



NORWICH
City Council

Statement of accounts for the year ending 31 March 2009



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Explanatory Foreword

1 INTRODUCTION

Each year Norwich City Council publishes a Statement of Accounts that incorporates all the financial statements and disclosure notes required by statute. These accounts relate to the year ended 31 March 2009. This foreword intends to give a general guide to the significant matters reported in the statements.

The Statement of Accounts for 2008/09 have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2008' commonly referred to as the Statement of Recommended Practice (SORP). This sets out the principles and practices of accounting required to prepare accounts that 'present fairly' the financial position and transactions of a local Council.

2 STATEMENT OF ACCOUNTS

The accounts contain a series of statements, summarising financial activity during the year and setting out the Council's assets and liabilities at the end of the Council's financial year on 31 March 2009, as follows:

- **Statement of Accounting Policies** details the legislation and principles on which the Statement of Accounts has been prepared.
- **Statement of Responsibilities for the Statement of Accounts** sets out the respective responsibilities of the Council and the Head of Finance for the accounts.
- **The Income and Expenditure Account** covers income and expenditure on all services the Authority provides.
- **The Statement of Movement on the General Fund Balance** reconciles the difference between the deficit on the Income and Expenditure account and the movement on the General Fund Balance.
- **The Statement of Total Recognised Gains and Losses** brings together all the recognised gains and losses of the Authority during the period 1 April 2008 to 31 March 2009.
- **The Balance Sheet** sets out the financial position of the Authority as at 31 March 2009. It shows the balances and reserves of the Council together with total assets and liabilities.
- **The Cash Flow Statement** summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- **The Housing Revenue Account** summarises the income and expenditure in respect of the provision of local authority housing.

- **The Collection Fund** shows the total level of income received by the Council from Non-Domestic Rates and Council Tax and how this has been distributed to all the authorities it has been collected for, including the Council.
- **The Annual Governance Statement** recognises records and publishes Norwich City Council's governance arrangements.

3 REVENUE EXPENDITURE AND INCOME

Revenue expenditure generally relates to the day to day costs of running the Council within the year. These costs are covered by income from Council tax, redistributed non-domestic rates, government grants, fees and charges and other income received by the Council. The main elements of income are:

- **Council Tax** This is the local taxation collected from taxpayers within an Authority's geographical area. The authority's budgeted and actual share of Council tax is £8.439m for 2008/09.
- **Non-Domestic Rate** A tax on non-domestic properties collected by local authorities and paid into a national 'pool' which the government then shares back out to local authorities according to a fixed amount per head. The actual NNDR income reallocated to the Council for 2008/09 is £13.627m.
- **Revenue Support Grant** is a grant of £1.897m in 2008/09, allocated by the government in aid of local services generally.
- **Non Specific Grants** covers grants paid by the government that are not for a prescribed purpose such as the Area Based Grant and the Local Authority Business Growth Incentive grant. These totalled £3.838m in 2008/09.

The net cost of the Council's services for 2008/09 is presented in the table below. This identifies that the Council incurred net expenditure in 2008/09 of £227.512m on its services to the public which includes £188.705m in depreciation and impairment of fixed assets and £14.283m pension cost provisions that were not budgeted for. The figures covering depreciation, impairment and pension costs are significant and arise from the introduction of reporting standards aimed at bringing financial reporting for local authorities in line with that required of the private sector.

Service Group	Budget £000	Actual £000	Variance £000
Central Services to the Public	2588	3,294	706
Cultural, Environmental, & Planning Services	18,597	25,996	7,399
Highways, Roads & Transport Services	287	11,042	10,755
Housing Revenue Account	(2,556)	164,084	166,640
Housing Services (GF)	2,367	5,174	2,807
Corporate & Democratic Services	671	3,639	2,968
Non-Distributable Costs	-	1,126	1,126
Exceptional Non-Distributable Costs	-	13,157	13,157
Net Cost of Services	21,954	227,512	205,558

Statute allows Councils to raise Council tax according to different accounting rules and therefore the figures for depreciation and impairment of Fixed Assets and the provision for pension costs do not impact upon the level of Council tax or housing rents.

The major variances to budget are explained as follows:

Concessionary Fares

There was an increase in concessionary fare costs in excess of the budget of £1.2m.

Economic Conditions

Due to problems with the economy there has been a reduction of £0.3m in investment income and a reduction in Planning and Land Search fee income totalling £0.44m. The Council has also increased its provision for bad debts by £0.517m. Within the HRA there has been an increase in District Heating fuel prices of £0.24m.

Car Parking Services

There has been an improvement of £0.44m in the surplus on car parking operations.

4 HOUSING REVENUE ACCOUNT

For 2008/09 the net cost of Housing Revenue Account services is £164.383m including a provision of £169.68m for impairments which arises from the introduction of reporting standards aimed at bringing financial reporting for local authorities in line with that required of the private sector. The level of impairment charge for this year arises from the significant fall in values experienced in the property market. The main areas of expenditure and income are set out in the table below:

Housing Revenue Account	Budget £000	Actual £000	Variance £000
Income			
Dwelling Rents	(45,948)	(46,280)	(332)
Other Service Income	(5,464)	(15,188)	(9,724)
Expenditure			
Repairs and Maintenance	12,630	13,681	1,051
Supervision and Management	13,983	19,766	5,783
Negative subsidy payable to Secretary of State	5,983	6,067	84
Depreciation and Impairment of Fixed Assets	15,949	180,094	164,146
Other Service Expenditure	283	6,242	5,960
Net Cost of HRA Services	(2,585)	164,383	166,968
Other Operating Income & Expenditure	4,629	1,395	(3,234)
Other Non-Operating Income & Expenditure	(3,216)	(164,861)	(161,646)
(Surplus)/Deficit for the Year	(1,172)	916	2,088

Statute allows Councils to calculate housing rents according to different accounting rules and therefore the charge for impairment does not impact upon the level of rent charged. The table below presents the main areas of expenditure and income with the charges and adjustments for impairment removed.

Housing Revenue Account	Budget £000	Actual £000	Variance £000
Income			
Dwelling Rents	(45,948)	(46,280)	(332)
Other Service Income	(5,464)	(15,188)	(9,724)
Expenditure			
Repairs and Maintenance	12,630	13,681	1,051
Supervision and Management	13,983	19,766	5,783
Negative Subsidy payable to Secretary of State	5,983	6,067	84
Depreciation and Impairment of Fixed Assets	15,949	10,414	(5,535)
Other Service Expenditure	283	6,242	5,960
Net Cost of HRA Services	(2,585)	(5,298)	(2,712)
Other Operating Income & Expenditure	4,629	1,395	(3,234)
Other Non-Operating Income & Expenditure	(3,216)	4,819	8,034
(Surplus)/Deficit for the Year	(1,172)	916	2,088

The deficit of £0.916m decreases the Housing Revenue Account Balance carried forward to £7.829m

5 CAPITAL EXPENDITURE AND FUNDING

Capital expenditure for 2008/09 was £24.66m against an approved budget of £33.1m. The under-spend was in the main due to slippage on a number of schemes, the major item being delays in grants to Registered Social Landlords caused by delays in sales of land and the Memorial Gardens Improvements where works have been delayed following revision to scheme. The £750,000 budget for Theatre Royal relates to a payment which was actually made in 2007/08 and therefore shows as an under-spend in 2008/09. There were a small number of new schemes added to the capital programme during the year mainly funded from capital grants and contributions.

The funding of the programme was from capital grants and contributions £3.68m; housing major repairs reserve £9.44m; supported borrowing £2.3m, unsupported borrowing £0.92, revenue contributions £2.19m and capital receipts £6.13m. Expenditure on capital schemes with a programme budget value of £200,000 or higher are set out in the table below.

Service department	Capital Scheme	2008/09	
		Budget £'m	Spend £'m
General Fund			
Corporate and Democratic Core	Memorial Gardens Improvements	1.700	0.256
Corporate and Democratic Core	Major repairs, inc car parks and fees	1.109	0.840
Corporate and Democratic Core	Theatre Royal	0.750	0.000
Corporate and Democratic Core	Castle Mound	0.258	0.014
Corporate and Democratic Core	Open 24/7 Grant	0.250	0.000
Cultural, Environmental & Planning Services	Waste Strategy	1.723	1.974
Cultural, Environmental & Planning Services	Section 106-King Street Area provision	0.274	0.000
Highways - Road and Transport	St Anne's Wharf Bridge	1.318	0.972
Highways - Road and Transport	St Andrews/St Georges St improvements Phases 2 & 3	0.538	0.500
Housing Services (General Fund)	Grants to Registered Providers of Social Housing	5.155	2.072
Housing Services (General Fund)	Renovation grants	1.250	0.906
Housing Services (General Fund)	Site Demolition, maintenance and preparation	0.420	0.077
Housing Services (General Fund)	Private Sector disabled facilities grants	0.490	0.374
Housing HRA			
HRA	Public sector housing	16.912	15.430
HRA	Communal Bin Provision	0.600	0.000
HRA	Norwich Community Alarm System	0.184	0.075

6 PUBLIC FINANCE INITIATIVE

On the 15 April 2002 the Authority commenced a 15 year partnership agreement with Steria UK Ltd for the delivery of a managed service, infrastructure upgrades, business process re-engineering (BPR) and new ICT (consequent upon BPR). The agreement gives the opportunity for the Authority and Steria to work together to improve back and front office service delivery by the implementation of innovative software and infrastructure. The transfer involved approximately 30 employees and the 2008/09 payment was £8.515m. All services continue to be delivered from existing Council premises.

7 MATERIAL ASSETS & LIABILITIES

A provision for the authority's share of the liability in relation to past service pension costs for staff transferred to the Citycare contractor is made within the accounts. (See note 1 for treatment in the Income and Expenditure account and note 40 for details of the provision.) Citycare's share as the contractor is treated as a contingent liability (see note 41.)

8 PENSION RESERVE

The Council's balance sheet includes a pension liability and a pension reserve of £96.065m as at 31 March 2009. The pension liability reflects the fair value of future pension liabilities that have been incurred less the assets that have already been set aside to fund them.

The net pension liabilities decrease the overall level of reserves however this does not represent a reduction in cash reserves and does not impact on Council tax levels.

Whilst the pension liability suggests a significant shortfall between the forecast cost of future pensions and the current level of assets built up in the pension fund, these figures are a snapshot at a point in time and the pensions assets are subject to fluctuations in value subject to the current state of the stock market. Therefore this information needs to be considered with a long term view.

9 CHANGES IN STATUTORY FUNCTIONS

Local Government Reorganisation

The Authority, with all other Authorities in Norfolk, is subject to local government reorganisation. This reorganisation has been referred to the Boundary Committee which is a branch of the Electoral Commission. At this time no 'final decision' has been made, this will be made over the summer of 2009 the outcome will have a significant impact on current service provision.

10 BORROWING

2008/09 represents the fifth year of the operation of the Prudential Code where local authorities are now free to set their own levels of borrowing to fund capital expenditure within prudential limits. The impact of financing is outlined in section 5 of this explanatory forward, with useable capital receipts from fixed asset disposals shown in Note 34 to the main financial statements. The Council achieved capital receipts totalling £4.03m from the sale of properties.

Long Term Borrowing

The Council has current borrowing facilities with the Public Works Loan Board and the money markets. There has been no new long term borrowing during the financial year and Council's debt position excluding interest and financial instruments adjustments is shown below:

2007/08 £'m		2008/09 £'m
70,019	Public Works Loan Board	70,019
13,000	Money Market	13,000
499	3% Stock (Undated)	499
6	Corporate Bonds	6
5	Mortgages	5
63	Other	63
<u>83,592</u>		<u>83,592</u>

This sum reflects how much is owed by the City Council for money borrowed from outside bodies repayable after 31 March 2009. The timing of the repayments excluding financial instruments and interest accrual adjustments are as follows:

Repayments of borrowings

2007/08 £'m		2008/09 £'m
	Repayable between:	
	1 and 2 years	0
	2 and 5 years	8,000
30,810	Between 5 and 10 years	22,810
52,781	Between 10 years or more	52,781
<u>83,592</u>		<u>83,592</u>

Independent auditor's report to the Members of Norwich City Council to follow

Opinion on the financial statements

Respective responsibilities of the Head of Finance and auditor

DRAFT

Basis of audit opinion

DRAFT

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

DRAFT

DRAFT

STATEMENT OF ACCOUNTING POLICIES

1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom- a Statement of Recommended Practice 2008' (the SORP).

Service expenditure is analysed in accordance with the 'Best Value Accounting Code of Practice' (BVACOP). Both these documents are published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and are recognised by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as representing 'proper practices'.

The basic legal requirement for the accounts to be made up and presented is contained in section 2 of the Audit Commission Act 1998. The Accounts and Audit Regulations 2003, as amended, also require authorities to prepare a statement of accounts in accordance with proper practices.

The accounting policies that have been adopted are set out in the following paragraphs. Where an accounting policy has not been adopted, or where it has been varied, then a note to that effect has been provided.

2 ACCOUNTING CONCEPTS

In general, the accounts are prepared on the basis of historical cost modified by the revaluation of land, buildings, vehicles and plant subject to and in accordance with the fundamental accounting concepts set out below:

Relevance

The accounts are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds.

Reliability

The accounts are prepared on the basis that the financial information contained within them is reliable, i.e. they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection of an application of accounting policies and estimation techniques.

Comparability

The accounts are prepared so as to enable comparison between financial periods. To aid comparability the Council has applied its accounting policies consistently both during the year and between years, except changes to policies set out in policy note 12 Fixed Assets, revaluation reserve and Financial Instruments in policy notes 16 and 17. These policies have been changed to reflect the requirements of the 2008 SORP.

Understandability

Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting and local government. Where the use of technical terms has been unavoidable, an explanation has been provided in the Glossary of Terms.

Materiality

Certain information may be excluded from the accounts on the basis that the amounts involved are not material either to the fair presentation of the financial position and transactions of the Council or to the understanding of the accounts.

Accruals

With the exception of the Cash Flow Statement, the accounts are prepared on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the accounts for the year in which those effects are experienced and not in the year in which the cash is actually received or paid.

Going Concern

The accounts are prepared on a going concern basis, i.e. on the assumption that the Council will continue to operate for the foreseeable future.

Primacy of Legislative Requirements

Where a particular accounting treatment is prescribed by legislation, then that treatment prevails even if it conflicts with one or other of the accounting concepts outlined above. In the unlikely event of this arising, a note to that effect will be included in the accounts.

3 ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received, except for quarterly utility bills explained in point 21.

In particular:

Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.

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 stocks on the balance sheet.

Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.

Interest payable on borrowings and receivable on investments is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

4 PROVISIONS

The Council sets aside provisions for future liabilities or losses in accordance with FRS 12 'Provisions, Contingent Liabilities and Contingent Assets'

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. 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 to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year-where it becomes more likely than not a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

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

5 RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movements on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council tax for the expenditure.

For each reserve established, the purpose, usage and the basis of transactions is clearly identified.

Expenditure is not charged direct to any reserve. Reserves include earmarked reserves set aside for specific policy purposes as well as sums set aside for purposes such as general contingencies and cash flow management.

Certain reserves are kept to manage the accounting processes and do not represent usable resources for the Council. These are the Capital Adjustment Account, Revaluation Reserve and Pension Reserve, which are explained in policy 12 and note 35 and 37 to the core financial statements.

6 GOVERNMENT GRANTS AND CONTRIBUTIONS (REVENUE)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

7 RETIREMENT BENEFITS

The Council has fully adopted the accounting conventions and practices detailed in the SORP and FRS 17 'Retirement Benefits' with regard to defined benefit pension schemes save for the exception outlined below. In so doing reliance is placed upon the figures provided by the Council's actuary, Hymans Robertson, regarding the accounting entries used for FRS 17 reporting purposes.

The Council pays contributions to the Norfolk Pension Fund, which provides its members with defined pension benefits relating to their salary and length of service. The contributions are based on the rates determined by the actuaries appointed by Norfolk County Council to value the Pension Fund. The FRS 17 figures are based on the triennial valuation results as at 31 March 2007. The next formal valuation is due on 31 March 2010. In addition, the Council pays to the Pension Fund, over a three year period, the costs arising as a result of any non ill-health early retirements since 1 April 1999 in accordance with good practice as identified in the Audit Commission Study 'Retiring Nature – Early Retirement in Local Government'.

The Council has applied accounting entries to the Housing Revenue Account with regard to current service cost only with a compensating adjustment to the Pension Reserve to ensure a neutral impact on the charges made to tenants. The restriction to current service cost only is, however, not fully in accordance with the SORP. Nevertheless, it is considered there is no actuarial basis supporting the appropriation of the Pension Fund's assets and liabilities between the HRA and General Fund which is required to determine the remainder of the FRS 17 adjustment.

Employees of the Council are members of the Local Government Pensions Scheme administered by Norfolk County Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

The liabilities of the Norfolk County Council pension scheme 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 6.9% for 2008/09 (6.9% in 2007/08), (based on the indicative rate of return on high quality corporate bond as measured by the yield on iBoxx Sterling Corporates Index, AA over 15 years).

The assets of the Norfolk County Council pension fund attributable to the Council are included in the balance sheet at their value:

- Quoted securities- current bid price
- Unquoted securities-professional estimate
- Unitised securities- current bid price
- Property-market value.

Under the 2008 SORP the Council has adopted the amendment to FRS17 Retirement Benefits. As a result , quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market. The effect of this change is that the value of the scheme assets at 31 March 2008 has been restated from £203.5m. to £203.3m, resulting in an increase of the pension deficit of £187,000. Current and prior year surplus has been unaffected by this change.

The change in the net pensions liability is analysed into seven components:

Current service cost - the increase in liabilities as result of years earned this year

Allocated in the Income and Expenditure Account to the revenue accounts of services for which the employee 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 Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.

Interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid

Debited to Net Operating Expenditure in the Income and Expenditure Account.

Expected return on assets - the annual investment return on the fund assets

Attributable to the Council, based on an average of the expected long-term return, is credited to Net Operating Expenditure in the Income and Expenditure Account

Gains/losses on settlements and curtailments

The result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees-debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.

Actuarial gains and losses

Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions-debited to the Statement of Total Recognised Gains and Losses.

Contributions paid to the Norfolk County Council pension fund-

Cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising Council tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance 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 cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

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.

Further information can be found at Note 45 to the Core Financial Statements.

8 VALUE ADDED TAX (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

9 OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2007 (BVACOP). The total absorption costing principle is used-the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

Corporate and Democratic Core

Costs relating to the Council's status as a multi-functional, democratic organisation.

Non-Distributed Costs

The cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

10 ESTIMATION TECHNIQUES

Estimation techniques are the methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. Details of where these have been used are contained in the relevant Note to the Accounts. Where a change in an estimation technique is material, an explanation is also provided of the change and its effect on the results for the current period.

11 INTANGIBLE FIXED ASSETS

Although the authority has no intangible assets at present the current policy is as follows:

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (eg software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the asset to reflect the pattern of consumption of benefits.

12 TANGIBLE FIXED ASSETS

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis for a period greater than one year.

The Council operates a de minimis level in accounting for fixed assets as follows:

Land and Buildings	£20,000
Plant, Machinery, Vehicles and Equipment	£10,000
All other fixed assets	NIL

Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year.

Where subsequent expenditure on a fixed asset relates to a major inspection or overhaul of that fixed asset and which restores the benefits of that asset, that would have been consumed by the authority (have already been reflected in depreciation), the expenditure is capitalised.

Expenditure that secures but does not extend the previously assessed standards of performance of an asset (eg repairs and maintenance) is charged to revenue as it is incurred.

Where a fixed asset has been acquired for other than a cash consideration, or where payment is deferred, the asset is recognised and included in the balance sheet at fair value.

Where a fixed asset is disposed of for other than cash consideration, or payment is deferred, an equivalent asset is recognised and included in the balance sheet.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Investment properties and assets surplus to requirements - Lower of net current replacement cost or net realisable value
- Council Dwellings – Existing Useable Value (Social Housing).
- Other land and buildings, vehicles, plant and equipment - Lower of net current replacement cost or net realisable value in existing use
- Infrastructure assets and community assets - Depreciated historical cost.

Net current replacement cost is assessed as:

- non-specialised operational properties – existing use value
- specialised operational properties – depreciated replacement cost
- investment properties and surplus assets – market value.

Council Dwellings are revalued annually on the basis that a full revaluation is carried out every 5 years and in the intervening years a desktop revaluation is carried out.

Other assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. The downturn in property values over 2008/09 has prompted a review of the value of these assets, see reference to this review in the impairments policy below. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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. The Revaluation Reserve is based on individual asset revaluations for assets held by the Council.

The revaluation reserve is debited with revaluation losses not associated with an impairment related to clear consumption of economic benefit up to the balance on the revaluation reserve in respect of that asset.

The Income and expenditure account is credited with any revaluation gains that reverse revaluation losses (after allowing for depreciation) on the same asset that were charged to services.

Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value.

In addition, a review for impairment is performed if an event or change in circumstances indicates that the carrying amount of the fixed asset may not be recoverable.

In 2008/09 the downturn in property values has required the authority to commission a desktop review from the District Valuer of all categories of assets (excluding Council Dwellings that have an annual review as a minimum explained above.) The output from this review indicated the impairments to value necessary in relation to the current market. Where impairment is identified as part of these reviews or as a result of a separate valuation exercise, this is accounted for as follows:

- Where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account
- Otherwise – the impairment is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Receipts from the disposal of fixed assets in excess of £10,000 are classified as capital receipts and taken to the Useable Capital Receipts Reserve via the Statement of Movement on the General Fund Balance.

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 and this shown within the Income and expenditure Account within net operating expenditure. This expenditure is matched by an appropriation from the Useable Capital Receipts reserve in the Statement of Movement in the General Fund Balance so that there is no net impact on the Council's general fund of this payment.

The Usable Capital Receipts Reserve can only be used for new capital investment, set aside to reduce the Council's underlying need to borrow (the capital financing requirement) or to offset the costs of the disposal of housing land.

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

Depreciation

Depreciation is provided for on all assets with a determinable finite life (except for Council dwellings and investment properties), by allocating the cost (or revalued amount) of the asset, less estimated residual value, over the periods expected to benefit from their use.

In accordance with the requirements of FRS 15 'Tangible Fixed Assets', depreciation is provided for on all fixed assets with a finite useful life, other than freehold land and investment properties (subject to the exceptions outlined below). The depreciation methods used are those most appropriate to the type of asset and their use in the provision of services. No depreciation is charged in the accounting period of acquisition.

Depreciation is calculated a straight line method over the useful economic life of the asset with the exception of land and non-operational assets as follows:

Operational buildings	As advised by the Valuer
Non HRA Cottage Properties	40 years
Infrastructure assets	40 years
Community Assets	20 years
<i>Vehicles, Plant and Equipment</i>	
CCTV Equipment/Floodlighting	10 years
Bins/Paladins	7 years
Vehicles/Plant	5 or 7 years
Other Equipment	3 to 7 years

Depreciation charges are calculated on the opening valuations at the 1 April. 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.

Asset lives are assessed on a realistic basis, reviewed regularly and where necessary are revised. Where the useful life of a fixed asset is revised, the carrying amount of the fixed asset is depreciated over the revised remaining useful life. Where the fixed asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful life.

Freehold land is depreciated only where it is subject to depletion by, for example, the extraction of minerals, currently the Council has no freehold land subject to depletion.

Investment properties held on a lease are depreciated over the period of the lease when the unexpired term is 20 years or less.

The basis of estimation of depreciation on Council dwellings is based on the value of the Major Repairs Allowance. Further detail is set out under Note 8 to the Housing Revenue Account.

Grants and contributions

- i) Where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Capital Contributions Deferred Account and then the grant is amortised each year (in line with the depreciation basis related to the fixed asset) and written out to the Income and Expenditure Account. This is continued over the useful life of the asset until the Capital Contributions Deferred Account that relates to the asset reaches nil.
- ii) Where grants and contributions are received that are not identifiable to fixed assets, the amounts are credited to the Capital Contributions Deferred Account and then the whole amount is transferred to the Capital Adjustment Account.
- iii) Where grants and contributions have been received in relation to assets that will not foreseeably be depreciated, including those with no finite useful life, the amounts applied to finance capital expenditure in the year are credited to the Capital Contributions Deferred Account then the whole amount is transferred to the Capital Adjustment Account.

13 CHARGES TO REVENUE FOR FIXED ASSETS

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to HRA activity).

Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

14 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

The 2008 SORP introduced this as a separate category. The council sometimes incurs expenditure that would ordinarily be capitalised except for the fact that the Council has no future control or benefit from the resulting assets. Under statutory provisions, this expenditure can be treated as capital for financing purposes as opposed to revenue expenditure.

Expenditure which may be capitalised in this way may include:

- The giving of a loan, grant or other financial assistance towards expenditure by another body which would, if incurred by the Council, be capital expenditure
- Expenditure incurred on works to any land or building in which the Council does not have an interest, which would be capital expenditure if the Council had an interest in that land or building.
- Any amounts specifically directed by the Secretary of State to be treated as capital expenditure that would otherwise be classified as revenue expenditure.

In previous years Deferred Charges was the definition given to this type of expenditure.

A change in the SORP has required a restatement in the accounts see Prior Year Adjustment note 1 for reference to this requirement. This expenditure may be capitalised under statutory provisions but does not result in the creation of tangible assets. This type of expenditure incurred during the year has been written off as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then transferring out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of Council tax.

15 LEASES

Leases are accounted for on the basis set out in Statement of Standard Accounting Practice (SSAP) 21 'Accounting for Leases and Hire Purchase Contracts'.

Finance Leases

Currently the authority is not involved as either a lessor or lessee in finance leases.

As the lessee - the Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council.

Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease – the liability is written down as the rent becomes payable to reflect the outstanding obligation), and
- a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable.)

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

As the lessor - the amount due under a finance lease is recorded in the Balance Sheet as a debtor at the amount of net investment. The gross earnings under a finance lease are allocated to financial periods at a constant periodic rate of return.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases.

As the lessor - Rentals receivable are charged (excluding insurance and maintenance payments) to the relevant service revenue account when they become payable generally equivalent to a straight line basis. Assets held for use in operating leases are recorded as fixed assets and depreciated over the useful life, see the accounting policy on fixed asset accounting.

As the lessee - Rentals payable (net of benefits received or receivable) are allocated to the relevant service revenue account as they become payable which generally equates to a straight line basis.

16 FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value and carried at their amortised cost in the Balance Sheet. For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable adjusted for accrued interest. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The interest charged to the Income and Expenditure Account is the amount accrued for the year in the loan agreement.

However, the 3% irredeemable stock issued by the council in 1952 is carried at fair value which has been treated as the cost at inception. Interest payable has been charged to the Income and Expenditure Account in the year with no accruals.

Amortisation of discounts and premiums in relation to the early repayment of debt are charged to the Housing Revenue Account and the Income and Expenditure Account.

17 FINANCIAL ASSETS

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable adjusted for accrued interest receivable. The interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

However, the Council has made a number of interest free Decent Home Loans to owner occupiers in the private sector (soft loans). When soft loans are made, the loss is recorded in the Income and Expenditure Account 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 higher effective rate of interest than the interest free rate receivable from the owner occupiers, 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 Income and Expenditure Account to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account. No assets have been identified as impaired.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account. No gain or loss for derecognition of assets has taken place.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Fair Value of the equity shares in Norwich Airport cannot be measured reliably therefore the instrument is carried at cost.

Instruments Entered Into Before 1 April 2006

The Council has not entered into any financial guarantees.

Repurchase of Borrowing

The Council has not repurchased or made early settlement of borrowing in 2008/09.

18 STOCKS AND WORK IN PROGRESS

In accordance with SSAP 9 'Stocks and Long-term contracts', stocks included in the balance sheet are valued at the lower of cost or net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the balance sheet at cost plus any profit reasonably attributable to the works.

19 GROUP ACCOUNTS

The SORP requires local authorities to consider all their interests (including those in local authorities and similar bodies) and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Council has gone through a process in line with the SORP 2007 guidance flowcharts to demonstrate that the relevant provisions do not apply and that the Council has fully complied with the 2007 SORP Group Accounts' requirements in its 2008/09 Statement of Accounts.

20 PRIVATE FINANCE INITIATIVE (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. Payments made by the Council under a contract are generally charged to revenue to reflect the value of services received in each financial year.

Prepayments

A prepayment for services receivable under a PFI contract arises when assets are transferred to the control of the PFI contractor, usually at the start of the scheme. However, in relation to Norwich City Councils 'Norwich Connects' PFI, no prepayment took place.

Reversionary Interests

The Council has passed control of certain IT equipment over to the PFI contractor, but this equipment will return to the Council at the end of the scheme (reversionary interests). An assessment has been made of the net present value that these assets will have at the end of the scheme (unenhanced) but no reversionary interest asset has been created as there will be no value for the IT equipment.

21 DEBTORS AND CREDITORS

The accounts of the Council are maintained on an accruals basis in accordance with the SORP and FRS18 'Accounting Policies'. This ensures that provision has been made for known outstanding debtors and creditors, estimated amounts being used where actual figures are not available. The exceptions to this principle are public utility bills, which are accounted for on a payments basis, i.e. four quarters or 12 months being charged in each year. This policy is applied consistently each year and therefore does not have a material effect on the year's accounts.

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 a developer pays a lump sum (Section 106 agreement) towards a revenue-type agreement, the appropriate accounting treatment is to treat the amount as a receipt in advance credit in the Balance Sheet, and to release sums to the appropriate service revenue account over the period of the agreement as the authority fulfils its obligations under the agreement in line with the terms of the agreement. Section 106 developers' revenue contributions are shown as Creditors – Receipts in Advance. (See section 5 on Reserves above).

22 BAD AND DOUBTFUL DEBTS

The provision for bad is calculated based upon the age of the debt and the likelihood of recovery.

23 CONTINGENT ASSETS AND LIABILITIES

Contingent assets are not recognised in the accounting statements because prudence cautions that the gain might never be realised. Similarly, contingent liabilities are not recognised in the accounting statements as items of expenditure. They are, however, disclosed in a Note to the Core Financial Statements unless the possibility of a transfer of economic benefits in settlement is remote.

24 CHANGES IN ACCOUNTING POLICIES

There have been a number of changes to accounting policy as follows:

- The accounts include accrual for holiday and flex cost owed to the authority and employees as at 31st March 2009, which is allowable under UKGAAP (United Kingdom General Accounting Practices) and a specific requirement next year on adoption of the IFRS (International Financial Reporting Standards.)
- The capital accounting policies have been adapted to incorporate REFCUS (Revenue Expenditure Funded from Capital under Statute.) See policy note 14 above.
- The de minimus expenditure amount for vehicles, plant and machinery has been increased to £10,000 see policy note 12.
- Interest accrued on investments has been allocated to long and short term investments on the balance sheet as set out in the latest guidance.

Where changes in Accounting Policies would have a material impact on the financial statements, then the accounts have been restated.

25 EVENTS AFTER THE BALANCE SHEET DATE

Events arising after the balance sheet date are reflected in the Statement of Accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included. These are classified as 'adjusting events'.

Events that arise after the balance sheet date and concern conditions that did not exist at that time are detailed in the Notes to the Core Financial Statements if they are of such materiality that their disclosure is required for the fair presentation of the financial statements. These are classified as 'non-adjusting events'.

This policy concerning post-balance sheet events arises as a result of the implementation of FRS 21 'Events after the Balance Sheet Date' with effect from 1 January 2005.

Further Information

Further information about the accounts is available from:

Corporate Finance Manager
Norwich City Council Finance Department
City Hall
Norwich
NR2 1NH

In addition, interested members of the public have a right to inspect the accounts each year before the audit is completed. The availability of the accounts for public inspection is advertised in the local press.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1 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 Head of Finance
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts.

2 THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance 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 Head of Finance has:

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

The Head of Finance has also:

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

3 CERTIFICATE OF HEAD OF FINANCE

I certify that the Statement of Accounts presents fairly the financial position of Norwich City Council as at 31 March 2009 and its income and expenditure for the year then ended.

Signed:

Date: 25 June 2009

Barry Marshall, M.Sc., ACMA
Head of Finance

CERTIFICATE OF ADOPTION OF THE STATEMENT OF ACCOUNTS

I confirm that these accounts were approved by the Audit Committee at the meeting held on 25 June 2009.

Signed on behalf of Norwich City Council
Chair of meeting approving the Statement of Accounts for 2008/09

Date: 25 June 2009

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INCOME AND EXPENDITURE ACCOUNT

2007/08		Note	2008/09		
Net			Gross	Gross	
Expenditure			Expenditure	Income	
£000			£000	£000	
				Net	
				Expenditure	
				£000	
2,684	Central Services to the Public		21,078	17,784	3,294
18,569	Cultural, Environmental & Planning Services		37,399	11,403	25,996
57	Highways, Roads & Transport Services		20,417	9,374	11,043
7,453	Local Authority Housing (HRA)		225,360	61,276	164,084
2,299	Local Authority Housing (HRA) Exceptional Item		-	-	-
3,805	Other Housing Services		59,170	53,996	5,174
2,889	Corporate & Democratic Core		29,239	25,600	3,639
134	Non-Distributed Costs		1,126	-	1,126
6,000	Non-Distributed Costs Exceptional Item	1	13,157	-	13,157
43,890	Net Cost of Services		406,946	179,433	227,513
(812)	Profit on Disposal of Fixed Assets				(1,501)
192	Household Heath Conservators Precept				190
(329)	(Surplus)/Deficit on Trading Undertakings not included in Net Cost of Services	3*			(456)
7,379	Interest Payable and Similar Charges	14			6,543
4,219	Contribution to Housing Pooled Capital Receipts	21			963
(3,282)	Interest and Investment Income	14			(1,941)
14,738	Pensions Interest Cost	45			16,640
(15,524)	Expected Return on Pensions Assets	45			(13,946)
50,471	Net Operating Expenditure				234,005
(7,941)	Demand on the Collection Fund				(8,439)
(228)	Transfer from Collection Fund in respect of previous year's surplus				(235)
(2,177)	Revenue Support Grant				(1,897)
(12,973)	Non-domestic Rates Redistribution				(13,627)
(2,104)	Local Authority Business Growth Initiative				(3,837)
25,048	(Surplus)/Deficit for the Year				205,970

STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE

The Income and Expenditure Account shows the Council's actual performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise Council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than Council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund balance compares the Council's spending against the Council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure. This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund balance. (See Note 13 for further information.)

<u>2007/08</u>		<u>2008/09</u>
<u>Net Expenditure</u>		<u>Net Expenditure</u>
<u>£000</u>		<u>£000</u>
25,048	(Surplus)/Deficit for the Year on the Income and Expenditure Account	205,970
	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the	
(28,251)	General Fund Balance for the year	(203,676)
(3,203)	(Increase)/Decrease in General Fund Balance for the Year	2,294
(6,663)	General Fund Balance brought forward	(9,866)
(9,866)	General Fund Balance carried forward	(7,572)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the Council for the year, and shows the aggregate increase in its Net Worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

<u>2007/08</u>		<u>2008/09</u>
<u>£000</u>		<u>£000</u>
25,048	(Surplus)/Deficit for the year on the Income and Expenditure Account	205,970
(79,007)	(Surplus)/Deficit arising on revaluation of fixed assets	(9,027)
(12,306)	(Gains) and losses on Pension Fund assets and liabilities	36,084
4,350	Financial Instruments	-
(2,299)	Exceptional Item Local Authority Housing (see note 1 to the Core Statements)	-
(860)	Decent Home Loans Adjustment	-
(160)	Other (gains) and losses	56,637
(65,234)	Total recognised (gains)/loss for the year	289,664
(10,877)	Prior year adjustment as explained in note 1	-
(76,111)	Total recognised (gains)/loss recognised since last annual statement	289,664

BALANCE SHEET as at 31 March 2009

2007/08			Notes	2008/09	
£'000	£'000			£'000	£'000
		Tangible Fixed Assets			
904,846		Operational Assets:	18a		
90,232		Council Dwellings		709,076	
1,893		Other Land and Buildings		92,315	
1,919		Vehicles, Plant and Equipment		3,418	
9,046		Infrastructure Assets		1,911	
	1,007,936	Community Assets		9,214	815,934
	62,546	Non-Operational Assets:	18a		
		Investment Properties			52,972
	725	Assets under construction			0
	56,095	Surplus Assets held for Disposal	18a		26,549
	1,127,302	Total Fixed Assets			895,454
8,169		Long Term Investments	25	14,286	
6,803		Long Term Debtors	24	5,549	19,835
	14,972				
	1,142,274	Total Long Term Assets			915,289
		Current Assets			
23,635		Debtors & Prepayments	26	28,349	
28,726		Short Term Investments	27	14,075	42,424
	52,361				
	1,194,635	Total Assets			957,713
		Current Liabilities			
0		Borrowing repayable on demand or within 12 months	28	0	
(28,101)		Creditors	23	(26,100)	
(381)		Bank Overdraft		64	
	(28,482)				(26,036)
	1,166,153	Total Assets less Current Liabilities			931,677
(3,638)		Long Term Creditors	29	(3,877)	
(91,650)		Long Term Borrowing	30	(97,626)	
(471)		Long Term Liabilities	31	(446)	
(6,000)		Provisions	40	(19,157)	
(4,553)		Capital Contributions Deferred Account	36	(4,564)	
(6,074)		Unapplied Capital Grants and Contributions	34	(4,983)	
0		Deferred Liabilities		0	
(39,930)		Liability related to defined benefit pension scheme	45	(76,908)	
	(152,316)				(207,561)
	1,013,837	Total Assets less Liabilities			724,116

<u>2007/08</u>	Financed by:	Notes	<u>2008/09</u>
£000			£000
74,811	Revaluation Reserve	35	23,434
965,997	Capital Adjustments Account	37	783,457
2,637	Usable Capital Receipts Reserve	34	418
(4,350)	Financial Instruments Adjustment Account	38	(3,539)
(45,930)	Pensions Reserve	38	(96,065)
9,866	General Fund balance	38	7,572
8,745	Housing Revenue Account balance	38	7,829
1,684	Earmarked Reserves	33	772
0	Major Repairs Reserve	38	0
377	Collection Fund balance	38	239
<u>1,013,837</u>	Total Net Worth	22	<u>724,116</u>

Signed:

Date: 25 June 2009

Barry Marshall, M.Sc., ACMA
Head of Finance

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CASH FLOW STATEMENT to follow

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NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1 PRIOR YEAR ADJUSTMENTS AND EXCEPTIONAL ITEMS

PRIOR YEAR ADJUSTMENTS

Revenue expenditure funded from capital in 2007/08 was reported within the Statement of Movement of the General Fund Balance as the write down of deferred charges. The SORP 2008 requires that the write down of deferred charges is replaced by the revenue expenditure funded from capital under statement within the Statement of Movement of General Fund Balance. The 2007/08 figures have been restated within the accounts on this basis.

The collection fund surplus was overstated at £2,642m in 2007/08 due to the misclassification of NNDR income. The same error value impacted on the income from business rates. Both the 07/08 surplus and income from business rates have been restated to the correct values.

In 2007/08 there was a prior year adjustment restating assets by £10.877m, this was due to a change in valuation of Council dwellings, an adjustment to investment properties, correction of overstatement of the number of Council dwellings and additional revenue contribution by Highways Agency.

EXCEPTIONAL ITEMS

The Income and Expenditure account includes the following exceptional item:

Non-Distributed Costs - Pension liability of past service costs in relation to employees transferred to Citycare in 2001 are required to be recognised in the authority's accounts in relation to the liability that exists at the end of the contract term. This cost has been funded from the pension reserve and moved through the Statement of Movement on General Fund balance.

NOTE 2 LONG TERM CONTRACTS

In 2008/09 the Council incurred expenditure amounting to £37.21m (2007/08, £41.5m) to Morrison Serviceteam (trading as CityCare) under a 10-year contract. £9.2m has been capitalised and the remainder relates to the provision of maintenance and cleansing services to the Council. This contract is due to expire at the end of March 2010 the estimated value of the outstanding contract is £38.0m.

In April 2006 the Council entered into a 4-year contract with Lovell Partnerships Limited for the provision of Housing upgrades. In 2008/09 the expenditure incurred on this contract was £6.89m and the estimated value of the outstanding contract is £6.5m

In April 2002 the Council entered into a PFI contract with Steria (known as Norwich Connect) for the provision of certain information technology related services. The contract is for 15 years and has an estimated total value of £85m. Gross expenditure incurred by Steria in 2008/09 amounted to £8.52m (2007/08 £9.95m).

NOTE 3 TRADING OPERATIONS

The City Council operates the following trading operations whose financial results were as follows:

2007/08 Expenditure £000	2007/08 Income £000	Surplus/ (Deficit) £000		2008/09 Expenditure £000	2008/09 Income £000	Surplus/ (Deficit) £000
2,755	4,572	1,817	Car Parks	12,353	4,489	(7,864)
157	582	425	Industrial Estates	600	610	10
2,899	3,550	651	Corporate Estates	5,840	2,777	(3,063)
527	160	(367)	Civic Halls	511	213	(298)
534	863	329	Markets	951	1,407	456
15	-	(15)	Yacht Station	210	-	(210)
6,887	9,727	2,840	Net	20,465	9,496	(10,969)
			Surplus/(Deficit)			

The Car Parks and Markets show the full year effect of St Andrews Multi Storey Car Park and Provision Market being operational.

The income and expenditure of all trading operations except for that of Markets, for 2007/08 and 2008/09 have been consolidated within Net Cost of Services in accordance with BVACOP.

The surpluses and deficits reported on Trading Operations have been heavily influenced by impairment charges of £15.579m (2007/08 £0.788m). These charges represent the reduction in the value of the underlying assets, owing to current market conditions. The trading positions of these operations, excluding impairment charges, are as follows:

2007/08 Expenditure £000	2007/08 Income £000	Surplus/ (Deficit) £000		2008/09 Expenditure £000	2008/09 Income £000	Surplus/ (Deficit) £000
2,755	4,572	1,817	Car Parks	2,711	4,489	1,778
157	582	425	Industrial Estates	220	610	390
2,111	3,550	1,439	Corporate Estates	892	2,777	1,885
527	160	(367)	Civic Halls	511	213	(298)
534	863	329	Markets	529	1,407	878
15	-	(15)	Yacht Station	23	-	(23)
6,099	9,727	3,628	Net	4,886	9,496	4,610
			Surplus/(Deficit)			

NOTE 4 SECTION 137 EXPENDITURE

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not-for-profit bodies providing a public service in the United Kingdom and mayoral appeals. The Council's expenditure under this power was £nil in 2008/09 (£nil in 2007/08.)

The requirements of Section 137 were, in the main, repealed by the wellbeing powers that were granted within the Local Government Act 2000 for district Councils. It should be noted that it is within the wellbeing powers that contributions to charitable funds are not-for-profit bodies are now paid.

NOTE 5 PUBLICITY ACCOUNT

Under Section 5 of the Local Government Act 1986, with effect from 1st April 1988 the Council is required to keep a separate account of its expenditure on publicity. The following amounts have been included in the revenue accounts under the relevant services.

2007/08		2008/09
£000		£000
271	Advertising – Staff Recruitment	175
252	Other Advertising (including statutory notices)	433
2	General Office Supplies - publicity	2
<u>525</u>		<u>610</u>

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NOTE 6 BUILDING CONTROL ACCOUNT

The Local Authority Building Control Charges Regulations (SI1998/3129) require the disclosure of information regarding the setting of charges for the administration of the building control function. With effect from 1 April 2004, Norwich City Council entered into a partnership with South Norfolk and Broadland District Councils, known as the CNC Building Control Consultancy, to provide building control services within their respective areas. A joint committee manages the partnership with representatives from each Council which is accounted for in the accounts as a Joint Arrangement Not an Entity. The table below shows the Norwich City Council element only

The Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function. Certain activities cannot be charged for, such as providing general advice and liaison with other statutory authorities. The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

Chargeable	Non Chargeable	Total Building Control		Chargeable	Non Chargeable	Total Building Control
2007/08	2007/08	2007/08		2008/09	2008/09	2008/09
£000	£000	£000		£000	£000	£000
			Expenditure			
335	-	335	Employees	449	-	449
30	-	30	Transport	31	-	31
50	64	114	Supplies & Services	40	82	122
19	1	20	Central & Support Services	18	(3)	(15)
434	65	499	Total Expenditure	538	79	(617)
			Income			
432	-	432	Building Regulation Charges	328		328
-	-	0	Other	210		210
432	-	432	Total Income	538	-	538
(2)	(65)	(67)	Surplus/ (Deficit) for the Year	-	(79)	(79)
150			Surplus B/Fwd Transferred to revenue	148		
(2)				-		
148			Surplus c/fwd	148		

The figures for 2008/09 are included in the Statement of Accounts on a gross basis but are based on unaudited information received from the CNC Building Control Consultancy.

NOTE 7 INTEREST IN COMPANIES

Norwich City Council is party to three joint ventures, Legislator 1656 Limited, Legislator 1657 Limited and CNC Consultancy Services Limited. The results of these joint ventures have not been incorporated in the authorities' accounts on the grounds of immateriality; therefore disclosure of Norwich City Council's share in each joint venture is detailed in the table below. The results for Legislator 1656 Limited and Legislator 1657 Limited for the year ended 31 January 2009 are not available, the results disclosed below are therefore those for the year to 31 January 2008.

	Legislator 1656 Limited	Legislator 1657 Limited	CNC Consultancy Services Limited
	£000	£000	£000
Turnover	-	6	4
Profit before Tax	111	(111)	(28)
Taxation	(34)	33	-
Profit after Tax	76	(78)	(28)
Fixed Assets	1,469	3,051	-
Current Assets	773	131	20
Liabilities due within one year	(116)	(375)	(15)
Liabilities due after one year or more	-	(1,200)	(33)

NOTE 8 JOINT COMMITTEES AND AGENCY PAYMENTS

The City Council is a member of four Joint Committees – Norfolk Joint Museums and Archaeology Committee, Norfolk Joint Records Committee, Norfolk Highways Joint Committee and CNC Building Control Consultancy Joint Committee. The figures relating to the Building Control Partnership is included in note 6.

The Norwich Highways Joint Committee oversees the operation of the Highways Agency Agreement providing the services for highways, traffic management and on-street car parking. The authority acts as agent for the County in relation to the work governed by the Joint Committee and as such the expenditure and income excluded from the authorities Income and Expenditure Account for 2006/07 and 2007/08 is as follows:

Total 2007/08 £000		Highways/ Traffic 2008/09 £000	On Street Car Parking 2008/09 £000	Total 2008/09 £000
2,929	Works and Services	3,092	-	3,092
776	Administration of Revenue and Capital Works	942	-	942
1,551	On-Street Car Parking Operating Expenses	-	1,486	1,486
5,256	Gross Expenditure	4,034	1,486	5,520
(1,639)	Less Income	(53)	(1,650)	(1,703)
4	Reimbursement (by)/to Norwich City Council	3,657	(160)	3,497
(3621)	Reimbursement (by)/to Norfolk County Council	324	(4)	320

NOTE 9 MEMBERS ALLOWANCES

The total of members' allowances paid in the year was £312,772 (2007/08 £317,541) in accordance with the Members' Allowance Scheme as set out in Appendix 16 of the Council's Constitution.

NOTE 10 OFFICERS EMOLUMENTS

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 was:

2007/08	Remuneration Band	2008/09
8	£50,000 to £59,000	10
5	£60,000 to £69,999	15
-	£70,000 to £79,999	-
1	£80,000 to £89,999	1
1	£90,000 to £99,999	3
-	£100,000 to £109,999	1
-	£110,000 to £119,999	-
1	£120,000 to £129,999	-
-	£130,000 to £139,999	1
<u>16</u>		<u>21</u>

11. RELATED PARTY TRANSACTIONS

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.

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in Note 49 relating to the Cash Flow Statement.

Members of the Council have direct control over the Council's financial and operating policies. During 2008/09, £469,862 was approved by members as grants to voluntary organisations, of the organisations that received grant funding, 12 members had an interest. 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 all these transactions are recorded in the Register of Members' Interest, open to public inspection at Norwich City Council, City Hall.

If the Council gives a grant to a voluntary organisation which exceeds 20% of their gross income, this effectively gives the Council material control over their operations. There were 4 voluntary organisations that received grant in excess of £2,000, which also exceeded 20% of their gross income:

- Central Norwich Citizens Forum
A registered charity and Development Trust that works to promote the quality of life for those who live, work and play in the centre of Norwich.
- Sexual Violence Alliance
A charitable company that operates a helpline and provides a counselling service for men and women survivors of sexual abuse, past and present.
- Norfolk and Norwich Heritage Trust

To conserve and maintain Dragon Hall (Grade 1 listed building), to provide educational programmes and encourage more usage as a cultural destination.

- Norwich in Bloom

A voluntary organisation which works to improve the street scene environment as well as other community areas through encouraging and developing good horticultural and sustainable planting thereby raising the profile of the city.

There were a further 25 voluntary organisations that received grant of a value less than £2,000 but also exceeded 20% of their gross income.

Officers, during 2008/09, have not declared any pecuniary interests.

Companies and joint ventures – the Council has interests in:

- i. NELM Development Trust (North Earlham Larkman and Marlpit), this is a 10 year, £35.2m, 'New Deal for Communities' initiative that funds community regeneration, it is entirely funded by central government. NELM activity commenced in 2000/01 and the Council is the accountable body. Two companies, Legislator 1656 and 1657 Ltd, which the Council has shares in and are related to developments at Norwich Airport.

For (i) and (ii) above, the Council has officer and member representatives on the boards of these companies; but no pecuniary interest has been declared.

NOTE 12 FEES PAYABLE TO AUDIT COMMISSION

In 2008/09 the following fees were payable by the Council to the Audit Commission:

2007/08		2008/09
£		£
201,848	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	236,051
18,157	Fees payable to the Audit Commission in respect of statutory inspection	13,992
96,162	Fees payable to the Audit Commission for the certification of grant claims and returns	87,974
	-Fees payable in respect of other services provided by the appointed auditor	-
<u>316,167</u>		<u>338,017</u>

NOTE 13 NOTE OF RECONCILING ITEMS FOR STATEMENT OF MOVEMENT ON
GENERAL FUND

2007/08 Net Expenditure		2008/09 Net Expenditure
£000		£000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund balance for the year	
0	Amortisation of intangible Fixed Assets	0
(19,353)	Depreciation and impairment of fixed assets	(189,127)
(307)	Excess of depreciation charged to HRA services over MRA element of Housing Subsidy	(1,003)
2,274	Government Grants Deferred amortisation	2,353
0	Revenue Expenditure Funded from Capital Under Statute	(5,407)
(4,915)	Write downs of Deferred Charges to be financed from capital resources and deminimus capital expenditure	0
41	Differences between the amounts debited/credited to the Income and Expenditure account and amounts payable/receivable to be recognised under statutory provisions relating to soft loans and premiums and discounts on the early repayment of debt	59
812	Net gain or loss on sale of fixed assets	1,984
(7,866)	Net charges made for retirement benefits in accordance with FRS 17 including exceptional pension cost	(18,992)
(29,314)		(210,133)
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the movement on the General Fund balance for the year	
1,181	Minimum revenue provision for capital financing	1,164
	Capital expenditure charged in-year to the General Fund Balance	2,191
0	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(963)
(4,219)	Employers contributions payable to the Norfolk Pension Fund and retirement benefits payable direct to pensioners	4,925
4,619		7,316
1,581		
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund balance for the year	
656	Housing Revenue Account balance transfer of surplus	(916)
572	Voluntary provision for repayment of debt	57
(1,746)	Net transfer to or from earmarked reserves	0
(518)		(859)
(28,251)	Net additional amount required to be credited to the General fund balance for the year	(203,676)

NOTE 14 2008-09 GAIN/(LOSS) RECOGNISED IN THE INCOME AND EXPENDITURE ACCOUNT

The gains and losses for 2008-09 recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are made up as follows:

Loans and Receivables 2008/09

Financial Liabilities		Financial Assets			Financial Liabilities		Financial Assets		
Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Total		Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Total	
2007/08					2008/09				
£000	£000	£000	£000		£000	£000	£000	£000	
(7,379)	-			Interest expense	(6,543)	-			
-	-			Losses on derecognition	-	-			
-	-			Impairment losses	-	-			
(7,379)	-	-	(7,379)	Interest payable and similar charges	(6,543)	-	-	(6,543)	
		3,282		Interest income			1,940		
		0		Gain on derecognition			-		
		3,282	3,282	Interest and investment income			1,940	1,940	
		-		Gains on revaluation			-		
		-		Losses on revaluation			-		
		-		Amounts recycled to the I&E Account after impairment			-		
		-		Interest and investment income			-		
(7,379)	-	3,282		Net Gain/(loss) for the year	(6,543)	-	1,940		

15 CAPITAL EXPENDITURE AND FINANCING

2007/08 £000		2008/09 £000
	Capital Investment	
20,350	Operational Assets	18,521
3,058	Non-Operational Assets	232
5,789	Deferred Charges	5,306
536	De Minimis Items	602
(2,299)	Adjustment re 2006/07	-
27,434		24,660
	Sources of Finance	
(11,723)	Capital Receipts	(6,127)
(3,250)	Government Grants and Other Contributions	(3,678)
(10,830)	Housing Revenue Account Major Repairs Allowance	(9,447)
(1,753)	Revenue Contributions and MRP	(3,354)
(27,556)		(22,607)
(122)	Increase/(decrease) in Capital Financing Requirement	2,054

With effect from 1 April 2004 the system of capital controls based upon credit approvals was replaced with a system whereby each local authority has a borrowing limit determined by the level of debt which it can afford. The new 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.

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**NOTE 16 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE
(FORMERLY DEFERRED CHARGES)**

This expenditure is required as per the 2008 SORP. It was previously referred to as Deferred Charges (see prior year adjustment note 1 for an explanation of this change) and is expenditure of a capital nature that does not impact on the acquisition, creation or enhancement of a fixed asset. As set out in the Accounting Policy the expenditure is written off to the relevant service revenue account in the financial year in which it is incurred but neutralised through the Statement of Movement of the General Fund Balance in order to fund through the Capital Adjustment Account to ensure that there is no impact on the local taxpayer

2007/08		2008/09	2008/09	2008/09
£000		£000	£000	£000
Net		Gross	Contribution Received in Year	Net
1,541	Capital Grants to Registered providers of Social Housing (formerly Registered Social Landlords)	2071	(133)	1938
650	European Schemes	609	(650)	(41)
900	Private Sector Housing	217	(217)	-
-	Private Disabled Facilities Grants	378	(270)	108
194	Improvement Grants	46	(46)	-
-	- Empty Homes Assistance	148	(148)	-
443	City Hall Car Park Demolition	-	-	-
201	Demolition of Concrete Block Properties	-	-	-
166	Section 106 Deferred Charges	273	(273)	-
170	Westlegate Pedestrianisation	-	-	-
-	- St Annes Wharf Bridge	730	(730)	-
75	Historic Buildings Grants	-	-	-
39	Other Schemes	291	(250)	41
4,379	Total	4,763	(2,717)	2046

NOTE 17 CAPITAL COMMITMENTS

Housing capital works totalling £10.87m for 2008/09 are forecast to be carried out by CityCare under their 10 year contract with the Council. Lovell have been awarded a 4 year contract for part of the work on Public Sector upgrades, previously part of the CityCare contract, and works totalling £9.82m are forecast to be carried out in 2009/10.

Works on the construction of St Annes Wharf Bridge are underway, using funding from EEDA and S106. The total forecast expenditure is £2.487m, of which £0.965m was spent in 2008/09 with the remaining £1,522m to be spent in 2009/10.

The Council provides capital grants to Registered Providers of Social Housing (formerly known as Registered Social Landlords) for the development of new affordable housing in Norwich, financed from receipts arising from disposals of Housing land and other resources. The outstanding commitment in respect of these grants amounted to £0.658m at 31 March 2009.

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18a TANGIBLE FIXED ASSETS

Movements in operational and non-operational fixed assets during the year were as follows:

Operational Assets	Council Dwellings £000	Other Land and Buildings £000	Community Assets £000	Infrastructure Assets £000	Vehicles Plant etc £000	Total £000
Gross Book Value at 1 April 2008	905,052	95,140	9,514	2,533	3,706	1,015,945
Reclassifications	-	839	-	-	-	839
Additions	15,140	736	623	52	1,970	18,521
Disposals	(1,281)	-	-	-	(2)	(1,283)
Impairments	(209,375)	(11,224)	-	-	-	(220,599)
Revaluations	(10)	8,776	-	-	(6)	8,760
Gross book value as at 31 March 2009	709,526	94,267	10,137	2,585	5,668	822,183
Depreciation 31 March 2008	(205)	(4,909)	(468)	(614)	(1,813)	(8,009)
Current Year Depreciation	(10,649)	(1,937)	(454)	(61)	(443)	(13,544)
Revaluation & Adjustments	10,404	4,894	-	-	6	15,304
31 March 2009	(450)	(1,952)	(922)	(675)	(2,250)	(6,249)
Net book value as at 31 March 2008	904,847	90,232	9,046	1,918	1,893	1,007,936
Net book value as at 31 March 2009	709,076	92,315	9,215	1,910	3,418	815,934
Nature of Asset Holding						
Owned	709,076	92,315	9,215	1,910	3,418	815,934
Finance Lease	-	-	-	-	-	-
PFI	-	-	-	-	-	-
	709,076	92,315	9,215	1,910	3,418	815,934
Non-Operational Assets	Investment Properties £000	Assets Under Construction £000	Surplus Assets held for Disposal £000	Total £000		
Gross Book Value at 1 April 2008	62,524	725	56,094	119,343		
Reclassifications	(445)	(725)	330	(840)		
Additions	190	-	42	232		

Impairment	(9,058)	-	(29,201)	(38,259)
Disposals	(529)	-	(717)	(1,246)
Revaluations	267	-	-	267
Gross book value as at 31 March 2009	52,949	-	26,548	79,497
Depreciation				
31 March 2008	23	-	-	23
Current Year Depreciation	-	-	-	-
Revaluation & Adjustments	-	-	-	-
Disposals	-	-	-	-
31 March 2009	23	-	-	23
Net book value as at 31 March 2008	62,547	725	56,094	119,366
Net book value as at 31 March 2009	52,972	-	26,548	79,520
Nature of Asset Holding				
Owned	52,972	725	26,548	79,520
Finance Lease	-	-	-	-
PFI	-	-	-	-
	52,972	725	26,548	79,520

NOTE 18b INTANGIBLE FIXED ASSETS

There are no intangible fixed assets (2007/08 £Nil)

NOTE 18c FIXED ASSETS – ANALYSIS OF HOLDINGS

Fixed assets owned by the Council as at 31st March 2009 include the following:

	2007/08	2008/09		2007/08	2008/09	
Council Dwellings	15,719	15,687	Other Land & Buildings			
Cottage Properties (HRA)	144	144				
Council Garages	4,563	4,299		City Hall and other Administrative Buildings	11	10
				Cemeteries	2	2
Non-operational Assets			Car Parks	19	20	
Trading	798 items	511 items				
Other	71 items	75 items				
Theatre	1	1	Operational Trading	49	49	
Cottage Properties	134	132				
Community						

Assets				
Parks and Open Spaces	363.41 hectares	177.89 hectares	Children's Day Nursery	1
Civic Portraits	115 items	115 items	Natural Areas	295.86 hectares
Civic Regalia	218 items	218 items	Allotments	41 hectares
Lord Mayor's State Coach	1	1	Nurseries	1
Sports/Community Centres	16	16	Museums	3
Caravan Site	1	1	Stewardship Properties	95
Yacht Station	1	1	Swimming Centre	1
				141 hectares
				41 hectares
				1
				3
				95
				1

NOTE 19 OPERATING AND FINANCE LEASE RENTALS

Operating Leases

The Council's future liability under operating leases for vehicles, plant and equipment was as follows:

	31 March 2008 £000	31 March 2009 £000
Future rental liabilities		
Leases expiring next year	79	200
Leases expiring within two to five years	101	316
Total	180	516

The Income and Expenditure Account includes payments for operating lease rentals and contract hire in respect of vehicles and equipment of £208,737 (2007/08 £99,320).

With regard to the Authority's activity as a lessor, the gross value of assets held for use in operating leases granted on commercial property was £46.1m (2007/08 £53.2m). These assets are held as investment properties in accordance with the SORP and accordingly no depreciation is charged on them. The aggregate rentals receivable in the year in relation to these leases amounted to some £5.5m (2007/08 £5.5m).

Finance Leases

In the current year the Authority reports no obligations or debts in respect of Finance Leases as either a Lessor or Lessee (2007/08 none).

NOTE 20 FIXED ASSETS - VALUATION

The Council operates a 5-year rolling programme of revaluations except for the revaluation of Housing Revenue Account Assets which are carried out on an annual basis.

All revaluations carried out in 2008/09 have appropriate valuation certificates relating to them, which indicate the date and basis of the valuation and also include details of the method of valuation used. The valuation date for all Housing Revenue Account assets was 1 April 2009, and for all other non Housing assets the valuation date was 1 April 2008 except for two items valued at 31 March 2009 (Theatre Royal and land at Three Score, Bowthorpe).

Fixed assets are valued in accordance with the Statement of Accounting Policies and the Practice Statements and Guidance Notes set out in the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Valuations of assets have been carried out by Robert Butler MRICS for the District Valuer, East of England and by Michael Chalmers MRICS Property Services Manager, Norwich City Council.

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets:

	Council Dwellings	Other Land & Buildings	Community Assets	Infra-structure	Vehicles, Plant & Equipment	Surplus Properties	Investment Properties	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valued at Historical Cost	-	-	9,214	1,911	3,418	-	-	14,543
Valued at Current Value in:								
2008/09	701,003	90,901	-	-	-	22,553	18,087	832,544
2007/08	8,073	-	-	-	-	-	1,483	9,556
2006/07	-	1,274	-	-	-	3,998	32,712	37,984
2005/06	-	-	-	-	-	-	492	492
2004/05	-	-	-	-	-	500	147	647
2003/04	-	139	-	-	-	-	196	335
Total	709,076	92,314	9,214	1,911	3,418	26,551	52,970	895,454

The Council is not aware of any material change in the values of those assets which were not re-valued during 2008/09 (as part of the rolling programme of revaluations).

NOTE 21 HOUSING POOLED CAPITAL RECEIPTS

In accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2004, any housing capital receipts in excess of £10,000 are subject to Government pooling. For sales of 'right to buy' dwellings, 75% of the receipt is pooled and for sales of other HRA assets (e.g. land) 50% is pooled, unless used to fund expenditure on affordable housing or regeneration.

The SORP requires the amount paid to the pool to be disclosed as expenditure in the Income and Expenditure Account, although the capital receipts will not have been recognised as income items within the Income and Expenditure Account. The deficit is made good by an equivalent transfer from Usable Capital Receipts.

During 2008/09, the contribution to the pool totalled £963,034 (2007/08 £4,219,376). This information is also shown at Note 7 to the HRA Income and Expenditure Account.

NOTE 22 ANALYSIS OF NET ASSETS EMPLOYED

This represents the aggregate of reserves attributable (both revenue and capital) to the General Fund, Housing Revenue Account and Trading Operations.

2007/08		2008/09
£000		£000
143,533	General Fund	48,691
869,974	Housing Revenue Account	675,095
330	Trading Operations	330
1,013,837		724,116

NOTE 23 SHORT TERM CREDITORS

NOTE	2007/08		2008/09	24
LONG	£000		£000	TERM
	10,834	Accruals	15,406	
	35	Government Departments	53	
	3,505	Other Local Authorities	1,598	
	3,077	Receipts in Advance	4,753	
	2,014	Suspense & Holding Accounts	1,407	
	8,636	Sundry Creditors	2,883	
	28,101		26,100	

DEBTORS

2007/08		2008/09
£000		£000
	Advances for House Purchase	
53	Council Houses Sold	37
2	Housing Act Advances	2
1	Housing Associations	1
56		40
3,210	Norfolk County Council Transferred Debt	2,952
400	Deferred Capital Receipt Sale of Airport Shares	400
1,560	Decent Home Loans	2,157
1577	Housing Benefit Overpayments	0
6,803		5,549

Long Term Debtors consist of:

Advances for House Purchase

This capital account shows the monies still outstanding and due to the Council in respect of Housing Advances made to private individuals and Housing Associations.

Transferred Debt

This debt represents the value of assets transferred to other Public Bodies. The value of these assets was determined by the amount of related outstanding loan at the time of transfer.

Deferred Capital Receipts

As set out in Note 25 below, 80.1% of the shares held in Norwich Airport Ltd. by Norfolk County Council and Norwich City Council were sold in March 2004 to Omniport Ltd. £1m of the total sale price is payable after 15 years or, should Omniport sell its interest before then, at the time of the sale. The City Council's share of this deferred capital receipt is £400,000.

NOTE 25 LONG TERM INVESTMENTS

2007/08 £000		2008/09 £000
4,131	Building Societies	8,401
3,155	Banks	5,035
824	Norwich Airport Ltd	824
39	Other Related Companies	26
20	ADC Debenture	-
8,169		14,286

Building Societies and Banks

Investments of £9 million in 2008/09 with Building Societies and Banks that are for periods longer than one year are included as long term investments on the balance sheet. These will mature between April 2010 and November 2012.

Norwich Airport Ltd

As part of a Public Private Partnership Agreement, 80.1% of the shares held in Norwich Airport Ltd (NAL) by Norfolk County Council and Norwich City Council were sold in March 2004 to Omniport Ltd., thereby taking NAL out of local authority control. The remaining shares are held by the City Council (6%), the County Council (9%) and a jointly owned local authority company, Legislator 1656 (4.9%).

A second jointly owned local authority company - Legislator 1657, a wholly owned subsidiary of Legislator 1656 - holds some land associated with the airport which was excluded from the sale to Omniport. The City Council holds 40% of Legislator 1656, with Norfolk County Council holding the other 60%, effectively giving the City Council a further holding of 2% in NAL. The sale valued Norwich Airport Ltd at £13.7m (previously £15.3m) and the investment value shown in the Balance Sheet represents the Council's 6% direct holding in the company. The shares of Norwich Airport Ltd are carried in the accounts at cost and fair value also being cost. Consideration has been given to measuring the fair value of Norwich Airport Ltd from Norwich City Councils percentage shareholding from the Airports balance sheet for 2007 and draft balance sheet for 2008. These calculations gave a fair value higher than that of the carrying value at cost but were subjective and could not reliably measure fair value. An impairment review was undertaken in accordance with the SORP 2007 which states that 'where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).' Norwich City Council have assessed that there has been no impairment of the asset as a potential purchaser has shown an interest in purchasing NCC airport holding, although no price has yet been established.

Norwich City Council has an interest in Legislator Companies 1656 and 1657 which has been assessed as immaterial for the purpose of Group Accounts.

Norwich Preservation Trust Ltd

The long-term investment of £39,644 consists of loans made to the Trust.

NOTE 26 DEBTORS AND PREPAYMENTS

Debtors	Provision for Bad Debts	Net Debtors		Debtors	Provision for Bad Debts	Net Debtors
2007/08	2007/08			2008/09	2008/09	
£000	£000	£000		£000	£000	£000
	-	2,998	Accruals	12,411	-	12,411
2,998						
7,080	-	7,080	Agency Accounts & Government Departments	1,820	-	1,820
3,785	(2,500)	1,285	Council Tax Payers	4,151	(2,495)	1,656
3,245	(1,399)	1,846	Housing Rents	2,676	(1,610)	1,066
6,194	(634)	5,560	Non-Domestic Ratepayers	6,250	(957)	5,293
	-	1,771	Other Local Authorities	68	-	68
1,771						
226	-	226	Suspense & Holding Accounts	2,146	-	2,146
4,678	(1,809)	2,869	Sundry Debtors	6,183	(2,294)	3,889
29,977	(6,342)	23,635		35,705	(7,356)	28,349

NOTE 27 SHORT TERM INVESTMENTS

Short-term investments represent temporary lending of surplus monies to other local authorities and major financial institutions. The amounts invested at 31 March were as follows:

2007/08		2008/09
£000		£000
26,663	Building Societies	14,075
2,063	Bank Deposits	-
28,726		14,075

The total from the table above is included in Loans and Receivable in note 30.

NOTE 28 BORROWING REPAYABLE ON DEMAND OR WITHIN 12 MONTHS

2007/08		2008/09
£000		£000
-	Building Societies	5,000

NOTE 29 LONG TERM CREDITORS

2007/08 £000		2008/09 £000
3,310	Developer Contributions	3,527
150	Rental Income	350
177	Pension Strain Costs	-
	Other	-
3,637		3,877

NOTE 30 BORROWING & INVESTMENTS

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31 March 2008 £000	31 March 2009 £000	31 March 2008 £000	31 March 2009 £000
Financial liabilities at amortised cost	91,650	97,6264	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-
Total borrowings	91,650	97,626	-	-
Loans and receivables	7,345	13,641	28,726	14,075
Unquoted equity investment at cost	824	824	-	-
Trade Debtors			16,790	21,400
Total investments	8,169	14,285	45,516	35,475

The borrowings are shown excluding financial instruments in note 11 of the Explanatory Forward totalling £83,592.

Trade Debtors exclude statutory amounts for Council Tax Payers and Non-Domestic Ratepayers and Trade Creditors exclude receipts in advance.

The movement of £5.9m in long term loans and receivables is due to additional fixed term investments being placed at higher interest rates for more than one year. The reduction of £14.1m in current loans and receivables is due to £5.6m being switched to longer term and a £8.5m reduction in cash available to invest at the year end.

Valuation of a bond that is not quoted in an active market

Valuation of a bond that is not quoted in an active market

Norwich City Council has 5 bonds with maturity dates between 1971 and 1972 with values between £500 and £1,500 no interest is payable. The bonds have no observable market price. The council has valued the asset at fair value deemed to be the redemption value of £6,500 as at 31 March 2009.

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value has been assessed by calculating the

present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated interest rates at 31 March 2009 of 7.745% for loans from the PWLB, 4.5% as an effective interest rate for a stepped loan, 5.97% and 6.03% for money market loans.
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced, billed amount or cost.

The fair values calculated are as follows:

	31 March 2008		31 March 2009	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	91,650	118,502	97,564	123,622
Financial liabilities including Trade Creditors	116,674	143,526	118,911	144,969

The fair value has been calculated by reference to the 'premature repayment' set of rates in force on that day, the 2007 figure by reference to the set of interest rates in force on 30 March 2007.

Loans and receivables	36,071	36,615	27,547	27,605
Loans and receivables including Trade Debtors	52,861	53,405	48,947	49,005

The fair value is higher than the carrying amount at 31 March 2009 because the authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the authority would received if it agreed to early repayment of the loans. The current rates of interest are lower than those invested for periods greater than one year. The reduction in fair value between 2007/08 and 2008/09 is due to a reduction in loans made.

Disclosure of nature and extent of risks arising from financial instruments

The authority's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the authority
- liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available

to fund services. Risk management is carried out by a central treasury team, under policies approved by Norwich City Council in the annual treasury management strategy. The strategy includes the following:

- authorised and operational limits on total borrowing portfolio
- maximum limits on amounts for individual investment
- ratings system to indicate institutions available to invest with
- timing system to restrict the profile of investments

Norwich City Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score of A+/A for long term investments and F1 for short term investments. The authority has a policy of not lending more than £4m of its surplus balances to one institution in accordance with Norwich City Councils Treasury Management Strategy. The authority has no investments in banks or building societies outside the United Kingdom as at 31st March 2009.

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 authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over previous financial years, adjusted to reflect current market conditions

	Amount at 31 March 2009	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2009	Estimated maximum exposure to default and uncollectability
	£000 A	% B	% C	£000 (A x C)
Deposits with banks and financial institutions				
AA rated counterparties	5,000	Nil	0.06	-
A rated counterparties	3,000	Nil	0.65	19
Other counterparties	18,500	Nil	42.67%	7892
Co-Op bank	-	Nil	-	-
Equity Investments	824	Nil	Nil	-
Debentures, equity and loans to related parties *	74	Nil	Nil	-
Customers				
Sundry Debt	4,023		46	1,850
	31,421			9761

No credit limits were exceeded during the reporting period and the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits, debentures, equity and loans.

The authority does not generally allow credit for customers, however £1.85m of the £4.02m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months (30 to 60 days)	82
Three to six months	345
Six months to one year	651
More than one year	772
	1,850

Liquidity risk

As the authority has ready access to borrowings from 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. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 30% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

Refinancing and Maturity Risk

The maturity analysis of financial liabilities is as follows:

2007/08 £'m		2008/09 £'m
-	Repayable between: 1 and 2 years	-
-	2 and 5 years	8,000
30,810	Between 5 and 10 years	22,810
52,781	Between 10 years or more	52,781
<u>83,591</u>		<u>83,591</u>

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

The authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in 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 liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £.

The authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 20% of its borrowings in variable rate loans.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget monthly during the year. This allows any adverse changes to be accommodated. The Council takes a cautionary approach to borrowing or re-scheduling.

According to this assessment strategy, at 31 March 2009, if 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 fixed rate)	-
Increase in interest receivable on variable rate investments	-
Impact on Income and Expenditure Account	-
Increase in government grant receivable for financing costs	(4)
Share of overall impact debited to the HRA	(4)
Increase in fair value of fixed rate investment assets	132
Impact on STRGL	132
Decrease in fair value of fixed rate borrowings liabilities (no impact on I+E Account or STRGL)	10,697

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

The authority does not generally invest in equity shares but does have shareholdings to the value of £0.824m in Norwich Airport. The authority is not exposed to losses arising from movements in the prices of the shares as it is unquoted equity. As the shareholding has arisen in the acquisition of a specific interest, the authority is not in a position to limit its exposure to price movements by diversifying its portfolio.

Foreign exchange risk

The authority has an asset denominated in a foreign currency in a Euro bank account and has an exposure to loss arising from movements in exchange rates. The Euro account was valued at the balance sheet date at £1.25m Norwich City Council has no liabilities denominated in a foreign currency.

NOTE 31 LONG TERM LIABILITIES

This item includes the long term liabilities for the authority. Included in this section are the deferred capital receipts which are capital monies due to the City Council over periods of up to 25 years. The Bequest accounts were included within long term borrowing last year but are now more appropriately treated as a long term liability. See prior year adjustments note 1.

2007/08 £000		2008/09 £000
	Deferred Capital Receipts:	
1	Housing Associations	1
53	Sale of Council Houses	37
400	Sale of Shares in Norwich Airport Ltd	400
17	Norwich Preservation Trust Loan	8
	Other Long Term Liabilities:	
471		446

NOTE 32 INSURANCE RESERVE

The Insurance Reserve was established to cover the excesses carried in respect of claims under various insurance policies, particularly public and employer's liability, subject to periodic review of the appropriate level at which any 'stop-loss' arrangements apply.

The Council only insures housing stock three storeys and above in height, sheltered and listed accommodation, and only for a limited range of perils (fire, lightning, explosion and storm). The risk has been identified and assessed, external insurance quotations have been evaluated, and it has been decided that the most cost effective way to manage this risk is for the Council to self-insure losses via the Housing Revenue Account.

The Council carried out an evaluation of the balance on the Insurance Reserve during 2006/07. The amount set aside to cover the uninsured risks at 31 March 2009 is based on the assessed liability at the date of evaluation, since there have been no material changes requiring re-evaluation during the 2007/08 financial year.

NOTE 33 EARMARKED RESERVES

	Balance b/fwd £000	Income £000	Expenditure £000	Balance c/fwd £000
Housing Deferred Expenditure	-	-	-	-
Insurance Reserve	681	147	207	621
Building Control Reserve	151	-	-	151
Housing Repairs and Renewals Fund	847	-	847	-
Other Reserves	5	-	5	-
	<u>1,684</u>	<u>147</u>	<u>1,059</u>	<u>772</u>

Earmarked reserves are established by setting aside amounts to meet future revenue expenditure and include the following:

Building Control Reserve

This represents the accumulated surplus on fee-earning building control operations, further details of which are set out in Note 6 to the Core Financial Statements.

Housing Repairs and Renewals Fund

In accordance with the requirements of SORP, a Housing Repairs & Renewals Fund (Housing Repairs Account) is no longer maintained. The £846,000 credit balance carried forward from the 2007/08 account has been brought into the HRA Income & Expenditure account under the heading of Repairs & Maintenance, to which these costs are now directly charged

NOTE 34 USABLE CAPITAL RECEIPTS AND UNAPPLIED CAPITAL GRANTS AND CONTRIBUTIONS

2007/08 Usable Capital Receipts £000	2007/08 Unapplied Cap Grants & Contributions £000		2008/2009 Usable Capital Receipts £000	2008/2009 Unapplied Cap Grants & Contributions £000
12,904	4,870	Amounts receivable	4,549	3,414
(11,723)	(3,251)	Amounts applied to finance new capital investment	(5,805)	(4,505)
(4,219)	-	Appropriation re pooled housing capital receipts	(963)	-
(3,038)	1,619	Total increase/(decrease) in realised capital resources	(2,219)	(1,091)
5,675	4,455	Balance brought forward at 1 April	2,637	6,074
2,637	6,074	Balance carried forward at 31 March	418	4,983

The Usable Capital Receipts Reserve holds the proceeds from the sale of capital assets which can be used to finance new capital expenditure but which have not yet been applied to capital projects.

The Unapplied Capital Grants and Contributions Reserve holds income from various grants and developer contributions received which can be used to finance new capital expenditure but which have not yet been applied to capital projects.

NOTE 35 REVALUATION RESERVE

The reserve records the accumulated gains on the fixed assets held by the authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

The reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred only because the asset has been revalued. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

Whilst these gains arising from revaluations increases the net worth of the authority they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated. A separate Revaluation Reserve exists for each asset.

2007/08 £000		2008/09 £000
-	Balance brought forward	74,811
74,916	Valuation adjustments in year	24,331
-	Impairments charged to Revaluation Reserve	(72,987)
-	Difference between Historic Cost and Current Value Depreciation	(50)
-	Difference between Historic Cost and Current Value Impairments	(2,553)
-	Write off on disposal	(118)
(105)	Other	-
74,811	Balance carried forward	23,434

NOTE 36 CAPITAL CONTRIBUTIONS DEFERRED (CCD) AND DEFERRED LIABILITIES

Capital Contributions Deferred -

Movements in amounts set aside to finance capital investment

2007/08 £000		2008/09 £000
5,034	Balance brought forward at 1 April 2007	4,553
3,000	Grants applied to capital investment	3,825
250	Contributions from leaseholders	250
(3,731)	Amount credited to Services	(4,064)
4,553	Balance carried forward at 31 March 2009	4,564

Deferred Liabilities -

Deferred liabilities for 2008/09 nil, (2007/08 nil)

The Capital Contributions Deferred Account (CCD) represents the balance of capital grants and contributions that have not yet been released to revenue. The SORP requires fixed assets to be included in the Balance Sheet at their continuing value to the Council, even when grants and contributions have been received towards their financing. Any such grants or contributions received are established as a deferred credit and released to revenue to set off the depreciation charged on those assets.

NOTE 37 CAPITAL ADJUSTMENT ACCOUNT (CAA)

2007/08		2008/09
£000		£000
967,654	Balance brought forward at 1 April 2008	965,997
10,906	Prior Year Adjustment	-
978,560	Balance readjusted	965,997
11,721	Useable Capital Receipts Applied	5,984
(1)	Capital financed from revenue	2,190
1,753	Minimum Revenue Provision and Voluntary Provision	1,163
(29,474)	Depreciation and Impairment Charges	(196,812)
3,731	Grants and contributions written off to revenue	3,519
(6,324)	REFCUS (Deferred Charges) and de-minimus written off to revenue	(5,759)
4,090	Transfer of revaluation gains on assets disposed	118
(11,182)	Fixed Asset Disposals	-
-	Carrying Value of Assets sold in year	(2,530)
10,830	Transfer from Major Repairs Reserve	9,448
2,299	Exceptional Item Local Authority Housing (See note 1 to the Core Statements)	-
860	Deferred Capital Receipts correction	-
(866)	Other	139
965,997	Balance carried forward at 31 March 2009	783,457

The Capital Adjustment Account was introduced in the 2007 SORP.

In broad terms, a credit balance on the Capital Adjustment Account (CAA) shows that capital finance has been set aside at a faster rate than fixed assets have been consumed, and the authority has a nominal surplus when comparing financing to consumption of resources. A debit balance however, shows that fixed assets have been consumed in advance of their being financed, and the authority has a nominal deficit when comparing financing to consumption of resources.

The balance on the Account is however, affected by the decision to implement the Revaluation Reserve with a zero balance. When it was created on 31 March 2007 from the amalgamation of the Fixed Asset Restatement Account and the Capital Financing Account, the opening balance effectively consolidated revaluation gains accumulated up to that date and the 'capital financing v consumption' surplus/deficit.

This was the net result of bringing the two old balances together, although the two elements were not separately identifiable. The effect of the pre-Revaluation Reserve revaluation gains will reduce over time as assets held at 31 March 2007 are disposed of or are decommissioned, but in the medium term are likely to be a material influence on the Capital Adjustment Account.

NOTE 38 SUMMARY DETAILS OF MOVEMENT ON RESERVES

	Balance 1 April 2008	Net movement in year	Balance 31 March 2009	
Reserve	£000	£000	£000	Purpose of Reserve
Capital Adjustments Account	(965,997)	182,540	(783,457)	Opening balance is created from consolidation of Fixed Asset Restatement Account and Capital Financing Account
Useable Capital Receipts	(2,637)	2,219	(418)	Proceeds of fixed assets sales available to meet future capital investment.
Revaluation Reserve	(74,811)	51,377	(23,434)	Store of gains on revaluation of fixed assets not yet realised through sales. See note 35 to the core financial statements.
Financial Instruments Adjustment Account	4,350	(811)	3,539	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.
Pension Reserve	45,930	50,135	96,065	Balancing account to allow inclusion of Pensions Liability in Balance Sheet. Note 45 to the core financial statements.
General Fund	(9,866)	2,294	(7,572)	Resources available to meet future running cost for non-housing services.
Housing Revenue Account	(8,745)	916	(7,829)	Resources available to meet future running cost for Council houses.
Earmarked Reserves	(1,684)	912	(772)	Specific reserves for future use. See note 33 to the core financial statements.
Major Repairs Reserve	-	-	-	Resources available to meet capital investment in Council housing.
Collection Fund	(377)	138	(239)	Resources available for Council tax and NNDR.
	(1,013,837)	289,722	(724,115)	

NOTE 39 DEVELOPERS CONTRIBUTIONS – SECTION 106

Under Section 106 of the Town and Country Planning Act 1990, local planning authorities may enter into enforceable 'planning obligations' with landowners and/or developers which secure community infrastructure to meet the needs of residents in new developments or mitigate the impact of new developments upon existing community facilities. There are normally two types of agreement:

- Those to assist undertaking some form of capital project, e.g. the provision of a new leisure facility or community centre. Such sums are normally held as part of Unapplied Capital Grants and Contributions.
- Those for providing some form of service by way of a commuted sum, e.g. for the future maintenance of an open space or play area. Such sums are held within Creditors.

The major balances of contributions held by the City Council at 31 March 2009 are as follows:

SUMMARY	Balance b/fwd 07/08 £000s	Income £000s	Expenditu re £000s	Balance c/fwd 08/09 £000s
Unapplied Capital Grants and Contributions				
General/Miscellaneous	(150)	(5)	1	(154)
Playspace provision	(2,094)	(255)	319	(2,030)
Open Space	(8)	(59)	0	(67)
Affordable Housing	(473)	-	-	(401)
Transportation	(233)	(142)	59	(316)
Major Infrastructure	(1,457)	(350)	242	(1,565)
Historic Interpretation	-	(1)	-	(1)
Off site landscaping	(94)	(4)	-	(98)
Street trees	(12)	-	-	(12)
Riverside walk	(10)	-	-	(10)
Chapelfield Gardens	(6)	-	-	(6)
St Stephens Churchyard	(35)	-	15	(20)
Cycling	(129)	-	111	(18)
TOTAL	(4,701)	(816)	819	(4,698)
Creditors - Receipts In Advance				
General/Miscellaneous	(46)	(2)	-	(48)
Playspace provision	(46)	-	46	-
Playspace maintenance	(3,082)	(274)	93	(3,263)
Open Space	(6)	(41)	-	(47)
Affordable Housing	-	(73)	73	-
Transportation	(112)	(25)	38	(99)
Off site landscaping	(12)	(1)	-	(13)
Street trees	(60)	-	-	(60)
City Walls	(20)	-	-	(20)
Cycling	-	(102)	33	(69)
TOTAL	(3,384)	(518)	283	(3619)
TOTAL CONTRIBUTIONS	(8,085)	(1,334)	1,102	(8,317)

Total Receipts In Advance £3.619M are separated on the balance sheet between short term liabilities £0.092M & long term liabilities £3.527M, these balances are included within the total balances for short and long term liabilities contained in note 29.

NOTE 40 PROVISIONS

A provision is required for the authority share of the liability for past service pension costs on staff transferred to the Citycare contract in 2001. The provision is included in the accounts for £19.157m (2007/08 £6m) The 2008/09 cost is required to be recognised in the authority's accounts in relation to the liability that exists at the end of the contract term and as such has been included in the Income and Expenditure as an exceptional item, with the liability shown as a provision, being moved through the Statement of Movement on General Fund Balance to be funded through the pension reserve. See note 7 in the explanatory forward and note 1 to the Core Statements on the exceptional item in the Income and Expenditure Account.

NOTE 41 CONTINGENT LIABILITIES

A liability for £4.344m exists in relation to Citycare's share of past service pension costs should they default before the end of the contract. This liability is considered to be of low probability so is recognised as a contingent liability.

There is a potential claim against the City Council relating to a counterclaim on a windows replacement contract. In this respect, the City Council's appointed contractor CityCare is in dispute with one of its sub contractors and has, in effect, put the City Council on notice that it believes some of the potential liability (if any) is due to the default of the City Council in some way. CityCare may thus be claiming against the City Council in the form of third party proceedings, but so far no formal claim has been lodged.

Equal pay legislation entitles employees to make claims of up to 6 years pay in certain circumstances. Recent case law has effectively curtailed the opportunities to make claims resulting from the transition under the single status agreement. As part of the impending single status agreement, the Council has adopted the National Joint Council for local government single status job evaluation scheme. This scheme has been specifically designed with equal pay issues in mind. The Council has also monitored the results of the job evaluation process to ensure there are no apparent equal pay issues. The Council is of the view, therefore, that at the present time there are no impending pay claims of this nature.

A contingent liability exists in relation to the grant position on the New Deal for Communities (NELM). The claims for 2004/05 to 2007/08 are still subject to audit, and the claims for 2000/01 to 2003/04 have been subject to qualification, and there is a risk that the Council may be required to return the grant monies to the Department of Communities and Local Government. As at 31 March 2009 the Council had received £34.008m in grant funding, with £0.867m outstanding.

A contingent liability exists in relation to 2006/07 of £27,000 benefit subsidy due to be received by the authority in October 2008, currently withheld by the Secretary of State on advice from the Department of Work and Pensions (DWP) pending further reconciliation in support of the claim and subsequent review by the Audit Commission.

The 2007/08 benefit subsidy final claim has not yet been certified by the Audit Commission, and as such a similar contingent liability may exist in relation to 2007/08.

NOTE 42 DATE OF AUTHORISATION

The Statement of Accounts was authorised for issue by the Audit Committee on 24 June 2009.

NOTE 43 EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date have been considered up to 25 June 2008, and members agreed in the Audit Committee of 24 June 2009 that the reports on the accounts be submitted to the Chair of the Committee on 30 September 2009 for final approval.

NOTE 44 TRUST AND BEQUEST ACCOUNTS

The City Council administers a number of Trust and Bequest Funds related to specific services but in so doing it does not act in the capacity of sole trustee.

The Trust and Bequest Funds are varied in nature but include educational scholarships, prizes for schools and colleges, cemetery and parks maintenance and funds for the museums and libraries services. They relate principally to legacies left by individuals over a period of years. Some of the funds are invested externally and some are invested internally. The funds do not represent assets of the City Council and are not included in the Balance Sheet. The principal funds are:

Fund Value 2007/08		Fund Value 2008/09
£000		£000
27	Marjorie F Bayfield Exhibition - infant teacher training	28
33	Other Educational Bequests	14
21	Beecheno Bequest	22
14	Doyle Bequest - maintenance of Castle or affiliated museums	64
5	Other Museum Bequests	6
<hr/> 100		<hr/> 134

NOTE 45 PENSION COSTS

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The authority participates in the Local Government Pension Scheme (LGPS), administered by Norfolk County Council. This is a funded 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.

Transactions relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year.

	2008/09		2007/08	
	£000	£000	£000	£000
Income and Expenditure Account				
Net Cost of Services				
Current service cost		1,592		2,518
Curtailments		161		133
Past service cost		1,388		1
Net Operating Expenditure				
Interest cost		16,640		14,738
Expected return on assets in the scheme		(13,946)		(15,524)
Net charge to the Income and Expenditure Account		5,834		1,866
Statement of Movement in the General Fund Balance				
Reversal of net charges made for retirement benefits in accordance with FRS17	(5,834)		(1,866)	
Actual amount charged against the General Fund Balance for pensions in the year	4,925	(909)	4,619	2,753
Employers' contributions payable to the scheme		4,925		4,619

The Past Service Cost figure for this year includes £6,900 in respect of efficiency and other early retirements and £1,381,000 in respect of retrospective changes to member benefits that came into effect on 1 April 2008 as follows:

- £1,034,000 in respect of the extension of the death grant after retirement to ten times the pension less the total pension payments already paid; and
- £347,500 in respect of the extension of the eligibility criteria for dependants' pension upon death to include a nominated cohabitee.

In addition to the recognised gains and losses included in the Income and expenditure Account, actuarial losses of £35,897,000 (actuarial gain £12,292,000 2007/08 as restated) were included in the Statement of Total Recognised Gains & Losses. The cumulative amount of actuarial losses recognised in the Statement of Total Recognised Gains & Losses is £34,075,000.

Reconciliation of present value of the scheme liabilities:

	2008/09	2007/08
	£000	£000
At 1 April	(243,457)	(276,000)
Current service Cost	(2,412)	(3,427)
Interest Cost	(16,640)	(14,738)
Contributions by Members	(1,371)	(1,167)
Actuarial Gains / (Losses)	20,515	42,047
Benefits Paid	9,995	9,962
Past service Costs	(1,549)	(134)
At 31 March	(234,919)	(243,457)

Reconciliation of fair value of the scheme assets

	2008/09	2007/08
	£000	£000
		Restated
At 1 April	203,340	220,797
Expected rate of return	13,946	15,524
Actuarial Gains / (Losses)	(56,412)	(29,725)
Employer Contributions	5,761	5,539
Contributions by Members	1,371	1,167
Benefits Paid	(9,995)	(9,962)
At 31 March	158,012	203,340

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £42,507,000 (2007/08 £7,796,000)

Scheme History

	2004/05	2005/06	2006/07	2007/08	2008/09
	£000	£000	£000	£000	£000
			Restated	Restated	
Present Value of Liabilities	(239,400)	(279,000)	(276,000)	(243,457)	(234,919)
Fair Value of Scheme Assets	167,000	204,000	220,797	203,340	158,012
(Deficit) in Scheme	(72,400)	(75,000)	(55,203)	(40,117)	(76,907)

The Council has elected not to restate the fair value of scheme assets for 2004/2005 and 2005/06 as permitted by FRS17 (revised).

The liabilities show the underlying commitments that the authority has in the long term to pay retirement benefits. The total liability of £237.949m has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in a negative overall balance of £76.907m. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy, as the deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the Council for the year to March 2010 is £3,885,100

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit 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 2007.

The principle assumptions used in their calculations have been:

	2008/09	2007/08
Long-term expected rate of return on assets in the scheme:		
Equity Investments	7.0%	7.7%
Bonds	5.4%	5.7%
Other	4.9%	5.7%
Mortality Assumptions:		
Longevity at 65 for current pensioners		
Men	19.6	19.6
Women	22.5	22.5
Longevity at 65 for future pensioners		
Men	20.7	20.7
Women	23.6	23.6
Rate of inflation	3.1%	3.6%
Rate of increase in salaries	4.6%	5.1%
Rate of increase in pensions	3.1%	3.6%
Rate for discounting scheme liabilities	6.9%	6.9%
Take up of option to convert annual pension into retirement lump sum	50%	50%

History of experience gains and losses

The actuarial gains identified as movements on the pension reserve in 2008/09 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009:

	2004/05	2005/06	2006/07	2007/08	2008/09
	%	%	%	%	%
			Restated	Restated	
Differences between expected & actual return on assets	4.25	14.41	(0.54)	(11.47)	(35.73)
Experience gains and losses on liabilities	(1.0)	(0.18)	2.86	1.33	0.13

Further information is available at Note 7 to the Statement of Accounting Policies.

NOTE 46 RECONCILIATION OF REVENUE CASH FLOW – to follow

2007/08 £000		2008/09 £000
25,048	Deficit on Income and Expenditure Accounts	
(109)	Surplus on Collection Fund	
<u>24,939</u>		
	Adjustments for non-cash items	
(29,473)	Depreciation	
2,274	Government Grants Deferred	
(6,324)	Deferred Charges & Deminimus	
1,409	Contribution to Deferred Charges	
812	Gain on Disposal of Fixed Assets	
(3,247)	FRS17 Adjustment	
(2,299)	Exceptional Charge (from CAA)	
(75)	Other	
<u>(36,923)</u>		
	Items included elsewhere in cash flow	
3,282	Investment Income	
(7,379)	Interest Payable	
(4,219)	Payment to Housing Pool	
<u>(8,316)</u>		
	Adjustments for Accruals	
-		
3,641	Creditors	
11,341	Debtors	
<u>14,982</u>		
<u>(5,318)</u>	Net Revenue Cash Outflow/(Inflow)	

NOTE 47 MOVEMENT IN CASH

2007/08 £000		2008/09 £000
(3,943)	Balance at 1 April	(381)
(381)	Balance at 31 March	64
<u>(3,562)</u>	Movement in year as per Cash Flow Statement	<u>445</u>

NOTE 48 MANAGEMENT OF LIQUID RESOURCES

The principal liquid resources of the City Council are short and long-term liquid investments. The opening and closing balances for the year are as follows:

	2007/08 £000	Movement in year	2008/09 £000
Short Term Deposits	28,726	(1,651)	27,075
Loans Repayable in less than 1 year	-	-	-
	<u>28,726</u>	<u>1,651</u>	<u>27,075</u>

NOTE 49 ANALYSIS OF OTHER GOVERNMENT GRANTS

2007/08		2008/09
£000		£000
2,619	Negative Subsidy payable to Secretary of State	6,067
(1,429)	Norwich Connect PFI Income	(1,429)
(40,159)	Housing Benefit Administration Grant	(42,384)
(281)	NNDR Administration Grant	(5)
(2,559)	Local Enterprise Growth Initiative	(262)
(2,390)	New Deal for Communities	(2,459)
(730)	Interreg Grants	(378)
(469)	Supporting Families	(230)
(730)	Other Grants	(1,382)
(46,128)	Total Government Grants Received	(42,462)

NOTE 50 OTHER GRANTS – NON SPECIFIC

2007/08		2007/08
£000		£000
(2,104)	Local Authority Business Growth Incentive (LABGI)	(1,217)
-	- Area Based Grant	(2,746)
(2,104)	Total Non-Specific Grants received	(3,963)

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

2007/08		Notes	2008/09
£000			£000
Income			
43,571	Dwelling Rents		46,281
2,220	Non-dwelling Rents		2,158
2,804	Charges for Services		3,032
6,871	Other Charges		9,998
-	Housing Revenue Account subsidy receivable (including MRA element)		-
-	Sums directed by Sec of State that are income in accordance with UK GAAP		-
<u>55,466</u>			<u>61,469</u>
Expenditure			
16,285	Contribution to Housing Repairs Account	5	13,681
15,255	Supervision and Management		19,766
5,189	Rents, Rates, Taxes and Other Charges		5,675
2,619	Negative Subsidy payable to Secretary of State	10	6,067
100	Provision for Doubtful Debts		191
23,390	Depreciation and Impairment of Fixed Assets	8,9	180,094
79	Debt Management Costs		79
-	Sums directed by Sec of State that are expenditure in accordance with UK GAAP		-
2,299	Exceptional Item Local Authority Housing	1 (core statements)	-
<u>65,216</u>			<u>225,553</u>
9,750	Net Cost of HRA Services per Authority Income & Expenditure Account		164,084
330	HRA services share of Corporate and Democratic Core		299
22	HRA share of the other amounts included in the whole authority Net Cost of Services but not allocated to specific services		-
<u>10,102</u>	Net Cost of HRA Services		164,383
	<i>HRA share of operating income and expenditure included in the whole authority Income and Expenditure Account</i>		
(62)	(Gain) or loss on sale of HRA fixed assets		(528)
4,137	Interest payable and similar charges		4,367
(814)	Contribution from General Fund: Shared Amenities		-
886	Amortised Premiums and Discounts		792
(563)	HRA Investment Income		(373)
(177)	Pensions interest cost and expected return on pensions assets		(2,864)
<u>3,407</u>	Net Operating Expenditure		<u>1,394</u>
<u>13,509</u>	Surplus for the Year		<u>165,777</u>

STATEMENT OF MOVEMENT ON HOUSING REVENUE ACCOUNT BALANCE

2007/08 Net Expenditure	2008/09 Net Expenditure
£000	£000
13,509 (Surplus)/Deficit for the Year on HRA Income & Expenditure Account	165,777
(14,166) Net additional amount required by statute to be debited or credited to the HRA Balance for the year	(164,861)
(657) (Increase) or decrease in the Housing Revenue Account Balance	916
(8,088) Housing Revenue Account surplus B/Fwd	(8,745)
(8,745) Housing Revenue Account surplus C/Fwd	(7,829)

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NOTES TO HOUSING REVENUE ACCOUNT

NOTE 1 NOTE OF RECONCILING ITEMS FOR STATEMENT OF MOVEMENT ON HOUSING REVENUE ACCOUNT

2007/08		2008/09
Net		Net
Expenditure		Expenditure
£000		£000
	<i>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year</i>	
-	Difference between amounts charged to Income and Expenditure for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	-
(13,272)	Difference between any other items of income and expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements (if any)	(169,680)
	Revenue Expenditure Funded from Capital Under Statute	(87)
62	Gain or loss on sale of HRA fixed assets	528
(315)	Net charges made for retirement benefits in accordance with FRS 17	2,269
250	Sums directed by the Secretary of State to be debited or credited to the HRA that are not income or expenditure in accordance with UK GAAP	-
(13,275)		(166,969)
	<i>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA balance for the year</i>	
(307)	Transfer to/from the Major Repairs Reserve	(994)
(1,458)	Transfers to/from Housing Repairs Account	-
927	Employers contributions payable to the Norfolk Pension Fund and retirement benefits payable direct to pensioners	855
57	Voluntary set aside for debt repayment	57
-	Capital expenditure funded by the HRA	2,190
(110)	Net transfer to/from earmarked reserves	-
(891)		2,108
(14,166)	Net additional amount required by statute to be debited (or credited) to the HRA balance for the year	(164,861)

NOTE 2 HRA COUNCIL DWELLINGS

At 31 March 2009 there were 15,831 HRA Council dwellings, of which 987 were sheltered units (including Good Neighbour Schemes). A total of 15 RTB and 1 Non-RTB dwellings were sold in the year 2008/09, 2 dwellings were demolished and no new dwellings were completed. The change in dwelling numbers also includes 17 cluster properties converted into 5 dwellings, and 1 further RTB sale and 1 transfer to a Registered Provider of Social Housing.

2007/08		2008/09
Total		Total
365	Parlour houses	364
5,515	Non-parlour houses	5514
674	Non-traditional houses	670
350	Bungalows	357
188	Cottage properties	188
6,832	Flats	6,808
525	Maisonettes	524
419	Flats in tower blocks	419
995	Sheltered/Good Neighbour housing units	987
15,863		15,831

NOTE 3 HOUSING STOCK VALUATION

2007/08		2008/09
£000		£000
	Operational Assets:	
894,857	Council Dwellings (HRA)	701,003
703	Other Land & Buildings	637
895,560		701,640
21,145	Non-operational Assets – Investment Properties	17,390
916,705		719,030

There are a number of Council dwellings belonging to the General Fund whose value amounts to £8,073,000. This figure together with the above figure for HRA Council dwellings equate to the value for Council dwellings shown in Note 18a to the Core Financial Statements (£709,076,029).

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 46%. 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 1 April 2009 was £1,470,674,500.

NOTE 4 MAJOR REPAIRS RESERVE

2007/08 £000		2008/09 £000
(1,018)	Balance b/fwd at 1 April	-
(10,119)	Depreciation charge for the year	(10,414)
10,830	Financing of capital expenditure for the year	9,447
307	Excess of depreciation over MRA	967
-	Balance c/fwd at 31 March	-

Local authorities are required by the Accounts and Audit Regulations 2003 to maintain a Major Repairs Reserve (MRR). The transfers to and from the reserve are defined by statute. One of the primary components is the Major Repairs Allowance (MRA), which is determined by the Secretary of State as the maximum amount chargeable to the HRA in respect of repairs and maintenance. Since the HRA depreciation charge exceeds the Major Repairs Allowance, a transfer from the MRR is required equivalent to this difference. This prevents the depreciation charge having any effect on the final HRA surplus or deficit for the year.

The MRA for 2008/09 was £9,447k (2007/08 £9,812k), and during 2007/08 a total of £9,447k was utilised (2007/08 £10,830k).

NOTE 5 HOUSING REPAIRS AND RENEWALS FUND

In accordance with the requirements of the SORP, a Housing Repairs & Renewals Fund (Housing Repairs Account) is no longer maintained.

The £846,000 credit balance carried forward from the 2007/08 account has been brought into the HRA Income & Expenditure account under the heading of Repairs & Maintenance, to which these costs are now directly charged.

2007/08 £000		2007/08 £000
67	Specified Works	-
11,467	Routine Repairs and Maintenance	-
	Programmed Maintenance:	-
200	Repairs prior to painting	-
1,373	Exterior painting	-
1,424	Servicing of heating systems	-
30	Professional Fees	-
1,950	Management Costs	-
16,511	Gross Expenditure met from Repairs and Renewals Fund	-
(226)	Income credited to Repairs and Renewals Fund	-
(16,285)	Contribution from Housing Revenue Account to meet actual expenditure	-
1,458	Contribution from Housing Revenue Account Balance	-
1,458	Movement in year	-
(2,304)	Balance b/fwd at 1 April	-
(846)	Balance c/fwd at 31 March	-

NOTE 6 HRA CAPITAL EXPENDITURE

(i) 2007/08

2008/09

£000		£000
	Capital Investment	
17,792	Operational Assets	15,140
-	Non-operational Assets	0
(2,299)	Exceptional Item Local Authority Housing (See note 1 to the Core Statements)	0
15,493	Total HRA Capital Expenditure	15,140
	Sources of Finance	
10,830	Major Repairs Allowance	10,414
-	Revenue Contributions	530
3,705	Capital Receipts	1,396
957	Government Grants and Other Contributions	500
15,492		12,840
1	Increase/(decrease) in Capital Financing Requirement	2,300

(ii) In 2008/09 total capital receipts from the disposal of HRA assets were:

2007/08 £000	Operational Assets	2008/09 £000
3,991	Land	654
5,672	Council dwellings	1,279
9,663		1,933

NOTE 7 HOUSING POOLED CAPITAL RECEIPTS

In accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2004, any housing capital receipts in excess of £10,000 are subject to Government pooling. For sales of 'right to buy' dwellings, 75% of the receipt is pooled and for sales of other HRA assets (e.g. land) 50% is pooled, unless used to fund expenditure on affordable housing or regeneration.

The contribution to the pool for 2007/08 was £963,034 (2007/08 £4,219,376). The SORP requires that the amount paid to the pool be disclosed as expenditure in the Income and Expenditure Account (I & E A/C) even though the capital receipts themselves have not been recognised as an income item within the I & E A/C. The deficit is made good by an equivalent transfer from Usable Capital Receipts.

This information is also shown at Note 21 to the Core Financial Statements.

NOTE 8 DEPRECIATION

Since 2007/08 year, as permitted by SORP, the Major Repairs Allowance (based upon the Building Research Establishment's calculation of the cost of replacing each element of the stock at the end of its useful life), adjusted by the omission of the Geographic Adjustment Factor, has been adopted as a reasonable estimate of depreciation for HRA dwellings.

The amount of depreciation charged for the year was £10,414,000 (2007/08 £10,119,000) as follows:

2007/08 £000	Operational Assets	2008/09 £000

10,097	Council dwellings	9,619
22	Other land and buildings	795
10,119		10,414

NOTE 9 IMPAIRMENT

During the year there was an impairment charge of £211,746,729 (2007/08, £13,271,666) relating to HRA assets of which £169,680,087 was charged to the HRA Income and Expenditure Account and £42,066,642 was charged against the Revaluation Reserve.

NOTE 10 HOUSING SUBSIDY

HRA subsidy of £6,067,000 (2007/08 £2,620,000) was payable to the Department for Communities and Local Government, and is made up of the following elements:

2007/08 £000		2008/09 £000
9,654	Allowance for Management	9,879
16,641	Allowance for Maintenance	16,486
9,812	Allowance for Major Repairs	9,447
6,470	Charges for Capital	6,385
14	Other Items of Reckonable Expenditure	14
827	Rental Constraint Allowance	-
18	Housing Defects	-
<u>43,436</u>	Subtotal Subsidy Receipts	<u>42,213</u>
(46,203)	Guideline Rent	(48,275)
(8)	Interest on Receipts	(5)
<u>(46,211)</u>	Subtotal Subsidy Payments	<u>(48,280)</u>
155	Prior Year Adjustment	-
<u>(2,620)</u>	Total Housing Subsidy Receipts/(Payments)	<u>(6,067)</u>

NOTE 11 PENSIONS RESERVE

As set out in the Statement of Accounting Policies, the Council has restricted the accounting entries for the purposes of FRS17 '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.

NOTE 12 RENT ARREARS

Rent arrears at 31 March 2009 were £2.455m (2007/08 £2,69m). The provision for doubtful debts (rents) at 31 March 2009 was £1,269,681 (2007/08 £1,399,473). Amounts written off during the year amounted to £313,361 (2007/08 £192,641).

NOTE 13 EXCEPTIONAL COSTS TO HOUSING REVENUE ACCOUNT

The Exceptional Costs of £2.299m within the Housing Revenue Account in 2007/08 relate to an adjustment for incorrect capitalisation of costs in 2006/07

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THE COLLECTION FUND REVENUE ACCOUNT

2007/08 £000 As restated		Notes	2008/09 £000
Income			
45,181	Income from Council Tax		47,441
	Transfer from General Fund:		
11,857	Council Tax benefits		12,630
64,190	Income collectable from business ratepayers		68,262
121,228			128,333
Expenditure			
	Precepts and Demands:		
40,728	Norfolk County Council		43,303
6,383	Norfolk Police Authority		7,084
7,941	Norwich City Council		8,439
Distribution of Estimated Surplus for Previous Years:			
1,169	Norfolk County Council		1,203
179	Norfolk Police Authority		188
228	Norwich City Council		235
Business Rates:			
63,909	Payment to National Pool		67,982
281	Costs of Collection		280
-	Bad and Doubtful Debts:		-
339	Write Offs		393
139	Provisions		-
121,296			129,107
2,533	Collection Fund Balance b/fwd at 1 April		2,465
(68)	Surplus/(Deficit) for the year		(774)
2,465	Collection Fund Balance c/fwd at 31 March	4	1,691

The collection fund surplus was overstated at £2,642m in 2007/08 due to the misclassification of NNDR income. The same amount impacted on the income from business rates.

NOTES TO THE COLLECTION FUND REVENUE ACCOUNT

NOTE 1 GENERAL

The accounts reflect the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to National Non-Domestic Rates (NNDR) and Council Tax, and illustrates the way in which these have been distributed to the major preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the billing authority.

NOTE 2 INCOME FROM BUSINESS RATES

Under the arrangements for uniform business rates, the Council collects national non-domestic rates (NNDR) for its area, which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by central Government, which in turn pays back to local authorities their share of the pool based on a standard amount per head of the local adult population.

The total non-domestic rateable value at 31 March 2009 was £171,088,034 (2007/08 £173,355,214). The national non-domestic rate multiplier for 2007/08 was 46.2p in the £ (2007/08, 44.4p in the £). The small business multiplier for eligible businesses in 2007/08 was 45.8p in the £ (2007/08, 44.4p in the £).

NOTE 3 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:

2007/08 Calculated Number of Properties in Band	Property Value	Band	2008/09 Calculated Number of Properties in Band
13,873.58	Up to £40,000	A	13,979.36
13,738.78	£40,001 to £52,000	B	14,056.08
5,502.62	£52,001 to £68,000	C	5,697.47
2,789.75	£68,001 to £88,000	D	2,875.52
2,121.72	£88,001 to £120,000	E	2,227.50
1,002.52	£120,001 to £160,000	F	1,020.28
946.75	£160,001 to £320,000	G	943.58
102.50	Over £320,000	H	98.60
40,078.22			40,898.39
0.965 x	Collection Rate		0.97 x
38,675.48			39,671.44
35.40	Contribution in Lieu (relating to Crown Properties)		0.56
38,710.88	Tax Base		39,672.00

The tax rate per Band D property was £1,482.81 (2007/08, £1,422.12).

NOTE 4 Contribution to Collection Fund Surpluses and Deficits

The surplus 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.

2007/08		2008/09
£000		£000
As restated		
1,824	Norfolk County Council	1,245
286	Norfolk Police Authority	204
355	Norwich City Council	242
<u>2,465</u>	Surplus Carried Forward	<u>1,691</u>

Annual Governance Statement 2008-09

1. Scope of responsibility

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.

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.

In October 2008 Norwich City Council approved and adopted an updated code of governance which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*. The code forms appendix 20a of the council's constitution which is on the council's website at www.norwich.gov.uk.

This statement explains how Norwich City Council has complied with the principles of the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

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

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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Norwich City Council for the year ended 31 March 2009 and up to the date of the approval of the statement of accounts.

3. The governance framework

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

- Focusing on the purpose of the council and on outcomes for the community and creating and implementing a vision for the local area.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and capability of members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

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

- Identifying and communicating the council's vision of its purpose and intended outcomes for citizens and service users:

The council has a clear vision of what it is trying to achieve, as set out in the Corporate Plan 2008-10, which is due to be reviewed in September 2009 (see below). The City of Norwich Partnership brings together a range of key public, private and voluntary organisations to decide on an overall vision and priorities for the city.

The Sustainable Community Strategy, which sets out long-term plans to improve the quality of life for local people, will be delivered and monitored by the City of Norwich Partnership. The strategy sets out the vision, themes and strategic objectives that meet the priorities of the people in Norwich.

- Reviewing the council's vision and its implications for the authority's governance arrangements:

A report was presented to executive in March 2008 which reviewed progress against the Corporate Plan in 2007-08 and agreed the process for corporate planning for 2008 - 10.

Since then, in response to the economic downturn, resultant budget gap, and to improve services, executive agreed in April 2009 to set up a corporate improvement and efficiency board. The board will carry out a fundamental review of the vision, priorities and organisational principles of the council, implement savings of £8m., and put in place a programme of service improvements.

This review will culminate in the publication of a range of new strategic documents and plans by the end of September 2009, including a new Corporate Plan for the period 2009 – 2011.

- Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources:

Performance management in the council continues to be improved with a more focussed corporate plan setting out priorities and supported by a strategic management framework. The council has performance management arrangements in place to monitor and report on progress; specifically the performance management improvement board has taken the leading role in overseeing improvement plans, monitoring progress and initiating corrective action where performance has slipped.

As mentioned above, performance management and service quality will in future be reviewed by the new corporate improvement and efficiency board.

- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication:

The council's constitution sets out how the council operates, and contains separate articles and appendices covering executive, non-executive, scrutiny and officer functions. In addition, there are separate appendices covering the scheme of delegations to officers and the protocol for member/officer working arrangements.

- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff:

In 2007 the council adopted the new model code of conduct for local authority members, which includes the ten general principles of standards in public life.

There is a separate code of conduct for staff which is supported by HR policies and procedures. New staff are given a copy of the code of conduct and other key policies, and there are regular reminders to staff regarding compliance with the codes. Staff are expected to confirm that they have read the code of conduct and other key policies.

- Reviewing and updating standing orders, financial regulations, the scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks:

The head of legal and democratic services (as the council's monitoring officer) is responsible for regularly reviewing and keeping up to date the council's constitution in conjunction with the corporate governance group. Proposals for changes are discussed by members at the constitution working party, before being approved by executive and council if necessary.

Standing orders, financial regulations and the scheme of delegation were last updated by full Council in March 2008.

- Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities:

The council has had an audit committee since 2007, with terms of reference covering internal and external audit, risk management, accounts, corporate governance and internal control arrangements, and anti-fraud and corruption arrangements.

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

The monitoring officer is responsible for advising whether decisions of the executive are in accordance with the budget and policy framework.

In relation to an executive function, the monitoring officer and head of finance (as chief finance officer) have responsibility for ensuring that all proposals, decisions and actions incurring expenditure are lawful.

Policies are subject to regular review and are available on the council intranet. Managers within the council are responsible for putting in place systems of control to ensure compliance with policies, procedures, laws and regulations. Officer responsibilities and actions are controlled through individual departmental authorisations under the scheme of delegations.

- Whistleblowing and for receiving and investigating complaints from the public.

The council has a whistleblowing policy which is accessible via the intranet and council website. 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, e.g. housing benefit fraud, insurance fraud:

- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training:

Members: A focus group of members, one from each political group, meets to agree members' training and development plan at the beginning of each civic year. It also reviews progress periodically.

The council has also signed up to work towards the EERA Members Development Charter and through this process will prepare personal development plans for each member.

Senior officers: The council has implemented a leadership for managers programme which is being delivered in two ways. Firstly, there are regular seminars covering relevant subjects to which all managers and team leaders are invited. Secondly, managers have attended a 'developing manager' programme which is designed to build on existing skills and abilities. There is also an annual staff appraisal system through which development and training needs for all staff are identified.

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

The tenant participation compact is an agreement between the council and tenants, which includes council leaseholders. The compact sets out how the council involves tenants and leaseholders, to encourage participation in local decision-making affecting homes and communities.

The Tenants' CityWide Board is a council tenant consultation board in Norwich which aims to work with the council, tenants and leaseholders to develop tenant participation in the council's housing services. All council tenants and leaseholders regularly receive Tenant Talk magazine. As a result of the recent inspection of landlord services by the Audit Commission, membership of the new Housing Improvement Board will include tenant representatives.

In 2007 executive approved a customer contact strategy to manage, improve and develop customer services. It includes details of how we will involve our customers in our service delivery.

The council has also developed a community engagement strategy and communications strategy.

- Incorporating good governance arrangements in respect of partnerships and reflecting these in the council's overall governance arrangements:

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.

All key partnerships have been identified and are included in the partnership register. A corporate governance framework and toolkit has been developed for use by all key partnerships, to ensure that effective governance and risk management arrangements are in place.

The governance arrangements for key partnerships are kept under review and the results are reported to executive, together with an assessment of the effectiveness of the council's involvement in partnerships.

- Risk management:

Key strategic risks that may impact on the council's priorities have been identified and included in the strategic risk register, which is kept under review and updated as necessary by corporate management team and the audit committee. During 2008-09 the council improved its risk management arrangements in relation to strategic, service and project risks.

Operational risks are reviewed annually as part of the service and financial planning process and are included in service plans which are reviewed by executive and scrutiny committee.

4. Review of effectiveness

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 senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the work of internal audit and the audit manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The council has undertaken a review of its governance framework in accordance with best practice advice as published by CIPFA/SOLACE in meeting the requirements of the Accounts and Audit Regulations 2006.

Some improvements to the governance framework were not in place for the whole of 2008/09 therefore the benefits will not be apparent until 2009/10.

The following have roles in maintaining and reviewing the effectiveness of the governance framework:

The authority and the executive

The executive approves the medium term financial strategy which provides the financial structure for annual service planning and budget setting.

The executive and scrutiny committee review service plans to ensure that they deliver the council's priorities identified in the corporate plan.

Quarterly performance monitoring reports are presented to scrutiny committee and executive – executive also receive budget monitoring reports.

The performance monitoring reports are very comprehensive, covering achievement against the council's short-term priority actions and projects detailed in the corporate plan 2008/10; performance measures; performance of CityCare and Steria contracts; and Audit Commission inspection recommendations.

One of the results of the delivery of the Norwich improvement plan was the launch of the aiming for excellence programme, with a performance management and improvement board set up to monitor nearly 50 areas of activity.

In April 2009 executive agreed to refresh the aiming for excellence programme, establish a corporate improvement and efficiency board to oversee and drive the corporate transformation programme, and set up a housing improvement board in response to the latest Audit Commission inspection of landlord services.

The council's constitution working party recommends any changes to the constitution to executive and council. During 2008/09 the council's code of governance, anti-fraud and corruption strategy and whistleblowing policy were all revised and are now on the council's website.

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, the right to review council policies, and to consider service plans. An annual report on the work of scrutiny committee in 2008/09 will be presented to full council in July 2009.

The audit committee

The council has an audit committee with terms of reference which cover internal and external audit matters, risk management arrangements, internal control arrangements including the annual governance statement, anti-fraud and corruption arrangements, corporate governance, and accounts.

The committee receives reports on the work of internal audit, including the audit manager's annual report, and external audit reports. It also reviews the evidence which supports the preparation of the annual governance statement and approves the statement.

The standards committee

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. Members receive regular reports, including an annual report on the governance areas that are the responsibility of the council's monitoring officer.

Internal audit

Internal audit is an in-house assurance function that provides an independent and objective opinion to the council on the control environment. The objectives of internal audit have been set out in terms of reference which have been approved by the audit committee. If additional resources or technical expertise is required the internal audit function can be supplemented by external suppliers.

The audit manager's annual report to the audit committee includes an opinion on the overall adequacy and effectiveness of the council's control environment.

Corporate governance group

This is an internal officer group chaired by the deputy chief executive which is responsible for reviewing all aspects of the council's governance arrangements. Membership of the group includes the council's monitoring officer, head of finance, head of HR & learning, and head of procurement and service improvement.

Other explicit review/assurance mechanisms

Examples are the Audit Commission's findings and recommendations relating to audit, inspections and use of resources assessments, and the review of landlord services by Housing Quality Network (HQN).

5. Significant governance issues

The following is an outline of the significant issues arising from the review of effectiveness and the actions taken or proposed to deal with them:

Audit Commission annual audit and inspection letter 2007/08

Each year the Audit Commission publishes an annual audit letter which provides an overall summary of their assessment of the council and areas where the council needs to improve its performance.

The letter, which was reported to executive on 8 April 2009, shows that the council has made progress in a number of areas, notably financial management, but performance in some key service areas remains modest.

The Audit Commission recommended that the City Council should:

- ensure that the recommendations made in the Appointed Auditor's Annual Governance Report and Addendum are implemented;
- continue to drive forward the Council's improvement programme to address areas of poorer performance; and
- address the issues necessary to improve the Council's use of resources assessment and the value for money conclusion.

The council's response to both the performance issues raised by the Audit Commission and the effects of the economic downturn on the council's budget are further explained in the following sections. Specifically, audit committee approved an action plan to address the recommendations in the annual governance report, and executive approved the establishment of the corporate improvement and efficiency board to drive forward the transformation agenda.

Audit Commission annual governance report 2007/08

The report was considered in detail at audit committee 29 January 2009. The report acknowledged that there had been improvements since the accounts were disclaimed in 2006/07, but due to the level of amendments required during the 2007/08 audit a significant improvement was still required for the production of the 2008/09 accounts. The financial statements were qualified in one area because there were unresolved problems with comparative cash flow data.

With regard to value for money, the report concluded that the council had made some progress in its use of resources, but that weaknesses remain in three areas. Therefore the value for money opinion was qualified because the council did not put in place: arrangements to maintain a sound system of internal control; a medium term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities; and arrangements to manage performance against budgets.

A detailed action plan to address all the recommendations in the report was approved by audit committee at the same meeting; see [Audit Committee 29 Jan 2009: Annual Governance Report Addendum, Appendix 2](#).

Audit Commission use of resources assessment

For the purposes of the comprehensive performance assessment (CPA) the Audit Commission assessed the council's arrangements for use of resources as level 2 for 2007/08.

From 2008/09, as part of the comprehensive area assessment (CAA), the use of resources will be assessed against the three themes of managing finances, governing the business, and managing resources. There will be more emphasis on performance and outcomes, with level 2 the minimum standard expected. Once the council receives the results of the assessment for 2008/09 there will be further work around improving the governance framework.

Audit Commission inspection – planning service

The inspection results were published in August 2008. The inspection found that the planning service was 'fair' with 'uncertain' prospects for improvement. There were a number of weaknesses with the service, including low satisfaction; service standards are not in place; planning enforcement function is reactive and under-resourced; and the speed with which applications are determined remains below Government expectations. To address these

issues, executive approved the implementation of stage 2 of the planning improvement plan, details of which can be found at [Executive 12 Nov 2008: Planning Improvement Plan Phase 2](#)

Audit Commission inspection – landlord services

The inspection results were published in April 2009. The inspection found that the landlord service was 'poor' with 'uncertain' prospects for improvement. There were a number of weaknesses with the service, in particular the council has not involved tenants in many of the decisions that it makes; the approach to ensuring that all services can be accessed fairly is weak; and performance management and value for money are not embedded. To address the issues, executive approved the implementation of the housing improvement plan; see [Executive 22 Apr 2009: Housing Improvement Plan](#). The plan includes the establishment of a housing improvement board; regular progress reports to scrutiny committee; and the setting up of six work streams to implement the plan. The plan itself has nearly 60 individual action points and several of these are major areas of work. It is a two year programme that aims to achieve the equivalent of a minimum of 1 star by the end of 2009/10 and a 2 star service by the end of 2010/11. The council's response to the inspection is also on the Audit Commission's website; see www.audit-commission.gov.uk.

Response to the economic downturn

Financial modelling indicates that the council could face an adverse impact of several million pounds as a result of the worsening economic climate. As set out during the process of setting the 2009/10 budget, work will be undertaken during the next financial year (supported by use of reserves) to ensure that the council can maintain a prudent level of balances over future years

In the light of the current financial climate the council reviewed its medium term financial strategy (MTFS) in order to provide a framework to plan and manage its resources while maintaining council services. A new corporate efficiency and improvement board has been set up to review and implement a fundamental transformation programme, which by the end of July 2009 should result in a new MTFS, a new corporate plan, a transformation strategy and a workforce strategy. Further details can be found in the report to executive; see [Executive 8 Apr 2009: MTFS and Corporate Improvement and Efficiency Framework](#).

Greyhound Opening sheltered housing decommissioning

This was a well-publicised case where staff, including a senior member of staff in housing, were renting units that were due to be decommissioned. The chief executive instigated an investigation and commissioned reports from the monitoring officer and the director of regeneration and development. The results were reported to executive in January 2009; see [Executive 7 Jan 2009: Results of Investigation Greyhound Opening](#). The council also commissioned an independent review of the investigation, which was carried out by Phil Watson CBE, a former chief executive of Blackburn with Darwen Council. As a result of the recommendations made by the monitoring officer and Mr. Watson, executive approved a detailed action plan; see [Executive 4 Feb 2009: Recommendations Greyhound Opening](#). Progress against the action plan was included in the report to executive on the housing improvement plan; see [Executive 22 Apr 2009: Housing Improvement Plan](#). Also, the Audit Commission carried out an unplanned review of the council's allocation scheme (also reported to executive 22 April 2009) and made several key recommendations, which will be addressed through the housing improvement plan.

Local government review

The council is engaged in a review of local government in Norfolk, through which the Boundary Committee will recommend the most appropriate structure for Norfolk. The Boundary Committee announcement is expected in July 2009, but a final decision on new structures may not be made until late 2009. If a new structure is recommended the implications of the transition are potentially significant in terms of delivering the council's priorities and maintaining service standards.

Internal audit

In their Annual Governance Report 2007/08 the Audit Commission commented on the diversion of internal audit resources to non-audit work, particularly NELM grant claims, and the subsequent impact on the internal audit plan, which was not achieved in 2007/08. External resources were commissioned in 2008/09 to address this problem, and the audit plan was substantially completed. As this is an ongoing issue, internal audit resources will be closely monitored to ensure that any risk to the completion of the 2009/10 audit plan is effectively managed.

A number of key audit reviews during 2009/10 were only able to provide limited assurance on the adequacy and effectiveness of the internal control environment. For this reason the audit manager's opinion that will be reported to audit committee is one of 'limited assurance', although the audit manager is satisfied that if all recommendations are implemented this will adequately address the issues.

Asset management

An audit review of asset management found several significant weaknesses, particularly in relation to the lack of funding for the approved investment strategy and the systems used to manage the council's assets. The council is currently considering its response to the recommendations, which will be reported to audit committee once agreed.

International Financial Reporting Standard (IFRS)

This is a significant issue which will impact on the council's financial and management processing, and for the way in which the council prepares and presents its accounts. Staff in finance have received training and an initial implementation plan has been drafted. The council has commissioned external experts to provide support to finance staff and, after completion of the accounts, provide an impact assessment for the introduction of IFRS, leading to an implementation plan for the next phase of the transition project.

Progress on the action plan from the previous governance statement

Actions taken to address the significant issues from the previous governance statement are substantially complete. The following issues are still in progress:

- Grant claims relating to NELM going back to 2004/05 are still being audited. Council staff are working closely with NELM and the Audit Commission to resolve all the outstanding issues.
- Some elements of business continuity planning are not embedded across the council. Significant progress has been made, and the temporary emergency planning officer has met with all heads of service to ensure that each service's disaster recovery plans fit into the corporate business continuity plan. A plan exists for relocating core systems, including customer contact, and this is regularly tested in conjunction with Steria. Business continuity is a standing item on the agenda of the data security forum. The council has an up to date flu pandemic plan which has been invoked due to the current global outbreak.

- Not all staff have confirmed that they have read the code of conduct and other policies. This has been escalated to the corporate management team, and is currently being addressed in conjunction with managers.

6. Statement by Leader and Chief Executive

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

.....

Leading Member

Chief Executive

on behalf of Norwich City Council.

DRAFT

Code of Practice on Local Authority Accounting in the UK:

Statement of Recommended Practice (SORP)

Information to be included in the Annual Governance Statement

- a) An acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control).
- b) An indication of the level of assurance that the systems and processes that comprise the authority's governance arrangements can provide.
- c) A brief description of the key elements of the governance framework, including reference to group activities where the activities are significant.
- d) A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of the authority; the executive; the audit committee/overview and scrutiny committee/risk management committee; standards committee; internal audit and other explicit reviews/assurance mechanisms.
- e) An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.

It is important to recognise that the governance statement covers all significant corporate systems, processes and controls, spanning the whole range of an authority's activities, including in particular those designed to ensure that:

- the authority's policies are implemented in practice
- high-quality services are delivered efficiently and effectively
- the authority's values and ethical standards are met
- laws and regulations are complied with
- required processes are adhered to
- performance statements and other published information are accurate and reliable
- human, financial and other resources are managed efficiently and effectively

The governance statement should be approved at a meeting of the authority or delegated committee and signed by the chief executive and a leading member.

Annual Governance Statement 2008/09 – Evidence of Compliance with Code of Governance

1. FOCUSING ON THE PURPOSE OF THE COUNCIL AND ON OUTCOMES FOR THE LOCAL COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<ul style="list-style-type: none"> Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users 	<ul style="list-style-type: none"> develop and promote the council's purpose and vision 	<ul style="list-style-type: none"> used as a basis for: <ul style="list-style-type: none"> corporate and service planning shaping the community strategy local area or performance agreements 	'Norfolk Ambition' local area agreement (countywide strategy) 'A New Vision for Norwich' (the sustainable community strategy) City of Norwich Partnership (CoNP) (statutory local strategic partnership) CoNP Delivery Board Corporate Plan 2008-10 Report to Executive 18 Feb 09 - Service Plans 2009/10	
	<ul style="list-style-type: none"> review on a regular basis the council's vision for the local area and its impact on the council's 	<ul style="list-style-type: none"> review process 	Last year's report to Executive in March 08: Review of Corporate Plan 2007-08 and Corporate Planning 2008-9 and 2009-10	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	governance arrangements	<ul style="list-style-type: none"> governance code 	<p>A report went to Executive 8 April 09 which linked the Medium Term Financial Strategy to the need to review the Corporate Plan (by Sept 09) and Service Plans (by Oct 09).</p> <p>Executive 8 April 09</p> <p>Constitution Appendix 20A - Code of Governance</p>	
	<ul style="list-style-type: none"> ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties 	<ul style="list-style-type: none"> partnership protocol governance code 	<p>Report to Executive 29 Oct 08 - Corporate governance framework for partnership working</p> <p>Update to Exec 8 April 09: Annual Partnership Review, including partnership register, risk register and governance framework.</p> <p>Will be a standing item on DMTs and managers' briefings in future</p> <p>Constitution - Appendix 20A - Code of Governance (includes governance in relation to</p>	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	<ul style="list-style-type: none"> publish an annual report on a timely basis to communicate the council's activities and achievements, its financial position and performance 	<ul style="list-style-type: none"> annual financial statements annual business plan 	<p>partnership working)</p> <p>Insert links once published</p> <p>New Corporate Plan by Sept 09</p> <p>Report to Executive 27 May 09: Quarter Four Performance Monitoring 0809, including NI results.</p>	
<ul style="list-style-type: none"> Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning 	<ul style="list-style-type: none"> decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available 	<ul style="list-style-type: none"> this information is reflected in the council's: <ul style="list-style-type: none"> - corporate plan - annual business plan - medium-term financial strategy - resourcing plan in order to ensure improvement 	<p>Corporate Plan 2008-10 – to be reviewed by Sept 09 .</p> <p>Executive July 07: Medium Term Financial Strategy 2007/08 - 2011/12 – under continuous review, but formally updated at Executive 8 April 09</p> <p>People Strategy New Workforce Strategy by end Sept 09</p> <p>CityCare Joint Management Board</p> <p>Steria service review and contract/programme boards</p>	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	<ul style="list-style-type: none"> put in place effective arrangements to identify and deal with failure in service delivery 	<ul style="list-style-type: none"> complaints procedure 	<p>Council services: comments, compliments and complaints</p> <p>All complaints captured, analysed and circulated to service areas for action</p>	
<ul style="list-style-type: none"> Ensuring that the council makes best use of resources and that tax payers and service users receive excellent value for money 	<ul style="list-style-type: none"> decide how value for money is to be measured and make sure that the council or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions 	<ul style="list-style-type: none"> the results are reflected in council's performance plans and in reviewing the work of the council 	<ul style="list-style-type: none"> PMIB Performance reports Aiming for excellence – to be refreshed in 2009/10 UoR – VFM AES: During 2008/09 the Council has continued to implement its Star Chamber process in order to allocate resources in support of corporate priorities and improve value for money, as well as strengthening its procurement function to maximise procurement efficiencies. MTFS, budget gap and corporate transformation programme reported to 	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
			<p>Executive 8 April 09</p> <ul style="list-style-type: none"> - Environmental Strategy – progress monitored regularly by climate change panel - Supplementary planning document - Energy Efficiency - Private Sector Renewals Strategy - section 6: Affordable Warmth and Energy Efficiency 	

2. MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<ul style="list-style-type: none"> Ensuring effective leadership throughout the council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function 	<ul style="list-style-type: none"> set out clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the council's approach towards putting this into practice 	<ul style="list-style-type: none"> constitution record of decisions and supporting materials 	<p>Constitution Particularly Articles 7 (The Executive) & 13 (Decision Making)</p> <p>Agendas, reports and minutes are available on the council website. Signed minute books are held in legal and democratic services. Appendix 7 of the constitution (Access to Information Procedure Rules) states that reports and minutes will be made available to the public for six years after a meeting.</p>	
	<ul style="list-style-type: none"> set out a clear statement of the respective roles and responsibilities of other council members, members 	<ul style="list-style-type: none"> constitution 	<p>Constitution Particularly Articles 2 (Members of the Council) & 12 (Officers)</p>	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	generally and senior officers			
<ul style="list-style-type: none"> Ensuring that a constructive working relationship exists between council members and officers and that the responsibilities of members and officers are carried out to a high standard 	<ul style="list-style-type: none"> determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the council, taking account of relevant legislation, and ensure that it is monitored and updated when required 	<ul style="list-style-type: none"> constitution 	<p>Constitution Particularly Articles 4 (The Council) and 13 (Decision Making), and Appendix 3 (Powers Reserved to the Council)</p> <p>Constitution Appendix 8 (Scheme of Delegations to Officers)</p>	
	<ul style="list-style-type: none"> make a chief executive or equivalent responsible and accountable to the council for all aspects of operational management 	<ul style="list-style-type: none"> conditions of employment scheme of delegation job descriptions/specification performance management system 	<p>See Local Govt. & Housing Act 1989, Section 4 (on file). Plus Constitution Article 12 (Officers), Appendix 9 (Statutory and Proper Officer Appointments)</p> <p>Constitution Appendix 8 (Scheme of Delegations to Officers)</p> <p>Job description</p>	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
			<p>and person spec</p> <p>Aiming for excellence to be refreshed and Corporate Improvement and Efficiency Board to be established: see Executive 8 April 09.</p>	
	<ul style="list-style-type: none"> develop protocols to ensure that the leader and chief executive (or equivalents) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained 	<ul style="list-style-type: none"> new chief executive and leader pairing consider how best to establish and maintain effective communication 	<p>Chief exec weekly meeting with leader & deputy leader Meeting day after the election Annual appraisal Away days for Executive/CM T</p> <p>Constitution Appendix 15 (Protocol for Member / Officer Working Arrangements)</p>	
	<ul style="list-style-type: none"> make a senior officer (the S151 officer) responsible to the council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and 	<ul style="list-style-type: none"> section 151 responsibilities statutory provision statutory reports 	<p>Local Govt. Act 1972, Section 151. Plus Constitution Article 12 (Officers), Appendix 9 (Statutory and Proper Officer Appointments) & Appendix 10 (Financial Regulations)</p>	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	<p>accounts, and for maintaining an effective system of internal financial control</p>	<ul style="list-style-type: none"> • budget documentation • job description / specification 	<p>Executive July 07: Medium Term Financial Strategy 2007/08 - 2011/12</p> <p>Updated Executive 8 Apr 09 - MTFS and Corporate Improvement and Efficiency Framework</p> <p>Council meeting Feb 09 - Budget, Capital Strategy, Capital Programme, HRA</p> <p>Job description and person spec</p>	
	<ul style="list-style-type: none"> • make a senior officer (usually the monitoring officer) responsible to the council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with 	<ul style="list-style-type: none"> • monitoring officer provisions • statutory provision • job description / specification 	<p>See Local Govt. & Housing Act 1989, Section 5 (on file). Plus Constitution Article 12 & Appendix 9 & 10A</p> <p>Job description and person spec</p>	
<ul style="list-style-type: none"> • Ensuring 	<ul style="list-style-type: none"> • develop 	<ul style="list-style-type: none"> • member/officer 	Constitution	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
relationships between the council, its partners and the public are clear so that each knows what to expect of the other	<p>protocols to ensure effective communication between members and officers in their respective roles</p>	<p>protocol</p>	<p>Appendix 15 (Protocol for Member/Officer Working Arrangements)</p>	
	<ul style="list-style-type: none"> set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel (if applicable) 	<ul style="list-style-type: none"> pay and conditions policies and practices 	<p>Members: The Local Authorities (Members' Allowances) (England) Regulations, 2003</p> <p>Constitution Appendix 16 (Members' Allowance Scheme)</p> <p>Independent panel reviews and reports to Council. Scheme amended in June 07: Members Allowances Scheme</p> <p>Updated report from Independent Panel to Council 31 March 09: Members Allowance Scheme</p> <p>Officers: NJC National Agreement on Pay & Conditions of Service (the</p>	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
			"Green Book") together with Local Agreements.	
	<ul style="list-style-type: none"> ensure that effective mechanisms exist to monitor service delivery 	<ul style="list-style-type: none"> performance management system 	PMIB Quarterly performance monitoring, eg Executive 18 Feb 09: Quarter 3 2008	
	<ul style="list-style-type: none"> ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and they are clearly articulated and disseminated 	<ul style="list-style-type: none"> vision strategy corporate plans budgets performance plan/regime 	Public budget consultation meetings 28 & 30 Jan 2009 – publicised on web site. Public budget consultation document 2009/10 Evidence of responses held in electronic folder plus some hard copies List of members of CoNP drawn from a wide spectrum of public, private and voluntary organisations. Members of the public can also subscribe to a web service which alerts	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
			<p>them to new Strategic and Delivery Board meetings, reports and minutes.</p> <p>CoNP Communications Strategy 2008</p> <p>Norwich Tenants' CityWide Board and new Tenant Participation Compact sets out how the council involves tenants and leaseholders. Plus Tenant Talk magazine.</p> <p>City Council consultations page on website</p> <p>Citizen magazine</p> <p>Customer Contact Strategy</p> <p>Community Engagement Strategy to Exec 13 May 09</p> <p>Communications strategy 2007-2010</p>	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	<ul style="list-style-type: none"> • when working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the council • when working in partnership: <ul style="list-style-type: none"> - ensure that there is clarity about the legal status of the partnership - ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisations to partnership decisions 	<ul style="list-style-type: none"> • protocols for partnership working. For each significant partnership there is: <ul style="list-style-type: none"> - a clear statement of the partnership principles and objectives - clarity of each partner's role within the partnership - definition of roles of partnership board members - line management responsibilities for staff who support the partnership - a statement of funding sources for joint projects and clear accountability for proper financial administration - a protocol for dispute resolution with the partnership 	<p>Report to Executive 29 Oct 08 - Corporate governance framework for partnership working</p> <p>Update report to CMT 18 Feb 09 and Annual Partnership Review to Executive 8 April 09.</p>	

3. PROMOTING VALUES FOR THE COUNCIL AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<ul style="list-style-type: none"> Ensuring council members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance 	<ul style="list-style-type: none"> ensure that the council's leadership sets a tone for the organisation by creating a climate of openness, support and respect 		<p>The council is committed to ensuring the highest standards of conduct from staff and members. It has formally adopted the seven Nolan principles of standards in public life, and this is reflected in codes of conduct, the anti-fraud & corruption strategy, the code of governance and the CoNP Governance Framework.</p> <p>Annual Report of Monitoring Officer to Standards Cttee</p>	
	<ul style="list-style-type: none"> ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the council, its 	<ul style="list-style-type: none"> members'/officers' codes of conduct performance management system 	<p>Constitution Appendix 13 (Members' Code of Conduct) Constitution Appendix 14 (Officers' Code of Conduct)</p> <p>Aiming for excellence to be refreshed and Corporate</p>	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	<p>partners and the community are defined and communicated through codes of conduct and protocols</p>	<ul style="list-style-type: none"> • performance appraisal • complaints procedures • anti-fraud and – corruption policy • member/officer protocols 	<p>Improvement and Efficiency Board to be established: see Executive 8 April 09</p> <p>Appraisal System & Capability Procedure</p> <p>Council services: comments, compliments and complaints</p> <p>Anti Fraud and Corruption strategy</p> <p>Constitution Appendix 15 (Protocol for Member/Officer Working Arrangements)</p> <p>CoNP Governance Framework and Members' Handbook</p>	
	<ul style="list-style-type: none"> • put in place arrangements to ensure that members and employees of the council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders 	<ul style="list-style-type: none"> • standing orders • codes of conduct • financial regulations • procurement 	<p>Constitution Appendix 11 (Standing Orders Relating to Contracts)</p> <p>Constitution Appendix 13 (Members' Code of Conduct)</p> <p>Constitution Appendix 14 (Officers' Code</p>	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	and put in place appropriate processes to ensure that they continue to operate in practice	strategy	of Conduct) Constitution Appendix 10 (Financial Regulations) Procurement Strategy	
<ul style="list-style-type: none"> Ensuring that organisational values are put into practice and are effective 	<ul style="list-style-type: none"> develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate those with members, staff, the community and partners 	<ul style="list-style-type: none"> codes of conduct code of governance 	Constitution Appendix 13 (Members' Code of Conduct) Constitution Appendix 14 (Officers' Code of Conduct) Constitution - Appendix 20a (Code of Governance).	
	<ul style="list-style-type: none"> put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice 	<ul style="list-style-type: none"> codes of conduct Procurement Strategy 	Constitution App 13 (Members' Code of Conduct) Constitution App 14 (Officers' Code of Conduct) Annual Report of Monitoring Officer to Standards Committee July 2008 Procurement Strategy Ethics is a key element of procurement – see introduction to the	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
			Procurement Strategy and elsewhere in the document	
	<ul style="list-style-type: none"> develop and maintain an effective standards committee 	<ul style="list-style-type: none"> terms of reference regular reporting to the council 	Constitution Appendix 4 (Terms of Reference of Committees) Examples: Standards Committee meeting July 2008 ; April 2009	
	<ul style="list-style-type: none"> use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the council 	<ul style="list-style-type: none"> decision-making practices 	Constitution Articles 3 (The Public and the Council), 4 (The Council) & 13 (Decision Making) plus Appendix 3 (Powers Reserved to the Council) & 7 (Access to Information Procedure Rules)	
	<ul style="list-style-type: none"> in pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively 	<ul style="list-style-type: none"> protocols for partnership working 	Report to Executive 29 Oct 08 - Corporate governance framework for partnership working Annual Partnership Review to Exec 8 April 09 CoNP Governance Framework and Members'	

Supporting principles	The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
			Handbook	

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4. TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<ul style="list-style-type: none"> Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny 	<ul style="list-style-type: none"> develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the council's performance overall and that of any organisation for which it is responsible 	<ul style="list-style-type: none"> scrutiny is supported by robust evidence and data analysis 	<p>Constitution Article 6 (Overview and Scrutiny Committees) & App 6 (Scrutiny Procedure Rules)</p> <p>Scrutiny consideration of budget papers and service plans 12 Feb 09: Budget Reports</p> <p>Work planning process reviewed 11/9/08: Scrutiny Work Programme</p>	
	<ul style="list-style-type: none"> develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based 	<ul style="list-style-type: none"> decision-making protocols record of decisions and supporting materials 	<p>Constitution Article 13 - Decision Making and Constitution App 1 - Council & Committee procedure rules</p> <p>Agendas, reports and minutes are available on the council website. Signed minute books are held in legal and democratic services. Appendix 7 of the constitution states that reports and</p>	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	<ul style="list-style-type: none"> put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice 	<ul style="list-style-type: none"> members' code of conduct 	<p>minutes will be made available to the public for six years after a meeting.</p> <p>Members code of conduct: Constitution App 13. Officers code of conduct: Constitution App 14. Declarations of interests at the start of all committee meetings.</p> <p>Forms to register interests and gifts and hospitality for staff available on intranet and filed in legal services.</p> <p>Related party transaction declarations compared with registers of interests and included in statement of accounts.</p> <p>Regular reminders in Inner City, eg issue 46, June 2008; issue 81, March 2009.</p> <p>Need confirmation from all staff that code of conduct</p>	<p>Yes</p>

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
			has been read – still outstanding – analysis reported to corporate management team for further action in conjunction with managers	
	<ul style="list-style-type: none"> develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee 	<ul style="list-style-type: none"> terms of reference & membership training for committee members 	<p>Constitution Article 17 Audit Committee</p> <p>IPF training, 9 June 08. See electronic evidence folder for details.</p> <p>ZM training on risk 23 March 09</p>	
	<ul style="list-style-type: none"> ensure that effective, transparent and accessible arrangements are in place for dealing with complaints 	<ul style="list-style-type: none"> complaints procedure arrangements for complaints against councillors 	<p>Council services: comments, compliments and complaints</p> <p>Report to Standards Committee 21 July 2008: Local Assessment of Complaints Against Councillors</p>	
<ul style="list-style-type: none"> Having 	<ul style="list-style-type: none"> ensure that 	<ul style="list-style-type: none"> members' 	As part of	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<p>good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p>	<p>those making decisions whether for the council or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of the technical issues and their implications</p>	<p>inductions scheme</p> <ul style="list-style-type: none"> training for committee chairs 	<p>induction new members are given a Members' Information Pack. Latest version dated 2008. See Andy Emms for copy. Training and Development Programme for Councillors 2008/09 – see electronic evidence folder for details and dates. Five executive members booked on Leadership Academy in 2008. See also Legal Services service plan</p>	
	<ul style="list-style-type: none"> ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately 	<ul style="list-style-type: none"> record of decision making and support materials 	<p>All reports with financial implications contain comments from the section 151 officer. All reports are routinely forwarded to the Monitoring Officer and his staff by service areas and are reviewed for their legal and ethical implications. See also Annual Report of Monitoring Officer</p>	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<ul style="list-style-type: none"> Ensuring that an effective risk management system is in place 	<ul style="list-style-type: none"> ensure that risk management is embedded into the culture of the council, with members and managers at all levels recognising that risk management is part of their jobs 	<ul style="list-style-type: none"> risk management protocol financial standards and regulations 	<p>Risk Management Strategy</p> <p>Strategic Risk Register – reviewed by Leadership Group in Feb 09 and Audit Committee March 09: Strategic Risk Management Review</p> <p>ZM training for Audit Committee and portfolio holders 23 March 09</p> <p>Risk registers included in all service plans. See summary from latest service plans in Audit folder</p> <p>Financial Regulation C: Constitution App 10</p>	
	<ul style="list-style-type: none"> ensure that arrangements are in place for whistleblowing to which all staff and all those contracting with the council have access 	<ul style="list-style-type: none"> whistle-blowing policy 	<p>Whistleblowing Policy revised Nov 2008 and on website and intranet: Whistleblowing policy. Publicised to staff in issue 81 of Inner City, March 09</p>	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<ul style="list-style-type: none"> Using our legal powers to the full benefit of the citizens and communities in our area 	<ul style="list-style-type: none"> actively recognise the limits of lawful activity placed on us by, for example, the ultra vires doctrine but also to strive to utilise powers to the full benefit of their communities 	<ul style="list-style-type: none"> constitution monitoring officer provisions statutory provision 	<p>Constitution - section 5 of Appendix 2 - Budget and Policy Framework Rules</p> <p>See Local Govt. & Housing Act 1989, Section 5. Plus Constitution 12 & Appendix 9 & 10A</p>	
	<ul style="list-style-type: none"> recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law 		<p>Annual Report of Monitoring Officer to Standards Cttee</p>	
	<ul style="list-style-type: none"> observe all specific legislative requirements placed upon us, as well as the requirements of general law, and in particular to 	<ul style="list-style-type: none"> monitoring officer provisions statutory provision job description/specification 	<p>See Local Govt. & Housing Act 1989, Section 5. Plus Constitution Article 12 & Appendix 9 & 10A. Annual Report of Monitoring Officer to</p>	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	integrate the key principles of good administrative law – rationality, legality and natural justice – into our procedures and decision-making processes		Standards Cttee Job description and person spec	

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5. DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<ul style="list-style-type: none"> Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles 	<ul style="list-style-type: none"> provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis 	<ul style="list-style-type: none"> training and development plan induction courses update courses / information 	<p>Training and Development Programme for Councillors 2008/09 – see electronic evidence folder for details and dates. Handbook/Member Information Pack and induction for new members & staff. Training and development resources on the intranet: Learning</p> <p>Regular manager briefings, e.g: 10 Feb 09</p> <p>Learning & Development programme for managers</p>	
	<ul style="list-style-type: none"> ensure the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the council 	<ul style="list-style-type: none"> job description/personal specifications membership of top management team 	<p>\\Sfil2\Shared folders\Human resources\Job descriptions-current</p> <p>Members of Leadership Group</p>	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<ul style="list-style-type: none"> Developing the capability of people with governance responsibilities and evaluating their performance , as individuals and as a group 	<ul style="list-style-type: none"> assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively 	<ul style="list-style-type: none"> training development plan 	<p>Training and Development Programme for Councillors 2008/09 – see electronic evidence folder for details and dates. Appraisal system and development plans for staff</p>	
	<ul style="list-style-type: none"> develop skills on a continuing basis to improve performance , including the ability to scrutinise and challenge and to recognise when outside expert advice is needed 	<ul style="list-style-type: none"> training and development plan reflect requirements of a modern councillor including: <ul style="list-style-type: none"> - the ability to scrutinise and challenge - the ability to recognise when outside advice is required - advice on how to act as an ambassador for the community - leaders 	<p>Training and Development Programme for Councillors 2008/09 – see electronic evidence folder for details and dates</p>	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	<ul style="list-style-type: none"> ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs 	<ul style="list-style-type: none"> performance management system 	<p>hip and influencing skills</p> <p>PMIB Performance reports Aiming for excellence Training and Development Programme for Councillors 2008/09 – see electronic evidence folder for details and dates</p>	
<ul style="list-style-type: none"> Encouraging new talent for membership of the council so that best use can be made of individuals' skills and resources in balancing continuity and renewal 	<ul style="list-style-type: none"> ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the council 	<ul style="list-style-type: none"> strategic partnership framework stakeholders' forums' terms of reference area forums' roles and responsibilities residents' panel structure 	<p>Membership of CoNP and Delivery Boards</p> <p>Citizens Panel – see electronic evidence folder</p> <p>Norwich Tenants' CityWide Board and Tenant Participation Compact sets out how the council involves tenants and leaseholders. Plus Tenant Talk magazine.</p> <p>A new Housing</p>	<p>Yes</p>

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
			<p>Improvement Board has been established and includes tenant representatives – see Executive 13 May 09. Will be assisted by newly established community engagement team.</p> <p>Community Engagement Strategy to Exec 13 May 09</p>	
	<ul style="list-style-type: none"> ensure that career structures are in place for members and officers to encourage participation and development 	<ul style="list-style-type: none"> succession planning 	<p>Five executive members booked on Leadership Academy in 2008</p>	

6. ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
<ul style="list-style-type: none"> Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships 	<ul style="list-style-type: none"> make clear to ourselves, all staff and the community, to whom we are accountable and for what 	<ul style="list-style-type: none"> community strategy 	City of Norwich Partnership (CoNP) Sustainable Community Strategy Corporate Plan 2008-10	
	<ul style="list-style-type: none"> consider those institutional stakeholders to whom the council is accountable and assess the effectiveness of the relationships and any changes required 		City of Norwich Partnership provides mechanisms for taking account of needs of institutional stakeholders See links to Board Members and Delivery Board Members	
	<ul style="list-style-type: none"> produce an annual report on the activity of the scrutiny function 	<ul style="list-style-type: none"> annual report 	Will be presented to Scrutiny Committee 18 June 09 and full Council 21 July 09.	
<ul style="list-style-type: none"> Taking an active and planned approach to dialogue with and the accountability to the public to ensure effective and 	<ul style="list-style-type: none"> ensure that clear channels of communication are in place with all sections of the community and other stakeholders, and put in 	<ul style="list-style-type: none"> community strategy 	Sustainable Community Strategy Communications strategy Customer Contact Strategy	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
appropriate service delivery whether directly by the council, in partnership or by commissioning	place monitoring arrangements to ensure that they operate effectively			
	<ul style="list-style-type: none"> hold meetings in public unless there are good reasons for confidentiality 		Constitution App 7 Access to Information Procedure Rules	
	<ul style="list-style-type: none"> ensure that arrangements are in place to enable the council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing needs 	<ul style="list-style-type: none"> processes for dealing with competing demands within the community 	<p>Executive received an update on the council's Neighbourhood Strategy in Feb 08, the first stage of which is to develop a community engagement strategy. The first workshop for community groups was held on 25 Feb 08. Scrutiny received a briefing report 12 June 08: Community Engagement Strategy</p> <p>The draft is now on the website for consultation: Consultation - Community Engagement Strategy</p> <p>Citizens Panel</p>	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	<ul style="list-style-type: none"> establish a clear policy on the types of issues we will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result 	<ul style="list-style-type: none"> partnership framework community strategy 	City Council website - Consultations Community Engagement Strategy to Exec 13 May 09 Communications strategy Public budget consultation document 2009/10	
	<ul style="list-style-type: none"> on an annual basis, publish a performance plan giving information on the council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period 	<ul style="list-style-type: none"> annual report annual financial statements corporate plan annual business plan 	Corporate Plan 2008-10 – to be updated by Sept 2009 - see Executive 8 April 09 Audit Committee: Statement of Accounts y/e 31 March 2008 Update when available	
	<ul style="list-style-type: none"> ensure that the council as a whole is 	<ul style="list-style-type: none"> constitution 	Constitution App 7 Access to Information	

Supporting principles	The local code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Evidence	Significant issue
	<p>open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so</p>		<p>Procedure Rules</p> <p>Communications strategy</p> <p>Customer Contact Strategy</p>	
<ul style="list-style-type: none"> • Making best use of human resources by taking an active and planned approach to meet responsibility to staff 	<ul style="list-style-type: none"> • develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making 	<ul style="list-style-type: none"> • constitution 	<p>See HR policies handbook: B2 - Consultation procedure & B5 - Joint Consultative & Negotiating Committee</p> <p>Staff survey results 2008 and proposed actions: see intranet and hard copy on file. Also HR's Toolkit for change on the intranet.</p>	

Significant governance issues from 2007/08 annual governance review

The following is an outline of the actions taken, or proposed, to deal with significant governance issues arising from the review of effectiveness:

Issue	Action taken to date (as at June 2008)	Proposed actions 2008/09 and beyond	Position as at 11 June 09
1. Statement of accounts for 2006/07 disclaimed	<p>The council's response to the Section 11 notice and action plan from the Audit Commission's annual governance report were approved by executive in March 2008.</p> <p>An action plan in response to the recommendations in the Audit Commission's regularity report is substantially complete.</p>	<p>Fully implement the action plan in response to the annual governance report and the recommendations from the regularity report</p>	<p>Complete. (Some items in dispute and treatment in 08/09 a/cs needs to be considered.)</p>
2. The council did not achieve the minimum standards for the use of resources in 2006/07	<p>To independently assess the progress the council has made during this last financial year and to give an up to date picture of the council's financial standing, PricewaterhouseCoopers were commissioned to assess the direction of travel and improvements made from 1 April 2007 – 31 December 07.</p> <p>The executive summary of the report was reported to audit committee in January 08.</p>	<p>The actions set out in the PricewaterhouseCoopers report will be used to set out the financial improvement programme for 2008/9 (year 3), and progress with this will be reported to audit committee quarterly.</p>	<p>Complete. The council achieved level 2 for use of resources in 2007/08. However, basis has changed for 2008/09 as part of CAA – three themes and much more outcome based. Our self-assessment against the new key lines of enquiry has been submitted to the Audit Commission.</p>
3. Grant claims for NELM going back to 2003/04 are still being audited	<p>A considerable amount of staff time has been spent liaising with Audit Commission and Go East and compiling the necessary evidence to resolve the outstanding issues.</p>	<p>Continue working with Audit Commission and Go East to fully resolve all outstanding issues and minimise any future risks.</p>	<p>Ongoing. Claims up to 04/05 audited. 05/06 claim currently being audited. 06/07 claim should be audited in July</p>

Issue	Action taken to date (as at June 2008)	Proposed actions 2008/09 and beyond	Position as at 11 June 09
		<p>A governance group comprising NELM and council officers has been set up and will meet quarterly to address governance issues. GO East will be invited to attend</p>	<p>07/08 claim should be audited in August/September. 08/09 claim not due until 30 Sept. Has to be audited by end Dec 09.</p> <p>Staff working closely with Audit Commission and NELM to resolve outstanding issues.</p> <p>All expenditure over £10k is now subject to approval by the Accountable Body.</p>
<p>4. Protocols and governance arrangements for all partnerships not fully implemented</p>	<p>The City of Norwich Partnership (CoNP) role, structure and effectiveness were reviewed during 2006/07 using the Aspire 2 Perform toolkit.</p> <p>The delivery board has compared the CoNP priorities with the LAA indicators/targets and other indicator sets identified as important to Norwich. The partnerships team, with partners, is now working up delivery plans and negotiating targets where they do not currently exist. The plans themselves will progress the required improvements to performance management.</p> <p>In June 08 the strategic board endorsed the partnership improvement plan, and endorsed a CoNP communications strategy.</p>	<p>As part of the CoNP improvement plan, we will be seeking to strengthen the governance arrangements in 2008/09. Annual reviews will continue to assess performance & effectiveness and robust performance management arrangements will be developed with a performance management system to support this. This process will develop as part of the formal guidance which will be created under the council's partnership governance policy. This guidance will form a practical toolkit to be used by the council & its partners. It will also create templates for review of effectiveness and risk logs where necessary.</p>	<p>Complete.</p> <p>The governance framework and toolkit was approved by Executive in October 08. The annual partnership review was reported to Executive in April 09, and included the partnership register, risk register, governance evaluations and action plans.</p>

Issue	Action taken to date (as at June 2008)	Proposed actions 2008/09 and beyond	Position as at 11 June 09
	<p>The partnerships team is working on the development of the council's partnership governance policy which was reported to CMT in March 08, together with a partnership governance assessment for our most significant partnerships.</p>		
<p>5. Business continuity planning is not embedded across the council. There is a draft business continuity plan, but it needs to be reviewed on a regular basis, with regular exercises.</p>	<p>The gold plan is complete and useable as an overarching plan, but is not yet fully supported by detailed continuity plans from service plans. City Hall evacuation plan is complete and able to be activated. Detailed plans have been drafted for a "table top" exercise based on closure of City Hall and customer contact centre - awaiting approval to proceed.</p>	<p>Ensure that corporate and service business continuity plans are fully integrated, regularly reviewed and a timetable for exercises is developed. Work continues to move forward on the implementation of a backup customer contact centre. Business continuity planning was reviewed by Bentley Jennison in August 08 and agreed recommendations will be implemented.</p>	<p>Ongoing. The corporate plan (gold) is complete and has been signed off. Work continues to develop departmental plans (silver), and is currently focused on recovering core systems to Lakenham, including customer contact. However, there is still no testing other than the joint disaster recovery exercises between NCC and Steria designed to relocate core systems to Lakenham.</p> <p>The temporary emergency planning officer has met with every head of service. Result will be each service will have a DR plan that will link to the corporate BCP.</p> <p>It has been agreed to retain the temporary emergency planning officer</p>

Issue	Action taken to date (as at June 2008)	Proposed actions 2008/09 and beyond	Position as at 11 June 09
6. Review internal audit resources to ensure that the audit plan for 2008/09 is met and that	We have already outsourced audits of IT systems.	Consider resource options to ensure the audit plan for 2008/09 is met. By September 08	<p data-bbox="1142 255 1362 488">post for a further two years and second an emergency planning officer from Norfolk County Council.</p> <p data-bbox="1142 528 1401 990">The council has a flu pandemic plan complete with scripting for relevant departments. The plan has been invoked given the current global situation, but at this stage involves mainly communication issues.</p> <p data-bbox="1142 1102 1406 1563">The review by Bentley Jennison is still in draft, but only gave limited assurance of the council's corporate business continuity arrangements. S Dowson to liaise with M Stephenson to finalise report. Agreed recommendations will be progressed.</p> <p data-bbox="1142 1603 1398 1765">Business continuity is now a standing item on the data security forum agenda.</p> <p data-bbox="1142 1800 1390 2002">Substantially complete. PwC resources used to carry out a number of key internal audits.</p>

Issue	Action taken to date (as at June 2008)	Proposed actions 2008/09 and beyond	Position as at 11 June 09
internal audit is effective			
7. The code of governance and whistleblowing policy are not yet approved and adopted	The proposed code of governance was presented to audit committee in March 08. The proposed whistleblowing policy has been agreed with HR and the monitoring officer. Consultation with UNISON is in progress.	Approve, adopt and publicise the new code of governance and whistleblowing policy. By October 08	Complete. Code of governance is App 20a of the Constitution. Whistleblowing policy is on intranet and website.
8. Not all staff have confirmed that they have read the code of conduct and other policies on Workforce	Staff have been regularly reminded about the code of conduct in the Inner City newsletter	HR to ensure that all staff sign up to the code of conduct and other policies on Workforce By October 08	Ongoing. This was escalated to the Corporate Governance Group for action. As a result, Systems Support produced a status report for every member of staff, a summary of which was considered by CMT. Asked for reminder to all staff and managers to follow up any gaps.

DRAFT

GLOSSARY OF TERMS

ACCOUNTING PERIOD

The period of time covered by the accounts - normally a period of twelve months – which 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.

ASSET

An item having 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.

BVACOP (BEST VALUE ACCOUNTING CODE OF PRACTICE)

The Best Value Accounting Code of Practice provides guidance on the content and presentation of costs of service activities within the Consolidated Revenue Account. It constitutes 'proper accounting practice' and is recognised as such by statute.

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 Councils, such as Norwich, and unitary authorities.

BUDGET

A budget is a financial statement that expresses the Council's service delivery plans in monetary terms. This normally covers the same period as the financial year but increasingly Councils 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 a 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.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The principal accountancy body dealing with local government finance.

COLLECTION FUND

A separate fund maintained by a billing authority which records the expenditure and income relating to Council tax, non-domestic rates 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 and historic buildings.

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 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.

DEFERRED CHARGES

Capital expenditure which may be properly capitalised, but which does not result in, or remain matched with, tangible fixed assets. An example of a deferred charge would be capital expenditure on improvement grants.

DEPRECIATION

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

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.

FINANCE LEASE

A lease which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

FIXED ASSETS

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

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.

FINANCIAL INSTRUMENTS

A financial instrument is 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 for example bank deposits and investments, and financial liabilities for example trade payables and borrowings.

HOUSING REVENUE ACCOUNT

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

INCOME AND EXPENDITURE ACCOUNT

This statement reports the net cost for the year of all the functions for which the authority 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.

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 on year.

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-OPERATIONAL ASSETS

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties or assets surplus to requirements, pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a statutory responsibility.

PRECEPT

The levy made by precepting authorities on billing authorities, e.g. Norwich City Council. The major precepting authorities are Norfolk County Council and Norfolk Police Authority.

PROVISION

An amount set aside for liabilities or losses that are certain to arise but owing to their inherent nature cannot be quantified with any certainty.

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 that 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 SUPPORT GRANT

A grant paid by government to Councils, contributing towards the costs of their services.

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

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

STATEMENT OF RECOMMENDED PRACTICE (SORP)

The CIPFA Code of Practice on Local Authority Accounting or 'SORP' sets out the arrangements required to be followed in the Statement of Accounts. It constitutes 'proper accounting practice' and is recognised as such by statute.

STATEMENT OF STANDARD ACCOUNTING PRACTICE (SSAP)

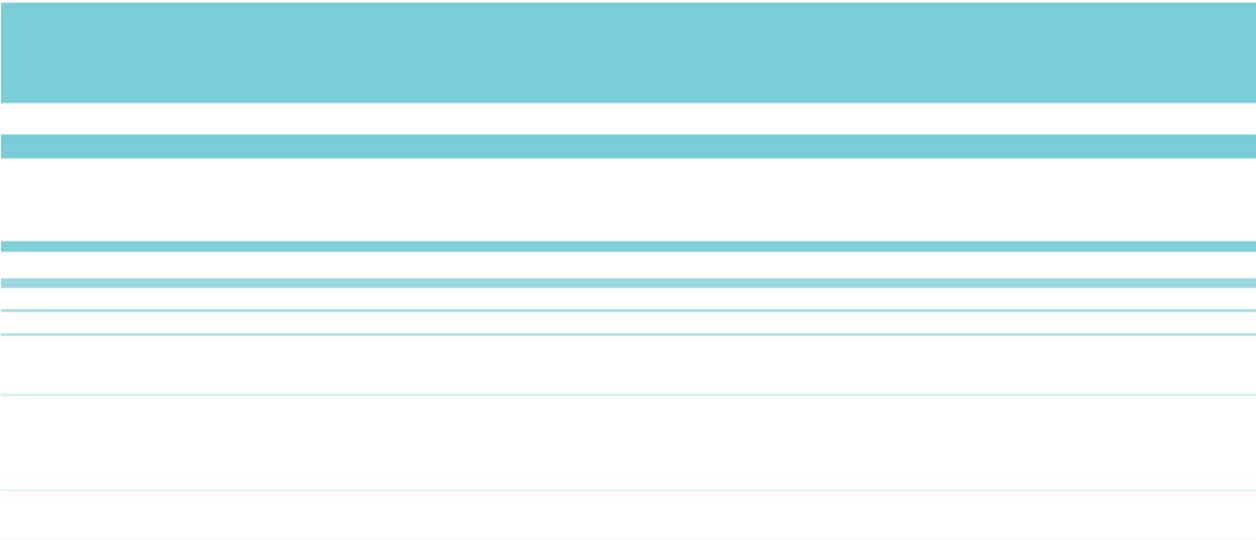
These are methods of accounting approved by the Accounting Standards Committee and are applicable to all accounts which are intended to give a true and fair view. They are gradually being replaced by Financial Reporting Standards (see above).

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

FRS3 (Reporting Financial Performance) requires all gains and losses to be included in a Statement of Total Recognised Gains and Losses, to be shown with the same prominence as the other primary statements.

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.



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