Norfolk County Council

Statement of Accounts

2015-16

www.norfolk.gov.uk

Contents

Narrative Report

Introduction

This narrative report provides a brief analysis of the Council's performance and financial position during the year, and assists in the interpretation of the financial statements, including the Group Accounts. It contains a commentary on the major influences affecting the authority's financial results, and includes the following sections:

- An introduction to Norfolk County Council
- Financial highlights
- Outlook for the future
- Explanation of the financial statements
- Further information

An introduction to Norfolk County Council

Council Services in Norfolk

Norfolk County Council is a large shire county representing the whole of Norfolk. Local Government services in Norfolk are also provided by seven district/borough councils and numerous town and parish councils.

County Council Services include		
Adult Social Services	Environmental Policy	Records Office
Building Conservation	Fire Service	Registrars
Children's Services	Highways (incl. Footpaths)	Road and Footway Lighting
Coroners	Libraries	Strategic Planning
Countryside	Museums	Tourism
County Farms	Planning	Trading Standards
Economic Development	Public Health	Waste Management
Emergency Planning	Public Transport Support	Youth Service

Democracy

Norfolk County Council has 84 elected members each representing an electoral division of up to 10,000 voters. Every four years the people of each division elect one councillor. The last election was in May 2013, and no one party had overall control through 2015-16.

In May 2014, the Council moved from a Cabinet system to a Committee structure, and 2015-16 was the first full year under this system where decisions are made by all-party committees. There is no executive/scrutiny split. Committees, whose membership reflects the overall political makeup of the Council, debate, challenge and make decisions. The five service committees are Adult Social Care, Children's, Communities, Environment Development and Transport, and Policy and Resources, supported by sub- and specialist committees.

The Council has a clear strategy for the future called Reimagining Norfolk, a key part of which has been a continued focus on four priorities:

- Excellence in education – working for a well-educated Norfolk where people are prepared for real jobs with good wages and prospects
- Real jobs – making Norfolk a place where businesses are able to succeed and grow
- Improving infrastructure – improving transport and technology infrastructure to make Norfolk a great place to do business
- Supporting vulnerable people – including helping people earlier before their problems get too serious

The following section looks at progress within each of these priority areas.

Excellence in education

Norfolk is the most improved local authority compared to both the statistical neighbour group and regional neighbours in terms of the proportion of schools judged "good" or "outstanding": 86% of primary schools (up from

60% in 2013) and 75% of secondary schools (up from 47% in 2013). The Norfolk average is now the same as the national average at 85% (from 8% below the national average in 2013).

Exam results for looked after children in Norfolk have improved significantly - 26% of children in the Council's care (for six months or more) achieved five A*-C grades at GCSE, 10% above the national average for looked after children.

Fewer young people are NOT in education, employment or training – down from 5.9% in 2013 to 4.2% in December 2015 which is now in line with the national average.

Adult Education is undergoing a rigorous transformation to become Norfolk Community Learning Services. The refreshed service focuses on the needs and aspirations of communities and individual learners, helping people maximise their potential and get back into learning. The new service was launched in May, ready for the 2016-17 programme starting in September 2016.

Real jobs

The Council works closely with New Anglia LEP on key sectors and priority locations, in order to grow the Norfolk economy and tackle issues of low wages/low skills. An outcome of this has been four new Enterprise Zones in Norfolk - Norwich Research Park, Scottow Enterprise Park, Egmere Business Zone and the Nar Ouse Business Park.

The LEP has offered a £3m contribution to a new Aviation Academy which will provide many new places for engineering and other aviation careers, as well as academic and practical courses, and is likely to be the first facility of its kind in the world.

Norfolk County Council has been the Managing Authority for the France (Channel) England programme throughout 2015-16. The programme manages over €200m of European Regional Development Funds (ERDF). There have been three calls for projects during the year, and 15 applications have been approved to progress to the second application phase with a value of €40m.

Scottow Enterprise Park is now exceeding expectations in terms of income and development. Sixteen companies now operate out of the site employing 63 people (fte) and there continues to be strong interest from prospective tenants. Scottow is also home to one of the UK's biggest solar farms.

The Council has successfully bid to the European LEADER programme for more than £9m, which will go to projects all across the county. As well as supporting 303 projects, this funding aims to create another 337 jobs in the region, working on schemes that range from helping farms to diversify, nurturing new businesses, to lessening their environmental impact.

Improved infrastructure

The A47 Postwick Hub was completed in 2015-16. This major junction improvement at the eastern end of the A47 Norwich Southern Bypass was opened to traffic in December 2015, providing access to new business and housing developments in the area, as well as a connection to the Norwich Northern Distributor Road (NDR).

Work on the NDR started with site clearance in December 2015, with main construction underway at the end of the year. The road is due to open in February 2018.

The Council's contract with a local bus operator means passengers are getting better conditions and new buses with Wi-Fi, and improved sites. This is a product of a tendering exercise in 2015 which has resulted in Norfolk having the only park and ride in the country that doesn't require an ongoing subsidy from the taxpayer.

Over the last two years the Council's Better Broadband for Norfolk has more than doubled the number of homes in the county able to receive superfast broadband. In December 2015, phase one finished £9m under budget. The second phase is underway and well on the way to enabling 200,000 homes and businesses able to get better broadband because of the project.

Broadland District Council, Norwich City Council and South Norfolk Council have adopted and implemented their own Community Infrastructure Levy (CIL) schemes and agreed to pool a significant proportion of their CIL income. On 21 October 2015, an agreement including Norfolk County Council was signed to pool the CIL income (excluding the neighbourhood element and the proportion retained to cover administrative costs) to support the Greater Norwich Growth Board's Strategic Infrastructure Programme. Norfolk County Council, as the accountable body and in accordance with the agreement, established the Infrastructure Investment Fund from the CIL income it has received from each of the authorities. At 31st March 2016, the Infrastructure Investment Fund had a balance of £2.423m which will be used to support projects currently in progress, projects already approved but not yet started or future projects.

Supporting vulnerable people

Services for Looked after Children remains an areas of significant budget pressure but there have been some notable successes: The number of babies going into care is coming down as a result of increased early help support.

As a result of close working with Saffron Housing Association and the Borough Council of King's Lynn and West Norfolk, a new cluster of ten properties for people under 65 with disabilities was opened in May 2015 in King's Lynn.

Bowthorpe Care Village, an £18.9m dementia specialist care home and a housing with care scheme was completed during the year. The facility – which comprises an 80 bed dementia unit and 92 housing with care flats will improve the future of care for older people in Norwich. The scheme has been the result of close collaboration with the Council's subsidiary NorseCare, the Homes and Communities Agency, Saffron Housing and Norwich City Council.

Financial highlights

Revenue Budget and Outturn

The net revenue budget agreed by the County Council for 2015-16 was £318.428m, representing the Council's share of Council Tax receivable during the year. The net budget remained unchanged throughout 2015-16

The final outturn position for the year against the revised budget is set out in the table below. At the end of the year a net underspend of £0.052m was transferred to the General Fund.

The figures below reflect outcomes for the first full year of the service structure introduced on 1 December 2014. These results are based on the service and portfolio responsibilities as reported to Committees, rather than the total cost of providing services, (including apportionment of support services and adjustments to show the true cost of providing pensions to employees), which is used in the Comprehensive Income and Expenditure Statement.

Service	Revised Budget £m	Net (under)/ over spend after use of reserves £m	%
Adult Social Services	239.314	3.168	1.3%
Children's Services	208.348	3.318	1.6%
Community and Environmental Services	157.978	(0.045)	0.0%
Resources	23.528	0.586	2.5%
Finance and Property	19.769	(0.063)	(0.3%)
Finance General	(330.509)	(7.016)	2.1%
Total	**318.428**	**(0.052)**	0.0%
Transfer to General Fund		**0.052**	

Service overspends and underspends

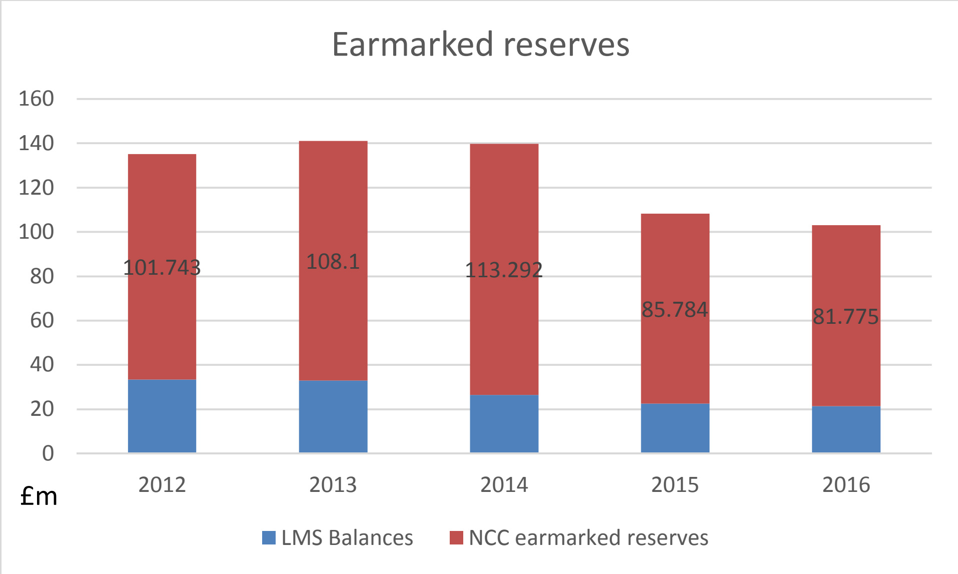
Within Adult Social Services, the forecast overspend is primarily due to the net cost of Services to Users (purchase of care) and costs associated with the delivery of this and other savings. Overspends have been significantly off-set by the use of new funding for implementing the Care Act.

The main area of overspend in Children's Services remains in the area of Looked After Children (LAC): the number of Looked After Children has not reduced as quickly as originally planned, with resulting financial pressures in agency residential, agency fostering and in-house fostering costs

Net overspends in the services above, after use of reserves, were more than off-set by underspends and additional income in Finance General. The largest underspends relate to the decision not to undertake any new borrowing in 2015-16, lower uptake than expected on the Local Assistance Scheme, and lower Minimum Revenue Provision (MRP) costs due to the re-profiling of capital expenditure and borrowing.

Earmarked reserves

Earmarked reserves are funds, including unspent grants and contributions, set aside for specific purposes for future use by the authority, apart from LMS balances which belong to individual schools. During 2014-15 there was a significant overall reduction in earmarked reserves, reflecting the Willows energy from waste settlement and general budgetary pressures. Overall, balances stabilised in 2015-16, but would have again decreased significantly had it not been for the creation of a new £10m Business Risk Reserve resulting from a change in the way the Council's MRP is calculated.



Although reserves reduced across services during the year, the largest reduction, amounting to £6m, was required to support Adult Social Care. Savings initiatives and new funding is in place to minimise future calls on reserves from this area.

General fund

The net outturn underspend for 2015-16 was transferred into the General Fund. As a result, the only movements in the general fund are as follows.

During 2015-16 movements on the General Fund balance were as follows:

	£m
General Balances 1 April 2015	**19.000**
Use of funds for one-off purposes: Increase in General Balances agreed as part of 2015-16 budget setting	0.200
Net underspend 2015-16	0.052
General Balances at 31 March 2016	**19.252**

Better Care fund The Better Care Fund (BCF) came into operation on 1 April 2015 for the 2015-16 financial year. To administer the fund, Clinical Commissioning Groups (CCGs) were required to establish joint arrangements with local authorities to operate a pooled budget for the joint delivery of more integrated health and social care. The Council is a partner in five pooled funds, with NHS CCGs covering Great Yarmouth and Waveney, South Norfolk, North Norfolk, West Norfolk and Norwich, with the funds operating under "section 75" framework partnership agreements. The Norfolk BCF budgets totalled more than £60m for 2015-16, with the aim of delivering integrated care and reablement services, services to reduce hospital admissions, and well-being and dementia diagnosis and support. The Council acts as host for the Funds, and also hosts an integrated equipment service used by all the partners.

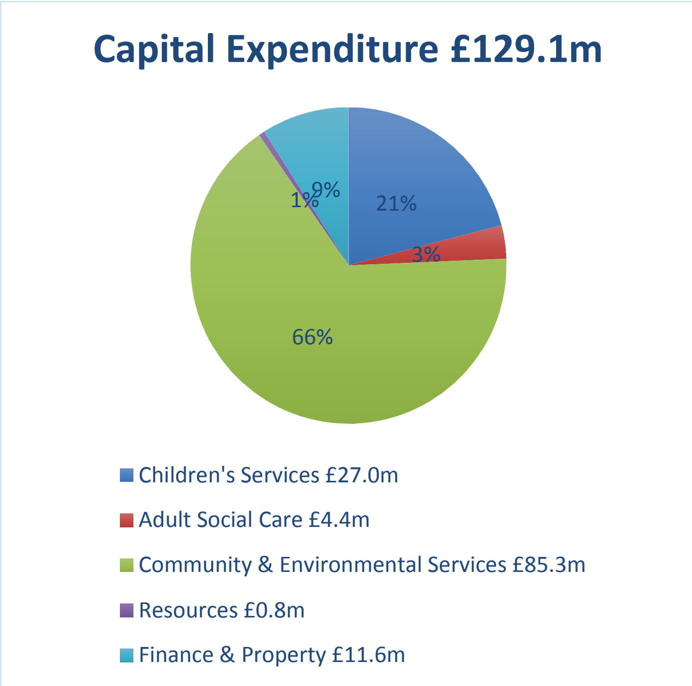
Capital Budget and Spending

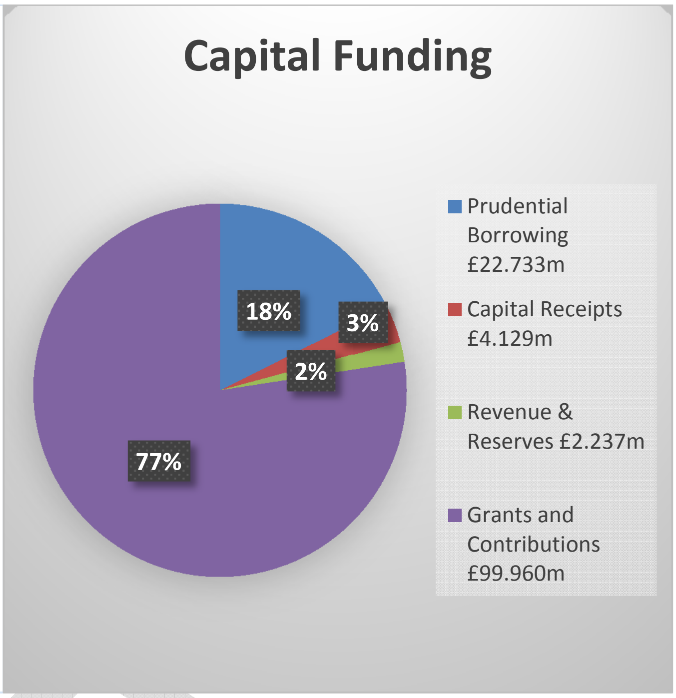
The County Council approved a capital budget in February 2015, with £210.5m related to 2015-16 and £228.4m to later years. Re-profiling from 2014-15 and subsequent funding announcements were added to the programme. After adjusting for items re-profiled into 2016-17, the final 2015-16 programme was £130.9m. Capital spending (including accrued expenditure) for 2015-16 amounted to £129.1m. The main sources of finance were grants and contributions, plus contributions from revenue and reserves. Borrowing requirements were met from internal sources during 2015-16 and amounted to £22.7m.

The Council achieved capital receipts totalling £1.9m from the sale of property and loan repayments. Of these receipts, all were used to fund capital expenditure.

Major projects in the programme included:

- The Norwich Northern Distributor Road, with construction starting in January 2016
- The A47 Postwick Hub, open to traffic in late 2015
- Schools: increased and improved permanent accommodation
- Highways and bridge maintenance schemes
- Continued Development of the Scottow Enterprise Park (former RAF Coltishall site)
- Better Broadband
- Near completion of a major refurbishment of County Hall.





Borrowing

The County Council borrows in the long-term to finance capital expenditure and in the short-term, to smooth cash flow requirements of the Council on a daily basis.

The principal source of long term borrowings is the Public Works Loans Board, with an average remaining term of 34 years and an average interest rate of 5.25%. At 31 March 2016, the Council's external borrowing totalled £488m of which £6m is due to be repaid within one year.

To put this in context, the depreciated balance sheet value of the Council's land, building, infrastructure and other property, plant and equipment is £1,530m.

Future capital programme

In order to replace and develop its assets and infrastructure, the Council needs to maintain a significant capital programme.

2016-20 capital programme by service	£m	2016-20 capital programme funding	£m
Children's Services	159.511	Prudential Borrowing	123.775
Adult Social Care	16.458	Capital Receipts	15.368
Community & Environmental Services	270.427	Revenue & Reserves	8.905
Resources	1.500	Grants and Contributions	349.568
Finance including corporate property	49.720		
Total	**497.616**	**Total**	**497.616**

The major on-going capital schemes are for improving the county's schools estate and transport infrastructure. The major scheme under construction is the Norwich Northern Distributor Road (NDR) for which £120m is included in the forward programme, including an additional £30m secured and committed in 2015-16.

As can be seen, the majority of capital expenditure is funded from grants and contributions from third parties – primarily central government, although a significant amount of prudential borrowing and capital receipts will be required to manage the funding of schemes such as the NDR.

Pensions Deficit

The accounts reflect the underlying commitment that the Council has to pay future retirement benefits for its employees, as required by IAS 19. As a result, the estimated pension liability, measured on an actuarial basis, is included in the Council's Balance Sheet, effectively reducing the Net Assets of the Council by £871m.

The pension fund deficit does not represent an immediate call on the Council's reserves but provides a snapshot at 31 March 2016, with the value of assets and liabilities changing on a daily basis. There is a neutral impact on the Council's Comprehensive Income and Expenditure Statement reported for the year as the effect of IAS 19 is reversed through the use of a pensions reserve.

Provisions

At the end of the financial year, the Council's provisions stood at £27.4m compared to £27.3m at the start of the year. Provisions have not changed significantly during the year, with the largest being the Council's insurance provision (£12.8m), landfill provision (£9.1m) and bad debt provisions (£3.2m).

Outlook for the future

The council's revenue budget for 2016-17 has been produced in the context of a changing environment for local government finance and £115m of savings to be delivered in the period 2016-17 to 2019-20.

Changes in the government's methodology for distributing the Settlement Funding Assessment (SFA) in particular have signalled a fundamental shift in the government's policy on council tax. Whereas in previous years, the government has offered council tax freeze grant to encourage councils not to increase council tax, the distribution of funding now assumes that councils will raise council tax in line with inflation and, where available, will levy a new precept to fund adult social care.

In setting the budget for 2016-17, Norfolk County Council raised council tax by 3.99%, incorporating a 2% rise for the social care precept and a 1.99% increase in general council tax. This decision was driven by the council's priority to protect front line services, and taking account of the very significant pressures faced in social care and other areas of the budget. These include increased costs from national policies such as the National Living Wage and changes to National Insurance.

The final Local Government Finance Settlement in February 2016 confirmed expected reductions in government funding, with Norfolk County Council receiving a 12.9% reduction in its Settlement Funding Assessment (Revenue Support Grant and Business Rates) for 2016-17, compared to the adjusted 2015-16 figures. The Council continues to anticipate that Revenue Support Grant will cease by 2019-20, and awaits the Government's plans for the changes to business rates which will deliver this.

A key focus has been the development of a robust, deliverable budget for 2016-17. Critical front line budgets have been protected through the removal of saving proposals, including cancelling savings from Supporting People, Youth Work, and Fire Service budgets. Difficulties in delivering savings during 2015-16 have also been addressed in this process. Nonetheless, the savings to be delivered in the period 2016-17 to 2019-20 remains a fundamental challenge which will require significant engagement across the organisation. During 2016-17 the council will make use of additional Transition Funding and allocations of Rural Services Delivery Grant, announced late in the budget process to support invest to save projects which will help to ensure future budget plans can be achieved effectively.

The outcome of the 23 June EU Referendum will have consequences for many aspects of the Council's role and functions and for Norfolk as a whole. Those issues which are identified will be considered and closely monitored. In particular, "Brexit" presents a number of challenges and uncertainties for the Council's Investment Strategy, and to the Pension Fund. However, at the time of publishing it is too early to estimate the extent of any impact on the financial statements, as there is likely to be significant ongoing uncertainty while the UK renegotiates its relationship with the EU and other nations. As a result the Authority has not identified any specific consequences that will impact on these financial statements.

Management of Risk

As part of the overall development of a performance management framework for the Council, a new approach to corporate risk management has been adopted. Since August 2015 when the responsibility for Strategic Risk Management passed over to the Chief Internal Auditor, a Medium Term Risk Management Strategy 2016-19 has been initiated. The Council's Corporate Risk Register is regularly reviewed by the Audit Committee.

The register provides a full description of corporate risks, mitigating actions and the progress made in managing the level of risk. Departmental level risks are also reviewed by the appropriate Service Committees. Overall, corporate risk scores have remained generally stable during 2015-16.

Future material accounting changes – Highways Network Asset

A change in accounting policy will be required for 2016-17 by the CIPFA Code of Practice on the Highways Network Asset (2016 Edition). This will require highways network assets (listed in the table below) to be recognised as a separate class of Property, Plant and Equipment. Infrastructure assets are currently measured at depreciated historic cost. The highways network asset will in future be measured at depreciated replacement cost and will be transferred between asset categories. This is likely to result in a material revaluation gain to reflect the new current cost of asset replacement, rather than the original cost of works. If the changes had been implemented in 2015-16, based on current estimates, the value of infrastructure assets would increase from £0.7bn to approximately £13bn.

HNA component	**Estimated NBV of HNA assets at 1 April 2016 under 2016-17 revised accounting policy**
	£bn
Carriageways	7.6
Footways and cycle tracks	0.3
Structures	0.4
Street lighting	0.1
Street furniture	n/m
Traffic management systems	n/m
Associated land	4.2
Total	**12.6**

As well as a material increase in balance sheet values to the values in the table above, there will be an increase in depreciation proportionate to the value of non-land components.

Explanation of the financial statements

These financial statements for 2015-16 are set out in accordance with the **Code of Practice on Local Authority Accounting in the United Kingdom 2015-16: based on International Financial Reporting Standards (IFRSs).** They comprise: core statements, notes to the accounts, supplementary statements, group accounts, and Norfolk Pension Fund accounts. The purpose of each element is as follows:

1.The core statements

• Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' and other reserves. The surplus/deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The 'Net Increase/Decrease before Transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

• Comprehensive Income & Expenditure Statement

This statement analyses the Council's day to day operations. It summarises the resources that have been generated and consumed in providing services and managing the Council. It shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

• Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves includes those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

• Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2.Notes to the Accounts

Supporting information on the figures included in each of the Core Statements is shown in the accompanying notes, together with details of the Council's accounting policies.

3.Supplementary Statements

The accounts contain two supplementary statements:

• Fire fighters Pension Fund Accounts

• Pension Fund Accounts – this section summarises the revenue and investment transactions of the Norfolk Pension Fund for 2015-16 and its financial position at 31 March 2016.

Supporting notes follow each of the supplementary statements above.

Group Accounts

The Code of Practice requires that Councils consider the need to include group accounts in its published Statement. The Council has reviewed its interests in companies and other organisations to determine which are to be included in the Group Accounts for 2015-16.

The financial results of two wholly owned companies are consolidated into the Group Accounts - Norse Group and Independent Matters CIC:

- With turnover of over £320m, Norse Group is itself a large group providing facilities management, property consultancy and care services to both public and private sector clients throughout the UK.
- Independence Matters CIC is the first 'spin out' social enterprise to be launched by Norfolk County Council, with over 600 staff transferring from the Council's Personal and Community Support Services in 2013. Turnover for the year is over £14m.

Further details of these companies, and other subsidiaries which are not material for group accounting purposes, are given in the introduction to the Group Accounts included in these financial statements.

Norfolk Pension Fund

Norfolk County Council is the administering body for the Norfolk Pension Fund. The main financial statements of the pension fund are included in the Statement of Accounts for the County Council. Consequently the Statements of Assurance cover both the County Council and the Pension Fund. Details of the Norfolk Pension Fund accounting statements are shown on pages 110 to 153. Copies of the full annual report for the pension fund are available from the Executive Director of Finance, Norfolk County Council, County Hall, Martineau Lane, Norwich, NR1 2DW.

Further information

Interested members of the public have a statutory right to inspect the accounts before the audit is completed. This has been advertised in the local press. The authority complies with the Freedom of Information Act 2005 requirements in responding to queries from the general public.

Further information about the financial statements and accounts is available from the Executive Director of Finance, Simon George, Norfolk County Council, County Hall, Martineau Lane, Norwich, NR1 2DW.

Further information relating to this foreword can be found in the financial statements which follow, in Norfolk County Council's Budget Book 2016-20 https://www.norfolk.gov.uk/what-we-do-and-how-we-work/our-budget-and-council-tax/our-budget/our-budget and in the Norfolk Leader's Annual Review 2015-16 at https://www.norfolk.gov.uk/what-we-do-and-how-we-work/councillors-meetings-decisions-and-elections/leader-of-the-council-and-committee-chairs

Statement of Responsibilities

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 this authority, that officer is the Executive Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Executive Director of Finance's Responsibilities

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

In preparing this Statement of Accounts, the Executive Director of Finance has:

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

The Executive Director of Finance has also:

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

Certificate by the Executive Director of Finance

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Simon George
Executive Director of Finance
Date: [27] September 2016

I confirm that the Statement of Accounts was approved by a resolution of the Audit Committee on 22 September and has been re-signed as authorisation to issue.

Cllr Ian Mackie

Chairman of Norfolk County Council Audit Committee

Date: [27] September 2016

Independent Auditors' Report to the Members of Norfolk County Council

Once given, the audit opinion will be inserted here.

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Movement in Reserves Statement

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2014	**17,288**	**139,809**	**1,755**	**79,741**	**238,593**	**79,063**	**317,656**
Movement in Reserves during 2014-15							
Surplus / (Deficit) on provision of services	(88,569)	0	0	0	(88,569)	0	**(88,569)**
Other Comprehensive Expenditure and Income	0	0	0	0	0	(175,176)	**(175,176)**
Total Comprehensive Expenditure and Income	(88,569)	**0**	**0**	**0**	(88,569)	(175,176)	**(263,745)**
Adjustments between accounting basis & funding basis under regulations (note 7)	58,801	0	1,499	11,223	71,523	(71,523)	**0**
Net Increase / (Decrease) before transfers to reserves	**(29,768)**	**0**	**1,499**	**11,223**	**(17,046)**	**(246,699)**	**(263,745)**
Transfers to/from Earmarked Reserves (note 0)	31,480	(31,480)	0	0	0	0	**0**
Increase / (Decrease) in Year	**1,712**	**(31,480)**	**1,499**	**11,223**	**(17,046)**	**(246,699)**	**(263,745)**
Balance at 31 March 2015	**19,000**	**108,329**	**3,254**	**90,964**	**221,547**	**(167,636)**	**53,911**
Movement in Reserves during 2015-16							
Surplus / (Deficit) on provision of services	(74,352)	0	0	0	(74,352)	0	**(74,352)**
Other Comprehensive Expenditure and Income	0	0	0	0	0	281,994	**281,994**
Total Comprehensive Expenditure and Income	**(74,352)**	**0**	**0**	**0**	**(74,352)**	**281,994**	**207,642**
Adjustments between accounting basis & funding basis under regulations (note 7)	69,383	0	(1,677)	1,756	69,462	(69,462)	**0**
Net Increase / (Decrease) before transfers to reserves	**(4,969)**	**0**	**(1,677)**	**1,756**	**(4,890)**	**212,532**	**207,642**
Transfers to/from Earmarked Reserves (note 0)	5,221	(5,221)	0	0	0	0	**0**
Increase / (Decrease) in Year	**252**	**(5,221)**	**(1,677)**	**1,756**	**(4,890)**	**212,532**	**207,642**
Balance at 31 March 2016	**19,252**	**103,108**	**1,577**	**92,720**	**216,657**	**44,896**	**261,553**

Comprehensive Income and Expenditure Statement

	2014-15 Gross Expenditure	2014-15 Income	2014-15 Net Expenditure	2015-16 Gross Expenditure	2015-16 Income	2015-16 Net Expenditure
	£000s	£000s	£000s	£000s	£000s	£000s
Continuing Services:						
Adult Social Care	407,026	106,183	300,843	401,345	120,585	280,760
Central Services to the Public	4,067	1,949	2,118	4,115	2,115	2,000
Children's and Education Services	646,706	454,624	192,082	622,607	427,965	194,642
Cultural and Related Services	28,842	8,416	20,426	24,425	9,024	15,401
Environmental and Regulatory Services	49,500	5,115	44,385	48,864	5,104	43,760
Fire and Rescue Services	35,852	2,312	33,540	29,752	1,940	27,812
Highways and Transport Services	92,726	17,337	75,389	90,482	15,343	75,139
Planning Services	16,054	11,182	4,872	12,730	6,952	5,778
Public Health	31,067	33,469	(2,402)	39,456	38,298	1,158
Corporate and Democratic Core	3,623	0	3,623	3,551	24	3,527
Non Distributed Costs	(7,894)	0	(7,894)	(3,596)	0	(3,596)
Cost of Services	**1,307,569**	**640,587**	**666,982**	**1,273,731**	**627,350**	**646,381**
Other Operating Expenditure (Note 0)			109,013			87,985
Financing and Investment Income and Expenditure (Note 10)			65,978			64,046
Taxation and Non-Specific Grant Income (Note 11)			(753,404)			(724,060)
(Surplus) / Deficit on Provision of Services			**88,569**			**74,352**
(Surplus) / Deficit on Revaluation of Property, Plant and Equipment Assets			(14,737)			(20,522)
Re-measurements of the net defined benefit liability			189,913			(261,472)
Other Comprehensive Income and Expenditure			**175,176**			**(281,994)**
Total Comprehensive Income and Expenditure			**263,745**			**(207,642)**

Balance Sheet

	Note	31 March 2015 £000s	31 March 2016 £000s
Property, Plant & Equipment	0	1,526,710	1,530,024
Heritage Assets	0	5,771	5,978
Investment Property	14	28,621	23,705
Intangible Assets		352	293
Long Term Investments	0	13,395	13,279
Long Term Debtors	0	12,947	21,996
Long Term Assets		**1,587,796**	**1,595,275**
Short Term Investments	0	114,745	125,876
Inventories		488	485
Short Term Debtors	0	122,340	109,881
Cash and Cash Equivalents	17	64,001	51,298
Assets Held for Sale	18	1,390	1,110
Current Assets		**302,964**	**288,650**
Short Term Borrowing	0	(12,887)	(12,305)
Other Short Term Liabilities	0	(2,750)	(2,295)
Short Term Creditors	0	(128,526)	(138,511)
Provisions	20	(6,698)	(6,101)
Current Liabilities		**(150,861)**	**(159,212)**
Provisions	20	(20,622)	(21,290)
Long Term Borrowing	0	(490,181)	(483,984)
Other Long Term Liabilities	0	(1,146,230)	(928,401)
Capital Grants Receipts in Advance	31	(28,955)	(29,485)
Long Term Liabilities		**(1,685,988)**	**(1,463,160)**
Net Assets		**53,911**	**261,553**
Usable Reserves	21	221,547	216,657
Unusable Reserves	22	(167,636)	44,896
Total Reserves		**53,911**	**261,553**

Cash Flow Statement

	31 March 2015 £000s	31 March 2016 £000s
Net (surplus) or deficit on the provision of services	**88,569**	**74,352**
Adjust net (surplus) or deficit on the provision of services for non-cash movements	(185,474)	(205,787)
Adjust for Items in the net (surplus) or deficit on the provision of services that are investing and financing activities	113,397	103,739
Net cash flows from Operating Activities (note i)	16,492	(27,696)
Investing Activities (note ii)	(42,439)	30,992
Financing Activities (note iii)	11,443	9,407
Net (increase) or decrease in cash and cash equivalents	**(14,504)**	**12,703**
Cash and cash equivalents at the start of the year	**49,497**	**64,001**
Cash and cash equivalents at the end of the year (note 17)	**64,001**	**51,298**

Notes to the Cash Flow Statement

i. Operating Activities

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

	2014-15 £000s	2015-16 £000s
Depreciation	(49,749)	(48,580)
Impairment and downward valuations	939	(282)
Increase/(decrease) in creditors	7,567	(11,669)
(Increase)/decrease in debtors	43	(9,214)
Movement in Pension Liability	(29,666)	(45,937)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(116,531)	(88,481)
Other non-cash items charged to the net surplus or deficit on the provision of services	1,923	(1,624)
	(185,474)	**(205,787)**

The net cash flows from operating activities include the following items:

	2014-15 £000s	2015-16 £000s
Interest received	(2,260)	(1,950)
Interest paid	33,474	32,526

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

	2014-15 £000s	2015-16 £000s
Capital grants credited to the deficit on the provision of services	110,950	101,768
Proceeds from the sale of property, plant and equipment	11,558	2,087
Other items for which the cash effects are investing or financing activities	(9,111)	(116)
	113,397	**103,739**

ii. Investing Activities

The net cash flows from the investing activities include the following items:

	2014-15 £000s	2015-16 £000s
Purchase of property, plant and equipment, investment property and intangible assets	112,693	110,042
Purchase of short term and long term investments	0	12,000
Other payments for investing activities	5,598	11,635
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(11,108)	(2,630)
Proceeds from short and long term investments	(38,674)	0
Other receipts from investing activities	(110,948)	(100,055)
Net cash flows from investing activities	**(42,439)**	**30,992**

iii. Financing Activities

The net cash flows from the financing activities include the following items:

	2014-15 £000s	2015-16 £000s
Cash receipts of short term and long term borrowing	(299)	(111)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,549	2,749
Repayments of short term and long term borrowing	9,193	6,769
Net cash flows from financing activities	**11,443**	**9,407**

Notes to the Financial Statements

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2015-16 financial year and its position at the year end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require 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 2015-16 (the Code) and the Service Reporting Code of Practice (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued in the Local Government Act 2003.

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

1.2 Accounting Principles

<u>Relevance</u>

The objective of financial statements is to provide information about an Authority's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.

<u>Reliability</u>

Financial information is reliable if it can be depended on to represent faithfully what it either purports to represent or what it can be reasonably expected to represent and is free from deliberate, systematic or material error.

<u>Comparability</u>

The information in the accounts is more useful if it can be compared with information for some other period or point in time. This depends upon consistency in the application of the accounting policies, unless it can be shown that a new policy would introduce improved accounting practices.

<u>Understandability</u>

The accounting principles on which the Code is based include accounting concepts, treatments and terminology which require reasonable knowledge of accounting and local government, and reasonable diligence in reading the financial statements if they are to be properly understood. However all reasonable efforts have been taken in the preparation of the financial statements to ensure they are as easy to understand as possible.

<u>Materiality</u>

Strict compliance with the Code, both as to disclosure and accounting principles, is not necessary where the amounts involved are not material to the fair presentation of the financial position and transactions of the authority and to the understanding of the Statement of Accounts by a reader.

<u>Accruals</u>

This requires the non-cash effects of transactions (debtors and creditors) to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

<u>Going Concern</u>

A local authority's Statement of Accounts should be prepared on a going concern basis, that is, the accounts should be prepared on the assumption that the authority will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of the operation.

1.3 Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 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.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.4 Cash and 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 in 7 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.

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.

1.5 Charges to Revenue for Non Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed 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
- amortisation of intangible fixed 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 equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

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

1.6 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority 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 authority. 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.

1.7 Council Tax Income and Business Rates

Since April 2009, the amount of council tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. From April 2013, business rates have been accounted for on the same basis. The difference between the income included in the Comprehensive Income and Expenditure Account and the amount required to be credited to the General Fund under statute is taken to the Collection fund Adjustment Account included as a reconciling item through the Movement in Reserves Statement so that there is no net charge against council tax for the adjustment. The Council's share of council tax debtors and creditors and business ratepayers arrears, overpayments and prepayments and appeals are included in the debtor and creditor totals in the Balance Sheet.

1.8 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 (eg 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, eg 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 holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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. These are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

Employees of the Authority are members of four separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme administered by NHS Pensions.
- The Local Government Pensions Scheme, administered by Norfolk County Council; and
- The Fire Fighters' Pension Scheme

All of the schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' scheme and the NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Education and Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The employer contributions in the NHS Pension Scheme are charged to Public Health.

The Local Government Pension Scheme

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

(i) The liabilities of the 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.

(ii) Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the indicative rate of return on high quality corporate bonds, as derived from a Corporate Bond yield curve constructed from yields on high quality bonds (constituents of the Iboxx Sterling Corporates AA). The discount rate recognises the weighted average duration of the benefit obligation as determined by the most recent actuarial valuation.

(iii) The assets of the 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.

(iv) The change in the net pensions liability is analysed into the following components:

- Service Cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement 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 Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
  - Net interest expense – the change during the period in the defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure 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 net defined benefit liability at the beginning of the period – taking into account 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 the net interest on the defined benefit liability – charges to the Pension Reserve as Other Comprehensive Income and Expenditure.
  - Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charges to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the 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 balance 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 transfers 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 of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

<u>Fire Fighters Pension Scheme</u>

This scheme is also accounted for as a defined benefit scheme. The scheme is operated on a 'pay as you go' basis and as such has no assets. Transfer values included in the Scheme have been accounted for on a cash basis. Other than this the treatment of the scheme in the accounts is as described for the Local Government Pension Scheme above.

<u>Discretionary Benefits</u>

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 (including teachers and injury awards to fire fighters) 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.

The Council makes payments to fire fighters in relation to injury awards and the expected injury awards for active members are valued and accounted for.

1.9 Events after the Balance Sheet Date

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

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

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

1.10 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as borrowings, PFI and finance lease liabilities at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) 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 authority’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.

1.11 Financial Instruments

Financial Assets

Financial assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available for Sale Assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where the Council is party to a loan which is given at less than market rate, this is classified as a soft loan. In this instance, the Code of Practice requires the Council to calculate the reduction in cash flows over the length of the loan due to the reduced interest rate. The carrying value of the loan must be adjusted if this results in a material difference from its fair value. The Council's soft loans are primarily social care debts secured against property which do not attract interest. These loans are reviewed on an annual basis to determine whether the carrying value is materially different from the fair value. At present, there is not deemed to be a material difference and the carrying amount has therefore not been adjusted.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available for Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

- Instruments with quoted market prices – the market price
- Other instruments with fixed or determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – valued at cost

The inputs to the measurement techniques are categorised in accordance with note 1.10 Fair Value Measurement.

Changes in fair value are balanced by an entry in an available for Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available for Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available for Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Instruments entered into before 1 April 2006

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the policy on Provisions.

Instruments entered into before 8 November 2007

Regulations made by Government under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, allow financial guarantees entered into before 8 November 2007 to be accounted for under the 2007 SORP. The Council has adopted this regulation so that its financial guarantees taken out before 8 November 2007 have been accounted for as contingent liabilities.

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 are initially measured at fair value and are 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.

For most of the borrowings that the Council has, 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.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.12 Foreign currency translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.13 Government Grants and Other 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-ringfenced 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.

1.14 Heritage Assets

Recognition

Assets will be recognised in the Balance Sheet as Heritage Assets where they are held principally to increase the knowledge, understanding and appreciation of the local area and its history. The recognition of Heritage

Assets will be consistent with the Council's Property, Plant and Equipment policy, including a de minimis for recognition of £40,000.

Apart from Heritage Assets previously accounted for as Community Assets, Heritage Assets acquired before 1 April 2010 have not been capitalised, since reliable estimates of cost or value are not available on a cost effective basis. Assets meeting the above definition and obtained since 1 April 2010 are capitalised on the Balance Sheet under Heritage Assets.

Measurement

Heritage Assets will be measured in accordance with the Council's accounting policy on Property, Plant and Equipment. However, some of the measurement rules will be relaxed in relation to Heritage Assets with valuation or historic cost replacing fair value where appropriate. Further details of the measurement methodology for Heritage Assets are set out in the note to the accounts.

Subsequent to initial recognition and measurement, Heritage Assets will be revalued where appropriate.

Impairment

The carrying amounts of Heritage Assets will be reviewed where there is evidence of impairment and these will be accounted for in accordance to the Council's policy on Property, Plant and Equipment.

Depreciation

Due to the nature of the items, it is not appropriate to charge depreciation on Heritage Assets.

Disposals

Disposals of Heritage Assets will be treated in accordance with the general policies on Property, Plant and Equipment, and in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

1.15 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 (eg 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 the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in 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.

1.16 Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.17 Inventories and long term contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using either the lower of cost or net realisable value.

1.18 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, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in 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.

1.19 Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control where the parties are bound by a contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement. A joint arrangement is either a joint venture or a joint operation.

a) Joint Venture

Joint ventures are arrangements under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint venturers have rights to the net assets of the arrangement. A joint venturer recognizes its interest in a joint venture as an investment and, where material, consolidates the investment into its Group Accounts using the equity method.

b) Joint Operation

Joint operations are similar to joint ventures, in that they are arrangements where contractual agreements are in place under which two or more parties share control. However, rather than rights to the net assets of the arrangement, the joint operators have rights to assets and obligations in relation to liabilities. Joint operations, including the elements of pooled funds which are classified as joint arrangements, are recognised in the single entity statements by bringing in the Council's share of the assets, liabilities, revenue and expenses of the arrangement.

1.20 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

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 Authority 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.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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 authority at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

<u>Operating Leases</u>

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 (eg there is a rent-free period at the commencement of the lease).

The Council as Lessor

<u>Finance Leases</u>

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. At the commencement of the lease, 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. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

<u>Operating Leases</u>

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 credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits 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 premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.21 Overheads

Central departments operate within predetermined budgets and generally their costs are not allocated to departments. At the end of the financial year, the costs of the central departments are analysed, in accordance with the principles of the CIPFA Service Reporting Code of Practice (SeRCOP), to determine what costs should be shared between users of the services, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Cost of Services.

1.22 Private Finance Initiative (PFI) Schemes

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment except in the case of schools which have transferred to Academy status.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The Council is involved in three PFI schemes – Norwich Schools, Salt Barns and Street Lighting.

For the Norwich Schools PFI scheme, the liability was written down by an initial capital contribution of £8.2m.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (Norwich Schools PFI 12.4%, Salt Barns PFI 44.34% and Street Lighting PFI 8.56%).
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.23 Prior Period Adjustments, Changes in Accounting Policies and Estimates and 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.

1.24 Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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 property, plant and equipment is £40,000.

Based on an assessment of the control of the economic benefits and service potential of schools assets, the Council recognises Community and Voluntary Controlled schools assets, along with playing fields for VA schools, on the Balance Sheet. Voluntary aided schools (except playing fields), Foundation schools and Academies are deemed to be outside of the Council's control and therefore remain off Balance Sheet.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The 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 (ie 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.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- 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. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset, net of any accumulated gains written off from the Revaluation Reserve, 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>

Where an asset contains a component with a significant cost in relation to the overall asset and a different useful life, the Council is required under the Code to recognise the component separately. Where components are recognised they are depreciated over their own useful lives when calculating the depreciation chargeable for the year.

Where capital expenditure results in an acquisition which replaces a component of an asset, the original component is derecognised in order to ensure that the Council does not overstate its assets.

The de-minimis level for componentising assets is £1.2m on the gross book value of buildings only.

<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)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset, net of any accumulated gains written off from the Revaluation Reserve, 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.

<u>Depreciation</u>

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 (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 20 to 40 years.

Where an item of Property, Plant and Equipment asset 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.

<u>Disposals and non current assets held for sale</u>

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, and the asset is being actively marketed, 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 previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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 (ie 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. Receipts are 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 fixed 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.

1.25 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 Comprehensive Income and Expenditure Statement in the year that the authority 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 (eg 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 authority settles the obligation.

1.26 Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.27 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.

1.28 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.

2. Accounting Standards issued, not adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

There are a number of minor amendments to and as a result of International Financial Reporting Standards. If these had been adopted for the financial year 2015-16 there would be no material changes to the financial statements.

A change in accounting policy required for 2016-17 by the CIPFA Code of Practice on Transport Infrastructure Assets will require transport infrastructure assets (including carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and associated land) to be recognised as a separate class of Property, Plant and Equipment. Infrastructure assets are currently measured at depreciated historic cost. The transport infrastructure asset will in future be measured at depreciated replacement cost which will result in a significant revaluation gain. If the changes had been implemented in 2015-16, based on current estimates the value of infrastructure assets would increase from £0.7bn to approximately £13bn with a proportionate increase in depreciation.

3. Critical judgements in applying accounting policies

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

- There is a high degree of uncertainty about future levels of 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.
- The Council is deemed to control the services provided under the three operational PFI agreements (Norwich Schools, Salt Barns and Street Lighting) and also to control the residual value of the assets at the end of the agreements. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the operational assets (valued at £46.6m) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.
- In line with the Code of Practice and IFRS10 the Council has considered schools as separate entities for control purposes. For those schools under the control of the Council, the expenditure, income assets, liabilities, reserves and cash flow for those schools are included in the Council's single entity accounts.

  Therefore, as detailed in Note 0

- Property, Plant and Equipment, the Council continues to recognise Community and Voluntary Controlled schools assets, along with playing fields for VA schools, on the Balance Sheet for 2015-16, based on the assessment of the control of the economic benefits and service potential of these assets. Voluntary aided schools (except playing fields), Foundation schools and Academies remain outside the Council's accounts.

4. Assumptions made about the 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 key judgements and uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Plant and Equipment	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 fall. It is estimated that the annual depreciation charge for the buildings would increase by £2.5m for every year that useful lives had to be reduced.
Pensions Liability	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. Hymans Robertson LLP is engaged to provide the Council with expert advice about the assumptions to be applied.	The effect on the net pensions liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £221.283m. However, the assumptions interact in complex ways. During 2015-16, the Council's actuaries advised that the net pension liability had decreased by £261.472m.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, valuations are	To measure the fair value of some of its investment properties, surplus asset and assets held for sale, the Council uses a model based on yields chosen by comparison to comparable transactions adjusted to allow for factors such title constraints, known ground conditions, location, topography and physical constraints. The significant unobservable inputs used in the fair value measurement include management assumptions regarding planning potential, or untested ground conditions. Significant changes in the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

undertaken by NPS Property Consultants Limited).

Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14 and 0 below.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

5. Material Items of Income and Expense

During 2015-16, 23 schools transferred to Academy, Voluntary Aided and Foundation status. The assets relating to these schools have been removed from the Council's balance sheet. The value written off amounts to £32.752m and the net loss on disposal of these assets (£34.057m) is the main reason for the total shown in note 0 to the accounts.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Executive Director of Finance on 29 June 2016. Events that occur 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 2016, the figures in the financial statements and note have been adjusted in all material respects to reflect the impact of this information.

Schools transferring to Academy Status

Between 1 April 2016 and 30 September 2016 17 schools, (listed below), with a net book value of £49.393m converted to academy status.

Henderson Green CP School	Weasenham VC Primary School
Walpole Cross Keys CP School	Reepham Primary School
St Augustines RCVA School	Glebeland Toftmonks Primary
St Mary and St Peter Catholic Primary School	Thorpe St Andrew High School and Sixth Form
St Francis of Assisi Catholic Primary School	Hillside Primary and Nursery School
Rudham CE Primary School	Dussindale Primary School
Heacham Junior School	Firside Junior School
Valley Primary School	Cawston VC Primary School
Old Buckenham Primary School	

All of the schools will be revalued prior to disposal. The revised net book value will be written out of the Council's Property, Plant and Equipment during 2016-17 and will be treated as a disposal at nil consideration in the 2016-17 consolidated Income and Expenditure Statement.

EU Referendum

Following the United Kingdom's vote to leave the European Union (EU) in the EU referendum on 23 June 2016 there has been an increased level of volatility in the financial markets and macroeconomic uncertainty in the UK. The immediate volatility is expected to continue into the medium term.

The Council's Investment Strategy for 2016-17, approved by full Council at its meeting on 22 February 2016 takes the same cautious approach as that of recent years and seeks to protect the Council's principal at the potential expense of yield income. The risks of impairment to the authority's current investments are outlined in Note 40, and the current strategy will be under constant review.

Given the expected volatility in financial markets it is foreseen that there may be a risk to the valuation of the Council's defined benefit pension obligation. Details of factors influencing the value of the pension fund are given in Note 37. Despite the uncertainty in the aftermath of the vote, major investment market returns measured from 31 March and into the summer period have been positive and the Fund continues to be a diversified long term investor.

It is too early to estimate the extent of any impact on the financial statements, as there is likely to be significant ongoing uncertainty for several months while the UK renegotiates its relationship with the EU and other nations. For the purposes of these financial statements, the EU Referendum result is considered to be a non-adjusting event.

7. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied Account

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2015-16	**Usable Reserves**		
	General Fund	**Capital Receipts Reserve**	**Capital Grants Unapplied Account**
	£000s	**£000s**	**£000s**
Adjustments to Revenue Resources:			
Pension Costs (transferred to/from the Pension Reserve)	45,937		
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	16		
Council Tax and NDR (transfers to and from Collection Fund Adjustment Account)	516		
Holiday Pay (transferred to the Accumulated Absences Reserve)	(5,405)		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	49,801		22,542
Total Adjustment to Revenue Resources	**90,865**	**0**	**22,542**
Adjustments between Revenue and Capital Resources:			
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	(2,087)	2,087	
Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve)	66	(66)	
Statutory provision for the repayment of debt	(15,173)		

2015-16	Usable Reserves		
	General Fund	Capital Receipts Reserve	Capital Grants Unapplied Account
	£000s	£000s	£000s
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(4,288)		
Total Adjustments between Revenue and Capital Resources	**(21,482)**	**2,021**	**0**
Adjustments to Capital Resources			
Use of the Capital Receipts reserve to finance capital expenditure		(3,754)	
Long term debtor repayments in year		56	
Application of capital grants to finance capital expenditure			(20,786)
Total Adjustments to Capital Resources	**0**	**(3,698)**	**(20,786)**
Total Adjustments in 2015-16	**69,383**	**(1,677)**	**1,756**

2014-15	Usable Reserves		
	General Fund	Capital Receipts Reserve	Capital Grants Unapplied Account
	£000s	£000s	£000s
Adjustments to Revenue Resources:			
Pension Costs (transferred to/from the Pension Reserve)	29,666		
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	18		
Council Tax and NDR (transfers to and from Collection Fund Adjustment Account)	(4,439)		
Holiday Pay (transferred to the Accumulated Absences Reserve)	(1,241)		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	79,064		33,565
Total Adjustment to Revenue Resources	**103,068**	**0**	**33,565**
Adjustments between Revenue and Capital Resources:			
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	(9,185)	9,185	
Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve)	246	(246)	
Statutory provision for the repayment of debt	(26,243)		

2014-15

	Usable Reserves		
	General Fund	**Capital Receipts Reserve**	**Capital Grants Unapplied Account**
	£000s	**£000s**	**£000s**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(9,085)		
Total Adjustments between Revenue and Capital Resources	**(44,267)**	**8,939**	**0**
Adjustments to Capital Resources			
Use of the Capital Receipts reserve to finance capital expenditure		(9,813)	
Long term debtor repayments in year		2,373	
Application of capital grants to finance capital expenditure			(22,342)
Total Adjustments to Capital Resources	**0**	**(7,440)**	**(22,342)**
Total Adjustments in 2014-15	**58,801**	**1,499**	**11,223**

8. Transfers to/from earmarked reserves

The table shows each of the Council's earmarked reserve accounts where the balance is in excess of £0.5m either on 31 March 2015 or 31 March 2016. Descriptions of each of these earmarked reserves follow the table.

	Balance at 31 March 2014	Transfers in 2014-15	Transfers out 2014-15	Balance at 31 March 2015	Transfers in 2015-16	Transfers out 2015-16	Balance at 31 March 2016
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
LMS Balances	26,517	26,346	(30,318)	22,545	23,877	(25,088)	21,334
Adult Social Services Residential Review	3,024	0	(746)	2,278	0	(2,278)	0
Building Maintenance	3,903	2,082	(1,513)	4,472	1,651	(2,576)	3,547
Business Risk Reserve	0	0	0	0	10,678	0	10,678
Children's Services Equalisation	249	406	0	655	101	0	756
Economic Development and Tourism	4,215	367	(1,034)	3,548	1,358	(2,079)	2,827
Fire Operational Equipment	966	0	(393)	573	343	(358)	558
Fire Retained Turnout Payments	542	0	0	542	380	(441)	481
Highways Maintenance	4,625	868	(273)	5,220	2,541	(1,890)	5,871
Icelandic Banks	2,444	0	(1,803)	641	4,702	(5,165)	178
Information Technology	10,226	9,649	(11,854)	8,021	448	(2,613)	5,856
Insurance Reserve	26	2,001	0	2,027	2,062	(1,006)	3,083
Norfolk Infrastructure Fund	2,015	885	(2,476)	424	958	(278)	1,104
Norwich Schools PFI Sinking Fund	2,062	55	0	2,117	232	0	2,349
Ofsted Improvement Fund	1,741	475	(1,656)	560	0	(70)	490
Organisational Change and Redundancy Reserve	5,605	6,330	(4,650)	7,285	782	(1,223)	6,844
Prevention Fund	1,141	0	(401)	740	70	(487)	323
Repairs and Renewals Fund	4,550	821	(1,595)	3,776	886	(1,212)	3,450
Schools Contingency	9,315	1,506	(632)	10,189	222	(4,864)	5,547
Schools Non-Teaching Activities	1,169	1,478	(1,292)	1,355	1,030	(1,452)	933
Schools Sickness Insurance	1,284	27	(157)	1,154	119	0	1,273
Strategic Ambitions Reserve	1,147	27	(76)	1,098	0	(127)	971
Street Lighting PFI Sinking Fund	7,041	4,148	(3,891)	7,298	3,467	(3,820)	6,945
Unspent Grants and Contributions	12,826	8,900	(3,655)	18,071	3,887	(7,438)	14,520
Waste Management Partnership	397	325	0	722	401	(65)	1,058
Other earmarked reserves	32,779	16,438	(46,199)	3,018	206	(1,092)	2,132

	Balance at 31 March 2014	Transfers in 2014-15	Transfers out 2014-15	Balance at 31 March 2015	Transfers in 2015-16	Transfers out 2015-16	Balance at 31 March 2016
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
TOTAL	139,809	83,134	(114,614)	108,329	60,401	(65,622)	103,108

Details of earmarked reserves:

LMS Balances

This reserve represents estimated surpluses and deficits against delegated budgets for locally managed schools. These funds are retained for schools in accordance with the LMS arrangements approved by the DfES and are not available to the Council for general use.

Adult Social Services Residential Review

This reserve has been created from savings arising from the new conditions of services and is to be used developing the homes for the elderly.

Business Risk Reserve

A new Business Risk reserve, funded from a change in MRP policy, was set up as part of the Council's 2016-17 budget planning. This reserve will be used to manage key funding risks, particularly in Adults' and Children's Social Care budgets

Building Maintenance

This reserve is to ensure that the capital value of the Council's building stock is maintained and facilitates the rolling programme of building maintenance. It also allows NPS Property Consultants Ltd to respond to emergencies by carrying out repairs from day to day and as the need arises. Provision is made annually in the Revenue Budget for contributions to this fund and any under or over spending on the fund is carried forward to the next financial year.

Children Service's Equalisation

To fund the variance in the number of Home to School/College Transport and School Catering days in a financial year as a result of the varying dates of Easter holidays.

Economic Development and Tourism

This is set aside monies for specific schemes and for the promotion of tourism. Provision is made annually in the Revenue Budget for contributions to this fund and any under or over spending on the fund is carried forward to the next financial year.

Fire Operational Equipment Reserve

This reserve is to meet variable demands for new operational equipment and personal protective equipment that arise from larger incidents and higher than expected turnouts.

Fire Retained Turnout Payments Reserve

This reserve is to meet the variable demand on Retained Turnout costs. These costs vary from year to year. Unfavourable weather conditions can result in an increase in the number of turnouts above that assumed in the budget.

Highways Maintenance

This reserve enables a wide range of maintenance schemes to be undertaken. The balance mainly relates to commuted sums to meet future liabilities. These sums are paid by developers to cover the additional maintenance work arising from their developments. An annual amount is transferred to the works budget. The reserve is also used to carry forward balances on the Highways Maintenance Fund. Provision is made annually in the Revenue Budget for contributions to this fund and any under or over spending on the fund is carried forward to the next financial year. Expenditure is largely dependent on the severity of the winter. The reserve also reflects monies from decriminalised car parking arrangements and charging utility companies, which will be used in future years.

Icelandic Banks

This is to provide for potential additional Icelandic Bank losses.

Information Technology

Monies are set aside for specific IT projects.

Insurance Reserve

This reserve reflects monies set aside for future potential insurance liabilities that are in excess of those provided for in the Insurance Provision.

Norfolk Infrastructure Fund

This reserve is to support infrastructure projects across the county.

Norwich Schools PFI Sinking Fund

This reserve has been created as a result of the Norwich Schools PFI scheme and reflects receipt of government PFI grant and contributions from schools and academies which will be needed in future financial years to meet contract payments.

Ofsted Improvement Fund

This reserve represents a package of financial support earmarked for strengthening safeguarding services and school improvement.

Organisational Change and Redundancy Reserve

This reserve was created to provide funding to support and invest in transformational change e.g. shared services, and to fund redundancy costs.

Prevention Fund

This reserve is to support future investment in prevention.

Repairs and Renewals Fund

This fund is to meet the cost of purchasing and repairing specific equipment.

Schools Contingency

Part of the School’s LMS budget, this fund is used to reimburse schools for unforeseen and special circumstances.

Schools Non-Teaching Activities

This reserve reflects trading surpluses of schools sports centre activities, as per section 458(1) of the Education Act 1996.

Schools Sickness Insurance

This reserve is a mutual insurance scheme operated on behalf of schools.

Strategic Ambitions Reserve

This reserve supports the Council in achieving its aspirations and strategic ambitions for Norfolk.

Street Lighting PFI Sinking Fund

This reserve has been created as a result of the Street Lighting PFI scheme and reflects receipt of government PFI grant which will be needed in future financial years to meet contract payments.

Unspent Grants and Contributions Reserve

This reserve contains the balances on the Council’s unconditional grants and contributions.

Waste Management Partnership

This reserve is for waste management initiatives.

Other Earmarked Reserves

These mainly comprise various reserves held in respect of initiatives commenced in previous years for which remaining planned financial provision will be utilised in 2015-16 or future years as initiatives are completed. All balances on these reserves as at 31 March 2015 and 31 March 2016 are below £0.5m.

9. Comprehensive Income and Expenditure Statement: Other Operating Expenditure

The following items of income and expense have been accounted for in the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement:

	2014-15 £000s	2015-16 £000s
Environment Agency precept	711	740
Eastern Sea Fisheries precept	536	536
(Gains)/losses on disposal of non current assets	107,766	86,709
Total	**109,013**	**87,985**

10. Comprehensive Income and Expenditure Statement: Financing and Investment Income and Expenditure

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2014-15 £000s	2015-16 £000s
Interest payable and similar charges	33,292	32,592
Net interest cost on the net defined benefit liability	37,027	34,964
Interest receivable and similar income	(1,981)	(1,930)
Income and expenditure in relation to investment properties and / or changes in their fair value (note 14)	(291)	(487)
Dividend Income	(1,908)	(923)
Gains on trading accounts not included in the cost of services (note 24)	(161)	(170)
Total	**65,978**	**64,046**

11. Comprehensive Income and Expenditure Statement: Taxation and Non-Specific Grant Income

The following items of income have been accounted for in the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement:

	2014-15 £000s	2015-16 £000s
Council tax income	313,005	317,466
Non domestic rates	138,138	140,212
Non ring fenced government grants	200,335	172,216
Capital grants, contributions and donated assets	101,926	94,166
Total	**753,404**	**724,060**

12. Property, Plant and Equipment

Movements in 2015-16 on Council assets are as follows.

Cost or Valuation	Land and buildings £000s	Vehicles, plant, and equipment £000s	Infrastructure assets £000s	Community assets £000s	Assets under construction £000s	Surplus assets £000s	Total Property, Plant and Equipment £000s	PFI Assets included in Property, Plant and Equipment £000s
At 1 April 2015	795,591	70,950	832,852	1	127,204	19,876	1,846,474	50,202
Additions	5,342	2,781	50,375	0	49,778	0	108,276	0
Revaluation increases/(decreases):								
- to Revaluation reserve	14,730	0	0	0	0	3,197	17,927	(578)
- to surplus or deficit on provision of services	2,222	0	0	0	0	(2,143)	79	1,010
Derecognition - disposals	(88,116)	(15,455)		(1)	(20)	(202)	(103,794)	0
Assets reclassified (to)/from Assets Held for Sale	52	0	0	0	0	(1,266)	(1,214)	0
Reclassifications and transfers	70,712	33	29,486	0	(89,823)	(3,948)	6,460	68
At 31 March 2016	**800,533**	**58,309**	**912,713**	**0**	**87,139**	**15,514**	**1,874,208**	**50,702**
Accumulated Depreciation and Impairment								
At 1 April 2015	56,209	42,748	211,156	0	0	9,651	319,764	3,401
Depreciation charge	18,679	7,384	22,438	0	0	80	48,581	1,073
Depreciation written out to Revaluation reserve	(2,330)	0	0	0	0	(48)	(2,378)	0
Depreciation written out on revaluation to surplus or deficit on provision of services	(6,646)	0	0	0	0	(219)	(6,865)	(416)
Impairment losses/(reversals) recognised in:								
- the Revaluation reserve	126	0	0	0	0	0	126	0
- the surplus or deficit on provision of services	1,867	0	0	0	0	0	1,867	57
Derecognition - disposals	(2,121)	(14,777)	0	0	0	(13)	(16,911)	0
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	0	0	0
Reclassifications and transfers	227	1	(25)	0	0	(203)	0	11
At 31 March 2016	**66,011**	**35,356**	**233,569**	**0**	**0**	**9,248**	**344,184**	**4,126**
Net Book Value:								
At 31 March 2016	**734,522**	**22,953**	**679,144**	**0**	**87,139**	**6,266**	**1,530,024**	**46,576**
At 31 March 2015	739,382	28,202	621,696	1	127,204	10,225	1,526,710	46,801

Movements in 2014-15 on Council assets:

	Land and buildings £000s	Vehicles, plant, and equipment £000s	Infrastructure £000s	Community assets £000s	Assets under construction £000s	Surplus assets £000s	Total Property, Plant and Equipment £000s Restated	PFI Assets included in Property, Plant and Equipment £000s
Cost or Valuation								
At 1 April 2014	875,844	65,316	786,612	1	91,225	22,245	1,841,243	50,202
Additions	18,446	10,953	46,240	0	36,846	0	112,485	0
Revaluation increases/(decreases):								
- to Revaluation reserve	12,902	0	0	0	0	260	13,162	0
- to surplus or deficit on provision of services	3,625	0	0	0	0	(1,339)	2,286	0
Derecognition - disposals	(112,026)	(5,319)	0	0	(867)	0	(118,212)	0
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	(4,480)	(4,480)	0
Reclassifications and transfers	(3,200)	0	0	0	0	3,190	(10)	0
At 31 March 2015	**795,591**	**70,950**	**832,852**	**1**	**127,204**	**19,876**	**1,846,474**	**50,202**
Accumulated Depreciation and Impairment								
At 1 April 2014	41,827	38,216	189,743	0	0	9,798	279,584	2,438
Depreciation charge	19,776	8,204	21,415	0	0	353	49,748	963
Depreciation written out to Revaluation reserve	(1,148)	0	0	0	0	(80)	(1,228)	0
Depreciation written out on revaluation to surplus or deficit on provision of services	(2,664)	0	0	0	0	(415)	(3,079)	0
Impairment losses/(reversals) recognised in:								
- the Revaluation reserve	(519)	0	0	0	0	0	(519)	0
- the surplus or deficit on provision of services	789	0	0	0	0	0	789	0
Derecognition - disposals	(1,832)	(3,667)	0	0	0	0	(5,499)	0
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	(24)	(24)	0
Reclassifications and transfers	(20)	(5)	(2)	0	0	19	(8)	0
At 31 March 2015	**56,209**	**42,748**	**211,156**	**0**	**0**	**9,651**	**319,764**	**3,401**
Net Book Value:								
At 31 March 2015	**739,382**	**28,202**	**621,696**	**1**	**127,204**	**10,225**	**1,526,710**	**46,801**
At 31 March 2014	834,017	27,100	596,869	1	91,225	12,447	1,561,659	47,764

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life. No depreciation is charged on land and other assets are being depreciated over their useful economic lives, or in the case of assets acquired under finance leases, over the period of the lease using the straight line method. The Council owns some listed buildings which have been allocated useful lives up to 99 years.

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Buildings	5 - 60 years
Vehicles, plant, furniture and equipment	3 - 20 years
Infrastructure	15 - 40 years

Depreciation for assets acquired or disposed of during the year is calculated on a pro rata basis from the date of acquisition or disposal. This charge is for accounting purposes only and has no implications for the County Council's Council Tax. The total depreciation charged to services for the year was £48.581m (£49.828m in 2014-15).

Capital commitments

The Council's forward capital programme as at 31 March 2016 totals £497.616m for the years 2016-17 to 2018-19 and beyond. Of this total £448.135m relates to the estimated future payments on schemes started before 31 March 2016, with the total of new schemes totalling £49.481m.

In comparison, the revised programme in 2014-15 totalled £529.747m for the years 2015-16 to 2017-18 and beyond. Of this total, £354.166m related to the estimated future payments on schemes started before 31 March 2015.

At 31 March 2016, the Authority has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2016-17 and future years on schemes listed in the table below. Similar commitments at 31 March 2015 were £56.741m.

The major commitments are:

Service/Scheme	**Contract Completion**	**£000s**
Children's Services		
Queens Hill phase 2	2017-18	3,969
Drake Infant	2017-18	4,642
King's Lynn, St Martha's	2016-17	1,699
Southtown Infants Reorganisation	2017-18	1,714
Great Yarmouth Primary Academy	2016-17	1,553
Henderson Green Primary	2016-17	1,113
Resources		
Better Broadband	2017-18	30,767
Voice and data contract	2019-20	1,500
Finance and Property		
GNGB supported borrowing facility (see note below)	2020-21	4,500
		51,457

In addition to the above, three on-going contracts commenced 1 April 2014 for highways maintenance and construction, highways design and professional services, and traffic signals maintenance and improvement. The Council also uses a number of contracts frameworks for the delivery of highways schemes.

The total Highways capital budget for 2016-19 at 31 March 2016 was £203.2m, including £119.3m in respect of the Northern Distributor Road which received planning approvals during 2015-16. Within this sum is £17.2m allocated towards the purchase of land and property required for the development, including associated professional fees. Of this amount £4.5m has been accrued in 2015-16.

In January the Council approved a £20m capital "GNGB loan facility" to be used to support infrastructure projects. A loan agreement for £4.5m was signed in 2015-16 to support the construction of a new roundabout on the A146 near Loddon to service a development of 200 homes. Drawdown is expected in 2016-17 with re-payment due in 2020-21.

Revaluations

The Council carries out a rolling programme that ensures that all its property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out by NPS Property

Consultants Ltd, a subsidiary of Norse Group Limited which is owned by the Council. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

- Property, Plant and Equipment

  Operational properties of a specialised nature were valued on the basis of what it would cost to reinstate the service, suitably adjusted to reflect for age, wear and tear and obsolescence of the existing asset (Fair Value less depreciated replacement cost).

  Operational properties of a non-specialised nature have been valued at existing use value.

  Surplus property, plant and equipment have been valued at existing use value, with the use being defined as the property's last operational use

- Infrastructure Assets, Community Assets and Assets under Construction have been valued at historic cost rather than fair value.
- Leases

  Property leases have been split between finance and operating leases and valued accordingly.

- Investment Property

  These have been valued at fair value.

- Assets held for Sale

  These have been valued on the basis of market value with the value reported being the estimated sale price.

The following table shows the progress of the Council's rolling programme for the revaluation of fixed assets.

Valued at:	Land and Buildings	Vehicles, plant and equipment	Infrastructure Assets	Community Assets	Surplus assets
	£000s	£000s	£000s	£000s	£000s
Carried at Historical Cost	0	22,953	679,144	0	0
Valued at current value in:					
2015-16	246,416	0	0	0	6,266
2014-15	51,196	0	0	0	0
2013-14	353,117	0	0	0	0
2012-13	35,610	0	0	0	0
2011-12	48,183	0	0	0	0
Total	**734,522**	**22,953**	**679,144**	**0**	**6,266**

In addition to the five year rolling programme of revaluations, the Council's valuers undertake an annual review of the current property valuations to ensure that they are materially accurate for inclusion in the statement of accounts.

Recognition of school assets

The Council has continued to recognise community and voluntary controlled (VC) schools alongside the playing fields of voluntary aided (VA) schools on the balance sheet for 2015-16, based on an assessment of the control of the economic benefits and service potential of these assets.

Voluntary aided school, foundation school and academy assets remain outside the Council's accounts. When a Community or VC schools changes status to one of these categories, a "derecognition – disposal" is shown above in the Movement in Council Assets.

13. Heritage Assets

Reconciliation of the carrying value of heritage assets held by the Council.

	Windmills and Windpumps £000s	Other Heritage Assets £000s	Total Assets £000s
Cost or valuation			
1 April 2015	4,937	834	5,771
Revaluations	207	0	207
At 31 March 2016	**5,144**	**834**	**5,978**
Cost or valuation			
1 April 2014	5,282	834	6,116
Disposals	(345)	0	(345)
At 31 March 2015	**4,937**	**834**	**5,771**

The Authority's collections of heritage assets are accounted for as follows:

(i) Windmills and Windpumps

The majority of the Council's significant Heritage Assets, by value, are windmills, watermills and drainage mills of historic interest. These were previously recorded at written down cost in the accounts, and classified as Community Assets. The mills are managed by the Norfolk Windmills Trust, (registered as the Norfolk Mills and Pumps Trust), which operates as a registered charity for the preservation of mills and their associated sites, remains, machinery and ancillary buildings.

Due to the unique nature of the windmills and windpumps, valuations for the purposes of the statement of accounts are based on insurance schedules for the assets. The carrying amounts are reviewed annually against the insurance schedules for these items and where there is a movement in the valuation, this is treated in accordance with the general policies on revaluation and impairment of assets set out in section 1.

The disposal shown above relates to the surrender of a lease on one windmill.

(ii) Other Heritage Assets

- Museums Collections

  The museums are run by the Norfolk Museums Service (NMS) which is regarded as one of the leaders in the museum sector. Through a Joint Committee established under delegated powers by the County and district councils in Norfolk, the Service runs museums throughout the County to preserve and interpret material evidence of the past with the aim of "bringing history to life".

  The Council provides the secretary and treasurer to the joint committee, employs its staff, and owns a number of properties used by NMS. However, the majority of collections and related buildings are owned by the relevant district councils.

  Under the terms of the Joint Committee Agreement, the only collections owned by the Council are at Gressenhall Farm and Workhouse, and a small number of artworks at County Hall, Norwich.

- Document and Archive Collections

  The Norfolk Record Office (NRO) collects and preserves unique archives relating to the history of Norfolk including the Norfolk Sound Archive. The NRO is a joint service of the County and District Councils of Norfolk and is based in a purpose-built Archive Centre in Norwich. Other documents of historic interest are preserved in the authority's libraries. Apart from a small number of items that have been acquired since 1 April 2010, and therefore have a recorded value, the Council does not recognise this collection of Heritage Assets on the Balance Sheet.

  There is no separate valuation of records owned by the Council. Although the records are of great local, cultural and intellectual value, they are by their nature irreplaceable and therefore no meaningful financial value can be placed upon them. As a result the Council believes that the cost of obtaining valuations for these items other than those where recent cost information is readily available would be disproportionate to the benefits to users of the financial statements.

Other heritage assets are valued at cost or valuation. Acquisitions are initially recognised at cost or, if bequeathed or donated at nil consideration, at valuation.

- Sundry Other Heritage Assets

  In addition to the items noted above, the Council owns a variety of other heritage assets. These assets include structures of historic interest and artefacts of community and historic significance.

  Where possible, other heritage assets are valued at cost or valuation. Acquisitions are initially recognised at cost or, if bequeathed or donated at nil consideration, at valuation where a valuation has been performed. If a Heritage Asset has not been valued, the Council believes that the cost of obtaining valuations for these items would be disproportionate to the benefits to users of the financial statements.

14. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2014-15 £000s	**2015-16 £000s**
Rental income from investment property	682	487
Direct operating expenses arising from investment property	(391)	0
Net gain/(loss)	**291**	**487**

Investment properties represent agricultural land with development potential, and the Norwich Airport Industrial Estate. There are no inherent restrictions on the sale of the land, but its ownership is related to long term objectives of, over time, generating income for the County Council at a time when public funding is scarce, whether recurring or as a capital receipt. The industrial estate is jointly owned by Norfolk County Council and Norwich City Council.

The Council incurs no direct costs in respect of the industrial estate, where income is received net of direct operating expenses, nor the other investment properties due to its nature as agricultural land.

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

	2014-15 £000s	**2015-16 £000s**
Balance at the start of the year	**29,705**	**28,621**
Additions	0	0
Disposals	(404)	(104)
Net gains/(losses) from fair value investments	(708)	4,770
Transfers (to)/from Property, plant and equipment	10	(9,582)
Other changes	18	0
Balance at the end of the year	**28,621**	**23,705**

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 Council reviewed its investment property portfolio during the year and determined that £9.852mot the investment property assets meet the definition of property plant and equipment as they are not solely held for investment purposes. Of this, £0.358m has been declared surplus.

Fair Value Hierarchy
All the Council's investment property portfolio has been assessed as Level 2 and Level 3 for valuation purposes (see Note 1.10 for explanation of fair value levels).

	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value 31 March 2016
	£000s	**£000s**	**£000s**
Industrial estate	2,942	10,678	13,620
Agricultural land with development potential	0	10,085	10,085
	2,942	**20,763**	**23,705**

Of the net gains/(losses) from fair value investments in 2015-16, £4.375m relates to fair value measurements categorised within Level 3 of the fair value hierarchy.

Valuation techniques used to determine Level 2 fair values for Investment Properties

The fair value of investment property has been measured using a market approach, which takes into account the Active local industrial rented property market, with yields chosen by comparison to similar transactions adjusted to allow for factors such as lease terms, strength of covenant, rent review periods and other lease clauses, voids, etc. There are significant observable inputs, including physical inspection of location, size, facilities etc., general repair and condition together with yield evidence from comparable transactions.

Valuation techniques used to determine Level 3 fair values for Investment Properties

For land with development potential, valuations have been based on comparable transactions to calculate a gross development costs and gross development values to arrive at a residual land value. The following factors have been also been taken into account: location and topography, title and legal constraints, and ground conditions.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and best use of Investment Properties
In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuers
The investment property portfolio has been valued by NPS Property Consultants Limited in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors.

15. Financial Instruments

The following categories of financial instruments are carried in the Council's Balance Sheet:

	Long Term		Current	
	31 March 2015	31 March 2016	31 March 2015	31 March 2016
	£000s	£000s	£000s	£000s
Investments:				
Loans and receivables	193	77	114,745	125,876
Available for sale financial assets	1,238	1,238	0	0
Total included in Investments	**1,431**	**1,315**	**114,745**	**125,876**
Debtors:				
Financial assets carried at contract amounts (excludes statutory debtors)	10,732	19,699	70,253	65,995
Soft Loans	2,215	2,297	610	581
Total included in Debtors	**12,947**	**21,996**	**70,863**	**66,576**
Cash and cash equivalents:				
Cash and cash equivalents	0	0	64,001	51,298
Total included in Cash and cash equivalents	**0**	**0**	**64,001**	**51,298**
Borrowings:				
Financial liabilities at amortised cost	490,181	483,984	12,887	12,305
Total included in Borrowings	**490,181**	**483,984**	**12,887**	**12,305**
Other Short/Long Term Liabilities:				
PFI liabilities	54,951	54,201	830	750
Finance lease liabilities	4,698	3,152	1,920	1,545
Total included in Other Short/Long Term Liabilities	**59,649**	**57,353**	**2,750**	**2,295**
Creditors:				
Financial assets carried at contract amounts (excludes statutory creditors)	0	0	90,246	104,873
Total included in Creditors	**0**	**0**	**90,246**	**104,873**

Interest due to be paid or received within the next 12 months in respect of both long and short term loans and investments is shown within the Current columns in the table above

The loans and receivables total includes £178,000 which is the carrying value for the investment balances with Kaupthing Singer and Friedlander. Based on the current information and advice available, it is anticipated that £0.101m of the impaired total will be received during 2016-17 and this has been included in short term investments. The remaining balance of £0.077m is included within long term investments.

The available for sale assets are the Council's investments in Norwich Airport (£1.236m) and in two other companies associated with the Airport - Legislator 1656 and Legislator 1657 (£0.002m). Available for sale assets in the table above specifically excludes the Council's investment of £11.964m in Norse Group Ltd as the company is included in the Council's Group Accounts. None of the companies are quoted on the stock exchange, the share holdings on the balance sheet are shown at cost in line with the Council's accounting policy.

The soft loans represent the total of deferred payment agreements made prior to 1 April 2015 where residential care clients exercised their option to defer payment for services received by agreeing to a legal charge on property they own. No interest is charged against these deferred payments. The fair value shown includes an interest element based on the average rate of interest payable on the Council's debt for the year (5.25%). From 1 April 2015 the Council created a Deferred Payments Scheme as required by the Care Act 2014. This scheme includes an interest charge at market rate, therefore any new agreements will not be soft loans.

The Council makes loans for car purchase to 69 employees in the authority who are in posts that require them to drive regularly on the Council's business. No Interest is charged on the loans but the Council assesses that an unsubsidised rate for such loans would have been 5.25%.

Income, Expense, Gains and Losses

	2014-15			2015-16		
	Financial Liabilities measured at amortised cost £000s	Financial Assets: Fair value through the I&E £000s	Total £000s	Financial Liabilities measured at amortised cost £000s	Financial Assets: Fair value through the I&E £000s	Total £000s
Interest expense	32,999	0	32,999	32,385	0	32,385
Impairment on (Icelandic Bank)	348	0	348	262	0	262
Discount received on debt restructuring	0	(55)	(55)	0	(55)	(55)
Total expense in Surplus/Deficit on the Provision of Services	33,347	(55)	33,292	32,647	(55)	32,592
Interest Income	0	(1,928)	(1,928)	0	(1,930)	(1,930)
Interest income accrued on impaired financial assets	0	(53)	(53)	0	0	0
Total income in Surplus/Deficit on the Provision of Services	0	(1,981)	(1,981)	0	(1,930)	(1,930)
Net gain/(loss) for the year	**33,347**	**(2,036)**	**31,311**	**32,647**	**(1,985)**	**30,662**

Fair Values of Financial Assets and Financial Liabilities (not measured at Fair Value but for which Fair Value Disclosures are Required)

Financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. These valuations are all classified as Level 2, where market prices are not available, with valuation techniques using inputs based significantly on observable market data. The following assumptions should be noted:

- For loans from the PWLB payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- The fair value for non-PWLB debt has also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments
- 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 will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- Available for sale assets are the Council's investment in Norwich Airport and the Airport Legislator companies and are shown at cost in line with the Council's accounting policy. This is taken to be an approximation of fair value.

The fair values calculated are as follows:

Financial Liabilities	**31 March 2015**		**31 March 2016**	
	Carrying amount £000s	**Fair value £000s**	**Carrying amount £000s**	**Fair value £000s**
PWLB debt	451,498	705,330	444,998	700,313
Non PWLB debt	51,570	61,994	51,291	72,455
PFI and finance lease liabilities	62,399	114,531	59,648	162,864
Total	565,467	881,855	555,937	935,632

The fair value of the financial liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

The fair value of PWLB loans of £700.313m measures the economic effect of the terms agreed with the PWLB compared with the estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

Financial Assets	**31 March 2015**		**31 March 2016**	
Loans and receivables:	**Carrying amount £000s**	**Fair value £000s**	**Carrying amount £000s**	**Fair value £000s**
Investments	114,938	114,938	125,953	125,953
Available for sale - Norwich Airport shares	1,238	1,238	1,238	1,238
Cash and cash equivalents	64,001	64,001	51,298	51,298
Long term debtors	12,947	12,947	21,996	21,996
Short term debtors	70,863	70,863	66,576	66,576
Total	**263,987**	**263,987**	**267,061**	**267,061**

The fair value of the assets does not differ from the carrying amount as the investments, cash and debtors are carried at cost as this is a fair approximation of their value.

16. Debtors

These are people and organisations that owe money to the Council at the end of the year. Short term debt is money expected to be paid within 12 months of the balance sheet date. Money due after this period is accounted for as long term. The other local authorities total includes the adjustment for the Council's share of collection fund arrears and bad debt provision, as advised by the District Councils, in relation to the collection of council tax and business rates. The total for other entities and individuals includes employee car loans and an adjustment for impairment (allowance for bad/doubtful debts).

	Long Term Debtors		Short Term Debtors	
	31 March 2015 £000s	**31 March 2016 £000s**	**31 March 2015 £000s**	**31 March 2016 £000s**
Central Government bodies	0	0	15,201	9,482
Other local authorities	624	0	25,442	24,914
NHS bodies	0	0	11,602	12,649
Prepayments	0	0	16,183	15,480
Trade debtors, other entities and individuals	12,323	21,996	53,912	47,356
	12,947	**21,996**	**122,340**	**109,881**

17. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2015 £000s	**31 March 2016 £000s**
Cash and Bank balances	2,874	(731)
Short term deposits with the Money Market	61,127	52,029
	64,001	**51,298**

18. Assets Held for Sale

Current Assets	**2014-15 £000s**	**2015-16 £000s**
Balance outstanding at start of year	**0**	**1,390**
Assets newly classified as held for sale:		
Property plant and equipment	4,479	1,266
Assets declassified as held for sale:		
Property plant and equipment	0	(53)
Assets sold	(3,065)	(1,493)
Other Movements	(24)	0
Balance outstanding at year end	**1,390**	**1,110**

Fair value hierarchy

All the Council's assets held for sale at 31 March 2016 have been assessed as Level 2 for valuation purposes, on the basis as set out for Investment Properties as described in note 14 above.

19. Creditors

The table provides details of creditors included in current liabilities on the balance sheet. The other local authorities figure includes the Council's share of the creditor balances, as advised by the District Councils, in relation to the collection of council tax and business rates.

	Short Term Creditors	
	31 March 2015 £000s	**31 March 2016 £000s**
Central Government bodies	12,377	13,205
Other local authorities	13,018	13,865
NHS bodies	4,178	6,677
Public Corporations and Trading Funds	144	0
Receipts in advance	1,882	2,191
Trade creditors, service providers, other entities and individuals	96,927	102,573
	128,526	**138,511**

20. Provisions

The County Council has made a number of provisions to set aside sums to meet liabilities that are likely or certain to be incurred but where the amount or timing of the payments is not known. Details of these provisions are as follows:

	Insurance	**Landfill Provision**	**Redundancy**	**Other Provisions**	**TOTAL**
	£000s	**£000s**	**£000s**		**£000s**
Balance outstanding at the start of the year	13,100	9,132	835	4,253	27,320
Additional provisions made in 2015-16	3,704	1,147	422	817	6,090
Amounts used in 2015-16	(3,959)	(1,207)	(843)	0	(6,009)
Unused amounts reversed	0	0	(10)	0	(10)
Balance outstanding at the end of the year	**12,845**	**9,072**	**404**	**5,070**	**27,391**
Consists of:					
Current Provisions	1,312	0	404	4,385	6,101
Long Term Provisions	11,533	9,072	0	685	21,290
Total	**12,845**	**9,072**	**404**	**5,070**	**27,391**

<u>Insurance</u>

This is used to meet insurance claims funded by the Council. From 1 April 1992 to 31 March 1994 the County Council self funded the first £100,000 of each and every employers and public liabilities insurance claim. This self insurance provision was then extended to include the first £250,000 of each and every liability, motor and property claim and is currently funded to meet all known claims that are due to be paid by the Council beneath this level. The provision includes claims that have been incurred but not reported (IBNR) to the Council.

<u>Landfill</u>

This provision represents the discounted cost of making adequate provision for the monitoring and maintenance of closed landfill sites in accordance with guidance issued by the Environment Agency for fulfilling obligations under the Landfill Directive. The provision has been recognised in the financial statements as at 31 March 2013, balanced by an addition to Surplus Assets within Property, Plant and Equipment. Prior to 31 March 2013, all after-care expenses were treated as annual revenue costs funded as part of Cost of Services in the Comprehensive Income and Expenditure Statement. Since 1 April 2013, a proportion of these costs are funded through the provision.

Redundancy

This is to meet the costs for individuals who have been made redundant prior to the end of the financial year, but will not leave the Council until the following financial year.

Other Provisions

These include a provision relating to the potential pension liability arising from the transfer of staff to the Norfolk and Waveney Mental Health NHS Foundation Trust; a provision relating to EU regulations in respect of Retained Fire Fighters; a provision for holiday pay for former Council employees where the employee is now employed by Norse Commercial Services Ltd; and a provision in respect of potential appeals on Business Rates administered by the District Councils.

21. Balance Sheet: Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and in notes 7 and 0.

22. Balance Sheet: Unusable Reserves

	31 March 2015 £000s	31 March 2016 £000s
Revaluation Reserve	186,390	197,036
Capital Adjustment Account	739,071	720,549
Financial Instruments Adjustment Account	(2,744)	(2,760)
Collection Fund Adjustment Account	8,824	8,308
Pensions Reserve	(1,086,581)	(871,046)
Accumulated Absences Account	(12,596)	(7,191)
	(167,636)	**44,896**

Revaluation Reserve

This reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. 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.

The reserve contains only revaluation gains accumulated since April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated in the balance on the Capital Adjustment Account.

	2014-15 £000s	2015-16 £000s
Balance at 1 April	**202,037**	**186,390**
Upward revaluation of assets	21,037	29,567
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(6,130)	(9,050)
(Surplus) or deficit on revaluation of non current assets not posted to the Comprehensive Income and Expenditure Statement	14,907	20,517
Difference between fair value depreciation and historical cost depreciation	(2,161)	(2,254)
Accumulated gains on assets sold or scrapped	(28,393)	(7,617)
Amount written off to the Capital Adjustment Account	(30,554)	(9,871)
Balance at 31 March	**186,390**	**197,036**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. It also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2014-15 £000s	2015-16 £000s
Balance at 1 April	**756,206**	**739,071**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation and impairment of non current assets	(54,175)	(52,730)
• Revaluation gains/(losses) on property, plant and equipment	5,365	6,944
• Movement in the fair value of investment properties	(708)	4,770
• Amortisation of intangible assets	(413)	(105)
• Revenue expenditure funded from capital under statute	(23,538)	(21,915)
• Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (note 0)	(116,531)	(88,481)
	(190,000)	(151,517)
Adjusting amounts written out of the Revaluation Reserve	30,554	9,871
Net written out amount of the cost of non current assets consumed in the year	(159,446)	(141,646)
Capital financing applied in the year:		
• Use of the Capital Receipts Reserve to finance new capital expenditure	9,813	3,754
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	77,371	79,174
• Application of grants to capital financing from the Capital Grants Unapplied Account	22,342	20,786
• Statutory provision for the financing of capital investment charged against the General Fund	23,870	15,117
• Capital expenditure charged against the General Fund	9,085	4,288
	142,481	123,119
Other Adjustments	(170)	5
Balance at 31 March	**739,071**	**720,549**

Financial Instruments Adjustment Account

This account 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. The Council uses the account to manage discounts received on the early redemption of loans. Discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the discount is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is ten years from the date of repayment, which was May 2009. As a result the balance on the Account at 31 March 2016 will be charged to the General Fund on a straight line basis until May 2019.

	2014-15 £000s	2015-16 £000s
Balance at 1 April	**(2,726)**	**(2,744)**
Discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(55)	(55)
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	37	39
Balance at 31 March	**(2,744)**	**(2,760)**

Collection Fund Adjustment Account

This account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the District Council's Collection Funds.

	2014-15 £000s	2015-16 £000s
Balance at 1 April	**4,385**	**8,824**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	4,439	(516)
Balance at 31 March	**8,824**	**8,308**

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 pay 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 are designed to ensure that funding will have been set aside by the time the benefits come to be paid.

	2014-15 £000s	2015-16 £000s
Balance at 1 April	**(867,002)**	**(1,086,581)**
Remeasurements of the defined benefit liability/(asset)	(189,913)	261,472
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(88,960)	(109,927)
Employers pensions contributions and direct payments to pensioners payable in the year	59,294	63,990
Balance at 31 March	**(1,086,581)**	**(871,046)**

Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

	2014-15 £000s	2015-16 £000s
Balance at 1 April	**(13,837)**	**(12,596)**
Settlement or cancellation of accrual made at the end of the preceding year	13,837	12,596
Amounts accrued at the end of the current year	(12,596)	(7,191)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,241	5,405
Balance at 31 March	**(12,596)**	**(7,191)**

23. Amounts reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Account is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Council's elected members on the basis of budget reports to Service Committees. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year;
- Expenditure on central support services is budgeted for centrally and not charged to portfolios.

The income and expenditure of the Council's principal services recorded in the budget reports for the year is as follows:

Portfolio Income and Expenditure for 2015-16

	Adult Social Services	Children's Services	Community and Environmental Services	Resources	Finance and Property	Finance General	Total
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Fees, Charges & Service Income	(72,629)	(460,944)	(101,121)	(27,329)	(10,560)	(251,964)	(924,547)
Government Grants	(71,620)	(410,561)	(15,344)	(36,403)	(157)	(12,516)	(546,601)
Total Income	**(144,249)**	**(871,505)**	**(116,465)**	**(63,732)**	**(10,717)**	**(264,480)**	**(1,471,148)**
Employee Expenses	33,905	329,880	72,154	28,190	11,407	11,985	487,521
Other Service Expenses	341,203	352,915	159,719	55,064	15,780	226,777	1,151,458
Support Service Recharges	11,447	394,093	17,659	3,054	370	2,104	428,727
Total Expenditure	**386,555**	**1,076,888**	**249,532**	**86,308**	**27,557**	**240,866**	**2,067,706**
Net Expenditure	**242,306**	**205,383**	**133,067**	**22,576**	**16,840**	**(23,614)**	**596,558**
Revenue Support Grant							(138,416)
Business Rates							(139,766)
Year end transfer of net underspend to General Fund Balances							52
Net outturn reported to management							**318,428**

Portfolio Income and Expenditure: Comparative totals for 2014-15

	Adult Social Services	Children's Services	Community and Environmental Services	Resources	Finance and Property	Finance General	Total
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Fees, Charges & Service Income	(74,915)	(498,850)	(103,628)	(38,427)	(15,200)	(311,614)	(1,042,634)
Government Grants	(45,487)	(440,947)	(22,005)	(30,894)	(156)	(13,875)	(553,364)
Total Income	**(120,402)**	**(939,797)**	**(125,633)**	**(69,321)**	**(15,356)**	**(325,489)**	**(1,595,998)**
Employee Expenses	30,586	350,825	72,099	27,742	11,080	9,732	502,064
Other Service Expenses	334,015	318,639	173,720	64,160	13,437	353,232	1,257,203
Support Service Recharges	11,248	420,422	20,017	2,617	791	2,721	457,816
Total Expenditure	**375,849**	**1,089,886**	**265,836**	**94,519**	**25,308**	**365,685**	**2,217,083**
Net Expenditure	**255,447**	**150,089**	**140,203**	**25,198**	**9,952**	**40,196**	**621,085**
Revenue Support Grant							(176,135)
Business Rates							(138,306)
Year end transfer of net underspend to earmarked reserves							1,753
Net outturn reported to management							**308,397**

The analysis above is based on the service structure which was introduced on 1 December 2014 as a result of the Committee system adopted during that year and the analysis for 2014-15 has been restated to provide comparative figures for the new structure.

Reconciliation of Portfolio Income and Expenditure to Net Cost of Services in the Comprehensive Income and Expenditure Statement

	2014-15	2015-16
	£000s	**£000s**
Net expenditure in portfolio analysis	621,085	596,558
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	101,864	116,084
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(55,967)	(13,848)
Cost of Services in Comprehensive Income and Expenditure Statement	**666,982**	**698,794**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015-16	**Portfolio Analysis £000s**	**Amounts not reported to Management £000s**	**Amounts not included in I&E £000s**	**Allocation of Recharges £000s**	**Cost of Services £000s**	**Corporate Amounts £000s**	**Total £000s**
Fees, charges & service income	(924,547)	(2,729)	384,000	428,727	(114,549)	(1,093)	(115,642)
Interest & investment income						(1,930)	(1,930)
Income and expenditure in relation to investment properties						(487)	(487)
Income from council tax						(317,466)	(317,466)
Government grants & contributions	(546,601)		33,800		(512,801)	(406,594)	(919,395)
Total Income	**(1,471,148)**	**(2,729)**	**417,800**	**428,727**	**(627,350)**	**(727,570)**	**(1,354,920)**
Employee expenses	487,521	77,692	(69,728)		495,485	34,964	530,449
Other service expenses	1,151,458		(414,333)		737,125		737,125
Support service recharges	428,727			(428,727)	0		0
Depreciation, amortisation & impairment		41,121			41,121		41,121
Interest payments						32,592	32,592
Precepts & Levies						1,276	1,276
(Gain) or loss on disposal of fixed assets						86,709	86,709
Total expenditure	**2,067,706**	**118,813**	**(484,061)**	**(428,727)**	**1,273,731**	**155,541**	**1,429,272**
(Surplus) or Deficit on the Provision of Services	**596,558**	**116,084**	**(66,261)**	**0**	**646,381**	**(572,029)**	**74,352**

2014-15	Portfolio Analysis £000s	Amounts not reported to Management £000s	Amounts not included in I&E £000s	Allocation of Recharges £000s	Cost of Services £000s	Corporate Amounts £000s	Total £000s
Fees, charges & other service income	(1,042,634)	(2,072)	475,454	457,816	(111,436)	(2,069)	(113,505)
Interest & investment income						(1,981)	(1,981)
Income and expenditure in relation to investment properties						(291)	(291)
Income from council tax						(313,005)	(313,005)
Government grants & contributions	(553,364)		24,213		(529,151)	(440,399)	(969,550)
Total Income	**(1,595,998)**	**(2,072)**	**499,667**	**457,816**	**(640,587)**	**(757,745)**	**(1,398,332)**
Employee expenses	502,064	54,005	(60,678)		495,391	37,027	532,418
Other service expenses	1,257,203		(494,956)		762,247		762,247
Support service recharges	457,816			(457,816)	0		0
Depreciation, amortisation & impairment		49,931			49,931		49,931
Interest payments						33,292	33,292
Precepts & Levies						1,247	1,247
(Gain) or loss on disposal of fixed assets						107,766	107,766
Total expenditure	**2,217,083**	**103,936**	**(555,634)**	**(457,816)**	**1,307,569**	**179,332**	**1,486,901**
(Surplus) or Deficit on the Provision of Services	**621,085**	**101,864**	**(55,967)**	**0**	**666,982**	**(578,413)**	**88,569**

24. Trading Operations

The Council has established a number of trading operations where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations.

The only trading unit with a turnover greater than £1.5m in 2015-16 is Legal Services which advises on the legal aspects of all the County Council's work and provides legal representation to the County Council in a range of Courts and Tribunals. The unit also provides a legal service to a small number of outside bodies. Turnover for Legal Services in 2015-16 was £6.177m (£5.936m in 2014-15) and the net surplus was £0.170m (£0.161m in 2014-15).

25. Agency Services

The County Council administers money on behalf of the Clinical Commissioning Groups (formerly Primary Care Trusts) under Section 28 agreements. For 2015-16 the expenditure, which is not included in the Comprehensive Income and Expenditure Statement, amounts to £9.877m (£12.983m in 2014-15).

26. Joint Arrangements

- Pooled Funds

For 2015-16, Norfolk County Council was a partner in two pooled funds.

a) The Norfolk Learning Difficulties Pooled Fund now exists only as a legal entity as part of the arrangements for commissioning Learning Difficulties health services. Parties to the fund only contribute a nominal sum to it and the County Council now receives funding directly from Central Government as part of the formula funding. Income and expenditure for 2015-16 are nil (nil in 2014-15).

b) From 1 September 2003, Norfolk County Council and the Clinical Commissioning Groups (CCG's) (previously the Norfolk Primary Care Trusts) entered into an agreement to provide a pharmaceutical and medicines management service in Norfolk. Norfolk County Council provides financial management for the Pooled Fund.

Norfolk Pharmaceutical and Medicines Management Pooled Fund	2014-15	2015-16
	£000s	£000s
Gross Income	(320)	(329)
Expenditure	315	322
(Surplus)/Deficit	**(5)**	**(7)**
Council's Contribution	24	24

The County Council and the CCG's have agreed that the surplus/deficit is to be carried forward and not returned to the Partners.

- **Better Care Fund**

From 1 April 2015, the Council entered into Section 75 "Better Care Fund" arrangements with each of the five Clinical Commissioning Groups in Norfolk. Norfolk County Council provides financial management for these funds.

The Better Care Fund (BCF) is a policy initiative between local authorities, CCGs and NHS providers which has resulted in pooled funds being used to jointly commission or deliver health and social care. The Norfolk Better Care Fund totals more than £60m for 2015-16.

The BCF is comprised of a number of funding streams with legislation and regulations governing each as follows:

Revenue

- Carers' break funding – to support long-term carers.
- CCG reablement funding - to reduce avoidable hospital admissions and facilitate more timely hospital discharges.
- Funding transferred by NHS England to support social care using section 256 of the NHS Act 2006.

Capital

- Disabilities facilities (capital) grant (DFG). There is a statutory duty for local housing authorities to provide grants to those who qualify for grants towards the costs of changing a person's home under section 31 of the Local Government Act 2003.
- Social care capital grant – from DCLG for investment in adult social care services

The contributions and expenses of the Pools for 2015-16 are as follows:

2015-16	**Great Yarmouth and Waveney CCG**	**North Norfolk CCG**	**Norwich CCG**	**South Norfolk CCG**	**West Norfolk CCG**	**Norfolk BCF Capital Pool**	**Total 2015-16**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Income:							
Great Yarmouth and Waveney CCG	(6,144)						(6,144)
North Norfolk CCG		(9,266)					(9,266)
Norwich CCG			(10,406)				(10,406)
South Norfolk CCG				(11,684)			(11,684)
West Norfolk CCG					(9,608)		(9,608)
	(6,144)	(9,266)	(10,406)	(11,684)	(9,608)	0	(47,108)
Norfolk County Council	(12)	(6)	(6)	(12)	(6)		(42)
Capital Grants						(6,080)	(6,080)
Total Income	(6,156)	(9,272)	(10,412)	(11,696)	(9,614)	(6,080)	(53,230)
Expenditure							
Great Yarmouth and Waveney CCG	2,266						2,266
North Norfolk CCG		2,021					2,021
Norwich CCG			2,501				2,501
South Norfolk CCG				2,522			2,522
West Norfolk CCG					3,316		3,316

2015-16	Great Yarmouth and Waveney CCG	North Norfolk CCG	Norwich CCG	South Norfolk CCG	West Norfolk CCG	Norfolk BCF Capital Pool	Total 2015-16
	2,266	2,021	2,501	2,522	3,316	0	12,626
Norfolk County Council	3,890	7,251	7,911	9,174	6,298	6,080	40,604
Total Expenditure	6,156	9,272	10,412	11,696	9,614	6,080	53,230
(Surplus)/Deficit	0	0	0	0	0	0	0

- Equipment Pool

An Equipment Service arrangement is hosted by NCC and accounted for as a Joint Operation with over and underspend risks being borne by the Partner responsible. Other arrangements, contracts and capital grants are stand-alone within the pooled fund with the financial risk of each being retained by the lead body.

2015-16	**Contributions**	**Expenditure**	**Net (surplus) / deficit**
	£000s	**£000s**	**£000s**
Clinical Commissioning Groups:			
Great Yarmouth and Waveney CCG	(227)	227	0
North Norfolk CCG	(1,004)	1,004	0
Norwich CCG	(913)	913	0
South Norfolk CCG	(936)	936	0
West Norfolk CCG	(896)	896	0
	(3,976)	3,976	0
Norfolk County Council	(2,801)	2,801	0
Total	(6,777)	6,777	0

- Infrastructure Investment Fund

Broadland District Council, Norwich City Council and South Norfolk Council have adopted and implemented their own Community Infrastructure Levy (CIL) schemes and agreed to pool a significant proportion of their CIL income to support local infrastructure projects. On 21 October 2015, an agreement including Norfolk County Council was signed to pool CIL income to support the Greater Norwich Growth Board's Strategic Infrastructure Programme. Norfolk County Council acts as the accountable body.

	2015-16
	£000s
Balance brought forward	219
Gross Income	2,380
Expenditure	(183)
Interest on daily cash balances	7
Balance carried forward	**2,423**

27. Members Allowances

The total amount of members allowances paid in the year was £1.061m (£1.074m in 2014-15).

28. Officers Remuneration

(i) Council's senior employees:

The following tables set out the remuneration disclosures for senior officers.

Remuneration is deemed to include:

- Gross pay (before the deduction of employees' pension contributions)
- Expense allowances chargeable to tax and other benefits (as declared on HM Revenue & Customs form P11D).
- Compensation for loss of office and any other payments receivable on termination of employment.

The salary totals for interim chief officers represents the fees paid to secure the services of these officers. Figures in the tables have been rounded to the nearest hundred pounds.

Senior Officer Remuneration Table – 2015-16

Position & Postholder		**Salary**	**Expenses Allowances**	**Compensation for loss of office**	**Sub Total**	**Employer Pension contributions**	**Total**
Managing Director: W Thomson		180,000	0	0	**180,000**	27,900	**207,900**
Executive Director of Adult Social Services: H Bodmer		139,500	400	0	**139,900**	21,600	**161,500**
Executive Director of Children's Services: M Rosen	Note A	74,500	0	0	**74,500**	11,500	**86,000**
Interim Executive Director of Children's Services: S Lock	Note A	143,000	0	0	**143,000**	0	**143,000**
Executive Director of Communities and Environment: T McCabe		139,500	0	0	**139,500**	21,600	**161,100**
Executive Director of Finance: S George	Note B	99,200	0	0	**99,200**	15,400	**114,600**
Interim Executive Director of Finance: P Timmins	Note B	28,860	0	0	**28,860**	0	**28,860**
Executive Director of Resources: A Gibson		139,500	0	0	**139,500**	21,600	**161,100**
Chief Fire Officer: N Williams (up to September)	Note C	62,400	0	0	**62,400**	13,500	**75,900**
Chief Fire Officer: R Harold (from September)	Note C	60,200	1,500	0	**61,700**	12,600	**74,300**
Interim Director of Public Health: L M Macleod (up to August)	Note D	44,400	0	0	**44,400**	6,200	**50,600**
Executive Director of Public Health: L Smith (from October)	Note D	53,900	100	0	**54,000**	7,500	**61,500**
Head of Law and Monitoring Officer: V McNeill		91,300	300	0	**91,600**	14,200	**105,800**

Note on Expenses Allowances: The expenses allowances in the table relate to:

a) R Harold - vehicle at Chief Fire Officer's disposal.

b) L Smith - Mileage payments in excess of HMRC limit

c) V McNeill - lease car

Note A: Sheila Lock was the Interim Executive Director of Children's Services until Michael Rosen was appointed on 7 September 2015. Ms Lock remained with the Council until 30 September to ensure a smooth handover. The sum shown against Ms Lock represents the fee paid to secure her services and is not salary.

Note B: Peter Timmins was the Interim Executive Director of Finance until Simon George was appointed on 25 May 2015. Mr Timmins remained until 29 May to ensure a smooth handover. The sum shown against Mr Timmins represents the fee paid to secure his services and is not salary.

Note C: Nigel Williams was Chief Fire Officer until Roy Harold was appointed on 30 September 2015.

Note D: Lucy Macleod held the post of Interim Director of Public Health from 1 April 2013 (when the service transferred from the Primary Care Trusts to local authorities) until 14 August 2015. Louise Smith was appointed to the post from 1 October 2015.

Senior Officer Remuneration Table – 2014-15

Position & Postholder		**Salary**	**Expenses Allowances**	**Compensation for loss of office**	**Sub Total**	**Employer Pension contributions**	**Total**
Managing Director: W Thomson	Note A	115,200	4,600	0	**119,800**	17,900	**137,700**
Executive Director of Adult Social Services: H Bodmer		139,500	0	0	**139,500**	21,600	**161,100**
Interim Executive Director of Children's Services: S Lock		259,800	0	0	**259,800**	N/A	**259,800**
Executive Director of Communities and Environment: T McCabe	Note B						
	Interim	210,400	0	0	**210,400**	N/A	**210,400**
	In post	11,600	0	0	**11,600**	1,800	**13,400**
Interim Executive Director of Finance: P Timmins		182,300	0	0	**182,300**	N/A	**182,300**
Executive Director of Resources: A Gibson	Note C	146,900	0	0	**146,900**	22,800	**169,700**
Chief Fire Officer: N Williams		125,600	0	0	**125,600**	26,700	**152,300**
Interim Director of Public Health: L M Macleod		115,800	200	0	**116,000**	16,200	**132,200**
Head of Law and Monitoring Officer: V McNeill		90,000	0	0	**90,000**	13,900	**103,900**

From 1 December 2014 a revised senior management structure was approved by Council and the table above reflects the senior officer posts applicable to the new departmental structure.

Note A: Wendy Thomson was appointed Managing Director in August 2014.

Note B: Between 1 April 2014 and 28 February 2015 Tom McCabe provided interim management services to the Council for which the Council paid fees of £210,400. From 1 March Mr McCabe was appointed to the post of Executive Director of Communities and Environment and was paid £13,400 including pension contributions for that month.

Note C: From 6 April 2013 until 10 August 2014, Ann Gibson held the post of Acting Managing Director. From 11 August 2014 to 7 January 2015 she held the post of Head of HR and Organisational Development and on 8 January 2015 she was appointed to the post of Executive Director of Resources.

(ii) The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts.

Remuneration Band	2014-15			2015-16		
	School Staff	Other Staff	Total Employees	School Staff	Other Staff	Total Employees
£50,000 - £54,999	106	68	174	104	87	191
£55,000 - £59,999	72	75	147	67	64	131
£60,000 - £64,999	50	16	66	47	20	67
£65,000 - £69,999	17	14	31	19	18	37
£70,000 - £74,999	13	6	19	13	2	15
£75,000 - £79,999	7	1	8	5	5	10
£80,000 - £84,999	4	2	6	5	3	8
£85,000 - £89,999	5	11	16	3	4	7
£90,000 - £94,999	2	6	8	1	10	11
£95,000 - £99,999	2	2	4	1	3	4
£100,000 - £104,999	0	3	3	2	2	4
£105,000 - £109,999	1	1	2	0	1	1
£110,000 - £114,999	0	1	1	0	1	1
£115,000 - £119,999	1	0	1	0	0	0
£120,000 - £124,999	0	0	0	1	0	1

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

Exit Package cost band	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	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
							£000s	£000s
£0 – £20,000	65	86	132	126	197	212	1,288	1,339
£20,001 - £40,000	8	5	23	29	31	34	819	952
£40,001 - £60,000	3	1	5	6	8	7	403	366
£60,001 - £80,000	0	0	0	2	0	2	0	135
£80,001 - £100,000	2	1	5	1	7	2	622	163
£100,001-£150,000	0	0	0	0	0	0	0	0
Over £150,000	0	0	0	0	0	0	0	0
Total	**78**	**93**	**165**	**164**	**243**	**257**	**3,132**	**2,955**

The Council terminated the contracts of a number of employees in 2015-16, incurring liabilities of £2.955m (£3.132m in 2014-15). This is payable to 257 officers from Service departments who were made redundant as part of the Council's rationalisation of these Services.

29. External Audit Costs

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

	2014-15	2015-16
	£000s	£000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	170	128
Fees payable to external auditors for additional resources	0	3
Fees payable to external auditors for the certification of grant claims and returns for the year	6	15
Total	176	146

30. Dedicated Schools Grant

Education authorities in England are required by the Accounts and Audit Regulations 2015 and paragraph 3.4.5.1(3) of the Code to include a note demonstrating whether the Dedicated Schools Grant has been deployed in accordance with regulations.

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund Academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2012. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable are as follows:

	2014-15			**2015-16**		
	Total	**Central Expenditure**	**Individual Schools Budget**	**Total**	**Central Expenditure**	**Individual Schools Budget**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Final DSG for the financial year (before Academy recoupment)	(532,278)			(553,605)		
Academy figure recouped	156,787			196,426		
Total DSG (after Academy recoupment)	(375,491)			(357,179)		
Plus: Brought forward from the previous year	(9,315)			(10,226)		
Less: Carry forward to next financial year agreed in advance	0			0		
Agreed initial budgeted distribution in the year	(384,806)	(44,222)	(340,584)	(367,405)	(35,911)	(331,494)
In year adjustments	(469)	(469)	0	(530)	0	(530)
Final budget distribution for the year	(385,275)	(44,691)	(340,584)	(367,935)	(35,911)	(332,024)
Less: Actual central expenditure	34,465	34,465	0	30,364	30,364	0
Less: Actual ISB deployed to schools	340,584	0	340,584	332,024	0	332,024
Plus Council contribution for the year	0	0	0	0	0	0

Carry forward to next financial year	**(10,226)**	**(10,226)**	**0**	**(5,547)**	**(5,547)**	**0**

31. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015-16.

	2014-15 £000s	2015-16 £000s
Credited to Taxation and non Specific Grant Income:		
General Government Grants:		
Department for Communities and Local Government	189,275	157,190
Department for Education	4,839	4,900
Department of Health	880	7,010
Department for Transport	3,066	3,066
Department for Work and Pensions	2,275	0
Home Office	0	50
Total General Government Grants	**200,335**	**172,216**
Capital Grants and Contributions:		
Department for Education	34,670	20,772
Department for Transport	54,514	51,978
Developer Contributions	5,930	12,703
Department of Health	2,342	2,346
Other Local Authorities	2,694	3,773
Department for Communities and Local Government	1,413	36
East of England Development Agency	0	1,523
Grants and Contributions less than £200,000	363	880
Total Capital Grants and Contributions	**101,926**	**94,011**
Credited to Services:		
Community Services:		
NHS Clinical Commissioning Groups	17,494	48,036
NHS England	19,394	97
NHS Foundation Trusts	0	762
Skills Funding Agency	5,050	4,262
Arts Council	1,720	1,703
Department of Health	95	0
Department for Media, Culture & Sport	0	257
Education Funding Agency (previously Young Person Learning Agency)	862	376
Other Local Authorities	718	1,032
Sport England	206	170
Sport England Lottery	0	778
Heritage Lottery Fund	713	117
English Heritage	0	204
Children's Services:		
Department for Education	422,022	396,774
Young Person Learning Agency	8,588	5,812
Grants & Contributions raised directly by schools	2,173	2,060
Department for Communities and Local Government	4,139	2,222
NHS Primary Care Trusts/Clinical Commissioning Groups	925	435
Other Local Authorities	267	308
Arts Council /Federation of Music Services	843	1,086
Environment, Transport and Development:		
Department for Transport	1,689	2,028
DEFRA	498	0
Developer Contributions	487	1,241
Other Local Authorities	86	0

Public Health:		
Department of Health	30,633	35,163
NHS England	1,452	2,418
Other Local Authorities	5	0
Other Services:		
Department for Media, Culture & Sport	8,677	2,786
EU Funding	0	1,085
Grants and Contributions less than £200,000	5,018	4,005
Total Grants and Contributions recognised in net Cost of Services	**533,754**	**515,217**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

	2014-15 £000s	2015-16 £000s
Included in Current Liabilities:		
Conditional Revenue Grants & Contributions:		
Department for Education	1,161	1,186
Department for Communities and Local Government	0	158
Department for Transport	100	1,311
NHS Clinical Commissioning Groups	1,173	315
Department for Media, Culture and Sport	801	701
Other Revenue Grants & Contributions	446	285
Total Conditional Revenue Grants & Contributions	**3,681**	**3,956**
Included in Long Term Liabilities:		
Capital Grants Receipts in Advance:		
Department for Education	8,988	7,587
Department for Transport	152	963
Department of Health	0	596
Developer Contributions	16,151	16,992
Other Local Authorities	1,706	1,280
Department for Communities and Local Government	47	11
East of England Development Agency	0	302
School Contributions	765	757
Contributions from Diocese	943	885
Other smaller Capital Grants & Contributions	203	112
Total Capital Grants Receipts in Advance	**28,955**	**29,485**

32. Related Party Transactions

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

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Grants received from Government Departments are set out in the subjective analysis in note 23 on amounts reported for resource allocations decisions. Grant receipts not yet recognised due to conditions attached to them at 31 March 2016 are included in current liabilities and are shown in note 31 above.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2015-16 is shown in note 27. The Council wrote to all members requesting details of any related party transactions. There are no disclosures other than the following:- The Council has given £4.250m (£3.906m in 2014-15) of funding to several charities for which a number of members are Trustees. Further details are available in the Register of Member's Interests.

Officers

During the year the Council wrote to all Chief Officers requesting details of any related party transactions. There are no disclosures.

Other Public Bodies:

(i) Eastern Inshore Fisheries and Conservation Authority (EIFCA) – There are three councillors that represent the council on the EIFCA.

(ii) The Council has pooled fund arrangements with Clinical Commissioning Groups. Transactions and balances outstanding are detailed in note 26.

(iii) The Council has an arrangement to administer and invest surplus cash balances for the Office of the Police and Crime Commissioner for Norfolk and the Norfolk & Suffolk Community Rehabilitation Company (formerly the Norfolk & Suffolk Probation Trust). During the financial year the average daily balances invested were £40.2m and £0.1m respectively (£39.3m and £0.6m in 2014-15). The Council paid a total for interest of £210,000 and £305 respectively on these deposits (£275,000 and £3,000 in 2014-15).

(iv) The Council is a member of three Joint Committees – Eastern Shires Purchasing Organisation (ESPO), Norfolk Museums, and Records. The County Council accounts include all of the Council's revenue transactions, assets and liabilities relating to the Museums and Records Committees.
The Council is a member, along with six other local authorities, of ESPO. The Council has no control over the day to day operations of ESPO, but as a member of the consortium has a share of the company equating to 26% (25% in 2014-15) calculated as a proportion of the Council's share of ESPO's turnover. Further information on ESPO can be found in their own Statements of Accounts

Pension Fund

During the financial year, the pension fund had an average daily balance of £8.2m of surplus cash deposited with the Council (£7.2m in 2014-15). The Council paid the fund a total for interest of £0.038m on these deposits (£0.040m in 2014-15). The Council charged the fund £0.007m (£0.006m in 2014-15) for expenses incurred in administering these balances.

Companies and Joint Ventures

The Council has six subsidiary companies, the largest of which is Norse Group Ltd. The Council has 1 member and 1 Chief Officer serving as Norse Group Directors in 2015-16. During the year the total values of payments made to and received from Norse Group Ltd, were £82.434m and £6.414m respectively (£90.721m and £6.775m respectively in 2014-15).

Independence Matters is a Community Interest Company which started trading on 1 November 2013. The Council owns 49% of the shares through an initial contract period of three years. During the year approximately 99% of the company's turnover was with Norfolk County Council. The total value of payments made to and received from Independence Matters were £13.453m and £1.192m respectively (£13.693m and £0.449m respectively in 2014-15).

Hethel Innovations Ltd (HIL), Norfolk Energy Futures Ltd (NEFL) and Norfolk Safety CIC are all 100% owned by the Council. The Great Yarmouth Development Company is jointly owned with Great Yarmouth Borough Council and controlled through a 100% holding in Norfolk Regeneration Company Ltd. All have Council member or officer representation on their boards of directors. The Council has provided short term working capital and loans to the subsidiaries at appropriate rates of interest and repayable on terms relating to the nature or the loan and the expected life of underlying assets.

33. Capital Expenditure and Capital Financing

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

	2014-15 £000s	2015-16 £000s
Opening Capital Financing Requirement	661,734	657,491
Adjustment to Opening Balance	(473)	159
Capital Investment		
Property, plant and equipment	116,123	107,300
Intangible assets	85	46
Revenue expenditure funded from capital under statute	23,538	21,915
Loans	1,598	10,597
Sources of Finance		
Capital receipts	(9,812)	(3,755)
Government grants and other contributions	(99,712)	(99,960)
Sums set aside from revenue:		
Direct revenue contributions	(9,085)	(4,288)
Minimum Revenue Provision	(26,505)	(16,060)
Closing Capital Financing Requirement	657,491	673,445
Explanation of Movements in Year		
Increase/(decrease) in underlying need to borrow (supported by Government financial assistance)	(21,179)	(10,637)
Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	19,914	28,684
Assets acquired under Finance Leases	(1,655)	(1,362)
Assets acquired under PFI contracts	(793)	(830)
Other long term liabilities	(57)	(60)
Increase/(decrease) in Capital Financing Requirement	(3,770)	15,795

34. Leases

Council as Lessee:

(i) Finance Leases

The Council has acquired the following assets under finance leases:

- Land and Buildings – The Council has a number of finance leases of land and buildings which are leased at a peppercorn rent.
- Vehicles, Plant and Equipment – The Council has acquired vehicles and equipment for the Fire service, Library service, Children's services, Highways and ICT.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2015	31 March 2016
	£000s	£000s
Land and buildings	8,904	8,724
Vehicles, plant and equipment	6,055	4,268
Heritage Assets	2,178	2,270
County Council Total	**17,137**	**15,262**

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:

	31 March 2015	31 March 2016
	£000s	£000s
Finance lease liabilities (net present value of minimum lease payments):		
Current	1,920	1,545
Non current	4,697	3,152
Finance costs payable in future years	663	422
Minimum lease payments	**7,280**	**5,119**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015	31 March 2016	31 March 2015	31 March 2016
	£000s	£000s	£000s	£000s
Not later than one year	2,161	1,710	1,920	1,545
Later than one year and not later than five years	4,168	2,835	3,283	2,280
Later than five years	951	574	1,414	872
	7,280	**5,119**	**6,617**	**4,697**

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

(ii) Operating Leases

Vehicles, Plant and Equipment:

The Council uses leased vehicles and communication equipment financed under the terms of an operating lease. The Council also operates six Park and Ride sites in and around Norwich. The Council owns all of the sites and the operators provide the buses to operate the service under an arrangement which has been identified as an operating lease.

The amount paid under these arrangements in 2015-16 was £0.545m (£0.696m in 2014-15).

Land and Buildings:

The Council leases a number of properties on short term leases which have been accounted for as operating leases.

The rentals payable in 2015-16 were £1.741m (£1.735m in 2014-15).

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

	31 March 2015	31 March 2016
	£000s	**£000s**
Not later than one year	1,407	1,204
Later than one year and not later than five years	4,059	3,636
Later than five years	8,439	7,862
Total	**13,905**	**12,702**

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £2.286m (£2.431m in 2014-15).

The Council as Lessor:

Finance leases

The Council has leased out school buildings to Academy schools on 125 year finance lease agreements pursuant to provisions of the Academies Act 2010. The Council has also leased out the Council's interest in the Forum complex to the Forum Trust for 125 years from September 2001. The rentals for all these leases are peppercorn rentals.

The Council also owns a number of other properties, including heritage assets and residential care homes, which have been leased out on finance leases for peppercorn rents.

Operating leases

The Council leases out property under operating leases for a number of services, including Economic Development and the County Farms estate.

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

	31 March 2015 £000s	31 March 2016 £000s
Leases expiring within 1 year	2,275	2,761
Leases expiring within 2 to 5 years	6,960	9,234
Leases expiring after 5 years	10,080	17,109
	19,315	**29,104**

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.

35. PFI and similar contracts

At 31 March 2016, the Council had three PFI contracts with private sector contractors:

Norwich Schools Private Finance Initiative (PFI)

On 20 March 2006, the Council contracted with Academy Services (Norwich) Limited to provide, under the PFI, four new build replacement primary schools, one new build junior school and one extended and refurbished secondary school.

The 5 newly constructed schools were completed by August 2008 and were included in the Council's non current assets total along with the value of the enhancement to Taverham High school. All of the schools have been revalued in line with the accounting policy for land and buildings. Two of the schools, Taverham High and Heartsease Primary, converted to Academy status on 1 April 2013, and the associated non-current assets have been removed from the Council's balance sheet.

Salt Barns Private Finance Initiative (PFI)

The Council signed a PFI contract to provide serviced salt storage facilities on 30 March 2000 and the project began in September 2000.

The contract is for the provision of 7 salt barns. These have been recognised within the Council's assets and have been revalued in line with the Council's accounting policies.

Street Lighting Private Finance Initiative (PFI)

On 3 November 2007, the Council contracted with Amey Street Lighting (Norfolk) Ltd. The contract began on 4 February 2008, when Amey took over the provision of a street lighting service using the existing equipment. The contract resulted in the renewal of 50% of streetlights, signs and bollards over a 5 year period. The contract requires the contractor to maintain 100% of the lighting points (approximately 60,000) up to a specified standard and to upgrade all those not renewed in the first 5 years to modern lighting standards by year 15 of the contract.

The renewal of the columns took place over a 5 year period, the core improvement programme. The value of the replacement columns is included within the Council's assets as Highways Infrastructure assets at historic cost.

Property, Plant and Equipment

Subject to adjustments for schools which have transferred to academy status, the assets used to provide services in these schemes are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in note 0.

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contracts at 31 March 2016 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Payments due to be made under operational PFI and similar contracts

	Reimbursement of capital expenditure	Payment for services	Interest	Total at 31 March 2016	Total at 31 March 2015
	£000s	£000s	£000s	£000s	£000s
Payable in 2016-17	750	7,298	5,907	**13,955**	**13,736**
Payable within 2-5 years	3,721	30,405	21,946	**56,072**	**56,302**
Payable within 6-10 years	14,110	32,901	23,343	**70,354**	**69,761**
Payable within 11-15 years	25,587	35,905	13,304	**74,796**	**73,707**
Payable within 16-20 years	10,783	12,739	1,431	**24,953**	**40,360**
Total	**54,951**	**119,248**	**65,931**	**240,130**	**253,866**

Although the payments made to the contractors are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The balance outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

2015-16	Norwich Schools PFI	Salt Barns	Street Lighting	Total
	£000s	£000s	£000s	£000s
Balance outstanding at start of the year	26,760	676	28,345	**55,781**
Payments during the year	(4,077)	(403)	(2,394)	**(6,874)**
Finance lease cost	3,319	299	2,426	**6,044**
Balance outstanding at year end	**26,002**	**572**	**28,377**	**54,951**

Comparatives for 2014-15	Norwich Schools PFI	Salt Barns	Street Lighting	Total
	£000s	£000s	£000s	£000s
Balance outstanding at start of the year	27,520	728	28,326	56,574
Payments during the year	(4,173)	(375)	(2,405)	**(6,953)**
Finance lease cost	3,413	323	2,424	**6,160**
Balance outstanding at year end	**26,760**	**676**	**28,345**	**55,781**

36. Impairment losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the surplus or deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

During 2015-16 the Council recognised an impairment loss of £5.511m (£6.490m in 2014-15) in relation to capital expenditure incurred which does not result in a change to the value of the assets. Impairment reversals on revaluations total £1.361m (£2.064m in 2014-15).

37. Pension Schemes accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education. The scheme provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the scheme is unfunded and Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015-16, the County Council paid £20.274m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2014-15 were £20.302m and 14.1%. There were no contributions remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 38.

NHS Pension Scheme

Under the new arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the PCTs to local authorities and who had access to the NHS Pension Scheme on 31 March 2013 retained access to that scheme on transfer at 1 April 2013. The NHS scheme is an unfunded, defined benefit scheme, but is accounted for in the NHS as if it were a defined contribution scheme. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015-16, the County Council paid £0.325m to the NHS Pension Scheme in respect of Public Health and Mental Health staff's retirement benefits, representing 14.3% of pensionable pay. The figures for 2014-15 were £0.298m and 14%. There were no contributions remaining payable at the year end.

38. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make future payments and thus these need to be disclosed as a future entitlement.

The Council participates in two post employment schemes:

- The Local Government Pension Scheme (the Norfolk Pension Fund) for civilian employees, administered by the County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The Fire Pension Scheme for Fire Fighters – this is this is an unfunded defined benefit final salary scheme administered by the Council, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Details of the scheme are shown in the supplementary statement on page 87.

The Norfolk Pension Fund 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 the Council. Policy is determined in accordance with the Pensions Fund Regulations.

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

Transactions relating to Post-Employment Benefits

The Council recognise the cost of retirement benefits in the reported cost of services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		**Fire-Fighters Pension Scheme**	
	2014-15	**2015-16**	**2014-15**	**2015-16**
	£000s	**£000s**	**£000s**	**£000s**
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	53,464	72,025	6,000	6,300
Past service costs	1,236	1,486	0	0
(Gain)/loss from settlements	(7,867)	(3,948)	(900)	(900)
Financing and Investment Income and Expenditure:				
Net interest expense	25,827	25,064	11,200	9,900
Total post employment benefit charged to the Surplus or Deficit on the Provision of Services	72,660	94,627	16,300	15,300
Other post employment benefits charged to the Comprehensive Income and Expenditure Statement:				
Remeasurement of the net defined pension liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	128,679	(11,997)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	0	0	0	800
Actuarial gains and losses arising on changes in financial assumptions	(295,234)	209,649	(37,700)	29,300

Other (if applicable)	14,542	32,120	(200)	1,600
Total post employment benefit charged to the Comprehensive Income and Expenditure Statement	(79,353)	324,399	(21,600)	47,000
Movement in Reserves Statement:				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(72,660)	(94,627)	(16,300)	(15,300)
Actual amount charged against the General Fund balance for pensions for the year:				
Employers contributions payable to the scheme*	54,194	55,490		
Retirement benefits payable to pensioners			5,100	8,500

*(includes contributions in respect of unfunded benefits)

Pensions assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	Funded liabilities: Local Government Pension Scheme		**Unfunded liabilities: Fire Fighters Pension Scheme**	
	2014-15	**2015-16**	**2014-15**	**2015-16**
	£000s	**£000s**	**£000s**	**£000s**
Present value of the defined benefit obligation	(2,341,612)	(2,189,391)	(310,700)	(285,800)
Fair value of plan assets	1,565,731	1,604,145	0	0
Net liability arising from defined benefit obligation	(775,881)	(585,246)	(310,700)	(285,800)

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme		**Unfunded liabilities: Fire Fighters Pension Scheme**	
	2014-15	**2015-16**	**2014-15**	**2015-16**
	£000s	**£000s**	**£000s**	**£000s**
Balance at 1 April	1,996,133	2,341,612	261,600	310,700
Current service cost	53,464	72,025	6,000	6,300
Interest cost	85,342	75,190	11,200	9,900
Contributions by scheme participants	14,315	14,277	1,500	1,500
Remeasurement (gains) and losses:				
Actuarial gains and losses arising on changes in demographic assumptions	0	0	0	(800)
Actuarial gains and losses arising on changes in financial assumptions	295,234	(209,649)	37,700	(29,300)

Other (if applicable)	(14,542)	(32,120)	200	(1,600)
Past service costs	1,236	1,486	0	0
Losses/(gains) on curtailments	(21,013)	(8,584)	(900)	(1,900)
Benefits paid	(68,557)	(64,846)	0	0
Pension and lump sum expenditure	0	0	(6,600)	(9,000)
Balance at 31 March	**2,341,612**	**2,189,391**	**310,700**	**285,800**

Reconciliation of the movements in the fair value of the scheme assets:

	Local Government Pension Scheme	
	2014-15	**2015-16**
	£000s	**£000s**
Opening fair value of scheme assets	1,390,731	1,565,731
Interest income	59,515	50,126
Remeasurement (gain)/loss:		
The return on plan assets, excluding the amount included in the net interest expense	128,679	(11,997)
Employer contributions	54,194	55,490
Contributions from employees into the scheme	14,315	14,277
Benefits paid	(68,557)	(64,846)
Other (gain/loss from settlements)	(13,146)	(4,636)
Balance at 31 March	**1,565,731**	**1,604,145**

Local Government Pension Scheme Assets comprised:

	Period ended 31 March 2015				Period ended 31 March 2016			
Asset Category	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£000s	£000s	£000s	%	£000s	£000s	£000s	%
Equity Securities:								
Consumer	67,315	-	67,315	4%	115,117	-	115,117	7%
Manufacturing	83,053	-	83,053	5%	83,593	-	83,593	5%
Energy and Utilities	34,476	-	34,476	2%	36,027	-	36,027	2%
Financial Institutions	100,691	-	100,691	7%	104,963	-	104,963	7%
Health and Care	52,948	-	52,948	3%	51,234	-	51,234	3%
Information Technology	53,203	-	53,203	4%	48,249	-	48,249	3%
Other	79,351	-	79,351	5%	-	-	-	0%
Debt Securities:								
Corporate Bonds (investment grade)	65,867	-	65,867	4%	-	-	-	0%

Asset Category	Period ended 31 March 2015				Period ended 31 March 2016			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£000s	£000s	£000s	%	£000s	£000s	£000s	%
Corporate Bonds (non-investment grade)	1,703	-	1,703	0%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
Private Equity:								
All	-	102,974	102,974	7%	-	103,137	103,137	6%
Real Estate:								
UK Property	-	166,300	166,300	11%	-	182,833	182,833	11%
Overseas Property	-	19,089	19,089	1%	-	24,722	24,722	2%
Investment Funds and Unit Trusts:								
Equities	630,195	-	630,195	40%	411,923	-	411,923	26%
Bonds	64,843	-	64,843	4%	412,694	-	412,694	26%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
Derivatives:								0%
Inflation	-	-	-	0%	-	-	-	0%
Interest Rates	-	-	-	0%	-	-	-	0%
Foreign Exchange	1,386	-	1,386	0%	(4,961)	-	(4,961)	0%
Other	557	-	557	0%	-	-	-	0%
Cash and Cash equivalents:								
All	-	41,780	41,780	3%	-	34,614	34,614	2%
Totals	**1,235,588**	**330,143**	**1,565,731**	**100%**	**1,258,839**	**345,306**	**1,604,145**	**100%**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the fire fighters scheme and the County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council fund being based on the most recent actuarial valuation of the scheme.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Fire fighters Pension Scheme	
	2014-15	2015-16	2014-15	2015-16
Mortality assumptions:				
Longevity at 65 (60 for Fire fighters scheme) for current pensioners:				
Men	22.1	22.1	29.5	29.7
Women	24.3	24.3	31.7	31.6
Longevity at 65 (60 for Fire fighters scheme) for future pensioners:				
Men	24.5	24.5	31.1	31.2
Women	26.9	26.9	33.2	33.2
Rate of inflation	3.3%	3.2%	3.3%	3.2%
Rate of increase in salaries	3.3%	3.2%	3.4%	3.2%
Rate of increase in pensions	2.4%	2.2%	2.4%	2.2%
Rate for discounting scheme liabilities	3.2%	3.5%	3.2%	3.5%

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, ie 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.

Local Government Pension Scheme:

Change in assumptions at 31 March 2016	Approximate % increase to employer liability	Approximate monetary amount £000s
0.5% decrease in real discount rate	10%	221,283
1 year increase in member life expectancy	3%	65,682
0.5% increase in the salary increase rate	3%	60,160
0.5% increase in the pension increase rate	7%	158,629

Fire Fighters Pension Scheme

Change in assumptions at 31 March 2016	Approximate % increase to employer liability	Approximate monetary amount £000s
0.5% decrease in real discount rate	9%	25,700
1 year increase in member life expectancy	3%	8,500
0.5% increase in the salary increase rate	1%	3,500
0.5% increase in the pension increase rate	8%	21,800

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. Work on the next triennial valuation (as at 31 March 2016) is currently underway.

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 Council anticipates to pay £48.769m expected contributions to the scheme in 2016-17.

The weighted average duration of the defined benefit obligation for scheme members is 18.1 years.

39. Contingent Liabilities

Financial Guarantees

The Council applies for funding from a number of different sources. In some cases the funding agreement includes a clause requiring the Council to provide a financial guarantee in order to secure the funding. The guarantees given are not specific and generally relate to agreements to provide revenue and/or capital support for the service for which the funding is given for a specific period.

The Council has given several financial guarantees for project funding, e.g. a restoration and development project at Norwich Castle secured funding in return for guarantees that it would maintain staff levels, opening times and a joint programme with East Anglian Film Archive for 25 years after the completion of the project.

Guarantees given prior to 1 April 2006 and not previously recognised on the Balance Sheet do not need to be recognised as financial instruments but can continue to be accounted for as a contingent liability. Regulations made by Government under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, further state that any guarantees entered into before 8 November 2007 can be accounted for under the previous SORP and can also continue to be accounted for as a contingent liability.

Great Yarmouth Port Company Pension Guarantee

On 25 May 2007, the employees of Great Yarmouth Port Authority, who had transferred into the employment of the new Great Yarmouth Port Company (GYPC), were admitted into the Norfolk Pension Scheme. Norfolk County Council is underwriting any potential liability for these employees to the Pension Scheme. GYPC was required to provide land to the County Council as collateral to cover the liability, the value of which is reviewed at least every five years. At the time of the most recent valuation (August 2014), the value of the collateral was just over 180% of the potential liability, and therefore adequate to meet any obligation that may arise for the Fund.

NHS Trusts Business Rates

Business Rates collection authorities have received a number of claims for mandatory business rates relief from local NHS Trusts claiming charitable status. The decision to grant relief to the Trust has not yet been resolved and is subject to ongoing investigation. The LGA (the representative body for Local Authorities) has sought legal advice from Counsel, and its position is that NHS Trusts and Foundation Trusts are not charities, and that the applications for rate relief are therefore unfounded. The timing, probability and amount of relief, if any, is therefore uncertain.

40. Nature and Extent of risks arising from Financial Instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the council in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

(a) 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 identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element.

However, the Council does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings

The Annual Investment and Treasury 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 detailed in the Annual Investment Strategy.

The full Investment Strategy for 2015-16 was approved by full Council on 16 February 2015 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

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

The Council does not generally allow credit for customers, such that £43.290m of the £109.881m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2015	**31 March 2016**
	£000s	**£000s**
Less than three months	22,214	21,203
Three to six months	3,900	4,659
Six months to one year	5,730	5,475
More than one year	10,034	11,953
	41,878	**43,290**

The Council initiates a legal charge on property where, for instance, clients require the assistance of Social Services but cannot afford to pay immediately. The total collateral at 31 March 2016 was £2.878m.

(b) Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the annual investment and treasury strategy reports), as well as through cash flow management procedures required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets is as follows:

	31 March 2015 £000s	31 March 2016 £000s
Less than one year	113,949	123,131
Between one and two years	194	0
Between two and three years	0	0
More than three years	0	0
	114,143	**123,131**

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

(c) Refinancing and 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 investment and treasury 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):

	Approved maximum limits	Approved minimum limits	31 March 2015 £000s	31 March 2016 £000s
Less than one year	15%	0%	12,887	12,305
Between one and two years	15%	0%	6,000	6,525
Between two and five years	45%	0%	18,839	17,480
Between five and ten years	75%	0%	57,275	73,000
More than ten years	100%	0%	407,768	386,979
			502,769	**496,289**

The analysis does not include totals for creditors as detailed in note 0.

(d) 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 Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

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. 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 the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential 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 variables held constant) the financial effect would be:

	£000s
Increase in interest payable on variable rate borrowings	N/A
Increase in interest receivable on variable rate investments	861
Impact on surplus or deficit on the Provision of Services	861
Decrease in fair value of fixed rate investment assets Impact on Other Comprehensive Income and Expenditure	N/A
Decrease in fair value of fixed rate borrowings liabilities (no impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	92,370

The approximate impact of a fall in interest rates would be limited to £0.427m. These assumptions are based on the same methodology as used in the note – Fair value of assets and liabilities carried at amortised cost.

(e) Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

The Council does have shares in six wholly owned companies (including the Norse Group), Norwich Airport Ltd and in a local authority purchasing consortium operated by a joint committee. These holdings are illiquid and the Council is not exposed to movements in the price of the shares as these are not being traded, but would be subject to any change in fair value upon disposal.

(f) Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

41. Foundation Schools

The Schools Standards and Framework Act 1998 changed the status of Grant Maintained Schools to Foundation Schools maintained by the local authority. The change for funding purposes took effect from 1 April 1999. This change has resulted in the inclusion of opening and closing balances for current assets and liabilities controlled by Foundation Schools in this consolidated balance sheet.

Fixed assets and long term liabilities remain vested in the Governing Bodies of individual Foundation Schools, which are not required to be consolidated in this balance sheet. During 2015-16, 3 schools moved to Academy status and 1 school transferred from Community status giving a total in this authority area of 42 Foundation Schools (44 in 2014-15).

42. Funds Administered for Third Parties

The Council has an arrangement to administer and invest funds on behalf of the bodies listed in the table below. These funds, in accordance with the Code, have been excluded from the County Council's balance sheet.

	31 March 2015 £000s	31 March 2016 £000s
Office of the Police and Crime Commissioner for Norfolk	32,846	17,000
Norfolk and Suffolk Probation Trust	8	0
Norfolk Pension Fund	2,184	2,747
NPS Property Consultants Ltd	725	0
Norse Care Ltd	1,869	3,454

Norse Commercial Services Ltd	395	1,486
Independence Matters CIC	55	532
	38,082	**25,219**

43. Trust Funds

The Council acts as sole or custodian trustee for nine trust funds and as one of several trustees for a further seven trust funds and also manages a number of bequests. Only one of these funds (Mrs D.E. Cole Deceased Trust) has asset values over £10,000. None of these funds represent assets of the Council, and they have not been included in the Balance Sheet.

Norfolk Fire Fighters Pension Fund Accounts

This section summarises the accounts of the Fire Fighters' Pension Fund for the year ending 31 March 2016. The accounts of the Fire Fighters Pension Fund have been prepared in accordance with the accounting policies as detailed in the Statement of Accounting Policies on page 23, except for transfer values, which have been included in the statement on a cash basis.

Fire Fighters Pension Fund Account for the year ended 31 March 2016

2014-15 £000s			2015-16 £000s
	Contributions receivable		
	County Council		
(1,935)	- Contributions in relation to pensionable pay	(1,864)	
(81)	- Early retirements	(122)	
(1,448)	Fire fighters' contributions	(2,146)	
(3,464)			(4,132)
(3)	Transfers in from other authorities		0
	Benefits payable		
6,187	Pensions	7,007	
472	Commutations and lump sums	2,611	
6,659			9,618
	Payments to and on account of leavers		
0	Transfers out to other authorities		0
3,192	Net amount payable for the year		5,486
(3,192)	Top up grant payable by Government		(5,486)
0			0

Fire Fighters Pension Fund Net Assets Statement

31 March 2015 £000s		31 March 2016 £000s
(181)	Top up (payable to) / receivable from Government	608
181	Amount owing (to) / from General Fund	(608)
0		0

The financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

Notes to the Fire Fighters Pension Fund Accounts

1. Summary of Arrangements

The new Fire Fighters Pension Scheme was introduced on 1 April 2006.

Until April 2006 the Council was responsible for paying the pensions of fire officers who retired from the Fire Service on a ‘pay as you go’ basis. Pension arrangements for officers already employed by the service continue under the old scheme, unless they elect to transfer to the new scheme.

Under the new arrangements the Council was required to set up two Fire Fighters pensions accounts. Contributions from the Council (employer) and officers are paid into the new accounts. The employer contribution rate has been set at 21.3% of Fire Officers pensionable pay for the old scheme and 11% of Fire Officers pensionable pay for the new scheme. Pension payments are made from the new accounts, except for injury awards which are funded by the Council.

2. Grant Arrangements

The Norfolk Fire Fighters Pension Scheme is an unfunded, defined benefit scheme which means that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Information on the Councils’ long term pension obligations can be found in Note 38 to the main accounts.

The account is balanced to nil each year by receiving cash in the form of a pension top-up grant from the Government. The underlying principle is that employer and officer contributions together will meet the full costs of pension liabilities being accrued by serving officers while Central Government provides for the costs of pensions paid to retired officers and their dependants. Should there be a surplus in the account this is repaid to Government.

3. Pension Administration

The Council retains the responsibility for, and continues to administer and pay, fire officer pensions in accordance with the Fire Pension Regulations 1992 (old pension scheme) and 2006 (new pension scheme). The new arrangements have no impact on the benefit structure of the Norfolk Fire Fighters Pension schemes.

Group Accounts

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 Council is involved with a number of companies and organisations whose assets and liabilities are not included in the Council's single entity statements. In these cases the Council's interest does not extend to a relationship that could be classified as a subsidiary, associate or joint venture. None of these companies are included in the group accounts.

The Council has interests in a number of companies that are classified as a subsidiary, associate or joint venture, all of which have been considered for consolidation. Two of these, Norse Group Ltd and Independence Matters CIC are considered to be material to the financial statements. Details of the companies considered for consolidation are shown below.

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 Norse Group Ltd and Independence Matters CIC.

The following pages include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement
- Notes to the Group Accounts

Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with 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. Where these are material they are included in the group.
- Jointly Controlled Entities – where the Council exercises joint control with one or more organisations. Where these are material they are 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:

Norse Group Ltd	Subsidiary	Consolidated
Independence Matters CIC	Subsidiary	Consolidated
Norfolk Energy Futures Ltd	Subsidiary	Not material
Hethel Innovation Ltd	Subsidiary	Not material
Norfolk Regeneration Company Limited	Subsidiary	Not material
Norfolk Safety Community Interest Company	Subsidiary	Not material
Norwich Airport Legislator companies	No group relationship	Not consolidated

Subsidiaries

Norse Group Ltd

The company was formed on 1 February 2006 and its principal activity is that of a holding company. It is a wholly owned subsidiary of the County Council and is included in the Group Accounts.

Norse Group Ltd comprises Facilities and Waste Management provider Norse Commercial Services Limited (NCS), NPS Property Consultants Limited (NPS) and Norse Care Limited (NCL).

Facilities Management services include cleaning, printing, building maintenance, waste collection, transport, environmental services and security, as well as support services such as human resources and payroll. Waste management includes operating and maintaining landfill sites, waste transfer stations, and recycling facilities, as well as waste collection and composting services.

Property consultancy services include architectural services, CDM and project management, building surveying, valuation and estate management, land agency, quantity surveying, graphic design and archaeological services.

Care services includes the management and staffing of 20 residential homes and 15 housing with care schemes across Norfolk.

The group delivers a comprehensive range of professional services to both public and private sector clients throughout the UK. The group continued to expand and strengthen its position throughout the UK within its core markets, despite pressures caused by the general economic climate and significant reductions in public expenditure.

The group's client list includes many local authorities and housing associations, government departments, health authorities and emergency services.

Norfolk County Council holds 100% of the allotted ordinary shares in Norse Group Ltd amounting to a shareholding of £11.964m. There is no parent indebtedness in the County Council for Norse Group Ltd. In March 2001, the Council provided a loan of £2.440m, which is being repaid in equal instalments over 23 years by Norse Commercial Services Ltd. A further capital loan of £10m was made to Norse Group by the County Council in 2015-16.

The company's accounting period for 2015-16 is from 1 February 2015 to 31 March 2016. The final accounts of the company for the period ended 31 March 2016 are still subject to audit. Copies of the accounts may be obtained from Companies House or by request to the County Council.

Based on its turnover, the Norse Group Ltd is material to the Group financial statements. The results for the Norse Group Ltd to 31 March 2016 are shown in the table below.

Norse Group Ltd	**2014-15**	**2015-16**
	£000s	**£000s**
Dividends received from the joint venture or associate		
Current Assets	57,704	58,239
Non-current assets	82,577	106,778
Current Liabilities	(52,397)	(60,495)
Non-current liabilities.	(80,147)	(73,738)
Net Assets for the accounting period	7,737	30,784
Revenue	251,172	321,923
Profit or loss from continuing operations	3,540	4,060
Profit/(Loss) for the accounting period (after Tax)	2,621	3,302
Post-tax profit or loss from discontinued operations	0	0
Other comprehensive (expense) / income	(16,242)	20,544
Total comprehensive (expense) / income	(13,621)	23,846
Extent of non-controlling interests		
Non-controlling equity interest	(2,391)	(229)
Share of profit from equity accounted investments	0	0
Non-controlling interest in the Profit/(Loss) for the accounting period	281	262

The non-controlling interests result from a number of joint ventures entered into by the Norse Group Ltd. The non-controlling interests are not material to the Group financial statements.

Independence Matters CIC

Independence Matters CIC is the first ‘spin out’ social enterprise to be launched by Norfolk County Council. The Company started trading on 1 November 2013 with over 600 staff transferring from Norfolk County Council’s Personal and Community Support Services.
The main activities of the company are the provision of the following services under contract with Norfolk County Council:

- Day services at community hubs
- Personal Assistants Services
- Supported Living - for people in their own homes
- Respite Care – personalised short break respite care
- Norfolk Industries – a stand-alone enterprise manufactures pet bedding with a workforce of employees with disabilities
- Stepping Out - providing support for people with mental health problems.

Independence Matters is a Community Interest Company limited by shares. The company’s staff own 51% of the shares and Norfolk County Council will own 49% of the shares through the initial contract period of three years, during which time any surpluses will be principally reinvested for its social objectives. The Staff shares are held through an Employee Benefit Trust and are not available for sale.
Norfolk County Council has a contract and service specification with the company for at least three years with an option to extend for a further two years. During 2015-16, approximately 99% of the company’s turnover of approximately £14m was with Norfolk County Council. The company is therefore considered to be controlled by Norfolk County Council, and is fully consolidated into these group financial statements.

Norfolk Energy Futures Ltd (NEFL)

NEFL is 100% owned by the County Council and was created to realise and maximise revenue and income from investment in renewable energy and energy conservation projects. The company owns 19 x 5Kw wind turbines on 11 farms owned by Norfolk County Council.

Hethel Innovation Limited (HIL)

HIL is 100% owned by the County Council. The company was set up as a special purpose vehicle to build 'grow on' space for businesses, using EU funding. The company has developed a site adjacent to the Hethel Engineering Centre, constructing its 40,000 sq ft Advanced Manufacturing Centre at a cost of £5.9m. This has added 16 new offices and workshop spaces to the site which continues to attract new businesses.

Norfolk Regeneration Company Limited (NRC) and Great Yarmouth Development Company Limited (GYDC)

NRC is 100% owned by the County Council. The purpose of the company is to promote economic development on behalf of the local authorities of Norfolk, with an initial focus on physical regeneration and development. The company’s structure provides a mechanism for joint venture activity. GYDC is jointly owned with Great Yarmouth Borough Council. The company completed a housing project in 2014-15.

Norfolk Safety Community Interest Company (CIC)

Norfolk Safety Community Interest Company (CIC) was set up in January 2015 and is wholly owned by Norfolk County Council. The company, operating in partnership with Norfolk Fire and Rescue Service provides a range of risk management, training related services to public bodies, third sector organisations and businesses. Any surpluses generated by the company will be reinvested in activities to make Norfolk a safer place to live and visit.

Relationships with Other Entities

Norwich Airport Legislator companies

In March 2004, the County Council and Norwich City Council sold 80.1% of the shares held in Norwich Airport Ltd to Omniport Limited. In 2014, Omniport Holdings Limited, the company’s ultimate parent company, sold its 100% interest in Omniport Limited to Regional & City Airports Holdings Limited (“RCA”). RCA is a specialist business in the ownership and management of airports, and is a subsidiary of Rigby Group (RG) plc (“Rigby Group”).

The remaining 19.9% of the shares are held by the County Council (9%), Norwich City Council (6%) and a jointly owned local authority company, Legislator 1656 (4.9%). A second jointly owned local authority company, Legislator 1657 (a wholly owned subsidiary of Legislator 1656), holds some land associated with the airport which was excluded from the sale to Omniport. The County Council holds 60% of Legislator 1656 with the City Council holding the remaining 40%, effectively giving the County Council a further holding of 3% in the Airport Company. This is in addition to the Council's direct share holding in the airport (9%). The sale valued Norwich Airport at £13.7m and the investment value included in the Balance Sheet represents the Council's 9% direct holding in the company. Further details are included in the note on Financial Instruments on page 51.

The accounts for 2015-16 are not yet available. Copies of the accounts will be available from Companies House or by request to the County Council.

Basis of Consolidation – Group Accounts

The Group Accounts have been prepared using the group accounts requirements of the Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's group accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Subsidiaries have been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with the Code.

Where subsidiary undertakings have a different accounting year end to the Council's, the subsidiary has prepared additional financial statements as at 31 March.

Group Movement in Reserves Statement

The Code requires that the Group Movement in Reserves statement excludes movements on reserves attributable to minority interests. The Council's subsidiary Norse Group Ltd includes minority interests within their accounts. This means that totals in the Group Movement in Reserves statement do not reconcile to the Group Comprehensive Income and Expenditure Statement or the total reserves shown in the Group Balance Sheet. The table on page 94 shows the Group movements including an analysis of minority interests.

	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
	£000s	£000s	£000s	£000s	£000s	£000s	**£000s**
Balance at 31 March 2014	**238,593**	**1,239**	**239,832**	**79,063**	**16,882**	**95,945**	**335,777**
Movement in Reserves during 2014-15							
Group Surplus / (Deficit)	8,621	(97,463)	(88,842)	0	0	0	(88,842)
Other Comprehensive Expenditure and Income	0	(13,872)	(13,872)	(175,176)	0	(175,176)	(189,048)
Total Comprehensive Expenditure and Income	**8,621**	**(111,335)**	**(102,714)**	**(175,176)**	**0**	**(175,176)**	**(277,890)**
Adjustments between Group Accounts and Council Accounts*	(97,190)	97,190	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	71,523	0	71,523	(71,523)	0	(71,523)	0
Increase / (Decrease) in Year	**(17,046)**	**(14,145)**	**(31,191)**	**(246,699)**	**0**	**(246,699)**	**(277,890)**
Balance at 31 March 2015	**221,547**	**(12,906)**	**208,641**	**(167,636)**	**16,882**	**(150,754)**	**57,887**
Movement in Reserves during 2015-16							
Group Surplus / (Deficit)	13,926	(91,171)	(77,245)	0	0	0	(77,245)
Other Comprehensive Expenditure and Income	0	20,275	20,275	281,994	0	281,994	302,269
Total Comprehensive Expenditure and Income	**13,926**	**(70,896)**	**(56,970)**	**281,994**	**0**	**281,994**	**225,024**
Adjustments between Group Accounts and Council Accounts**	(88,278)	88,278	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	69,462	0	69,462	(69,462)	0	(69,462)	0
Increase / (Decrease) in Year	**(4,890)**	**17,382**	**12,492**	**212,532**	**0**	**212,532**	**225,024**
Balance at 31 March 2016	**216,657**	**4,476**	**221,133**	**44,896**	**16,882**	**61,778**	**282,911**

** These adjustments relate to the purchase of goods and services from the Council's subsidiary companies.

Summary of Group Movements in the Movement in Reserves Statement

	Total from Movement in Reserves Statement	Minority Interest share of subsidiary reserves	Total Group Reserves
	£000s	£000s	£000s
Balance at 31 March 2014	**335,777**	**(1,478)**	**334,299**
Group Surplus/(Deficit)	(88,842)	748	(88,094)
Other Comprehensive Expenditure and Income	(189,048)	(1,339)	(190,387)
Adjustments between accounting basis and funding basis under regulations	0	0	0
Balance at 31 March 2015	**57,887**	**(2,069)**	**55,818**
Group Surplus/(Deficit)	(77,245)	(54)	(77,299)
Other Comprehensive Expenditure and Income	302,269	1,894	304,163
Adjustments between accounting basis and funding basis under regulations	0	0	0
Balance at 31 March 2016	**282,911**	**(229)**	**282,682**

* see note on previous page.

Group Comprehensive Income and Expenditure Statement

	2014-15 Gross Expenditure	2014-15 Income	2014-15 Net Expenditure	2015-16 Gross Expenditure	2015-16 Income	2015-16 Net Expenditure
	£000s	£000s	£000s	£000s	£000s	£000s
Adult Social Care	397,919	94,991	302,928	399,984	120,564	279,420
Central Services to the Public	4,299	2,178	2,121	4,123	2,124	1,999
Children's and Education Services	679,101	487,794	191,307	656,409	463,542	192,867
Cultural and Related Services	32,003	11,541	20,462	28,342	13,104	15,238
Environmental and Regulatory Services	92,511	47,977	44,534	88,985	45,972	43,013
Fire and Rescue Services	35,429	1,887	33,542	30,859	1,527	29,332
Highways and Transport Services	92,655	17,985	74,670	81,380	15,423	65,957
Planning Services	17,911	13,015	4,896	21,116	8,175	12,941
Public Health	30,969	33,371	(2,402)	39,422	38,264	1,158
Other Services	83,373	83,132	242	103,609	106,337	(2,728)
Corporate and Democratic Core	4,417	0	4,417	3,181	(608)	3,789
Non Distributed Costs	(7,234)	1,612	(8,846)	(3,587)	622	(4,209)
Exceptional Items (note 2)				1,827	0	1,827
Other Operating Income	0	1,212	(1,212)	0	368	(368)
Cost of Services	**1,463,353**	**796,695**	**666,658**	**1,455,650**	**815,414**	**640,236**
Other Operating Expenditure			109,013			88,194
Financing and Investment Income and Expenditure (note 2)			68,190			66,667
Taxation and Non-Specific Grant Income			(753,404)			(724,060)
(Surplus) / Deficit on Provision of Services			**90,457**			**71,037**
Share of surplus or deficit of associates			68			0
Tax Expenses (note 3)			(2,431)			6,262
Group (Surplus) / Deficit			**88,094**			**77,299**
(Surplus) / Deficit on Revaluation of Property, Plant and Equipment Assets			(14,737)			(20,522)
Actuarial (Gains) / Losses on Pension Assets / Liabilities			205,124			(283,641)
Other Comprehensive Income and Expenditure			**190,387**			**(304,163)**
Total Comprehensive Income and Expenditure			**278,481**			**(226,864)**

Group Balance Sheet

	Group Note	31 March 2015 £000s	31 March 2016 £000s
Property, Plant & Equipment	4	1,595,282	1,626,637
Heritage Assets		5,771	5,978
Investment Property		28,621	23,705
Intangible Assets	5	5,887	5,629
Assets held for Sale		1,215	0
Long Term Investments		1,431	1,315
Investments in Associates and Joint Ventures		22	22
Long Term Debtors	7	12,098	11,253
Deferred Tax Asset		9,357	4,477
Long Term Assets		**1,659,684**	**1,679,016**
Short Term Investments		112,130	126,206
Inventories	6	2,534	2,941
Short Term Debtors	7	152,156	150,291
Cash and Cash Equivalents	8	78,150	61,587
Assets Held for Sale		1,390	1,110
Current Tax Recoverable			606
Current Assets		**346,360**	**342,741**
Short Term Borrowing		(16,873)	(13,606)
Other Short Term Liabilities		(3,479)	(3,212)
Short Term Creditors	9	(157,469)	(189,848)
Provisions		(6,713)	(6,356)
Current tax liability		(50)	(153)
Current Liabilities		**(184,584)**	**(213,175)**
Long Term Creditors		(5,278)	(2,197)
Provisions		(22,285)	(22,399)
Long Term Borrowing		(508,861)	(509,810)
Other Long Term Liabilities		(1,200,263)	(962,009)
Capital Grants Receipts in Advance		(28,955)	(29,485)
Long Term Liabilities		**(1,765,642)**	**(1,525,900)**
Net Assets		**55,818**	**282,682**
Usable Reserves	11	208,641	221,133
Unusable Reserves	11	(152,823)	61,549
Total Reserves		**55,818**	**282,682**

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Group Cash Flow Statement

	31 March 2015 £000s	31 March 2016 £000s
Net (surplus) or deficit on the provision of services	**90,457**	**71,037**
Adjust net (surplus) or deficit on the provision of services for non-cash movements	(202,361)	(221,124)
Adjust for Items in the net (surplus) or deficit on the provision of services that are investing and financing activities	112,653	104,610
Net cash flows from Operating Activities (note i)	749	(45,477)
Investing Activities (note ii)	(22,476)	63,078
Financing Activities (note iii)	812	(1,038)
Net (increase) or decrease in cash and cash equivalents	**(20,915)**	**16,563**
Cash and cash equivalents at the start of the year	**57,235**	**78,150**
Cash and cash equivalents at the end of the year (note 8)	**78,150**	**61,587**

Notes to the Group Cash Flow Statement

i. Operating Activities

The net cash flows from operating activities include the following items:

	2014-15 £000s	2015-16 £000s
Interest received	(2,026)	(2,045)
Interest paid	32,497	33,466

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

	2014-15 £000s	2015-16 £000s
Depreciation	(54,601)	(53,325)
Impairment and downward valuations	737	(282)
Increase/(decrease) in creditors	(513)	(13,082)
(Increase)/decrease in debtors	(1,192)	(17,065)
Movement in Pension Liability	(29,666)	(47,382)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(116,531)	(88,481)
Other non-cash items charged to the net surplus or deficit on the provision of services	(595)	(1,507)
	(202,361)	**(221,124)**

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

	2014-15 £000s	2015-16 £000s
Capital grants credited to the deficit on the provision of services	110,950	101,768
Proceeds from the sale of property, plant and equipment	11,558	2,087
Other items for which the cash effects are investing or financing activities	(9,855)	755
	112,653	**104,610**

ii. Investing Activities

The net cash flows from the investing activities include the following items:

	2014-15 £000s	2015-16 £000s
Purchase of property, plant and equipment, investment property and intangible assets	133,436	143,246
Purchase of short term and long term investments	0	12,010
Other payments for investing activities	5,598	11,635
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(12,654)	(3,703)
Proceeds from short term and long term investments	(38,908)	0
Other receipts from investing activities	(109,948)	(100,110)
Net cash flows from investing activities	**(22,476)**	**63,078**

iii. Financing Activities

The net cash flows from the financing activities include the following items:

	2014-15 £000s	2015-16 £000s
Cash receipts of short term and long term borrowing	(13,036)	(15,106)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	3,678	3,908
Repayments of short term and long term borrowing	9,193	9,860
Other payments from financing activities	977	300
Net cash flows from financing activities	**812**	**(1,038)**

Notes to the Group Accounts

1. Accounting Policies

1.1 General Principles

The accounting policies of the Group are the same as those applied to the Council's single entity accounts except for the following policies which are specific to the Group Accounts.

1.2 Joint Ventures

A joint venture is an arrangement of which two or more parties have joint control where the parties are bound by a contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement.

1.3 Business combinations

Business combinations occurring on or after 1 February 2009 are accounted for using the acquisition method under the revised IFRS 3 Business Combinations (IFRS 3R). The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

1.4 Tax Expense

The tax expense represents the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

The tax payable in respect of the year is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is calculated, without discounting, based on the laws enacted or substantially enacted by the reporting date and at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

1.5 Goodwill

Goodwill arises from the acquisition of a controlling interest in various companies within the group accounts. It represents the excess cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. It is reviewed annually for impairment and any impairment is recognised in the Comprehensive Income and Expenditure Statement.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

2. Group Comprehensive Income and Expenditure Statement (Group CIES)

The income and expenses of the Council's subsidiary companies are consolidated in the Statement on a line by line basis.

The exceptional items included in the Group CIES are amounts included in the Norse accounts and relate to:

	£000s
Redundancy costs	279
Settlement of legal dispute	850
Loss on share of Associate company	698
Total	**1,827**

The consolidation adjustment in the total for Financing and Investment Income and Expenditure is due to:

	2014-15 £000s	**2015-16 £000s**
Interest payable and similar charges	978	1,052
Net interest cost and on the net defined benefit liability	1,471	1,634
Interest receivable and similar income	(237)	(65)
Total for Norse Group Ltd and Independence Matters	**2,212**	**2,621**

3. Tax Expenses of Group Entities

The taxation figure included in the Group Comprehensive Income and Expenditure Statement represents:

	2014-15 £000s	**2015-16 £000s**
Tax in respect of the current year	593	1,258
Deferred tax in respect of the current year (retirement benefit obligations)	18	(344)
Deferred tax on actuarial loss/gain for the year	(3,042)	5,348
Total Taxation Expenses	**(2,431)**	**6,262**

4. Property, Plant and Equipment

Movements in 2015-16 on Group assets:

	Land and buildings £000s	Vehicles, plant, and equipment £000s	Infrastructure £000s	Community assets £000s	Assets under construction £000s	Surplus assets £000s	Total Property, Plant and Equipment £000s
Cost or Valuation							
At 1 April 2015	848,588	113,125	832,852	1	132,424	19,876	1,946,866
Additions	5,494	22,754	50,375	0	62,600	0	141,223
Revaluation increases/(decreases):							
- to Revaluation reserve	14,730	0	0	0	0	3,197	17,927
- to surplus or deficit on provision of services	2,222	0	0	0	0	(2,143)	79
Derecognition - disposals	(88,154)	(16,353)	0	(1)	(20)	(202)	(104,730)
Assets reclassified (to)/from Held for Sale	52	0	0	0	0	(1,266)	(1,214)
Reclassifications and transfers	70,664	81	29,486	0	(89,823)	(3,948)	6,460
At 31 March 2016	853,596	119,607	912,713	0	105,181	15,514	2,006,611
Accumulated Depreciation and Impairment							
At 1 April 2015	68,572	62,253	211,156	0	(48)	9,651	351,584
Depreciation charge	19,409	11,399	22,438	0	0	80	53,326
Depreciation written out to Revaluation reserve	(2,330)	0	0	0	0	(48)	(2,378)
Depreciation written out on revaluation to surplus or deficit on provision of services	(6,646)	0	0	0	0	(219)	(6,865)
Impairment losses/(reversals) recognised in:							
- the Revaluation reserve	126	0	0	0	0	0	126
- the surplus or deficit on provision of services	1,867	0	0	0	0	0	1,867
Derecognition - disposals	(2,121)	(15,552)	0	0	0	(13)	(17,686)
Reclassifications and transfers	227	1	(25)	0	0	(203)	0
At 31 March 2016	79,104	58,101	233,569	0	(48)	9,248	379,974
Net Book Value:							
At 31 March 2016	**774,492**	**61,506**	**679,144**	**0**	**105,229**	**6,266**	**1,626,637**
At 31 March 2015	780,016	50,872	621,696	1	132,472	10,225	1,595,282

Movements in 2014-15 on Group assets:

Cost or Valuation	Land and buildings £000s	Vehicles, plant, and equipment £000s	Infrastructure £000s	Community assets £000s	Assets under construction £000s	Surplus assets £000s	Total Property, Plant and Equipment £000s
At 1 April 2014	922,006	90,571	786,612	1	99,401	22,245	1,920,836
Additions	24,433	26,339	46,240	0	39,082	0	136,094
Revaluation increases/(decreases):							
- to Revaluation reserve	12,902	0	0	0	0	260	13,162
- to surplus or deficit on provision of services	3,625	0	0	0	0	(1,339)	2,286
Derecognition - disposals	(112,880)	(6,060)	0	0	(867)	0	(119,807)
Assets reclassified (to)/from Held for Sale	(1,215)	0	0	0	0	(4,480)	(5,695)
Reclassifications and transfers	(283)	2,275	0	0	(5,192)	3,190	(10)
At 31 March 2015	848,588	113,125	832,852	1	132,424	19,876	1,946,866
Accumulated Depreciation and Impairment							
At 1 April 2014	53,582	54,069	189,743	0	0	9,798	307,192
Depreciation charge	20,486	12,394	21,415	0	(48)	353	54,600
Depreciation written out to Revaluation reserve	(1,148)	0	0	0	0	(80)	(1,228)
Depreciation written out on revaluation to surplus or deficit on provision of services	(2,664)	0	0	0	0	(415)	(3,079)
Impairment losses/(reversals) recognised in:							
- the Revaluation reserve	(519)	0	0	0	0	0	(519)
- the surplus or deficit on provision of services	789	0	0	0	0	0	789
Derecognition - disposals	(1,936)	(4,203)	0	0	0	0	(6,139)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	(24)	(24)
Reclassifications and transfers	(18)	(7)	(2)	0	0	19	(8)
At 31 March 2015	68,572	62,253	211,156	0	(48)	9,651	351,584
Net Book Value:							
At 31 March 2015	**780,016**	**50,872**	**621,696**	**1**	**132,472**	**10,225**	**1,595,282**
At 31 March 2014	868,424	36,502	596,869	1	99,401	12,447	1,613,644

Capital Commitments

The Norse Group Ltd have no significant capital commitments as at 31 March 2016.

Details of the Council's capital commitments are shown in Note 0 to the Single Entity accounts.

5. Intangible Assets

The movement on the Group balances during the year:

	2014-15			2015-16		
	Other Intangible Assets	Goodwill	Total	Other Intangible Assets	Goodwill	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at the start of the year:						
- Gross carrying amounts	40,713	4,862	**45,575**	6,522	4,673	**11,195**
- Accumulated amortisation	(38,751)	(386)	**(39,137)**	(4,922)	(386)	**(5,308)**
Net carrying amount at the start of the year	1,962	4,476	**6,438**	1,600	4,287	**5,887**
Additions (purchases)	514	0	**514**	302	0	**302**
Disposals	(4)	0	**(4)**	0	0	**0**
Impairment losses	(13)	(189)	**(202)**	0	110	**110**
Amortisation for the period	(859)	0	**(859)**	(670)	0	**(670)**
Net carrying amount at the end of the year	1,600	4,287	**5,887**	1,232	4,397	**5,629**
Comprising:						
- Gross carrying amounts	6,522	4,673	**11,195**	6,824	4,783	**11,607**
- Accumulated amortisation	(4,922)	(386)	**(5,308)**	(5,592)	(386)	**(5,978)**
	1,600	4,287	**5,887**	1,232	4,397	**5,629**

The goodwill in the Group Balance Sheet relates to the acquisition of companies by the Norse Group Ltd. Other intangible assets include computer software and other intangible assets in the Norse Group Ltd accounts, which are being written off over a period of 3 to 10 years.

6. Inventories

Consumable Stores	2014-15	2015-16
	£000s	£000s
Balance outstanding at start of year	1,814	2,534
Purchases	32,796	31,644
Recognised as an expense in year	(32,075)	(31,237)
Written off balances	(1)	0
Balance outstanding at year end	**2,534**	**2,941**

7. Debtors

These are people and organisations that owe money to the Group at the end of the year. The total for other entities and individuals includes employee car loans and an adjustment for impairment (allowance for bad/doubtful debts).

	Long Term Debtors		Short Term Debtors	
	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s
Central Government bodies	0	0	18,635	9,482
Other local authorities	0	0	36,839	38,265
NHS bodies	624	0	11,602	12,649
Prepayments	0	0	19,986	23,441
Other entities and individuals	11,474	11,253	65,094	66,454
Group Total	**12,098**	**11,253**	**152,156**	**150,291**

8. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2015 £000s	31 March 2016 £000s
Single Entity Cash and Bank balances	2,874	(731)
Subsidiary cash and bank balances	14,149	10,289
Short term deposits with the Money Market	61,127	52,029
Total Group Cash and Cash Equivalents	**78,150**	**61,587**

9. Creditors

The table provides details of creditors included in current liabilities on the balance sheet.

	Short Term Creditors	
	31 March 2015 £000s	31 March 2016 £000s
Central Government bodies	12,618	14,148
Other local authorities	6,515	13,865
NHS bodies	4,178	6,677
Public Corporations and Trading Funds	144	0
Receipts in advance	7,782	2,861
Other entities and individuals	126,232	152,297
Group Total	**157,469**	**189,848**

10. Defined Benefit Pension Schemes

Norse Group Ltd is a participating employer in a number of multi-employer Local Government Pension Schemes, the main one being the Norfolk Pension Fund. The transactions for Norse Group Ltd relating to their defined benefit pension schemes have been added to those of the Council and reported in the same manner as in the single entity accounts except that the company's liabilities are reflected in their usable reserves (retained earnings) via the Group Movement in Reserves Statement.

Independence Matters CIC is an admitted body to the Norfolk Pension Scheme. The group accounts contain no adjustments in respect of this arrangement.

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the Group Usable Reserves via the Group Movement in Reserves Statement during the year:

	2014-15 £000s	2015-16 £000s
Group Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	57,275	76,500
Past service costs/(gain)	1,415	1,495
(Gain)/loss from settlements	(7,867)	(4,270)
Financing and Investment Income and Expenditure:		
Net interest expense	27,298	26,697
Total post employment benefit charged to the Surplus of Deficit on the Provision of Services	78,121	100,422
Other post employment benefit charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined pension liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	142,542	(13,003)
Actuarial gains and losses arising on changes in demographic assumptions	0	23,175
Actuarial gains and losses arising on changes in financial assumptions	(325,068)	209,649
Other (if applicable)	15,302	32,120
Total post employment benefit charged to the Group Comprehensive Income and Expenditure Statement		
Movement in Reserves Statement:		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(78,121)	(100,422)
Actual amount charged against Usable reserves for pensions for the year:		
Employers contributions payable to the scheme (includes contributions in respect of unfunded benefits)	58,774	59,845

Pensions assets and liabilities recognised in the Group Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	2014-15	2015-16
	£000s	£000s
Present value of the defined benefit obligation	(2,570,008)	(2,400,342)
Fair value of plan assets	1,743,281	1,784,978
Net liability arising from defined benefit obligation	(826,727)	(615,364)

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2014-15	2015-16
	£000s	£000s
Balance at 1 April	2,188,337	2,570,008
Current service cost	57,275	76,500
Interest cost	93,568	82,036
Contributions by scheme participants	15,466	15,371
Remeasurement gains and losses:		
Actuarial gains and losses arising on changes in demographic assumptions	0	(23,175)
Actuarial gains and losses arising on changes in financial assumptions	325,068	(209,649)
Other (if applicable)	(15,302)	(32,120)
Past service costs/(gain)	1,415	1,495
Losses /(gains) on curtailments	(21,013)	(9,837)
Benefits paid	(74,806)	(70,287)
Balance at 31 March	**2,570,008**	**2,400,342**

Reconciliation of the movements in the fair value of the scheme assets:

	2014-15	2015-16
	£000s	£000s
Opening fair value of scheme assets	1,548,181	1,743,281
Interest income	66,270	55,339
Remeasurement (gain)/loss:		
The return on plan assets, excluding the amount included in the net interest expense	142,542	(13,003)
Employer contributions	58,774	59,845
Contributions by scheme participants	15,466	15,371
Benefits paid	(74,806)	(70,288)
Other (gain/loss from settlements)	(13,146)	(5,567)
Balance at 31 March	**1,743,281**	**1,784,978**

The basis for estimating assets and liabilities, significant assumptions used by the actuary and the estimation of the defined benefit obligations are consistent with the disclosures shown in the Council's single entity accounts as shown in note 38.

11. Reserves

Movements on the Group reserves are detailed in the Group Movement in Reserve Statement on page 93. The reserves of the subsidiaries include:

	Usable Reserves	Unusable Reserves		
	Retained Earnings	Capital Contribution Reserve	Revaluation Reserve	Total Unusable Reserves
	£000s	£000s	£000s	£000s
Balance at 1 April	(12,906)	16,200	682	16,882
Profit/(Loss) for the year	2,021	0	0	0
Actuarial loss in respect of defined benefit pension schemes	20,275	0	0	0
Deferred tax in respect of defined benefit pension schemes	(4,914)	0	0	0
Balance at 31 March	**4,476**	**16,200**	**682**	**16,882**

12. Leasing

(i) Finance Leases

The Group total comprises the Council's assets together with the vehicles, plant and equipment acquired under finance leases by the Council's subsidiary company Norse Group Ltd.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

Group	**31 March 2015**	**31 March 2016**
	£000s	**£000s**
Land and buildings	8,904	8,724
Vehicles, plant and equipment	8,525	7,259
Heritage Assets	2,178	2,270
Group Total	**19,607**	**18,253**

The minimum lease payments are made up of the following amounts:

Group	**31 March 2015**	**31 March 2016**
	£000s	**£000s**
Finance lease liabilities (net present value of minimum lease payments):		
Current	2,649	2,462
Non current	7,884	6,252
Finance costs payable in future years	1,120	812
Minimum lease payments	**11,653**	**9,526**

The minimum lease payments will be payable over the following periods:

Group	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015	31 March 2016	31 March 2015	31 March 2016
	£000s	£000s	£000s	£000s
Not later than one year	3,045	2,781	2,649	2,462
Later than one year and not later than five years	7,233	3,906	6,020	5,339
Later than five years	1,335	2,839	1,864	1,303
	11,613	**9,526**	**10,533**	**9,104**

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

(ii) Operating Leases

Vehicles, Plant and Equipment:

Norse Group Ltd - The group uses leased vehicles, plant and equipment financed under the terms of an operating lease. The amount paid under these arrangements in 2015-16 was £1.899m (£2.546m in 2014-15). The company also leases a number of properties on short term leases which have been accounted for as operating leases. The rentals payable in 2015-16 were £1.871m (£2.059m in 2014-15).

Details of the Council's leases are shown in Note 34 on page 73.

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

	31 March 2015	31 March 2016
	£000s	£000s
Not later than one year	4,731	4,578
Later than one year and not later than five years	12,111	13,718
Later than five years	11,728	11,092
Total	**28,570**	**29,388**

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £3.618m (£4.977m in 2014-15).

13. Financial Instruments

The following categories of financial instruments are carried in the Group Balance Sheet:

		Long Term		Current	
		31 March 2015	31 March 2016	31 March 2015	31 March 2016
		£000s	£000s	£000s	£000s
Investments:					
Loans and receivables		193	77	112,130	126,206
Available for sale financial assets	(i)	1,238	1,238	0	0
Total included in Investments		**1,431**	**1,315**	**112,130**	**126,206**

		Long Term		Current	
		31 March 2015	31 March 2016	31 March 2015	31 March 2016
		£000s	£000s	£000s	£000s
Debtors					
Loans and receivables	(ii)	9,883	8,956	96,675	105,448
Soft Loans (legal charges on property)	(iii)	2,215	2,297	610	581
Total included in Debtors		**12,098**	**11,253**	**97,285**	**106,029**
Borrowings:					
Financial liabilities at amortised cost		508,861	509,810	16,873	13,606
Total included in Borrowings		**508,861**	**509,810**	**16,873**	**13,606**
Other Long Term Liabilities					
PFI liabilities		54,951	54,201	830	750
Finance lease liabilities		7,843	6,642	2,649	2,462
Total Other Long Term Liabilities		**62,794**	**60,843**	**3,479**	**3,212**
Creditors					
Financial liabilities at amortised cost		447	2,197	119,189	155,261
Total included in Creditors		**447**	**2,197**	**119,189**	**155,261**

(i) The available for sale assets are the Council's investments in Norwich Airport (£1.236m) and in two other companies associated with the Airport - Legislator 1656 and Legislator 1657 (£0.002m). None of the companies are quoted on the stock exchange, the share holdings on the balance sheet are shown at cost in line with the Council's accounting policy.

(ii) The debtors and creditors total in the table above excludes non contractual items (e.g. council tax) as these are not financial instruments.

(iii) The soft loans represent the total of deferred payment agreements made prior to 1 April 2015 where residential care clients exercised their option to defer payment for services received by agreeing to a legal charge on property they own. No interest is charged against these deferred payments. The fair value shown includes an interest element based on the average rate of interest payable on the Council's debt for the year (5.25%). From 1 April 2015 the Council created a Deferred Payments Scheme as required by the Care Act 2014. This scheme includes an interest charge at market rate, therefore any new agreements will not be soft loans.

Norfolk Pension Fund Accounts

Introduction

This section provides details of the accounts of the Local Government Pension Fund for the year ending 31 March 2016.

The Local Government Pension Scheme is statutorily based and is governed by the Local Government Pension Scheme Regulations 1997 and subsequent amendment.

The full Pension Fund Accounts have been considered by the Pensions Committee at its meeting on 6 September 2016 and will be incorporated in the Pension Fund Annual Report. A copy of the report will be placed on the Pension Fund's website www.norfolkpensionfund.org

The Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 (the Code of Practice) requires authorities to account for pension funds in accordance with IAS 26 Accounting and Reporting by Retirement Benefit Plans, subject to the interpretations and adaptations detailed in the Code of Practice.

The accounting statements in this section comprise:

- Revenue and Fund Account – shows the changes in net assets available for benefits, including income to and expenditure from the fund relating to scheme members and to the investment and administration of the fund
- Net Assets Statement – discloses the type and value of the assets available at the year end to meet benefits
- Notes to the accounts – provide additional information including a description of the fund, a summary of the significant applicable accounting policies, and supporting information on the figures included in the accounts.

A list of participating employers is included at the end of this section.

Independent Auditor's Report on Norfolk Pension Fund Accounts to the Members of Norfolk County Council

Once given the auditors opinion will appear here

Revenue and Fund Account for the year ended 31 March 2016

	Note	2014-15	2015-16
		£000s	**£000s**
Dealings with members, employers and others directly involved in the Fund			
Contributions	7	125,054	125,625
Transfers in from other pension funds	8	5,255	5,130
		130,309	**130,755**
Benefits	9	(121,841)	(125,516)
Payments to and on account of leavers	10	(87,683)	(12,636)
		(209,524)	**(138,152)**
Net additions/withdrawals from dealings with members		**(79,215)**	**(7,397)**
Management expenses	11	**(15,484)**	**(15,674)**
Returns on investments			
Investment income	12	57,820	65,301
Taxes on income	13	(286)	(257)
Profit and losses on disposal of investments and changes in the market value of investments	15a	315,888	(86,045)
Net return on investments		**373,422**	**(21,001)**
Net increase/decrease in the net assets available for benefits during the year		**278,723**	**(44,072)**
Opening net assets of the scheme		**2,670,147**	**2,948,870**
Closing net assets of the scheme		**2,948,870**	**2,904,798**

Net Assets Statement at 31 March 2016

	Note	2014-15	2015-16
		£000s	**£000s**
Investment assets	15	2,991,654	2,893,172
Investment liabilities	15	(61,280)	(5,860)
		2,930,374	**2,887,312**
Long term Debtors	20	8,414	5,645
		8,414	**5,645**
Current Assets			
Debtors	20	15,739	16,956
Cash in hand		1,787	2,768
		17,526	**19,724**
Current Liabilities			
Creditors	21	(7,444)	(7,883)
		(7,444)	**(7,883)**
Net Current Assets		**10,082**	**11,841**
Net Assets of the Fund available to fund benefits at the period end		**2,948,870**	**2,904,798**

The Fund accounts and the net assets statement do not take account of liabilities to pay pensions and other benefits after the period end. The ability to meet these future liabilities is considered by the Fund Actuary as part of the triennial formal valuation process. Information relating to the valuation of these liabilities is shown in note 19.

Notes to the Accounts

1. Description of the Fund

The Norfolk Pension Fund ("the Fund") is part of the Local Government Pension Scheme and is administered by Norfolk County Council ("the Administering Authority"). The Administering Authority is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Norfolk Pension Fund Annual Report 2015-16 and the underlying statutory powers underpinning the scheme, namely the Public Service Pension Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

(a) General

The fund is governed by the Public Service Pension Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended)

It is a contributory defined benefit pension scheme administered by Norfolk County Council to provide pensions and other benefits for pensionable employees of Norfolk County Council, the district councils in Norfolk and a range of other scheduled and admitted bodies. Teachers, police officers and fire fighters are not included as they come within other national public sector pension schemes.

The Council has delegated its pension functions to the Pensions Committee. Responsibility for the administration and financial management of the Fund has been delegated to the Executive Director of Finance.

The Pension Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Committee meets quarterly in order to:

- Ensure compliance with legislation and best practice.
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service.
- Consider issues arising and make decisions to ensure efficient and effective performance and service delivery.
- Appoint and monitor advisors.
- Ensure that arrangements are in place for consultation with stakeholders as necessary.

(b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Norfolk Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the fund.
- Admitted bodies, which are other organisations that participate in the fund under an admission agreement between the fund and the relevant organisation.

  Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are currently 262 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below:

	31 March 2015	31 March 2016
Number of Employers with Active Members	**233**	**262**
Number of Employees in Scheme		
Norfolk County Council	14,460	14,655
Other Employers	13,178	13,375
Total	**27,638**	**28,030**
Number of Pensioners		
Norfolk County Council	11,148	11,618
Other Employers	10,099	10,597
Total	**21,247**	**22,215**
Deferred Pensioners		
Norfolk County Council	17,882	19,486
Other Employers	11,243	12,991
Total	**29,125**	**32,477**

The movement in employer numbers is due to the following employers leaving or joining the Fund during the financial year: -

Employers ceasing to have active employees in the Fund:	Employers joining the active section of the Fund:
1 . Aylmerton Parish Council 2 . Great Yarmouth Sport and Leisure Trust 3 . Hales and Heckingham Parish Council 4 . Norfolk Association of Local Councils 5 . Pre-School Learning Alliance (Hunstanton)	1. Anthony Curton Primary School 2. Castle Acre Church of England Primary School 3. Colkirk Church of England Primary School 4. Dereham Church of England Junior Academy 5. Diocese of Norwich Education and Academies Trust (formerly Diocese of Norwich Multi-Academy Trust) 6. Drayton Parish Council 7. Engage Educational Services 8. Garvestone, Reymerston & Thuxton Parish Council 9. Gooderstone Church of England Primary Academy 10. Great Witchingham Church of England Primary School 11. Heart Education Trust 12. The Hewett Academy 13. Hilgay Riverside Academy 14. Hockering Primary Aademy 15. Holt Town Council 16. King's Lynn Internal Drainage Board (Water Management Alliance) 17. Konectbus Ltd 18. Lingwood & Burlingham Parish Council 19. Lingwood Primary Academy 20. Marshland High School 21. Marshland St James Primary School 22. Narborough Church of England Primary Academy 23. Rackheath Parish Council 24. Sculthorpe Church of England Primary School 25. Sentinel Leisure Trust 26. Sewell Park Academy 27. Sheringham Town Council 28. Southery Academy 29. Sporle Church of England Primary School 30. St Andrews Primary School 31. St Peters Church of England Primary Academy 32. Tasburgh Parish Council 33. Ten Mile Bank Primary Community Primary School 34. West Raynham VC Primary School

A full list of participating employers is shown on page 150.

(c) Funding

Benefits are funded by employee and employer contributions and investment earnings. For the financial year ending 31 March 2016, employee contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of full-time equivalent pensionable salary.

Banding depends on a member's actual annual pay rate. The table below shows the bands for 2016-17. The bandings are unchanged from 2015-16.

Actual Pensionable Pay 2016-17	Contribution rate per year 2016-17
Up to £13,600	5.5%
£13,601 to £21,200	5.8%
£21,201 to £34,400	6.5%
£34,401 to £43,500	6.8%
£43,501 to £60,700	8.5%
£60,701 to £86,000	9.9%
£86,001 to £101,200	10.5%
£101,201 to £151,800	11.4%
More than £151,800	12.5%

Employee contribution rates are prescribed by the governing regulations, and cannot be varied locally. Employers' contributions are set based on triennial actuarial funding valuations.

The last valuation at March 2013 set the rates payable by employers for the period 1 April 2014 to 31 March 2017. Excluding lump sum deficit recovery payments these rates range from 0% to 28.6% of actual pensionable pay. Work on the March 2016 valuation is underway.

(d) Benefits

Pension benefits under the LGPS (until March 2014) were based on final pensionable pay and length of pensionable service. From 1st April 2014 the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th.

	Membership before April 2008	Membership April 2008 to March 2014	Membership from April 2014
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary	1/49 of pensionable pay in each year
Lump Sum	Automatic lump sum of 3 x salary	No automatic lump sum	No automatic lump sum
Additional Lump Sum	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1of pension given up	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up

Benefits are index-linked in order to keep pace with inflation. In June 2010, the Government announced that the method of indexation would change from the retail prices index (RPI) to the consumer prices index (CPI). This change took effect from 1 April 2011. The appropriate index for April 2016 is negative (-0.1%) and means pensions that have accrued for active scheme members during 2015-16 will be reduced on 1 April 2016. However, the Government have confirmed that pensions in payment should not be reduced. The Fund is awaiting advice from the Government on the method of reduction for those members leaving the scheme in 2015-16 and not drawing a pension

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For details please contact the Fund.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2015-16 financial year and its position at year-end as at 31 March 2016. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 26 approach, is disclosed at note 19 of these accounts.

The accounts have been prepared on the normal accruals basis of accounting other than in respect of transfer values.

Generally transfer values are prepared on a cash basis. Where a transaction in respect of a transfer out has already been processed through the pensions administration system but not through the accounts payable system a creditor will be shown.

The 2014-15 comparator figures for deficit contributions and contingent assets have been represented in note 7 and 25. The 2014-15 comparator figure in Note 15b (analysis of investments) has also been represented to reflect changes in the presentation of the note to reconcile with the Assets and liabilities shown in the Net Asset Statement.

3. Summary of Significant Accounting Policies

Fund Account - Revenue Recognition

(a) Contribution income

Employees normal and additional contributions are accounted for when deducted from pay. Employer contributions are accounted for on the same basis as they are expressed in the Rates & Adjustments certificate to the relevant formal valuation. Employees and employers normal contributions are accounted for on an accruals basis.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

(b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see notes 8 and 10).

Individual transfers in and out are accounted for on a cash basis when received or paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

(c) Investment income

i) Interest income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iii) Distributions from pooled funds

Income distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iv) Property-related income

Property-related income consists of rental income and income from pooled property investment vehicles. Income from pooled property investment vehicles is recognised as in iii) above.

v) Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account - Expense Items

(d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

(e) Taxation

The fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

(f) Management expenses

i) Administrative expenses

All administrative expenses are accounted for on an accruals basis. All costs incurred in respect of the administration of the Fund by the Administering Authority are charged to the Fund. These include staff, accommodation and IT costs.

ii) Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management and other overheads are apportioned to this activity and charged as expenses to the fund.

iii) Investment Management Expenses

All investment management expenses are accounted for on an accruals basis. Fund Manager fees are broadly based on the market value of the assets under management and therefore increase or reduce as the value of these investments change. Fees payable to external investment managers and the custodian are in accordance with the contractual agreements with the Fund.

In addition the Fund has agreements with the following managers that an element of their fee is performance related:

Manager	Asset Class
Baillie Gifford & Co	UK Equities
Capital International	Global Equities
Fidelity	Overseas Equities
Henderson Global Investors	Fixed Income

	2014-15 £000s		2015-16 £000s
Performance-related fees	1,747		1,056

Where an investment managers' fee invoice has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year plus any appropriate performance allowance is used for inclusion in the Fund account.

	2014-15 £000s		2015-16 £000s
Value of fees based on estimates	3,568		3,224

The cost of obtaining investment advice from external consultants, investment performance measurement, governance and voting and custody is included within management expense under the relevant heading.

Net Assets Statement

(g) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of asset are recognised by the Fund in the Fund Account.

The values of investments as shown in the net assets statement have been determined as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

ii) Fixed interest securities

Fixed interest securities are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

- Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the council expects to receive on wind-up, less estimated realisation costs.

  Securities subject to takeover offer - the value of the consideration offered under the offer, less estimated realisation costs.

  Directly held investments includes investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
- Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
- Investments in private equity funds and unquoted listed partnerships are valued based on the fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the appropriate industry guidelines.

iv) Limited partnerships

Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

v) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid prices if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

vi) Freehold and leasehold properties

The direct property holding was valued on the basis of market value at 31 March 2016, by NPS Property Consultants Ltd using a MRICS qualified Valuer in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards 2014. The direct property holding is valued every 3 years in line with the triennial valuation of the Fund. NPS Property Consultants Ltd is an employer within the Norfolk Pension Fund and the Surveyor that undertook the valuation was contributing member when the valuation was completed.

(h) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

(i) Derivatives

The fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The fund does not hold derivatives for speculative purposes.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The value of futures contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

(j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits as arising. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Cash and cash equivalents held with the global custodian (HSBC) are classified as cash deposits within other investment balances. Operational cash balances managed by the Administering Authority's treasury management operations are disclosed as cash in hand within current assets.

(k) Financial liabilities

The fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

(l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (note 19).

(m) Additional voluntary contributions (AVCs)

The Fund has three appointed providers of AVCs; Prudential, Clerical Medical and Equitable Life (a legacy arrangement that is not open to new contributors).

AVCs are held by the providers and do not form part of the Fund's assets. These amounts are not included in the main fund accounts in accordance with Regulation 4 (2) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 but are disclosed as a note only (note 22).

Members participating in these arrangements receive an annual statement at 31 March each year showing the amount held in their account and the movements in the year. Contributions are deducted from member salaries by their employer and paid directly to the AVC providers. AVCs may be used to fund additional retirement benefits or to purchase additional life cover at a level higher than that provided by the main scheme.

Upon retirement the value of an individual AVC account may be used in some or all of the following ways depending on the circumstances of the retiring member:

i) Buy an annuity from a third party provider.
ii) Buy an annuity within the LGPS.
iii) Take some of or the entire accumulated AVC fund as cash, if within limits set down in the scheme regulations and by HMRC.
iv) Under certain specific circumstances buy extra membership within the LGPS (this is a legacy right associated with some members only)

(n) Accounting Standards issued but not yet adopted

The 2015-16 and 2016-17 Code of Practice on Local Authority Accounting lists a number of accounting standards that have been issued but not yet adopted. Of the standards listed, IFRS 13 Fair Value Measurement is the most relevant to the Fund. Having considered all the standards the Fund has determined there is no material impact on the accounts and no additional disclosure is required.

4. Critical Judgements in Applying Accounting Policies

Unquoted private equity investments

It is important to recognise the subjective nature of determining the fair value of private equity investments. They are inherently based on forward-looking estimates and judgements involving many factors.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Norfolk Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Funds managed by HarbourVest are subject to full valuations at 31 March each year. Standard Life funds are valued at 31 December and rolled forward for cash flows to 31 March.

	2014-15 £000s		2015-16 £000s
Value of unquoted private equity	193,353		183,489

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary. The assumptions underpinning the valuations are agreed with the actuary and are summarised in note 18. In accordance with IAS26 the fund is also required to disclose on an annual basis the actuarial present value of promised retirement benefits (see note 19). Actuarial methodology used in triennial valuations is different from that used in IAS26, therefore they will produce different liability values at a common valuation date.

The liability estimates in notes 18 and 19 are subject to significant variances based on changes to the underlying assumptions and actual future experience related to the development of pension liabilities.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires the Administering Authority 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 key judgements and uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (measured under IAS26)	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. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the real discount rate assumption would result in a decrease in the pension liability of £393 million. A 0.25% increase in the assumed earnings inflation would increase the value of liabilities by approximately £70 million, a 0.5% increase in the pension increase rate would increase the liability by approximately £290 million and a one-year increase in assumed life expectancy would increase the liability by approximately £125 million.
Private Equity	Private equity investments are valued at fair value in accordance with appropriate standards and guidance. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £183.5 million. There is a risk that this investment may be under or overstated in the accounts.

6. Events after the Balance Sheet Date

There have been no events since 31 March 2016, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

7. Contributions receivable

	2014-15	2015-16
By Category	**£000s**	**£000s**
Employers – normal	94,462	94,664
Employers – special	1,516	293
Employers – augmentation	0	1
Employers – strain	1,823	2,946
Members – normal	26,455	27,014
Members – purchase of additional scheme benefits	798	707
Total	**125,054**	**125,625**

Employer Normal contributions include deficit recovery Contributions as shown below. Where applicable the actuarial certification of the employers' contribution rate includes an element in respect of deficit funding estimated to recover the deficit on that employers section of the Fund over an agreed period.

	2014-15	2015-16
	£000s	**£000s**
Deficit recovery contributions included in employer normal contributions	28,599	27,499
Total	**28,599**	**27,499**

Special contributions represent amounts paid by employers in excess of the minimum contribution levels required by the Actuary (in the Rates and Adjustment Certificate to the applicable triennial valuation) and to termination settlements agreed by scheduled bodies ceasing participation in the Fund. They do not relate to augmentation and strain arising on non ill-health early retirements.

Pension benefits are funded to be paid from normal retirement age. If any employee is allowed to take their pension benefits early this places an additional cost (strain) on the Pension Fund. Employers are required to reimburse the Pension Fund in respect of the "strain costs" arising from an employee taking early retirement. In some cases the cost can be paid in full at the date of retirement or by instalments over 3 years in which case interest is added.

	2014-15	2015-16
By Authority	**£000s**	**£000s**
Administering authority	51,465	53,895
Other scheduled bodies	45,197	45,851
Community admission bodies	8,561	6,240
Transferee admission bodies	2,892	2,874
Resolution bodies	16,939	16,765
Total	**125,054**	**125,625**

The LGPS provides scope for employers to award additional years of membership on retirement. If an employer opts to award augmented membership, the employer is required to purchase the additional period from the Pension Fund. Again in some cases the cost can be paid in one instalment or over 3 years with an appropriate interest adjustment.

The outstanding instalments due after 31 March were:

	2014-15	2015-16
	£000s	**£000s**
Strain instalments due after the balance sheet date	8	113
Total	**8**	**113**

The debtors figure for augmentation/strain due in note 20 comprises the total of these balances plus the outstanding invoiced balances in respect of augmentation/strain due from Fund employers at 31 March 2016.

8. Transfers in from other Pension Funds

	2014-15	2015-16
	£000s	**£000s**
Individual transfers	5,255	5,130
Total	**5,255**	**5,130**

The individual transfers figure represents the payments received by the Fund in relation to individual members' transfers of benefit into the Fund from other pension arrangements.

With effect from 1 April 2005 the Magistrates Courts Service (a body participating in the Norfolk Pension Fund) became part of the civil service. Terms have been agreed for the transfer of liabilities from all Local Government Pension Schemes (LGPS) to the Principal Civil Service Scheme (PCSPS).

Each affected LGPS Fund's actuary has determined the value of the pensioner and deferred liabilities remaining with the LGPS and calculated the requirement for sufficient retained assets to match these liabilities.

The Actuary has determined that there are insufficient assets to cover the remaining liabilities so a balancing payment is required to the Fund by the Civil Service (Her Majesty's Courts Service), spread over ten annual instalments.

	2014-15	2015-16
	£000s	£000s
HMCS total present value	7,698	6,530
Total	**7,698**	**6,530**

The discounted value of the outstanding cash flows is included in debtor balances at the year-end. The total present value of these payments is calculated as £6.5 million. As the payment is being made direct by the sponsoring government department rather than from the PCSPS (a registered pension scheme), the income has been classified as employer special contributions.

9. Benefits payable

	2014-15	2015-16
By Category	**£000s**	**£000s**
Pensions	96,794	100,846
Commutation and lump sum retirement benefits	24,040	20,984
Lump sum death benefits	1,007	3,686
Total	**121,841**	**125,516**
By Authority		
Administering authority	58,724	58,765
Other scheduled bodies	44,790	46,798
Community admission bodies	5,332	5,689
Transferee admission bodies	2,928	3,443
Resolution bodies	10,067	10,821
Total	**121,841**	**125,516**

10. Payments to and on account of leavers

	2014-15	2015-16
	£000s	£000s
Group transfers	82,097	7,239
Refunds to members leaving service	74	165
Individual Transfers out to other Schemes	5,512	5,232
Total	**87,683**	**12,636**

The 2014-15 Group Transfers figure represents the regulatory transfer of all active, deferred and pensioner members to the Greater Manchester Pension Fund. The 2015-16 Group Transfers figure includes three transfers out of all active, deferred and pensioner members to the Royal Borough of Kingston Upon Thames Pension Fund, Cambridgeshire County Council Pension Fund and the London Pension Fund Authority.

11. Management Expenses

Pension fund management expenses for 2015-16 are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

Note 11 Management Expenses now includes fund administration costs, oversight and governance costs (previously included with the fund administration cost figure) and investment management expenses (including Transaction Costs previously included in investment Purchases and Sales).

	2014-15 £000s	2015-16 £000s
Administrative costs	1,754	1,766
Investment managements expenses (see note14)	13,208	13,371
Oversight and governance costs	522	537
Total	15,484	15,674

The Local Government Pension Scheme Regulations enables administration expenses (including Oversight and Governance) to be charged to the Fund. Investment management expenses are analysed further in note 14.

12. Investment Income

	2014-15 £000s	2015-16 £000s
Income from fixed interest securities	3,780	6,327
Equity dividends	20,011	20,872
Pooled property investments	13,010	14,059
Pooled fund income- Unit trusts and other managed funds	10,207	14,097
Private equity income	4,878	3,698
Pooled funds rebate	5,651	5,963
Stock lending	142	112
Interest on cash deposits	61	98
Property (Note 12a)	36	36
Other	44	39
Total Investment Income	**57,820**	**65,301**

12 (a). Property Income

	2014-15 £000s	2015-16 £000s
Rental income	36	36
Direct operating expenses	0	(1)
Net income	**36**	**35**

13. Taxes on Income

	2014-15 £000s	2015-16 £000s
Withholding tax - equities	268	248
Withholding tax – pooled investments	18	9
	286	**257**

14. Investment Expenses

	2014-15 £000s	2015-16 £000s
Management fees – invoiced ad valorem	6,348	6,724
Management fees – invoiced performance	1,747	1,056
Management expenses on unit trusts	1,215	1,306
Private Equity – fund of fund fees	3,111	3,509
Direct Property	0	1
Custody fees	120	55
Derivative commission fees	50	39
Transaction costs	617	681
Total	**13,208**	**13,371**

15. Investments

	Market Value 31 March 2015 £000s	Market Value 31 March 2016 £000s
Investment assets		
Fixed Interest Securities	123,987	0
Equities	821,867	787,143
Pooled Investments	1,306,655	1,499,620
Pooled property investments	339,470	378,335
Private equity Partnerships	193,353	183,489
Property	454	444
Derivatives - forward currency	5,630	3,238
Cash deposits	58,766	36,068
Amounts receivable for sales	54,472	4,835
Prepayment of Investment	87,000	0
Total investment assets	**2,991,654**	**2,893,172**
Investment liabilities		
Derivatives – futures	(653)	0
Derivatives - forward currency	(3,060)	(4,442)
Amounts payable for purchases	(57,567)	(1,418)
Total investment liabilities	**(61,280)**	**(5,860)**
Net investment assets	**2,930,374**	**2,887,312**

15 (a) Reconciliation of Movements in Investments and Derivatives 2015-16

	Market value 31 March 2015 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Change in market value during the year £000s	Market value 31 March 2016 £000s
Fixed interest securities	**123,987**	8,077	(128,140)	(3,924)	0
Equities	**821,867**	231,091	(216,474)	(49,341)	**787,143**
Pooled investments	**1,306,655**	566,211	(380,160)	6,914	**1,499,620**
Pooled property investments	**339,470**	67,598	(49,561)	20,828	**378,335**
Private equity	**193,353**	31,450	(65,421)	24,107	**183,489**
Property	**454**	0	0	(10)	**444**
	2,785,786	**904,427**	**(839,756)**	**(1,426)**	**2,849,031**
Derivative contracts:					
- Futures	**(653)**	1,185	(474)	(58)	**0**
- Forward currency contracts	**2,570**	167,453	(139,048)	(32,179)	**(1,204)**
	1,917	**168,638**	**(139,522)**	**(32,237)**	**(1,204)**
Other investment balances:					
- Cash deposits	**58,766**			(52,382)	**36,068**
- Amount receivable for sales of investments	**54,472**				**4,835**
- Prepayment of investment Balances	**87,000**				**0**
- Amount payable for purchases of investments	**(57,567)**				**(1,418)**
Net investment assets	**2,930,374**			**(86,045)**	**2,887,312**

15 (a) Reconciliation of Movements in Investments and Derivatives 2014-15

	Market value 31 March 2014 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Change in market value during the year £000s	Market value 31 March 2015 £000s
Fixed interest securities	**122,677**	14,486	(14,512)	1,336	123,987
Equities	**793,786**	355,680	(427,425)	99,826	821,867

	Market value 31 March 2014 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Change in market value during the year £000s	Market value 31 March 2015 £000s
Pooled investments	**1,190,572**	103,674	(137,984)	150,393	1,306,655
Pooled property investments	**308,550**	39,612	(46,976)	38,284	339,470
Private equity	**188,146**	28,107	(38,568)	15,668	193,353
Property	**454**	0	0	0	454
	2,604,185	**541,559**	**(665,465)**	**305,507**	**2,785,786**
Derivative contracts:					
- Futures	**(290)**	5,876	0	(6,239)	**(653)**
- Forward currency contracts	**5,014**	156,717	(159,505)	344	**2,570**
	4,724	**162,593**	**(159,505)**	**(5,895)**	**1,917**
Other investment balances:					
- Cash deposits	**40,844**			16,276	**58,766**
- Amount receivable for sales of investments	**4,413**				**54,472**
- Prepayment of investment Balances	**0**				**87,000**
- Amount payable for purchases of investments	**(4,422)**				**(57,567)**
Net investment assets	**2,649,744**			**315,888**	**2,930,374**

Transaction costs are included in the cost of purchases and in sale proceeds. These include costs charged directly to the fund, such as fees, commissions, stamp duty and other fees. In addition to these costs, indirect costs are incurred through the bid-offer spread on investments within pooled investments.

Transaction costs incurred during 2015-16	£681,000
Transaction costs incurred during 2014-15	£617,000

15 (b) Analysis of Investments (excluding derivative contracts)

	2014-15 £000s	2015-16 £000s
Fixed Interest Securities		
UK		
Corporate quoted	74,273	0
Overseas		
Public sector quoted	0	0
Corporate quoted	49,714	0
	123,987	**0**
Equities		
UK		
Quoted	266,803	264,232
Overseas		
Quoted	555,064	522,911
	821,867	**787,143**
Pooled Funds – additional analysis		
Unit trusts	764,598	694,837
Unitised insurance policies	235,131	226,367
Other managed funds	110,150	381,788
	1,109,879	**1,302,992**
Overseas		
Unit trusts	196,776	196,628
	196,776	**196,628**
Pooled property investments	339,470	378,335
Private equity	193,353	183,489
Direct Property	454	444
Derivatives – forward currency	5,630	3,238
	538,907	**565,506**
Cash deposits	58,766	36,068
Amounts receivable for sales	54,472	4,835
Prepayment of Investment Balances	87,000	0
	200,238	**40,903**
Total investment assets	**2,991,654**	**2,893,172**

	2014-15 £000s	2015-16 £000s
Investment liabilities		
Derivatives – futures	(653)	0
Derivatives – forward currency	(3,060)	(4,442)
Amounts payable for purchases	(57,567)	(1,418)
Total investment liabilities	**(61,280)**	**(5,860)**
Net investment assets	**2,930,374**	**2,887,312**

15 (b) Analysis of Derivatives

Objectives and policies for holding derivatives

The holdings in derivatives are to hedge exposures to reduce risk in the fund. The use of derivatives is managed in line with the investment management agreements between the fund and the investment managers holding mandates that permit the use of these instruments.

a) Futures

Futures contracts are exchange traded contracts to buy or sell a standard quantity of a specific asset at a pre-determined future date. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

The Fund has authorised the use of futures by Henderson and M&G to assist in meeting the investment objectives that they have been set. Henderson did not hold any futures contracts in its portfolio at 31 March 2016 (2015 nil). Similarly M&G were also required to hedge 100% of the non-Sterling currency exposure (Euro) within its fixed interest portfolio. The M&G portfolio was restructured during this financial year and a result M&G no longer hold any futures contracts or undertake currency hedging on behalf of the Fund.

b) Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment opportunities, a significant proportion of the Fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the Fund has a currency hedging programme in place.

The Fund also requires Aviva to hedge 100% of the currency exposure arising from its discretionary (off-benchmark) investments in global (ex-UK) property funds. This hedging activity covers US Dollar, Euro, Yen and Australian Dollar exposures. Similarly M&G were required to hedge 100% of the non-Sterling currency exposure (Euro) within its fixed interest holdings, until the portfolio was restructured during this financial year.

In addition to these mandate positions short term contracts may also arise in portfolios investing in non-Sterling denominated assets as a consequence of the need to settle transactions in foreign currencies. These tend to be shorter term contracts than those undertaken for other purposes but settlement may span the balance sheet date.

Futures

Outstanding exchange traded futures contracts are as follows:

Type	Expires	Economic Exposure £000s	Market Value 31 March 2015 £000s	Economic Exposure £000s	Market Value 31 March 2016 £000s
Assets					
UK fixed interest	Less than 1 year	0	0	0	0
Total assets			**0**		**0**
Liabilities					
UK fixed interest	Less than 1 year	(91,185)	(653)		0
Total liabilities			**(653)**		**0**
Net futures			**(653)**		**0**

There are no balances in respect of initial and variation margins arising on open futures contacts at the year-end included within cash balances (2015 £1,782,000).

Open forward currency contracts

Settlement	Currency bought	Local value 000s	Currency sold	Local value 000s	Asset value £000s	Liability value £000s
Up to one month	£	8,282	AUD	(17,199)	0	(914)
Up to one month	£	98,228	EUR	(126,323)	0	(1,974)
Up to one month	£	75,875	JPY	(12,312,259)	0	(379)
Up to one month	£	308,771	$	(440,643)	2,210	0
Up to one month	EUR	80,996	£	(63,219)	1,028	0
Up to one month	JPY	8,446,279	£	(52,498)	0	(186)
Up to one month	$	130,161	£	(91,543)	0	(989)
Open forward currency contacts at 31 March 2016					**3,238**	**(4,442)**
Net forward currency contracts at 31 March 2016						**(1,204)**
Prior year comparative						
Open forward currency contacts at 31 March 2015					**5,630**	**(3,060)**
Net forward currency contracts at 31 March 2015						**2,570**

At the 31st March 2016, cash totalling £610,000 (nil 2014-15) was held by the Fund as collateral against gains on its Forward foreign Currency contracts with Berenberg Bank. The cash was held in an HSBC account and is not included in the asset figures for the fund.

Contracts with a common underlying currency profile and similar maturity profile have been amalgamated for the purpose of disclosure. A key to the currencies referred to in the table is provided below:

Symbol / Acronym	Currency
£	British pounds (Sterling)
$	United States dollar
EUR	Euro
JPY	Japanese yen

15 (b) Investments Analysed by Fund Manager

	Market Value 31 March 2015 £000s	%	Market Value 31 March 2016 £000s	%
Fidelity	551,627	18.81	484,519	16.77
Aviva Investors	359,862	12.28	381,609	13.22
Henderson Global Investors	311,410	10.63	364,915	12.64
Capital International Ltd	284,040	9.69	277,905	9.63
Baillie Gifford & Co	237,622	8.11	231,013	8.00
Legal & General Investment Management	235,131	8.02	226,367	7.84
M&G	215,246	7.35	217,544	7.53
Wellington International	182,590	6.23	173,428	6.01
Sarasin & Partners	180,256	6.15	171,990	5.96
Goldman Sachs Asset Management	166,080	5.67	167,805	5.81
HarbourVest Partners	114,751	3.92	120,940	4.19
SL Capital Partners	78,234	2.67	62,555	2.17
Global Custodian*	12,493	0.43	6,400	0.22
Berenberg Bank*	(1,519)	(0.05)	1,341	0.05
Insight Investment (Pareto)*	2,551	0.09	(1,019)	(0.04)
	2,930,374	**100.00**	**2,887,312**	**100.00**

All the above companies are registered in the United Kingdom.

* The assets held by Global Custodian(s) represent cash held in money market funds primarily to meet the cash flow requirements of the Fund's private equity programme and monies held for property investment. Currency hedging contracts in respect of the Fund's overseas equity holdings are reported in the Insight Investment (Pareto) and Berenberg Bank holdings. The market value of the contracts could represent a payable or receivable.

15 (b) Investments representing more than 5% of the Net Assets of the Scheme

Security	Market Value 31 March 2015 £000s	Percentage of Total Fund %	Market Value 31 March 2016 £000s	Percentage of Total Fund %
Legal & General UK Equity Index Fund	234,360	7.9	225,576	7.8
M&G Alpha Opportunities Fund	0	0.0	210,670	7.3
Goldman Sachs Global Strategic Income Bond Portfolio (SIF)	166,080	5.6	167,805	5.8
Fidelity Institutional Exempt America Fund	167,217	5.7	162,186	5.6
Fidelity Institutional Europe Fund	150,174	5.1	146,613	5.1

During the year no individual investment (a single security) exceeded 5% of the total value of the net assets. Five pooled holdings (four in 2014-15) do represent over 5% of the total value of the net assets of the scheme. Each holding is a pooled investment vehicle and comprises the following:

- At 31 March 2016 the Legal and General UK Equity Index Fund held 653 (2015 642) stocks compared with the 641 (2015 642) stocks in the equity index that it tracks (FTSE all-share).
- As at 31 March 2016 the M&G Alpha Opportunities Fund has 415 positions, across 327 issuers.
- During 2015-16 the fund transitioned from the Goldman Sachs STAR Fund into the Goldman Sachs SIF Fund. The SIF fund held 1,089 individual positions at 31 March 2016.
- The underlying holdings of the Fidelity Institutional Exempt America Fund comprised 165 stocks at 31 March 2016 (2015 160).
- The Fidelity Institutional Europe Fund comprised 63 holdings at 31 March 2016 (2015 64).

The Legal & General investment is a unit linked contract of long term insurance ("the policy") issued by Legal & General Assurance (Pensions Management) Limited ("PMC"), to which units are allocated in the range of pooled investment funds operated as portfolios of assets ("PF Sections). The policy falls within Class II of Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, and is not a "with profits" contract. The value of the units in a PF Section are directly linked to the assets legally and beneficially owned by PMC and held in that PF section and units may be surrendered and their value realised in accordance with the conditions applying to the Policy (including at PMC's discretion, by a transfer of assets in specie). The value is incorporated into the net asset statement within other managed funds. The underlying assets are predominantly quoted UK equities but may also include uninvested cash and futures.

Within the Reconciliation of the Movements in Investments, the following investments represented more than 5% of the asset class or type at 31 March 2016:

Holding/Investment Type	Market Value 31 March 2016 £000s	Percentage of asset class %
Pooled investments		
Legal & General UK Equity Index Fund	225,576	15.04%
M&G Alpha Opportunities Fund	210,670	14.05%
Goldman Sachs Global Strategic Income Bond Portfolio	167,805	11.19%
Fidelity Institutional Exempt America Fund	162,186	10.82%
Fidelity Institutional Europe Fund	146,613	9.78%
Henderson Long Dated Credit Fund	138,375	9.23%
Fidelity Institutional Japan Fund	81,536	5.44%
Pooled property investments		
Industrial Property Investment Fund	34,855	9.21%
Standard Life Pooled Property Fund	32,589	8.61%
Blackrock UK Property Fund	32,554	8.60%
Aviva Investors Pensions Property Fund	32,295	8.54%
Threadneedle Property Unit Trust	25,417	6.72%
West End of London Property Unit Trust	22,793	6.02%
Henderson Central London Office Property	22,412	5.92%

Private equity		
Harbourvest VIII Cayman Buyout Fund	35,650	19.43%
Harbourvest VIII Cayman Venture Fund	24,115	13.14%
Standard Life European Strategic Partners 2008	24,046	13.10%
Standard Life European Strategic Partners 2004	19,177	10.45%
Standard Life European Strategic Partners 2006	17,122	9.33%
Harbourvest IX Cayman Buyout Fund	14,267	7.78%
Harbourvest IX Cayman Venture Fund	11,624	6.34%
Direct Property		
Hamlin Way, King's Lynn	444	100.00%

15 (c) Stock Lending

	31 March 2015	31 March 2016
	£000s	£000s
Value of quoted equities on loan	6,280	10,742
Fair value of collateral held by Custodian	6,636	11,595
Collateral relative to stock on loan (percentage coverage)	106%	108%

Stock Lending is a programme of lending eligible securities, such as domestic and overseas equities, corporate bonds, and sovereign government securities, from the portfolios of participating clients to approved borrowers, in return for a fee. The Fund's stock lending programme is managed by the Global Custodian (HSBC).

All loans are fully collateralised with government securities, bank letters of credit, certificates of deposit or UK equities settled in CREST. HSBC provides certain additional indemnifications as part of the lending agreement with them, to protect the Fund in the event of a borrower default coupled with a collateral shortfall relative to the defaulting position.

The maximum value of stock that may be on loan is £150m and an individual borrower limit (applied at the parent borrower level) of £25m is applied.

The following table provides an analysis of the securities on loan at 31 March:

Asset Type	Value on loan at 31 March 2015 £000s	Value on loan at 31 March 2016 £000s
UK Equities	886	4,644
Overseas Equities	5,394	6,098

At 31 March 2016, securities were on loan to 5 separate borrowers representing 5 parent groups. The largest single parent exposure was 51% of the lending programme.

15 (d) Property Holdings

	Year ending 31 March 2015	Year ending 31 March 2016
	£000s	£000s
Opening Balance	454	454
Additions	0	0
Disposals	0	0
Net increase in market value	0	0
Other changes in fair value	0	(10)
Closing balance	**454**	**444**

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligations to purchase, construct or develop the property. Nor does it have any responsibility for any repairs, maintenance or enhancements.

16. Financial Instruments

16 (a) Classification

	31 March 2015			31 March 2016		
	Designated as fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Designated as fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost
	£000s	£000s	£000s	£000s	£000s	£000s
Financial assets						
Fixed Interest Securities	123,987			0		
Equities	821,867			787,143		
Pooled Investments	1,306,655			1,499,620		
Pooled Property	339,470			378,335		
Private equity	193,353			183,489		
Derivative contracts	5,630			3,238		
Cash		60,553			38,836	
Other investment balances	146,140			9,290		
Debtors		46			98	
	2,937,102	**60,599**	**0**	**2,861,115**	**38,934**	**0**

Financial liabilities						
Derivative contracts	(3,713)			(4,442)		
Creditors			(5,834)			(5,476)
Other investment balances	(57,567)			(1,418)		
	(61,280)	**0**	**(5,834)**	**(5,860)**	**0**	**(5,476)**
	2,875,822	**60,599**	**(5,834)**	**2,855,255**	**38,934**	**(5,476)**

16 (b) Net gains and losses on Financial Instruments

	31 March 2015 £000s	31 March 2016 £000s
Financial assets		
Fair value through profit and loss	478,844	82,680
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
Financial liabilities		
Fair value through profit and loss	(162,956)	(168,715)
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
Total	**315,888**	**(86,035)**

16 (c) Fair Value of Financial Instruments and Liabilities

In accordance with our accounting policies, financial assets and liabilities are included in the accounts on a fair value basis. The Authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

16 (d) Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments and fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

Private Equity

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Norfolk Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Pooled Property

The values of the investment in private real estate are based on valuations provided by the underlying funds in which the Norfolk Pension Fund has invested. These underlying real estate valuations are generally prepared on an independent basis in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, which are consistent generally with IFRS. Valuations are usually undertaken on a quarterly basis.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2016	**Quoted market price Level 1 £000s**	**Using observable inputs Level 2 £000s**	**With significant unobservable inputs Level 3 £000s**	**Total £000s**
Financial assets				
Financial assets at fair value through profit and loss	2,299,291	0	561,824	2,861,115
Loans and receivables	38,934	0	0	38,934
Total financial assets	**2,338,225**	**0**	**561,824**	**2,900,049**
Financial liabilities				
Fair value through profit and loss	(5,860)	0	0	(5,860)
Financial liabilities at amortised cost	(5,476)	0	0	(5,476)
Total financial liabilities	**(11,336)**	**0**	**0**	**(11,336)**
Net financial assets	**2,326,889**	**0**	**561,824**	**2,888,713**

Values at 31 March 2015	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets				
Financial assets at fair value through profit and loss	2,404,279	0	532,823	2,937,102
Loans and receivables	60,599	0	0	60,599
Total financial assets	**2,464,878**	**0**	**532,823**	**2,997,701**
Financial liabilities				
Fair value through profit and loss	(61,280)	0	0	(61,280)
Financial liabilities at amortised cost	(5,834)	0	0	(5,834)
Total financial liabilities	**(67,114)**	**0**	**0**	**(67,114)**
Net financial assets	**2,397,764**	**0**	**532,823**	**2,930,587**

17. Nature and Extent of Risks Arising From Financial Instruments

Risk and risk management

The fund's primary long-term risk is that the fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. As there is an essential contradiction in these two aims the investment strategy aims to achieve an acceptable overall balance between “risk and reward”. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The Fund manages these investment risks as part of its overall risk management programme.

Responsibility for the Fund's risk management and investments strategies rests with the Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objectives of the fund’s risk management strategy are to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return at a given level of risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investment presents a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited but restrictions are in place on managers undertaking this activity.

The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the council to ensure it is within limits specified in the fund investment strategy.

Other Price Risk - Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Funds performance monitoring advisor, the Fund has determined that the following movements in market price risk are reasonably possible for the 2016-17 reporting period:

Asset Type	Potential Market Movements (+/-) %
UK Equities including pooled	10.85
Overseas Equities including pooled	9.62
UK Bonds including pooled	7.17
Index Linked Gilts including pooled	9.19
Bonds including pooled	6.42
Cash and Cash Equivalents (Including Payables and Receivables)	0.01
Pooled & Direct Property Investments	2.83
Private Equity	8.32
Total	**6.04***

* The total % includes the impact of correlation across asset classes at an aggregate level.

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the funds investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is also shown below):

Asset Type	Value as at 31 March 2016 £000s	Percentage Change %	Value on Increase £000s	Value on Decrease £000s
Cash and Cash Equivalents including payables and receivables	38,282	0.01	38,286	38,278
Investment Portfolio Assets:				
UK Equities including pooled	499,454	10.85	553,645	445,263
Overseas Equities including pooled	1,036,253	9.62	1,135,941	936,565

UK Bonds including pooled	61,191	7.17	65,578	56,804
Index Linked Gilts including pooled	63,086	9.19	68,884	57,288
Bonds including pooled	626,778	6.42	667,017	586,539
Pooled & Direct Property Investments	378,779	2.83	389,498	368,060
Private Equity	183,489	8.32	198,755	168,223
Total Assets Available to Pay Benefits	**2,887,312**	**6.04**	**3,061,706***	**2,712,918***

Asset Type	Value as at 31 March 2015 £000s	Percentage Change %	Value on Increase £000s	Value on Decrease £000s
Cash and Cash Equivalents including payables and receivables	145,241	0.02	145,270	145,212
Investment Portfolio Assets:				
UK Equities including pooled	510,921	10.60	565,079	456,763
Overseas Equities including pooled	1,084,383	9.21	1,184,255	984,511
UK Bonds including pooled	134,729	7.01	144,174	125,284
Overseas Bonds including pooled	463,654	1.59	471,026	456,282
Index Linked Gilts including pooled	58,169	9.47	63,678	52,660
Pooled & Direct Property Investments	339,924	3.53	351,923	327,925
Private Equity Partnerships	193,353	7.62	208,086	178,620
Total Assets Available to Pay Benefits	**2,930,374**	**5.63**	**3,095,354***	**2,765,394***

* The % change for Total Assets includes the impact of correlation across asset classes, which lowers the total increase and increases the total decrease at an aggregate level.

Interest Rate Risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The fund's direct exposure to interest rate movements through its gross cash holdings as at 31 March 2016 and 31 March 2015 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

Asset Type	Value as at 31 March 2015 £000s	Value as at 31 March 2016 £000s
Investment Cash Balances	58,766	36,068
Cash in hand	1,787	2,768
Total	**60,553**	**38,836**

Interest Rate Risk Sensitivity Analysis

The council recognises that interest rates can vary and can affect both income to the fund and the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied by the Administering Authority when considering risk in its own treasury management activities.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS (1%) change in interest rates:

Asset Type	**Carrying Amount as at 31 March 2016**	**Change in year in the net assets available to pay benefits**	
		+100 BPS	**-100 BPS**
	£000s	**£000s**	**£000s**
Investment Cash Balances	36,068	361	(361)
Cash in hand	2,768	28	(28)
	38,836	**389**	**(389)**

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (Sterling). The fund holds both monetary and non-monetary assets denominated in currencies other than Sterling and Sterling denominated pooled investment vehicles where the underlying assets are denominated in other currencies. As detailed in note 15b the Fund has various hedging strategies in place to reduce the impact of currency volatility on the Fund assets. The table below is prepared after consideration of the hedging strategies in place.

Currency Risk Sensitivity Analysis

Following analysis of historical data in consultation with the funds performance measurers, the council considers the likely annualised volatility associated with foreign exchange movements to be 3.45% in respect of non-sterling assets including those partially hedged to Sterling but excluding those where full hedging is in place (see note 15b).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 3.45% strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows (values shown are for non-Sterling denominated assets were full hedging of currency risk is not in place):

Currency Exposure – Asset Type	**Asset Value as at 31 March 2016**	**Change to net assets available to pay benefits**	
		+3.45%	**-3.45%**
	£000s	**£000s**	**£000s**
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,036,253	35,751	(35,751)
Private Equity	183,489	6,330	(6,330)
Change in net assets available to pay benefits		42,081	(42,081)

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities

In essence the fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Where a direct counterparty relationship exists, cash collateral is posted when the value of unrealised profit due to the Fund exceeds an agreed limit.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. Money market funds that are used all have AAA rating from a leading ratings agency.

The non-investment cash holding was managed through the treasury management arrangements of the Administering Authority:

The credit exposure was as follows:

Summary	Short term Rating (S&P) 31 March 2015	Balances at 31 March 2015 £000s	Short term Rating (S&P) 31 March 2016	Balances at 31 March 2016 £000s
Bank Deposit Accounts				
Barclays Bank PLC	A-1	1,092	A-2	1,373
HSBC	A-1+	1,092	A-1+	1,374
Bank current Accounts				
Barclays Bank (Co-op Bank 2014-15, part 2015-16)	Not rated by S&P-Fitch B	5	A-2	10
Total		2,189		2,757

The majority of Custodied Investment cash is swept overnight to the AAA rated constant NAV money market funds of the custodian(s) and one other provider (Deutsche). The credit exposure on investment cash balances at 31 March 2016 comprise £38.4 million (£49.5m) deposited with AAA rated money market funds, -£2.3 million (+£7.5m) overdrawn with the custodian HSBC as a result of a timing difference on pending trade (rated A-1+), £0 million (£1.8m) posted to a variation margin account held by Royal Bank of Scotland (rated A-3).

c) Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the pension fund has adequate cash resources to meet its commitments.

The council has immediate access to its pension fund cash holdings, there were no deposits with fixed periods at 31 March 2016 (2015 nil).

Liquid Assets

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. The Fund classifies property (pooled and direct) and private equity partnerships in this category.

Balances at 31 March 2015 £000s	Percentage of Total Fund Assets %	Balances at 31 March 2016 £000s	Percentage of Total Fund Assets %

533,277	18.2	562,268	19.5

The Fund regularly monitors and forecasts future cash flow to understand and manage the timing of the Fund's cash flow obligations.

All financial liabilities at 31 March 2016 are due within one year.

Refinancing Risk

The key risk is that the council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The council does not have any financial instruments that have a refinancing risk as part of its treasury and investment strategies.

18. Funding Arrangements

In line with the Local Government Pension Scheme (Administration) Regulations 2008, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last valuation took place as at 31 March 2013. The valuation as at 31 March 2016 is currently underway. The results of the March 2016 Valuation will be available for 31 March 2017.

The funding policy is set out in the administering authority's Funding Strategy Statement. The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by council tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of approximately 20 years and to provide stability in employer contribution rates where prudently possible. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet the expected future pension benefits payable. When an employer's funding level is less than 100% of the funding target (full solvency), then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

	Funded %	Deficit £ millions
2013 actuarial valuation	78%	705
2010 actuarial valuation	80%	486

The common contribution rate is 29.6% of payroll (2010 22.4%). The employer contribution rates payable (plus cash sums as applicable) arising from the 2013 Valuation are as follows:

Year	Employers Contribution Rates (% of actual pensionable pay)
1 April 2014 to 31 March 2015	Range from nil to 28.6
1 April 2015 to 31 March 2016	Range from nil to 28.6

1 April 2016 to 31 March 2017	Range from nil to 28.6

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2013 actuarial valuation report and the funding strategy statement on the fund's website.

The valuation of the fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service.

The principal assumptions were:

Financial Assumptions at 31 March 2013

Investment Return (discount rate)	**% per annum Nominal**	**% per annum Real**
Discount Rate	4.6	2.1
Salary Increases	3.3	0.8
Price Inflation/Pension Increases	2.5	0

Mortality Assumptions

The Fund is member of Club Vita which provides bespoke set of longevity assumptions specifically tailored to the membership profile of the Fund. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI_2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

Mortality assumption at age 65	**Male**	**Female**
Current Pensioners	22.1 years	24.3 years
Future Pensioners (current age 45)	24.5 years	26.9 years

Please note that the assumptions have changed since the previous IAS26 disclosure for the Fund in accordance with those used for the recently completed 2013 Triennial valuation.

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

19. Actuarial Present Value of Promised Retirement Benefits

Under IAS26 the Fund is required to disclose the actuarial present value of promised retirement benefits. These represent the present value of the whole fund liabilities to pay future retirement benefits.

The required valuation is carried out by the Hymans Robertson LLP using a similar approach to that employed for individual participating employers reporting pension liabilities under either FRS17 or IAS19. For the avoidance of doubt this approach will result in a different valuation of liabilities than the methodology employed at the triennial funding valuation.

Under the IAS 19/FRS17 basis reporting is produced using the same base data as the last completed funding valuation rolled forward to the latest reporting date, taking account of material changes in membership numbers and updating assumptions to the current year and requirements of the reporting approach.

In order to assess the value of the benefits on this basis, the Fund Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18).

	31 March 2015 £000s	31 March 2016 £000s
Actuarial present value of promised retirement benefits	4,451,000	4,162,000

The fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

Assumptions Used	31 March 2015 %	31 March 2016 %
Inflation/Pension Increase Rate Assumption	2.4	2.2
Salary Increase Rate	3.3	3.2
Discount Rate	3.2	3.5

20. Current Assets

	31 March 2015 £000s	31 March 2016 £000s
Cash In Hand		
Cash In Hand**	**1,787**	**2,768**
Debtors:		
Contributions due - employees*	2,163	1,964
Contributions due - employers*	6,912	8,215
Employers special contributions	11	13
Augmentation & strain due	562	1,033
Dividends receivable**	3,175	2,973
Pooled funds rebate due**	1,480	1,461
UK tax receivable	163	215
Overseas tax receivable	743	572
VAT refund due	469	390
Interest due**	3	3
Stock lending/commission recapture**	10	18
Recharge of fees**	30	34
Prepayments	2	1
Sundry**	16	64
Debtors	**15,739**	**16,956**
Current Assets	**17,526**	**19,724**

* Principally represents amounts due in respect of March payrolls but payable the following month

** Cash and Debtors classed as financial instruments (assets) note 16a

	31 March 2015 £000s	31 March 2016 £000s
Long term debtors:		
Employers contributions	8,406	5,532
Augmentation & strain due	8	113
	8,414	**5,645**

Long term debtors comprises of amounts not due to be paid to the Fund for a period of more than 12 months from the balance sheet date.

Analysis of Debtors

	31 March 2015 £000s	31 March 2016 £000s
Central government bodies	9,076	7,707
Other local authorities	6,288	6,026
Other entities and individuals	8,789	8,868
	24,153	**22,601**

21. Current Liabilities

	31 March 2015 £000s	31 March 2016 £000s
Creditors:		
Transfer values payable (leavers)	22	363
Benefits payable	596	1,009
Investment Management Fees**	3,568	3,224
Other Fees & Charges**	2,253	2,242
UK Taxation payable	992	1,035
Sundry creditors**	13	10
	7,444	**7,883**

** Creditors classed as financial instruments (liabilities) note 16a

Analysis of Creditors

	31 March 2015 £000s	31 March 2016 £000s
Central government bodies	1,004	1,035
Other local authorities	2,120	2,399
Other entities and individuals	4,320	4,449
	7,444	**7,883**

22. Additional Voluntary Contributions

The fund has three in-house AVC providers; Prudential, Clerical Medical and Equitable Life (a legacy arrangement that is not open to new contributors). The value of AVC investments and contributions paid directly to the providers by scheme employers during the year is shown below.

	Market Value 31 March 2015 £000s	Market Value 31 March 2016 £000s
Separately Invested AVC Funds	5,161	4,904

	2014-15 £000s	2015-16 £000s
AVC contributions paid directly during the year	372	387

23. Related Party Transactions

Norfolk County Council

The Fund is administered by Norfolk County Council. Consequently there is a close relationship between the council and the Fund.

The council incurred costs in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses.

The Local Government Pension Scheme Regulations enables administration expenses to be charged to the Fund. Internal Audit Services are provided by Norfolk Audit Services, the internal audit function of the Administering Authority. Internal legal fees represent the total cost of internal advice provided by the legal services unit of the Administering Authority (NPLaw).

The council is also the single largest employer of members in the pension fund.

	2014-15 £000s	2015-16 £000s
Norfolk County Council incurred administration and investment costs reimbursed by the fund	2,120	2,036
Norfolk County Council Employer Contributions	38,145	40,359

All monies owing to and due from the fund were paid within statutory timescales.

Part of the pension fund cash holdings are invested on the money markets by the treasury management operations of Norfolk County Council. The arrangement is managed through a service level agreement.

	2014-15 £000s	2015-16 £000s
Average investment balance held by NCC Treasury Management Operation	7,212	8,170
Interest earned on balances invested by NCC Treasury Management Operation	40	38

Governance

Each member of the Pension Fund Committee is required to declare their interests at each meeting. Declarations of interest are recorded in the minutes of each Committee meeting as part of the public record and a copy can be found on the Norfolk County Council website under Pension Committee papers at www.norfolk.gov.uk.

Personnel Employed in the Delivery of the Pensions Function by the Administering Authority

All employees of Norfolk County Council (other than those whose profession grants them access to other public service schemes) may join the Local Government Pension Scheme. This includes personnel employed in delivering the pensions function through the Norfolk Pension Fund. Benefits are accrued and employee contributions calculated on a standard national, statutory basis.

Disclosure of senior officer remuneration is made in note 0 of the Statement of Accounts of the Administering Authority (Norfolk County Council). This disclosure includes the Executive Director of Finance who has responsibility under S151 of the Local Government Act 1972 for the proper financial administration of the Fund and holds the role of Fund Administrator.

24. Contractual Commitments

Outstanding Capital Commitments	31 March 2015 £000s	31 March 2016 £000s
Private equity partnerships	84,098	140,255
Property investment vehicles	22,400	11,500

At 31 March 2016 the Fund had made contractual commitments to private equity funds managed by SL Capital and HarbourVest Partners. Commitments are made in the underlying currency of the fund (Euros and US Dollars respectively) and are therefore subject to volatility (risk) arising from exchange rate fluctuation. This volatility will impact both on the value of unfunded commitments in Sterling terms and the valuation of the funded interest and monies received as distributions.

The Fund's private equity programme is still relatively immature. The commitments are paid over the investment timeframe of the underlying partnerships. Concurrently as these partnerships mature they distribute capital back to investors.

The current value of the funded commitment net of distributions in these funds at 31 March 2016 is included in the net asset statement.

In addition to the private equity commitments, within the Aviva property portfolio there are unfunded commitments to various property investment vehicles. This total potentially includes Sterling, Australian Dollar and US Dollar denominated commitments, currently one unfunded commitment in USD as at 31 March 2016. The foreign exchange exposure on the funded portion of these positions is hedged within the Aviva portfolio but the unfunded commitments are impacted by exchange rate volatility.

25. Contingent Assets

The Administering Authority holds charges on property, relating to funding agreements put in place with one employer following the 2010 Valuation. This agreement allows the employer to extend their deficit recovery periods and therefore reduce the contributions immediately payable in return for providing additional security to the Fund. In the event that the employer that is party to the agreement fails to pay contributions due to the Fund at any point in the future these charges may be invoked. The total charges on one property is £0.233 million (£0.233 million). There are no new agreements resulting from the 2013 Valuation.

26. Agency Contracted Services

The Norfolk Pension Fund pays discretionary awards to the former employees of Norfolk County Council, the district councils and fourteen other employers. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the employer bodies. The sums are disclosed below:

	31 March 2015 £000s	31 March 2016 £000s
Norfolk County Council	1,343	1,311
Norwich City Council	1,217	1,206
North Norfolk District Council	267	265
Borough Council of Kings Lynn & West Norfolk	258	250
Great Yarmouth Borough Council	212	205
Broadland District Council	108	108
Breckland District Council	105	103
South Norfolk District Council	63	60
Other	153	131
	3,726	3,639

27. Statement of Investment Principles and Funding Strategy Statement

The Norfolk Pension Fund has a published Statement of Investment Principles including details of our compliance with recognised good investment practices and a Funding Strategy Statement which is a summary of the Funds' approach to funding liabilities.

Both documents can be found on the Internet at the following location:

http://www.norfolkpensionfund.org/AboutUs/Pages/Formsandpublications.aspx

Alternatively a copy can be obtained from the Norfolk Pension Fund:

Norfolk Pension Fund
Floor 4 Lawrence House
5 St Andrews Hill
Norwich NR2 1AD
Telephone: 01603 222995

Participating Employers (employers with active members during the year)

Major Scheduled Bodies

Borough Council of King's Lynn & West Norfolk
Breckland Council
Broadland District Council
Great Yarmouth Borough Council
Norfolk Chief Constable
Norfolk County Council
North Norfolk District Council
Norwich City Council
NPS Property Consultants Ltd
South Norfolk District Council

Scheduled & Resolution Bodies

Acle Academy
Acle Parish Council
Admirals Academy
Alive Management Ltd
All Saints Academy
Anthony Curton Primary School
Antingham & Southrepps Community Primary School
Arden Grove Infant and Nursery Academy
Attleborough High School Academy
Attleborough Town Council
Aylsham Town Council
Beighton Parish Council
Belton with Browston Parish Council
Blofield Parish Council
Bradwell Parish Council
Broads (2006) Internal Drainage Board
Broads Authority
Brundall Parish Council
Buxton With Lamas Parish Council
Caister Academy
Castle Acre Church of England Primary School
Cawston Parish Council
Cherry Tree Academy Marham Junior
Cherry Tree Academy Trust Marham
Cherry Tree Academy Marham Infant
City Academy Norwich
City College Norwich
City of Norwich School
Clenchwarton Primary School
Cliff Park Ormiston Academy
Cliff Park Schools Trust Ltd
Cobholm Primary Academy
Colkirk Church of England Primary School
College of West Anglia
Costessey Infant School Academy
Costessey Junior School Academy
Costessey Town Council
Cringleford Parish Council
Cromer Academy Trust
Cromer Town Council
Dereham Church of England Junior Academy
Dereham Town Council
Dersingham Parish Council
Diamond Academy
Diss High School Academy
Diss Town Council
Ditchingham Church of England Primary Academy
Diocese of Norwich Education and Academies Trust (formerly Diocese of Norwich Mulit-Academy Trust)
Downham & Stow Bardolph Internal Drainage Board
Downham Market Academy
Downham Market Town Council
Duchy of Lancaster Methwold Church of England Primary Academy

East Norfolk Sixth Form College
East of Ouse, Polver & Nar Internal Drainage Board
Eastern Inshore Fisheries and Conservation Authority
Eastgate Academy
Easton and Ottley College
Eaton Hall Specialist Academy
Eaton Primary School
Edith Cavell Academy
Engage Educational services
Fakenham Academy Norfolk
Fakenham Town Council
Filby Primary School
Flegg High School
Flitcham Church of England Primary Academy
Framingham Earl Parish Council
Garveston, Remerston and Thuxton Parish Council
Gillingham St Michael's Primary
Gooderston Church of England Primary Academy
Great Snoring Parish Council
Great Witchingham Church of England Primary School
Great Yarmouth College of Further Education
Great Yarmouth Norse
Great Yarmouth Primary Academy
GYB Services Ltd
Harling Parish Council
Heart Education Trust
Heartease Primary Academy
Hellesdon High School Academy
Hellesdon Parish Council
Hemblington Parish Council
Hethersett Academy
The Hewett Academy
Hilgay Riverside Academey
Hindolveston Parish Council
Hobart High School Academy
Hockering Primary Academy
Holt Town Council
Hunstanton Town Council
Iceni Academy
Inspiration Trust
Jane Austin College
Kettlestone Parish Council
King Edward VII Academy
King's Lynn Academy
King's Lynn Internal Drainage Board
Kings Lynn Internal Drainage Board (Water Management Alliance)
Kirby Cane and Ellingham Parish Council
Lingwood and Burlingham Parish Council
Lingwood Primary Academy
Little Snoring Parish Council
Loddon Parish Council
Lynn Grove High School Academy
Marshland High School
Marshland St James Primary School
Martham Parish Council
Martham School Trust
Mattishall Parish Council
Middleton Primary School
Moorlands Church of England Primary Academy
Mundford Church of England Primary
Nar and St Clement's Children's Centre
Narborough Church of England Primary Academy
NCS (Assistive Technology)
NCS Transport Ltd
Nelson Academy
Norfolk Educational Services (NES)
Norfolk Police and Crime Commissioner
Norfolk Rivers Internal Drainage Board
Norman Church of England Primary School
Norse Care Limited
Norse Care Services
Norse Commercial Services
Norse Eastern
North Walsham Town Council
Northgate High School
Northrepps Parish Council
Norwich Norse
Norwich Primary Academy
Norwich Road Academy
Norwich University of the Arts

Notre Dame High School Academy
NPS (London) Ltd
NPS (Norwich) Ltd
NPS (South East) Ltd
NPS (South West) Ltd
Old Catton Parish Council
Open Academy - Heartsease
Ormiston Herman Academy
Ormiston Venture Academy
Ormiston Victory Academy
Paston College
Peterhouse Primary School
Poringland Parish Council
Rackheath Parish Council
Redenhall with Harleston Town Council
Reepham High School and College
Right for success Academy Sponsorship Trust
Runcton Holme Church of England Trust
Saxlingham Nethergate Parish Council
Sculthorpe Church of England Primary School
Sewell Park Academy
Sheringham High School Academy
Sheringham Town Council
Short Stay School for Norfolk
Sir Isaac Newton Free School
Snettisham Parish Council
Snettisham Primary School
South Wootton Parish council
Southery Academy
Southery & District IDB
Spixworth Parish Council
Sporle Church of England Primary School
Springwood High School Academy Trust
Sprowston Town Council
Stt Andrews Primary School
St Clements High School Academy
St Martin at Shouldham Church of England Primary Academy
St Mary's Church of England Junior School Academy
St Michael's Churh of England Academy King's Lynn
St Peter & St Paul Carbroke Church of England Primary Academy
St Peters Church of England Primary Academy
Stalham Academy
Stalham High School
Stalham Town Council
Stradbroke Primary
Suffolk Coastal Services
Swaffham Church of England Junior School
Swaffham Town Council
Swanton Morley Parish Council
Tasburgh Parish Council
Taverham High School
Taverham Parish Council
Ten Nile Bank Community Primary School
The Free School Norwich
The Howard Junior
The Nicholas Hamond Academy
Thetford Academy
Thetford Free School
Thetford Town Council
Thomas Bullock Primary
Thorpe St. Andrew Town Council
Tilney All Saints VC Primary School
Trowse with Newton Parish Council
Tuckswood Academy and Nursery
Upton with Fishley Parish Council
Village Green Children's centre
Village Green Nursery
Wayland High School Academy
Wayland Junior Academy Watton
Weeting VC Primary School
Wells-Next-The-Sea Town Council
Wensum Junior School
West Lynn Primary
West Raynham VC Primary School
Whitefriars Church of England Primary Academy
Woodlands Primary Academy
Wormegay Primary
Wymondham College Academy
Wymondham High Academy
Wymondham Town Council

University Technical College Norfolk

Admitted Bodies

4Children
Action for Children (Dereham)
Action for Children (Hethersett)
Action for Children (Thorpe)
Action for Children (Wells)
Age UK Norfolk
Alive Leisure Trust
Anglia Maintenance Services
Biffa Municipal Ltd
Childhood First
Circle Anglia Limited
Edwards and Blake
Edwards and Blake (Neatherherd High)
New Anglia Enterprise Council Partnership (Local Enterprise Partnership)
Norfolk Heritage Fleet Trust
Norwich Airport Limited
Pre School Learning Alliance (Milestones)
Pre School Learning Alliance (Thorpe)
RM Education
Edwards and Blake (Nicholas Hammond)
Flagship Housing Group
Freebridge Community Housing Ltd
Great Yarmouth Community Trust
Great Yarmouth Port Authority
Great Yarmouth Port Company
Great Yarmouth Racecourse Ltd
Hethel Innovation Ltd
Independence Matters
Kier Support Services
Konectbus Ltd
Lafarge Tarmac
Mid Norfolk Citizens Advice Bureau
Saffron Housing Trust Limited
Sentinel Leisure Trust
Serco Government Services
Stonham
The Matthew Project
Victory Housing Trust

Glossary of Terms

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCOUNTING POLICIES

The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

These may arise on both defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated). A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

AMORTISATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of an intangible Long Term asset.

AMORTISED COST

This is cost that has been adjusted for amortisation.

ASSET

An item owned by the Council which has a value, for example, premises, vehicles, equipment, cash.

ASSOCIATED COMPANIES

An organisation in which the Council has a participating interest and over which it can exercise significant influence without support from other participants in that organisation (e.g. other board members etc.).

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Local authorities are allowed to borrow to invest in capital works and assets so long as the cost of that borrowing is affordable and prudent. The Council borrows in the long term to finance capital expenditure an din the short term to smooth daily cash flow requirements. The principal source of borrowings in excess of one year (i.e. classified as long term borrowing) is the Public Works Loan Board.

BUDGET

The statement of the Council's policy expressed in financial terms usually for the current or forthcoming financial year. The Revenue Budget covers running expenses (see revenue expenditure), and the Capital Budget plans for asset acquisitions and replacements (see capital expenditure).

CAPITAL EXPENDITURE

Expenditure on the acquisition of a Long Term asset, which lasts normally for more than one year, or expenditure, which adds to the life or value of an existing Long Term Assets.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPTS

Monies received for the sale of assets, some of which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within rules set by the Central Government.

CASH EQUIVALENTS

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash Equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional accountancy institute that sets the standards for the public sector. CIPFA publishes the Accounting Codes of Practice for local government.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING (the Code)

The Code of Practice on Local Authority Accounting in the United Kingdom: Based on International Financial Reporting Standards (the Code) aims to achieve consistent financial reporting between all English local authorities. It is based in generally accepted accounting standards and practices.

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates. District Councils estimate the extent to which they will successfully collect Council Tax in their area. Any surplus or deficit is carried forward to the next financial year.

COMMUNITY ASSETS

Community assets are assets that the local authority intends to hold for an unlimited period of time, have no determinable finite useful life and may have restrictions on their disposal, e.g. Waxham Great Barn.

CONTINGENT LIABILITIES

Potential costs that the Council may incur in the future because of something that happened in the past.

CORPORATE AND DEMOCRATIC CORE (CDC)

Corporate and Democratic Core represents costs associated with democratic representation and management and corporate management. Democratic representation and management includes all aspects of Members' activities. Corporate management concerns the cost of the infrastructure that allows services to be provided and the cost of providing information that is required for public accountability. Such costs form part of total service expenditure, but are excluded from the costs of any particular service.

CREDITORS

Amounts owed by the Council for goods and services provided for which payment has not been made at the end of the financial year.

CURRENT VALUE

This is the cost of an asset if bought in the current year.

DEBTORS

Sums of money due to the Council but not received at the end of the financial year.

DEDICATED SCHOOLS GRANT (DSG)

A specific grant paid to local authorities to fund the cost of running its schools.

DEFICIT

Arises when expenditure exceeds income or when expenditure exceeds available budget.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a Long Term asset.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FINANCIAL ASSET

A right to future economic benefits.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset in one organisation and a financial liability in another. Examples include the borrowing or lending of money.

FINANCIAL LIABILITY

An obligation to transfer economic benefits.

FINANCE AND OPERATING LEASE

A finance lease transfers all of the risks and rewards of ownership of a Long Term asset to the lessee. If these leases are used, the assets acquired have to be included within the Long Term assets in the balance sheet at the market value of the asset involved. With an operating lease the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service committee's revenue account.

IFRS

International Financial Reporting Standards

GOVERNMENT GRANTS

Grants paid by the Government. These can be for general expenditure or a particular service or initiative, e.g. School Standards Grant

HISTORIC COST

This is the cost of an asset when originally bought.

IAS19 RETIREMENT BENEFITS

This International Accounting Standard requires local authorities to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements. This creates a notional amount in the balance sheet but does not impact on council tax.

IMPAIRMENT

A reduction in the value of a Long Term asset to below its carrying amount on the Balance Sheet. Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (e.g. fire at a school) or a deterioration in the quality of the service provided by the asset (e.g. a library closing and becoming a storage facility), or by a general fall in prices of that particular asset or type of asset.

INFRASTRUCTURE ASSETS

Long Term assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSETS

Intangible assets are non-financial Long Term assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)

An International Financial Reporting Standard (IFRS) is issued by the International Accounting Standards Board. All local authorities are required to report under IFRS.

INVENTORY

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

INVESTMENT PROPERTIES

Assets that the Council owns but are not used in the direct delivery of services, for example the Norwich Airport Industrial Estate.

LOCAL AUTHORITY (SCOTLAND) ACCOUNTS ADVISORY COMMITTEE (LASAAC)

The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) assists CIPFA in setting the standards for the public sector. CIPFA publishes the Accounting Codes of Practice for local government.

LONG TERM ASSETS

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

LIABILITY

An obligation to transfer economic benefits. Current liabilities are usually payable within one year.

MARKET PRICE

This is the price at which another organisation is prepared to buy or sell an asset.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount, calculated in accordance with statutory guidance, that must be charged to the Council's revenue account each year in order to meet the costs of repaying amounts borrowed. This ensures that the Council makes a satisfactory annual provision for loan repayments.

NET BOOK VALUE

The amount at which Long Term assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NATIONAL NON DOMESTIC RATES (NNDR)

The business rate in the pound is the same for all non domestic rate payers and is set annually by the Government. Income from business rates goes into a central Government pool, which is then distributed to local authorities according to resident population.

NON DISTRIBUTED COSTS

These are specific overheads relating to unused assets and certain pension costs for employees' service in previous years. These are not allocated to service departments because they do not relate to the in-year cost of providing the service.

NON OPERATIONAL ASSETS

Non operational assets are Long Term assets held by the Council but not directly occupied or used in the delivery of services. They include surplus properties awaiting disposal and assets that are under construction.

OPERATIONAL ASSET

Operational assets are Long Term assets (for example, land and buildings) held by the Council that are directly occupied or used in the delivery of services.

OUTTURN

The actual amount spent in the financial year.

PENSION FUND

A fund which makes pension payments on retirement of its participants.

PRIVATE FINANCE INITIATIVE (PFI)

A Government initiative that enables, through the provision of financial support, authorities to carry out capital projects through partnership with the private sector.

PRECEPTS

The income which the Council requires a District Council to raise on behalf of the County Council from Council Tax.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PRUDENTIAL CODE

The Government removed the extensive capital controls on borrowing and credit arrangements from 2004/05 and replaced them with a Prudential Code under which each Council determines its own affordable level of borrowing. The Prudential Code requires authorities to set specific prudential indicators e.g. affordable borrowing limit on an annual basis.

PUBLIC WORKS LOANS BOARD

A Government controlled agency that provides a source of borrowing for public authorities.

RESERVES

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. County Fund (General Balances) is available to meet future revenue and capital expenditure.

REVENUE EXPENDITURE AND INCOME

The expenditure includes day to day expenses, mainly salaries and wages, general running expenses and the minimum revenue provision cost. Revenue income includes charges made for goods and services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Capital expenditure, which does not create a tangible asset, e.g. improvement, grants or expenditure on an asset not owned by the County Council, e.g. leased properties. Previously referred to as Deferred Charges.

REVENUE SUPPORT GRANT (RSG)

Central Government pays Revenue Support Grant to County Councils and District Councils in respect of local authority expenditure generally.

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)

Provides guidance to local authorities on financial reporting to stakeholders. It establishes ‘proper accounting practice’ with regard to consistent financial reporting, which allows direct comparisons of financial information to be made with other local authorities.

SUBSIDIARY

An organisation that is under the control of the Council (e.g. where the Council controls the majority of voting rights, etc.)

SURPLUS

Arises when income exceeds expenditure or when expenditure is less than available budget.

VALUE ADDED TAX (VAT)

A tax on consumer expenditure, which is collected on business transactions at each stage in the supply, but which is ultimately borne by the final customer.