Statement of accounts

for the year ending 31 March 2024

NORWICH City Council

Contents

Narrative Report

1. Introduction

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

Local authority financial statements are complex and can be difficult to understand: they must comply with the Chartered Institute of Public Finance & Accountancy's (CIPFA) "Code of Practice on Local Authority Accounting in the United Kingdom 2023/24", which is based on International Financial Reporting Standards (IFRS), and the requirements of accounting and financing regulations of central government.

This narrative report will provide the reader with:

- An understanding of the council, its strategic priorities, and the local and national context in which it operates.
- A summary of the council's financial performance for 2023/24 along with information on how well the Council delivered its key priorities during the year.
- An overview of the council's medium term financial plans, outlook, and its key risks going forwards.
- A guide to the key features of the primary statements and notes that make up the financial statements.

The council is required to publish an Annual Governance Statement to accompany the Statement of Accounts. This sets out the arrangements the council has put in place to manage and mitigate many of the risks it faces when meeting its responsibilities. The 2023/24 Annual Governance Statement can be found on the Council's website here.

2. Norwich City Council

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

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

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

The Council employs 656.21 full time equivalent (FTE) employees (as at 31 March 2024). The actual number of employees is 731 of whom 534 are full time and 197 are part-time employees.

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

3. Strategic direction of the Council

Following the local elections in May 2023 the 2022-2026 corporate plan was refreshed, setting out our ambition for the city and the council and pending a more fundamental review taking place in 2023. As our main strategic plan, it is not intended to capture everything we do as a council. Instead, it provides a framework for the decisions we take - how we prioritise and how we allocate the resources we have available to achieve our priorities.

We do this through:

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

Following a change in the political leadership in the spring of 2023, along with a new Chief Executive and the ongoing challenging economic landscape, the council took the decision to review its strategic plan to ensure that it:

- Responds to the ambitions, views and aspirations of the people of Norwich.
- Is accessible to the people of Norwich.
- Provides a clear vision and priorities understood by residents, partners and our workforce.
- Enables the council to adapt to changing circumstances, while remaining focused on the outcomes it needs to achieve.

The creation of the new Corporate Plan ‘We are Norwich: a community-led plan 2024-2029’ signals a totally new way of working for the city council. For the first time, we went out to the whole city to ask them what was important to them and what our priorities should be. This is reflected in an outcome focused plan, that will allow us to be more responsive and transformative as an organisation, enabling us to support cost effective delivery of the new plan, ‘We are Norwich’.

Our five aims from the previous plan for the period 2022-2026 have been reimagined to reflect the current thinking and ambition of the city.

Corporate Aims 2023-2024	Corporate aims 2024-2029
People live well and independently in a diverse and safe city.	A fairer Norwich
Norwich is a sustainable and healthy city.	A climate-responsive Norwich
Norwich has the infrastructure and housing it needs to be a successful city.	A future proof Norwich
The city has an inclusive economy in which residents have equal opportunity to flourish.	A prosperous Norwich
Norwich City Council is in good shape to serve the city.	An open and modern council

Over the next five years to 2029, we will focus on delivering the outcomes aligned to these five cross-cutting aims, in collaboration with partners, underpinned by the following guiding principles:

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

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

4. Local context

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

The previous 2022-2026 Corporate Plan, and the new 2024-2029 'We are Norwich' Plan were developed in the context of the wider city vision work, which was undertaken under the 'Norwich 2040' banner and remains relevant.

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

- Synthesising insights from over 900 conversations with residents, visitors, businesses, partners, officers and elected members.
- Analysing information on levels of need in the city such as demographic, economic, environmental and equalities data.
- Assessing the external environment the council operates in, including the national and local economic climate and policy and legislation for local government.
- Understanding how other local authorities are responding to similar challenges.
- Looking at the potential future factors that may impact on Norwich and the council.
- The Medium-Term Financial Strategy (MTFS) which helps plan resource allocation.
- Our Transformation Programme – Future Shape Norwich; which supports our change activities and service reform as we deliver against the Corporate Plan.

Running alongside this is the Norwich 2040 City Vision Partnership, which responds to the recommendations from the recent Corporate Peer Challenge , and the Corporate Plan engagement findings where partners articulated the need to 'reinvigorate the 2040 City Vision and support the partnership to make stronger collective commitments to action'.

5. National Context & Future Outlook

2023/24 continued to be challenging for Norwich City Council with increasing demands for our services, heightened customer expectations and continued pressure on our sources of income as austerity and the cost-of-living crisis impacted in the aftermath of the pandemic. Despite these challenges the Council has continued to help and support the residents and businesses of the city.

Financial Implications

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

Alongside austerity, the council has continued to manage the uncertainty associated with changes to future local government funding. The 2023/24 budget was in effect a roll-over of previous years' funding with little certainty on the direction of travel; this has continued into 2024/25 with limited additional information on longer term funding intentions coupled with a forthcoming general election.

The medium-term financial challenge to the council remains, with no spending review figures available beyond 2024/25.

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

After setting its budget in February 2023, further economic uncertainty in the form of inflationary pressures continued to emerge with double digit inflation continuing for part of the year; this has inevitably led to concerns about inflationary pressures on the council's budget and this is reflected in the current 2024/25 MTFS.

Government funding and reforms

The government's austerity programme started in 2010 meaning that 2023/2024 was the fourteenth year of austerity and the level of funding allocated to local government continues to be insufficient to support the demand for council services. This, together with increased pressures arising from the global pandemic, means that the council will not receive adequate resources to cover its costs over the medium term without implementing a programme of service reductions or increased income generation as well as looking for further efficiencies in pursuit of maximising value for money for Council Tax payers.

The financial settlement covered only 2023/24, with the government implementing a 'roll forward' finance settlement for that year which has also continued into 2024/25. The timeframe for any government reforms is unclear with the impending general election. The introduction of a funding guarantee also served to increase uncertainty as the way it will be withdrawn in conjunction with any funding reforms remains unclear.

Given the lack of clarity on future local government funding, local authorities have no reliable basis on which to appropriately plan their medium-term budgets as it is unclear how much funding there will be, how it will be distributed, and the means of delivery. This was demonstrated tangibly with the late announcement of additional funding for 2024/25 alongside an additional requirement to produce and publish a productivity plan and, whilst the additional funding was welcome, the late announcement of it made financial planning more challenging.

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

6. Medium Term Financial Plans and Risks

The council's Medium Term Financial Strategy (MTFS), Housing Revenue Account (HRA) business plan, capital programmes and capital, investment & treasury management strategies were approved by Council in February 2023 and can be found at this link:2023/24 Budget and MTFS
This demonstrated a balanced position across the medium-term planning period to 2026/27.

General Fund

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

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

When the 2023/24 budget was set forecasts indicated that a further £10.953m of gross permanent savings would have needed to be found over the four-year period from 2023/24. Since that time savings have been identified across all years of the MTFS including actions to balance the 2024/25 budget. However, given the continuing inflationary pressures it is anticipated that further savings are likely to be required.

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

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

Housing Revenue Account (HRA)

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

The HRA has lost significant income in recent years from the government's enforced four-year rent reduction policy enacted in the Welfare Reform and Work Act 2016 and rent cap in April 2023. Additionally, there remains significant potential risks to rental income streams arising from the ongoing increases in the cost of living, the roll out of Universal Credit and the continuing Right-to-Buy legislation.

The HRA was forecast to make a surplus of income over expenditure of £5.530m in 2023/24 and it was proposed to use this surplus along with £1.210m of existing reserves to fund capital investment in new social housing. The financial strategy for the HRA is based upon a long-term business planning approach, which models the costs of capital investment alongside other forecasts of revenue expenditure and income to determine the resultant surplus or deficit over the life of the plan.

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

Capital Strategy

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

The council's original capital programme for 2023/24 was £64.151m. In addition, amendments to projects were actioned during the year, resulting in a revised programme of £55.8m.

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

The council's overall financial position

The council has a strong balance sheet and owns some £1 billion of long-term assets (mostly land and property). In addition, it has significant unearmarked reserves both for the general fund (£8.249m) and HRA (£43.285m) as at 31 March 2024.

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

The council holds just under £100m of investment properties which generate a revenue stream for the council.

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

The funding of non-financial investments along with the proposed capital programme is expected to significantly increase the council's capital funding requirement (its indebtedness or underlying need to borrow). If projects and programmes proceed to plan, then the capital financing requirement will increase significantly by 2025/26. This increase is being driven predominantly by HRA investment. However, during 2023/24 the treasury management committee endorsed a proposal to apply £25m of retained capital receipts to reduce the overall level of the council's capital financing requirement and, consequently, its level of Minimum Revenue Provision charge.

The council currently has relatively high levels of internal borrowing which will need to be externalised at some point to fund the capital financing requirement; this will be planned to reflect the best position on interest rates..

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

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

Financial Risks

Financially the Council faces a large number of challenges in the coming years. The 2024/25 Budget Report identified a number of key financial risks facing the Council and these are set out in the Council's Corporate Risk Register. The financial risks identified include the Councils Medium-Long Term funding position and the impact of the cost-of-living crisis. All of the Councils identified risks are monitored and reported against throughout the year as part of the quarterly assurance monitoring report to Cabinet and can be found here.

7. Performance against our priorities

Performance framework

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

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

The previous corporate plan 2022-2026 relates to this accounting period and covers the five corporate aims:

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

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

With the new Corporate Plan 2024-2029 'We are Norwich' launching in April 2024, we are developing a new business planning process and performance framework that will enable us to realise the 'We are Norwich' plan and monitor its progress.

The new agile Business Planning Process will be translated into an annual Corporate Business Plan, which will:

- Set out the most important actions the council needs to take, both in its role as primary service supplier as well as collaboratively with others, to start delivering 'We are Norwich'.
- Include milestones and measures to ensure it is working towards the outcomes set out in 'We are Norwich'.
- Be aligned with our budget setting process, to ensure we have the resources to deliver 'We are Norwich'.

- Be developed and tested with partners and stakeholders to ensure the measures are correct, and the outcomes are felt by intended beneficiaries.
- Be aligned to delivery of our Medium-Term Financial Strategy.

The new Corporate Performance Framework will specify a range of performance measures, baselines and targets, allowing us to evaluate and monitor how well we are working towards delivery of the successes (outcomes) set out in ‘We are Norwich’.

Through the new process and framework, we will identify and mobilise the appropriate infrastructure and resource to effectively become an evidence-based decision-making organisation that consistently monitors and evaluates its activities (outputs) and impacts (outcomes). It will also allow us to realise the opportunities to change culture and behaviours and incorporate the new guiding principles, set out in ‘We are Norwich’.

2023/24 Performance summary

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

There is a total of 29 KPI’s for which our three directorates have responsibility:

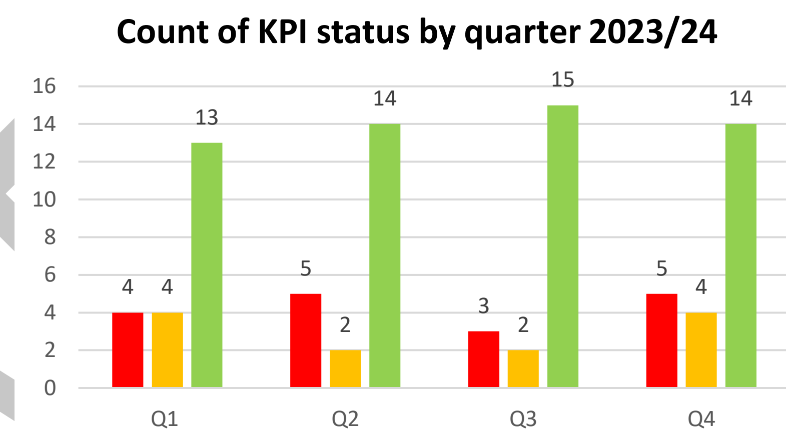
Community services are responsible for 11 KPI’s covering all corporate aims except *‘The city has an inclusive economy in in which residents have equal opportunity to flourish’*.

Development and city services are responsible for 10 KPI’s predominately covering *‘Norwich has the infrastructure and housing it needs to be a successful city’*.

Corporate and commercial services are responsible for 8 KPI’s predominantly covering *‘Norwich City Council is in good shape to serve the city’*.

There are 23 KPO’s that are reported quarterly, and 6 KPI’s that are reported annually (two in quarter two and four in quarter four).

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



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

Programme Management

The first Future Shape Norwich change projects that went live in 2022 have been completed or closed successfully throughout 2023/24. The completed projects are: - Regulatory Services Fees and Licensing - Assets and regeneration / Data and strategy (phase 1) - Parking in parks (phase 1) - Parking Tariffs These projects have a potential income value of around £1.7 million, excluding assets, and were prioritised because of their positive impact on the budget for 2023/24 and beyond. Other projects are currently underway and progress on these will be reported in the next Annual Governance Report.

Covid, Energy and Housing Financial Support

The Department for Business and Trade advised the Revenues Team in June 2023 that their assurance checks for the Covid Business Grants paid in cohort 2 (Local Restrictions Support Grant, Restart Grant, Additional Restrictions Grant and Omicron Hospitality and Leisure Grant schemes) were complete and the Department is now preparing the results for submission to the National Audit Office. Based on the assurance evidence supplied by the Council, none of the businesses that we have assessed were identified as ineligible for the grant they received. These results now go on to the National Audit Office to complete its own review. The Department commented - "Please can I take this opportunity to thank you again for your patience, support, and assistance during this process; together we have delivered and assured a successful program of grants in an unprecedented situation. We should all be proud of the hard work and dedication that has gone into achieving this"

We completed the Energy Bills Support Schemes reconciliations ahead of the deadline. In total we paid 418 claims totalling £161,000. We've continued to improve on new claims performance and the average days to process is lower (16 days) than the 18 days reported for Q1. The DWP Performance Team have confirmed they are happy with our current benefits performance in all areas.

We have changed our approach to paying out Discretionary Housing Payments, a short-term measure to support residents who have a shortfall in their rent payments. In 2023 our funding was reduced and is likely to remain at the same level from April 2024. Working closely with our colleagues in Housing and Financial Inclusion teams we are no longer automatically paying repeat applications and are working closely with tenants to better understand how we can reduce their reliability on this funding, improving their circumstances as a result. This approach has allowed us to allocate the funding more fairly, and we anticipate being able to support new applications until the end of the financial year.

Ernst & Young LLP have audited and signed off our Housing Benefits Subsidy Claim for 2021/22. Having looked at our claim we have to repay just £12 due to adjustments - a massive achievement considering an overall claim of nearly £42m.

The Housing Delivery Team continue to work with council colleagues to deliver on the council's ambitious plans of delivering new energy efficient social homes at Threescore, in Bowthorpe. With lots of new homes already complete in Threescore, the latest phase of development, is progressing well. The handover of 20 new family homes to the council began at the end of 2023. The 2024 handover process will continue from January through to June, with the remaining 56 homes.

The housing mix for the council comprises of 1 bed apartments, 2 bed houses, 3 bed houses and 4 bed houses. The homes are built using a fabric first approach, including air source heat pumps and triple glazing. There is on-going review of the design and build standards to enable us to meet the highest environmental standards. This also helps to provide future protection for tenants against rising energy bills.

Careful consideration has gone into the landscaping and biodiversity, including a play area, open green spaces, benches, bird boxes, and a hedgehog highway. There has been a collaborative review of how to improve new housing delivery with colleagues across the council and this will continue in 2024. This will ensure that we continue to deliver high quality homes for residents in Norwich, whilst improving the data we hold on to each individual home to ensure the council can appropriately maintain and manage these homes.

2023/2024 Financial Performance

Revenue Expenditure

2023/2024 actual against budget for each service area

	Budget £000	Provisional outturn £000	Provisional variance £000
Chief Executive	267	314	47
Corporate Financing	(25,471)	(31,532)	(6,061)
Corporate & Commercial Services	7,308	7,524	216
Community Services	10,374	11,228	854
Development & City Services	7,522	8,416	894
General Fund Total	**0**	**(4,050)**	**(4,050)**
Housing Revenue Account Total	**0**	**953**	**953**
Net Revenue Expenditure	**0**	**(3,097)**	**(3,097)**

The outturn for the General Fund is a surplus of £4.050m which represents 6.23% of the council's gross expenditure.

Detailed information on how service areas performed against budget in 2023/24 is provided in the outturn report to Cabinet on 12 June 2024.

The significant variances are as follows:

- £2.8m underspend relates to a budgeted drawdown of reserves that wasn't required due to the improved budget position
- £1.950m of underspend results from the approval by Council, following professional advice, of a revised approach to the minimum revenue position calculation;
- £1.458m contributed by interest generated by the council's day to day cash investments, due to interest rates remaining high and relatively high cash balances, as capital expenditure has been lower;
- £0.568m of additional income has been generated by receipt of the Funding Guarantee allocations grant.
- £0.285m of underspend may be attributed to the New Burdens grant being higher than budgeted and vacant posts in the Revenues & Benefits team.
- £0.312m of additional IT costs have been incurred due to additional contract costs, supporting the implementation of new systems and increased translation costs.
- £0.280m of additional open spaces costs resulting from the net impact of increased income offset by higher operational costs

The General Fund underspend has been transferred to reserves with the intention that it will be used to support priority areas in 24/25 including the new Community Plan priorities. It will also be used to mitigate some specific risks such as those in relation to the insurance of the council's assets whilst refurbishment and enhancement work is undertaken. A budget risk reserve is also maintained to provide resilience against emerging pressures and delays in the delivery of savings and other unforeseen events.

The outturn position for the HRA is an overspend of £0.953m which represents 1.21% of the total expenditure budget.

Significant key variances are as follows:

- £2.198m underspend due to gas and oil costs being significantly lower than budgeted shortly prior to end of original contract.
- £1.965m additional costs arising from increased contract costs, a higher level of void works with increased asbestos surveys and related works, the backlog work contracts extending further into the year an increased level of electrical inspections;
- £0.268m of additional legal costs, largely arising from a higher volume of disrepair claims
- £0.586m of additional costs arising from decants and disrepair issues;
- £0.498m of additional rental income resulting from a lower void rate than budgeted for;
- £0.205m arising from higher than budgeted income from investments resulting from interest rates remaining high and higher balances due to the re-profiling of the capital programme;
- £0.438m of additional insurance costs due to market pressures in insurance sector, partially offset from increased service charge income of £0.140m;
- £0.588m generated from lower bad debt charges arising from a better than anticipated arrears position, due to the positive work of the income team.

Capital expenditure

Capital Programme	Budget (£000)	Provisional outturn (£000)	Provisional variance (£000)
General Fund	22,285	15,128	(7,157)
HRA	33,544	25,459	(8,085)
Total	**55,829**	**40,588**	**(15,241)**

2023/24 funding of the capital programme

Source of Funding	£000
Revenue Contribution (RCCO)	6,843
Major Repairs Reserve (MRR)	13,148
Retained right to buy Capital Receipts	4,335
Other Capital Receipts	1,266
Grants & Contributions	11,031
Community Infrastructure Levy	635
Section 106	121
Leaseholder Contributions	671
Borrowing	2,537
Funding of 2023/24 Capital Programme	**40,588**

During the 2023/24 financial year, there continued to be significant capital expenditure on Towns' Fund projects, including significant public realm works at Hay Hill (£2.7m), refurbishment works at The Halls (£0.6m), the acquisition of property through the revolving fund (£0.8m), and further investment in ACE Centre project at City College Norwich (£0.4m) and the Digital Hub (£0.1m). Additionally a significant number of disabled facilities and housing assistance grants were made (£2.1m).

The housing capital programme delivered upgrades to over 2,600 council homes, with investment of £14.2m, including heating upgrade works to over 240 properties, over 280 new kitchens, over 420 new bathrooms and over 100 replacement doors. Additionally, over 360 properties have benefitted from structural or roofing upgrades whilst over 50 properties receiving renewable energy installations or additional insulation.

During the year, 28 new homes were completed at the Three Score Phase 3 site in Bowthorpe, and work has continued on the remaining dwellings at Bowthorpe and development programmed at Argyle Street and Mile Cross.

Grants of right to buy receipts to registered providers totalling £0.412m have also enabled the development of further new affordable homes in the city.

8. 2023/24 Statement of Accounts

The Statement of Accounts sets out the financial performance of the Council for the year ended 31 March 2024 and its financial position at that date.

It comprises core and supplementary statements together with disclosure notes.

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

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

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

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

Expenditure and Funding Analysis

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

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

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

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

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

Comprehensive Income and Expenditure Statement (CIES)

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

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

Movement in Reserves Statement (MIRS)

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

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

Reserves are analysed into two categories: usable and unusable.

Usable reserves

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

Unusable reserves

- Derive from accounting adjustments.
- Cannot be spent.

Include: revaluation reserve and capital adjustment account

Balance Sheet

The balance sheet provides a snapshot of the council's position at a specific point in time; showing what it owns and owes as at 31 March 2024. It is very similar to other public sector or private sector balance sheets.

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

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

The council continues to maintain a strong balance sheet with net assets of £1,042.4m. With a current ratio (current assets/current liabilities) of 3.2:1, the Council is able to pay all its short-term liabilities with current assets and is holding cash and cash equivalents of £23.906m.

Cash flow statement

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

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

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

Housing revenue account (HRA)

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

Collection Fund

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

Business rates

In 2023/24, the Council received from the Collection Fund its share (£4.351m) of the historic surplus (£10.087m).
In 2023/24, the Collection Fund ended in £3.046m surplus, of which the Council's share is £1.218m. Due to timing differences, the difference between this amount and the estimated £0.573m figure in the NNDR 1 statutory return, which forms part of the 2024/25 budget, will only be returned to the General Fund in 2025/26.

Our fellow preceptors are Central Government and Norfolk County Council.

The City Council also belongs to a pan-Norfolk pool, which shares out resources from growth, the Council is waiting to hear what the outturn position is for 2023/24.

Council tax

In 2023/24, the end of year surplus for the Council Tax element of the Collection Fund is £2.303, of which the Council's share is £0.300m.

The Council's estimated share of the surplus, £0.065m, forms part of the 2024/25 budget. Similarly to business rates, the difference of £0.235m will return to the General Fund alongside any estimated surplus/deficit for 2024/25, as part of 2025/26 budget setting.

Our fellow preceptors are Norfolk County Council and Norfolk Constabulary.

Group financial statements

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

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

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

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

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

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

Norwich City Services Ltd (NCSL)

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

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

NSCL delivers environmental services and building repairs and maintenance services

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

Additional disclosures

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

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

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

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

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Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate of Chief Finance Officer

I certify that the Statement of Accounts presents a true and fair view of the financial position of Norwich City Council as at 31 March 2024 and its income and expenditure for the year then ended.

Signed: Date: 31 May 2024

NEVILLE MURTON

Neville Murton
Interim Chief Finance Officer (S.151)

Comprehensive Income and Expenditure Statement (CIES)

	Note	2023/24 Expenditure £'000	2023/24 Income £'000	2023/24 Net £'000	2022/23 Expenditure £'000	2022/23 Income £'000	2022/23 Net £'000
Chief Executive		356	(54)	302	328	(76)	252
Community Services		22,896	(9,613)	13,283	23,269	(9,386)	13,883
Corporate & Commercial Services		58,388	(43,847)	14,541	58,381	(43,664)	14,717
Corporate Financing		1,260	(354)	906	783	(878)	(95)
Development & City Services		31,425	(16,301)	15,124	27,519	(15,721)	11,798
Housing Revenue Account *		70,305	(74,742)	(4,437)	44,533	(69,806)	(25,273)
Cost of Services		**184,630**	**(144,911)**	**39,719**	**154,813**	**(139,531)**	**15,282**
Other Operating Expenditure	11			(1,463)			(2,975)
Financing and Investment Income and Expenditure	12			4,137			(2,276)
Taxation and non-specific grant income and expenditure	13			(31,646)			(28,843)
(Surplus) or Deficit on Provision of Services				**10,747**			**(18,812)**
Surplus on revaluation of non-current assets.	14			1,892			(59,856)
(Surplus)/deficit from investments in equity instruments designated FVOCIE	18			533			(267)
Actuarial (gains)/losses on pension assets/liabilities	40			(20,778)			(115,465)
Other Comprehensive Income and Expenditure				**(18,353)**			**(175,588)**
Expenditure				**(7,606)**			**(194,400)**

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

Movement in Reserves Statement

	General Fund Balance £'000	Earmarked General Fund Balance Reserves £'000	Housing Revenue Account £'000	Earmarked H.R.A. Balance Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2023	**(8,249)**	**(16,973)**	**(45,249)**	**(2,625)**	**(95,743)**	**(10,397)**	**(4,248)**	**(183,484)**	**(850,308)**	**(1,033,792)**
Movement in reserves during 2023/24										
Surplus/ (deficit) on provision of services	6,946	-	3,801	-	-	-	-	**10,747**	-	**10,747**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	(18,353)	**(18,353)**
Total Comprehensive Income & Expenditure	**6,946**	**-**	**3,801**	**-**	**-**	**-**	**-**	**10,747**	**(18,353)**	**(7,606)**
Adjustments between accounting basis & funding basis under regulations (note 9)	(11,396)	-	(703)	-	23,136	(3,596)	1,860	**9,301**	(9,301)	**-**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**(4,450)**	**-**	**3,098**	**-**	**23,136**	**(3,596)**	**1,860**	**20,048**	**(27,654)**	**(7,606)**
Transfers to/from Earmarked Reserves (note 10)	4,450	(4,450)	(935)	935	-	-	-	**-**	-	**-**
(Increase)/Decrease in 2023/24	**-**	**(4,450)**	**2,163**	**935**	**23,136**	**(3,596)**	**1,860**	**20,048**	**(27,654)**	**(7,606)**
Balance at 31 March 2024 carried forward	**(8,249)**	**(21,423)**	**(43,086)**	**(1,690)**	**(72,607)**	**(13,993)**	**(2,388)**	**(163,436)**	**(877,962)**	**(1,041,398)**

	General Fund Balance £'000	Earmarked General Fund Balance Reserves £'000	Housing Revenue Account £'000	Earmarked H.R.A. Balance Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2022	**(10,352)**	**(29,849)**	**(51,559)**	**(848)**	**(64,154)**	**(7,502)**	**(4,333)**	**(168,597)**	**(670,794)**	**(839,391)**
<u>Movement in reserves during 20222/23</u>										
Surplus/ (deficit) on provision of services	(740)	-	(18,070)	-	-	-	-	**(18,810)**	-	**(18,810)**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	(175,588)	**(175,588)**
Total Comprehensive Income & Expenditure	**(740)**	**-**	**(18,070)**	**-**	**-**	**-**	**-**	**(18,810)**	**(175,588)**	**(194,398)**
Adjustments between accounting basis & funding basis under regulations (note 9)	15,869	-	22,455	-	(31,587)	(2,893)	84	**3,928**	(3,928)	**-**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**15,129**	**-**	**4,385**	**-**	**(31,587)**	**(2,893)**	**84**	**(14,882)**	**(179,516)**	**(194,398)**
Transfers to/from Earmarked Reserves (note 10)	(13,026)	12,876	1,926	(1,776)	-	-	-	**-**	-	**-**
Other Adjustments	-	-	(1)	(1)	(2)	(2)	1	**(5)**	2	**(3)**
(Increase)/Decrease in 2022/23	**2,103**	**12,876**	**6,310**	**(1,777)**	**(31,589)**	**(2,895)**	**85**	**(14,887)**	**(179,514)**	**(194,401)**
Balance at 31 March 2023 carried forward	**(8,249)**	**(16,973)**	**(45,249)**	**(2,625)**	**(95,743)**	**(10,397)**	**(4,248)**	**(183,484)**	**(850,308)**	**(1,033,792)**

Balance Sheet

	Notes	31 March 2024	31 March 2023
		£'000	£'000
Property, Plant & Equipment	14	1,061,343	1,069,758
Heritage Assets	15	25,940	25,783
Investment Properties	16	93,217	99,223
Intangible Assets	17	2,302	1,958
Long term Investments	18	6,849	7,382
Long Term Debtors	19	9,200	9,247
Long Term Assets		**1,198,851**	**1,213,351**
Short Term Investments	18	67,353	45,336
Assets Held for Sale	21	216	-
Short term Debtors	19	24,665	17,817
Inventories	21	792	27
Cash and Cash Equivalents	20	23,906	86,783
Current Assets		**116,932**	**149,963**
Short Term Borrowing	18	(3,632)	(5,204)
Short Term Creditors	22	(30,673)	(47,676)
Provisions	23	(1,537)	(1,537)
Capital Grants Receipts in Advance Short Term	34	(130)	(4,763)
Revenue Grants Receipts in Advance Short Term	34	(597)	(966)
Current Liabilities		**(36,569)**	**(60,146)**
Long Term Creditors	22	(379)	(514)
Long term Borrowing	18	(204,590)	(207,511)
Other Long Term Liabilities	40	(20,905)	(44,450)
Provisions	23	(1,824)	(2,233)
Capital Grants Receipts in Advance Long Term	34	(10,119)	(14,669)
Long Term Liabilities		**(237,817)**	**(269,377)**
Net Assets		**1,041,397**	**1,033,791**
Usable Reserves	24	(163,435)	(183,483)
Unusable Reserves	25	(877,962)	(850,308)
Total Reserves		**(1,041,397)**	**(1,033,791)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

Signed: Date: 31 May 2024

NEVILLE MURTON

Neville Murton
Interim Chief Finance Officer (S.151)

Cash Flow Statement

	Note	2023/24 £'000	2022/23 £'000
Net surplus or (deficit) on provision of services		(10,747)	18,812
Adjustments to net surplus or deficit on provision of services for non-cash movements		10,998	33,699
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(18,513)	(49,679)
Net cash flows from Operating Activities	26	**(18,262)**	**2,832**
Investing Activities	27	(42,047)	27,759
Financing Activities	28	(2,568)	(51,132)
Net Increase or (decrease) in cash and cash equivalents		**(62,877)**	**(20,541)**
Cash and cash equivalents at 1 April		86,784	107,326
Cash and cash equivalents at 31 March	20	**23,907**	**86,785**

Notes to the Accounts

1. Accounting Policies

Going Concern

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

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

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015.These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

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

Accruals of Income & Expenditure

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

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

Cash & Cash Equivalents

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

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

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

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

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

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

The council prepared the cash flow statement using the indirect method in 2022/23. There are no changes to accounting policies in 2023/24.

Charges to Revenue for Non-Current Assets

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

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

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

Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

Post-Employment Benefits

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

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

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

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

Discretionary Benefits

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

Events after the Balance Sheet Date

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

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

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

Financial Instruments

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

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

Financial Liabilities

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

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

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

Financial Assets

There are three main classes of financial assets measured at:

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

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

Expected Credit Loss Model

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

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income

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

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

Exceptional Items

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

Government Grants & Contributions

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

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

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

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

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

Community Infrastructure Levy

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

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

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

Investment Property

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

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

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

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

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

Intangible Assets

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

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

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

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

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

Interest in Companies and Other Entities

Local authorities are required to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. In order to assess whether the Council has interests relevant to group accounts, consideration has been given to involvement with companies, partnerships, voluntary organisations, and other public bodies to determine whether

- the Council has a formal interest in a body which gives it access to economic benefits or service potential and that the body is an identifiable entity carrying on a trade or business of its own.

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

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

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

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

The position is reviewed and updated on an annual basis.

The Council has gone through a process in line with the Code guidance flowcharts and concluded Group Accounts are required in 2023/24. Further detail on the Group boundary judgement is included in the relevant notes and the Group Financial statements.

Leases

The Council as Lessee

Finance Leases

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

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

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

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

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

Operating Leases

All other leases are treated as operating leases.

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

The Council as Lessor

Finance Leases

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

Operating Leases

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

Overheads & Support Services

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

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

Fair Value Measurement

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

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

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

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

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

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

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

Property Plant and Equipment

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

Recognition

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

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

Componentisation

The 2023/24 CIPFA Code of Practice on Local Authority Accounting states that each part of an item of Property, Plant and Equipment (PP&E) with a cost that is significant in relation to the total cost of the item shall be depreciated separately, applied from 1 April 2010 onwards. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In adopting the Code, the Authority has developed the following Componentisation Policy using the approach set out in LAAP bulletin 86:

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

This policy excludes land assets which are already identified separately.

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals & Assets Held for Sale

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

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

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

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

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

<u>Provisions</u>

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

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

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

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

<u>Contingent Liabilities</u>

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

<u>Contingent Assets</u>

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

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

Reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

VAT

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

The Collection Fund

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

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

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

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

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

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

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

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

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

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

a) IFRS16 Leases. This is due to be implemented for the 2024/25 financial year for the Council (who decided not to implement voluntarily din the 2023/24 financial year), but NCSL has already adopted this (2021/22).

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

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

c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

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

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

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

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

3. Critical Judgements in Applying Accounting Policies

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

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

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

Property, Plant and Equipment

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

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

The significant assumptions applied in estimating the fair values are:

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

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

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

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

Investment Properties

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

Post Retirement Benefits

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

Group Boundaries

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

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

Lion Homes (Norwich) Limited (LHL)	Subsidiary	Consolidated
Norwich City Services Limited (NCSL)	Subsidiary	Consolidated
Three Score Open Space Management Limited	Subsidiary	Not Material
Norwich City New Co Ltd	Subsidiary	Not Material
NPS Norwich Ltd (NPSN)	Associate to 26 January 2024	
Norwich Norse (Environmental) Limited (NNEL)	Associate to 26 January 2024	
Norwich Norse (Building) Limited (NNBL)	Associate to 26 January 2024	

Due to the material levels of transactions going through Lion Homes (Norwich) Limited (LHL) and Norwich City Services Limited (NCSL) in 2023/24, consolidated group accounts have been prepared. As subsidiaries the accounts of both LHL and NCSL have been consolidated with those of the Council on a line-by-line basis, and any balances and transactions between parties have been eliminated in full.

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

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

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

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Business Rates	Since the introduction of the Business Rates retention Scheme in April 2013, Local Authorities are liable for successful appeals against business rates charged to business in 2023-24 and earlier financial years in their proportionate share. As at the 31 March 2024, there were no outstanding appeals relating to the 2010 rating list. Following the 2017 revaluation, a new check, challenge and appeal process was introduced by the Valuation Office Agency; the impact of which remains highly uncertain. As at 31 March 2024, 83 challenges are outstanding. A provision has been made for the estimated success of future appeals from the 2017 list of £0.92m. Following the 2023 revaluation a further check, challenge and appeal process is in place. As at 31 March 54 checks and 70 challenges remail outstanding. A provision has been made for the estimated success of future appeals from this list of £2.40m which equates to 3.3% of the annual net rates payable adjusted for potential loss of reliefs.	Should the outstanding appeals be successful, the amount owed to businesses may be more than estimated, in which case the proportionate share of this would require an increase to the provision. However there may be appeals that are not successful or they may be successful but the amount owed to businesses be less than estimated, which would result in a reduction in the appeals provision. A 1% increase in the coverage of net rates for the 2023 list would increase the provision by £0.730m.
Property, Plant and Equipment (excluding Housing Stock) £190.7m	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for assets would increase by £0.397m for every year that useful lives had to be reduced.
Property, Plant and Equipment (excluding Housing Stock) £190.7m	Apart from infrastructure, community and assets under construction, the basis of value for all assets is Current Value. Current value may be either the Existing Use Value, Depreciated replacement Cost or Fair Value depending on the property type and classification. Of the balance £34.802m (18%) of assets are held at depreciated replacement cost (DRC). This method is used where there is no established property market which would enable a reliable valuation by any other method.	Property values are affected by a number of factors and a 1% change in the assumed valuation of other land and buildings and surplus assets totalling £150.4m would equate to £1.50m.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Liability £20.75m (reduced to £10.81m once prepayment of deficit included)	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The actuaries allowed for the impact of full GMP indexation in the latest funding valuation results. The Employer's valuation results position is used as the starting point for the accounting roll forward calculations and therefore an allowance for full GMP indexation was included within the closing balance sheet position of last year's Accounting Date. Other recent court cases have been considered but no further adjustments made this year for their impact.	The sensitivities resulting in an impact on the Council's finances are disclosed in Note 40.
Arrears	At 31 March 2024, the Council had a balance of sundry debtors of £5.7m. A review of significant balances suggested that an impairment of doubtful debts ranging from 10% to 100% was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, an increase in the amount of the impairment for doubtful debt would be required.
Housing Stock £870.6m	The housing stock is not individually componentised, for valuation purposes a beacon approach is used with the assumption that the beacon property is fully upgraded. Each property in that beacon is then reduced by percentages for each component that is not upgraded.	The percentages used to reduce the value may not reflect the true depreciated value of the individual components. The valuation of housing stock may be under or overstated Property values are affected by a number of factors - a 1% change in the assumed valuation would equate to £8.706m.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Housing Stock £870.6m	The housing stock is not individually componentised, for depreciation purposes council dwellings have their individual components identified as to date of upgrade and using the asset life as advised by the council's valuers, the depreciation associated with each properties components is calculated.	The use of standard lives to calculate components and assumption of full depreciation on components not upgraded may not be valid. The depreciation of council dwellings may be under or overstated The depreciation charge is £16.2m. It is estimated that the annual depreciation charge for assets would increase by £0.389m for every year that useful lives had to be reduced.
Fair value measurement of investment property	The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available. Further information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in Note 16.	The total value of investment properties £93.217m. Of this £78.922m (85%) is a Level 2 valuation and £14.295m (15%) Level 3 valuation Level 3 valuations use significant unobservable inputs to determine the fair value measurements. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for investment properties and financial assets A 1% change in the assumed valuation of investment property would equate to £0.93m

5. Material Items of Income and Expense

During 2023/24 LHL did not repay any of its loans or equity so balances remained at £6.15m and £0.45m (2022/23: £6.15m and £0.45m), with no new loans being made (2022/23: no new loans made), leaving a net loan balance of £2.9m after provision for a £3.25m impairment.

During 2023/24 new loans of £0.50m were made by the Council to NCSL with repayments of existing loans of £0.04m (2022/23: no new loans, repayments of £0.04m). No additional equity was purchased in NCSL by the Council (2022/23: no equity purchased).

6. Events after the Reporting Date

The statement of accounts were authorised for issue by the Interim Chief Finance Officer (S.151) on 31 May 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Expenditure and Funding Analysis

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Chief Executive	315	(13)	302
Community Services	13,930	(647)	13,283
Corporate & Commercial Services	9,254	5,287	14,541
Corporate Financing	51	855	906
Development & City Services	10,681	4,443	15,124
Housing Revenue Account	(7,267)	2,830	(4,437)
Net Cost of Services	**26,964**	**12,755**	**39,719**
Other income & expenditure	230	(1,693)	(1,463)
Financing and Investment Income	(7,135)	11,272	4,137
Taxation and non-specific grant income	(21,412)	(10,234)	(31,646)
(Surplus) or deficit	**(1,353)**	**12,100**	**10,747**
Opening General Fund and HRA balance at 31 March 2023	(53,498)		
Net (Surplus) / Deficit on General Fund and HRA balance in year	(1,353)		
Transfer to/(from) earmarked reserves	3,515		
Closing General Fund and HRA balance at 31 March 2024	**(51,336)**		

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2023	**(8,249)**	**(45,249)**	**(53,498)**
Net (Surplus)/Deficit on General Fund and HRA balance in year	(4,450)	3,098	(1,352)
Transfer to/(from) earmarked reserves	4,450	(935)	3,515
In year movement in reserves	**0**	**2,163**	**2,163**
Closing General Fund and HRA balance at 31 March 2024	**(8,249)**	**(43,086)**	**(51,335)**

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

Expenditure Funding Analysis 2022/23

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Chief Executive	182	70	252
Community Services	10,898	2,985	13,883
Corporate & Commercial Services	12,537	2,180	14,717
Corporate Financing	(784)	689	(95)
Development & City Services	22,896	(11,098)	11,798
Housing Revenue Account	(18,724)	(6,549)	(25,273)
Net Cost of Services	**27,005**	**(11,723)**	**15,282**
Other income & expenditure	(2,868)	(107)	(2,975)
Financing and Investment Income	1,949	(4,225)	(2,276)
Taxation and non-specific grant income	(6,675)	(22,168)	(28,843)
(Surplus) or deficit	**19,411**	**(38,223)**	**(18,812)**
Opening General Fund and HRA balance at 31 March 2022	(61,911)		
Net (Surplus) / Deficit on General Fund and HRA balance in year	19,514		
Transfer to/(from) earmarked reserves	(11,100)		
Closing General Fund and HRA balance at 31 March 2023	**(53,497)**		

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2022	**(10,352)**	**(51,559)**	**(61,911)**
Net (Surplus)/Deficit on General Fund and HRA balance in year	15,129	4,385	19,514
Transfer to/(from) earmarked reserves	(13,026)	1,926	(11,100)
In year movement in reserves	**2,103**	**6,311**	**8,414**
Closing General Fund and HRA balance at 31 March 2023	**(8,249)**	**(45,248)**	**(53,497)**

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

8. Income and Expenditure by Nature

	2023/24 Surplus / Deficit on the Provision of Services £'000	2022/23 Surplus / Deficit on the Provision of Services £'000
Employee benefits expenses	40,985	45,030
Other service expenses	72,188	74,559
Interest payments	7,083	10,936
Depreciation, amortisation, impairment etc.	39,276	3,981
Payments to Housing Capital Receipts Pool	-	-
Housing Benefit Expenditure	42,875	42,682
Non-Domestic rates tariff	24,683	26,825
Total Expenditure	**227,090**	**204,013**
Fees, charges and other service income	(105,141)	(99,276)
Interest and investment income	(6,480)	(6,288)
Council Tax and Non-Domestic Rate income	(36,174)	(38,502)
Grants and Contributions	(26,593)	(34,986)
Housing Benefit contributions and allowances	(40,261)	(39,778)
Gains on the disposal of assets	(1,693)	(3,995)
Total income	**(216,342)**	**(222,825)**
Net Cost of Services	**10,748**	**(18,812)**

Income received on a segmental basis is analysed below:

	2023/24 £'000	2022/23 £'000
Revenue from External customers	(105,141)	(99,276)
Other Income	(111,201)	(123,549)
Total Income	**(216,342)**	**(222,825)**

9. Adjustments between Accounting Basis and Funding Basis under regulations

2023/24	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non-current assets	(6,555)	(27,189)	-	-	-	**(33,744)**	**33,744**
Revaluation gains / (Losses) on Property, Plant and Equipment	-	-	-	-	-	**-**	**-**
Movement in Market Value of Investment Properties	(5,896)	-	-	-	-	**(5,896)**	**5,896**
Capital Grants and Contributions Applied	9,974	1,117	-	-	-	**11,091**	**(11,091)**
Revenue expenditure funded from capital under statute	(6,253)	(412)	-	-	-	**(6,665)**	**6,665**
Amounts of non-current assets written off on disposal or sale as part of a gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(237)	(5,609)	-	-	-	**(5,846)**	**5,846**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	(733)	128	-	-	-	**(605)**	**605**
Capital expenditure charged against the General Fund and HRA balances	-	6,843	-	-	-	**6,843**	**(6,843)**
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(492)	-	-	-	492	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	1,368	**1,368**	**(1,368)**
Adjustments involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	485	7,054	(7,539)	-	-	**-**	**-**
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	30,600	-	-	**30,600**	**(30,600)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(9)	(108)	117	-	-	**-**	**-**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	-	-	-	-	-	**-**	**-**
Transfers from Deferred Capital Receipts reserve	-	-	-	-	-	**-**	**-**

Continued below

2023/24 (continued)	**General Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied**	**Movement in Usable Reserves**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	**-**	**-**
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(42)	-	-	**(42)**	**42**
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	16,744	-	(16,744)	-	**-**	**-**
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	13,148	-	**13,148**	**(13,148)**
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(34)	-	-	-	-	**(34)**	**34**
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,183)	(1,851)	-	-	-	**(7,034)**	**7,034**
Employer's pension contributions and direct payments to pensioners payable in the year	7,157	2,652	-	-	-	**9,809**	**(9,809)**
Adjustments involving the Collection Fund Adjustment Account							
Amount by which Council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	(3,577)	-	-	-	-	**(3,577)**	**3,577**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	(43)	(72)	-	-	-	**(115)**	**115**
Total Adjustments	**(11,396)**	**(703)**	**23,136**	**(3,596)**	**1,860**	**9,301**	**(9,301)**

2022/23 comparative figures	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non-current assets	(3,901)	(21,721)	-	-	-	**(25,622)**	**25,622**
Revaluation gains / (Losses) on Property, Plant and Equipment	458	16,209	-	-	-	**16,667**	**(16,667)**
Movement in Market Value of Investment Properties	5,062	-	-	-	-	**5,062**	**(5,062)**
Capital Grants and Contributions Applied	6,298	1,973	-	-	-	**8,271**	**(8,271)**
Movement in Donated Assets Account	-	-	-	-	-	**-**	**-**
Revenue expenditure funded from capital under statute	(5,811)	(311)	-	-	-	**(6,122)**	**6,122**
Amounts of non-current assets written off on disposal or sale as part of a gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(26,130)	(9,802)	-	-	-	**(35,932)**	**35,932**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	1,208	121	-	-	-	**1,329**	**(1,329)**
Capital expenditure charged against the General Fund and HRA balances	826	7,494	-	-	-	**8,320**	**(8,320)**
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,476	483	-	-	(1,959)	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	2,043	**2,043**	**(2,043)**
Adjustments involving the Capital Receipts Reserve:							
of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	26,441	12,764	(39,205)	-	-	**-**	**-**
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	7,013	-	-	**7,013**	**(7,013)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(451)	(192)	642	-	-	**(1)**	**1**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	-	-	-	-	-	**-**	**-**

Continued below

2022/23 comparative figures (continued)	**General Fund Balance £'000**	**Housing Revenue Account £'000**	**Capital Receipts Reserve £'000**	**Major Repairs Reserve £'000**	**Capital Grants Unapplied £'000**	**Movement in Usable Reserves £'000**	**Movement in Unusable Reserves £'000**
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	247	-	-	-	-	**247**	**(247)**
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	-	-	-	**-**	**-**
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	16,472	-	(16,472)	-	**-**	**-**
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	13,579	-	**13,579**	**(13,579)**
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(34)	-	-	-	-	**(34)**	**34**
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(12,033)	(2,844)	-	-	-	**(14,877)**	**14,877**
Employer's pension contributions and direct payments to pensioners payable in the year	7,959	1,856	-	-	-	**9,815**	**(9,815)**
Adjustments involving the Collection Fund Adjustment Account							
Amount by which Council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	14,494	-	-	-	-	**14,494**	**(14,494)**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	(241)	(47)	-	-	-	**(288)**	**288**
Total Adjustments	**15,868**	**22,455**	**(31,588)**	**(2,893)**	**84**	**3,926**	**(3,926)**

10. Earmarked Reserves

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

General Fund & HRA Insurance Reserves

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

An evaluation of the balance on the Insurance Reserve has been undertaken. The amount set aside to cover the uninsured risks at 31 March 2024 is based on the assessed liability and has been apportioned between the General Fund and HRA. Included within this balance is an amount to cover potential liabilities following the trigger of the Municipal Mutual Insurance Limited (MMI) Scheme of Arrangement.

Mousehold Conservators Reserve

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

Revenue Grants Unapplied Reserves

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

S31 Earmarked Reserve

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

Commercial Property Reserve

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

Lion Homes (Norwich) Limited Reserve

The Council has a commercial loan of £6.15m (2022/23 £6.15m) with its wholly-owned subsidiary Lion Homes (Norwich) Limited (LHL). The company is using the loan to finance its house building at the Three Score site and the Council receives an income stream through the loan interest payments.

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

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

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

Budget Risk Reserve
This reserve will be used to manage the financial risks associated with both the future impacts of the pandemic and the delivery of the 2024/25 budget savings identified.

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

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

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

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

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

HRA Compliance Reserve
This reserve was established in 2022/23 and was fully applied in 2023/24 to fund specific compliance work on HRA properties.

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

	Balance at 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 31 March 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance at 31 March 2024 £'000
Earmarked Reserves							
Insurance Reserve	(1,133)	932	(110)	(311)	-	-	**(311)**
Mousehold Conservators Reserve	(37)	6	(10)	(41)	17	(11)	**(35)**
Revenue Grants Unapplied Reserve GF	(4,477)	1,538	(922)	(3,861)	356	(370)	**(3,875)**
S31 Earmarked Reserve	(11,645)	11,016	-	(629)	-	-	**(629)**
Commercial Property Earmarked Reserve	(2,490)	449	-	(2,041)	617	(292)	**(1,716)**
Lion Homes (Norwich) Ltd Reserve	(2,700)	1,000	-	(1,700)	-	(1,300)	**(3,000)**
Elections Earmarked Reserve	(113)	-	-	(113)	-	-	**(113)**
General Fund Repairs Reserve	(600)	71	-	(529)	-	-	**(529)**
Budget Risk Reserve	(2,391)	591	-	(1,800)	-	(3,959)	**(5,759)**
Business Change Reserve	(1,577)	924	(3,525)	(4,178)	1,255	-	**(2,923)**
Business Rates Pool Reserve	(675)	-	565	(110)	-	-	**(110)**
General Fund Invest to Save Reserve	(2,011)	-	351	(1,660)	-	(150)	**(1,810)**
Neighbourhood CIL Reserve	-	-	-	-	420	(1,033)	**(613)**
HRA Invest to Save Reserve	(841)	137	-	(704)	223	-	**(481)**
HRA Tenancy & Estate Management System	(7)	-	-	(7)	-	-	**(7)**
HRA Insurance Reserve	-	-	(202)	(202)	-	-	**(202)**
HRA Compliance Reserve	-	-	(713)	(713)	713	-	**-**
HRA Transformation Reserve	-	-	(1,000)	(1,000)	-	-	**(1,000)**
Total	**(30,697)**	**16,664**	**(5,566)**	**(19,599)**	**3,601**	**(7,115)**	**(23,113)**

11. Other Operating Expenditure

	2023/24 £'000	2022/23 £'000
Payments to the Government Housing Capital Receipts Pool	-	-
(Gains)/Losses on the disposal of non-current assets	(1,470)	(2,982)
Levies	7	7
Total	**(1,463)**	**(2,975)**

12. Financing and Investment Income and Expenditure

	2023/24 £'000	2022/23 £'000
Interest payable and similar charges	7,083	8,869
(Gains)/Losses on the disposal of investment property	(205)	(515)
Pension interest cost and expected return on pension assets	1,765	4,259
Interest Receivable and similar income	(6,480)	(4,221)
Income and expenditure in relation to investment properties and changes in their fair value	1,838	(10,809)
Other investment income	(43)	(38)
Impairment losses	-	-
Impairment of Soft Loans	179	179
Total	**4,137**	**(2,276)**

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

13. Taxation and Non-Specific Grant Income

	2023/24 £'000	2022/23 £'000
Council tax income	(11,209)	(10,701)
Non domestic rates income and expenditure	(25,107)	(27,801)
Non-ring fenced government grants	(9,103)	(8,445)
Capital grants and contributions	(11,052)	(8,722)
Business Rates - Tariff & Levy	24,427	26,826
Business Rates - Norfolk Pool	398	-
Total	**(31,646)**	**(28,843)**

14. Property Plant and Equipment

Movements in 2023/24	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At 1 April 2023	**902,950**	**156,814**	**12,831**	**2,835**	**13,379**	**-**	**16,281**	**1,105,090**
Additions	13,690	2,855	704	5	604	-	14,273	**32,131**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(20,544)	4,594	-	-	-	-	-	**(15,950)**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(9,969)	(2,441)	-	-	-	-	-	**(12,410)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	19	1,072	-	-	-	-	-	**1,091**
Derecognition – Disposals	(4,333)	-	(196)	-	-	-	-	**(4,529)**
Derecognition - Other	(381)	-	-	-	-	-	-	**(381)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(895)	(220)	-	-	-	-	-	**(1,115)**
Other Movements in Cost or Valuation	8,779	83	(27)	-	(50)	-	(8,785)	**-**
At 31 March 2024	**889,316**	**162,757**	**13,312**	**2,840**	**13,933**	**-**	**21,769**	**1,103,927**
Accumulated Depreciation & Impairment								
At 1 April 2023	(15,359)	(9,324)	(9,145)	(1,504)	-	-	-	**(35,332)**
Depreciation charge	(16,201)	(2,887)	(1,043)	(80)	-	-	-	**(20,211)**
Depreciation written out to the Surplus/Deficit on Provision of Services	4,305	210	-	-	-	-	-	**4,515**
Depreciation write-back on revaluation to Revaluation Reserve	11,896	1,643	-	-	-	-	-	**13,539**
Impairment losses / (reversals) recognised in CIES	(3,361)	(2,299)	-	-	-	-	-	**(5,660)**
Impairment losses / (reversals) recognised in RR	40	329	-	-	-	-	-	**369**
Derecognition – Disposals	-	-	196	-	-	-	-	**196**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2024	(18,680)	(12,328)	(9,992)	(1,584)	-	-	-	**(42,584)**
Net Book Value								
At 31 March 2024	**870,636**	**150,429**	**3,320**	**1,256**	**13,933**	**-**	**21,769**	**1,061,343**
At 31 March 2023	887,591	147,490	3,686	1,331	13,379	0	16,281	1,069,758

Comparative Movements in 2022/23	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2022	855,676	145,820	12,769	2,791	12,956	-	5,103	**1,035,115**
Additions	13,952	2,749	305	44	417	-	14,334	**31,801**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	32,127	9,910	-	-	-	-	-	**42,037**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(456)	(4,720)	-	-	-	-	-	**(5,176)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	10,479	1,025	-	-	-	-	-	**11,504**
Derecognition – Disposals	(9,107)	-	(237)	-	-	-	-	**(9,344)**
Derecognition - Other	(460)	-	-	-	-	-	-	**(460)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	-	-	-	-	-	-	-	**-**
Other Movements in Cost or Valuation	739	2,031	(6)	-	6	-	(3,156)	**(386)**
At 31 March 2023	**902,950**	**156,815**	**12,831**	**2,835**	**13,379**	**-**	**16,281**	**1,105,091**
Accumulated Depreciation & Impairment								
At 1 April 2022	(12,007)	(17,547)	(8,300)	(1,425)	-	-	-	**(39,279)**
Depreciation charge	(15,920)	(2,613)	(1,082)	(79)	-	-	-	**(19,694)**
Depreciation written out to the Surplus/Deficit on Provision of Services	6,023	2,735	-	-	-	-	-	**8,758**
Depreciation write-back on revaluation to Revaluation Reserve	9,897	6,963	-	-	-	-	-	**16,860**
Impairment losses / (reversals) recognised in CIES	(3,352)	7	-	-	-	-	-	**(3,345)**
Impairment losses / (reversals) recognised in RR	-	1,130	-	-	-	-	-	**1,130**
Derecognition – Disposals	-	-	237	-	-	-	-	**237**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2023	**(15,359)**	**(9,325)**	**(9,145)**	**(1,504)**	**-**	**-**	**-**	**(35,333)**
Net Book Value								
At 31 March 2023	**887,591**	**147,490**	**3,686**	**1,331**	**13,379**	**-**	**16,281**	**1,069,758**
At 31 March 2022	843,669	128,273	4,469	1,366	12,956	-	5,103	**995,836**

Valuations

The Council operates a 5-year rolling programme of revaluations in relation to land and buildings except for revaluation of Housing Revenue Account Assets which is carried out on an annual basis. The assets are valued by our external valuers NPS Property Consultants Ltd.

Current year valuations were carried out by:
Liz Macdonald MRICS (NPS)
Grant Brewer MRICS (NPS)
Paul Warren (under the supervision of Liz Macdonald MRICS, NPS)
Jed Snell (under the supervision of Grant Brewer MRICS, NPS)

HRA Dwellings

The date of valuation is 31 March 2024.

The valuers undertook a full desktop revaluation at 31 March 2024. The valuations were undertaken in accordance with the Stock Valuation for Resource Accounting Guidance for Valuers 2016 and the RICS Valuation – Global Standards as published by the Royal Institution of Chartered Surveyors.

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

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

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

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

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

The valuations are made on the following assumptions:

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

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

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

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

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

HRA Non-Dwellings

The date of valuation is 31 March 2024.

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

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

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

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

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

General Fund Assets

The date of valuation is 1st December 2023.

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

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

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

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

VALUATION CYCLE	Council dwellings	Other Land & Buildings	Community assets	Infrastructure	Vehicles, Plant, & Equipment	AUC	Surplus properties	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued at historical cost			13,933	1,256	3,320	21,769	-	**40,278**
Valued at current value								**-**
2023-24	870,636	76,233						**946,869**
2022-23		69,549						**69,549**
2021-22		1,213						**1,213**
2020-21		1,324						**1,324**
2019-20		2,110						**2,110**
Total	**870,636**	**150,429**	**13,933**	**1,256**	**3,320**	**21,769**	**-**	**1,061,343**

15. Heritage Assets

Museums collections

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

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

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

Heritage Buildings

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

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

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

Civic Plate & Regalia

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

Paintings

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

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

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

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

	Civic Plate & Regalia	Paintings	Sculptures & Bronzes	Statues, Fountain etc	Buildings	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation						
1st April 2022	8,077	4,675	6,930	2,457	3,457	**25,596**
Additions	-	-	-	-	36	**36**
Disposals	-	-	-	-	-	**-**
Revaluations	-	-	150	-	-	**150**
31st March 2023	**8,077**	**4,675**	**7,080**	**2,457**	**3,493**	**25,782**
Valuation						
1st April 2023	8,077	4,675	7,080	2,457	3,493	**25,782**
Additions	-	-	-	-	33	**33**
Disposals	-	-	-	-	-	**-**
Revaluations	-	-	-	125	-	**125**
31st March 2024	**8,077**	**4,675**	**7,080**	**2,582**	**3,526**	**25,940**

Valuations

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

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

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

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

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

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

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

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

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

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

16. Investment Properties

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

	2023/24 £'000	2022/23 £'000
Rental income from investment property	(6,947)	(7,469)
Direct operating expenses arising from investment property	2,889	1,722
Net (gains)/losses from fair value adjustments	5,896	(5,062)
Total	**1,838**	**(10,809)**

	2023/24 £'000	2022/23 £'000
Balance at start of the year	99,223	119,445
Additions	97	217
Disposals	(207)	(25,888)
Net gains / (losses) from fair value adjustments	(5,896)	5,062
Transfers (to) / from Property, Plant & Equipment	-	387
Balance at end of year	**93,217**	**99,223**

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

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

Investment Property Fair Value Hierarchy

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

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

Investment Property Fair Value Hierarchy
Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2023

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

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

			2023/24			
Investment Properties Level 2	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	**41,022**	**13,499**	**24,318**	**1,926**	**3,605**	**84,370**
Reclassification to/from PPE	**-**	-	-	-	-	**-**
Transfer between disclosure category	**-**	-	-	-	-	**-**
Transfers into Level 2	**-**	-	-	-	-	**-**
Transfers out of Level 2	**-**	-	-	-	-	**-**
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	257	(2,985)	(2,821)	116	(30)	**(5,463)**
Additions	-	45	5	-	10	**60**
Disposals	-	-	-	-	(44)	**(44)**
Balance at end of year	**41,279**	**10,559**	**21,502**	**2,042**	**3,541**	**78,923**

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

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

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

	2023/24					
Investment Properties Level 3	**Industrial £'000**	**Offices £'000**	**Other £'000**	**Residential £'000**	**Retail £'000**	**Total £'000**
Opening balance	**3,335**	**4,019**	**5,799**	**-**	**1,699**	**14,852**
Transfer between disclosure category	-	-	-	-	-	**-**
Transfers into Level 3	-	-	-	-	-	**-**
Transfers out of Level 3	-	-	-	-	-	**-**
Total gains or (losses) for the period included in surplus or deficit on the provision of services resulting from changes in the fair value	978	(808)	(550)	-	(53)	**(433)**
Additions	7	31	-	-	-	**38**
Disposals	(80)	-	-	-	(83)	**(163)**
Balance at end of year	**4,240**	**3,242**	**5,249**	**-**	**1,563**	**14,295**

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

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

The transfers into level 3 followed reassessment by the valuers.

Valuation process for Investment Properties

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

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

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

17. Intangible Assets

	2023/24 £'000	2022/23 £'000
Balance at the start of the year		
Net carrying amount	1,959	1,464
· Additions	870	945
Amortisation for the period	(527)	(450)
Net Carrying amounts at the end of the year	**2,302**	**1,959**
Comprising:		
· Gross carrying amount	4,053	3,183
· Accumulated amortisation	(1,751)	(1,224)
	2,302	**1,959**

18. Financial Instruments

Financial Assets

	31 March 2024 Book Value £'000	31 March 2024 Fair Value £'000	31 March 2023 Book Value £'000	31 March 2023 Fair Value £'000
Investments - Amortised Cost	3,894	3,894	3,894	3,894
Investments - FVOCI	2,955	2,955	3,488	3,488
Debtors - Amortised Cost	8,700	8,700	11,684	11,684
Assets not defined as financial liabilities	500	500	(2,437)	(2,437)
Long term Assets	**16,049**	**16,049**	**16,629**	**16,629**
Investments - Amortised Cost	71,000	72,364	105,000	106,544
Callable cash - amortised cash	10,000	10,050	10,000	10,028
Bank deposits < 3 months - Amortised Cost	1,923	1,929	4,633	4,634
MMF - Amortised Cost	6,300	6,343	12,000	12,040
Cash - Amortised Cost	573	573	498	498
Debtors - Amortised Cost	8,425	8,425	9,998	9,998
Assets not defined as financial liabilities	17,703	17,703	5,802	5,802
Other financial assets at amortised cost	**115,924**	**117,387**	**147,931**	**149,544**
Total Financial Assets	**131,973**	**133,436**	**164,560**	**166,173**

Financial Liabilities

	31 March 2024 Book Value £'000	31 March 2024 Fair Value £'000	31 March 2023 Book Value £'000	31 March 2023 Fair Value £'000
Short Term Creditors - Amortised Cost	(11,318)	(11,318)	(15,137)	(15,137)
Public Works Loan Board - Amortised Cost	(2,500)	(2,537)	(4,000)	(4,118)
Finance Lease - Amortised cost	(128)	(128)	(121)	(121)
Other borrowing	(168)	(168)	(116)	(116)
Liabilities not defined as financial liabilities	(20,191)	(20,191)	(32,365)	(32,365)
Short Term Financial liabilities at amortised cost	**(34,305)**	**(34,342)**	**(51,739)**	**(51,857)**
Public Works Loan Board - Amortised Cost	(199,148)	(159,163)	(201,648)	(167,280)
Other borrowing	(5,133)	(4,996)	(5,968)	(6,085)
Creditors - Amortised cost	(296)	(296)	(431)	(432)
Liabilities not defined as financial liabilities	(392)	(392)	(82)	(1,926)
Long Term Liabilities at amortised cost	**(204,969)**	**(164,847)**	**(208,129)**	**(175,723)**
Total Financial Liabilities	**(239,274)**	**(199,189)**	**(259,867)**	**(227,579)**

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

As at 31 March 2024 the Council held £6.3m in Money Market Funds (shown within the comparative short term investments). At the inception of the investments, the purpose was solely to collect the repayment of interest and principal. The business model for the Money Market Funds is therefore not based on any other objective of generating profit. The investments have therefore been held at amortised cost.

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

Soft Loans

The Council has made a number of loans to residents in respect of decent home loans and home improvement loans at less than market rates (soft loans). There are a number of small loans making up the balance owing of £2.331m.

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

Decent Homes Loans

	31/03/2024	31/03/2023
	£'000	**£'000**
Opening Balance	**562**	**545**
Fair value Adjustments	(7)	55
Loans Repaid	(43)	(38)
Balance Carried Forward	**512**	**562**
Nominal Value carried forward	**2,331**	**2,374**

The home improvement loans carrying value after fair value adjustments (minus £43K) total £194k.

Valuation Assumptions

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

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

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

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

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

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

	Nominal	Fair Value	Change in fair value during 2023/24	Dividends
	£'000	**£'000**	**£'000**	**£'000**
Legislator 1656 Ltd shares	-	2,955	(533)	-
Legislator 1657 Ltd shares	-	-	-	-
Municipal Bonds Agency shares	100	100	-	-
	100	**3,055**	**(533)**	**-**

Items of income, expense, gains or losses

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

	2023/24		2022/23	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
Net gains/losses on:				
financial assets measured at amortised cost	-	533	-	(267)
investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-
financial liabilities measured at amortised cost	-	-	-	-
Total net gains/losses	**-**	**533**	**-**	**(267)**
Interest revenue:				
financial assets measured at amortised cost	(6,480)	-	(4,221)	-
Total interest revenue	**(6,480)**	**-**	**(4,221)**	**-**
Interest expense:				
financial liabilities measured at amortised cost	7,083	-	8,869	-
Total interest expense	**7,083**	**-**	**8,869**	**-**

Fair Value of Financial Assets

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

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31-Mar-24	31-Mar-23
Fair Value through Other Comprehensive Income				
Legislator 1656 Ltd shares*	Level 3	Market approach – adjusted net assets	2,955	3,488
Legislator 1657 Ltd shares	Level 3	Market approach – adjusted net assets	-	-
Total			**2,955**	**3,488**

The Council's shareholding in Legislator companies are not traded in an active market. The fair value of £2.955m has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made by an independent third party based on an analysis of the assets and liabilities in the companies' latest audited accounts.

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

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

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

Nature and Extent of Risks Arising from Financial Instruments

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

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

Overall procedures for managing risk

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

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

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 21 February 2023. The key indicators within the strategy were:

- The Authorised Limit for 2023/24 was set at £355.259m. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £325.259m. This is the expected level of debt and other long term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 20% based on the Council's net debt; and
- The maximum and minimum exposures to the maturity structure of debt are shown within this note.

Credit risk

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

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

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

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

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

	Amount	**Historical experience of default**	**Estimated maximum exposure to default**	**Estimated maximum exposure to default**
	£'000	**%**	**£'000**	**£'000**
	31-Mar-24		**31-Mar-24**	**31-Mar-23**
Customers	4,386	12%	526	751

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

The Council does not generally allow credit for its customers, such that £4.386m of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31-Mar-24	**31-Mar-23**
	£'000	**£'000**
Less than three months	642	3,178
Three to six months	853	1,015
Six months to one year	513	147
More than one year	2,378	1,920
Total	**4,386**	**6,260**

The current provision of £1.812m for sundry debt covers 41% of the balance.

Amounts Arising from Expected Credit Losses

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

	12mth Expected Credit losses £'000	Lifetime Expected Credit Losses – simplified approach £'000	Total £'000
Opening balance as at 1 April 2023	**-**	**(12,029)**	**(12,029)**
Movement in loss allowance	-	(120)	**(120)**
Other changes	-	-	**-**
As at 31 March 2024	**-**	**(12,149)**	**(12,149)**
Opening balance as at 1 April 2022	**-**	**(11,637)**	**(11,637)**
Movement in loss allowance	-	(392)	**(392)**
Other changes	-	-	**-**
As at 31 March 2023	**-**	**(12,029)**	**(12,029)**

Liquidity risk

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

	31 March 2024 £'000	31 March 2023 £'000
Repayable between:		
less than one year	2,500	4,118
between 1 and 2 years	53,200	2,500
	55,700	**6,618**

Refinancing & Maturity Risk

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

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

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

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

PWLB	**31 March 2024 £'000**	**31 March 2023 £'000**
Less than one year	2,500	4,118
Between one and two years	53,200	2,500
Between two and five years	62,000	113,200
Maturing in five to ten years	14,830	12,830
Maturing in more than ten years	69,118	73,118
Total	**201,648**	**205,766**
Non-PWLB		
Maturing in more than ten years	5,133	5,778

Market risk

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

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

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

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

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

	£'000
Increase in interest receivable on variable rate investments	182
Impact on Surplus or Deficit on Provision of Services	**182**
Decrease in fair value of fixed rate borrowings liabilities (no impact CIES)	(12,142)

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

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings at a cost of £2.955m in Norwich Airport. Whilst these holding are generally illiquid; the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies at the balance sheet date. It therefore has no exposure to loss arising from movements in exchange rates.

19. Debtors

Long Term Debtors

	2023/24			2022/23
	Debtors	Provision for Bad Debt	Net Debtors	Net Debtors
	£'000	£'000	£'000	£'000
Advances for House Purchase: Council Houses Sold	-	-	**-**	**3**
Norfolk County Council Transferred Debt	54	-	**54**	**54**
Deferred Capital Receipt	247	-	**247**	**247**
Decent Home Loans	2,547	(2,177)	**370**	**425**
Finance Lease > 1 year	1,631	-	**1,631**	**1,664**
Home Improvement Loans	237	(43)	**194**	**198**
Housing Benefit Overpayments	4,270	(3,372)	**898**	**1,045**
Shared Equity Dwellings	155	-	**155**	**150**
SALIX	253	-	**253**	**322**
Debts with legal charge over property	34	-	**34**	**202**
Wholly owned subsidiary	8,370	(3,250)	**5,120**	**4,680**
Other Long Term Debtors	244	-	**244**	**257**
Total	**18,042**	**(8,842)**	**9,200**	**9,247**

Long Term Debtors include:

Wholly Owned Subsidiary Loan – the Council has advanced a loan to its wholly owned subsidiary Lion Homes (Norwich) Limited. The balance outstanding on the loan at 31 March 2024 was £6.15m (2022/23 £6.15m). The Council has advanced a loan to its wholly owned subsidiary Norwich City Services Ltd. The balance outstanding on the loan at 31 March 2024 was £2.22m (2022/23 £1.78m).

The authority recognises expected credit losses on all of its financial assets. Current analysis of the company's financial position shows that the council's loan to LHL might not be fully recoverable. Under accounting standards an assessment of the expected loss has been estimated and an allowance of £3.25m has been recognised (2022/23 £3.25m).

Short Term Debtors

	2023/24	2022/23
	£'000	£'000
Trade Customers		
- HRA Rentpayer	2,162	3,120
- Other Trade Customers	5,432	6,203
Collection Fund		
- Taxpayers (Council Tax & Business Rates)	1,392	1,339
Other Receivables	4,903	6,480
Prepayments - Pension Fund	9,945	-
Prepayments - Other	831	675
Total Short Term Debtors	**24,665**	**17,817**

20. Cash and Cash Equivalents

	2023/24 £'000	2022/23 £'000
Cash held by Council	4	7
Bank current accounts	2,492	4,341
Short term deposits with banks	10,056	15,092
Short term deposits with building societies	-	10,075
Short term deposits with local authorities	5,011	45,205
Money Markets	6,343	12,063
Total Cash & Cash Equivalents	**23,906**	**86,783**

21. Assets held for sale & Inventories

Assets held for sale

	2023/24 £'000	2022/23 £'000
Balance outstanding at 1 April	**-**	**798**
Assets newly classified as held for sale:		
Property, Plant & Equipment	1,115	-
Revaluations in Revaluation Reserve	26	-
Asset disposals	(925)	(477)
Other movements	-	(321)
Balance outstanding at 31 March	**216**	**-**

Inventories

In addition to holding assets for sale that were previously used operationally, the council has utilised funding from the Government's Towns Fund to set up a "revolving" fund to enable the purchase and resale of development sites in the City area to assist with regeneration. At the 31 March 2024 the Council held one site which it was in the process of reselling and costs against work in progress for future site acquisitions. Proceeds from the sale of properties will be recycled to buy further sites for resale.

	2023/24 £'000	2022/23 £'000
Balance outstanding at 1 April	27	27
Properties purchased for resale	748	-
Work in Progress	44	-
Historic Inventory balance written out	(27)	-
Balance held at 31 March	**792**	**27**

22. Creditors

Long Term Creditors

	2023/24 £'000	2022/23 £'000
Developer Contributions	-	4
Lease Liability	(296)	(431)
Rent Prepayments	-	(4)
SALIX	(83)	(83)
Total Long Term Creditors	**(379)**	**(514)**

Short Term Creditors

	2023/24 £'000	2022/23 £'000
Preceptors	(6,026)	(11,667)
Trade Payables	(11,318)	(17,297)
Other Payables	(6,248)	(10,173)
Receipts in Advance	(7,081)	(8,539)
Total Short Term Creditors	**(30,673)**	**(47,676)**

23. Provisions

Long Term Provisions

	2023/24 £'000	2022/23 £'000
Balance at 1 April	(2,233)	(2,560)
Movement in provisions	409	327
Balance at 31 March	**(1,824)**	**(2,233)**

Short Term Provisions

	2023/24 £'000	2022/23 £'000
Balance at 1 April	(1,537)	-
Movement in provisions	-	(1,537)
Balance at 31 March	**(1,537)**	**(1,537)**
Total Provisions	**(3,361)**	**(3,770)**

The long-term provision consists of £1.332m (2022/23: £1.742m) in respect of Non-Domestic Rates appeals following the introduction of Business Rates Retention on 1 April 2013, and £0.491m (2022/23: £0.491m in insurance provisions for the General Fund and HRA. Short term provisions totalled £1.537m (2022/23: £1.537m) and is made up of the probable redundancy costs for a number of officers as part of the restructure of several service areas and allowances for work in progress on HRA properties.

24. Usable Reserves

The usable reserves of the council are:

	2023/24 £'000	2022/23 £'000
General Fund	(8,249)	(8,249)
HRA	(43,086)	(45,249)
Earmarked Reserves	(23,112)	(19,597)
Major Repairs Reserve	(13,993)	(10,397)
Capital Grants Unapplied	(2,389)	(4,248)
Capital Receipts Reserve	(72,606)	(95,743)
	(163,435)	**(183,483)**

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

25. Unusable Reserves

The unusable reserves of the council are:

	2023/24 £'000	2022/23 £'000
Revaluation Reserve	(177,573)	(182,234)
Capital Adjustment Account	(716,704)	(703,642)
Financial Instruments Revaluation Reserve	(2,955)	(3,488)
Financial Instruments Adjustments Account	1,036	1,002
Deferred Capital Receipts	(1,628)	(1,670)
Pensions Reserve	20,750	44,303
Collection Fund Adjustment Account	(1,519)	(5,096)
Accumulated Absences Reserve	631	517
Total Unusable Reserves	**(877,962)**	**(850,308)**

Revaluation Reserve

	2023/24 £'000	2023/24 £'000	2022/23 £'000
Balance at 1 April		**(182,234)**	**(124,285)**
Upward revaluation of assets	(19,658)		(65,841)
Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	21,550		5,985
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**1,892**	**(59,856)**
Difference between fair value depreciation & historical cost depreciation	1,575		936
Accumulated gains on assets sold or scrapped	1,194		971
Amount written off to the Capital Adjustment Account		**2,769**	**1,907**
Balance at 31 March		**(177,573)**	**(182,234)**

Capital Adjustment Account

	£'000	£'000	£'000
Balance at 1 April		**(703,642)**	**(707,128)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:			
Charges for depreciation & impairment of non current assets	27,288		25,623
Revaluation gains / (losses) on Property, Plant & Equipment	6,457		(16,667)
Revenue expenditure funded from capital under statute	6,665		6,122
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	5,846		35,932
Difference between historic cost & carrying value depreciation	-		-
Net written out amount of the cost of non-current assets consumed in the year		**46,256**	**51,010**
Adjusting amounts written out of the Revaluation Reserve		(2,769)	(1,908)
Net written out amount of the cost of non-current assets consumed in the year		**43,487**	**49,102**
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital Expenditure	(30,600)		(7,013)
Use of the Major Repairs Reserve to finance new capital expenditure	(13,148)		(13,579)
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(12,459)		(16,593)
Statutory provision for the financing of capital investment charged against the General Fund & HRA balances	605		(1,329)
Capital expenditure charged against the General Fund & HRA balances	(6,843)		(2,040)
		(62,445)	**(40,554)**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement		5,896	(5,062)
Balance at 31 March		**(716,704)**	**(703,642)**

Financial Instruments Revaluation Reserve

	2023/24 £'000	2022/23 £'000
Balance at 1 April	(3,488)	(3,221)
(Upward)/downard revaluation of investments	533	(267)
	(2,955)	**(3,488)**

Financial Instruments Adjustment Account

	2023/24 £'000	2022/23 £'000
Balance at 1 April	**1,002**	**968**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(18)	43
	984	**1,011**
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	52	(9)
Balance at 31 March	**1,036**	**1,002**

Deferred Capital Receipts

	2023/24 £'000	2022/23 £'000
Balance at 1 April	**(1,670)**	**(1,461)**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	(247)
Transfer to the Capital Receipts Reserve upon receipt of cash	42	38
Balance at 31 March	**(1,628)**	**(1,670)**

Pension Reserve

	2023/24 £'000	2022/23 £'000
Balance at 1 April	**44,303**	**154,707**
Actuarial gains or (losses) on pensions assets & liabilities	(20,778)	(115,465)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	7,511	14,876
Employer's pensions contributions & direct payments to pensioners payable in the year	(10,286)	(9,815)
Balance at 31 March	**20,750**	**44,303**

Collection Fund Adjustment Account

	2023/24 £'000	2022/23 £'000
Balance at 1 April	**(5,095)**	**9,399**
Amount by which Council tax income credited to the Comprehensive Income & Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	160	-
Amount by which NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	3,416	(14,494)
Balance at 31 March	**(1,519)**	**(5,095)**

Accumulated Absences Reserve

	2023/24 £'000	2022/23 £'000
Balance at 1 April	516	227
Difference between accounting and statutory credit for holiday	115	289
Balance at 31 March	**631**	**516**

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2023/24 £'000	2022/23 £'000
Interest received	3,736	4,201
Interest paid	(8,410)	(8,625)

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

	2023/24 £'000	2022/23 £'000
Depreciation	20,211	25,349
Impairment and downward valuations	13,007	(16,666)
Amortisation	527	274
Movement in contract assets, liabilities and costs	-	7
Increase/(decrease) in impairment for bad debts	55	(220)
Increase/(decrease) in creditors	(14,266)	(9,238)
(Increase)/decrease in debtors	(6,993)	(2,730)
(Increase)/decrease in inventories	(765)	-
Movement in pension liability	(12,720)	5,061
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	5,846	35,932
Other non-cash items charged to the net surplus or deficit on the provision of services	6,096	(4,070)
Net adjustment for non-cash movements	**10,998**	**33,699**

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

	2023/24 £'000	2022/23 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,422)	(39,452)
Any other items for which the cash effects are investing or financing cash flows	(11,091)	(10,129)
Investing and financing activities	**(18,513)**	**(49,581)**

27. Cash Flow Statement – Investing Activities

	2023/24 £'000	2022/23 £'000
Other Capital Payments	-	-
Purchase of short term & long-term investments	(71,000)	(101,000)
Other payments for investing activities	(500)	-
Capital grants received	-	-
Proceeds from short term & long-term investments	50,000	113,000
Other receipts from investing activities	2,409	11,165
Net cash flows from investing activities	**(42,046)**	**27,759**

28. Cash Flow Statement – Financing Activities

	2023/24 £'000	2022/23 £'000
Other receipts from financing activities	7,441	-
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(136)	(121)
Repayments of short- & long-term borrowing	(4,418)	(51,011)
Other payments for financing activities	(5,455)	-
Net cash flows from financing activities	**(2,568)**	**(51,132)**

29. Associates

Norwich City Council had three associate companies: NPS Norwich Limited, Norwich Norse Environmental Limited and Norwich Norse Building Limited. In line with service level agreements, Norwich City Council was entitled to an amount equivalent to 50% of any pre-tax profits as a discount on charges. There was no other confirmed entitlement to the Council in terms of dividends or rights to retained earnings.

The services provided to the Council by these companies were transferred back to the council or to NCSL in the period up to 1 April 2022. No services were provided in 2022/23 or 2023/24. The City Council formally ceased to be involved with the companies on 26 January 2024.

30. Agency Services

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

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

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

The amounts of income and expenditure for 2023/24 and 2022/23 are as follows:

On-Street Car parking	2023/24 £'000	2022/23 £'000
Expenditure	1,433	971
Income	(986)	(1,056)
(Surplus)/deficit paid over to Norfolk County Council	**448**	**(86)**

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

On 1st November 2012 the Norwich Business Improvement District was launched. A Business Improvement District (BID) is a defined area within which businesses pay an additional tax or fee in order to fund projects within the district's boundaries.

On 1st November 2022 a new five year BID agreement was launched, covering an expanded geographic area.

The council acts as agent for Norwich BID by billing and collecting the additional tax.

Business Improvement District	**2023/24**	**2022/23**
	£'000	**£'000**
Billed	846	941
Collected	(870)	(862)
Paid over to Norwich BID	837	936

31. Members Allowances

	2023/24	**2022/23**
	£'000	**£'000**
Members Allowances	435	428

32. Officers Remuneration

Post holder information (Post title)	Salary (Inc. fees & Allow-ances) £	Expense Allowance £	Com-pensation for loss of office £	Pension Cont-ributions £	Total Remun-eration £
Financial Year: 2023/24					
Lou Rawsthorne, Chief Executive Officer (1)	143,184	-	-	-	143,184
Executive Director of Development & City Services (1)	109,178	-	-	15,774	124,952
TOTAL COST	**252,362**	**-**	**-**	**15,774**	**268,136**

Post holder information (Post title)	Salary (Inc. fees & Allow-ances) £	Expense Allowance £	Com-pensation for loss of office £	Pension Cont-ributions £	Total Remun-eration £
Financial Year: 2022/23					
Stephen Evans, Chief Executive Officer (1)	149,155	-	-	21,095	176,865
Lou Rawsthorne, Interim chief executive officer (2)	2,568	-	-	-	110,230
Executive Director of Development & City Services (1)	101,696	-	-	14,884	102,126
Executive Director of Community Services (2)	104,647	-	-	136	109,497
Executive Director of Corporate & Commercial Services (1, 3)	110,777	2,049	26,277	11,431	127,989
TOTAL COST	**468,843**	**2,049**	**26,277**	**47,546**	**626,707**

1 Remuneration includes payments made in respect of election duties.
2 Executive director of community services took up position of interim Chief executive on 25 March 2023.
3 Executive director of corporate & commercial services left December 2022.

Interim staff employed through Agencies

<u>2023/24</u>
The interim executive director of communities and housing, interim executive director of resources, the interim S151 officer, and interim executive director of major projects, were all employed through agencies during 2023/24.

- The amount paid in respect of the interim executive director of communities and housing, including agency fees, was £126,940.
- The amount paid in respect of the interim executive director of resources, including agency fees, was £161,100.
- The amount paid in respect of the interim S151 officer, including agency fees, was £198,240.
- The amount paid in respect of the interim executive director of major projects, including agency fees, was £72,900.

<u>2022/23</u>
The interim director of housing and community safety, who started in March 2023, and the interim S151 officer, who started in January 2023, were both employed through agencies.

- The amount paid in respect of the interim director of housing and community safety, including agency fees, was £17,640.
- The amount paid in respect of the interim chief finance officer S151, including agency fees, was £39,648.

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

Remuneration Band	2023/24	2022/23
£50,000 to £54,999	20	21
£55,000 to £59,999	14	14
£60,000 to £64,999	6	1
£65,000 to £69,999	6	3
£70,000 to £74,999	3	2
£75,000 to £79,999	6	4
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999	1	1
£95,000 to £99,999	1	-
£100,000 to £104,999	-	1
£105,000 to £109,999	1	1
£110,000 to £114,999	-	-
£115,000 to £119,999	-	-
£120,000 to £124,999	-	-
£125,000 to £129,999	-	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	1
£140,000 to £144,999	1	-
£145,000 to £149,999	-	1
	59	**50**

The number of exit packages with total cost per band and total of the compulsory and other redundancies are set out in the table below:

2023/24

Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	**Total number of exit packages by cost band**	**Total cost of exit packages in each band**
£0 - £20,000	-	4	**4**	39,614
£20,001 - £40,000	1	3	**4**	126,414
£40,001 - £60,000	-	-	**-**	-
£60,001 - £80,000	-	2	**2**	139,198
£80,001 - £100,000	-	3	**3**	271,977
Total	**1**	**12**	**13**	**577,202**

2022/23

Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	**Total number of exit packages by cost band**	**Total cost of exit packages in each band**
£0 - £20,000	-	3	**3**	25,964
£20,001 - £40,000	2	-	**2**	43,301
£40,001 - £60,000	-	3	**3**	135,213
Total	**2**	**6**	**8**	**204,478**

33. External Audit Costs

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

In 2023/24 and 2022/23 the following fees were payable by the Council to our external auditors.

	2023/24 £'000	2022/23 £'000
External Audit Services	243	229
Fees payable for certification of grant claims	18	26
Total	**261**	**255**

The scale fee set by Public Sector Audit Appointments Ltd (PSAA) for 2023/24 is £213k (2022/23 £74k). An additional £31k has been recognised in year based on likely further costs associated ongoing additional professional and regulatory requirement relating to the audit process. The final fee will be subject to agreement with the external auditors and PSAA.

34. Grant Income

	2023/24 £'000	2022/23 £'000
DWP benefits subsidy - Rent Allowance	(20,537)	(20,615)
DWP benefits subsidy - Rent Rebate	(19,724)	(19,163)
Discretionary Housing Payments	(259)	(259)
Housing Benefits Administration Grant	(546)	(572)
Housing Benefit Shortfall	-	(214)
Council tax energy rebate	(121)	(9,462)
Refugee & Asylum scheme grants	(525)	(303)
NNDR admin grant	(264)	(269)
Covid grants	(323)	(1,604)
Homelessness & Rough Sleeping Initiatives	(2,375)	(1,852)
Community Infrastructure Levy - from developers	-	(177)
Towns Fund	-	(172)
Household Support Work	(412)	(365)
Other Grants and Contributions	(1,614)	(587)
Total within Cost of Services	**(46,700)**	**(55,614)**
Revenue		
Revenue Support Grant	(491)	(225)
New Homes Bonus	(45)	(546)
Norfolk Pool Business Rates	-	(463)
NNDR Section 31 grant	(7,289)	(6,032)
Nutrient Neutrality Grant	-	(200)
Funding Guarantee Grant	(536)	-
Covid grants	-	(100)
Lower Tier Services Grant	(202)	(687)
Council Tax Support Grant	(348)	(234)
Other Grants and Contributions	(192)	(160)
Capital		
Community Infrastructure Levy - from developers	(173)	(1,364)
Disabled Facilities Grant	(2,095)	(1,051)
Towns Fund	(4,794)	(3,853)
BEIS Sustainable Warmth grant	(1,960)	(661)
Devolution Grant	(418)	(1,973)
Grants and contributions towards capital - from Government	-	(932)
Grants and contributions towards capital - non Government	(74)	(618)
BEIS SALIX Grant	(1,537)	(54)
Total within Taxation and non-specific grant income	**(20,154)**	**(19,153)**
Total income from grants and contributions	**(66,854)**	**(74,767)**

Capital Grants Receipts in Advance

	31 March 2024 £'000	31 March 2023 £'000
Amounts falling due within one year (All other bodies):		
BEIS SALIX PSDS Grants	(41)	(58)
BEIS Green Homes Grant	(202)	(593)
BEIS Decarbonisation Grant	(83)	(823)
BEIS Sustainable Warmth Grant	(72)	(3,086)
Disabled Facilities Grant	-	63
Land Release Fund Grant	(150)	(150)
Other Government Grants & Contributions.	(49)	(116)
Total short term capital grants received in advance	**(597)**	**(4,763)**
Amounts falling due after one year (all other bodies)		
Disabled Facilities Grant	(227)	(975)
Land Release Fund Grant	(67)	(67)
Towns Fund	(9,549)	(13,331)
Other Government Grants & Contributions.	(234)	(253)
SALIX	(43)	(43)
Total long term capital grants received in advance	**(10,120)**	**(14,669)**

Revenue Grants Receipts in Advance

	31 March 2024 £'000	31 March 2023 £'000
Amounts falling due within one year (All other bodies):		
BIES Local Restrictions Grant	-	(44)
Other Government grants and contributions	(130)	(328)
Developers Contributions (S106)	(4,809)	(4,971)
Total short term revenue grants received in advance	**(4,939)**	**(5,343)**

35. Related Parties

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

UK government has significant influence over the general operations of the council– it is responsible for providing the statutory framework within which the council operates and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 34 on reporting for resources allocation decisions. Grant receipts in advance outstanding at 31 March 2024 are also shown in Note 34; debtors are shown in Note 19 and creditors in Note 22.

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2023/24 and 2022/23 is shown in Note 31. During 2023/24, works and services to the value of £1,200 (2022/23 £0) were commissioned from an organisation in which one member had an interest. Contracts were entered into in full compliance with the council's standing orders. In addition, members approved £554,905 (2022/23 £629,353) as grants to voluntary organisations, in which no members had interests. Community grants to the value of £5,274 were awarded in 2023/24 (2022/23 £3,805). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members and staff did not take part in any discussion or decision relating to the grants. Details of the interests are recorded in the Register of Members' Interests, open to public inspection at City Hall during office hours.

During 2023/24, no grants were made to organisations (2022/23 £0) or works and services commissioned (2022/23 £0) from entities, in which members of senior management had interests.

Several councillors and members of senior management are appointed to represent the Council on various strategic partnership boards. During the year there have been a number of transactions with the strategic partnerships totalling £471,736 (2022/23 £441,025). These partnership activities are integrated into the council's usual budget setting and management processes.

Companies and joint ventures

Lion Homes Ltd is a wholly owned subsidiary company set up by the council to carry out redevelopment projects. The total shareholder investment in 2023/24 has remained the same at £3,424,100 (2022/23 £3,424,100). During 2023/24 no loans were repaid by Lion Homes leaving a balance of £6,150,000 outstanding at the end of the financial year (2022/23 £6,150,000). The council receives income relating to loan interest and services provided by the council to the company as part of a service level agreement. The council, in conjunction with Lion Homes, have set up two companies - Threescore Open Space Management Ltd and Norwich City New Co Ltd – to assist with the running of Lion Homes operations.

Norwich City Services Ltd (NCSL) is a wholly owned subsidiary company set up to provide environmental and building repairs, and maintenance services to Norwich City Council. There were no changes to council shareholder investment in 2023/24 – it remained at £370,000. Further loans of £500,000 were taken out by NCSL during 23/24 (2022/23 £0). Repayments of £40,000 were made in relation to these loans during 23/24 (2022/23 £40,000), with the balance of loans at 31 March 2024 totalling £2,220,000 (2022/23 £1,760,000). The council receives income relating to loan interest and services provided by the council to the company as part of a service level agreement.

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

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

36. Capital Financing Requirement

	2023/24 £'000	2022/23 £'000
Opening Capital Financing Requirement 1 April	320,595	321,536
Capital Investment		
Property, Plant and Equipment	32,131	31,801
Investment Properties	97	217
Heritage Assets	33	36
Intangible assets	870	945
Revenue Expenditure Funded from Capital under Statute (REFCUS)	6,665	6,122
Properties for resale (Inventory)	792	-
Sources of finance		
Capital receipts	(5,600)	(7,013)
Government grants and other contributions	(12,459)	(16,593)
HRA Major Repairs Reserve	(13,148)	(13,579)
Sums set aside from revenue and reserves	(6,843)	(2,040)
Other Capital movement		
Capital derecognition	(50)	(50)
Application of capital receipts to reduce CFR	(25,000)	-
Norwich City Services Ltd loan	440	(40)
Finance lease	(128)	(111)
Other	574	582
Minimum Revenue provision	(567)	(1,218)
Reversal of prior year Minimum Revenue Provision	1,300	-
Closing Capital Financing Requirement 31 March	**299,702**	**320,595**

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

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

	31 March 2024 £'000	31 March 2023 £'000
Property, Plant and Equipment	1,061,343	1,069,758
Heritage assets	25,940	25,782
Investment Properties	93,217	99,223
Intangible Assets	2,302	1,958
Assets Held for Sale	216	-
Inventory	792	-
Long term Investments	6,749	7,282
Long Term Debtors	5,339	4,953
Financial Instruments Revaluation Reserve	(2,955)	(3,488)
Financial Instruments Adjustment Account	1,036	1,002
Revaluation Reserve	(177,573)	(182,234)
Capital Adjustment Account	(716,704)	(703,641)
	299,702	**320,595**

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

37. Leases

Council as Lessee

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

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

	31-Mar-24		31-Mar-23	
	Vehicles, Plant & Equipment £'000	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Land & Buildings £'000
Future Rental Liabilities				
Not later than one year	50	1,736	55	2,080
Later than one year & not later than five years	11	2,576	102	3,450
Total	**61**	**4,312**	**157**	**5,530**

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £2.389m (2022/23 £2.524m).

	2023/24 £'000	2022/23 £'000
Sublease payments receivable	(2,527)	(2,476)
Total	**(2,527)**	**(2,476)**

Finance Leases
The council has acquired communal aerials for its dwellings under a finance lease, these assets are disclosed as Property, Plant and Equipment in the Balance Sheet under Vehicles, Plant and Equipment at the net amount of £0.278m (2022/23 £0.371m).

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

	2023/24 £'000	2022/23 £'000
Finance Lease Liabilities		
Current	136	128
Non-Current	296	431
Financing Costs payable in future years	52	86
Minimum Lease Payments	**484**	**645**

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

	2023/24 £'000	2022/23 £'000
Future Rental Liabilities		
No later than one year	161	161
Later than one year & not later than 5 years	323	484
Over 5 years	-	-
Total	**484**	**645**

Council as Lessor

Operating Leases
The Council leases out property and equipment under operating leases for the following purposes:
- The provision of community services such as sports facilities, tourism services and community centres
- economic development purposes to provide suitable affordable accommodation for local businesses.

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

	2023/24 £'000	2022/23 £'000
Tenants Future Rental Liabilities		
Not later than one year	4,990	5,214
Later than one year & not later than five years	18,027	18,565
Over five years	49,596	51,237
Total	**72,613**	**75,016**

In addition to the above, there are 116 properties (2022/23 117 properties) where the rent is in perpetuity that amounts annually to £0.268m per annum (2022/23 £0.313m).

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Finance Leases

The Council has gross investments in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments are the payments over the lease term that the lessee is or can be required to make, excluding contingent rent. The gross investment is made up of the following amounts:

	2023/24 £'000	2022/23 £'000
Finance lease debtor (net present value of minimum lease payments):		
Current	57	57
Non-current	1,678	1,664
Unearned finance income	1,678	1,751
Gross investment in the leases	**3,413**	**3,472**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
	£'000	£'000	£'000	£'000
Future Rental Liabilities				
Not later then one year	64	59	64	59
Later than one year & not later than five years	302	283	302	283
Later than five years	3,047	3,130	3,047	3,130
Total	**3,413**	**3,472**	**3,413**	**3,472**

38. Impairment Losses

During the year the Council carried out adaptations at a cost of £2,781,682 (2022/23 £1,239,357) to a number of council dwellings under Disabled Facilities legislation. As advised by our valuer, these adaptations added no value to the dwellings; therefore this expenditure was impaired as shown in note 14 (combined with the impairments detailed below).

The Council also impaired the cost of works to flats within blocks for which the lease has been sold £581,782, of which roofing works constituted £355,433, structural work £139,812, compliance upgrades £31,700, door access controls £28,441, replacement windows £17,547, lift upgrades £4,251, composite doors £4,598 and lift upgrades £4,251.

The Council also impaired the cost of the enhancement of HRA estates £379,242, compliance upgrades £174,613, works to district heating schemes £159,620, housing alarms £138,756, lift upgrades £74,269 and HRA shops £14,115 as it was deemed not to add value.

The Council has also impaired the cost of £1,702,727 in other land and buildings and £97,332 in investment properties on advice of the valuer, as these amounts were deemed not to add additional value to the asset due to the basis of the valuation.

39. Termination Benefits

The Council terminated the contracts of a number of employees in 2023/24, incurring liabilities of £577,202 (2022/23 £204,478). These were payable to 13 (8 in 2022/23) officers as part of the Council’s rationalisation of Services and include amounts payable in respect of early retirement to the pension fund.

40. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

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

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

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.80% (4.75% 2022/23) based on the indicative rate of return on high quality corporate bonds.

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

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

	2023/24 £'000	2022/23 £'000
Comprehensive Income and Expenditure Statement		
Current Service Cost	5,269	10,648
Curtailments	477	-
Settlements	-	-
Cost of Services	**5,746**	**10,648**
Net interest expense	1,765	4,259
Financing and Investment Income and Expenditure	**1,765**	**4,259**
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	**7,511**	**14,907**
Return on plan assets, less included in interest expense	(14,992)	14,718
Actuarial gains & losses:		
Changes in demographic assumptions	(2,285)	(3,634)
Changes in financial assumptions	(15,736)	(157,535)
Other	12,235	28,253
Remeasurement of the net defined benefit liability	**(20,778)**	**(118,198)**
Total Comprehensive Income and Expenditure Statement	**(13,267)**	**(103,291)**
Movement in Reserves Statement		
Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	7,511	14,907
Employer's pension contributions and direct payments to pensioners payable in the year	(10,286)	(9,846)
Total taken to Note 6	**(2,775)**	**5,061**

Reconciliation of Fair Value of Employer Assets (scheme Assets):	2023/24 £'000	2022/23 £'000
Value of Assets at 1 April	**346,859**	**361,410**
Effect of settlements	-	-
Interest income on plan assets	16,504	9,574
Contributions by Members	1,601	1,558
Contributions by the Employer	20,231	9,846
Return on assets excluding amounts recognised in Other Comprehensive Income	14,992	(18,488)
Effect of business combinations	-	-
Benefits Paid	(20,614)	(17,041)
	379,573	**346,859**

Reconciliation of Defined Benefit Obligation (scheme Liabilities):	2023/24 £'000	2022/23 £'000
Value of Liabilities at 1 April	**(391,162)**	**(516,103)**
Current Service Cost	(5,269)	(10,648)
Past Service Cost	(477)	-
Effect of settlements	-	-
Interest Cost	(18,269)	(13,833)
Contribution by Members	(1,601)	(1,558)
Actuarial Gains and (Losses):	-	1,023
Change in demographic assumptions	2,285	3,634
Change in financial assumptions	15,736	157,535
Other experience gains and (losses)	(12,235)	(28,253)
Effect of business combinations and disposals	-	-
Benefits Paid	20,614	17,041
	(390,378)	**(391,162)**
Net Liability at 31st March	**(10,805)**	**(44,303)**

Local Government Pension Scheme assets comprised:

	2023/24				2022/23			
	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of total assets	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of total assets
Cash & Cash Equivalents	5,774	-	**5,774**	**2.0%**	5,351		**5,351**	**1.5%**
Private equity		47,792	**47,792**	**12.0%**		40,034	40,034	**11.5%**
Bonds								
by sector								
Corporate								
UK Government	9,485		**9,485**	**1.0%**	2,327		2,327	**0.7%**
Other								
Sub-total Bonds	**9,485**	-	**9,485**		**2,327**	-	**2,327**	
Property								
by geographical location								
UK property		28,400	**28,400**	**6.0%**		22,462	22,462	**6.5%**
Overseas property		4,286	**4,286**	**1.0%**		3,858	3,858	**1.1%**
Sub-total Property	-	32,685	32,685		-	26,320	**26,320**	
Investment Funds & Unit Trusts								
Equities	161,438		**161,438**	**56.0%**	194,226		194,226	**56.0%**
Bonds	72,360		**72,360**	**15.0%**	50,311		50,311	**14.5%**
Infrastructure		43,283	**43,283**	**8.0%**		29,156	29,156	**8.4%**
Other								
Sub-total Investment Funds & Unit Trusts	**233,797**	**43,283**	**277,081**		**244,537**	**29,156**	**273,693**	
Derivatives								
Foreign Exchange	6,756		**6,756**	**1.8%**	(865)		(865)	**-0.2%**
Total Assets	**255,812**	**123,761**	**379,573**		**251,349**	**95,510**	**346,859**	

Basis for Estimating Assets & Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme at 31 March 2022.

In the 2023/24 accounts the council has recognised changes in the liability arising from changes in assumptions within the re-measurement of the defined benefit liability and reported in Other Comprehensive Income and Expenditure Statement within the Comprehensive Income and Expenditure Statement.

	2023/24 £'000	2022/23 £'000
Present Value of funded liabilities	(376,346)	(376,417)
Present Value of unfunded liabilities	(14,032)	(14,745)
Fair Value of plan assets	379,573	346,859
Net Liability arising from defined benefit obligation	**(10,805)**	**(44,303)**

	2023/24	2022/23
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Male	20.9	21.0
Female	24.2	24.4
Longevity at 45 for future pensioners:		
Male	21.9	22.1
Female	25.8	26.0

	2023/24	2022/23
Rate of increase in salaries	2.80%	3.70%
Rate of increase in pensions (CPI)	3.50%	3.00%
Rate for discounting scheme liabilities	4.80%	4.75%

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

Change in assumptions at 31 March 2024	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	6,180
1 year increase in member life expectancy	4%	15,615
0.1% increase in the Salary Increase Rate	0%	221
0.1% increase in the Pension Increase Rate (CPI)	2%	6,068

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

Impact on the Council's Cash Flows

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

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

As part of the 2023/24 MTFS and budget setting the Council agreed to pre-pay its secondary pension contributions in April 2023. The Council elected to account for the pre-payment in accounting period the contribution fell due. The total contribution expected to be made to the scheme by the Council for the year to March 2025 is £8.897m which excludes the 2024/25 element of the pre-payment of secondary contributions totalling £5.077m.

The weighted average duration of the defined benefit obligation for scheme members is 15 years, (2022/23 15 years).

41. Contingent Assets and Liabilities

Assets

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

Currently there are no contingent assets for the council to report.

Liabilities

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

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

Capital Scheme

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

Water Charges

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

42. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 May 2024, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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

Date	General Fund	General Fund Earmarked Reserves
31 March 24 (unaudited)	£8.2m	£21.4m

The General Reserves are projected to remain above the s151 officer's minimum level of £5.4 million through to March 2025, as set out below.

Date	General Fund	General Fund Earmarked Reserves
31 March 2025 (estimated and unaudited)	£8.2m	£18.9m

The key assumptions within this forecast include:

- the achievement of £3.8m of savings in 2024/25 as approved in February 2024.
- further gross savings of £1.4m in 2025/26 per the current medium term financial strategy.

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

We have considered a downside scenario where the savings are not achieved to the planned timetable, or income fails to recover to pre-pandemic levels. The council has a budget risk reserve of £5.8m to mitigate against such scenarios and therefore it is considered that the above projections would not be significantly affected with both minimum levels of reserves and liquidity remaining through the same period.

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

Housing Revenue Account Income & Expenditure Statement

	Notes	2023/24 £'000	2022/23 £'000
Expenditure			
Repairs & Maintenance		17,805	16,575
Supervision & Management		23,753	19,994
Rents, Rates, Taxes & Other Charges		6,422	6,181
Revenue expenditure funded as captial (Refcus)		412	311
Depreciation & Impairment of Non-current Assets	HRA 10&11	21,348	21,163
Local Authority Housing - Revaluation loss (gain) on Dwellings		5,298	(16,246)
Debt Management Costs		80	76
Movement in Allowance for Bad Debts		115	481
Total Expenditure		**75,233**	**48,535**
Income			
Dwelling Rents		(63,070)	(58,951)
Non-dwelling Rents		(2,413)	(2,285)
Charges for Services & Facilities		(8,631)	(2,963)
Contributions towards expenditure		(759)	(5,820)
Total Income		**(74,873)**	**(70,019)**
Net (Income)/Cost of HRA Services included in the Comprehensive Income & Expenditure Statement		**360**	**(21,484)**
HRA services share of Corporate & Democratic Core		1,311	2,377
Net (Income)/Cost of HRA Services		**1,671**	**(19,107)**
HRA share of operating income & expenditure included in the Comprehensive Income & Expenditure Statement			
Other Operating Expenditure		(1,445)	(2,964)
Financing & Investment Income & expenditure		4,692	6,459
Taxation & Non-Specific Grant Income		(1,117)	(2,455)
(Surplus)/deficit for the year on HRA services		**3,801**	**(18,067)**

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

Movement in Reserves Statement (Housing Revenue Account)

	2023/24 £'000	2022/23 £'000
Balance at 1 April	(45,246)	(51,559)
Movement in reserves during Year		
(Surplus)/ deficit on provision of services	3,801	(18,067)
Other Comprehensive Income & Expenditure	-	-
Total Comprehensive Income & Expenditure	**3,801**	**(18,067)**
Adjustments between accounting basis & funding basis under regulations (note 6 main accounts)	(703)	22,455
Net Increase/ Decrease before Transfers to Earmarked Reserves	3,098	4,388
Transfers to/from Earmarked Reserves (note 11 main accounts)	(935)	1,925
Transfers between reserves	-	-
(Increase)/Decrease in Year	2,163	6,313
Balance at 31 March carried forward	**(43,083)**	**(45,246)**

Notes to Housing Revenue Account Income & Expenditure Statement

1. Other Operating (Income) / Expenditure

	2023/24 £'000	2022/23 £'000
(Gains)/Losses on the disposal of non-current assets	(1,445)	(2,964)
Total	**(1,445)**	**(2,964)**

2. Financing and Investment Income and Expenditure

	2023/24 £'000	2022/23 £'000
Interest payable and similar charges	6,532	6,542
Pension interest cost and expected return on pension assets	435	831
Interest receivable and similar income	(2,275)	(915)
Total	**4,692**	**6,458**

3. Taxation and Non-Specific Grant Income

	2023/24 £'000	2022/23 £'000
Capital Grants and contributions	(1,117)	(2,455)
Total	**(1,117)**	**(2,455)**

4. Loan Charges

Under HRA self-financing the Council has adopted a ‘two-pool’ approach so that HRA self-financing loans and the resultant interest are directly attributable to the HRA. This has led to external interest charges of £6.532m being charged to the HRA in 2023/24 (2022/23 £6.542m).

5. HRA Council Dwellings

At 31 March 2024 there were 14,211 HRA Council dwellings, of which 923 were sheltered housing units.

	31-Mar-24	31-Mar-23
	Total Stock	Total Stock
Parlour houses	281	282
Non-parlour houses	4,742	4,773
Non-traditional houses	608	609
Bungalows	332	332
Cottage properties	177	182
Flats	6,103	6,134
Maisonettes	460	464
Flats in tower blocks	404	405
Sheltered/Good Neighbour housing units	923	923
Passivhaus flats	72	80
Passivhaus houses	108	72
Passivhaus bungalows	1	1
	14,211	**14,257**
The changes in stock during the year can be summarised as follows:		
Stock as at 1 April	**14,257**	**14,397**
Right to Buy sales	(69)	(145)
Other Dwelling Sales	(5)	-
New Build Housing	28	5
Stock as at 31 March	**14,211**	**14,257**

6. Housing Valuation

	31-Mar-24	31-Mar-23
	£'000	**£'000**
Operational Assets:		
Council Dwellings (HRA)	870,637	887,591
Other Land & Buildings	27,509	26,556
Vehicle, Plant & Equipment	393	467
Infrastructure & Community Assets	2,197	2,197
Assets Under Construction	17,593	15,690
Surplus assets	-	-
Sub Total	**918,329**	**932,501**
Intangible Assets	567	732
Sub Total	**567**	**732**
Total	**918,896**	**933,233**

The above figure for HRA Council dwellings equates to the value for Council dwellings shown in note 14 to the Core Financial Statements.

As set out in the Statement of Accounting Policies, Council dwellings are valued on the basis of Existing Use Value for Social Housing (EUV-SH). This value is less than the Vacant Possession Value to reflect the fact that Local Authority Housing is let at sub-market rents and, in broad terms, is arrived at after applying a regional adjustment factor of 62% (2022/23 62%). The difference between the two values therefore shows the economic cost of providing housing at less than market value.

The Vacant Possession Value of all HRA Dwellings as at 31 March 2024 was £2,246.10m (31 March 2023 £2,218.73m).

7. Major Repairs Reserve

	2023/24	2022/23
	£'000	**£'000**
Balance brought forward at 1 April	(10,397)	(7,503)
Depreciation charge for the year	(16,744)	(16,472)
Financing of capital expenditure for the year	13,148	13,578
Balance for the year	**(3,596)**	**(2,894)**
Balance Carried forward	**(13,993)**	**(10,397)**

8. HRA Capital Expenditure

	2023/24 £'000	2022/23 £'000
Capital Investment		
Opening Capital Financing Requirement 1st April	208,533	208,533
Operational Assets	13,690	14,417
Other Land & Buildings	596	320
Vehicles, Plant & Equipment	58	-
Intangible Assets	17	26
Assets under Construction	10,687	13,966
Revenue Expenditure Financed as Capital	412	311
Appropriation to General Fund	-	-
	233,993	**237,573**
Sources of Finance		
Capital Receipts	(4,352)	(5,343)
Government Grants & Other Contributions	(1,117)	(2,623)
Major Repairs Reserve	(13,148)	(13,579)
Revenue Contributions	(6,843)	(7,495)
Closing Capital Financing Requirement 31 March	**208,533**	**208,533**

9. HRA Capital Receipts

In 2023/24 total capital receipts from the disposal of HRA assets were:

	2023/24 £'000	2022/23 £'000
Other Land & Buildings	-	-
Council dwellings	6,662	12,764
Total	**6,662**	**12,764**

10. Depreciation

From 1st April 2012 depreciation of the Council's housing stock is calculated by reference to the value at the previous 31st March. Council dwellings have their individual components identified as to the date of upgrade and using the asset life as advised by the Council's valuers, depreciation associated with each properties components is calculated. The amount of depreciation charged for the year was £17.058m (2022/23 £16.774m).

	2023/24 £'000	2022/23 £'000
Operational Assets		
Council dwellings	16,201	15,920
Other land & buildings	543	546
Vehicles, Plant & Equipment	132	132
Intangible Assets	182	176
Total	**17,058**	**16,774**

11. Impairment Costs

During the year there were £4.305m of impairment costs (2022/23 £4.389m) relating to HRA assets, which are detailed in the table below.

	2023/24 £'000	2022/23 £'000
Council Dwellings	4,116	3,818
Other Property	189	571
Total	**4,305**	**4,389**
Disabled Facilities adaptations not adding value	2,782	1,239
Lift installations not adding value	74	102
Housing alarm upgrades not adding value	139	150
Upgrades to District Heating schemes not adding value	160	1,271
Enhancement of HRA estates not adding value	379	591
Structural work to flats where lease has been sold not adding value	140	316
Other work to flats where lease has been sold not adding value	442	149
Other	189	571
Total	**4,305**	**4,389**

12. Pensions Reserve

As set out in the Statement of Accounting Policies at Note 1, the Council has restricted the accounting entries for the purposes of IAS19 'Retirement Benefits' to current service cost only for the HRA. This is reflected in the Net Cost of Services and a compensating adjustment is made to the Pensions Reserve in order that there is no impact on either the Surplus/ (Deficit) for the year or subsequent rent levels.

13. Rent Arrears

Rent arrears at 31 March 2024 were £7.73m (2022/23 £7.86m). The provision for doubtful debts (rents) at 31 March 2024 was £4.64m (2022/23 £4.71m). Amounts written off during the year amounted to £0.378m (2022/23 £0.275m).

The Collection Fund Revenue Account

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates.

		31-Mar-24		31-Mar-23
	Business Rates	Council Tax	Total	Total
	£'000	£'000	£'000	£'000
INCOME				
Council Tax receivable	-	(101,055)	**(101,055)**	**(95,345)**
Business rates receivable	(58,648)	-	**(58,648)**	**(69,330)**
Council Tax Reduction Scheme	-	14,509	**14,509**	**14,079**
	(58,648)	**(86,546)**	**(145,194)**	**(150,596)**
EXPENDITURE				
Precepts & Demands:				
Central Government	30,591	-	**30,591**	**30,283**
Norfolk County Council	6,118	60,934	**67,052**	**63,379**
Norfolk Police Authority	-	11,591	**11,591**	**10,883**
Norwich City Council	24,473	11,041	**35,514**	**34,815**
Distribution of Estimated Surplus / (Deficit) for Previous Years:				
Central Government	5,438	-	**5,438**	**(13,509)**
Norfolk County Council	1,088	154	**1,242**	**(2,700)**
Norfolk Police Authority	-	29	**29**	**1**
Norwich City Council	4,351	28	**4,379**	**(10,807)**
Charges to Collection Fund:				
Transitional Protection Payment	(2,772)	-	**(2,772)**	**361**
Costs of Collection	264	-	**264**	**269**
Increase/decrease in Bad Debt Provision	(1,301)	1,337	**36**	**2,061**
Increase/decrease in Provision for Appeals	(1,024)	-	**(1,024)**	**(1,662)**
Write Offs of uncollectable amounts	714	339	**1,053**	**418**
	67,940	**85,453**	**153,393**	**113,792**
Collection Fund Balance b/fwd at 1 April	**(12,338)**	**(1,210)**	**(13,548)**	**23,255**
(Surplus) / Deficit for the year	9,292	(1,093)	**8,199**	**(36,803)**
Collection Fund Balance c/fwd at 31 March	**(3,046)**	**(2,303)**	**(5,349)**	**(13,548)**

Notes to the Collection Fund Statement

1. Income from Business Rates

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

The total non-domestic rateable value on 31 March 2024 was £187,469,542 (31 March 2023 £195,206,057). The national non-domestic rate multiplier for 2023/24 was 51.2p in the £ (2022/23 51.2p in the £). The small business multiplier for eligible businesses in 2023/24 was 49.9p in the £ (2022/23 49.9p in the £).

2. Council Tax

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

Property Value	Band	2023/24 Calculated Number of Properties in Band	2022/23 Calculated Number of Properties in Band
Up to £40,000	A	11,102.47	10,842.86
£40,001 to £52,000	B	13,639.11	13,475.19
£52,001 to £68,000	C	6,634.67	6,570.22
£68,001 to £88,000	D	3,161.75	3,152.50
£88,001 to £120,000	E	2,454.83	2,460.64
£120,001 to £160,000	F	1,195.64	1,203.58
£160,001 to £320,000	G	959.58	951.67
Over £320,000	H	93.00	100.50
		39,241.05	**38,757.16**
Collection Rate		0.975	0.975
Tax Base		**38,260.00**	**37,788.00**

The tax rate per Band D property was £2,184.17 (2022/23 £2,085.16).

3. Council Tax Contribution to Collection Fund Surpluses & Deficits

The Council Tax surplus/deficit on the Collection Fund will be distributed in subsequent financial years between Norwich City Council, Norfolk County Council and Norfolk Police Authority in proportion to the value of the respective precept made on the Collection Fund.

	2023/24	2022/23
	£'000	£'000
Norfolk County Council	(1,685)	(882)
Norfolk Police Authority	(318)	(167)
Norwich City Council	(300)	(161)
Surplus Carried Forward	**(2,303)**	**(1,210)**

4. NNDR Contribution to Collection Fund Surpluses and Deficits

The NNDR surplus/deficit on the Collection Fund will be distributed in subsequent financial years between Central Government, Norwich City Council and Norfolk County Council in accordance with legislated percentages of 50%, 40% and 10% respectively. These percentages apply to any prior year surplus.

	2023/24	2022/23
	£'000	£'000
Central Government	(1,523)	(6,169)
Norwich City Council	(1,218)	(4,935)
Norfolk County Council	(305)	(1,234)
Surplus /(deficit) Carried Forward	**(3,046)**	**(12,338)**

Group Financial Statements

1. Introduction

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

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Lion Homes (Norwich) Ltd and Norwich City Services Ltd.

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

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

2. Basis of Identification of the Group Boundary

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

Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.

Associates – where the Council exercises a significant influence and has a participating interest.

Jointly Controlled Entities - where the Council exercises joint control with one or more organisations.

No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

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

3. Lion Homes (Norwich) Limited (LHL)

Lion Homes (Norwich) Limited (LHL) was incorporated on 13 November 2015. It is wholly owned by Norwich City Council. It was set up to develop more housing for affordable rent (to be purchased by the HRA upon completion from LHL) and also to develop housing for private sale and market rent.

The company accounts are subject to audit by Shaw & Co. Copies of the accounts may be obtained from Companies House or by request to the Council.

As a subsidiary, the accounts of LHL have been consolidated with those of the Council on a line by line basis, and any balances and transactions between parties have been eliminated in full. LHL expenditure and income, adjusted for transactions with the council, is shown within the Lion Homes (Norwich) Limited line in the Comprehensive Income and Expenditure Statement. As the LHL performance is not reported alongside the Council's to management, the figures have been shown as a separate service line. Balance sheet values are incorporated into the relevant heading of the Balance Sheet, removing balances owed between the two parties.

LHL has prepared 2023/24 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies. Both entities have a financial year end of 31 March.

4. Norwich City Services (NCSL)

Norwich City Services Ltd (NCSL) is a private limited company wholly owned by Norwich City Council. It was incorporated on 9 June 2020. NCSL will deliver environmental and building repairs and maintenance services.

The company accounts are subject to audit by Shaw & Co. Copies of the accounts may be obtained from Companies House or by request to the Council.

As a subsidiary, the accounts of NCSL have been consolidated with those of the Council on a line-by-line basis, and any balances and transactions between parties have been eliminated in full. NCSL expenditure and income, adjusted for transactions with the council, is shown within the Norwich City Services Limited line in the Comprehensive Income and Expenditure Statement. As the NCSL performance is not reported alongside the Council's to management, the figures have been shown as a separate service line. Balance sheet values are incorporated into the relevant heading of the Balance Sheet, removing balances owed between the two parties.

NCSL has prepared 2023/24 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies except with regards adjustments in relation IFRS16 leases. Both entities have a financial year end of 31 March.

5. NPS Norwich Ltd

This was a company owned by NPS Property Consultants Limited (a subsidiary of Norfolk County Council) and Norwich City Council. This joint venture company was wound down following the transfer of work to NCSL.

NPS Property Consultants held eight A shares and NCC held two B shares in NPS Norwich Ltd. Two senior officers of NCC were Directors of NPS Norwich Ltd whilst NPS Property Consultants had three representatives on the board. In line with the Service Level Agreement, Norwich City Council was entitled to an amount equivalent to 50% of any pre-tax profits as a discount on charges, with NPS Property Consultants Limited retaining the remaining 50%.

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

NCC ceased to have an interest in NPS Norwich Ltd in January 2024.

6. Norwich Norse (Environmental) Limited

This was a company owned by NPS Norwich Limited (NPSN) and Norwich City Council. This joint venture company was wound down following the transfer of work to NCSL.

NCS held eight A shares and NCC held two B shares in Norwich Norse (Environmental) Limited. A senior officer of NCC and the portfolio holder were Directors of Norwich Norse (Environmental) Limited whilst NCS had three representatives on the board. In line with the Service Level Agreement, Norwich City Council was entitled to an amount equivalent to 50% of any pre-tax profits as a discount on charges, with Norse Commercial Services Limited retaining the remaining 50%.

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

NCC ceased to have an interest in Norwich Norse (Environmental) Limited in January 2024.

7. Norwich Norse (Building) Limited

This was a company owned by NPS Norwich Limited (NPSN) and Norwich City Council. This joint venture company was wound down following the transfer of work to NCSL.

NPSN held eight A shares and NCC held two B shares in Norwich Norse (Building) Limited. A senior officer of NCC and the portfolio holder were Directors of Norwich Norse (Building) Limited, whilst Norfolk County Council appointed two Directors to the board, the fifth Director was the company Managing Director who was jointly appointed by NPSN & NCC. In line with the Service Level, Norwich City Council was entitled to an amount equivalent to 50% of any pre-tax profits as a discount on charges, with NPS Norwich Ltd retaining the remaining 50%.

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

NCC ceased to have an interest in Norwich Norse (Building) Limited in January 2024.

8. Three Score Open Space Management Ltd

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

The company has been set up initially as a subsidiary of LHL and NCC are registered as subscribers and have guarantee limit of £1 each should the company be wound up. LHL has been registered as being the Relevant Legal Entity with 75% ownership of the voting rights. NCC is named as an 'Other Registrable Person' again with 75% ownership of the voting rights (as it indirectly holds the voting rights as parent company of LHL). In the long term it is intended to hand the company over to the residents/stakeholders to manage at which point the ownership of the voting rights will be amended accordingly.

There are no material transactions in 2023/24 or 2022/23 therefore it is not included in the Group Accounts.

9. Norwich City New Co Ltd

Norwich City New Co Ltd was incorporated on 4 March 2019. The company has been set up to manage all private rental sector properties built by Lion Homes (Norwich) Ltd (LHL) or those that the new company may purchase itself as a business opportunity.

Norwich City New Co Ltd is a limited liability company using the Council's powers to set up such a company under S1 and S4 of the Localism Act 2011 and S95 of the Local Government Act 2003. The company is limited by shares all of which are wholly owned by the Council, and the council will have full control of its activities via the approval of an annual Business Plan.

No transactions have occurred in the company in 2022/23 or 2023/24, therefore the company will not be consolidated into the 2023/24 Consolidated Group Statements.

10. Basis of Consolidation

The financial statements of Lion Homes (Norwich) Limited and Norwich Council Services Limited have been consolidated with those of Norwich City Council on a line by line basis which has eliminated balances, transactions, income and expenditure between the Council and the subsidiary.

Group Movement in Reserves Statement

	Council usable reserves	Subsidiary usable reserves	Total Group usable reserves	Council unusable reserves	Subsidiary unusable reserves	Total Ghroup unusable reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023	**(183,484)**	**3,357**	**(180,127)**	**(849,907)**	**-**	**(849,907)**	**(1,030,034)**
Movement in Reserves in 2023/24:							
(Surplus)/ deficit on the provision of services	10,746	(1,320)	9,426	-	-	**-**	**9,426**
Other Comprehensive Income and Expenditure	-	-	-	(18,353)	-	**(18,353)**	**(18,353)**
Total Comprehensive Income and Expenditure	**10,746**	**(1,320)**	**9,426**	**(18,353)**	**-**	**(18,353)**	**(8,927)**
Adjustments between group accounts and authority accounts	(944)	944	-	-	-	**-**	**-**
Adjustments between accounting and funding basis under regulation	9,301	-	9,301	(9,301)	-	**(9,301)**	**-**
Net increase/decrease before transfers to Earmarked reserves	**19,103**	**(376)**	**18,727**	**(27,654)**	**-**	**(27,654)**	**(8,927)**
Transfers to/from Earmarked reserves - note 10	-	-	-	-	-	**-**	**-**
Transfers between reserves	-	-	-	-	-	**-**	**-**
Other adjustments	-	-	-	-	-	**-**	**-**
(Increase)/Decrease in 2023/24	**19,103**	**(376)**	**18,727**	**(27,654)**	**-**	**(27,654)**	**(8,927)**
Balance at 31 March 2024	**(164,381)**	**2,981**	**(161,400)**	**(877,561)**	**-**	**(877,561)**	**(1,038,961)**

	Council usable reserves	Subsidiary usable reserves	Total Group usable reserves	Council unusable reserves	Subsidiary unusable reserves	Total Ghroup unusable reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	**(168,668)**	**5,606**	**(163,062)**	**(674,044)**	**-**	**(674,044)**	**(837,106)**
Movement in Reserves in 20222/23:							
(Surplus)/ deficit on the provision of services	(18,811)	1,471	(17,340)	-	-	**-**	**(17,340)**
Other Comprehensive Income and Expenditure	-	-	-	(175,588)	-	**(175,588)**	**(175,588)**
Total Comprehensive Income and Expenditure	**(18,811)**	**1,471**	**(17,340)**	**(175,588)**	**-**	**(175,588)**	**(192,928)**
Adjustments between group accounts and authority accounts	-	-	-	-	-	**-**	**-**
Adjustments between accounting and funding basis under regulation	3,928	-	3,928	(3,928)	-	**(3,928)**	**-**
Net increase/decrease before transfers to Earmarked reserves	**(14,883)**	**1,471**	**(13,412)**	**(179,516)**	**-**	**(179,516)**	**(192,928)**
Transfers to/from Earmarked reserves	-	-	-	-	-	**-**	**-**
Transfers between reserves	3,928	-	3,928	(3,928)	-	**(3,928)**	**-**
Other adjustments	-	-	-	-	-	**-**	**-**
(Increase)/Decrease in 2022/23	**(10,955)**	**1,471**	**(9,484)**	**(183,444)**	**-**	**(183,444)**	**(192,928)**
Balance at 31 March 2023	**(179,623)**	**7,077**	**(172,546)**	**(857,488)**	**-**	**(857,488)**	**(1,030,034)**

Group Comprehensive Income and Expenditure Statement

	2023/24			2022/23		
	Expenditure	Income	Net	Expenditure	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	356	(54)	**302**	328	(76)	**252**
Community Services	22,896	(9,613)	**13,283**	23,269	(9,386)	**13,883**
Corporate & Commercial Services	58,388	(43,817)	**14,571**	58,381	(43,561)	**14,820**
Corporate Financing	1,260	(260)	**1,000**	783	(794)	**(11)**
Development & City Services	25,009	(16,301)	**8,708**	22,019	(15,721)	**6,298**
Housing Revenue Account	57,474	(74,742)	**(17,268)**	33,534	(69,806)	**(36,272)**
Lion Homes (Norwich) Limited	5,754	(6,024)	**(270)**	281	(110)	**171**
NCSL Ltd	20,038	(2,242)	**17,796**	17,633	(297)	**17,336**
Cost of Services	**191,175**	**(153,053)**	**38,122**	**156,228**	**(139,751)**	**16,477**
Other Operating Expenditure			**(1,463)**			**(2,975)**
Financing and Investment Income and Expenditure			**4,413**			**(1,906)**
Taxation and non-specific grant income and expenditure			**(31,646)**			**(28,843)**
(Surplus) or Deficit on Provision of Services			**9,426**			**(17,247)**
Surplus on revaluation of non-current assets.			**1,892**			**(59,856)**
(Surplus)/deficit from investments in equity instruments designated FVOCIE			**533**			**(267)**
Actuarial (gains)/losses on pension assets/liabilities			**(20,778)**			**(115,465)**
Other Comprehensive Income and Expenditure			**(18,353)**			**(175,588)**
Total Comprehensive Income and Expenditure			**(8,927)**			**(192,835)**

Group Balance Sheet

		£'000	£'000
Property, Plant and Equipment	*Note 1*	1,063,405	1,071,395
Heritage Assets		25,940	25,783
Investment Properties	*Note 2*	95,473	101,380
Intangible Assets		2,302	1,958
Long Term Investments	*Note 3*	3,055	3,588
Long Term Debtors	*Note 4*	4,080	4,567
LONG TERM ASSETS		**1,194,255**	**1,208,671**
Assets Held for Sale		216	0
Short Term Debtors	*Note 5*	28,803	20,076
Inventories	*Note 6*	2,549	2,983
Short Term Investments		67,353	45,336
Cash and Cash Equivalents		26,257	91,488
CURRENT ASSETS		**125,178**	**159,883**
Short Term Creditors	*Note 7*	(36,759)	(56,673)
Provisions		(1,537)	(1,537)
Short Term Borrowing		(4,532)	(6,104)
Capital Grants Receipts in Advance		(130)	(4,763)
Revenue Grants Receipts in Advance		(597)	(966)
CURRENT LIABILITIES		**(43,555)**	**(70,043)**
Capital grants receipts in advance		(10,119)	(14,669)
Long Term Creditors		(379)	(514)
Provisions		(1,824)	(2,233)
Other Long Term Liabilities		(20,905)	(44,450)
Long Term Borrowing		(203,690)	(206,611)
LONG TERM LIABILITIES		**(236,917)**	**(268,477)**
NET ASSETS		**1,038,961**	**1,030,034**
Usable Reserves		(157,749)	(176,476)
Unusable Reserves		(881,212)	(853,558)
TOTAL RESERVES		**(1,038,961)**	**(1,030,034)**

Signed: NEVILLE MURTON

Date: 31 May 2024

Neville Murton
Interim Chief Finance Officer (S.151)

Group Cash Flow Statement

	2023/24 £'000	2022/23 £'000
Net surplus or (deficit) on provision of services	(10,370)	17,247
Adjustments to net surplus or deficit on provision of services for non-cash movements	8,077	36,196
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(18,513)	(49,679)
Net cash flows from Operating Activities	**(20,806)**	**3,764**
Investing Activities	(41,658)	27,719
Financing Activities	(2,767)	(51,436)
Net Increase or (decrease) in cash and cash equivalents	**(65,231)**	**(19,953)**
Cash and cash equivalents at 1 April	91,489	111,444
Cash and cash equivalents at 31 March	**26,258**	**91,491**

Notes to the Group Accounts

Group Boundary

Lion Homes (Norwich) Limited (LHL) was incorporated on 13 November 2015. On 7 October 2016, the Council transferred 3.35 hectares of land at Bowthorpe at full market value to its wholly owned subsidiary Lion Homes (Norwich) Limited in exchange for 22,000 £100 shares in the company. It is a subsidiary for accounting purposes, and has been consolidated into the Council's group accounts.

Norwich City Services Limited was incorporated on 9 June 2020.

The Council has determined its associate relationships as follows:

NPS Norwich Ltd	Former Associate
Norwich Norse (Environmental) Limited	Former Associate
Norwich Norse (Building) Limited	Former Associate

Accounting Policies

LHL and NCSL have prepared 2023/24 accounts using accounting policies consistent with those applied by the Council with the exception of the implementation of IFRS16 by NCSL in respect of leasehold assets, and the only adjustments required to align accounting policies are the removal of those right of use assets from the balance sheet.

There is only one addition to the stated accounting policies for the Council which needs to be included for LHL. This is the accounting policy for Inventories. There is no stated policy on Inventories within the council's accounting policies as these are immaterial for the Council. However Inventories are material for LHL.

The accounting policy is that Inventories are measured at the lower of cost and net realisable value. The cost of inventories is assigned using the First In First Out (FIFO) costing formula. The policy is consistent for both the Council and LHL.

All entities have a financial year end of 31 March. Disclosure notes have only been restated in the group accounts section where they are materially different from those of the Council's single entity accounts.

1. Property, Plant and Equipment

Movements in 2023/24	**Council Dwellings £'000**	**Other Land and Buildings £'000**	**Vehicles, Plant, Furniture and equipment £'000**	**Infrastructure Assets £'000**	**Community Assets £'000**	**Lion & NCSL £'000**	**Assets Under Construction £'000**	**Total Property, Plant & Equipment £'000**
Cost or Valuation								
At 1 April 2023	**902,950**	**158,617**	**12,830**	**2,835**	**13,379**	**-**	**16,281**	**1,106,892**
Additions	13,690	2,855	1,213	5	604	-	14,273	**32,640**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(20,544)	4,594	-	-	-	-	-	**(15,950)**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(9,969)	(2,441)	-	-	-	-	-	**(12,410)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	19	1,072	-	-	-	-	-	**1,091**
Derecognition – Disposals	(4,333)	(156)	(196)	-	-	-	-	**(4,685)**
Derecognition - Other	(381)	-	-	-	-	-	-	**(381)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(895)	(220)	-	-	-	-	-	**(1,115)**
Other Movements in Cost or Valuation	8,779	83	(27)	-	(50)	-	(8,785)	**-**
Other reclassifications	-	-	-	-	-	-	-	-
At 31 March 2024	**889,316**	**164,404**	**13,820**	**2,840**	**13,933**	**-**	**21,769**	**1,106,082**
Accumulated Depreciation & Impairment								
At 1 April 2023	**(15,359)**	**(9,489)**	**(9,145)**	**(1,504)**	**-**	**-**	**-**	**(35,497)**
Depreciation charge	(16,201)	(2,971)	(1,043)	(80)	-	-	-	**(20,295)**
Depreciation written out to the Surplus/Deficit on Provision of Services	4,305	210	-	-	-	-	-	**4,515**
Depreciation write-back on revaluation to Revaluation Reserve	11,896	1,643	-	-	-	-	-	**13,539**
Impairment losses / (reversals) recognised in CIES	(3,361)	(2,299)	-	-	-	-	-	**(5,660)**
Impairment losses / (reversals) recognised in RR	40	329	-	-	-	-	-	**369**
Derecognition – Disposals	-	156	196	-	-	-	-	**352**
Derecognition - Other	-	-	-	-	-	-	-	-
At 31 March 2023	(18,680)	(12,421)	(9,992)	(1,584)	-	-	-	(42,677)
Net Book Value								
At 31 March 2024	**870,636**	**151,983**	**3,828**	**1,256**	**13,933**	**-**	**21,769**	**1,063,405**
At 31 March 2023	887,591	149,128	3,685	1,331	13,379	-	16,281	1,071,395

Comparative Movements in 2022/23	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At 1 April 2022	**855,676**	**147,615**	**12,769**	**2,791**	**12,956**	-	**5,103**	**1,036,910**
Additions	13,952	2,756	335	44	417	-	14,334	**31,838**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	32,127	9,910	-	-	-	-	-	**42,037**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(456)	(4,720)	-	-	-	-	-	**(5,176)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	10,479	1,025	-	-	-	-	-	**11,504**
Derecognition – Disposals	(9,107)	-	(268)	-	-	-	-	**(9,375)**
Derecognition - Other	(460)	-	-	-	-	-	-	**(460)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	-	-	-	-	-	-	-	**-**
Other Movements in Cost or Valuation	739	2,031	(6)	-	6	-	(3,156)	**(386)**
Other reclassifications	-	-	-	-	-	-	-	-
At 31 March 2023	**902,950**	**158,617**	**12,830**	**2,835**	**13,379**	-	**16,281**	**1,106,892**
Accumulated Depreciation & Impairment								
At 1 April 2022	**(12,007)**	**(17,629)**	**(8,300)**	**(1,425)**	**-**	-	**-**	**(39,361)**
Depreciation charge	(15,920)	(2,695)	(1,082)	(79)	-	-	-	**(19,776)**
Depreciation written out to the Surplus/Deficit on Provision of Services	6,023	2,735	-	-	-	-	-	**8,758**
Depreciation write-back on revaluation to Revaluation Reserve	9,897	6,963	-	-	-	-	-	**16,860**
Impairment losses / (reversals) recognised in CIES	(3,352)	7	-	-	-	-	-	**(3,345)**
Impairment losses / (reversals) recognised in RR	-	1,130	-	-	-	-	-	**1,130**
Derecognition – Disposals	-	-	237	-	-	-	-	**237**
Derecognition - Other	-	-	-	-	-	-	-	-
At 31 March 2023	**(15,359)**	**(9,489)**	**(9,145)**	**(1,504)**	**-**	-	**-**	**(35,497)**
Net Book Value	-	-	-	-	-	-	-	-
At 31 March 2023	**887,591**	**149,128**	**3,685**	**1,331**	**13,379**	-	**16,281**	**1,071,395**
At 31 March 2022	843,669	129,986	4,469	1,366	12,956	-	5,103	**997,549**

The Council operates a 5-year rolling programme of revaluations in relation to land and buildings except for revaluation of Housing Revenue Account Assets which is carried out on an annual basis. The only property, plant and equipment asset included in LHL's Balance Sheet at the 31 March 2024 is land held by the LHL which is as yet undeveloped. It has been valued at cost £0.232m. NCSL have made several improvements to leasehold property which are currently included in the balance sheet at a net cost of £1.332m, based on historic cost less depreciation. Property, plant and equipment for the single entity is measured at current value and revalued at least every five years, by the Council's external valuers NPS. The valuation cycle is shown in the table below and more details on the valuations can be found at note 14 to the single entity accounts.

VALUATION CYCLE	**Council dwellings**	**Other Land &Buildings**	**Community assets**	**Infrastructure**	**Vehicles Plant etc.**	**Surplus properties**	**Assets under construction**	**Total PPE**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Valued at historical cost			13,933	1,256	3,828	0	21,769	40,786
Valued at current value								-
2023-24	870,636	75,558						946,194
2022-23		69,781						69,781
2021-22		3,210						3,210
2020-21		1,324						1,324
2019-20		2,110						2,110
	870,636	**151,983**	**13,933**	**1,256**	**3,828**	**0**	**21,769**	**1,063,405**

2. Investment Properties

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

	2023/24	**2022/23**
	£'000	**£'000**
Rental income from investment property	(7,034)	(7,554)
Direct operating expenses arising from investment property	2,907	1,740
Net (gains)/losses from fair value adjustments	5,868	(5,109)
Total	**1,741**	**(10,923)**

	2023/24	**2022/23**
	£'000	**£'000**
Balance at start of the year	**101,380**	**121,560**
Additions	98	218
Purchases	-	-
Disposals	(207)	(25,888)
Net gains / (losses) from fair value adjustments	(5,798)	5,103
Transfers (to) / from Property, Plant & Equipment	0	387
Balance at end of year	**95,473**	**101,380**

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

3. Long Term Investments

	2023/24 £'000	2022/23 £'000
Lion Homes (Norwich) Limited	-	-
Norwich City Services Ltd	-	-
Municipal Bonds Agency	100	100
Legislator 1656	2,955	3,221
Total	**3,055**	**3,321**

4. Long Term Debtors

	2023/24			2022/23
	Debtors £'000	Provision for Bad Debt £'000	Net Debtors £'000	Net Debtors £'000
Advances for House Purchase: Council Houses Sold	0	-	**0**	**3**
Norfolk County Council Transferred Debt	54	-	**54**	**54**
Deferred Capital Receipt	247	-	**247**	**0**
Decent Home Loans	2,547	(2,177)	**370**	**425**
Finance Lease > 1 year	1,631	-	**1,631**	**1,664**
Home Improvement Loans	237	(43)	**194**	**198**
Housing Benefit Overpayments	4,270	(3,372)	**898**	**1,045**
Shared Equity Dwellings	155	-	**155**	**150**
SALIX	253	-	**253**	**322**
Debts with legal charge over property	34	-	**34**	**202**
Wholly owned subsidiary	-	-	**-**	**-**
Other Long Term Debtors	244	-	**244**	**257**
Total	**9,672**	**(5,592)**	**4,080**	**4,320**

5. Short Term Debtors

	2023/24 £'000	2022/23 £'000
Amounts falling due within one year:		
Trade Customers		
- HRA Rentpayer	2,162	3,120
- Other Trade Customers	5,083	6,204
Collection Fund		
- Taxpayers (Council Tax & Business Rates)	1,392	1,339
- Preceptors	0	0
Other Receivables	4,937	6,506
Prepayments	15,229	2,907
Total short term debtors	**28,803**	**20,076**

6. Inventories

	2023/24	2022/23
	£'000	£'000
Balance 1 April	2,983	264
Purchases	792	2,719
Recognised as an expense in the year	(1,226)	-
Transfers	-	-
Balance 31 March	**2,549**	**2,983**
Council Stock	792	27
LHL	1,619	2,786
NCSL	138	170
Total	**2,549**	**2,983**

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

7. Short Term Creditors

	2023/24 £'000	2022/23 £'000
Amounts falling due within one year:		
Preceptors	(6,026)	(11,667)
Trade Payables	(15,424)	(21,647)
Other Payables	(7,345)	(10,905)
Receipts in Advance	(7,964)	(12,454)
Total short term creditors	**(36,759)**	**(56,673)**

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

Capital Receipt

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

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

Chartered Institute Of Public Finance and Accountancy (CIPFA)
The principal accountancy body dealing with local government finance.

CIPFA Code of Practice on Local Authority Accounting
This specifies the principles and practices of accounting to be followed when preparing the Statement of Accounts. It constitutes “proper accounting practice” and is recognised as such by statute.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tangible Assets
See Fixed Assets (q.v.)

Transfer of Undertakings (Protection of Employment) Regulations (TUPE)
This protects employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner when the business changes hands automatically become employees of the new employer on the same terms and conditions.

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

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

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Produced by Norwich City Council – April 2024

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COM13296