

Norfolk County Council Summary Statement of Accounts 2015-16

The Council produces an annual Statement of Accounts (the accounts) which reports on the Council's financial performance and shows the assets and liabilities of the Council at the year end. The accounts, which are a statutory document conforming to the Code of Practice on Local Authority Accounting, received an unqualified audit opinion on [27] September 2016.

This document is a summary of the full Statement of Accounts and gives a brief overview of the Council's financial performance and position for the year ending 31 March 2016. For this purpose it relates to the Council only and not the Group (which includes the Norse Group and Independence Matters). The full Statement of Accounts is prepared in accordance with international accounting standards, so to help make this summary easier to understand some of the presentation has been simplified.

Summary of the Authority's Financial Position for 2015-16

Norfolk County Council's approved revenue budget for 2015-16 was set at £318.4m. At the end of the year there was a net underspend of £0.052m which was transferred to the General Fund.

The Balance Sheet shows net assets of £261.6m after accounting for a liability for its defined benefit pension schemes of £871.0m.

Spending against the cash limited budget has been monitored regularly throughout the year, and reports from Chief Officers have been received at each of the Council's Service Committee meetings.

Norfolk County Council continues to face a highly challenging financial environment as a result of the effects of the wider economic climate. Since 2011, the Council's settlement funding assessment (SFA) from central government has been cut by £161m, with the largest annual cut to funding in 2015-16 amounting to £38.7m.

The Council has tried to minimise the impact of funding reductions on council tax payers and users of its services by achieving efficiency savings within the organisation. However the

reduction in funding has led to some unavoidable reductions in services.

The final Local Government Finance Settlement in February 2016 confirmed further reductions in government funding, with the Council receiving a 12.9% reduction in its SFA for 2016-17, compared to adjusted 2015-16 figures. Looking ahead, the Council anticipates that Revenue Support Grant will cease by 2019-20, balanced in part by changes to the way Business Rates are distributed.

A comprehensive introduction and summary to the accounts can be found in the Narrative Report in the full Statement of Accounts.

The full Statement of Accounts, including group accounts, and accounts of the Norfolk Pension Fund and the Fire-fighters Pension Scheme, and also the Council's Annual Governance Statement, is available on the Council's website.

Paper copies of the accounts are available on request (subject to availability) by telephoning 0344 800 8020.

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What we spent in 2015-16

The Comprehensive Income and Expenditure Statement shows the cost of running the Council's services and where the money came from to pay for them and is summarised below:

	2015-16 Gross Expenditure £m	2015-16 Income £m	2015-16 Net Expenditure £m	2014-15 Net Expenditure £m
Service Income and Expenditure				
Adult Social Care	401.3	120.6	280.7	300.8
Education and Children's Services	622.6	428.0	194.6	192.1
Highways and Transport Services	90.5	15.3	75.2	75.4
Fire and Rescue Services	29.8	1.9	27.9	33.6
Cultural, Environmental & Planning Services	86.0	21.1	64.9	69.6
Public Health	39.5	38.3	1.2	(2.4)
Other Services, Corporate and Non Distributed Costs	4.0	2.1	1.9	(2.1)
Total Cost of Services	1273.7	627.3	646.4	667.0
Other Operating Income and Expenditure*			152.0	175.0
Revenue Support and Unringfenced Grants (from Central Government)			(172.2)	(200.3)
Business Rates			(140.2)	(138.1)
Council Tax			(317.5)	(313.0)
Capital Grants and Contributions			(94.2)	(102.0)
Taxation and Non Specific Grant Income			(724.1)	(753.4)
(Surplus)/Deficit on the provision of services taken to General Fund			74.3	88.6

*Other Operating Income and Expenditure includes interest payments and receipts on borrowing and investments; gains and losses on disposals of assets; and adjustments relating to the pension fund.

Impact on the General Fund

The General Fund is money held by the Council to meet unplanned or unforeseen spending demands.

The Comprehensive Income and Expenditure Statement is drawn up in accordance with international accounting standards. However, the Government has stipulated that certain costs that form part of this statement need not be included in the General Fund for the purpose of setting council tax.

These costs are mainly associated with the depreciation of assets and the accrual of retirement benefits (the pension liability), which do not necessarily lead to cash flows in the short and medium term. Consequently, these costs are transferred to the Balance Sheet and replaced with the annual repayment of loans for capital expenditure and the employer's pension contribution.

The resulting net movement on the general fund is summarised below.

	£m
General Fund Balance at 31 March 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 Fund Balance at 31 March 2016	19.252

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The County Council's Balance Sheet as at 31 March 2016

The balance sheet shows the end of year financial position for the County Council as a whole. It presents the financial value of land, buildings and other assets owned by the Council and the value of borrowings and other debts owed by the Council.

	31 March 2016 £m	31 March 2015 £m
Land, buildings, vehicles, equipment and infrastructure	1,561.1	1562.8
Inventories	0.5	0.5
Cash and bank balances	51.3	64.0
Investments	139.2	128.1
Money owed to the Council		
Within 12 months	109.9	122.3
After 12 months	22.0	12.9
Less: Money owed by the Council		
Within 12 months	(159.2)	(150.9)
After 12 months	(592.2)	(599.2)
Net Assets before Pension Adjustment	1,132.6	1,140.5
Less: Pension Liability	(871.0)	(1,086.6)
Net Assets	261.6	53.9
Financed by:		
Cash backed (usable) reserves	216.7	221.5
Non cash backed (unusable) reserves	915.9	919.0
Financing before Pension Adjustment	1,132.6	1,140.5
Less: Pension Liability Reserve	(871.0)	(1,086.6)
Total Reserves	261.6	53.9

Cash and asset backed Reserves include the General Fund, Earmarked Reserves and the Capital Receipts reserve (proceeds from the disposal of land and other assets set aside to fund capital expenditure).

Earmarked reserves are amounts set aside by the Council to meet specific future spending requirements. Total balances in earmarked reserves were £103.1m at 31 March 2016. The largest reserve is the LMS account, which represents £21.3m net accumulated unspent surpluses or deficits held by schools which are not available to the Council for general use. Other large reserves include monies set aside for highways maintenance and information technology projects. The decrease in the level of earmarked reserves (net £5.2m) is mainly due to significant use of Adult Social Care, ICT, and schools contingency reserves plus a net use of earmarked grants and contributions. Net balances would have decreased significantly more had it not been for the creation of a new £10.7m Business Risk Reserve resulting from a change in the way the Council's Minimum Revenue Provision is calculated.

Details showing the movements in and out of the reserves, and a narrative explaining the purpose of each reserve can be found in note 8 to the full Statement of Accounts.

Non cash backed Reserves include: Capital Accounts (the amount of the Council's fixed assets that have been funded to date), the Collection Fund Adjustment Account (the difference between the full share of council tax and business rate income billed and the amount allowed to be accounted for under Government legislation), and the Accumulated Absences Adjustment Account (the costs of compensated absences, such as annual leave entitlement, earned but not taken in the year). The Capital Accounts comprise the majority of the non cash backed reserves.

The Pension Liability in the table above is a snapshot as at 31 March 2016 of the unfunded pension liability calculated in accordance with statutory regulations in relation to existing and former employees. Because these pension costs do not have to be met in full in the short term, they are offset by a notional Pension Liability Reserve.

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Capital Investment 2015-16

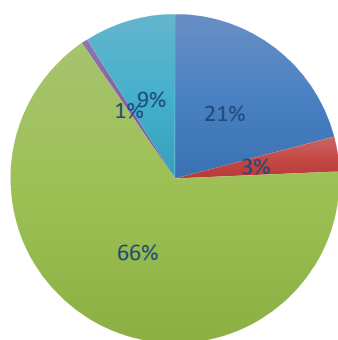
Capital investment generally represents money spent by the Council on purchasing, upgrading and improving assets such as buildings and operational equipment.

In 2015-16, £129.1m was spent on the capital investment programme. 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.

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.

Capital Expenditure £129.1m



- Children's Services £27.0m
- Adult Social Care £4.4m
- Community & Environmental Services £85.3m
- Resources £0.8m
- Finance & Property £11.6m

Capital Funding

