Statement of accounts

for the year ending 31 March 2022

NORWICH
City Council

Contents

Narrative Report

1. Introduction

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

Local authority financial statements are complex and can be difficult to understand: they must comply with the Chartered Institute of Public Finance & Accountancy's (CIPFA) "Code of Practice on Local Authority Accounting in the United Kingdom 2021/22", which is based on International Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government.

This narrative report will provide the reader with:

- An understanding of the council, its strategic priorities, and the local and national context in which it operates;
- A summary of the council's financial performance for 2021/22 along with information on how well the Council delivered its key priorities during the year;
- The council's response and future challenges related to Covid-19;
- An overview of the council's medium term financial plans, future outlook, and key risks going forwards; and
- A guide to the key features of the primary statements and notes that make up the financial statements.

The council is required to publish an Annual Governance Statement to accompany the Statement of Accounts. This sets out the arrangements the council has put in place to manage and mitigate the risks it faces when meeting its responsibilities. The 2021/22 Annual Governance Statement can be found at: *https://www.norwich.gov.uk/downloads/download/1978/statement_of_accounts*

2. Norwich City Council

Norwich City Council is a district city council. It delivers services to the heart of the city, approximately 60% of the urban area, covering a population of some 143,414 (Source: 2018-based population projections, Office of National Statistics, March 2022). These services include:

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

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

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

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

The council insourced the Norwich Norse Environmental Ltd contract into its wholly owned company Norwich City Services Ltd on 1 April 2021. The council will be insourcing the other Norse joint venture contracts back into council control from April 2022.

3. Strategic direction of the Council

The corporate plan has been updated for the period 2022-2026 and sets out the overall strategic direction of the council including its vision, priorities, and values. This guides everything the council will do for the city, its residents and visitors. The corporate plan can be downloaded by following:
https://www.norwich.gov.uk/info/20277/performance_and_open_data/1859/corporate_plan

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

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

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

Our mission: put people and the city first.

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

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

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

P Pride: We will take pride in what we do and demonstrate integrity in how we do it.

A Accountability: We will take responsibility, do what we say we will do and see things through.

C Collaboration: We will work with others and help others to succeed.

E Excellence: We will strive to do things well and look for ways to innovate and improve.

4. Local context

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

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

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

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

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

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

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

5. National Context & Future Outlook

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

Financial Implications

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

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

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

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

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

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

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

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

Government funding and reforms

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

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

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

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

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

6. Medium Term Financial Plans and Risks

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

General Fund

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

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

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

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

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

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

Housing Revenue Account (HRA)

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

The HRA has lost significant income in recent years from the government's enforced four-year rent reduction policy enacted in the Welfare Reform and Work Act 2016. Additionally, there are significant potential risks to rental income streams arising from the Covid-19 pandemic, the accelerated roll out of Universal Credit and the continuing Right-to-Buy legislation.

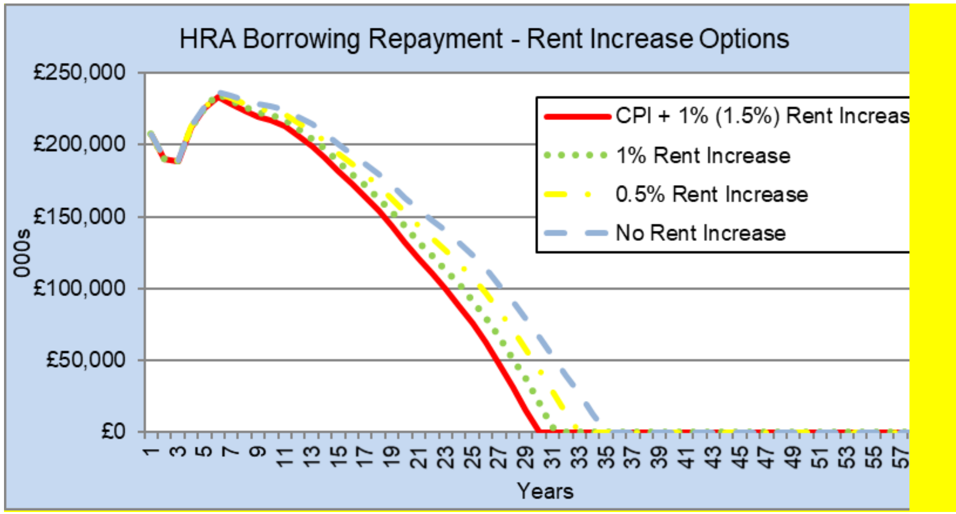
The HRA was forecast to make a surplus of income over expenditure of £5.039m in 2021/22 and it was proposed to use this surplus along with £10.640m of existing reserves to fund capital investment new social housing.

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

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

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

Ability to repay HRA borrowing



Capital Strategy

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

The council's proposed capital programme for 2021/22 was £69.641m. In addition, further projects may seek approval during the year, subject to viable Business Cases.

The general fund has insufficient capital resources to meet investment needs for the future. An initial view is that more than £21m of backlog maintenance is required on the council's assets over the medium term. Due to constrained finances, it is considered that this level of investment is unaffordable. Therefore, a comprehensive review of the general fund's land and property assets is being undertaken, with a view to optimising the contribution property makes to the council's strategic and service objectives by identifying assets that require investment, are not financial performing, or are surplus to service needs.

The council's overall financial position

The council has a strong balance sheet and owns some £1 billion of long-term assets (mostly land and property). In addition, it has significant unearmarked reserves both for the general fund (£10.352m) and HRA (£51.559m) as at 31 March 2022.

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

The council holds over £100m of investment properties which generate a revenue stream for the council. 14% of the General Fund's gross expenditure budget for 2021/22 is assumed be funded from commercial income (investment property income and interest from lending to the council's wholly owned housing development company). A proportion of the income is set aside into earmarked reserves to mitigate against the risks associated with these commercial activities.

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

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

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

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

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

Financial Risks

Financially the Council faces a large number of challenges in the coming years. The 2021/22 Budget Report identified the key financial risks facing the Council as set out in the Council's Corporate Risk Register.

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

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

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

7. Performance against our priorities

Corporate KPIs

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

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

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

The below table summarises the KPI information for the year under each corporate priority. These are RAG rated red, amber or green. Green is on target, amber provides an early warning for possible intervention and red suggests intervention is necessary.

Overall, the council's performance needs to be seen in the context of a very challenging operating environment, with significant economic and financial challenges. Changing resident and business behaviours in response to the Covid-19 pandemic and the developing cost of living crisis has highlighted changing patterns of demand. The council's C19 recovery blueprint shows how the council is responding to these challenges and individual areas of council performance are highlighted below. Specific areas where anticipated performance is not on track are being addressed through service management, organisational change and work with partners. Ultimately this highlights the need for adequate resourcing of local government to ensure resilience of key services, especially in challenging times.

2021/22 Performance against key indicators

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

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

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

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

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

2021/2022 Financial Performance

Revenue Expenditure

2021/2022 actual against budget for each service area

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

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

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

The significant variances are as follows:

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

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

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

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

Significant key variances are as follows:

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

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

Capital expenditure

Capital Programme	Revised Budget (£000)	Provisional Outturn (£000)	Provisional variance (£000)
General Fund	21,045	10,827	(10,218)
HRA	45,962	22,758	(23,204)
Total Capital Funding Requirement	**67,007**	**33,585**	**(33,422)**

2021/22 funding of the capital programme

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

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

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

Although no new build council homes have been completed, work has continued on the development programme at four sites at the former King's Arms PH, Argyle Street, Three Score and Mile Cross. Additionally, £1m has been invested in five new council homes by buying back properties formerly sold under Right to Buy or acquiring through the open market.

Grants of right to buy receipts to registered providers totalling £1.6m have also enabled the development of further new affordable homes in the city.

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

8. 2021/22 Statement of Accounts

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

It comprises core and supplementary statements together with disclosure notes.

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

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

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

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

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

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

Expenditure and Funding Analysis

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

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

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

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

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

Comprehensive Income and Expenditure Statement (CIES)

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

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

Movement in Reserves Statement (MIRS)

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

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

Reserves are analysed into two categories: usable and unusable.

Usable reserves

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

Unusable reserves

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

Balance Sheet

The balance sheet provides a snapshot of the council's position at a specific point in time; showing what it owns and owes as at 31 March 2022. It is very similar to other public sector or private sector balance sheets.

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

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

The council continues to maintain a strong balance sheet with net assets of £839.391m. With a current ratio (current assets/current liabilities) of 1.5:1, the Council is able to pay all its short-term liabilities with current assets and is holding cash and cash equivalents of £107.326m.

Cash flow statement

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

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

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

Housing revenue account (HRA)

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

Collection Fund

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

Business rates

As part of the response to the pandemic the government announced additional business rates reliefs to cover 100% of the rates due by businesses in the retail, hospitality and leisure sectors. These reliefs have reduced the income received directly from business rates payers and results overall in an in-year deficit of £23.6m. The element of the lost income relating to the additional reliefs has however been compensated for by a Section 31 grant from central government.

The element of the business rates deficit relating to the city council is £9.447m and the additional S31 grant is £9.112m. Due to the required accounting treatment, there is a timing difference between when the two elements impact on the general fund. To manage the impact of this the additional grant income received in 2021/22 has been transferred into the S31 Earmarked reserve and will be returned into the general fund in 2022/23 to offset the impact of the business rates deficit.

Council tax

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

Group financial statements

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

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

Norwich Regeneration Ltd (NRL)

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

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

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

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

Norwich City Services Ltd (NCSL)

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

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

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

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

Additional disclosures

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORWICH CITY COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of Norwich City Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2022. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 1 to 42 to the Council financial statements and the related notes 1 to 7 to the Group financial statements,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 13,
- Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Group and the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024.

We completed the audit of the 2020/21 financial statements and issued our audit opinion on 1 June 2022.

The backstop date and the wider requirements of the local audit system reset, meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2021/22 financial statements.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

Report on the Group and the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you, if we are not satisfied that the Group and the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Group and the Council's arrangements for the year ended 31 March 2022.

Significant weaknesses in arrangements

<u>Compliance with the Home Standard</u>

<u>Our judgement on the nature of the weaknesses identified:</u>

In June 2021, an internal audit review reported weaknesses in the Council's arrangements to ensure their housing stock complied with the Decent Homes Standard, including insufficient processes and controls in place to ensure compliance with water safety regulations, and failure to comply with its Fire Safety policy. The Council completed a self-referral to the Regulator of Social Housing with regards to Health and Safety Property Compliance and a significant number of homes not meeting the Decent Homes Standard. In July 2021, the Regulator of Social Housing published a notice confirming the occurrence of the breach. Management have since taken action to address these concerns including establishing a Safety and Compliance Board to oversee this process and engaging an external party to perform independent review of the Council's progress on the improvement plan. However, the regulatory notice was still in place as at 31 March 2022. A Cabinet report in February 2022 reported progress in achieving the immediate actions incorporated in the improvement plan but that a number of inspections and remedial works were overdue from the established timescales.

The failure to comply with the Decent Homes Standard for a significant number of properties is indicative of weaknesses in the Council's arrangements to ensure homes meet this standard in the financial year to 31 March 2022.

There remains evidence of a significant weakness in arrangements during 2021/22 that:

- Could reasonably lead to significant impact on the quality and effectiveness of the service, and the body's reputation; and
- Identifies a failure to take action to address identified Regulator of Social Housing findings and achieve planned progress on improvement plans to remove the regulatory notice.

<u>The evidence on which our view is based:</u>

In forming our assessment, we have considered and reviewed:

- Internal review of health, safety and compliance management in June 2021;
- Council's self-referral letter to Regulator of Social Housing in July 2021;
- Regulatory Notice from Regulator of Social Housing issued in October 2021;
- Update on Health, Safety, and Compliance in Council Homes presented to the Cabinet in October 2023; and
- Various Committee and Council minutes.

The impact on the Council:
The Council is responsible for meeting all the statutory requirements that provide for the health and safety of tenants in their home. Remedial costs will be incurred to get the houses back up to standard. The Council needs to continue addressing the issues identified and make the improvements required to ensure return to full compliance and on an ongoing basis.

The action the body needs to take to address the weakness:

To address these weaknesses the Council needs to:

- Continue with the Safety and Compliance Board, making full use of its support for effective decision making and to improve compliance reporting; and
- Continue to work with the regulator to deliver the compliance improvement plan, return to full compliance, and remove the regulatory notice.

This issue is evidence of weaknesses in proper arrangements for governance, including how the body monitors and ensures appropriate standards, such legislative and regularity requirements are met.

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 22, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the

FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Norwich City Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Norwich City Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Norwich City Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Norwich City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Norwich City Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

David Riglar

…………………………………… Date: 2 December 2024

David Riglar (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

Footnote
The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 12 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate of Chief Finance Officer

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

Signed: **Alistair Rush** Date: 02 December 2024

Alistair Rush FCPFA
Interim Chief Finance Officer and S151 Officer

Certificate of Approval of the Statement of Accounts

Signed: **Councillor Ben Price** Date: 02 December 2024

Councillor Ben Price
Chair of Audit Committee
Signed on behalf of Norwich City Council

Comprehensive Income and Expenditure Statement (CIES)

		2021/22			2020/21 Restated **		
	Note	Expenditure	Income	Net	Expenditure	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive		305	-	305	255	-	255
Community Services		21,148	(8,520)	12,628	18,887	(6,615)	12,272
Corporate & Commercial Services		59,744	(48,566)	11,178	54,868	(47,371)	7,497
Corporate Financing		190	(136)	54	2,978	(1,990)	988
Development & City Services		27,553	(15,329)	12,224	23,906	(10,932)	12,974
Housing Revenue Account *		38,404	(68,073)	(29,669)	32,455	(67,889)	(35,434)
Cost of Services		**147,344**	**(140,624)**	**6,720**	**133,349**	**(134,797)**	**(1,448)**
Other Operating Expenditure	11			(1,267)			(971)
Financing and Investment Income and Expenditure	12			(9,696)			5,812
Taxation and non-specific grant income and expenditure	13			(30,980)			(29,010)
(Surplus) or Deficit on Provision of Services				**(35,223)**			**(25,617)**
Surplus on revaluation of non-current assets.	14			(36,229)			(14,117)
(Surplus)/deficit from investments in equity instruments designated FVOCIE	18			(1,083)			(109)
Actuarial (gains)/losses on pension assets/liabilities	40			(56,914)			34,016
Other Comprehensive Income and Expenditure				**(94,226)**			**19,790**
Expenditure				**(129,449)**			**(5,827)**

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

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

Movement in Reserves Statement

	General Fund Balance £'000	Earmarked General Fund Balance Reserves £'000	Housing Revenue Account £'000	Earmarked H.R.A. Balance Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2021	**(9,890)**	**(34,805)**	**(43,370)**	**(2,187)**	**(55,725)**	**(10,019)**	**(4,274)**	**(160,270)**	**(549,672)**	**(709,942)**
Movement in reserves during 2021/22										
Surplus/ (deficit) on provision of services	(15,683)	-	(19,540)	-	-	-	-	**(35,223)**	-	**(35,223)**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	(94,226)	**(94,226)**
Total Comprehensive Income & Expenditure	**(15,683)**	**-**	**(19,540)**	**-**	**-**	**-**	**-**	**(35,223)**	**(94,226)**	**(129,449)**
Adjustments between accounting basis & funding basis under regulations (note 6)	20,237	-	13,201	-	(8,429)	2,517	(59)	**27,467**	(27,467)	**-**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**4,554**	**-**	**(6,339)**	**-**	**(8,429)**	**2,517**	**(59)**	**(7,756)**	**(121,693)**	**(129,449)**
Transfers to/from Earmarked Reserves (note 11)	(5,016)	4,956	(1,279)	1,339	-	-	-	**-**	-	**-**
Transfers between reserves	-	-	-	-	-	-	-	**-**	-	**-**
Other Adjustments	-	-	-	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in 2021/22	**(462)**	**4,956**	**(7,618)**	**1,339**	**(8,429)**	**2,517**	**(59)**	**(7,756)**	**(121,693)**	**(129,449)**
Balance at 31 March 2022 carried forward	**(10,352)**	**(29,849)**	**(50,988)**	**(848)**	**(64,154)**	**(7,502)**	**(4,333)**	**(168,026)**	**(671,365)**	**(839,391)**

	General Fund Balance £'000	Earmarked General Fund Balance Reserves £'000	Housing Revenue Account £'000	Earmarked H.R.A. Balance Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2020	**(9,464)**	**(14,603)**	**(33,968)**	**(2,500)**	**(51,069)**	**(8,307)**	**(3,462)**	**(123,373)**	**(580,733)**	**(704,106)**
Movement in reserves during 2020/21										
Surplus/ (deficit) on provision of services	(221)	-	(25,395)	-	-	-	-	**(25,616)**	-	**(25,616)**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	19,789	**19,789**
Total Comprehensive Income & Expenditure	**(221)**	**-**	**(25,395)**	**-**	**-**	**-**	**-**	**(25,616)**	**19,789**	**(5,827)**
Adjustments between accounting basis & funding basis under regulations (note 6)	(20,314)	-	16,146	-	(4,578)	(1,712)	(812)	**(11,270)**	11,270	**-**
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	**(20,535)**	**-**	**(9,249)**	**-**	**(4,578)**	**(1,712)**	**(812)**	**(36,886)**	**31,059**	**(5,827)**
Transfers to/from Earmarked Reserves (note 11)	20,109	(20,201)	(221)	313	-	-	-	**-**	-	**-**
Transfers between reserves	-	-	70	-	(70)	-	-	**-**	-	**-**
Other Adjustments	-	(1)	(2)	-	(8)	-	-	**(11)**	2	**(9)**
(Increase)/Decrease in 2020/21	**(426)**	**(20,202)**	**(9,402)**	**313**	**(4,656)**	**(1,712)**	**(812)**	**(36,897)**	**31,061**	**(5,836)**
Balance at 31 March 2021 carried forward	**(9,890)**	**(34,805)**	**(43,370)**	**(2,187)**	**(55,725)**	**(10,019)**	**(4,274)**	**(160,270)**	**(549,672)**	**(709,942)**

Balance Sheet

	Notes	31 March 2022	31 March 2021
		£'000	£'000
Property, Plant & Equipment	14	995,837	953,406
Heritage Assets	15	25,596	25,553
Investment Properties	16	119,445	103,394
Intangible Assets	17	1,465	614
Long term Investments	18	7,115	6,482
Long Term Debtors	19	9,641	16,263
Long Term Assets		**1,159,099**	**1,105,712**
Short Term Investments	18	57,083	30,005
Assets Held for Sale	21	798	-
Short term Debtors	19	22,514	38,600
Inventories		27	27
Cash and Cash Equivalents	20	107,326	45,133
Current Assets		**187,748**	**113,765**
Short Term Borrowing	18	(52,034)	(3,398)
Short Term Creditors	22	(65,171)	(71,504)
Provisions	23	-	(378)
Capital Grants Receipts in Advance Short Term	34	(6,343)	(3,410)
Current Liabilities		**(123,548)**	**(78,690)**
Long Term Creditors	22	(2,210)	(2,411)
Long term Borrowing	18	(211,565)	(217,579)
Other Long Term Liabilities	40	(154,846)	(206,169)
Provisions	23	(2,560)	(2,767)
Capital Grants Receipts in Advance Long Term	34	(12,727)	(1,919)
Long Term Liabilities		**(383,908)**	**(430,845)**
Net Assets		**839,391**	**709,942**
Usable Reserves	24	(168,026)	(160,270)
Unusable Reserves	25	(671,365)	(549,672)
Total Reserves		**(839,391)**	**(709,942)**

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

Signed: **Alistair Rush** Date: 02 December 2024

Alistair Rush FCPFA
Interim Chief Finance Officer and S151 Officer

Cash Flow Statement

	Note	2021-22 £'000	Restated 2020-21 £'000
Net surplus or (deficit) on provision of services		35,223	25,617
Adjustments to net surplus or deficit on provision of services for non-cash movements		14,589	23,065
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(22,958)	(13,472)
Net cash flows from Operating Activities	26	**26,854**	**35,210**
Investing Activities	27	(12,067)	(27,697)
Financing Activities	28	47,406	1,632
Net Increase or (decrease) in cash and cash equivalents		**62,193**	**9,145**
Cash and cash equivalents at 1 April		45,133	35,988
Cash and cash equivalents at 31 March	20	**107,326**	**45,133**

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

Notes to the Accounts

1. Accounting Policies

Going Concern

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

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

General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015.These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

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

Accruals of Income & Expenditure

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

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

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

Cash & Cash Equivalents

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

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

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

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

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

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

The council prepared the cash flow statement using the indirect method in 2021/22 and prior year figures have been restated from the direct method used in the 2020/21 statements. There are no other changes in the accounting policies for the year

Charges to Revenue for Non-Current Assets

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

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

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

Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

Post-Employment Benefits

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

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

to the financing and investment income line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the defined benefit liability at the beginning of the period – taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

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

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

Discretionary Benefits

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

Events after the Balance Sheet Date

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

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

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

Financial Instruments

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

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

Financial Liabilities

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

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

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

Financial Assets

There are three main classes of financial assets measured at:

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

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

Expected Credit Loss Model

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

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income

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

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

Exceptional Items

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

Government Grants & Contributions

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

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

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

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

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

Community Infrastructure Levy

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

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

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

Investment Property

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

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

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

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

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

Intangible Assets

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

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

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

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

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

Interest in Companies and Other Entities

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

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

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

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

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

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

The position is reviewed and updated on an annual basis.

The Council has gone through a process in line with the Code guidance flowcharts and concluded Group Accounts are required in 2021/22. Further detail on the Group boundary judgement is included in note 3 and the Group Financial statements.

Leases

The Council as Lessee

<u>Finance Leases</u>

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.

<u>Recognition</u>

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.

<u>Measurement</u>

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

<u>Componentisation</u>

The 2021/22 CIPFA Code of Practice on Local Authority Accounting states that each part of an item of Property, Plant and Equipment (PP&E) with a cost that is significant in relation to the total cost of the item shall be depreciated separately, applied from 1 April 2010 onwards. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In adopting the Code, the Authority has developed the following Componentisation Policy using the approach set out in LAAP bulletin 86:

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

This policy excludes land assets which are already identified separately.

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

<u>Impairment</u>

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals & Non-Current Assets Held for Sale

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

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

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

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

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

Contingent Assets

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

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

Reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

VAT

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

The Collection Fund

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Critical Judgements in Applying Accounting Policies

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

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

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

Property, Plant and Equipment

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

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

The significant assumptions applied in estimating the fair values are:

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

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

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

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

Investment Properties

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

Post Retirement Benefits

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

Group Boundaries

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

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

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

Due to the material levels of transactions going through Norwich Regeneration Ltd (NRL) in 2021/22, consolidated group accounts have been prepared. Consolidated group accounts have been prepared for NCSL Ltd due to the material level of transactions that will be going through and for future comparative purposes. As a subsidiary, the accounts of both NRL and NCSL have been consolidated with those of the Council on a line-by-line basis, and any balances and transactions between parties have been eliminated in full.

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

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

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

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Business Rates	Since the introduction of the Business Rates retention Scheme in April 2013, Local Authorities are liable for successful appeals against business rates charged to business in 2021-25 and earlier financial years in their proportionate share. As at the 31 March 2022, 23 appeals remain outstanding relating to the 2010 rating list. A provision has been recognised for the best estimate of the amount that businesses have been overcharged for the period totalling £2.2m. Following the 2017 revaluation, a new check, challenge and appeal process was introduced by the Valuation Office Agency; the impact of which remains highly uncertain. As at the 31st March 2022, 62 challenges are outstanding. A provision has been made for the estimated success of future appeals from the 2017 list of £4.2m which equates to 5.3% of annual net rates payable. A 1% increase in the coverage of net rates for the 2017 list would increase the provision by £0.8m.	Should the outstanding appeals be successful, the amount owed to businesses may be more than estimated, in which case the proportionate share of this would require an increase to the provision. However there may be appeals that are not successful or they may be successful but the amount owed to businesses be less than estimated, which would result in a reduction in the appeals provision.
Property, Plant and Equipment (excluding Housing Stock) £152.2m	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for assets would increase by £0.277m for every year that useful lives had to be reduced.

Items	Uncertainties	Effect if Actual Results differ from Assumptions
Property, Plant and Equipment (excluding Housing Stock) £152.5m	Apart from infrastructure, community and assets under construction, the basis of value for all assets is Current Value. Current value may be either the Existing Use Value, Depreciated replacement Cost or Fair Value depending on the property type and classification. Of the balance £28.899m (19%) of assets are held at depreciated replacement cost (DRC). This method is used where there is no established property market which would enable a reliable valuation by any other method.	Property values are affected by a number of factors and a 1% change in the assumed valuation of other land and buildings and surplus assets totalling £128.m would equate to £1.28m.
Pensions Liability £154.7m	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The actuaries allowed for the impact of full GMP indexation in the calculation of 31 March 2019 funding valuation results. The Employer's valuation results position is used as the starting point for the accounting roll forward calculations and therefore an allowance for full GMP indexation was included within the closing balance sheet position of last year's Accounting Date. Other recent court cases have been considered but no further adjustments made this year for their impact. At the accounting date.	The sensitivities resulting in an impact on the Council's finances are disclosed in Note 40.
Arrears	At 31 March 2022, the Council had a balance of sundry debtors of £5.3m. A review of significant balances suggested that an impairment of doubtful debts ranging from 10% to 100% was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, an increase in the amount of the impairment for doubtful debt would be required.

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

5. Material Items of Income and Expense

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

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

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

6. Events after the Reporting Date

The statement of accounts were authorised for issue by the Executive Director, Corporate and Commercial Services (S.151 Officer) on 28 July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

7. Expenditure and Funding Analysis

	Net Expenditure Chargeable to the GF & HRA balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Chief Executive	289	16	305
Community Services	10,012	2,616	12,628
Corporate & Commercial Services	7,775	3,403	11,178
Corporate Financing	1,858	(1,804)	54
Development & City Services	8,374	3,850	12,224
Housing Revenue Account	(18,652)	(11,017)	(29,669)
Net Cost of Services	**9,656**	**(2,936)**	**6,720**
Other income & expenditure	15	(1,282)	(1,267)
Financing and Investment Income	1,854	(11,550)	(9,696)
Taxation and non-specific grant income	(13,310)	(17,670)	(30,980)
(Surplus) or deficit	**(1,785)**	**(33,438)**	**(35,223)**
Opening General Fund and HRA balance at 31 March 2021	(53,260)		
Net (Surplus) / Deficit on General Fund and HRA balance in year	(1,785)		
Transfer between reserves	(6,295)		
Closing General Fund and HRA balance at 31 March 2022	**(61,340)**		

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2021	**(9,890)**	**(43,370)**	**(53,260)**
Net (Surplus)/Deficit on General Fund and HRA balance in year	4,554	(6,339)	(1,785)
Transfer between reserves	(5,016)	(1,279)	(6,295)
In year movement in reserves	**(462)**	**(7,618)**	**(8,080)**
Closing General Fund and HRA balance at 31 March 2022	**(10,352)**	**(50,988)**	**(61,340)**

	Adjustments for capital purposes £'000	Net Changes for Pension adjustments £'000	Other Difference £'000	Total Adjustments £'000
Chief Executive	-	12	4	**16**
Community Services	2,153	473	(10)	**2,616**
Corporate & Commercial Services	3,124	338	(59)	**3,403**
Corporate Financing	(1,757)	(57)	10	**(1,804)**
Development & City Services	3,561	375	(86)	**3,850**
Housing Revenue Account	(11,294)	313	(36)	**(11,017)**
Net Cost of Services	**(4,213)**	**1,454**	**(177)**	**(2,936)**
Other income & expenditure	(1,282)	-	-	**(1,282)**
Financing and Investment Income	(15,681)	4,131	-	**(11,550)**
Taxation and non-specific grant income	(9,564)	-	(8,106)	**(17,670)**
(Surplus) or deficit	**(30,740)**	**5,585**	**(8,283)**	**(33,438)**

Expenditure Funding Analysis 2020/21 (Restated)

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

Analysed between General fund and HRA balances	**General Fund**	**HRA**	**Total**
Opening General Fund and HRA balance at 31 March 2020	**(9,464)**	**(33,968)**	**(43,432)**
Net (Surplus) / Deficit on General Fund and HRA balance in year	(20,535)	(9,249)	(29,784)
Transfer between reserves	20,109	(153)	19,956
In year movement in reserves	**(426)**	**(9,402)**	**(9,828)**
Closing General Fund and HRA balance at 31 March 2021	**(9,890)**	**(43,370)**	**(53,260)**

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

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

8. Income and Expenditure by Nature

	2021/22 Surplus / Deficit on the Provision of Services £'000	2020/21 Surplus / Deficit on the Provision of Services £'000
Employee benefits expenses	38,749	32,616
Other service expenses	63,097	57,169
Interest payments	10,532	8,231
Depreciation, amortisation, impairment etc.	(6,996)	4,953
Payments to Housing Capital Receipts Pool	1,097	1,097
Housing Benefit Expenditure	43,691	46,646
Non-Domestic rates tariff	26,798	26,277
Total Expenditure	**176,968**	**176,989**
Fees, charges and other service income	(95,948)	(89,130)
Interest and investment income	(2,790)	(898)
Council Tax and Non-Domestic Rate income	(31,581)	(22,496)
Grants and Contributions	(37,088)	(42,642)
Housing Benefit contributions and allowances	(41,163)	(44,877)
Gains on the disposal of assets	(3,621)	(2,563)
Total income	**(212,191)**	**(202,606)**
Net Cost of Services	**(35,223)**	**(25,617)**

Income received on a segmental basis is analysed below:

	2021/22 £'000	2020/21 £'000
Revenue from External customers	(95,948)	(89,130)
Other Income	(116,243)	(113,476)
Total Income	**(212,191)**	**(202,606)**

9. Adjustments between Accounting Basis and Funding Basis under regulations

2021/22	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non-current assets	(4,171)	(20,673)	-	-	-	**(24,844)**	**24,844**
Revaluation gains / (Losses) on Property, Plant and Equipment	(686)	17,013	-	-	-	**16,327**	**(16,327)**
Movement in Market Value of Investment Properties	15,696	-	-	-	-	**15,696**	**(15,696)**
Capital Grants and Contributions Applied	6,969	-	-	-	-	**6,969**	**(6,969)**
Revenue expenditure funded from capital under statute	(4,076)	(1,612)	-	-	-	**(5,688)**	**5,688**
Amounts of non-current assets written off on disposal or sale as part of a gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,065)	(11,020)	-	-	-	**(18,085)**	**18,085**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	1,761	114	-	-	-	**1,875**	**(1,875)**
Capital expenditure charged against the General Fund and HRA balances	-	1,106	-	-	-	**1,106**	**(1,106)**
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,904	736	-	-	(2,640)	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	2,581	**2,581**	**(2,581)**
Adjustments involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,178	13,345	(20,523)	-	-	**-**	**-**
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	10,807	-	-	**10,807**	**(10,807)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(5)	(219)	224	-	-	**-**	**-**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	(1,097)	-	1,097	-	-	**-**	**-**

Continued below

2021/22 (continued)	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(34)	-	-	**(34)**	**34**
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	15,541	-	(15,541)	-	**-**	**-**
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	18,058	-	**18,058**	**(18,058)**
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(14)	-	-	-	-	**(14)**	**14**
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(11,474)	(2,990)	-	-	-	**(14,464)**	**14,464**
Employer's pension contributions and direct payments to pensioners payable in the year	7,056	1,824	-	-	-	**8,880**	**(8,880)**
Adjustments involving the Collection Fund Adjustment Account							
Amount by which Council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	8,106	-	-	-	-	**8,106**	**(8,106)**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	155	36	-	-	-	**191**	**(191)**
Total Adjustments	**20,237**	**13,201**	**(8,429)**	**2,517**	**(59)**	**27,467**	**(27,467)**

2020/21 comparative figures	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation and impairment of non-current assets	(2,192)	(18,131)	-	-	-	**(20,323)**	**20,323**
Revaluation gains / (Losses) on Property, Plant and Equipment	56	15,506	-	-	-	**15,562**	**(15,562)**
Movement in Market Value of Investment Properties	(96)	-	-	-	-	**(96)**	**96**
Capital Grants and Contributions Applied	1,252	14	-	-	-	**1,266**	**(1,266)**
Movement in Donated Assets Account	-	-	-	-	-	**-**	**-**
Revenue expenditure funded from capital under statute	(1,971)	(550)	-	-	-	**(2,521)**	**2,521**
Amounts of non-current assets written off on disposal or sale as part of a gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(570)	(7,354)	-	-	-	**(7,924)**	**7,924**
Insertion of items not debited or credited to the Comprehensive Income and expenditure Statement							
Statutory provision for the financing of capital investment	1,693	107	-	-	-	**1,800**	**(1,800)**
Capital expenditure charged against the General Fund and HRA balances	1,000	1,941	-	-	-	**2,941**	**(2,941)**
Adjustments involving the Capital Grants Unapplied Account							
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,142	577	-	-	(2,719)	**-**	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	1,907	**1,907**	**(1,907)**
Adjustments involving the Capital Receipts Reserve:							
of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	766	9,322	(10,088)	-	-	**-**	**-**
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	4,384	-	-	**4,384**	**(4,384)**
Contribution from the Capital receipts Reserve towards administration costs of non-current asset disposals	(10)	(159)	169	-	-	**-**	**-**
Contribution from the Capital receipts Reserve to Finance the payments to the Government capital receipts pool	(1,097)	-	1,097	-	-	**-**	**-**

Continued below

2020/21 comparative figures (continued)	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Movement in Unusable Reserves £'000
Adjustments involving the Deferred Capital Receipts Reserve							
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	(140)	-	-	**(140)**	**140**
Adjustments involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	15,525	-	(15,525)	-	**-**	**-**
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	13,813	-	**13,813**	**(13,813)**
Adjustments involving the Financial Instruments Adjustment Account							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(133)	-	-	-	-	**(133)**	**133**
Adjustments involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(8,016)	(2,186)	-	-	-	**(10,202)**	**10,202**
Employer's pension contributions and direct payments to pensioners payable in the year	6,214	1,584	-	-	-	**7,798**	**(7,798)**
Adjustments involving the Collection Fund Adjustment Account							
Amount by which Council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	(18,982)	-	-	-	-	**(18,982)**	**18,982**
Adjustments involving the Accumulated Absence Reserve							
Difference between accounting and statutory credit for holiday	(370)	(50)	-	-	-	**(420)**	**420**
Total Adjustments	**(20,314)**	**16,146**	**(4,578)**	**(1,712)**	**(812)**	**(11,270)**	**11,270**

10. Earmarked Reserves

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

Insurance Reserve

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

An evaluation of the balance on the Insurance Reserve has been undertaken and the amount set aside to cover the uninsured risks at 31 March 2021 is based on the assessed liability. Included within this balance is an amount to cover potential liabilities following the trigger of the Municipal Mutual Insurance Limited (MMI) Scheme of Arrangement.

S31 Earmarked Reserve

Central government compensates local authorities for changes to business rates reliefs. This compensation is made outside of the rate retention scheme by means of a Section 31 (S31) grant directly to the general fund. The S31 Earmarked Reserve holds the unused balance of the S31 grant monies received in 2020/21 and earlier years. These monies will be transferred to the General Fund Reserves in future years to mitigate the delayed impact of deficits on the NNDR Collection Fund as properly accounted for under regulation.

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

Mousehold Conservators Reserve

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

General Fund & HRA Invest to Save Reserves

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

Revenue Grants Unapplied Reserves

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

Commercial Property Reserve

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

Norwich Regeneration Ltd Reserve

The Council has a commercial loan of £6.150m (2020/21 £12.650m) with its wholly-owned subsidiary Norwich Regeneration Ltd (NRL). The company is using the loan to finance its house building at the Three Score site and the Council receives an income stream through the loan interest payments.

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

Elections Reserve

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

General Fund Repairs Reserve

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

Budget Risk Reserve

This reserve will be used to manage the financial risks associated with both the future impacts of the pandemic and the delivery of the 2021/22 budget savings identified.

Business Change Reserve

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

Business Rates Pool Reserve

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

HRA Tenancy & Estate Management System

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

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

11. Other Operating Expenditure

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

12. Financing and Investment Income and Expenditure

	2021/22 £'000	2020/21 £'000
Interest payable and similar charges	8,612	8,231
(Gains)/Losses on the disposal of investment property	(14)	(168)
Pension interest cost and expected return on pension assets	4,131	4,014
Interest Receivable and similar income	(762)	(896)
Income and expenditure in relation to investment properties and changes in their fair value	(21,788)	(4,711)
Other investment income	(59)	-
Impairment losses	-	(750)
Impairment of Soft Loans	184	92
Total	**(9,696)**	**5,812**

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

13. Taxation and Non-Specific Grant Income

	2021/22 £'000	2020/21 £'000
Council tax income	(10,282)	(9,937)
Non domestic rates income and expenditure	(21,299)	(12,559)
Non-ring fenced government grants	(15,958)	(28,807)
Capital grants and contributions	(9,564)	(3,984)
Business Rates - Tariff & Levy	26,798	26,277
Business Rates - Receipt from Norfolk Pool	(675)	-
Total	**(30,980)**	**(29,010)**

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

14. Property Plant and Equipment

Movements in 2021/22	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2021	**812,630**	**142,715**	**11,938**	**2,885**	**12,207**	**53**	**1,671**	**984,099**
Additions	19,082	2,024	943	2	749	-	4,361	**27,161**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,105	1,803	-	-	-	(1)	-	**27,907**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(791)	(1,109)	-	(96)	-	-	-	**(1,996)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	9,358	746	-	-	-	-	-	**10,104**
Derecognition – Disposals	(9,387)	-	(112)	-	-	(52)	-	**(9,551)**
Derecognition - Other	(1,203)	-	-	-	-	-	-	**(1,203)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(160)	(368)	-	-	-	-	(114)	**(642)**
Other Movements in Cost or Valuation	44	9	-	-	-	-	(816)	**(763)**
At 31 March 2022	**855,678**	**145,820**	**12,769**	**2,791**	**12,956**	**-**	**5,102**	**1,035,116**
Accumulated Depreciation & Impairment								
At 1 April 2021	(8,033)	(13,878)	(7,401)	(1,381)	-	-	-	**(30,693)**
Depreciation charge	(14,970)	(2,620)	(1,011)	(82)	-	-	-	**(18,683)**
Depreciation written out to the Surplus/Deficit on Provision of Services	8,004	113	-	-	-	-	-	**8,117**
Depreciation write-back on revaluation to Revaluation Reserve	6,966	714	-	38	-	-	-	**7,718**
Impairment losses / (reversals) recognised in CIES	(3,974)	(1,876)	-	-	-	-	-	**(5,850)**
Impairment losses / (reversals) recognised in RR	-	-	-	-	-	-	-	**-**
Derecognition – Disposals	-	-	112	-	-	-	-	**112**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2022	(12,007)	(17,547)	(8,300)	(1,425)	-	-	-	**(39,279)**
Net Book Value								
At 31 March 2022	**843,671**	**128,273**	**4,469**	**1,366**	**12,956**	**-**	**5,102**	**995,837**
At 31 March 2021	804,597	128,837	4,537	1,504	12,207	53	1,671	953,406

Comparative Movements in 2020/21	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Furniture & equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At 1 April 2020	790,620	139,786	28,770	2,862	11,923	25	606	**974,592**
Additions	16,119	1,054	1,525	23	284	-	1,065	**20,070**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	8,676	444	-	-	-	28	-	**9,148**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(4,579)	(376)	-	-	-	-	-	**(4,955)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	8,992	25	-	-	-	-	-	**9,017**
Derecognition – Disposals	(6,319)	-	(18,358)	-	-	-	-	**(24,677)**
Derecognition - Other	(397)	-	-	-	-	-	-	**(397)**
Demolition	-	(8)	-	-	-	-	-	**(8)**
Assets Reclassified (to) / from Held for Sale	(476)	(16)	-	-	-	-	-	**(492)**
Other Movements in Cost or Valuation	(6)	1,807	-	-	-	-	-	**1,801**
At 31 March 2021	**812,630**	**142,716**	**11,937**	**2,885**	**12,207**	**53**	**1,671**	**984,099**
Accumulated Depreciation & Impairment								
At 1 April 2020	(7,126)	(11,113)	(25,024)	(1,300)	-	-	-	**(44,563)**
Depreciation charge	(14,999)	(2,521)	(729)	(81)	-	-	-	**(18,330)**
Depreciation written out to the Surplus/Deficit on Provision of Services	10,974	39	-	-	-	-	-	**11,013**
Depreciation write-back on revaluation to Revaluation Reserve	4,025	643	-	-	-	-	-	**4,668**
Impairment losses / (reversals) recognised in CIES	(1,132)	(927)	-	-	-	-	-	**(2,059)**
Impairment losses / (reversals) recognised in RR	225	-	-	-	-	-	-	**225**
Derecognition – Disposals	-	-	18,353	-	-	-	-	**18,353**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2021	**(8,033)**	**(13,879)**	**(7,400)**	**(1,381)**	**-**	**-**	**-**	**(30,693)**
Net Book Value								
At 31 March 2021	**804,597**	**128,837**	**4,537**	**1,504**	**12,207**	**53**	**1,671**	**953,406**
At 31 March 2020	783,495	128,672	3,745	1,561	11,923	25	606	**930,027**

Valuations

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

Current year valuations were carried out by:
Deborah O'Shea MRICS (NPS)
Grant Brewer MRICS (NPS)
Jed Snelling (under the supervision of Grant Brewer MRICS, NPS)

HRA Dwellings

The date of valuation is 31 March 2022.

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

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

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

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

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

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

The valuations are made on the following assumptions:

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

- That inspection of those parts which have not been inspected would not cause us to alter our opinion of value.
- That the land and properties are not contaminated, nor adversely affected by radon.
- That no allowances have been made for any rights obligations or liabilities arising from the Defective Premises Act 1972.

HRA Non-Dwellings

The date of valuation is 31 March 2022.

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

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

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

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

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

General Fund Assets

The date of valuation is 1st December 2021.

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

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

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

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

VALUATION CYCLE	Council dwellings	Other Land & Buildings	Community assets	Infrastructure	Vehicles, Plant, & Equipment	AUC	Surplus properties	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued at historical cost			12,956	1,367	4,469	5,103		**23,895**
Valued at current value								**-**
2021/22	843,669	48,014						**891,683**
2020/21		1,481						**1,481**
2019/20		11,353						**11,353**
2018/19		22,803						**22,803**
2017/18		44,622						**44,622**
Total	**843,669**	**128,273**	**12,956**	**1,367**	**4,469**	**5,103**	**-**	**995,837**

15. Heritage Assets

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

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

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

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

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

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

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

Paintings

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

Sculptures and Bronzes

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

Statues, Architectural Ornamentation, Plaques, Fountains etc

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

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

	Civic Plate & Regalia	Paintings	Sculptures & Bronzes	Statues, Fountain etc	Buildings	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Valuation						
1st April 2020	8,078	4,675	6,930	2,457	3,413	**25,553**
Additions	-	-	-	-	1	**1**
Disposals	(1)	-	-	-	-	**(1)**
Revaluations	-	-	-	-	-	**-**
31st March 2021	**8,077**	**4,675**	**6,930**	**2,457**	**3,414**	**25,553**
Valuation						
1st April 2021	8,077	4,675	6,930	2,457	3,414	**25,553**
Additions	-	-	-	-	43	**43**
Disposals	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	**-**
31st March 2022	**8,077**	**4,675**	**6,930**	**2,457**	**3,457**	**25,596**

Valuations

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

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

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

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

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

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

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

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

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

The Heritage buildings valuations were also reviewed by NPS in 2016 -17 who advised that no revaluations were required

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

16. Investment Properties

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

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

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

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

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

Investment Property Fair Value Hierarchy

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

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

Investment Property Fair Value Hierarchy

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

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

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

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

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

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

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

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

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

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

The transfers into level 3 followed reassessment by the valuers.

Valuation process for Investment Properties

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

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

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

17. Intangible Assets

	2021/22 £'000	2020/21 £'000
Balance at the start of the year		
Net carrying amount	614	621
· Additions	368	176
· Reclassifications	673	-
Amortisation for the period	(190)	(183)
Net Carrying amounts at the end of the year	**1,465**	**614**
Comprising:		
· Gross carrying amount	2,238	1,197
· Accumulated amortisation	(773)	(583)
	1,465	**614**

18. Financial Instruments

Financial Assets

	31 March 2022		31 March 2021	
	Book Value £'000	Fair Value £'000	Book Value £'000	Fair Value £'000
Investments - Amortised Cost	3,894	3,894	4,244	4,244
Investments - FVOCI	3,221	3,221	2,238	2,238
Debtors - Amortised Cost	13,130	19,027	19,027	19,027
Assets not defined as financial liabilities	(3,489)	(2,764)	(2,764)	(2,764)
Long term Assets	**16,756**	**23,378**	**22,745**	**22,745**
Investments - Amortised Cost	123,782	123,870	30,005	30,014
Callable cash - amortised cash	10,000	10,005	20,000	20,003
Bank deposits < 3 months - Amortised Cost	6,525	6,525	3,750	3,750
MMF - Amortised Cost	24,000	24,009	21,070	21,070
Cash - Amortised Cost	279	279	313	313
Debtors - Amortised Cost	9,420	9,420	9,884	9,884
Assets not defined as financial liabilities	12,917	12,917	28,716	28,716
Other financial assets at amortised cost	**186,923**	**187,025**	**113,738**	**113,750**
Total Financial Assets	**203,679**	**210,403**	**136,483**	**136,495**

Financial Liabilities

	31 March 2022 Book Value £'000	31 March 2022 Fair Value £'000	31 March 2021 Book Value £'000	31 March 2021 Fair Value £'000
Short Term Creditors - Amortised Cost	(28,341)	(28,341)	(21,524)	(21,524)
Public Works Loan Board - Amortised Cost	(51,866)	(52,311)	(3,230)	(3,410)
Finance Lease - Amortised cost	(114)	(114)	(114)	(114)
Other borrowing	(168)	(168)	(168)	(168)
Liabilities not defined as financial liabilities	(36,716)	(36,716)	(49,866)	(49,866)
Short Term Financial liabilities at amortised cost	**(117,205)**	**(117,650)**	**(74,902)**	**(75,082)**
Public Works Loan Board - Amortised Cost	(205,648)	(207,076)	(211,607)	(240,083)
Other borrowing	(5,970)	(8,632)	(5,777)	(9,182)
Creditors - Amortised cost	(559)	(680)	(680)	(680)
Liabilities not defined as financial liabilities	(1,598)	(1,926)	(1,926)	(1,926)
Long Term Liabilities at amortised cost	**(213,776)**	**(218,314)**	**(219,990)**	**(251,871)**
Total Financial Liabilities	**(330,981)**	**(335,964)**	**(294,892)**	**(326,953)**

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

As at 31 March 2022 the Council held £24m in Money Market Funds (shown within the comparative short term investments). At the inception of the investments, the purpose was solely to collect the repayment of interest and principle. The business model for the Money Market Funds is therefore not based on any other objective of generating profit. The investments have therefore been held at amortised cost.

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

Soft Loans

The Council has made a number of loans to residents in respect of decent home loans and home improvement loans at less than market rates (soft loans). There are a number of small loans making up the balance owing of £2.412m.

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

Decent Homes Loans

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

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

Valuation Assumptions

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

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

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

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

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

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

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

Items of income, expense, gains or losses

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

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

Fair Value of Financial Assets

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

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31-Mar-22	31-Mar-21
Fair Value through Other Comprehensive Income				
Legislator 1656 Ltd shares*	Level 3	Market approach – adjusted net assets	3,221	2,138
Legislator 1657 Ltd shares	Level 3	Market approach – adjusted net assets	-	-
Total			**3,221**	**2,138**

The Council’s shareholding in Legislator companies are not traded in an active market. The fair value of £3.221m has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made by an independent third party based on an analysis of the assets and liabilities in the companies’ latest audited accounts.

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

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

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

Nature and Extent of Risks Arising from Financial Instruments

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

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

Overall procedures for managing risk

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

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

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

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

Credit risk

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

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

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

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

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

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

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

The Council does not generally allow credit for its customers, such that £4.939m of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

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

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

Amounts Arising from Expected Credit Losses

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

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

Liquidity risk

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

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

Refinancing & Maturity Risk

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

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

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

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

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

Market risk

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

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

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

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

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

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

The impact of a 1% fall in interest rates on interest receivable would take the interest lower than zero, this interest received has been taken as zero. The impact of a 1% fall in interest rates on the fair value of fixed rate borrowing liabilities would be as above, but with the movement being reversed.

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings at a cost of £0.824m in Norwich Airport. Whilst these holding are generally illiquid; the Council is exposed to losses arising from movements in the price of the shares.

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

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

19. Debtors

Long Term Debtors

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

Long Term Debtors include:

Wholly Owned Subsidiary Loan – the Council has advanced a loan to its wholly owned subsidiary Norwich Regeneration Ltd. The balance outstanding on the loan at 31 March 2022 was £6.15m (2020/21 £12.65m). The Council has advanced a loan to its wholly owned subsidiary Norwich Council Services Ltd. The balance outstanding on the loan at 31 March 2022 was £1.82m (2020/21 £1.64m).

The authority recognises expected credit losses on all of its financial assets. Current analysis of the company's financial position shows that the council's loan to NRL Ltd might not be fully recoverable. Under accounting standards an assessment of the expected loss has been estimated and an allowance of £3.25m has been recognised (2020/21 £3.25m).

Short Term Debtors

	2021/22	Restated 2020/21
	£'000	£'000
Trade Customers		
- HRA Rentpayer	3,300	3,368
- Other Trade Customers	4,787	3,716
Collection Fund		
- Taxpayers (Council Tax & Business Rates)	1,230	1,157
- Preceptors	9,083	22,602
Other Receivables	2,781	7,033
Prepayments	1,333	724
Total Short Term Debtors	**22,514**	**38,600**

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

20. Cash and Cash Equivalents

	2021/22 £'000	2020/21 £'000
Cash held by Council	8	8
Bank current accounts	(1,682)	14,056
Short term deposits with banks	35,000	10,000
Short term deposits with building societies	25,000	-
Short term deposits with Debt Management Office	7,000	-
Short term deposits with local authorities	18,000	-
Money Markets	24,000	21,070
Total Cash & Cash Equivalents	**107,326**	**45,134**

21. Assets held for sale

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

22. Creditors

Long Term Creditors

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

Short Term Creditors

	2021/22 £'000	Restated 2020/21 £'000
Amounts repayable to Government		
- Covid-19 Business Grants	(3,691)	(10,962)
- NNDR Grants & Funding	(23,973)	(32,471)
Trade Payables	(18,758)	(15,033)
Other Payables	(3,918)	(5,569)
Receipts in Advance		
- Council Tax Rebate Funding	(9,583)	-
- Other receipts in advance	(5,248)	(7,469)
Total Short Term Creditors	**(65,171)**	**(71,504)**

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

23. Provisions

Long Term Provisions

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

Short Term Provisions

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

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

24. Usable Reserves

The usable reserves of the council are:

	2021/22 £'000	2020/21 £'000
General Fund	(10,352)	(9,890)
HRA	(50,417)	(43,370)
Earmarked Reserves	(30,697)	(36,992)
Major Repairs Reserve	(7,502)	(10,019)
Capital Grants Unapplied	(4,333)	(4,274)
Capital Receipts Reserve	(64,154)	(55,725)
	(167,455)	**(160,270)**

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

25. Unusable Reserves

The unusable reserves of the council are:

	2021/22 £'000	2020/21 £'000
Revaluation Reserve	(124,285)	(89,481)
Capital Adjustment Account	(707,699)	(681,473)
Financial Instruments Revaluation Reserve	(3,221)	(2,138)
Financial Instruments Adjustments Account	968	954
Deferred Capital Receipts	(1,461)	(1,495)
Pensions Reserve	154,707	206,036
Collection Fund Adjustment Account	9,399	17,505
Accumulated Absences Reserve	227	419
Total Unusable Reserves	**(671,365)**	**(549,673)**

Revaluation Reserve

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

Capital Adjustment Account

Capital Adjustment Account	2021/22 £'000	2021/22 £'000	2020/21 £'000
Balance at 1 April		**(681,473)**	**(669,398)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:			
Charges for depreciation & impairment of non current assets	24,844		20,320
Revaluation gains / (losses) on Property, Plant & Equipment	(16,328)		(15,572)
Revenue expenditure funded from capital under statute	5,688		2,521
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	11,585		7,926
Difference between historic cost & carrying value depreciation	(845)		(657)
Net written out amount of the cost of non-current assets consumed in the year		**24,944**	**14,538**
Adjusting amounts written out of the Revaluation Reserve		(580)	(608)
Net written out amount of the cost of non-current assets consumed in the year		**24,364**	**13,930**
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital Expenditure	(10,806)		(6,952)
Use of the Major Repairs Reserve to finance new capital expenditure	(18,057)		(13,813)
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(6,969)		(1,266)
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,581)		(1,907)
Statutory provision for the financing of capital investment charged against the General Fund & HRA balances	(1,875)		(1,801)
Capital expenditure charged against the General Fund & HRA balances	(1,106)		(2,941)
		(41,394)	**(28,680)**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement		(15,696)	96
Capital expenditure financed from Capital Receipts (NRL loan)		6,500	3,000
Other		-	(421)
Balance at 31 March		**(707,699)**	**(681,473)**

Financial Instruments Revaluation Reserve

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

Financial Instruments Adjustment Account

Financial Instruments Adjustment Account	2021/22 £'000	2020/21 £'000
Balance at 1 April	**954**	**822**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(18)	274
	936	**1,096**
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	32	(142)
Balance at 31 March	**968**	**954**

Deferred Capital Receipts

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

Pension Reserve

Pensions Reserve	2021/22 £'000	2020/21 £'000
Balance at 1 April	**206,036**	**169,616**
Actuarial gains or (losses) on pensions assets & liabilities	(56,914)	34,016
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	14,465	10,202
Employer's pensions contributions & direct payments to pensioners payable in the year	(8,880)	(7,798)
Balance at 31 March	**154,707**	**206,036**

Collection Fund Adjustment Account

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

Accumulated Absences Reserve

Accumulated Balances Account	2021/22 £'000	2020/21 £'000
Balance at 1 April	419	-
Difference between accounting and statutory credit for holiday	(192)	419
Balance at 31 March	**227**	**419**

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

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

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

	2021/22 £'000	2020/21 £'000
Depreciation	19,254	17,576
Impairment and downward valuations	(10,357)	(13,011)
Amortisation	191	183
Increase/(decrease) in impairment for bad debts	-	(750)
Increase/(decrease) in creditors	3,012	10,595
(Increase)/decrease in debtors	1,991	(2,020)
Movement in pension liability	5,584	2,403
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	11,135	7,926
Other non-cash items charged to the net surplus or deficit on the provision of services	(16,221)	163
Net adjustment for non-cash movements	**14,589**	**23,065**

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

	2021/22 £'000	2020/21 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(13,350)	(9,487)
Any other items for which the cash effects are investing or financing cash flows	(9,608)	(3,985)
Investing and financing activities	**(22,958)**	**(13,472)**

27. Cash Flow Statement – Investing Activities

	2021/22 £'000	2020/21 £'000
Purchase of property, plant & equipment, investment property	(28,856)	(17,087)
Purchase of short term & long-term investments	(32,000)	(88,020)
Other payments for investing activities	(180)	(7,927)
Proceeds from the sale of property, plant & equipment, investment property & intangible assets	13,680	9,441
Proceeds from short term & long-term investments	5,450	65,500
Other receipts from investing activities	29,839	10,396
Net cash flows from investing activities	**(12,067)**	**(27,697)**

28. Cash Flow Statement – Financing Activities

	2021/22 £'000	2020/21 £'000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	-	(107)
Cash receipts of short and long term borrowing	45,000	-
Repayments of short- & long-term borrowing	(2,500)	(26)
Other payments for financing activities	4,906	1,046
Net cash flows from financing activities	**47,406**	**913**

29. Associates

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

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

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

30. Agency Services

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

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

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

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

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

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

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

On 1st November 2017 a new five year BID agreement was launched, covering an expanded geographic area.

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

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

Business Support Grants

The Government asked the council to administer a number of grants on their behalf through the Covid-19 pandemic. We have listed all the Covid-19 19 grants where they are non-discretionary and have treated those as an agency transaction, with both income and expenditure going through the balance sheet. Any income not paid out at the balance sheet date has been treated as a creditor in the balance sheet.

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

31. Members Allowances

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

32. Officers Remuneration

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

Post holder information (Post title)	Salary (Inc. fees & Allow-ances)	Expense Allowance	Com-pensation for loss of office	Pension Cont-ributions	Total Remun-eration
	£	£	£	£	£
Financial Year: 2020-21					
Chief Executive Officer	141,436	-	-	20,508	161,944
Director of Place	79,875	-	-	11,582	91,457
Director of Strategy and Culture	95,853	-	-	13,899	109,752
Director of People & Neighbourhoods (1)	66,115	-	-	9,476	75,591
Director of Resources (2)	43,568	-	82,642	6,317	132,527
Interim chief finance officer (S151) 20/21 (3)	34,326	-	-	4,977	39,303
TOTAL COST	**461,173**	**-**	**82,642**	**66,759**	**610,574**

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

[2] Director of resources left September 2020.

[3] Interim chief finance officer left September 2020.

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

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

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

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

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

Remuneration Band	**2021/22**	**2020/21**
£50,000 to £54,999	17	8
£55,000 to £59,999	5	4
£60,000 to £64,999	-	2
£65,000 to £69,999	4	3
£70,000 to £74,999	4	3
£75,000 to £79,999	-	1
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999	-	-
£95,000 to £99,999	2	1
£100,000 to £104,999	2	-
£105,000 to £109,999	-	-
£110,000 to £114,999	1	-
£115,000 to £119,999	-	-
£120,000 to £124,999	-	-
£125,000 to £129,999	-	1
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	1
£145,000 to £149,999	-	-
£150,000 to £154,999	1	-
	36	**24**

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

2021/22

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

2020/21

Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	**Total number of exit packages by cost band**	**Total cost of exit packages in each band**
£0 - £20,000	3	-	**3**	26,313
£20,001 - £40,000	-	2	**2**	57,634
£40,001 - £60,000	1	-	**1**	40,506
£60,001 - £80,000	1	-	**1**	71,748
£80,001 - £100,000	-	1	**1**	82,642
£100,001 - £120,000	-	1	**1**	105,244
Total	**5**	**4**	**9**	**384,087**

33. External Audit Costs

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

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

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

The scale fee set by Public Sector Audit Appointments Ltd (PSAA) for 2021/22 is £65k (2020/21 £62k). An additional £55k has been recognised in year based on likely further costs associated ongoing additional professional and regulatory requirement relating to the audit process. The final fee will be subject to agreement with the external auditors and PSAA.

The 2020/21 figures have been restated to reflect the final fee of £26k for the Housing Benefit certification. The external audit fee is subject to agreement with the external auditors and PSAA.

34. Grant Income

	2021-22 £'000	2020-21 £'000
DWP benefits subsidy - Rent Allowance	(19,593)	(21,171)
DWP benefits subsidy - Rent Rebate	(21,226)	(23,244)
Discretionary Housing Payments	(344)	(461)
Norfolk Pool Business Rates	(675)	-
Housing Benefits Administration Grant	(715)	(609)
Covid grants	(4,849)	(5,862)
Homelessness & Rough Sleeping Initiatives	(5)	(1,535)
Towns Fund	(1,061)	-
Other Grants and Contributions	(4,262)	(2,113)
Total within Cost of Services	**(52,730)**	**(54,995)**
Revenue		
Revenue Support Grant	(217)	(216)
Council Tax Admin subsidy	(246)	(231)
New Homes Bonus	(689)	(693)
NNDR admin grant	(268)	(269)
NNDR Section 31 grant	(12,116)	(20,370)
Covid grants	(1,828)	(6,977)
Lower Tier Services Grant	(255)	-
Council Tax Support Grant	(319)	-
Other Grants and Contributions	(19)	(51)
Capital		
Community Infrastructure Levy - from developers	(1,810)	(881)
Disabled Facilities Grant	(952)	(944)
Towns Fund	(5,212)	(1,021)
Grants and contributions towards capital - from Government	(211)	(544)
Grants and contributions towards capital - non Government	(871)	(594)
BEIS SALIX Grant	(508)	-
Total within Taxation and non-specific grant income	**(25,521)**	**(32,791)**
Total income from grants and contributions	**(78,251)**	**(87,786)**

Capital Grants Receipts in Advance

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

Revenue Grants Receipts in Advance

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

35. Related Parties

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

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

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2021/22 and 2020/21 is shown in Note 31. During 2021/22, no works and services (2020/21 £0) were commissioned from organisations in which members had interests. Contracts were entered into in full compliance with the council's standing orders. In addition members approved £617,906 (2020/21 £573,966) as grants to voluntary organisations in which four members had an interest. Community grants to the value of £2,195 were awarded in 2021/22 (2020/21 £0). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of the interests are recorded in the Register of Members' Interests, open to public inspection at City Hall during office hours.

During 2021/22, no grants were made to any organisations (2020/21 £0) in which members of senior management had interests.

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

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

Companies and joint ventures

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

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

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

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

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

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

36. Capital Financing Requirement

	2021/22 £'000	2020/21 £'000
Opening Capital Financing Requirement 1 April	328,700	325,980
Capital Investment		
Property, Plant and Equipment	27,161	20,070
Investment Properties	266	64
Heritage Assets	43	1
Intangible assets	368	176
Revenue Expenditure Funded from Capital under Statute (REFCUS)	5,688	2,521
Sources of finance		
Capital receipts	(10,806)	(4,372)
Norwich Regneration Ltd loan repayment	(6,500)	(3,000)
Government grants and other contributions	(9,550)	(3,173)
HRA Major Repairs Reserve	(18,057)	(13,813)
Sums set aside from revenue and reserves	(1,106)	(2,941)
Other Capital movement		
Capital derecognition	(117)	(134)
Norwich Regeneration Ltd Share capital	-	1,150
Norwich Regeneration Ltd loan	6,500	6,250
Norwich City Services Ltd Share capital	-	370
Norwich City Services loan	180	1,140
Finance lease	(114)	(107)
Other	71	212
Minimum Revenue provision	(1,761)	(1,694)
Closing Capital Financing Requirement 31 March	**320,966**	**328,700**

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

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

	31 March 2022 £'000	31 March 2021 £'000
Property, Plant and Equipment	995,837	953,407
Heritage assets	25,596	25,553
Investment Properties	119,445	103,394
Intangible Assets	1,464	614
Assets Held for Sale	798	-
Long term Investments	7,015	6,382
Long Term Debtors	5,048	11,487
Financial Instruments Revaluation Reserve	(3,221)	(2,138)
Financial Instruments Adjustment Account	968	954
Revaluation Reserve	(124,285)	(89,481)
Capital Adjustment Account	(707,699)	(681,472)
	320,966	**328,700**

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

37. Leases

Council as Lessee

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

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

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

* based on Pool Car contract extension to March 2023

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £2.328m (2020/21 £2.188m).

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

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

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

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

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

	2021/22 £'000	2020/21 £'000
Future Rental Liabilities		
No later than one year	161	161
Later than one year & not later than 5 years	645	645
Over 5 years	-	161
Total	**806**	**967**

Council as Lessor

Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- The provision of community services such as sports facilities, tourism services and community centres
- economic development purposes to provide suitable affordable accommodation for local businesses

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

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

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

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

Finance Leases

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

	2021/22 £'000	2020/21 £'000
Finance lease debtor (net present value of minimum lease payments):		
Current	53	49
Non-current	1,692	1,716
Unearned finance income	1,783	1,814
Gross investment in the leases	**3,528**	**3,579**

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

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

38. Impairment Losses

During the year the Council carried out adaptations at a cost of £1,640,476 (2020/21 £602,951) to a number of council dwellings under Disabled Facilities legislation. As advised by our valuer, these adaptations added no value to the dwellings; therefore this expenditure was impaired as shown in note 14 (combined with the impairments detailed below).

The Council also impaired the cost of works to flats within blocks for which the lease has been sold £742,554, of which structural work constituted £580,711, door entry systems £111,337, work to tower blocks £19,649, window upgrades £17,249, roofing £13,943, heating upgrades £1,213 and composite doors £878.

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

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

39. Termination Benefits

The Council terminated the contracts of a number of employees in 2021/22, incurring liabilities of £583,815 (2020/21 £384,087). These were payable to 13 (9 in 2020/21) officers who were made redundant as part of the Council's rationalisation of Services and include amounts payable in respect of early retirement to the pension fund.

40. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

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

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

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

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

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

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

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

	2021/22 £'000	2020/21 £'000
Comprehensive Income and Expenditure Statement		
Current Service Cost	10,392	6,733
Curtailments	227	67
Settlements	(286)	(612)
Cost of Services	**10,333**	**6,188**
Net interest expense	4,131	4,014
Financing and Investment Income and Expenditure	**4,131**	**4,014**
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	**14,464**	**10,202**
Return on plan assets, less included in interest expense	(23,470)	(65,509)
Actuarial gains & losses:		
Changes in demographic assumptions	(2,781)	5,414
Changes in financial assumptions	(31,195)	96,747
Other	414	(2,636)
Remeasurement of the net defined benefit liability	**(57,032)**	**34,016**
Total Comprehensive Income and Expenditure Statement	**(42,568)**	**44,218**
Movement in Reserves Statement		
Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	14,464	10,202
Employer's pension contributions and direct payments to pensioners payable in the year	(8,880)	(7,798)
Total taken to Note 6	**5,584**	**2,404**

Reconciliation of Fair Value of Employer Assets (scheme Assets):	2021/22 £'000	2020/21 £'000
Value of Assets at 1 April	**337,677**	**270,061**
Effect of settlements	(240)	(1,476)
Interest income on plan assets	6,685	6,090
Contributions by Members	1,359	1,333
Contributions by the Employer	8,880	7,798
Return on assets excluding amounts recognised in Other Comprehensive Income	23,470	65,509
Effect of business combinations	230	4,814
Benefits Paid	(16,651)	(16,452)
	361,410	**337,677**

Reconciliation of Defined Benefit Obligation (scheme Liabilities):	2021/22 £'000	2020/21 £'000
Value of Liabilities at 1 April	**(543,700)**	**(439,664)**
Current Service Cost	(10,392)	(6,733)
Past Service Cost	(227)	(67)
Effect of settlements	526	2,088
Interest Cost	(10,816)	(10,104)
Contribution by Members	(1,359)	(1,333)
Actuarial Gains and (Losses):	0	
Change in demographic assumptions	2,781	(5,414)
Change in financial assumptions	31,195	(96,747)
Other experience gains and (losses)	(414)	4,001
Effect of business combinations and disposals	(348)	(6,179)
Benefits Paid	16,651	16,452
	(516,103)	**(543,700)**
Net Liability at 31st March	**(154,693)**	**(206,023)**

Local Government Pension Scheme assets comprised:

	2021/22				2020/21			
	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of total assets	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of total assets
Cash & Cash Equivalents	4,750	-	4,750	1.3%	4,363		4,363	1.3%
Equity Instruments								
by industry type								
Consumer			-				-	0.0%
Manufacturing			-				-	0.0%
Energy and Utilities			-				-	0.0%
Financial institutions			-				-	0.0%
Health and care			-				-	0.0%
Information Technology			-				-	0.0%
Other			-				-	0.0%
Sub-total Equity Instruments	-	-	-		-		-	
Private equity		38,014	38,014	10.5%		27,546	27,546	8.2%
Bonds								
by sector								
Corporate			-				-	
UK Government	2,854		2,854	0.8%	3,056		3,056	0.9%
Other								
Sub-total Bonds	2,854	-	2,854		3,056	-	3,056	
Property								
by geographical location								
UK property		22,403	22,403	6.2%		18,489	18,489	5.5%
Overseas property		3,452	3,452	1.0%		4,702	4,702	1.4%
Sub-total Property	-	25,855	25,855		-	23,191	23,191	
Investment Funds & Unit Trusts								
Equities	198,186		198,186	54.8%	193,477		193,477	57.3%
Bonds	72,046		72,046	19.9%	70,328		70,328	20.8%
Infrastructure		19,597	19,597	5.4%		14,705	14,705	4.4%
Other			-	0.0%		856	856	0.3%
Sub-total Investment Funds & Unit Trusts	270,232	19,597	289,829		263,806	15,561	279,367	
Derivatives							-	0.0%
Foreign Exchange	108		108	0.0%	154		154	0.0%
Total Assets	**277,944**	**83,466**	**361,410**		**271,379**	**66,298**	**337,677**	

Basis for Estimating Assets & Liabilities

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

In the 2021/22 accounts the council has recognised changes in the liability arising from changes in assumptions within the re-measurement of the defined benefit liability and reported in Other Comprehensive Income and Expenditure Statement within the Comprehensive Income and Expenditure Statement.

	2021/22 £'000	2020/21 £'000
Present Value of funded liabilities	(498,249)	(524,073)
Present Value of unfunded liabilities	(17,854)	(19,627)
Fair Value of plan assets	361,410	337,677
Net Liability arising from defined benefit obligation	**(154,693)**	**(206,023)**

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

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

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

Change in assumptions at 31 March 2022	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	8,556
1 year increase in member life expectancy	4%	20,644
0.1% increase in the Salary Increase Rate	0%	692
0.1% increase in the Pension Increase Rate (CPI)	2%	7,801

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

Impact on the Council's Cash Flows

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

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

The total contribution expected to be made to the scheme by the Council for the year to March 2023 is £8.014m

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

41. Contingent Assets and Liabilities

Liabilities

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

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

Water Charges

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

End of Contract Negotiation

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

42. Going Concern

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

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

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

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

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

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

The key assumptions within this forecast include:

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

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

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

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

Housing Revenue Account Income & Expenditure Statement

	Notes	2021/22 £'000	2020/21 £'000
Expenditure			
Repairs & Maintenance		12,971	11,583
Supervision & Management		18,403	15,852
Rents, Rates, Taxes & Other Charges		5,334	4,969
Revenue expenditure funded as captial (Refcus)		1,612	550
Depreciation & Impairment of Non-current Assets	HRA 10&11	20,668	18,127
Local Authority Housing - Revaluation loss (gain) on Dwellings		(17,009)	(15,502)
Debt Management Costs		112	142
Movement in Allowance for Bad Debts		466	710
Total Expenditure		**42,557**	**36,431**
Income			
Dwelling Rents		(57,514)	(57,527)
Non-dwelling Rents		(2,184)	(2,208)
Charges for Services & Facilities		(2,799)	(2,835)
Contributions towards expenditure		(5,785)	(5,521)
Total Income		**(68,282)**	**(68,091)**
Net (Income)/Cost of HRA Services included in the Comprehensive Income & Expenditure Statement		**(25,725)**	**(31,660)**
HRA services share of Corporate & Democratic Core		1,167	864
Net (Income)/Cost of HRA Services		**(24,558)**	**(30,796)**
HRA share of operating income & expenditure included in the Comprehensive Income & Expenditure Statement			
Other Operating Expenditure		(2,330)	(2,045)
Financing & Investment Income & expenditure		8,061	8,037
Taxation & Non-Specific Grant Income		(713)	(591)
(Surplus)/deficit for the year on HRA services		**(19,540)**	**(25,395)**

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

Movement in Reserves Statement (Housing Revenue Account)

	2021/22 £'000	2020/21 £'000
Balance at 1 April	(43,370)	33,968
Movement in reserves during Year		
(Surplus)/ deficit on provision of services	(19,540)	25,395
Other Comprehensive Income & Expenditure	-	-
Total Comprehensive Income & Expenditure	**(19,540)**	**25,395**
Adjustments between accounting basis & funding basis under regulations (note 8 main accounts)	13,201	(16,146)
Net Increase/ Decrease before Transfers to Earmarked Reserves	(6,339)	9,249
Transfers to/from Earmarked Reserves (note 13 main accounts)	(1,279)	221
Transfers between reserves	-	(70)
(Increase)/Decrease in Year	(7,618)	9,400
Balance at 31 March carried forward	**(50,988)**	**43,368**

Notes to Housing Revenue Account Income & Expenditure Statement

1. Other Operating (Income) / Expenditure

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

2. Financing and Investment Income and Expenditure

	2021/22 £'000	2020/21 £'000
Interest payable and similar charges	7,274	7,258
Pension interest cost and expected return on pension assets	852	822
Interest receivable and similar income	(67)	(43)
Total	**8,059**	**8,037**

3. Taxation and Non-Specific Grant Income

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

4. Loan Charges

Under HRA self-financing the Council has adopted a 'two-pool' approach so that HRA self-financing loans and the resultant interest are directly attributable to the HRA. This has led to external interest charges of £7.227m being charged to the HRA in 2021/22 (2020/21 £7.258m).

5. HRA Council Dwellings

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

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

6. Housing Valuation

	31-Mar-22 £'000	31-Mar-21 £'000
Operational Assets:		
Council Dwellings (HRA)	843,669	804,597
Other Land & Buildings	27,286	24,584
Vehicle, Plant & Equipment	599	692
Infrastructure & Community Assets	2,197	2,197
Assets Under Construction	1,508	1,435
Surplus assets	-	24
Sub Total	**875,259**	**833,529**
Assets held for Sale - Current	235	-
Sub Total	**235**	**-**
Intangible Assets	882	-
Sub Total	**882**	**-**
Total	**876,376**	**833,529**

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

As set out in the Statement of Accounting Policies, Council dwellings are valued on the basis of Existing Use Value for Social Housing (EUV-SH). This value is less than the Vacant Possession Value to reflect the fact that Local Authority Housing is let at sub-market rents and, in broad terms, is arrived at after applying a regional adjustment factor of 62% (2020/21 62%). The difference between the two values therefore shows the economic cost of providing housing at less than market value.

The Vacant Possession Value of all HRA Dwellings as at 31 March 2022 was £2,176.41m (31 March 2021 £2,075.62m).

7. Major Repairs Reserve

	2021/22 £'000	2020/21 £'000
Balance brought forward at 1 April	(10,020)	(8,307)
Depreciation charge for the year	(15,541)	(15,525)
Financing of capital expenditure for the year	18,058	13,812
Balance for the year	**2,517**	**(1,713)**
Balance Carried forward	**(7,503)**	**(10,020)**

8. HRA Capital Expenditure

	2021/22 £'000	2020/21 £'000
Capital Investment		
Opening Capital Financing Requirement 1st April	207,517	205,716
Operational Assets	19,825	16,820
Other Land & Buildings	168	145
Vehicles, Plant & Equipment	32	9
Intangible Assets	209	-
Assets under Construction	912	994
Revenue Expenditure Financed as Capital	1,612	550
Appropriation to General Fund	1,017	1,801
	231,292	**226,035**
Sources of Finance		
Capital Receipts	(2,660)	(1,957)
Government Grants & Other Contributions	(935)	(807)
Major Repairs Allowance	(18,058)	(13,813)
Revenue Contributions	(1,106)	(1,941)
Closing Capital Financing Requirement 31 March	**208,533**	**207,517**

9. HRA Capital Receipts

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

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

10. Depreciation

From 1st April 2012 depreciation of the Council’s housing stock is calculated by reference to the value at the previous 31st March. Council dwellings have their individual components identified as to the date of upgrade, and using the asset life as advised by the Council’s valuers, depreciation associated with each properties components is calculated. The amount of depreciation charged for the year was £15.667m (2020/21 £15.651m).

	2021/22 £'000	2020/21 £'000
Operational Assets		
Council dwellings	14,966	14,999
Other land & buildings	571	526
Vehicles, Plant & Equipment	126	125
Total	**15,663**	**15,651**

11. Impairment Costs

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

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

12. Pensions Reserve

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

13. Rent Arrears

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

The Collection Fund Revenue Account

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

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

Notes to the Collection Fund Statement

1. Income from Business Rates

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

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

2. Council Tax

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

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

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

3. Council Tax Contribution to Collection Fund Surpluses & Deficits

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

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

4. NNDR Contribution to Collection Fund Surpluses and Deficits

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

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

Group Financial Statements

1. Introduction

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

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

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

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

2. Basis of Identification of the Group Boundary

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

Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
Associates – where the Council exercises a significant influence and has a participating interest. These entities are included in the group.
Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.
No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

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

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

3. Norwich Regeneration Limited (NRL)

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

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

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

NRL has prepared 2021/22 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies. Both entities have a financial year end of 31 March.

4. Norwich City Services (NCSL)

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

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

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

NCSL has prepared 2021/22 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies. Both entities have a financial year end of 31 March.

5. NPS Norwich Ltd

This is a company owned by NPS Property Consultants Limited (a subsidiary of Norfolk County Council) and Norwich City Council. The principle activity of the company is the provision of property management services for NCC, which is managed under a service agreement.

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

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

An estimate of the pre-tax discount is accrued at the year-end within the Council's accounts. The company results are disclosed in Note 29 of the Council's single entity accounts.

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

6. Norwich Norse (Environmental) Limited

This is a company owned by NPS Norwich Limited (NPSN) and Norwich City Council. The principle activities of the company are provision of streets, buildings and other cleaning, grounds maintenance, arboriculture and associated services for NCC, which is managed under a service agreement.

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

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

An estimate of the pre-tax discount is accrued at the year-end within the Council's accounts. The company results are disclosed in Note 29 of the Council's single entity accounts.

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

7. Norwich Norse (Building) Limited

This is a company owned by NPS Norwich Limited (NPSN) and Norwich City Council. The principle activities of the company are provision of reactive and proactive maintenance and refurbishments, repairs and upgrades for both housing revenue and general fund non-housing buildings.

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

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

An estimate of the pre-tax discount is accrued at the year-end within the Council's accounts. The company results are disclosed in Note 29 of the Council's single entity accounts.

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

8. Three Score Open Space Management Ltd

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

The company has been set up initially as a subsidiary of NRL and NCC are registered as subscribers and have guarantee limit of £1 each should the company be wound up. NRL has been registered as being the Relevant

Legal Entity with 75% ownership of the voting rights. NCC is named as an 'Other Registrable Person' again with 75% ownership of the voting rights (as it indirectly holds the voting rights as parent company of NRL). In the long term it is intended to hand the company over to the residents/stakeholders to manage at which point the ownership of the voting rights will be amended accordingly.

There are no material transactions in 2021/22 or 2020/21 therefore it is not included in the Group Accounts.

9. Norwich City New Co Ltd

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

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

No transactions have occurred in the company in 2021/22 or 2020/21, therefore the company will not be consolidated into the 2021/22 Consolidated Group Statements.

10. Basis of Consolidation

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

Group Movement in Reserves Statement

	Council usable reserves	Subsidiary usable reserves	Total Group usable reserves	Council unusable reserves	Subsidiary unusable reserves	Total Ghroup unusable reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	**(160,282)**	**4,460**	**(155,822)**	**(552,922)**	**-**	**(552,922)**	**(708,744)**
Movement in Reserves in 2021/22:							
(Surplus)/ deficit on the provision of services	(35,223)	1,067	(34,156)	-	-	**-**	**(34,156)**
Other Comprehensive Income and Expenditure	-	-	-	(94,226)	-	**(94,226)**	**(94,226)**
Total Comprehensive Income and Expenditure	**(35,223)**	**1,067**	**(34,156)**	**(94,226)**	**-**	**(94,226)**	**(128,382)**
Adjustments between group accounts and authority accounts	(59)	59	-	-	-	**-**	**-**
Adjustments between accounting and funding basis under regulation - note 6	27,467	-	27,467	(27,467)	-	**(27,467)**	**-**
Net (increase)/decrease before transfers to Earmarked reserves	**(7,815)**	**1,126**	**(6,689)**	**(121,693)**	**-**	**(121,693)**	**(128,382)**
Transfers to/from Earmarked reserves	-	-	-	-	-	**-**	**-**
Transfers between reserves	-	-	-	-	-	**-**	**-**
Other adjustments	-	-	-	-	-	**-**	**-**
(Increase)/Decrease in 2021/22	**(7,815)**	**1,126**	**(6,689)**	**(121,693)**	**-**	**(121,693)**	**(128,382)**
Balance at 31 March 2022	**(168,097)**	**5,586**	**(162,511)**	**(674,615)**	**-**	**(674,615)**	**(837,126)**

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

Group Comprehensive Income and Expenditure Statement

	2021/22			2020/21 Re-stated		
	Expenditure	Income	Net	Expenditure	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	305	0	**305**	255	0	**255**
Community Services	21,108	(8,296)	**12,812**	18,887	(6,588)	**12,299**
Corporate & Commercial Services	59,744	(48,144)	**11,600**	54,868	(47,157)	**7,711**
Corporate Financing	190	(61)	**129**	2,978	(1,990)	**988**
Development & City Services	22,598	(15,333)	**7,265**	23,906	(10,921)	**12,985**
Housing Revenue Account	36,941	(68,073)	**(31,132)**	32,386	(67,889)	**(35,503)**
Norwich Regeneration Ltd	10,122	(9,846)	**276**	8,429	(8,332)	**97**
NCSL Ltd	6,335	(179)	**6,156**	63	(1)	**62**
Cost of Services	**157,343**	**(149,932)**	**7,411**	**141,772**	**(142,878)**	**(1,106)**
Other Operating Expenditure			**(1,267)**			**(971)**
Financing and Investment Income and Expenditure			**(9,320)**			**7,098**
Taxation and non-specific grant income and expenditure			**(30,980)**			**(29,010)**
(Surplus) or Deficit on Provision of Services			**(34,156)**			**(23,989)**
Surplus on revaluation of non-current assets.			**(36,229)**			**(14,117)**
(Surplus)/deficit from investments in equity instruments designated FVOCIE			**(1,083)**			**(109)**
Actuarial (gains)/losses on pension assets/liabilities			**(56,914)**			**34,016**
Other Comprehensive Income and Expenditure			**(94,226)**			**19,790**
Total Comprehensive Income and Expenditure			**(128,382)**			**(4,199)**

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

Group Balance Sheet

		31 March 2022 £'000	31 March 2021 £'000
Property, Plant and Equipment	*Note 1*	997,583	954,955
Heritage Assets		25,596	25,553
Investment Properties	*Note 2*	121,560	105,399
Intangible Assets		1,465	614
Long Term Investments	*Note 3*	3,321	2,238
Long Term Debtors	*Note 4*	4,921	5,223
		0	
LONG TERM ASSETS		**1,154,446**	**1,093,982**
Assets Held for Sale		798	0
Short Term Debtors	*Note 5*	21,774	38,158
Inventories	*Note 6*	264	8,279
Short Term Investments		57,083	30,005
Cash and Cash Equivalents		111,464	49,339
CURRENT ASSETS		**191,383**	**125,781**
Short Term Creditors	*Note 7*	(66,418)	(72,988)
Provisions		0	(378)
Short Term Borrowing		(52,034)	(3,398)
Capital grants receipts in advance		(6,343)	(3,410)
CURRENT LIABILITIES		**(124,795)**	**(80,174)**
Capital grants receipts in advance		(12,727)	(1,919)
Long Term Creditors		(2,210)	(2,411)
Provisions		(2,560)	(2,767)
Other Long Term Liabilities		(154,846)	(206,169)
Long Term Borrowing		(211,565)	(217,579)
LONG TERM LIABILITIES		**(383,908)**	**(430,845)**
NET ASSETS		**837,126**	**708,744**
Usable Reserves		(162,511)	(155,822)
Unusable Reserves		(674,615)	(552,922)
TOTAL RESERVES		**(837,126)**	**(708,744)**

Signed: **Alistair Rush** Date: 02 December 2024

Alistair Rush FCPFA
Interim Chief Finance Officer and S151 Officer

Group Cash Flow Statement

	2021-22 £'000	Restated 2020-21 £'000
Net surplus or (deficit) on provision of services	34,157	24,739
Adjustments to net surplus or deficit on provision of services for non-cash movements	23,374	19,476
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(22,958)	(12,265)
Net cash flows from Operating Activities	**34,573**	**31,950**
Investing Activities	(12,454)	(26,519)
Financing Activities	40,006	6,510
Net Increase or (decrease) in cash and cash equivalents	**62,125**	**11,941**
Cash and cash equivalents at 1 April	49,339	37,398
Cash and cash equivalents at 31 March	**111,464**	**49,339**

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

Notes to the Group Accounts

Group Boundary

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

Norwich City Services Limited was incorporated on 9 June 2020.

The Council has determined its associate relationships as follows:

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

Accounting Policies

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

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

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

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

1. Property, Plant and Equipment

Movements in 2021/22	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture and equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At 1 April 2021	**812,630**	**144,265**	**11,937**	**2,885**	**12,207**	**53**	**1,671**	**985,648**
Additions	19,082	2,304	943	2	749	-	4,361	**27,441**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,105	1,803	-	-	-	(1)	-	**27,906**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(791)	(1,109)	-	(96)	-	-	-	**(1,996)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	9,358	746	-	-	-	-	-	**10,104**
Derecognition – Disposals	(9,387)	-	(112)	-	-	(52)	-	**(9,551)**
Derecognition - Other	(1,203)	-	-	-	-	-	-	**(1,203)**
Demolition	-	-	-	-	-	-	-	**-**
Assets Reclassified (to) / from Held for Sale	(160)	(368)	-	-	-	-	(114)	**(642)**
Other Movements in Cost or Valuation	44	9	-	-	-	-	(816)	**(763)**
Other reclassifications	-	-	-	-	-	-	-	**-**
At 31 March 2022	**855,678**	**147,650**	**12,768**	**2,791**	**12,956**	**-**	**5,102**	**1,036,944**
Accumulated Depreciation & Impairment								
At 1 April 2021	**(8,033)**	**(13,879)**	**(7,400)**	**(1,381)**	**-**	**-**	**-**	**(30,693)**
Depreciation charge	(14,970)	(2,703)	(1,011)	(82)	-	-	-	**(19,396)**
Depreciation written out to the Surplus/Deficit on Provision of Services	8,004	113	-	-	-	-	-	**8,117**
Depreciation write-back on revaluation to Revaluation Reserve	6,966	714	-	38	-	-	-	**7,718**
Impairment losses / (reversals) recognised in CIES	(3,974)	(1,876)	-	-	-	-	-	**(5,850)**
Impairment losses / (reversals) recognised in RR	-	-	-	-	-	-	-	**-**
Derecognition – Disposals	-	-	112	-	-	-	-	**112**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2021	(12,007)	(17,630)	(8,300)	(1,425)	-	-	-	**(40,004)**
Net Book Value								
At 31 March 2022	**843,671**	**130,020**	**4,468**	**1,366**	**12,956**	**-**	**5,102**	**997,583**
At 31 March 2021	804,597	130,386	4,537	1,504	12,207	53	1,671	954,955

Comparative Movements in 2020/21	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant, Furniture and equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total Property, Plant & Equipment**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation								
At 1 April 2020	**790,620**	**140,045**	**28,770**	**2,862**	**11,923**	**25**	**606**	**974,851**
Additions	16,119	2,603	1,525	23	284	-	1,065	**21,619**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	8,676	444	-	-	-	28	-	**9,148**
Revaluation decreases recognised in the Surplus / (Deficit) on the Provision of Services	(4,579)	(376)	-	-	-	-	-	**(4,955)**
Revaluation write back of prior year deficit recognised in the Surplus / (Deficit) on the Provision of Services	8,992	25	-	-	-	-	-	**9,017**
Derecognition – Disposals	(6,319)	-	(18,358)	-	-	-	-	**(24,677)**
Derecognition - Other	(397)	-	-	-	-	-	-	**(397)**
Demolition	-	(8)	-	-	-	-	-	**(8)**
Assets Reclassified (to) / from Held for Sale	(476)	(16)	-	-	-	-	-	**(492)**
Other Movements in Cost or Valuation	(6)	1,807	-	-	-	-	-	**1,801**
Other reclassifications	-	(259)	-	-	-	-	-	**(259)**
At 31 March 2021	**812,630**	**144,265**	**11,937**	**2,885**	**12,207**	**53**	**1,671**	**985,648**
Accumulated Depreciation & Impairment								
At 1 April 2020	**(7,126)**	**(11,113)**	**(25,024)**	**(1,300)**	**-**	**-**	**-**	**(44,563)**
Depreciation charge	(14,999)	(2,521)	(729)	(81)	-	-	-	**(18,330)**
Depreciation written out to the Surplus/Deficit on Provision of Services	10,974	39	-	-	-	-	-	**11,013**
Depreciation write-back on revaluation to Revaluation Reserve	4,025	643	-	-	-	-	-	**4,668**
Impairment losses / (reversals) recognised in CIES	(1,132)	(927)	-	-	-	-	-	**(2,059)**
Impairment losses / (reversals) recognised in RR	225	-	-	-	-	-	-	**225**
Derecognition – Disposals	-	-	18,353	-	-	-	-	**18,353**
Derecognition - Other	-	-	-	-	-	-	-	**-**
At 31 March 2021	**(8,033)**	**(13,879)**	**(7,400)**	**(1,381)**	**-**	**-**	**-**	**(30,693)**
Net Book Value	-	-	-	-	-	-	-	**-**
At 31 March 2021	804,597	130,386	4,537	1,504	12,207	53	1,671	**954,955**
At 31 March 2020	783,494	128,932	3,746	1,562	11,923	25	606	**930,288**

The Council operates a 5-year rolling programme of revaluations in relation to land and buildings except for revaluation of Housing Revenue Account Assets which is carried out on an annual basis. The only property, plant and equipment asset included in NRL's Balance Sheet at the 31 March 2022 is land held by the NRL which is as yet undeveloped. It has been valued at cost £0.223m. NCSL have made several improvements to leasehold property which are currently included in the balance sheet at a net cost of £1.515m, based on historic cost less depreciation. Property, plant and equipment for the single entity is measured at current value and revalued at least every five years, by the Council's external valuers NPS. The valuation cycle is shown in the table below and more details on the valuations can be found at note 14 to the single entity accounts.

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

2. Investment Properties

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

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

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

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

3. Long Term Investments

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

4. Long Term Debtors

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

5. Short Term Debtors

	2021/22 £'000	Restated 2020/21 £'000
Amounts falling due within one year:		
Trade Customers		
- HRA Rentpayer	3,300	3,368
- Other Trade Customers	4,947	3,778
Collection Fund		
- Taxpayers (Council Tax & Business Rates)	1,230	1,157
- Preceptors	9,082	22,602
Other Receivables	1,815	6,400
Prepayments	1,400	853
Total short term debtors	**21,774**	**38,158**

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

6. Inventories

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

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

7. Short Term Creditors

	2021/22	Restated 2020/21
	£'000	£'000
Amounts falling due within one year:		
Amounts repayable to Government		
- Covid-19 Business Grants	(3,691)	(10,962)
- NNDR Grants & Funding	(23,973)	(32,471)
Trade Payables	(19,169)	(15,558)
Other Payables	(4,754)	(6,528)
Receipts in Advance		
- Council Tax Rebate Funding	(9,583)	-
- Other receipts in advance	(5,248)	(7,469)
Total short term creditors	**(66,418)**	**(72,988)**

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

Capital Receipt

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tangible Assets
See Fixed Assets (q.v.)

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

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

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

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