan interest and services provided by the council to the company as part of a service level agreement. The council, in conjunction with NRL, have set up two companies - Threescore Open Space Management Ltd and Norwich City New Co Ltd – to assist with the running of NRL operations.

Norwich City Services Ltd (NCSL) is a wholly owned subsidiary company set up to provide environmental and building repairs, and maintenance services to Norwich City Council. There were no changes to council shareholder investment in 21/22 – it remained at £370,000. NCSL received a further capital loan of £200,000 for improvements made to the roof of the depot (2020/21 £1,640,000). Repayments of £40,000 were made in relation to this loan during 21/22 (2020/21 £0), with the balance of loans at 31 March 2022 totalling £1,800,000 (2020/21 £1,640,000).

Norse joint ventures include Norwich Norse (Environmental) Ltd, which provided a range of facilities, management, and contract services to Norwich and surrounding areas; Norwich Norse (Building) Ltd, which provided maintenance, repairs and upgrades to housing and non-housing buildings for Norwich City Council;

and NPS Norwich Ltd, which provided property management services to Norwich City Council. Payments have been made to and received from these joint ventures during 2021/22.

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

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

36. Capital Financing Requirement

	2021/22 £'000	2020/21 £'000
Opening Capital Financing Requirement 1 April	328,700	325,980
Capital Investment		
Property, Plant and Equipment	27,161	20,070
Investment Properties	266	64
Heritage Assets	43	1
Intangible assets	368	176
Revenue Expenditure Funded from Capital under Statute (REFCUS)	5,688	2,521
Sources of finance		
Capital receipts	(10,609)	(4,372)
Norwich Regneration Ltd loan repayment	(6,500)	(3,000)
Government grants and other contributions	(9,524)	(3,173)
HRA Major Repairs Reserve	(18,280)	(13,813)
Sums set aside from revenue and reserves	(1,106)	(2,941)
Other Capital movement		
Capital derecognition	(117)	(134)
Norwich Regeneration Ltd Share capital	(450)	1,150
Norwich Regeneration Ltd loan	6,500	6,250
Norwich City Services Ltd Share capital	-	370
Norwich City Services loan	180	1,140
Finance lease	(105)	(107)
Other	1,091	212
Minimum Revenue provision	(1,770)	(1,694)
Closing Capital Financing Requirement 31 March	**321,536**	**328,700**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

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

	31 March 2022 £'000	31 March 2021 £'000
Property, Plant and Equipment	995,836	953,407
Heritage assets	25,596	25,553
Investment Properties	119,445	103,394
Intangible Assets	1,464	614
Assets Held for Sale	798	-
Long term Investments	7,015	6,382
Long Term Debtors	5,048	11,487
Financial Instruments Revaluation Reserve	(3,221)	(2,138)
Financial Instruments Adjustment Account	968	954
Revaluation Reserve	(124,285)	(89,481)
Capital Adjustment Account	(707,128)	(681,472)
	321,536	**328,700**

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

37. Leases

Council as Lessee

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

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

	31-Mar-22		31-Mar-21	
	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings
	£'000	£'000	£'000	£'000
Future Rental Liabilities				
Not later than one year	95	2,124	110	1,398
Later than one year & not later than five years *	189	2,873	215	1,962
Total	**284**	**4,997**	**325**	**3,360**

* 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 £2.328m (2020/21 £2.188m).

	2021/22	2020/21
	£'000	£'000
Sublease payments receivable	2,277	2,144
Total	**2,277**	**2,144**

Finance Leases
The council has acquired communal aerials for its dwellings under a finance lease, these assets are disclosed as Property, Plant and Equipment in the Balance Sheet under Vehicles, Plant and Equipment at the net amount of £0.464m (2020/21 £0.556m).

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.

	2021/22	2020/21
Finance Lease Liabilities	£'000	£'000
Current	121	114
Non-Current	559	680
Financing Costs payable in future years	127	174
Minimum Lease Payments	**807**	**968**

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

	2021/22	2020/21
	£'000	£'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
Total	**806**	**967**

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:

	2021/22	2020/21
	£'000	£'000
Tenants Future Rental Liabilities		
Not later than one year	7,431	7,221
Later than one year & not later than five years	27,023	24,838
Over five years	72,250	72,577
Total	**106,704**	**104,636**

In addition to the above, there are 124 properties (2020/21 127 properties) where the rent is in perpetuity that amounts annually to £0.332m per annum (2020/21 £0.338m).

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

	2021/22	2020/21
	£'000	£'000
Finance lease debtor (net present value of minimum lease payments):		
Current	53	49
Non-current	1,692	1,716
Unearned finance income	1,783	1,814
Gross investment in the leases	**5,364**	**3,579**

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-22	31-Mar-21	31-Mar-22	31-Mar-21
	£'000	£'000	£'000	£'000
Future Rental Liabilities				
Not later then one year	55	51	55	51
Later than one year & not later than five years	265	247	265	247
Later than five years	3,208	3,281	3,208	3,281
Total	**3,528**	**3,579**	**3,528**	**3,579**

38. Impairment Losses

During the year the Council carried out adaptations at a cost of £1,640,476 (2020/21 £602,951) 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 £742,554, of which structural work constituted £580,711, door entry systems £111,337, work to tower blocks £19,649, window upgrades £17,249, roofing £13,943, heating upgrades £1,213 and composite doors £878.

The Council also impaired the cost of works to district heating boiler houses £1,644,279, enhancement of HRA estates £689,116, HRA shops £161,708, housing alarms £120,862 and community centres £6,336 as it was deemed not to add value.

The Council has also impaired the cost of £954,593 in other land and buildings and £266,894 in investment properties on advice of the valuer, as these amounts were deemed not to add additional value to the asset due to the basis of the valuation.

39. Termination Benefits

The Council terminated the contracts of a number of employees in 2021/22, incurring liabilities of £583,815 (2020/21 £384,087). These were payable to 13 (9 in 2020/21) 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.

40. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

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

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

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.70% (2.00% 20/21) based on the indicative rate of return on high quality corporate bonds.

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

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

	2021/22 £'000	2020/21 £'000
Comprehensive Income and Expenditure Statement		
Current Service Cost	9,421	6,733
Curtailments	227	67
Settlements	(286)	(612)
Cost of Services	**9,362**	**6,188**
Net interest expense	4,122	4,014
Financing and Investment Income and Expenditure	**4,122**	**4,014**
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	**13,484**	**10,202**
Return on plan assets, less included in interest expense	(21,027)	(65,509)
Actuarial gains & losses:		
Changes in demographic assumptions	(2,777)	5,414
Changes in financial assumptions	(31,108)	96,747
Other	412	(2,636)
Remeasurement of the net defined benefit liability	**(54,500)**	**34,016**
Total Comprehensive Income and Expenditure Statement	**(41,016)**	**44,218**
Movement in Reserves Statement		
Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	13,484	10,202
Employer's pension contributions and direct payments to pensioners payable in the year	(8,880)	(7,798)
Total taken to Note 6	**4,604**	**2,404**

Reconciliation of Fair Value of Employer Assets (scheme Assets):	2021/22 £'000	2020/21 £'000
Value of Assets at 1 April	**337,677**	**270,061**
Effect of settlements	(240)	(1,476)
Interest income on plan assets	6,685	6,090
Contributions by Members	1,359	1,333
Contributions by the Employer	8,880	7,798
Return on assets excluding amounts recognised in Other Comprehensive Income	21,027	65,509
Effect of business combinations	230	4,814
Benefits Paid	(16,651)	(16,452)
	358,967	**337,677**

Reconciliation of Defined Benefit Obligation (scheme Liabilities):	2021/22 £'000	2020/21 £'000
Value of Liabilities at 1 April	**(543,700)**	**(439,664)**
Current Service Cost	(9,421)	(6,733)
Past Service Cost	(227)	(67)
Effect of settlements	526	2,088
Interest Cost	(10,807)	(10,104)
Contribution by Members	(1,359)	(1,333)
Actuarial Gains and (Losses):		
Change in demographic assumptions	2,777	(5,414)
Change in financial assumptions	31,108	(96,747)
Other experience gains and (losses)	(412)	4,001
Effect of business combinations and disposals	(348)	(6,179)
Benefits Paid	16,651	16,452
	(515,212)	**(543,700)**
Net Liability at 31st March	**(156,245)**	**(206,023)**

Local Government Pension Scheme assets comprised:

	2021/22				2020/21			
	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of total assets	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of total assets
Cash & Cash Equivalents	4,737	-	**4,737**	**1.3%**	4,363		**4,363**	**1.3%**
Equity Instruments								
by industry type								
Consumer			-				-	**0.0%**
Manufacturing			-				-	**0.0%**
Energy and Utilities			-				-	**0.0%**
Financial institutions			-				-	**0.0%**
Health and care			-				-	**0.0%**
Information Technology			-				-	**0.0%**
Other			-				-	**0.0%**
Sub-total Equity Instruments	-	-	-		-		-	
Private equity		37,916	**37,916**	**10.5%**		27,546	**27,546**	**8.2%**
Bonds								
by sector								
Corporate			-				-	
UK Government	2,847		**2,847**	**0.8%**	3,056		3,056	**0.9%**
Other								
Sub-total Bonds	**2,847**	-	**2,847**		**3,056**	-	**3,056**	
Property								
by geographical location								
UK property		22,345	**22,345**	**6.2%**		18,489	18,489	**5.5%**
Overseas property		3,444	**3,444**	**1.0%**		4,702	4,702	**1.4%**
Sub-total Property	-	25,789	25,789		-	23,191	**23,191**	
Investment Funds & Unit Trusts								
Equities	197,677		**197,677**	**54.8%**	193,477		193,477	**57.3%**
Bonds	71,861		**71,861**	**19.9%**	70,328		70,328	**20.8%**
Infrastructure		19,547	**19,547**	**5.4%**		14,705	14,705	**4.4%**
Other			-	**0.0%**		856	856	**0.3%**
Sub-total Investment Funds & Unit Trusts	**269,538**	**19,547**	**289,085**		**263,806**	**15,561**	**279,367**	
Derivatives							-	**0.0%**
Foreign Exchange	108		**108**	**0.0%**	154		154	**0.0%**
Total Assets	**277,230**	**83,252**	**360,482**		**271,379**	**66,298**	**337,677**	

Basis for Estimating Assets & Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme at 31 March 2019.

In the 2021/22 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.

	2021/22 £'000	2020/21 £'000
Present Value of funded liabilities	(497,358)	(524,073)
Present Value of unfunded liabilities	(17,854)	(19,627)
Fair Value of plan assets	358,967	337,677
Net Liability arising from defined benefit obligation	**(156,245)**	**(206,023)**

	2021/22	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Male	21.7	21.9
Female	24.1	24.3
Longevity at 45 for future pensioners:		
Male	22.9	23.2
Female	26.0	26.2

	2021/22	2020/21
Rate of increase in salaries	3.90%	3.55%
Rate of increase in pensions (CPI)	3.20%	2.85%
Rate for discounting scheme liabilities	2.70%	2.00%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in assumptions at 31 March 2022	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	8,532
1 year increase in member life expectancy	4%	20,608
0.1% increase in the Salary Increase Rate	0%	692
0.1% increase in the Pension Increase Rate (CPI)	2%	7,777

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

Impact on the Council's Cash Flows

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

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

The total contribution expected to be made to the scheme by the Council for the year to March 2023 is £7.737m

The weighted average duration of the defined benefit obligation for scheme members is 17 years, (2020/21 17 years).

41. Contingent Assets and Liabilities

Liabilities

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

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

Water Charges

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

End of Contract Negotiation

In 2021/22 the Council held a contract with Norwich Norse Building Limited which ceased on 31 March 2022. There is now a need to undertake an end of contract negotiation which may lead to a contract cessation payment, the timing and level of which is unknown.

42. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

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

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

Date	General Fund	Earmarked Reserves
31 March 22 (unaudited)	£10.3m	£29.8m

The General Reserves are projected to remain above the s151 officer's minimum level of £5.1 million through to March 2023, as set out below. Reductions in earmarked reserves is primarily driven by the return of government Section 31 funding into the revenue account to match the timing of the related collection fund deficits created by additional government reliefs during the Covid-19 pandemic.

Date	General Fund	Earmarked Reserves
31 March 2023 (estimated and unaudited)	£8.3m	£12.1m

The key assumptions within this forecast include:

- the achievement of £1.35m of savings in 2022/23 as approved in February 2022.
- further gross savings of £6.20m in 2023/24 per the current medium term financial strategy.

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

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

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

Housing Revenue Account Income & Expenditure Statement

	Notes	2021/22 £'000	2020/21 £'000
Expenditure			
Repairs & Maintenance		12,971	11,583
Supervision & Management		18,202	15,852
Rents, Rates, Taxes & Other Charges		5,334	4,969
Revenue expenditure funded as captial (Refcus)		1,612	550
Depreciation & Impairment of Non-current Assets	HRA 10&11	20,668	18,127
Local Authority Housing - Revaluation loss (gain) on Dwellings		(17,009)	(15,502)
Debt Management Costs		112	142
Movement in Allowance for Bad Debts		466	710
Total Expenditure		**42,356**	**36,431**
Income			
Dwelling Rents		(57,413)	(57,527)
Non-dwelling Rents		(2,107)	(2,208)
Charges for Services & Facilities		(2,794)	(2,835)
Contributions towards expenditure		(5,780)	(5,521)
Total Income		**(68,094)**	**(68,091)**
Net (Income)/Cost of HRA Services included in the Comprehensive Income & Expenditure Statement		**(25,738)**	**(31,660)**
HRA services share of Corporate & Democratic Core		1,167	864
Net (Income)/Cost of HRA Services		**(24,571)**	**(30,796)**
HRA share of operating income & expenditure included in the Comprehensive Income & Expenditure Statement			
Other Operating Expenditure		(2,330)	(2,045)
Financing & Investment Income & expenditure		8,059	8,037
Taxation & Non-Specific Grant Income		(713)	(591)
(Surplus)/deficit for the year on HRA services		**(19,555)**	**(25,395)**

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)

	2021/22 £'000	2020/21 £'000
Balance at 1 April	(43,370)	33,968
<u>Movement in reserves during Year</u>		
(Surplus)/ deficit on provision of services	(19,555)	25,395
Other Comprehensive Income & Expenditure	-	-
Total Comprehensive Income & Expenditure	**(19,555)**	**25,395**
Adjustments between accounting basis & funding basis under regulations (note 6 main accounts)	12,832	(16,146)
Net Increase/ Decrease before Transfers to Earmarked Reserves	(6,723)	9,249
Transfers to/from Earmarked Reserves (note 11 main accounts)	(1,279)	221
Transfers between reserves	-	(70)
(Increase)/Decrease in Year	(8,002)	9,400
Balance at 31 March carried forward	**(51,372)**	**43,368**

Notes to Housing Revenue Account Income & Expenditure Statement

1. Other Operating (Income) / Expenditure

	2021/22 £'000	2020/21 £'000
(Gains)/Losses on the disposal of non-current assets	(2,330)	(2,045)
Total	**(2,330)**	**(2,045)**

2. Financing and Investment Income and Expenditure

	2021/22 £'000	2020/21 £'000
Interest payable and similar charges	7,258	7,258
Pension interest cost and expected return on pension assets	852	822
Interest receivable and similar income	(43)	(43)
Total	**8,067**	**8,037**

3. Taxation and Non-Specific Grant Income

	2021/22 £'000	2020/21 £'000
Capital Grants and contributions	(713)	(591)
Total	**(713)**	**(591)**

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 £7.227m being charged to the HRA in 2021/22 (2020/21 £7.258m).

5. HRA Council Dwellings

At 31 March 2021 there were 14,397 HRA Council dwellings, of which 924 were sheltered housing units.

	31-Mar-22	31-Mar-21
	Total Stock	**Total Stock**
Parlour houses	285	291
Non-parlour houses	4,844	4,917
Non-traditional houses	615	624
Bungalows	334	336
Cottage properties	185	187
Flats	6,189	6,249
Maisonettes	468	472
Flats in tower blocks	405	406
Sheltered/Good Neighbour housing units	924	923
Passivhaus flats	73	73
Passivhaus houses	75	75
	14,397	**14,553**
The changes in stock during the year can be summarised as follows		
Stock as at 1 April	**14,553**	**14,657**
Right to Buy sales	(159)	(112)
Other Dwelling Sales	(1)	(3)
Long term lease	(1)	-
Housing acquisitions	5	11
Stock as at 31 March	**14,397**	**14,553**

6. Housing Valuation

	31-Mar-22 £'000	31-Mar-21 £'000
Operational Assets:		
Council Dwellings (HRA)	843,669	804,597
Other Land & Buildings	27,286	24,584
Vehicle, Plant & Equipment	599	692
Infrastructure & Community Assets	2,197	2,197
Assets Under Construction	1,508	1,435
Surplus assets	24	24
Sub Total	**875,283**	**833,529**
Assets held for Sale - Current	235	-
Sub Total	**235**	**-**
Total	**876,400**	**833,529**

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% (2020/21 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 2022 was £2,176.41m (31 March 2021 £2,075.62m).

7. Major Repairs Reserve

	2020/21	2019/20
	£'000	£'000
Balance brought forward at 1 April	(10,020)	(8,307)
Depreciation charge for the year	(15,541)	(15,525)
Financing of capital expenditure for the year	18,280	13,812
Balance for the year	**2,739**	**(1,713)**
Balance Carried forward	**(7,281)**	**(10,020)**

8. HRA Capital Expenditure

	2021/22 £'000	2020/21 £'000
Capital Investment		
Opening Capital Financing Requirement 1st April	207,517	205,716
Operational Assets	19,825	16,820
Other Land & Buildings	168	145
Vehicles, Plant & Equipment	32	9
Intangible Assets	209	-
Assets under Construction	912	994
Revenue Expenditure Financed as Capital	1,612	550
Appropriation to General Fund	-	1,801
	230,275	**226,035**
Sources of Finance		
Capital Receipts	(2,660)	(1,957)
Government Grants & Other Contributions	(713)	(807)
Major Repairs Allowance	(18,280)	(13,813)
Revenue Contributions	(1,106)	(1,941)
Closing Capital Financing Requirement 31 March	**207,516**	**207,517**

9. HRA Capital Receipts

In 2021/22 total capital receipts from the disposal of HRA assets were:

	2021/22 £'000	2020/21 £'000
Other Land & Buildings	100	71
Council dwellings	13,224	9,321
Total	**13,324**	**9,392**

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 £15.667m (2020/21 £15.651m).

	2021/22 £'000	2020/21 £'000
Operational Assets		
Council dwellings	14,970	14,999
Other land & buildings	571	526
Vehicles, Plant & Equipment	126	125
Intangible Assets	-	-
Total	**15,667**	**15,651**

11. Impairment Costs

During the year there were £5.005m of impairment costs (2020/21 £2.481m) relating to HRA assets, which are detailed in the table below.

	2021/22	2020/21
	£'000	£'000
Council Dwellings	4,837	2,333
Other Property	168	148
Total	**5,005**	**2,481**
Disabled Facilities adaptations not adding value	1,640	603
Lift installations not adding value	-	89
Housing alarm upgrades not adding value	121	36
Upgrades to District Heating schemes not adding value	1,644	531
Enhancement of HRA estates not adding value	689	373
Structural work to flats where lease has been sold not adding value	581	340
Other work to flats where lease has been sold not adding value	162	361
Other	168	148
Total	**5,005**	**2,481**

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 2022 were £7.46m (2020/21 £6.51m). The provision for doubtful debts (rents) at 31 March 2022 was £4.38m (2020/21 £3.93m). Amounts written off during the year amounted to £0.09m (2020/21 £0.08m).

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-22			31-Mar-21
	Business Rates	Council Tax	Total	Total
	£'000	£'000	£'000	£'000
INCOME				
Council Tax receivable	-	(91,983)	**(91,983)**	**(88,715)**
Business rates receivable	(53,972)	-	**(53,972)**	**(33,449)**
Council Tax Reduction Scheme	-	14,606	**14,606**	**14,801**
Interest	-	-	**-**	**-**
	(53,972)	**(77,377)**	**(131,349)**	**(107,363)**
EXPENDITURE				
Precepts & Demands:				
Central Government	38,019	-	**38,019**	**37,931**
Norfolk County Council	7,604	55,100	**62,704**	**60,001**
Norfolk Police Authority	-	10,400	**10,400**	**9,734**
Norwich City Council	30,415	10,277	**40,692**	**40,313**
Distribution of Estimated Surplus / (Deficit) for Previous Years:				
Central Government	(21,724)	-	**(21,724)**	**840**
Norfolk County Council	(4,240)	395	**(3,845)**	**2,034**
Norfolk Police Authority	-	73	**73**	**307**
Norwich City Council	(17,293)	75	**(17,218)**	**1,165**
Charges to Collection Fund:				
Transitional Protection Payment	398	-	**398**	**791**
Costs of Collection	268	-	**268**	**271**
Increase/decrease in Bad Debt Provision	135	1,156	**1,291**	**2,099**
Increase/decrease in Provision for Appeals	(517)	-	**(517)**	**(456)**
Write Offs of uncollectable amounts	440	410	**850**	**1,399**
	33,505	**77,886**	**111,391**	**156,429**
Collection Fund Balance b/fwd at 1 April	44,084	(871)	**43,213**	**(5,853)**
(Surplus) / Deficit for the year	(20,467)	509	**(19,958)**	**49,066**
Collection Fund Balance c/fwd at 31 March	**23,617**	**(362)**	**23,255**	**43,213**

Notes to the Collection Fund Statement

1. Income from Business Rates

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

The total non-domestic rateable value on 31 March 2022 was £196,750,422 (31 March 2021 £198,524,709). The national non-domestic rate multiplier for 2021/22 was 51.2p in the £ (2020/2021 51.2p in the £). The small business multiplier for eligible businesses in 2020/21 was 49.9p in the £ (2020/2021 49.9p in the £).

2. Council Tax

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

Property Value	Band	2021/22 Calculated Number of Properties in Band	2020/21 Calculated Number of Properties in Band
Up to £40,000	A	10,813.14	10,629.23
£40,001 to £52,000	B	13,247.31	13,246.14
£52,001 to £68,000	C	6,467.78	6,274.67
£68,001 to £88,000	D	3,129.00	3,109.50
£88,001 to £120,000	E	2,446.28	2,431.31
£120,001 to £160,000	F	1,216.22	1,207.19
£160,001 to £320,000	G	949.58	958.33
Over £320,000	H	98.00	95.50
		38,367.31	**37,951.87**
Collection Rate		0.975	0.975
Tax Base		**37,408.00**	**37,003.00**

The tax rate per Band D property was £2,025.69 (2020/21 £1,948.96).

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.

	2021/22	2020/21
	£'000	£'000
Norfolk County Council	(263)	(633)
Norfolk Police Authority	(50)	(119)
Norwich City Council	(49)	(119)
Surplus Carried Forward	**(362)**	**(871)**

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.

	2021/22	2020/21
	£'000	£'000
Central Government	11,808	22,137
Norwich City Council	9,447	17,624
Norfolk County Council	2,362	4,323
Surplus /(deficit) Carried Forward	**23,617**	**44,084**

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 and Norwich City Services Ltd.

The following pages include:
Group Movement in Reserves Statement
Group Comprehensive Income and Expenditure Statement
Group Balance Sheet
Group Cash Flow Statement
Notes to the Group Accounts

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

2. Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with the entities that fall into the following categories:

Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
Associates – where the Council exercises a significant influence and has a participating interest. 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 2021/22 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 2021/22 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 29 of the Council's single entity accounts.

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

6. Norwich Norse (Environmental) Limited

This is a company owned by NPS Norwich Limited (NPSN) and Norwich City Council. 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 29 of the Council's single entity accounts.

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

7. Norwich Norse (Building) Limited

This is a company owned by NPS Norwich Limited (NPSN) and Norwich City Council. 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 who is jointly appointed by NPSN & NCC. In line with the Service Level Agreement, Norwich City Council is entitled to an amount equivalent to 50% of any pre-tax profits as a discount on charges, with NPS Norwich Ltd retaining the remaining 50%.

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 29 of the Council's single entity accounts.

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

8. Three Score Open Space Management Ltd

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

The company has been set up initially as a subsidiary of 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 2021/22 or 2020/21 therefore it is not included in the Group Accounts.

9. Norwich City New Co Ltd

Norwich City New Co Ltd was incorporated on 4 March 2019. The company has been set up to manage all private rental sector properties built by 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 2021/22 or 2020/21, therefore the company will not be consolidated into the 2021/22 Consolidated Group Statements.

10. Basis of Consolidation

The financial statements of 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	Subsidiary usable reserves	Total Group usable reserves	Council unusable reserves	Subsidiary unusable reserves	Total Ghroup unusable reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	**(160,284)**	**4,461**	**(155,823)**	**(552,922)**	**-**	**(552,922)**	**(708,745)**
Movement in Reserves in 2021/22:							
(Surplus)/ deficit on the provision of services	(35,891)	1,067	(34,824)	-	-	**-**	**(34,824)**
Other Comprehensive Income and Expenditure	-	-	-	(91,694)	-	**(91,694)**	**(91,694)**
Total Comprehensive Income and Expenditure	**(35,891)**	**1,067**	**(34,824)**	**(91,694)**	**-**	**(91,694)**	**(126,518)**
Adjustments between group accounts and authority accounts	(59)	59	-	-	-	**-**	**-**
Adjustments between accounting and funding basis under regulation - note 6	27,874	-	27,874	(27,874)	-	**(27,874)**	**-**
Net (increase)/decrease before transfers to Earmarked reserves	**(8,076)**	**1,126**	**(6,950)**	**(119,568)**	**-**	**(119,568)**	**(126,518)**
Transfers to/from Earmarked reserves	-	-	-	-	-	**-**	**-**
Transfers between reserves	-	-	-	-	-	**-**	**-**
Other adjustments	-	-	2	(2)	-	**-**	**-**
(Increase)/Decrease in 2021/22	**(8,076)**	**1,126**	**(6,948)**	**(119,570)**	**-**	**(119,568)**	**(126,518)**
Balance at 31 March 2022	**(168,360)**	**5,587**	**(162,771)**	**(672,492)**	**-**	**(672,490)**	**(835,263)**

	Council's usable Reserves	Subsidiary usable Reserves	Total Group usable Reserves	Council's unusable Reserves	Subsidiary unusable Reserves	Total Group unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	**(123,373)**	**3,570**	**(119,803)**	**(584,733)**	**-**	**(584,733)**	**(704,536)**
Movement in Reserves in 2020/21:							
(Surplus)/ deficit on provision of services	(24,867)	878	(23,989)	-	-	**-**	**(23,989)**
Other Comprehensive Income & Expenditure	-	-	-	19,789	-	**19,789**	**19,789**
Total Comprehensive Income & Expenditure	**(24,867)**	**878**	**(23,989)**	**19,789**	**-**	**19,789**	**(4,200)**
Adjustments between group accounts and authority accounts	(12)	12	-	-	-	**-**	**-**
Adjustments between accounting basis & funding basis under regulations (note 9)	(12,020)	-	(12,020)	12,020	-	**12,020**	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(36,899)**	**890**	**(36,009)**	**31,809**	**-**	**31,809**	**(4,200)**
Transfers to/from Earmarked Reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers between reserves	**-**	**-**	**-**		**-**	**-**	**-**
Other Adjustments	**(10)**	**-**	**(10)**	**2**	**-**	**2**	**(8)**
(Increase)/Decrease in 2020/21	**(36,909)**	**890**	**(36,019)**	**31,811**	**-**	**31,811**	**(4,208)**
Balance at 31 March 2021	**(160,282)**	**4,460**	**(155,822)**	**(552,922)**	**-**	**(552,922)**	**(708,744)**

Group Comprehensive Income and Expenditure Statement

	2021/22			2020/21 Re-stated		
	Expenditure	Income	Net	Expenditure	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	298	0	**298**	255	0	**255**
Community Services	20,804	(8,283)	**12,521**	18,887	(6,588)	**12,299**
Corporate & Commercial Services	59,525	(48,144)	**11,381**	54,868	(47,157)	**7,711**
Corporate Financing	189	(61)	**128**	2,978	(1,990)	**988**
Development & City Services	22,357	(15,333)	**7,024**	23,906	(10,921)	**12,985**
Housing Revenue Account	36,741	(67,885)	**(31,144)**	32,386	(67,889)	**(35,503)**
Norwich Regeneration Ltd	10,122	(9,846)	**276**	8,429	(8,332)	**97**
NCSL Ltd	6,335	(179)	**6,156**	63	(1)	**62**
Cost of Services	**156,371**	**(149,731)**	**6,640**	**141,772**	**(142,878)**	**(1,106)**
Other Operating Expenditure			**(1,267)**			**(971)**
Financing and Investment Income and Expenditure			**(9,329)**			**7,098**
Taxation and non-specific grant income and expenditure			**(30,869)**			**(29,010)**
(Surplus) or Deficit on Provision of Services			**(34,825)**			**(23,989)**
Surplus on revaluation of non-current assets.			**(36,229)**			**(14,117)**
(Surplus)/deficit from investments in equity instruments designated FVOCIE			**(1,083)**			**(109)**
Actuarial (gains)/losses on pension assets/liabilities			**(54,382)**			**34,016**
Other Comprehensive Income and Expenditure			**(91,694)**			**19,790**
Total Comprehensive Income and Expenditure			**(126,519)**			**(4,199)**

There was an organisation wide restructure in 2021/22 and the 2020/21 figures have been restated to reflect. the new structure.

Group Balance Sheet

		31 March 2022 £'000	31 March 2021 £'000
Property, Plant and Equipment	*Note 1*	997,583	954,955
Heritage Assets		25,596	25,553
Investment Properties	*Note 2*	121,560	105,399
Intangible Assets		1,465	614
Long Term Investments	*Note 3*	3,321	2,238
Long Term Debtors	*Note 4*	4,921	5,223
		0	
LONG TERM ASSETS		**1,154,446**	**1,093,982**
Assets Held for Sale		798	0
Short Term Debtors	*Note 5*	22,609	38,158
Inventories	*Note 6*	264	8,279
Short Term Investments		57,083	30,005
Cash and Cash Equivalents		111,483	49,339
CURRENT ASSETS		**192,237**	**125,781**
Short Term Creditors	*Note 7*	(67,583)	(72,988)
Provisions		0	(378)
Short Term Borrowing		(52,034)	(3,398)
Capital grants receipts in advance		(6,343)	(3,410)
CURRENT LIABILITIES		**(125,960)**	**(80,174)**
Capital grants receipts in advance		(12,727)	(1,919)
Long Term Creditors		(2,210)	(2,411)
Provisions		(2,560)	(2,767)
Other Long Term Liabilities		(156,398)	(206,169)
Long Term Borrowing		(211,565)	(217,579)
LONG TERM LIABILITIES		**(385,460)**	**(430,845)**
NET ASSETS		**835,263**	**708,744**
Usable Reserves		(162,771)	(155,822)
Unusable Reserves		(672,492)	(552,922)
TOTAL RESERVES		**(835,263)**	**(708,744)**

Signed: Date: 28 July 2022

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

Group Cash Flow Statement

	2021-22 £'000	Restated 2020-21 £'000
Net surplus or (deficit) on provision of services	34,825	24,739
Adjustments to net surplus or deficit on provision of services for non-cash movements	23,398	19,476
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(22,848)	(12,265)
Net cash flows from Operating Activities	**35,375**	**31,950**
Investing Activities	(13,123)	(26,519)
Financing Activities	39,892	6,510
Net Increase or (decrease) in cash and cash equivalents	**62,144**	**11,941**
Cash and cash equivalents at 1 April	49,339	37,398
Cash and cash equivalents at 31 March	**111,483**	**49,339**

The 2020/21 figures have been restated to reflect the change in the method of preparation of this statement, further details of this change are provided in the prior period adjustments, changes in accounting policies & estimates & errors section of the Council's Accounting Policies (Note 1).

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 2021/22 accounts using accounting policies consistent with those applied by the Council with the exception of the implementation of IFRS16 by NCSL in respect of leasehold assets, and the only adjustments required to align accounting policies are the removal of those right of use assets from the balance sheet.

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

Movements in 2021/22	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At 1 April 2021	**812,630**	**144,265**	**11,937**	**2,885**	**12,207**	**54**	**1,671**	**985,649**
Additions	19,082	2,304	943	2	749	-	4,361	**27,441**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,104	1,803	-	-	-	(1)	-	**27,906**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(791)	(1,109)	-	(96)	-	-	-	**(1,996)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	9,358	746	-	-	-	-	-	**10,104**
Derecognition – Disposals	(9,387)	-	(112)	-	-	(52)	-	**(9,551)**
Derecognition - Other	(1,203)	-	-	-	-	-	-	**(1,203)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(160)	(368)	-	-	-	-	(114)	**(642)**
Other Movements in Cost or Valuation	44	9	-	-	-	-	(816)	**(763)**
Other reclassifications	-	-	-	-	-	-	-	**-**
At 31 March 2022	**855,677**	**147,650**	**12,768**	**2,791**	**12,956**	**1**	**5,102**	**1,036,945**
Accumulated Depreciation & Impairment								
At 1 April 2021	**(8,033)**	**(13,879)**	**(7,400)**	**(1,381)**	**-**	**-**	**-**	**(30,693)**
Depreciation charge	(14,970)	(2,703)	(1,011)	(82)	-	-	-	**(19,396)**
Depreciation written out to the Surplus/Deficit on Provision of Services	8,004	113	-	-	-	-	-	**8,117**
Depreciation write-back on revaluation to Revaluation Reserve	6,966	714	-	38	-	-	-	**7,718**
Impairment losses / (reversals) recognised in CIES	(3,974)	(1,876)	-	-	-	-	-	**(5,850)**
Impairment losses / (reversals) recognised in RR	-	-	-	-	-	-	-	**-**
Derecognition – Disposals	-	-	112	-	-	-	-	**112**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2021	(12,007)	(17,630)	(8,300)	(1,425)	-	-	-	**(40,004)**
Net Book Value								
At 31 March 2022	**843,670**	**130,020**	**4,468**	**1,366**	**12,956**	**1**	**5,102**	**997,583**
At 31 March 2021	804,597	130,386	4,537	1,504	12,207	54	1,671	954,956

Comparative Movements in 2020/21	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant, Furniture and equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total Property, Plant & Equipment**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation								
At 1 April 2020	**790,620**	**140,045**	**28,770**	**2,862**	**11,923**	**25**	**606**	**974,851**
Additions	16,119	2,603	1,525	23	284	-	1,065	**21,619**
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**
Other reclassifications	-	(259)	-	-	-	-	-	**(259)**
At 31 March 2021	**812,630**	**144,265**	**11,937**	**2,885**	**12,207**	**54**	**1,671**	**985,649**
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	130,386	4,537	1,504	12,207	54	1,671	**954,956**
At 31 March 2020	783,494	128,932	3,746	1,562	11,923	25	606	**930,288**

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 2022 is land held by the NRL which is as yet undeveloped. It has been valued at cost £0.223m. NCSL have made several improvements to leasehold property which are currently included in the balance sheet at a net cost of £1.515m, based on historic cost less depreciation. Property, plant and equipment for the single entity is measured at current value and revalued at least every five years, by the Council's external valuers NPS. The valuation cycle is shown in the table below and more details on the valuations can be found at note 14 to the single entity accounts.

VALUATION CYCLE	**Council dwellings**	**Other Land &Buildings**	**Community assets**	**Infrastructure**	**Vehicles Plant etc.**	**Surplus properties**	**Assets under construction**	**Total PPE**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Valued at historical cost			12,956	1,367	4,469		5,103	23,895
Valued at current value								-
2021-22	843,669	48,292						891,961
2020-21		2,949						2,949
2019-20		11,353						11,353
2018-19		22,803						22,803
2017-18		44,622						44,622
	843,669	**130,019**	**12,956**	**1,367**	**4,469**	**0**	**5,103**	**997,583**

2. Investment Properties

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

	2021/22 £'000	**2020/21 £'000**
Rental income from investment property	(8,041)	(7,397)
Direct operating expenses arising from investment property	1,874	2,516
Net (gains)/losses from fair value adjustments	(15,806)	12
Total	**(21,973)**	**(4,869)**

	2021/22 £'000	**2020/21 £'000**
Balance at start of the year	**105,399**	**108,630**
Additions	266	64
Purchases	-	-
Disposals	-	(1,481)
Net gains / (losses) from fair value adjustments	15,805	(11)
Transfers (to) / from Property, Plant & Equipment	90	(1,803)
Balance at end of year	**121,560**	**105,399**

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

3. Long Term Investments

	2020/21 £'000	2019/20 £'000
Norwich Regeneration Ltd	-	-
Norwich City Services Ltd	-	-
Municipal Bonds Agency	100	100
Legislator 1656	3,221	2,138
Total	3,321	2,238

4. Long Term Debtors

	2021/22			2020/21
	Debtors £'000	Provision for Bad Debt £'000	Net Debtors £'000	Net Debtors £'000
Advances for House Purchase: Council Houses Sold	3	-	**3**	**3**
Norfolk County Council Transferred Debt	487	-	**487**	**551**
Decent Home Loans	2,547	(2,066)	**481**	**543**
Finance Lease > 1 year	1,692	-	**1,692**	**1,715**
Home Improvement Loans	203	-	**203**	**205**
Housing Benefit Overpayments	4,905	(3,886)	**1,019**	**1,114**
Shared Equity Dwellings	144	-	**144**	**199**
SALIX	321	-	**321**	**330**
Debts with legal charge over property	202	-	**202**	**202**
Wholly owned subsidiary	-	-	**-**	**-**
Other Long Term Debtors	369	-	**369**	**361**
Total	**10,873**	**(5,952)**	**4,921**	**5,223**

5. Short Term Debtors

	2021/22 £'000	Restated 2020/21 £'000
Amounts falling due within one year:		
Trade Customers		
- HRA Rentpayer	3,095	3,368
- Other Trade Customers	4,766	3,778
Collection Fund		
- Taxpayers (Council Tax & Business Rates)	2,519	1,157
- Preceptors	9,082	22,602
Other Receivables	1,747	6,400
Prepayments	1,400	853
Total short term debtors	**22,609**	**38,158**

The short term debtors' figures for 2020/21 have been restated to new categories that better reflects the group debtors.

6. Inventories

	2021/22	2020/21
	£'000	£'000
Balance 1 April	8,279	5,783
Purchases	38	3,787
Recognised as an expense in the year	-	-
Transfers	(8,053)	(1,291)
Balance 31 March	**264**	**8,279**
Council Stock	27	27
NRL	199	8,252
NCSL	38	-
Total	**264**	**8,279**

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

	2021/22	Restated 2020/21
	£'000	£'000
Amounts falling due within one year:		
Amounts repayable to Government		
- Covid-19 Business Grants	(3,691)	(10,962)
- NNDR Grants & Funding	(23,973)	(32,471)
Trade Payables	(19,039)	(15,558)
Other Payables	(4,760)	(6,528)
Receipts in Advance		
- Council Tax Rebate Funding	(9,583)	-
- Other receipts in advance	(6,537)	(7,469)
Total short term creditors	**(67,583)**	**(72,988)**

The short term creditors' figures for 2020/21 have been restated to new categories that better reflects the group creditors.

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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Produced by Norwich City Council – May 2022

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COM12833

NORWICH City Council

Item 7

Committee name: Audit

Committee date: 04/10/2022

Report title: Risk Management Update

Portfolio:	Councillor Kendrick, cabinet member for resources
Report from:	Executive director of corporate and commercial services
Wards:	All wards

OPEN PUBLIC ITEM

Purpose

To provide an update on progress in relation to risk management.

Recommendation:

It is recommended that the committee notes the risk management report.

Policy framework

The council has five corporate priorities, which are:

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

This report is relevant for all five corporate aims.

Report details

Background

1. Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced.
2. The purpose of this report is to provide an update based on the Q1 2022 corporate risk register; this information would have been considered by the cabinet on 14 September as part of the Q1 Assurance report, however due to the period of mourning this report was in fact deferred until a later meeting. The report forms part of the twice-yearly updates to the audit committee on risk management, enabling the committee to fulfil its oversight function.

Actions Taken

3. Since the last report to the audit committee changes have been implemented to the risk register templates which facilitate easier reporting and comparison on risk management actions. There remains work to be done to ensure that there is a consistent approach across risk owners but this will develop over time and in addition further guidance and an updated risk strategy is now in development. The key points to note in relation to the council's approach to risk management are:
    - Directorate risk registers are reviewed and populated with clear risk owners and actions identified.
    - A continued review by the corporate leadership team of the corporate risk register as part of the quarterly corporate performance review process and timetable.

Q1 2022 Corporate Risk Register

4. The corporate register has been updated to reflect feedback received from the action owners and reviewed by the Corporate Leadership Team. This is shown in full in **Appendix 1** and summarised below in **Table 1**.
5. Heads of Service and other risk owners were asked to update their directorate and corporate registers by 30 June 2022; the latest position reflects updates provided on the dates shown. The current corporate risk register summary is shown below. A number of new risks have been added to the corporate risk register:

- Risk 18 - the failure to address Natural England's advice on nutrient neutrality has been added. The impact on the council's ability to determine planning applications until mitigating actions have been agreed has wide ranging impacts on the council and more broadly if development stalls.
- Risk 19 – Housing regulation; although similar to Risk 14 (Health and Safety compliance) this is a more general risk arising from the actions to self-report to the housing regulator.
- Risk 20 – Cost of living crisis has a negative impact on the city; the impact of inflation on residents and their health has the potential to lead to a

range of social issues in the city, impacts on demands for services and also impact on the ability of residents to meet their financial liabilities including to the council. The council's role in supporting those issues as well as being well placed to deliver broader government support is recognised.

- Risk 21 – Equality impacts due to climate change, including the disproportionate impact on already disadvantaged groups is recognised.

6. The previous risk on anti-social behaviour has been moved to the directorate risk register; the residual risk score has decreased from 16 to 9 and whilst still above the target score of 6 the recruitment and training of the ASB Team is considered to be having sufficient impact to allow the risk to be managed at a directorate level.
7. The risks associated with the council's funding over the medium to long term shows as a worsening position as continuing inflationary pressures are seen with the Consumer Price Inflation index rising above 10%, whilst contract management governance and the failure to be able to draw down on the £15m housing infrastructure fund both have an improved risk position.

Role of Audit Committee

8. CIPFA's Position Statement on Audit Committees in Local Authorities and Police identifies the following core functions in relation to oversight of risk management arrangements:

    - ensuring there is assurance over the governance of risk and top-level ownership and accountability
    - keeping up to date with the organisation's risk profile and the effectiveness of risk management actions
    - monitoring the effectiveness of risk management arrangements and supporting the development of good risk management practice.

Consultation

9. The corporate risk register has been reviewed by the Corporate Leadership Team. The risk register was also considered by Cabinet on 14 September 2022.
10. This report forms part of the twice-yearly updates to the Audit Committee on risk management, enabling the committee to fulfil its oversight function.

Table 1: Summary of Corporate Risk Register

		Q1 2022/23			
	Directorate	Current residual risk score	Target risk score	Current direction	Review Date
CORP01 Council Funding Medium - Long Term	Exec Dir - Corporate and Commercial Services	16	8	Worsening	01/08/2022
CORP02 Commercialisation (investment property, Norwich Regeneration Ltd (NRL) and other commercial income sources)	Exec Dir - Corporate and Commercial Services	8	8	Static	01/08/2022
CORP03 Health & safety in the workplace	Exec Dir - Development and City Services	12	8	Static	31/07/2022
CORP04 Further waves of COVID 19	Chief Executive	12	9	Static	30/06/2022
CORP05 Impact of Brexit	Chief Executive	12	8	Static	30/06/2022
CORP06 Failure to respond to a critical, business continuity or emergency planning event	Chief Executive	12	6	Static	31/07/2022
CORP07 Cyber Security	Exec Dir - Community Services	15	15	Static	26/07/2022
CORP08 Data Protection Compliance	Exec Dir - Corporate and Commercial Services	12	8	Static	30/06/2022

		Q1 2022/23			
	Directorate	Current residual risk score	Target risk score	Current direction	Review Date
CORP09 Failure to fulfil statutory or legislative responsibilities – safeguarding	Exec Dir - Community Services	15	12	Static	27/07/2022
CORP11 Antisocial behaviour (ASB) - moved down to Community Services Register as CS14	Exec Dir - Community Services	9	6	Moved to Directorate Register	27/07/2022
CORP12 Contract management - governance	Exec Dir - Corporate and Commercial Services	9	6	Improving	25/07/2022
CORP13 The Council's approach to waste and recycling becomes financially, environmentally and contractually unsustainable	Exec Dir - Development and City Services	12	4	Static	30/06/2022
CORP14 Health and safety and compliance in council homes and buildings	Exec Dir - Community Services	20	8	Static	28/07/2022
CORP15 Failure to be able to draw down £15m of Housing Infrastructure Fund (HIF) money previously secured from Homes England (HE) and under contract to assist with the delivery of Anglia Square leading to failure for successful redevelopment of this key city centre site	Exec Dir - Development and City Services	12	8	Improving	28/07/2022
CORP16 Implementation of the Election Act	Exec Dir - Corporate and Commercial Services	12	4	Static	25/07/2022

		Q1 2022/23			
	Directorate	Current residual risk score	Target risk score	Current direction	Review Date
CORP17 Failure to deliver acceptable levels of performance in regulatory services	Exec Dir - Development and City Services	16	8	Static	31/07/2022
CORP18 Failure to address Natural England advice on Nutrient Neutrality (NN)	Exec Dir - Development and City Services	25	10	N/A	31/07/2022
CORP19 Housing regulation	Exec Dir - Community Services	20	9	Static	27/07/2022
CORP20 Cost of living (COL) crisis has a negative impact on the city and the council	Exec Dir - Community Services	16	12	Static	18/07/2022
CORP21 Equality impacts due to climate change	Exec Dir - Community Services	16	12	Static	18/07/2022

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 2022-26 and budget.

11. There are no proposals in this report that would reduce or increase resources and all risk management activities are currently carried out within approved and available budget provision.

Legal

12. There are no legal implications arising from this report.

Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	No direct implications
Health, social and economic impact	No direct implications
Crime and disorder	No direct implications
Children and adults safeguarding	No direct implications
Environmental impact	No direct implications

Risk management

Risk	Consequence	Controls required
The full corporate risk register is provided as an appendix to the report. Risk owners, CLT, Cabinet and the audit committee all have key roles to play in the oversight and management of corporate risks	A failure to manage risk appropriately brings a range of potential implications for the council including financial and other losses and reputational damage	Maintenance and oversight of the council's core risks is an important control to the successful management of risks

Other options considered

13. There are no alternative options to this report.

Reasons for the decision/recommendation

14. This report forms part of the twice-yearly updates to the audit committee on risk management, enabling the committee to fulfil its oversight function.

Background papers:

None

Appendices:

Appendix 1: Corporate Risk Register

Exempt Appendix 2: Corporate Risk Register Risks (commercially sensitive)

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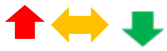
Risk scoring matrix

Impact	Very High	5	**5**	**10**	**15**	**20**	**25**
	High	4	**4**	**8**	**12**	**16**	**20**
	Medium	3	**3**	**6**	**9**	**12**	**15**
	Low	2	**2**	**4**	**6**	**8**	**10**
	Negligible	1	**1**	**2**	**3**	**4**	**5**
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

Risk direction key



Appendix 1

REF **CORP01**

Council Funding Medium - Long Term

NORWICH City Council

Current risk description	Risk owner	Service area
Continued reductions in the Council's sources of funding over the medium term	Exec Dir - Corporate and Commercial Services	Finance, Audit & Risk

Current Residual Risk		
Impact	Likelihood	Score
4	4	16

Target Risk		
Impact	Likelihood	Score
4	2	8

Progress	
On track / Limited / Slipped / New / No progress	ON TRACK

Risk direction	
Worsening	⇧

Date raised	01/06/2020
Last updated	01/08/2022

Background to this risk	Primary Corporate Priority
Following a period of austerity in excess of a decade, economic conditions are now increasing demand and costs and the level of governemnt funding is uncertain	5 - Norwich City Council is in good shape to serve the city

Triggers	Main impacts
Council fails to identify and plan for enough savings over the medium term	Council's financial position goes into deficit, reducing confidence in financial strength and governance
Non-delivery of identified savings	Unplanned use of reserves reducing capacity and flexibility and compromising stability
New national funding arrangements reduce government funding (Fairer Funding, Business Rates Retention, New Homes Bonus)	Section 114 notice
Economic uncertainty increase volatility on business rates and council tax	Government intervention
Risk of inflation on costs and pension deficit increases	Failure to deliver Council Plan
Lack of capital resources to fund the council's asset base	Adverse comments by poorer perception of Council by stakeholders
	Overspends arising from activity not in service plans

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Financial performance and all budget proposals are monitored on a monthly basis; management action agreed by CLT in response to projected position	MONTHLY	G	Jul-22	Regular budget monitoring is in place and effectively reported to DMT, CLT and Cabinet as appropriate.	Exec Dir - Corporate and Commercial Services
Future Shape Norwich established as transformation vehicle for longer term budget proposals with initial reporting to Cabinet on high value projects		A	Jul-22	Team established and operating though FSN Board	Exec Dir - Community Services
SLT budget sessions scheduled for June 2022 to identify additional proposals for savings		G	Jul-22	Sessions delivered as planned.	Chief Executive

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
A cabinet report will be prepared identifying the impact of higher inflationary pressures to the Council's budget		G	**Jul-22**	Cabinet report presented to July Cabinet	Exec Dir - Corporate and Commercial Services
A wide-ranging asset review taking into account operational need, investment properties and disposals has commenced. Changes to the treasury, borrowing and Minimum Revenue Provision regulations will need to be considered		A	**Jul-22**	Asset review commenced with external support being procured to provide additional capacity and expertise.	HoS - Property & Economic Development

REF **CORP02**

Commercialisation (investment property, Norwich Regeneration Ltd (NRL) and other commercial income sources)

NORWICH City Council

Current risk description	Risk owner	Service area
Commercial ventures require a different skill set to manage control and report to a range of stakeholders e.g. Boards	Exec Dir - Corporate and Commercial Services	Finance, Audit & Risk

Current Residual Risk			Target Risk			Progress		Risk direction			
Impact	Likelihood	Score	Impact	Likelihood	Score	On track/ Limited / Slipped / No progress	ON TRACK	Static	⇔	Date raised	01/06/2020
4	2	8	4	2	8					Last updated	01/08/2022

Background to this risk	Primary Corporate Priority
The council has established different vehicles to deliver some of its services or deliver its vision. These include Wholly Owned Companies.	5 - Norwich City Council is in good shape to serve the city

Triggers	Main impacts
Lack of depth of skills and knowledge to manage commercial activities (reliance on several key staff)	NRL – losses in the company result in additional revenue costs to the General Fund
Nutrient Neutrality impact on NRL business plan (see risk 18 for further information)	Non-delivery of budgeted income levels to support General Fund
	Ineffective management of the property portfolio leads to reducing income and poor use of assets

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Following Cabinet approval, new and revised structures will be put in place for the management of all non-HRA properties			Jul-22		Exec Dir - Development and City Services
Produce a new asset management strategy			Jul-22		Exec Dir - Development and City Services

REF **CORP03**

Health & safety in the workplace

NORWICH City Council

Current risk description	Risk owner	Service area
Breach of regulations or H&S incident	Exec Dir - Development and City Services	Planning & Regulatory Services

Current Residual Risk			Target Risk		
Impact	Likelihood	Score	Impact	Likelihood	Score
4	3	12	4	2	8

Progress	
On track/ Limited / Slipped / No progress	

Risk direction	
Static	⇔

Date raised	01/05/2020
Last updated	31/07/2022

Background to this risk	Primary Corporate Priority
The council has a duty to comply with all relevant H&S legislation to safegaurd its employees and other people including the general public.	5 - Norwich City Council is in good shape to serve the city

Triggers	Main impacts
A health & safety breach occurs in respect of an employee, contractor or member of the public using a City Council owned asset	Serious injury or death to the person/people involved in the breach
	Significant cost to the Council
	HSE or other regulator investigation and potentially serious outcomes, e.g. corporate manslaughter
	Reputational damage

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Peer review of CH&S functions to be undertaken - HoS - P&RS and EH&PPM to write scope and seek tenders - Review completed - Improvement plan to be drafted - Implementation of Improvement plan	QUARTERLY	G	Jul-22	Tendering exercise completed. Due to award contrct w/c 1st August. Review to commence August 2022	HoS - Planning & Regulatory Services
Review of CH&S Policy and Performance Standards	ANNUALLY	G	Jul-22	COMPLETED - Interim policy agreed by CLT (08/06/2022)	Environmental Health & Public Protection Manager
Completion of Internal Audit of CH&S (Employees related only)		G	Jul-22	COMPLETED	HoS - Finance, Audit and Risk

REF **CORP04**

Further waves of COVID 19

NORWICH City Council

Current risk description	Risk owner	Service area
Continued waves of infection impact the council's ability to operate normally	Chief Executive	Multiple Service Areas

Current Residual Risk			Target Risk		
Impact	Likelihood	Score	Impact	Likelihood	Score
4	3	12	3	3	9

Progress	
On track/ Limited / Slipped / No progress	

Risk direction	
Static	⇔

Date raised	01/06/2020
Last updated	30/06/2022

Background to this risk	Primary Corporate Priority
The COVID 19 pandemic has impacted wordlwide resulting in a range of measures to stem its spread such as lockdowns and immunisation. The scale of the pandemic has impacted service delivery and support mechanisms and further waves are inevitable; the scale of these further waves has been mitigated by the government's vaccination programme but still has potential to cause service disruption.	5 - Norwich City Council is in good shape to serve the city

Triggers	Main impacts
Adverse impacts associated with further restrictions and pressures associated with COVID 19 that will have on the city, council and local services	Lack of government funding to support local businesses resulting in local business failures
	Economic uncertainty increase volatility on business rates and council tax
	Insufficient government funding to local authorities to support the delivery of additional COVID 19 related activities and uncertainly in forward planning
	Financial pressure due to downturn in income leading to financial instability
	Increase in unemployment
	Increase in claims for benefits and consequential impact on staff workloads
	Impact of staff absences on essential services including the council
	Longer term health inequality increases for deprived neighbourhoods

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Ensure the council retains information from previous covid waves to enable implementation of services again should the need present			**Jul-22**		Exec Dir - Community Services

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Working with health colleagues in UK Health Security Agency (UKHSA), Office for Health Improvement & Disparities (OHID) and local Clinical Commissioning Groups (CCG) to review the longer term ambitions to reduce health inequality in deprived neighbourhoods, establishing the Health and Wellbeing Partnership			**Jul-22**		Exec Dir - Community Services
Forward use of COVID data			**Jul-22**		Exec Dir - Community Services
Internal processes			**Jul-22**		Exec Dir - Community Services
Communications			**Jul-22**		Exec Dir - Community Services

REF **CORP05**

Impact of Brexit

NORWICH City Council

Current risk description	Risk owner	Service area
The UK leaving the EU without a clear regulatory position	Chief Executive	Multiple Service Areas

Current Residual Risk			Target Risk		
Impact	Likelihood	Score	Impact	Likelihood	Score
3	4	12	2	4	8

Progress	
On track/ Limited / Slipped / No progress	

Risk direction	
Static	⇔

Date raised	01/04/2020
Last updated	30/06/2022

Background to this risk

Primary Corporate Priority
5 - Norwich City Council is in good shape to serve the city

Triggers
Continued uncertainty over the nature of the UK's exit from European Union
Risks associated with potential no deal scenario

Main impacts
Public disorder events
Food availability (panic buying/stockpiling) - increased prices for food and fuel
Possible disruption to fuel supplies
Staffing issues (EU nationals)
Inclement weather may have increased impacts
Flood season September – April (impacts on coastal districts – provision of mutual aid)
Staffing resilience managing concurrent events (eg COVID, Brexit, severe weather)
Potential political developments (elections/referendums) – these would place increased pressure on some district councils
Increases in environmental crimes i.e. fly tipping etc (as advised by the Environment Agency)
Significant impact in cost of labour and resources

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Monitor the situation, awaiting further government guidance			**Jul-22**		Emergency Planning Manager
Information sharing through Norwich Resiliance Forum (NRF)			**Jul-22**		Emergency Planning Manager
Participation in NRF Brexit planning meetings			**Jul-22**		Emergency Planning Manager

REF **CORP06**

Failure to respond to a critical, business continuity or emergency planning event

NORWICH City Council

Current risk description	Risk owner	Service area
Unexpected events may occur that either impact the council directly or require a corporate response across the city area or wider	Chief Executive	Planning & Regulatory Services

Current Residual Risk		
Impact	Likelihood	Score
4	3	12

Target Risk		
Impact	Likelihood	Score
2	3	6

Progress	
On track/ Limited / Slipped / No progress	

Risk direction	
Static	⇔

Date raised	01/04/2020
Last updated	31/07/2022

Background to this risk	Primary Corporate Priority
The potential incidents requiring a response are wide ranging and emergency planning or business continuity plans need to be both flexible and maintained currently.	5 - Norwich City Council is in good shape to serve the city

Triggers	Main impacts
Occurrence of a significant event: - Loss City Hall - Denial of access to City Hall - ICT failure temporary - Cyber attack - Contractor collapse - Supply chain failure - Severe weather events - Loss of power - Sea level rise - Fuel shortages - Communications failure - Pandemic	
Insufficient staff representation across strategic, tactical and operational levels to ensure resilience, effective response and enable full engagement within Norfolk Resiliance Forum (NRF) structures	

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Reinstatement of Business Continuity Steering Group (BCSG), agreement of TofR and attendees		G	**Jul-22**	COMPLETE - BCSG reinstated with first meeting on 17/03/2022	HoS - Planning & Regulatory Services
- SLT training on Corporate Business Continuity Plan (CBCP) - Review all service area Business Impact Assessments (BIAs) and Business Continuty Plans (BCPs) - Review CBCP Complete all actions identified in Mean Arrows Exercise Report including (but not exhaustive): - Use of Lakenham Office as WAR location - Develop Corporate induction training for new starters - Communications and IT emergency response strategy to be defined including OOH - Cyber Incident Response plan to be prepared - Recruit additional loggists	QUARTERLY	A	**Jul-22**	Work on-going.	HoS - Planning & Regulatory Services

REF CORP07

Cyber Security

NORWICH City Council

Current risk description	Risk owner	Service area
Cyber risk is the likelihood of suffering negative disruptions to sensitive data, finances, or council operations. Common cyber risks are ransomware, phishing, malware, data leak, insider threat, supply chain and nation state cyber attack and all are associated with events that could result in a data breach.	Exec Dir - Community Services	Customers, IT & digital

Current Residual Risk			Target Risk		
Impact	Likelihood	Score	Impact	Likelihood	Score
5	3	15	5	3	15

Progress	
On track/ Limited / Slipped / No progress	ON TRACK

Risk direction	
Static	⇔

Date raised	01/06/2020
Last updated	26/07/2022

Background to this risk
With the rise in cyber attacks on the public sector and the substantial fallout from successful attacks (loss of services for months, ICO penalties, reputational damage, loss of residents information) this risk has been raised to become visible on the corporate register.

Primary Corporate Priority
5 - Norwich City Council is in good shape to serve the city

Triggers	Main impacts
Email containing ransomware.	The cyber attack on a local authority in NE of England is estimated to have cost £10m
A website delivers malware or redirects to an infected website	Loss of IT systems (such as web services, email, payments, public access, corporate information etc) for several days, weeks, months or for ever.
A weakness (vulnerability) in the IT environment is exploited by an attacker e.g. user credentials have been obtained, remote access to the network, malicious software	Customer services severly disrupted
The supply chain service connecting to the council is poorly managed/configured and	Financial impact of prolonged IT shutdown
A disgruntled employee	Political & reputational risk
Lack of staff awareness and training in relation to cyber security	ICO fines
Physical access gained to the network switches, devices (usb/bluetooth)	Non-compliance with Payment Card Industry (PCI) standards which results in financial fines
Failure to address the recommendations of IT Health assessments in a timely fashion	Non-compliance with Public Sector Network (PSN) which results in possible loss of DWP information affecting the Benefits Service
	Staff morale

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Review the need to insure against cyber security attacks		G	-	COMPLETED - Brokers identified which provide cyber attack insurance; information about current security provided to them	HoS - Customers, IT and Digital

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Address the vulnerabilities identified from the IT Health Assessment		G	**Jul-22**	Completed.	HoS - Customers, IT and Digital
Monitor the security products to ensure they are fit for purpose		G	**n/a**	On-going activity	HoS - Customers, IT and Digital
Technical solutions deployed - firewalls, Web application, anti-virus etc		G		On-going activity	HoS - Customers, IT and Digital
Independent assessment of IT environment	ANNUALLY		**Dec-22**	ITHC assessment being procured	HoS - Customers, IT and Digital
Membership of NCSC, CiSP, Cyber Sharing platforms & tools deployed	ANNUALLY		**Dec-22**	Ongoing attendance for early warnings	HoS - Customers, IT and Digital
Staff awareness and training	ANNUALLY	G	**Dec-22**	Mandatory training has been supplied. Ongoing awareness campaigns periodically	HoS - Customers, IT and Digital

REF **CORP08**

Data Protection Compliance

NORWICH City Council

Current risk description	Risk owner	Service area
Adherence to data protection legislation is an important safeguard for data held and used by the council	Exec Dir - Corporate and Commercial Services	Customers, IT & digital

Current Residual Risk		
Impact	Likelihood	Score
4	3	12

Target Risk		
Impact	Likelihood	Score
4	2	8

Progress	
On track/ Limited / Slipped / No progress	

Risk direction	
Static	⇔

Date raised	01/06/2020
Last updated	30/06/2022

Background to this risk	Primary Corporate Priority
Please add description here	5 - Norwich City Council is in good shape to serve the city

Triggers	Main impacts
Technical or procedural non-compliance with UK Data Protection legislation	Regulatory / financial penalties - the Information Commissioner’s Office (ICO) can impose fines of up to £17.5 million or 4% of the total annual worldwide turnover in the preceding financial year, whichever is higher
Unauthorised access to, loss or disclosure of personal data	Legal action - data subjects can bring compensation claims based on material or non-material damage including distress for non-compliance
	Political & reputational damage

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Review Data Protection / Information Assurance policies			**Jul-22**		HoS - Customers, IT and Digital
Review Data Protection / Information Assurance processes and documentation			**Jul-22**		HoS - Customers, IT and Digital
Embed Data Retention practices			**Jul-22**		HoS - Customers, IT and Digital

REF **CORP09**

Failure to fulfil statutory or legislative responsibilities - safeguarding

NORWICH City Council

Current risk description	Risk owner	Service area
Norwich City Council has a duty to promote the welfare of and to safeguard all children and vulnerable adults from harm.	Exec Dir - Community Services	Housing & Community Safety

Current Residual Risk		
Impact	Likelihood	Score
5	3	15

Target Risk		
Impact	Likelihood	Score
4	3	12

Progress	
On track/ Limited / Slipped / No progress	

Risk direction	
Static	⇔

Date raised	01/04/2020
Last updated	27/07/2022

Background to this risk	Primary Corporate Priority
Norwich City Council considers that all children and adults, whatever their age, culture, gender, origin, sexual orientation, skills, ability and beliefs have the right to protection from abuse. We have a duty to promote the welfare of all and safeguard them from harm as far as reasonably possible. It is the council's responsibility to do this by raising awareness to all employees and providing training to relevant offcers across the organisation and council members on safeguarding children and vulnerable adults so they understand their safeguarding responsibilities.	5 - Norwich City Council is in good shape to serve the city

Triggers	Main impacts
Lack of understanding the statutory and legislative responsibilities	Financial costs in compensation & fines
Lack of awareness of legislative changes and new legislation	Intervention if complete failure
Failure to implement statutory duties and responsibilities	Acting illegally
Lack of required skills knowledge and experience of key officers tasked to fulfil statutory or legislative responsibilities	Negative impact on the council's reputation
Insufficient organisational capacity	Wrong decision being made
Ineffective procedures and processes	Harm, abuse, accident or death linked to failure of the council to act within safeguarding arrangements
Lack of clarity of roles and ownership of legislative responsibilities (H&S, safeguarding, equality etc)	Being held to account by overseeing organisations (eg children safeguarding) maybe included in reputation
Delegation of responsibilities where services are with a contractor	

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Review risks, impact, mitigations, ownership and actions	ANNUALLY	G	Jul-22	Completed June 2022	HoS - Housing and Community Safety
Increase officer confidence in information sharing and understanding of when and how to do so appropriately	QUARTERLY	G	Jul-22	Safeguarding meet bimonthly and review case learning and cascade good practice	Early Intervention and Community Safety Manager

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Safeguarding policy and risk assessment embedded into contractors' and sub contractors' policy and practice	ANNUALLY	G	**Oct-22**	Discussions between safeguarding co-ordinator and procurement to agree standard requirements in contractors.	Strategic Procurement Manager
Maintain safeguarding champion knowledge, understanding, confidence	MONTHLY	G	**Aug-22**	Safeguarding train the trainer planned in September and learning from case reviews take place monthly	Early Intervention and Community Safety Manager
Embed learning across council teams	ANNUALLY	G	**Oct-22**	Safeguarding trainer the trainer planned in September and review of e-learning completion and relevance underway	Early Intervention and Community Safety Manager
Review corporate processes and role requirements regarding organisational DBS checks	QUARTERLY	A	**Oct-22**	Corporate task and finish group to be established to review current processes and requirements	HoS - HR and Organisational Development

REF **CORP11**

Antisocial behaviour (ASB) - moved down to Community Services Register as CS14

NORWICH City Council

Current risk description	Risk owner	Service area
Failure to adequately manage risk to residents affected by antisocial behaviour	Exec Dir - Community Services	Housing & Community Safety

Current Residual Risk		
Impact	Likelihood	Score
3	3	9

Target Risk		
Impact	Likelihood	Score
2	3	6

Progress	
On track/ Limited / Slipped / No progress	

Risk direction	
Moved to Directorate Register	

Date raised	01/10/2020
Last updated	27/07/2022

Background to this risk	Primary Corporate Priority
Norwich City Council has obligations under the Antisocial Behaviour Act 2003 which requires local authorities who let homes and other social landlords to prepare and publish policies and procedures for dealing with antisocial behaviour.	1 - People live well and independently in a diverse and safe city

Triggers
Failure to adequately manage risk to residents affected by antisocial behaviour

Main impacts
Death or serious injury to resident
Mental wellbeing of resident being impacted
Escalation of issues leading to increased service demand and/or cost

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Successful recruitment to new team so it is fully staffed		G	Jul-22	Completed	Early Intervention and Community Safety Manager
New ASB team trained on and conversant with ASB risk assessment procedures		G	Jul-22	Completetd	Early Intervention and Community Safety Manager
Development and implementation of new Community Safety Strategy		A	Oct-22	In progress	Early Intervention and Community Safety

REF **CORP12**

Contract management - governance

NORWICH City Council

Current risk description	Risk owner	Service area
Ineffective management of contracts leads to poor service delivery	Exec Dir - Corporate and Commercial Services	Legal & Procurement

Current Residual Risk		
Impact	Likelihood	Score
3	3	9

Target Risk		
Impact	Likelihood	Score
2	3	6

Progress	
On track/ Limited / Slipped / No progress	ON TRACK

Risk direction	
Improving	⇩

Date raised	01/08/2020
Last updated	25/07/2022

Background to this risk

This risk grew in prominence during 2021 following the identification of concerns relating to the management of specific contracts. Additional mitigating actions have been undertaken to reduce the risk scoring, with further actions identified.

Primary Corporate Priority

5 - Norwich City Council is in good shape to serve the city

Triggers

Resourcing of contract management and training inadequate

Clarity of service area accountability & roles and responsibilities poor

Contract managers not fully aware of the risks to service delivery in their contracts

Inadequate SLA/KPIs/MI identified in tender/contracts documents with lack of escalation of contract issues

Main impacts

Third party relationships and contracts not managed appropriately causing:
- contract value not realised / obligations not carried out
- poor performance
- financial loss / poor value for money
- legislative requirements not met / regulatory / legal fine or censure
- reputational impact
- lack of visibility of supplier performance

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Re-development of contract procedures and associated guidance and support to enable the development of better contracts, facilitating more effective management	QUARTERLY	A	Sep-22	The procurement team have undertaken a workshop to identify areas for development, with an agreed action plan in place	HoS - Legal & Procurement

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Implementation of the contract management module of the new ERP system to help improve management of contract spend	QUARTERLY	A	**Sep-22**	We are currently seeking clarification from the new system supplier on the module	HoS - Legal & Procurement
Reconciliation between Business Continuity Plans and contract register and plans to identify potentially significant suppliers	QUARTERLY	R	**Dec-22**	It is intended to undertake a reconciliation between BCP records and contract management plans to assist in identifying other potentially significant contracts. This work will start in Q3	HoS - Legal & Procurement
Establishment of contract management practitioner group to support dissemination of best practice within the organsiation	QUARTERLY	A	**Oct-22**	It is intended to establish this group with the aim of meeting for the first time in the autumn	HoS - Legal & Procurement

REF **CORP13**

The Council's approach to waste and recycling becomes financially, environmentally and contractually unsustainable

NORWICH City Council

Current risk description	Risk owner	Service area
New box	Exec Dir - Development and City Services	Environment Services

Current Residual Risk		
Impact	Likelihood	Score
4	3	12

Target Risk		
Impact	Likelihood	Score
2	2	4

Progress	
On track/ Limited / Slipped / No progress	

Risk direction	
Static	⇔

Date raised	01/05/2021
Last updated	30/06/2022

Background to this risk	Primary Corporate Priority
Please add description here	5 - Norwich City Council is in good shape to serve the city

Triggers

The Council's Waste Management services operate in a highly regulated environment. This regime covers the type of collection services that must be provided to households and businesses, and how material can be processed. There are a number of policy and contractual challenges that the Council must address between now and 2024, including the review of the collection contract with Biffa, our recycling processing with NEWS, and our response to the proposals in the proposed Environment Bill

Main impacts

- Risk to service delivery as a result of appropriate contracts not being in place
- Service becomes financially unsustainable
- Services provided do not comply with new regulatory regime
- Council cannot deliver the objectives of the Environment Strategy as they relate to waste minimisation
- Significant reputational impact on the Council

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Contract strategy for Biffa to be developed and agreed by CLT			**Jul-22**		HoS - Environment Services
Waste Strategy to be reviewed to address financial, regulatory and climate challenges			**Jul-22**		HoS - Environment Services

REF **CORP14**

Health and safety and compliance in council homes and buildings

NORWICH City Council

Current risk description	Risk owner	Service area
Norwich City Council has identified a series of weaknesses in its management of health and safety compliance in its Council homes and Buildings.	Exec Dir - Community Services	Building Safety & Compliance

Current Residual Risk			Target Risk			Progress		Risk direction			
Impact	Likelihood	Score	Impact	Likelihood	Score	On track/ Limited / Slipped / No progress	ON TRACK	Static	⇔	Date raised	01/10/2021
5	4	20	4	2	8					Last updated	28/07/2022

Background to this risk	Primary Corporate Priority
The Health and Safety Executive sets out the health and safety requirments which must be observed by landlords in order to keep there residnts safe. NCC have failed to ensure key health and safety requirements have been maintained and there are a significant number of overdue inspections and	3 - Norwich has the infrastructure and housing it needs to be a successful city

Triggers	Main impacts
The council fails to meet its statutory, legislative, and regulatory requirements in relation to Health, Safety and Compliance	Risk of serious detriment to tenants and leaseholders
The council fails to return its homes and buildings to full compliance within an acceptable period.	Regulator of Social Housing takes enforcement action against the council
	Planned programmes of work to council homes are delayed to ensure H & S and compliance work is prioritised
	Cost increase in relation to contract works, insurance and management of homes
	Emergence of further Health, Safety and Compliance matters as data is validated and through transfer of JV

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Increase contractor capacity	Quarterly	G	Oct-22	Ongoing work with Procurement	HoS - Asset Management
Data validation in preparation for transfer to NEC (Housing system)	Monthly	A	Oct-22	Initial work completed. Post transfer validation continues	Housing Operations Director
Undertake a full review of compliance policies and procedures	Quarterly	A	Oct-22	Resources in place. Work commenced and program agreed	HoS - Asset Management
NCC have resources in place with the competences and skills to manage compliance before, during and after the transfer of the service	Quarterly	G	Oct-22	Interim senior team in place and will remain untill permanent staff recruited later in 2022/23	Exec Dir - Community Services

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Review and implement changes to the structure of the compliance function following the transfer of the service into the council	Quarterly	A	**Oct-22**	Initial work completed. Proposals to be considered by CLT in August	HoS - Asset Management
Appointed contractors are competent to undertake compliance works	Annually	G	**Oct-22**	Checks carried out at procurement stage	HoS - Building Safety and Compliance
Undertake end to end review to provide clarity of Housing roles in achieving swift access to properties to undertake compliance works	Quarterly	G	**Oct-22**	Review undertaken and changes to processes in progress.	HoS - Housing and Community Safety
Develop the NEC IT to capture and manage on-going compliance data. Develop the systems and reporting to add value to the compliance management process	Quarterly	A	**Oct-22**	NEC upgrade in July 2022 will provide greater functionality. Furterh development of the system required.	HoS - Building Safety and Compliance
Non-housing compliance mapping, maintenance review and remedial actions	Quarterly	A	**Oct-22**	Resources identified and work ongoing	

REF CORP15

Failure to be able to draw down £15m of Housing Infrastructure Fund (HIF) money previously secured from Homes England (HE) and under contract to assist with the delivery of Anglia Square leading to failure for successful redevelopment of this key city centre site

NORWICH City Council

Current risk description	Risk owner	Service area
New box	Exec Dir - Development and City Services	Planning & Regulatory Services

Current Residual Risk			Target Risk			Progress		Risk direction	
Impact	Likelihood	Score	Impact	Likelihood	Score	On track/ Limited / Slipped / No progress	ON TRACK	Improving	⇩
4	3	12	4	2	8				

Date raised	
Last updated	31/07/2022

Background to this risk	Primary Corporate Priority
Please add description here	3 - Norwich has the infrastructure and housing it needs to be a successful city

Triggers	Main impacts
Failure to be able to draw down £15m of funding previously secured from HE in order to assist delivery of Anglia Square redevelopment	Threat to the redevelopment of Anglia Square – continued blight on northern city centre
HIF funding needs to be spent by March 2024 at latest. Current HE advice is this means not only being drawn down by the Council from HE but also being able to evidence delivery of eligible infrastructure before payments are drawn down	New housing and commercial development not delivered – needs remain unmet
Following refusal of previous planning application for the site timetable is challenging insofar as a revised application is due to be submitted in March 2022. Earliest possible planning decision issued likely to be Autumn 2022. Start on site prior to 2023 unlikely	Loss of future council tax and business rates income to council
	Reputational risk to council through failure to draw down allocated funding

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Commission detailed advice on state aid rules post Brexit and		G	-	Completed	Exec Dir - Development and City Services
Commissioning independent viability assessment and programme review. Funded through Homes England Capacity Fund (secured £40k)		G	-	Completed	HoS - Planning & Regulatory Services
HoS - P&RS meeting Outpost artists to consider relocation options		G	-	Completed	HoS - Planning & Regulatory Services
Community Review Panel		G	-	Completed	HoS - Planning & Regulatory Services
Design review panel		G	-	Completed	HoS - Planning & Regulatory Services
Write to Homes England following receipt of Natural England (NE) advice on Nutrient Neutrality to see if all of HIF can be extended	QUARTERLY	G	**Jul-22**	In progress. HE taken paper to board re extending some HIF spend to March 2025.	HoS - Planning & Regulatory Services

REF **CORP16**

Implementation of the Election Act

NORWICH City Council

Current risk description	Risk owner	Service area
In April 2022, the Elections Act received Royal Assent. The timing of implementation is yet to be confirmed but could impact on the operation of the 2023 elections	Exec Dir - Corporate and Commercial Services	Legal & Procurement

Current Residual Risk		
Impact	Likelihood	Score
3	4	12

Target Risk		
Impact	Likelihood	Score
2	2	4

Progress	
On track/ Limited / Slipped / No progress	ON TRACK

Risk direction	
Static	⇔

Date raised	25/07/2022
Last updated	25/07/2022

Background to this risk	Primary Corporate Priority
The most significant change driven by the Act is the introduction of Voter ID. The government are yet to issue secondary legislation or confirm expectations as to how this will operate. There are also other changes to processes used during elections, which altogether, as highlighted by the Association of Electoral Administrators and the LGA, present the risk that successful delivery of the 2023 elections could be compromised.	5 - Norwich City Council is in good shape to serve the city

Triggers	Main impacts
Secondary legislation issued confirming respnsibilities for management of Voter ID	Lack of clarity on roles and responsibilities leading up to the election or failure to implement requirements appropriately could cause voter disenfranchisement, dissatisfaction, reputational damage and potential challenge to election results
Confirmation on timetables for implementing the Act	Additional expectations on the authority could place an unnecessary burden on the specialist elections staff, especially if new burdens funding received is not proportionate to the effort required to implement the act
Holding of 2023 elections under the requirements of the Elections Act 2022	

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Engagement in national developments regarding the elections act and continued support to lobbying for effective implementation	QUARTERLY	G	Sep-22	The Council is taking an active role in both the cabinet office and association of electoral administrators implementation and lobbying teams	HoS - Legal & Procurement

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Once key requirements are clear from secondary legislation and guidance, development and delivery of a comprehensive implementation plan (including communications plan)	QUARTERLY	R	**Sep-22**	Due to the lack of clarity currently available on the roles and expectations on local authorities, we cannot develop the implementation plan. It is now expected this information will be forthcoming in September / October	HoS - Legal & Procurement

REF CORP17

Failure to deliver acceptable levels of performance in regulatory services

NORWICH City Council

Current risk description	Risk owner	Service area
New box	Exec Dir - Development and City Services	Planning & Regulatory Services

Current Residual Risk		
Impact	Likelihood	Score
4	4	16

Target Risk		
Impact	Likelihood	Score
4	2	8

Progress	
On track/ Limited / Slipped / No progress	

Risk direction	
Static	⇔

Date raised	26/01/2022
Last updated	31/07/2022

Background to this risk	Primary Corporate Priority
Please add description here	3 - Norwich has the infrastructure and housing it needs to be a successful city

Triggers
Large backlogs of applications needing to be addressed
Failure to avert avoidable harm to public
Increased challenge/complaint re: decisions made
Failure to comply with Private Hire vehicle compliance standards

Main impacts
Reputational harm - restricted ability to charge
Reputational harm - potential legal risks
Failure to maximise income

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Regulatory services improvement plan to be drafted, to include full business case for digitalisation of services, process review, and policy amends	QUARTERLY	A	**Jul-22**	Business case drafted. SIP timetable being prepared.	HoS - Planning & Regulatory Services
Backlogs being monitored for improvement	QUARTERLY	A		FOOD: The team is achieving the milestone targets set by the Food Standards Agency (FSA) Covid Recovery Plan for the inspection of higher risk food businesses etc. However by March 2023 there will still will be a significant backlog of overdue inspections of lower risk premises (current estimate approx. = 750). This reflects the National picture and is recognised by the FSA who are now undertaking a fundamental review of the current inspection model. LICENSING: A dedicated officer (agency) has been brought in to deal with backlogs in taxi licences. This service is prioerity 2 for review of use of IT to streamline processes. HMO LICENSING: 1 dedicated officer adding all applications into 1 system. 1 dedicated officer clearing out duplicate processes. 2 dedicated officers processing applications. backlogs very slowly reducing but due to ineffiicent use of IT this servcie is priority 1 for addressing use of systems to alleviate issues. New policy adopted so new renewals will be processed in accordance with new tiered scheme.	HoS - Planning & Regulatory Services

REF CORP18

Failure to address Natural England advice on Nutrient Neutrality (NN)

NORWICH City Council

Current risk description	Risk owner	Service area
New box	Exec Dir - Development and City Services	Planning & Regulatory Services

Current Residual Risk			Target Risk			Progress		Risk direction	
Impact	Likelihood	Score	Impact	Likelihood	Score	On track/ Limited / Slipped / No progress			
5	5	25	2	5	10				

Date raised	13/06/2022
Last updated	31/07/2022

Background to this risk	Primary Corporate Priority
Please add description here	3 - Norwich has the infrastructure and housing it needs to be a successful city

Triggers	Main impacts
Sustained period when planning decisions cannot be issued due to lack of identified mitigation	Impact on deliverability of large strategic schemes: Anglia Square / East Norwich
Large backlogs of applications needing to be determined once mitigation strategy identified	Failure to maximise income
Loss of staff due to uncertainty over decision making ability	Staff morale drops
	Impact on Norwich Regeneration Ltd (NRL) applications and company finances
	Potential impact on Government performance indicators if developers do not agree Extension Of Time (EOT) – special measures

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Ensure consultants produce the following immediate outputs: 1. Catchment mapping 2. New NN calculators for 2 catchments 3. Short-term mitigation package	QUARTERLY	G	Jul-22	Maping almost complete. Calcualte due to be 'adopted' by authorities by end of August. New projetc manager brought in to help drive process. WMS and NE letters receievd late July - no change but citing Gvt led scheme to deliver mitigation. Needs more exploration.	HoS - Planning & Regulatory Services

REF **CORP19**

Housing regulation

NORWICH City Council

Current risk description	Risk owner	Service area
Norwich City Council has self reported its failure in relation to the Consumer Standard for Homes and has received a regulatory supervision notice. The council is required to take action to remedy the breach wihtin an agreed timescale	Exec Dir - Community Services	Multiple Service Areas

Current Residual Risk		
Impact	Likelihood	Score
4	5	20

Target Risk		
Impact	Likelihood	Score
3	3	9

Progress	
On track/ Limited / Slipped / New / No progress	

Risk direction	
Static	⇔

Date raised	01/10/2020
Last updated	27/07/2022

Background to this risk

The Regulator for Social Housing sets standards that must be achieved in managing social housing . Failure to acheive these standards will lead to regulatory action Norwich City Council has self reported its failure in relation to the Consumer Standard for Homes and has received a regulatory supervision notice. The Regulator of Social Housing promotes a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate standard that meets a range of needs. The Consumer Standards set by the Regulator apply to all social housing providers and set out the regulators expectations. Failure to meet those standrads can result in sanctions and action must be taken to remedy the breach wihtin an agreed timescale.

Primary Corporate Aim

3 - Norwich has the infrastructure and housing it needs to be a successful city

Triggers	Main impacts
The council fails to meet its statutory, legislative, and regulatory requirements in	Under new powers Regulator may review sanction including management arrangement of stock
The council fails to return its homes and buildings to full compliance within an acceptable period and as expected by the Regulator of Social Housing	Impacts on funding bids for government resources
	Reputational damage in sector
	Serious risk of harm to residents

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Quarterly performance reporting	QUARTERLY	A	01/10/2022	Continual progress in addressing service under performance. All	HoS - Asset Management
Mitigation measures actioned from poor performance	QUARTERLY	G	01/10/2022	Action plan in place to manage delivery supported by technical	HoS - Asset Management
Meeting with Regulator to update on progress	MONTHLY	G	31/08/2022	Monthly meetings with the Regulator to assess progress in	HoS - Asset Management
Compliance Board in place	MONTHLY	G	01/10/2022	Meetings in place and attended by members and Executive	HoS - Asset Management
Preparation for new regulatory requirements	QUARTERLY	R	01/12/2022	To be mapped and actions identified	HoS - Housing and Community Safety

REF CORP20

Cost of living (COL) crisis has a negative impact on the city and the council

NORWICH City Council

Current risk description	Risk owner	Service area
The cost of living crisis: increases financial, social and health inequalities for Norwich residents; reduces the effectiveness of council services as demand increases; and reduces council income, so further limiting our ability to deliver for the city	Exec Dir - Community Services	Strategy, engagement & culture

Current Residual Risk			Target Risk		
Impact	Likelihood	Score	Impact	Likelihood	Score
4	4	16	3	4	12

Progress	
On track/ Limited / Slipped / New / No progress	

Risk direction	
Static	⇔

Date raised	18/07/2022
Last updated	18/07/2022

Background to this risk	Primary Corporate Aim
The cost of living crisis will continue to affect Norwich residents, particularly those already struggling financially. We know inflation and energy costs will continue to rise, so the impact will become more widespread and more extreme over the winter	1 - People live well and independently in a diverse and safe city

Triggers	Main impacts
Rising cost of living	Increased debt, hunger, health problems and homelessness for city residents
	Increased demand on services (council and voluntary, community & social enterprise (VCSE) led), leading to reduced effectiveness/speed as teams have to deal with greater volumes
	Reduced income to the council, as people are unable to pay what they owe
	Increased dilapidation to council properties where tenants are unable to pay for heating
	Increased pressure on council and VCSE staff, including emotional pressures where we cannot provide all the help that people need

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Cost of Living officer group developing joined-up response to COL crisis	QUARTERLY	A	Oct-22	Early scoping complete and Exec Dir of CS briefed 18/07. Developing plans further to brief CLT in August	HoS - Strategy, Engagement and Culture

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Grant-funding for Social Welfare Advice (SWA) service from Financial Inclusion Consortium (FIC). Quarterly FIC meetings with partners to discuss current issues relating to debt, welfare benefits and housing, sharing knowledge and working to maximise income/reduce debt	QUARTERLY	A	**Oct-22**	Seeking additional funding for SWA service, in response to growing demand. Next quarterly FIC meeting 29/07. Attending Norfolk Community Advice Network (NCAN) workshop on COL on 10/08	HoS - Strategy, Engagement and Culture
Joined-up approach to debt including non-commercial debt policy, multi-service area debt meetings to review policies and identify opportunities; vulnerability meetings and debt-management flags; specialist money advice team in place; regular reporting on levels of debt; keeping debt collection practices under review	QUARTERLY	A	**Oct-22**	Budgeting advisor recruited July 2022 - start date TBC	HoS - Strategy, Engagement and Culture
Affordable warmth programme	QUARTERLY	A	**Oct-22**	New sustainable warmth strategy in development. Seeking additional funding (and potentially greater join up with other hardship funding) for emergency help with energy costs. Continuing to seek external funding to pay for energy efficiency measures in residents' homes	HoS - Strategy, Engagement and Culture
Existing funding streams	QUARTERLY	A	**Oct-22**	Working to maximise impact of and streamline access to existing funding, most notably discretionary housing payment (DHP), Household Support Fund (HSF) and Norfolk Assistance Scheme (NAS). DHP funding £200k less than last FY (when we added £100k from reserves) and is going fast. HSF Phase 2 has significant constraints on what it can be spent on. Working with the county council to streamline access to NAS	HoS - Strategy, Engagement and Culture

REF CORP21

Equality impacts due to climate change

NORWICH City Council

Current risk description	Risk owner	Service area
People affected by inequality are likely to suffer disproportionately more from the adverse effects of climate change and inequality is likely to increase (similar to COVID 19)	Exec Dir - Community Services	Strategy, engagement & culture

Current Residual Risk		
Impact	Likelihood	Score
4	4	16

Target Risk		
Impact	Likelihood	Score
3	4	12

Progress	
On track/ Limited / Slipped / New / No progress	

Risk direction	
Static	⇔

Date raised	01/06/2022
Last updated	18/07/2022

Background to this risk	Primary Corporate Aim
Disadvantaged groups are likely to have an increased exposure to the adverse effects of climate change. This increased exposure is likely to lead to increased susceptibility to damages caused by climate change. Disadvantaged groups are less likely to have the relative ability to cope with and recover from damages they suffer	1 - People live well and independently in a diverse and safe city

Triggers	Main impacts
Extreme hot and cold weather, flooding, high winds and infestation leading to a range of events affecting our communities	Financial - increased costs on already stretched finances due to increased use of energy and water (fans, showers, heating, dehumidifiers etc) and increased reliance on benefits and foodbanks if unable to work due to extreme weather
	Financial - increase in re-housing costs, property repair, decant costs
	Financial - inadequate building insurance and/or contents insurance to replace household items or make significant repairs following flooding
	Health - inadequate ventilation (especially in old housing stock/tower blocks) leading to poor physical and mental health or death
	Health - food shortages due to infrastructure failure – tarmac melting, buckled rail tracks, flooding

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Contol / Mitigation Owner
Policy/strategy - Develop and implement the new Equality diversity and inclusion (EDI) strategy, ensuring recognition of climate change	QUARTERLY	G	Oct-22	Work is underway to draft the strategy and action plan with final strategy being adopted by April 2023	Head of Strategy, engagement & culture
Policy/strategy -Develop and implement the new affordable warmth strategy, ensuring recognition of inequalities	QUARTERLY	G	Oct-22	Work is underway to draft the strategy and action plan with final strategy being adopted by October 2022	Head of Strategy, engagement & culture
Policy/strategy - Develop and implement the new environmental statement, ensuring recognition of inequalities	QUARTERLY	G	Oct-22	Work is underway to draft the strategy and action plan with final strategy being adopted by October 2022	Head of Strategy, engagement & culture

Policy/strategy - Develop and implement the new biodiversity strategy ensuring recognition of inequalities	QUARTERLY	G	**Oct-22**	Work is underway to draft the strategy and action plan with final strategy being adopted by November 2022	Head of Strategy, engagement & culture
Policy/strategy - Develop and implement a new retrofitting strategy for council owned assets ensuring recognition of inequalities	QUARTERLY	R	**Oct-22**	Not in place	Head of Asset Management
Policy/stratgey - Develop and implement a new retrofitting strategy for council homes ensuring recognition of inequalities	QUARTERLY	R	**Oct-22**	Not in place	Head of Housing & Community Safety
Financial - Grant funding secured to improve the energy efficiency of properties across the city etc Cosy City	QUARTERLY	G	**Oct-22**	Work is ongoing to secure external funding to improve the condition of housing stock across the city (all tenures)	Head of Strategy, engagement & culture
Awareness/Engagement - consider how we best educate people on how they can plan for climate change throughout the year, in partnership with Norwich Climate Commission	QUARTERLY	G	**Oct-22**	The commission is finalising its workplan - will link in with Community Empowerment task group later in 2022	Head of Strategy, engagement & culture
Working practices - Cost of living crisis (COLC) group established overseeing existing financial inclusion measures such as Non-commercial debt policy and commissioned social welfare advice service and considering further action - will also consider the impact of climate change events that may impact on people's finances	QUARTERLY	R	**Oct-22**	Work underway to identify and pilot possible interventions	Head of Strategy, engagement & culture
Working practices - Organisational structures in place to consider issues affecting those who are marginalised by socio economic and environmental issues (specialist support, affordable warmth, food poverty, digital inclusion, financial inclusion etc)	QUARTERLY	G	**Oct-22**	These teams are involved in the COLC and EDI officer working groups as well as external partnership working	Head of Strategy, engagement & culture
Working practices - Work with Norwich Climate Commission to address climate justice issues	QUARTERLY	R	**Oct-22**	The commission is finalising its workplan - will link in with Community Empowerment task group later in 2022	Head of Strategy, engagement & culture
Working practices - Work with health and wellbeing partners to identify measures that can be put in place in cases of climate change events for those most affected, especially by extreme heat and cold weather conditions	QUARTERLY	R	**Oct-22**	To be considered as part of the Norwich Health and wellbeing Partnership workplan by December 2022	Head of Strategy, engagement & culture

NORWICH City Council

Item 8

Committee name: Audit

Committee date: 04/10/2022

Report title: Internal Audit Progress Update 2022/23

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Head of Internal Audit – Norwich City Council

Wards: All wards

OPEN PUBLIC ITEM

Purpose

This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2022/23

Recommendation:

It is recommended that members note the progress in delivering the remainder of the 2021/22 internal audit plan of work and progress with delivery of the 2022/23 plan.

Policy framework

The council has five corporate priorities, which are:

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

This report helps meet all the Corporate priorities.

Report Details

1. The Audit Committee receive updates on progress made against the annual internal audit plan. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.
2. The Public Sector Internal Audit Standards require the Chief Audit Executive to report to the Audit Committee the performance of internal audit relative to its agreed plan, including any significant risk exposures and control issues. To comply with the above the report identifies:
    - Any significant changes to the approved Audit Plan;
    - Progress made in delivering the agreed audits for the year;
    - And where applicable will provide any significant outcomes arising from completed audits.

Consultation

3. Not applicable for this report.

Implications

Financial and Resources

4. There are no specific financial implications from this report; the internal audit plan will be delivered from within the resources available.

Legal

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

Statutory Considerations

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

Risk Management

Risk	Consequence	Controls Required
Failure to undertake the Annual Internal Audit Plan could result in the Head of Internal Audit not being able to provide an annual opinion.	Reductions in Internal Audit coverage could permit on-going weaknesses in the internal control environment at the Council not being detected and reported upon.	Progress against completing the annual internal audit plan is reported to the Audit Committee in accordance with the Public Sector Internal Audit Standards. Additional resources are deployed where required to ensure adequate levels of coverage are provided for the annual opinion.

Other Options Considered

6. Not applicable for this report.

Reasons for the decision/recommendation

7. The Committee is receiving this report in conformance with the Public Sector Internal Audit Standards and to assure itself on the progress being made against planned audit activity.

Appendices:

Appendix 1 Internal Audit Progress Update 2022/23.

Contact Officer:

Name: Faye Haywood, Head of Internal Audit

Telephone number: 01508 533873

Email address: faye.haywood@southnorfolkandbroadland.gov.uk

Background papers: None

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

Appended report

Eastern Internal Audit Services

Norwich City Council

Progress Report on Internal Audit Activity

Period Covered: 1 April 2022 to 7 September 2022

Responsible Officer: Faye Haywood – Head of Internal Audit for Norwich City Council

CONTENTS

1. INTRODUCTION

1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.

1.2 The Public Sector Internal Audit Standards (PSIAS) requires the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues.

1.3 To comply with the above this report includes:

- Any significant changes to the approved Audit Plan;
- Progress made in delivering the agreed audits for the year;
- Any significant outcomes arising from audits; and
- Performance Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

2.1 In accordance with the PSIAS, the annual internal audit plan should be reviewed on a regular basis and adjusted, when necessary, in response to changes on the organisation's business risks, operations, programmes, systems and controls.

Since the approval of the plan in March 2022, a horizon scan of risks with the potential to impact the Council have been considered by Internal Audit. The table below provides the areas in which the Internal Audit team should be consider providing audit coverage on.

These areas will be discussed with the Corporate Leadership Team to determine whether the existing internal audit plan should be reprofiled in response. Our three-year programme allows us to re-prioritise the assurance needs of the Council so that we focus on the most strategic risks in year and make best use of our resources. The Committee is asked to consider if these and if there are any other areas of strategic risk which could form part of the discussion with Corporate Leadership Team.

Area	Assessment
Safeguarding	A compliance risk is currently highlighted within the Corporate Risk Register covering safeguarding. The strategic plan has set aside audit coverage for safeguarding in 2024/25, however due to the impact that the cost-of-living crisis will likely have on residents, internal audit have considered whether coverage should be pulled forward into the 2022/23 plan to provide positive assurance that the Councils arrangements will contribute towards the mitigation of this risk. This work could review policies, the identification and reporting of concerns, partnership working and staff training.
Nutrient Neutrality	Local Authorities across Norfolk have had to consider how they will respond to the nutrient neutrality concerns from Natural England which have resulted in a pause on development approvals locally. This will have an impact on both existing planning proposals and future projects. Each Council will need to consider how this risk impacts delivery of objectives on housing delivery. Through initial conversations it is understood that all affected Councils are working together on a resolution and a proposed solution. Assurance at this stage may therefore not be of benefit, however it is proposed that Internal Audit keeps a watching brief on how the situation develops.
Financial Viability	A risk in inflation has put further pressure on the medium-term financial plans of local authorities with Norwich City Council reporting that savings of £11m will need to be identified over the next four years. A July 2022 report to Cabinet has outlined these challenges and confirms that the Council will be re-considering priorities in response. The discussion with CLT will focus on how the Internal Audit team can support this work and provide assurance over the risks identified.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.

3.2 In summary 61 days of programmed work have now been completed, equating to 19% of the Internal Audit Plan for 2022/23.

4. THE OUTCOMES ARISING FROM OUR WORK

4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

4.3 In addition, on completion of audit work "Operational Effectiveness Matters" are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report, Internal Audit has not yet issued any reports in final from the 2022/23 plan. Quarter one work should now be concluded and as demonstrated by Appendix one, delays have resulted in one out of four reports issued in draft.

The work on food health and safety is complete and awaiting management responses. Leasehold Management, Anti-Fraud and Corruption and FOI's and complaints are however ongoing and are expected to be in draft for distribution to management by the end of September 2022.

Quarter two work is in progress and each audit report is due to be issued in draft 10 working days after quarter end.

5. UPDATE REGARDING OUTSTANDING INTERNAL AUDIT WORK FROM 2021/22

5.1 Two reports remain in draft from the 2021/22 plan. These are Environmental Services and Capital Accounting and Programme Management. The Capital Accounting and Programme Management report is due to be discussed Resource, Performance and Delivery Board. The management responses for the Environmental Services report are being discussed and finalised.

5.2 The remaining audit that was reported as 'in progress' at the July 2022 meeting is IT Governance. This has now been finalised and the Executive Summary is included at **Appendix 2**.

6. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS

6.1 In addition to providing the Committee with the performance of internal audit relative to its plan, the Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action.

6.2 To comply with the above this report includes the status of agreed actions.

6.3 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to the Committee. Verification work is also undertaken for those recommendations that are reported as closed.

6.4 **Appendix 3** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round. A total of one high and 11 medium and 10 low recommendations are currently outstanding.

Appendix 4, 5 and **6** provide the committee with details of high and medium priority recommendations that are overdue by the year in which they were raised. Management responses and a new deadline have been indicated for each.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee	Comments
							Urgent	Important	Needs Attention	Op		
Quarter 1												
FOIs and Complaints	NC2302	10	10	7	Fieldwork underway.							
Anti-Fraud and Corruption	NC2303	10	10	7	Fieldwork underway.							
Food Health and Safety	NC2319	10	10	10	Draft report issued on 29 July 2022.							
Leasehold Management	NC2323	10	10	7	Fieldwork underway.							
TOTAL		**40**	**40**	**31**								
Quarter 2												
Annual Governance Statement	NC2301	10	10	7	Fieldwork underway.							
Leisure	NC2311	12	12	8	Fieldwork underway.							
Buildings at Risk	NC2318	10	10	1	Audit Planning Memorandum issued.							
Planned Housing Maintenance	NC2321	15	15	6	Fieldwork underway.							
TOTAL		**47**	**47**	**22**								
Quarter 3												
Staff Wellbeing	NC2312	10	10	0								
Elections	NC2305	10	10	0								
Accounts Receivable	NC2307	10	10	0								
Payroll	NC2309	15	15	0								
Garden Waste Service	NC2313	8	8	0								
Parks and Open Spaces	NC2314	10	10	0								
Economic Development incl. Towns Fund	NC2316	12	12	0								
Housing Compliance Data Validation Checks	NC2322	15	15	0								
TOTAL		**90**	**90**	**0**								

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 4											
Procurement and Contract Management	NC2304	15	15	0							
Key Controls and Assurance	NC2306	15	15	0							
Income	NC2308	10	10	0							
Housing Benefits	NC2310	15	15	0							
Markets	NC2315	10	10	0							
Contaminated Land and Air Quality	NC2320	10	10	0							
Housing Compliance Data Validation Checks - part 2	NC2322	15	15	0							
Housing Services incl. Community Safety and Anti-Social Behaviour	NC2324	12	12	0							
TOTAL		**102**	**102**	**0**							
IT Audits											
Cyber Security	NC2325	10	10	0							
Disaster Recovery	NC2326	10	10	0							
Housing System Implementation Phase 2	NC2327	10	10	0							
TOTAL		**30**	**30**	**0**							
Follow Up											
Follow Up	N/A	16	16	8							
TOTAL		**16**	**16**	**8**							
TOTAL		**325**	**325**	**61**			0	0	0	0	
Percentage of plan completed				**19%**							

APPENDIX 2 – EXECUTIVE SUMMARIES FINALISED REPORTS

Assurance Review of the IT Governance Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
IT Service KPI Management	0	0	1	0
Total	**0**	**0**	**1**	**0**

No recommendations have been raised in the areas of: IT Strategy Management, IT Project Management, IT Risk Management and IT Service Structure.

SCOPE

The objective of the audit was to review the systems and controls in place within IT Governance, to help confirm that these are operating adequately, effectively and efficiently and can be relied upon. The scope included the following: IT Strategy Management, IT Project Management, IT Risk Management, IT Service KPI management, and IT Service Structure.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'needs attention' recommendation being raised upon the conclusion of our work.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Council has a formally documented Customer Experience and Digital Strategy in place. It covers the period 2021 - 2024 and has been published alongside the Business Strategy.
- There are detailed processes in place for the management of projects and the overarching transformation programme.
- The Customer, IT and Digital Board and Manager meetings are in place to monitor progress with projects, programmes and the general IT working relationship with the other Council departments.
- The Customer Experience and Digital Strategy for the period 2021-24 includes a section entitled "Monitoring and Reporting Progress" and we have found that there are plans to review the strategy in September 2022, with further reviews planned into 2023 in advance of a revised strategy to be published in 2024.
- For risk management, the Council operates a system of directorate, department and Corporate risk registers. All of these are scrutinised by the relevant local management bodies on a regular basis and includes IT operational risk registers.
- We have noted that the Customer, IT and Digital Board and Management groups include representation from across the Council, which helps to ensure that all departments are included in discussions related to IT changes.
- IT risks are generalised at the Strategic risk register level and are split into individualised risks within the Customer, IT and Digital Directorate risk register.
- The Council is currently reviewing its IT service structure with a view to providing improved support for a rapidly changing Council.

ISSUES TO BE ADDRESSED

The audit has highlighted the following area where one 'needs attention' recommendation has been made.

IT Service KPI management

- There is a need to conduct a review of IT user and operational policies and these are marginally outdated in most cases.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

		Completed between 1 April 2022 and 7 September 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
		High	Medium	Low	High	Medium	Low	High	Medium	Low		High	Medium	Low
Audit Area	**Assurance Level**													
2018/19 Audits														
Procurement Compliance	Compliance: Satisfactory			2							0			
2019/20 Audits														
Information Security and GDPR	Controls: Satisfactory Compliance: Limited					1					1			
Payroll	Control: Satisfactory Compliance: Substantial		1			1	1				2			
2020/21 Audits														
Contract Management - Waste Services	Limited		1								0			
Equality Duties	Limited						2				2			
Northgate pre-implementation	Reasonable								1		1			
Key Policies & Procedures	Limited			1		4	2				6			
Licensing	Reasonable					1					1			
2021/22 Audits														
Risk Maturity Assessment	Reasonable										0		2	
Off-payroll working (IR35) compliance	Reasonable						2				2			1
Housing Rents and Arrears	Substantial						1				1			1
Accounts Payable	Reasonable							1			1		2	4
Council Tax	Reasonable								1	2	3			3
NNDR	Reasonable										0		2	2
Treasury Management	Reasonable										0		1	
Business Support Grants	Reasonable			3		2					2			
		0	**2**	**6**	**0**	**9**	**8**	**1**	**2**	**2**	**22**	**0**	**7**	**11**

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Information Security and GDPR	The Council should ensure all suppliers deemed to be high risk or high impact in the aforementioned review sign up to the amended terms and conditions.	Medium	Leah Mickleborough, Head of Legal and Procurement	31/03/2020	31/10/2022	Outstanding	There are currently 3 remaining contracts where updated terms are required; nonetheless, all parties involved are ultimately bound by the DPA 2018 which minimises risks involved.
Payroll	Complete the signing of the co-operation agreement with Sefton.	Medium	Dawn Bradshaw, Head of HR and OD	31/12/2021	30/09/2022	Outstanding	Agreement has been redrafted and signed off by NCC. Nplaw providing the agreement to the 3rd party payroll provider, anticipated final sign off was July 2022. Delayed at Sefton due to extended holiday of solicitor - revised due date September.

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Key Policies and Procedures	Decide on a corporate level how often policies should be reviewed and ensure that all policies comply with this decision.	Medium	Helen Chamberlin, Head of Strategy, Engagement and Culture	31/01/2022	31/05/2023	Outstanding	IT are working on pulling all policies and strategies into a shared area (Sharepoint). This shared information will include policy owners and review dates for each policy. Automated update reminders will be sent to all policy owners as and when each policy is due for review. The process will include how to add new policies and will highlight the sign off process for the policies. IT are now proposing migrating from Sharepoint 2013 to Sharepoint Online. This requires rebuilding, which is going to take a considerable amount of time. The corporate document library cannot be built until after the departmental sites and citynet structure are in place and content-owners have been trained; this means it will be April/May next year before it's completed.
Key Policies and Procedures	Once a decision on review frequency has been made, develop a review schedule of all key documents. This could be attached to the code of governance with a reference to this on all relating documents.	Medium	Helen Chamberlin, Head of Strategy, Engagement and Culture	31/01/2022	31/05/2023	Outstanding	As above.
Key Policies and Procedures	Develop a framework that gives guidance for developing a coherent and relevant policy and ensure the new framework is communicated to staff. The content could include multiple elements.	Medium	Helen Chamberlin, Head of Strategy, Engagement and Culture	31/01/2022	31/05/2023	Outstanding	We will develop a brief note advising Heads of Service that all new corporate policies must be stored in the shared area and reviewed regularly. This will explain that HoS should use existing corporate policy documents as their model and secure agreement from their Director as to the appropriate approval route on a case by case basis.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Key Policies and Procedures	Ensure that all documents are reviewed in accordance with the framework during their next review.	Medium	Helen Chamberlin, Head of Strategy, Engagement and Culture	31/01/2022	31/05/2023	Outstanding	The Strategy team will check the policies due for renewal in the shared area on a quarterly basis and highlight any issues to the Head of Strategy, Engagement and Culture, who will resolve with the relevant HoS or escalate to CLT if required.
Licensing	Complete a review of fees and obtain authorisation from licensing committee for implementation 2021-22.	Medium	Sarah Ashurst, Head of Planning and Regulatory Services	30/04/2021	30/10/2022	Outstanding	Full review of all fees and charges across the service commenced, including discretionary licensing fees. View to implementation Sept/Oct 2022

APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Business Support Grants	1. Given the multi-authority probable fraud, reporting to NAFN to investigate is appropriate.	Medium	Neville Murton, Interim Head of Finance, Audit and Risk	28/02/2022	N/A	Complete, awaiting evidence	Recommendation has been reported as complete; evidence has been requested and will be verified before sign off.
Business Support Grants	2. There are numerous other records on the Civica system for this property, most of these companies went into liquidation, and were only occupiers for a few months. So, prior to reporting to NAFN, consider checking if there are any common directors, as the probable fraud could be more widespread.	Medium	Neville Murton, Interim Head of Finance, Audit and Risk	28/02/2022	N/A	Complete, awaiting evidence	Recommendation has been reported as complete; evidence has been requested and will be verified before sign off.
Accounts Payable	4.1 Ensure independent checks are carried out each time an amendment is made to a supplier's details. For this check to take place via phone, using the phone number from the supplier's website or the number that is stored on the system. For these checks to be noted on the e5 system, so there is evidence and a clear audit trail.	High	Neville Murton, Interim Head of Finance, Audit and Risk	31/07/2022	N/A	Complete, awaiting evidence	Recommendation has been reported as complete; evidence has been requested and will be verified before sign off.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Council Tax	Ensure that all delegated officers have a signed financial delegation record form which is retained appropriately to verify and validate approval of transactions.	Medium	Tanya Bandekar, Head of Revenue and Benefits	31/08/2022	N/A	Outstanding	DOA forms are signed. One updated signature is required before this recommendation can be fully signed off.

Item 9

Committee Name: Audit
Committee Date: 04/10/2022
Report Title: Work Programme

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Executive director of corporate and commercial services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

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

Recommendation:

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

Policy Framework

The council has five corporate priorities, which are:

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

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

Report Details

Introduction

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

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

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

Considerations

4. The committee considers risk management at least twice a year.

5. The committee's self-assessment action plan was approved in January 2022. It is proposed that the committee will conduct a self-assessment annually. The action plan has been attached to this report at Appendix A, updated to reflect completed actions, and for members to consider as part of the work planning for this committee. The committee is due to conduct the next self-assessment in October or on a date to be agreed with the committee.

Work Programme 2022-23

6. The proposed work programme for the remainder of 2022-23, is as follows:

   29 November 2022

   Executive director of corporate and commercial services:
   - Internal Audit Q2 Update
   - Internal Audit Recommendations Update, to include Policies and Procedures (Executive director of community services)
   - Work Programme

   17 January 2023

   Executive director of corporate and commercial services:
   - Internal audit Q3 Update
   - Internal audit Recommendations Update
   - Audit Committee Self-Assessment
   - Work Programme

21 March 2023

Executive director of corporate and commercial services:

- Annual Governance Statement 2021-2022
- Statement of Accounts and Audit Results Report 2021-2022
- Internal Audit Plan 2023-24
- Risk Register Update
- Work Programme

Training and informal sessions

7. The annual training session for members of the committee was postponed from 11 July 2022 to Monday, 3 October 17:00 to 19:00 and will be held in a committee room. All members of the committee have been encouraged to attend.

8. The committee agreed to hold an informal session in June/July on “Understanding Cyber Risk”. This has been arranged for Monday, 26 September at 16:30.

9. The chair and vice chair requested that members of the committee had an informal briefing on the unaudited, draft Statement of Accounts 2021-2022.

10. Members of the committee were encouraged to attend the “Understanding Local Governance” briefing session for all members of the council in July. Following discussion with the Chair, it has also been suggested to bring forward a training session as part of the autumn member development programme to focus on how to assist members to effectively bring forward concerns or governance matters.

Consultation

11. The committee will review the work programme at each meeting.

Implications

Financial and Resources

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

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

Legal

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

Statutory Considerations#

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

Risk Management

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

Other Options Considered

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

Reasons for the decision/recommendation

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

Background papers:

None

Appendices:

Appendix A – Self Assessment Action plan

Contact Officer:

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

Appendix A – Self Assessment Action Plan

Question	Assessment	Action	Proposed Target Date	Comments
4	Partly	Training to be considered for members to raise awareness of the role of the Audit Committee. Training to be provided for any independent committee members appointed.	July 2022	Committee training session arranged for members 11 July 2022, postponed to 3 October 2022
8	Partly	Following this initial assessment, it is recommended that an annual self-assessment is carried out by the Audit Committee.	Ongoing annually	
9	Partly	Treasury management is included within the list of wider areas of involvement for Audit Committees. The Committee requests that CLT and the Constitution Working Party considers whether the treasury management framework should be reviewed by the Audit Committee.	July 2022	Council to consider establishment of Treasury Management Committee at its meeting in September
12	Completed	To enhance knowledge skills and independence of the committee, an independent member will be appointed using the appropriate process.	July 2022	Appointment made July 2022
15	No	The membership of the committee has not been assessed against the core knowledge and skills framework. This has been circulated by the Audit Manager requesting that any training/knowledge requirements are identified by members.	April 2022	Training needs can be discussed
18	Partly	Feedback would be received by the committee as part of the presentation of the annual report. However, the committee suggests that a survey of staff and other members interacting with the committee is undertaken to provide feedback.	June 2022	Survey to be arranged
19	Partly	As part of the self-assessment exercise the committee has evaluated how it is adding value. Part two of the self-assessment will be carried out as a part of next year's review to provide examples of strengths and weaknesses in each area.	October 2022	Date to be agreed
20	Partly	It is recommended that the actions arising from this assessment are monitored to completion by the committee.	October 2022	Date to be agreed