Norfolk County Council

Statement of Accounts

2017-18

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 most recent election took place in May 2017 and resulted in a Conservative majority.

The Council has a Committee structure. Committees, whose membership reflects the overall political makeup of the Council, debate, challenge and make decisions. At the start of 2017-18 there were five service committees: Adult Social Care, Children's Services, Communities, Environment Development and Transport, and Policy and Resources. Two additional service committees were set up during 2017-18: the Business and Property Committee is responsible for promoting economic development and regeneration, and the Digital Innovation and Efficiency Committee is responsible for ICT management and for delivering the Council's commitment to exploit digital technologies for the benefit of the County of Norfolk and its residents.

Service Committees are supported by a number of specialist committees, panels and working groups.

The Council's operational structure (approved December 2016) is based on four Executive Directors alongside the Chief Legal Officer and a Strategy Director, all reporting to the Managing Director. The directors lead the following five departments: Children's Services; Adult's Services; Community and Environmental Services; Finance and Commercial Services; and the Managing Director's Department which encompasses Legal and Democratic Services and Strategic Services. This structure is intended to secure improvements in both strategic and transactional services required to meet the changing needs of different customer groups across the council. Statutory officer roles report to the Managing Director in fulfilling their statutory responsibilities.

Progress through 2017-18

The following section looks at progress within each of the major service areas affecting Norfolk's residents through 2017-18.

Infrastructure

Construction of the Norwich Northern Distributor Road (NDR – the A1270, also known as the Broadland Northway) made good progress over the summer of 2017, allowing the opening of the first 6 km, from the A1270 Fakenham Road to the A140 Cromer Road, to open in November, more than three months ahead of schedule. This was followed by the next 7.75km to the A1151 Wroxham Road before Christmas. The final phase of 5.25km linking to the Postwick Hub roundabout included the most complex structure on the route – a flyover carrying the dual carriageway over the Norwich to Sheringham railway opened to traffic in April 2018. The Council has continued to develop the initial business case appraisal for a Norwich Western Link to join the NDR to the Norwich southern bypass.

Work is well under way on transport improvements to make it easier to get into and around Great Yarmouth, using £9m provided from New Anglia Local Enterprise Partnership. In autumn 2017 work began to improve some of the town's congestion hot spots and the area around the railway station. This will benefit both visitors and the borough's economy. The 2017 Autumn Budget contained some great news for Norfolk, as Chancellor Philip Hammond committed £98m of Government funding to create a third river crossing in Great Yarmouth.

Together with King's Lynn and West Norfolk Borough Council, the County Council is looking to create a new stretch of road that would re-route the A10 to connect to the A47 east of West Winch. This will enable significant planned housing growth as well as routing traffic out of the village.

In addition, a number of pedestrian and cycling improvements have been made in Norwich during the year, and in September 2017 the Environment, Development and Transport Committee agreed to carry out a series of studies looking at short, medium and long-term transport impacts of growth in Norfolk's market towns to help the Council identify and plan interventions ahead of growth.

Economy

In 2017-18 Norfolk County Council supported prestigious international genome conferences in Norwich, a new Business & Intellectual Property (IP) Centre launched at Norfolk and Norwich Millennium Library where entrepreneurs and small businesses can find free IP and business information, and a successful bid to the European Social Fund resulted in the launch of a new Local Investment in Future Talent programme.

Funding allocated to rural businesses in Norfolk and north Suffolk through the LEADER programme - an initiative managed by the Council - passed the £3m mark in December. Since the local programme started, the five Local Action Groups have awarded millions to 69 rural projects. The county's rural economy was also boosted in November with the launch of Strong Roots: New Growth - Norfolk Rural Strategy 2017-2020. This built on the Norfolk Rural Development Strategy published in 2013, responding to changes such as the UK voting to leave the EU, the introduction of the National Living Wage and rapid advances in technology.

More than 1,000 acres of Norfolk County Council's 16,738-acre County Farms portfolio was made available for tenancy in January, including additional farmland purchased in September.

County Council-owned Scottow Enterprise Park (SEP) was selected as a shortlisted finalist in the Best Service Delivery Model category in the 2018 Local Government Chronicle Awards. The former RAF Coltishall site had been inactive for several years before the Council bought it in 2012. It is now an active enterprise park that supports local jobs and businesses with 92% tenancy occupancy.

A wholly owned property company, Repton Property Developments Ltd, has been set up to help realise the potential for the Council to generate income from its properties. The Council continues to sell surplus property to generate capital receipts and reduce running costs.

Children and families

In July for the first time, Norfolk reached or exceeded the national average for the proportion of good and outstanding schools, with 90% of Norfolk's schools now judged as good or better by Ofsted.

The most recent Ofsted report into Children's Services was published in January 2018, lifting the Council out of intervention, praising the Council's adoption service and highlighting significant improvements in support to children in our care. Overall, the service requires improvement but inspectors highlighted some strong social work practice, innovation in recruiting staff and 'steady progress' in support for care leavers.

Children in care deserve the same chances as everyone else and, as their corporate parent, the County Council needs to do all it can to support them. Early indications suggest that there were significant improvements in last year's exam and assessment results for looked after children. More specifically, no looked after children were permanently excluded from school last year, compared with six the previous year. The Council's assisted boarding scheme, which places children at risk of coming into care in boarding school places, received national recognition this year.

The Council launched the Raising Learners campaign in summer 2017 to help raise children's numeracy and literacy levels. Raising Learners provided simple and fun activities to reinforce these skills over the summer break.

A new £1.1m sixth form college opened at Sidestrand Hall in June, and two significant projects in Attleborough have been complete including the £14.25m Chapel Green Complex Needs School. More than £40m of school building programmes are under way across Norfolk, creating new and extended schools for hundreds of the county's children.

Adult social care

The Council's award-winning campaign to tackle loneliness in Norfolk "In Good Company" continues to go from strength to strength. With an estimated 43,700 lonely people in the county, the campaign is vital to ensure no one in Norfolk spends a lonely day if they don't want to. Thirty businesses and groups have now got an "In Good Company" quality mark which highlights their strong commitment to combating loneliness.

The Council welcomed £35m one-off Government funding for Adult Social Care over 3 years to help address pressures in the health and social care system. This followed extensive national lobbying by local authorities, including Norfolk. The money has helped the Council recruit 50 social workers, as well as contributing to new preventative activities to reduce and delay the need for formal care and support the safe discharge of people from hospital.

An enhanced Home Support Service, a targeted initiative launched in February 2018, is aimed at reducing delayed discharges from the three acute hospitals, as well as preventing unnecessary admissions.

In November the Council recruited around 80 new care workers countywide, including posts for our new accommodation based reablement initiative to support people from hospital and back to their home, with new facilities opened for people who are medically fit but unable to return to their home safely.

With the county's five Clinical Commissioning Groups, the Council has commissioned a new carer-led service, Carers Matter Norfolk, to support the county's 100,000 unpaid carers.

Caring for your community

The library service has continued to innovate: almost 600 Norfolk residents aged eight and above have been helped to learn to read using a phonics-based reading programme and volunteer coaches; HMP Norwich library won a national CILIP Libraries Change Lives award for innovation and impact; and the service has run a number of digital clubs, and are encouraging the use of libraries as community hubs.

Two home-grown exhibitions at Norwich Castle Museum & Art Gallery pulled in the crowds in the summer and autumn of 2017. Nelson & Norfolk, and Rembrandt: Lightening the Darkness shone a spotlight on extraordinary objects in the Castle collections.

New galleries opened at Cromer Museum in 2017, raising the profile of one of the 20th century's most important photographers, Olive Edis, and the flagship project to transform Norwich Castle's spectacular Norman Keep took huge steps in 2017-18. Successful grant applications have been made, and research undertaken as part of the project fed into a new exhibition "The Square Box on the Hill" which opened in February 2018, taking visitors on a 900-year journey through the different phases in the life of the Castle.

Other notable programmes supporting the community include:

- Domestic abuse – the Council continues to tackle domestic abuse in Norfolk head-on, with a programme to train 'champions' – people in professions who deal with the public and who are taught to spot signs of abuse and offer support.
- Mental health – 2017 saw the launch of a suicide prevention and mental health campaign targeting males, in particular older men. In December, the Council partnered with Norwich Theatre Royal to launch a month-long series of events focusing on men's mental health.
- "Chathealth" - the Council's innovative confidential text messaging service launched in 2016, gives 11-19-year-olds an easy way to talk to school nurses.

Strategic planning for 2018-19

Following commitments made at the time of the election, agreed as part of the Council's strategic planning for 2018-19 and beyond, the Administration has developed a new county vision 'Caring for our County: A Vision for Norfolk in 2021' and a council Strategy 'Norfolk Futures: the Council's Strategy 2018-2021'.

The Vision for Norfolk, sets out the Council's commitment to playing a leading role in:

- Building communities we can be proud of
- Installing infrastructure first
- Building new homes to help young people get on the housing ladder

- Developing the skills of our people through training and apprenticeships
- Nurturing our growing digital economy
- Making the most of our heritage, culture and environment

The Norfolk Futures priorities are designed to ensure that the Council has intense focus and tangible delivery in specific areas that can only be delivered through whole Council cross department working. The seven priorities are:

- Safer Children and Resilient Families
- Promoting Independence for Vulnerable Adults
- Smarter Information and Advice
- Towards a Housing Strategy
- Digital Norfolk
- Local Service Strategy
- Commercialisation.

Financial highlights

Revenue Budget and Outturn

The net revenue budget agreed by the County Council for 2017-18 was £358.812m, representing the Council's share of Council Tax receivable during the year. The net budget remained unchanged throughout 2017-18.

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 £0.235m was transferred to the General Fund.

These results are based on the service 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	272.524	(3.696)	(1.4%)
Children's Services	180.787	4.538	2.5%
Community and Environmental Services	158.488	(0.080)	(0.1%)
Managing Director's Department	7.794	(0.031)	(0.4%)
Finance and Commercial Services	33.315	(0.108)	(0.3%)
Finance General	(294.096)	(0.858)	0.3%
Totals	**358.812**	**(0.235)**	**(0.1%)**
Transfer to General Fund		**0.235**	

Service overspends and underspends

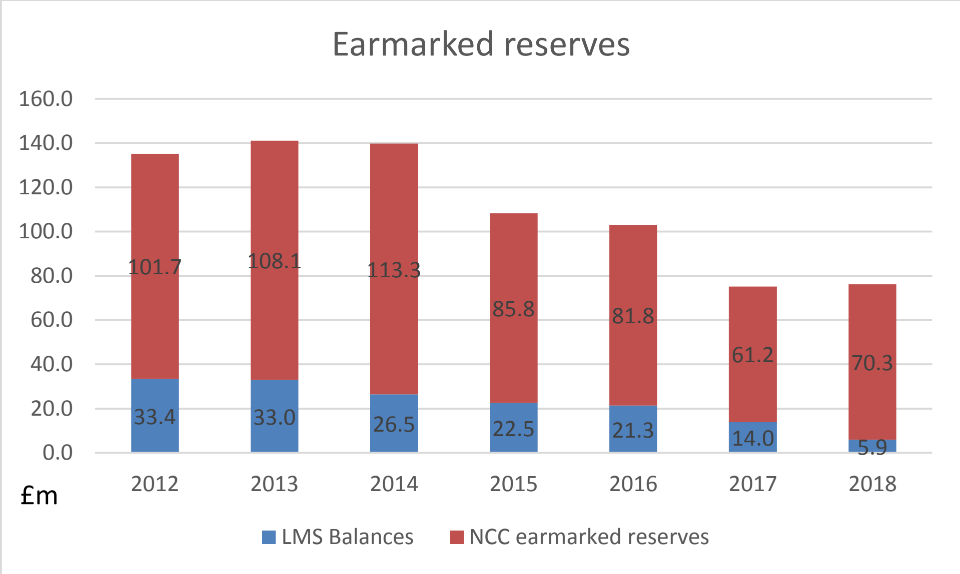
The main area of overspend in 2017-18 has been within Children's Services, balanced largely by an underspend in Adult Social Care.

As in previous years, the area of Looked After Children (LAC) has provided the most financially challenging, due to the number of Looked After Children not reducing as planned. There are also additional costs for accommodating children leaving care, extensive nursing support for children with disabilities (net of health contribution) that were not anticipated when the budget was set.

Net overspends in Children's services were off-set by underspends in Adult Social Services and additional income in Finance General. When setting the Adult Social Care budget, the Council recognised the additional business risks affecting the service, which combined with reductions in salary costs, lower home support costs and increased service user income resulted in an underspend.

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.



After a number of years of reducing reserves, reserves increased during 2017-18. This was despite a significant reduction in school's LMS balances, and reductions in or use of some other reserves including the insurance reserve and the Norwich Schools PFI Sinking Fund. The largest increase are in unspent grants and contributions carried forward, particularly relating to Adult Social Care, and the creation of a general business risk reserve.

General fund

The net outturn underspend for 2017-18 was transferred into the General Fund. During 2017-18 movements on the General Fund balance were as follows.

	£m
General Balances 1 April 2017	**19.301**
Net underspend 2017-18	0.235
General Balances at 31 March 2018	**19.536**

Capital Budget and Spending

Capital expenditure totalled £225.9m in 2017-18: an increase compared to the £205.2m spent in 2016-17. The majority of the increase is accounted for by good progress on the Norwich Northern Distributor Road (now known as the Broadland Northway). Construction started in January 2016, and the road fully opened to traffic in April 2018. Expenditure on school buildings at over £50m has also been higher than previous years, and continues to form a significant part of the programme.

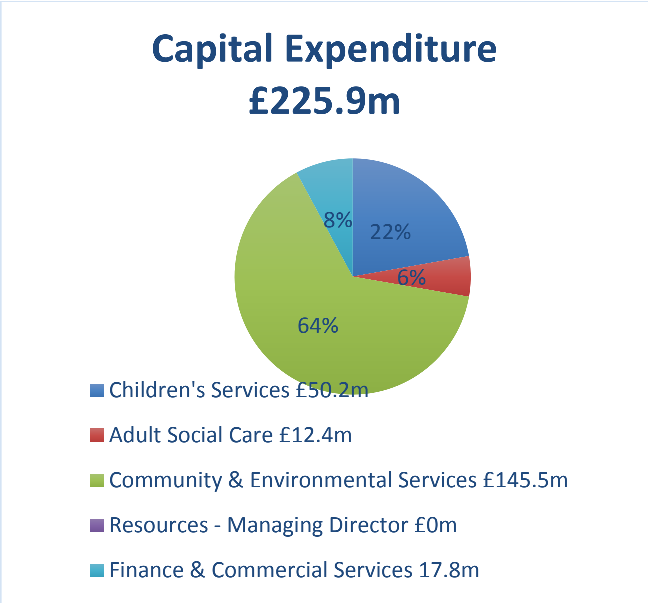
The County Council approved a capital budget in February 2017, with £226.4m related to 2017-18 and £135.5m to later years. Re-profiling from 2016-17 and subsequent funding announcements were added to the programme. After adjusting for items re-profiled into 2018-19, plus further accounting adjustments, the final 2017-18 programme budget and expenditure was £225.9m. The main external sources of finance were government grants, contributions from developers, contributions from other local authorities and the Local Enterprise Partnership. Actual borrowing totalling £20m was undertaken during the year to fund general capital expenditure, with other borrowing requirements met from internal sources during 2017-18.

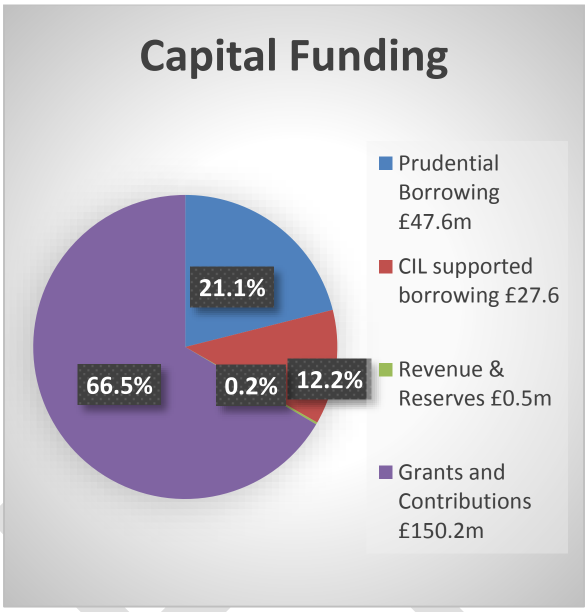
The Council achieved capital receipts totalling £1.3m from the sale of property and loan repayments. A proportion of farms capital receipts are set aside for the purchase of farm land. Capital receipts received in 2017-18 have been used or set aside to enable the Council to directly re-pay maturing debt.

Major projects completed during 2017-18 included:

- Two of the three major sections of the new Norwich Northern Distributor Road, with the road fully open to traffic in April 2018
- Schools: increased and improved permanent accommodation including a complete new school building in Attleborough and extended accommodation at schools throughout the County.

- Highways and bridge maintenance schemes
- Continued rollout of Better Broadband in Norfolk
- The purchase of almost 440 acres of farmland to add to the County's farms estate.





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.

At 31 March 2018, the Council's external borrowing totalled £533m including £20m borrowed in 2017-18, and £38.5m borrowed on behalf of the Greater Norwich Growth Board in 2016-17 to support the construction of the Norwich Northern Distributor Road (referred to as "CIL supported borrowing" in the chart above). Loan principal amounting to £7.8m is due to be repaid within one year.

To put the level of debt in context, the depreciated balance sheet value of the Council's land, building, infrastructure and other property, plant and equipment is £1.6bn.

Future capital programme

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

2018-21 capital programme by service	£m	2018-21 capital programme funding	£m
Children's Services	133.2	Prudential Borrowing	164.7
Adult Social Care	20.4	Capital Receipts	-
Community & Environmental Services	242.7	Revenue & Reserves	-
Finance and Commercial Services	75.4	Grants and Contributions	307.0
Total	**471.7**	**Total**	**471.7**

The major on-going capital schemes are for improving the County's schools estate and transport infrastructure.

The majority of capital expenditure is funded from grants and contributions from third parties – primarily central government, although a significant amount of prudential borrowing will be required to manage the funding of schemes such as office refurbishments, ICT projects and the replacement of a waste recycling centre.

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 £1,201m.

The pension fund deficit does not represent an immediate call on the Council's reserves but provides a snapshot at 31 March 2018, 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 £26.8m compared to £25.7m at the start of the year (excluding £6.5m provisions for bad debts which are set off against receivables in the statement of accounts, but including a £3.1m business rates appeal provision). The increase is due primarily to an increase in the non cash-backed landfill provision.

Outlook for the future

Outlook for the future

Norfolk County Council has set a balanced budget for the year ahead, focusing on protecting vulnerable people and investing in infrastructure that supports our economy and jobs. We face major challenges, with Government grant reducing, demand for services rising and costs increasing. But by prudent budgeting, we have focussed our spending on the priorities outlined in our "Caring for our County" plan.

These include:
• £18.5m of additional spending on children's services, to support the improvements taking place
• An additional £40m for adult social care, to support new ways of working and prevention services
• A capital programme of £471.7m, funded by grants, capital receipts and borrowing, to support major schemes such as completion of the Norwich Northern Distributor Road, school improvements and the Great Yarmouth Third River Crossing

In setting the 2018-19 budget, Norfolk County Council raised council tax by 5.99%, incorporating a 3.00% rise for the social care precept and a 2.99% general increase. This decision enables the council to protect vulnerable people and invest in vital services, and will help to contribute to a robust and sustainable financial position in future years. Overall, the total gross amount spent on adults and children's social care rises significantly by £48m compared to 2017-18.

Although the Council has benefited from four-year funding allocations up to 2019-20, our medium term financial planning is now being undertaken in the face of substantial uncertainty. This is because funding for 2020-21 is not confirmed and subject to three potentially significant changes. Firstly, the Comprehensive Spending Review, which will set the quantum of funding available for local government. Secondly, the Fair Funding Review, which will determine the distribution of funding between individual local authorities based on their relative needs and resources. Finally, the implementation of 75% Business Rates Retention, which will establish the mechanism for the provision of funding to councils. All three of these are expected to be completed in late 2019, representing a major ambiguity for our budget setting process.

In this context, our budget planning continues to anticipate that Revenue Support Grant will cease completely after 2019-20. As a result, the overall financial outlook includes a forecast deficit of £95m between 2019-22 which will need to be addressed in future year budget setting. These are in addition to the significant planned savings of £79m over the period 2018-19 to 2021-22.

Additional funding via the Adult Social Care Support Grant and the Rural Services Delivery Grant, although welcome, are not recurring and therefore do not contribute to solving long-term funding issues. The ability to raise the Adult Social Care precept has raised additional funding, but this has increased the burden on local council tax payers.

Budget planning for 2019-20 and beyond contains a number of risks and uncertainties in key areas:

- Adults:

Norfolk has an ageing population. It is expected that around 25% of the population will be aged 65 and over by 2022, with a 40% increase in the 85+ population. This reflects both national trends as people live longer but also the internal migration of older people who choose to retire in Norfolk. The average annual gross pay in Norfolk is around £25,458 and Norfolk's pay gap has widened compared with regional and national pay levels. In addition 70,400 of Norfolk residents live in areas which have been classified as being among the 10% most deprived in England. This places high demand on local authority provided social care.

- Improved Better Care Fund (iBCF):

The Council has developed a three year plan with our partners to promote a sustainable approach and take into account both the one-off and recurrent nature of the funding. The plan was in place by the end of July – so the key innovations agreed to manage discharge from hospital have only been implemented part way through the winter period – but will support the ongoing pressures and winter planning for 2018. Impact of funding is too early to evaluate.

- Children's:

The Council faces growing pressure within Looked After Children numbers, although it remains a top priority to reduce the numbers of children in our care.

- As highlighted in the recent National Audit Office report, social care pressures will restrict the ability to support other services:

In 2018-19 £410m (40%) of the Council's gross budget £1.016bn (excluding schools) will be spent on adult social care. Over 50% of the council's growth pressures are driven by adult social care. Demographic growth alone increases the Council's costs by £6m a year. The ability to deliver a sustainable social care service affects all services that the council provides and the continuation of some services for local people.

- Reserves:

The Council holds adequate reserves for the level of risk which it faces, however a continued reliance on reserves is neither a sustainable or prudent strategy.

Management of Risk

As part of the overall development of a performance management framework for the Council, a new approach to corporate risk management was adopted in 2015-16. Responsibility for Strategic Risk Management was passed over to the Chief Internal Auditor and a Medium Term Risk Management Strategy is being developed.

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 2017-18.

Trade Union facility time

Norfolk County Council supports the principle of collective bargaining and believes that industrial relations matters are best resolved by discussion and agreement. In this context, the Council recognises the value of trade union membership for employees.

In accordance with the Supporting Guidance for the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Council publishes information relating to Trade Union Facility Time on its web site at https://www.norfolk.gov.uk/what-we-do-and-how-we-work/open-data-fois-and-data-protection/open-data/trade-union-facility-time).

Explanation of the financial statements

These financial statements for 2017-18 are set out in accordance with the **Code of Practice on Local Authority Accounting in the United Kingdom 2017-18: 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

- Comprehensive Income & Expenditure Statement

This statement analyses the Council's day to day operations. 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 and in the Expenditure and Funding Analysis.

Since 2016-17, local authorities have no longer been required to report the cost of individual services in this statement in accordance with Service Reporting Code of Practice, as was the requirement in previous years. Therefore, the service headings in the Net Cost of Services are reported in line with the service structures reported to the Council's Policy and Resources Committee.

- Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

- 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 2017-18 and its financial position at 31 March 2018.

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 2017-18.

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

- With turnover of almost £280m, 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 113 to 167. Copies of the full annual report for the pension fund are available from the Executive Director of Finance and Commercial Services, 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 and Commercial Services, Simon George, Norfolk County Council, County Hall, Martineau Lane, Norwich, NR1 2DH.

Further information relating to this report can be found in the financial statements which follow, in Norfolk County Council's Budget Book 2018-22 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 Review of the Year 2017-18 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 and Commercial Services;
- 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 and Commercial Services's Responsibilities

The Executive Director of Finance and Commercial Services 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 and Commercial Services 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 and Commercial Services 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 and Commercial Services

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

Simon George
Executive Director of Finance and Commercial Services
Date: 31 July 2018

I confirm that the Statement of Accounts was approved by a resolution of the Audit Committee on 31 July and has been re-signed as authorisation to issue.

Cllr Ian Mackie
Chairman of Norfolk County Council Audit committee
Date: 31 July 2018

Independent Auditors’ Report to the Members of Norfolk County Council

The Opinion on the Authority and firefighters’ pension fund financial statements will be added here once the audit is complete.

Single Entity Statements

Comprehensive Income and Expenditure Statement

	2016-17 Gross Expenditure restated £000s	2016-17 Gross Income restated £000s	2016-17 Net Expenditure restated £000s	2017-18 Gross Expenditure £000s	2017-18 Gross Income £000s	2017-18 Net Expenditure £000s
Continuing Services:						
Adult Social Services	381,128	110,827	270,301	400,233	120,047	280,186
Children's Services	591,744	396,026	195,718	577,271	358,131	219,140
Community and Environmental Services	268,684	103,011	165,673	273,304	102,697	170,607
Managing Director's Department	17,358	6,531	10,827	19,312	7,581	11,731
Finance and Commercial Services	80,909	15,318	65,591	54,079	16,299	37,780
Finance General	13,960	9,350	4,610	16,182	9,325	6,857
Non Distributed Costs	(5,550)	0	(5,550)	(11,174)	0	(11,174)
Cost of Services	**1,348,233**	**641,063**	**707,170**	**1,329,207**	**614,080**	**715,127**
Other Operating Expenditure (Note 11)			112,661			109,296
Financing and Investment Income and Expenditure (Note 12)			60,466			59,355
Taxation and Non-Specific Grant Income (Note 13)			(804,974)			(765,288)
(Surplus) / Deficit on Provision of Services			**75,323**			**118,490**
(Surplus) / Deficit on Revaluation of Property, Plant and Equipment Assets			(74,462)			(31,113)
Re-measurements of the net defined benefit liability			291,090			(67,442)
Other Comprehensive Income and Expenditure			**216,628**			**(98,555)**
Total Comprehensive Income and Expenditure			**291,951**			**19,935**

As stated in the Narrative Report on page 3, the Council has made a number of changes to the service structure including changes to Community and Environmental Services, and re-defining the services in Resources and Finance and Property which are now replaced by the Managing Director's Department and Finance and Commercial Services. The comparative figures for 2016-17 have been restated in line with the new service structures.

Movement in Reserves Statement

	General Fund Balance*	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2016	**122,360**	**1,577**	**92,720**	**216,657**	**44,896**	**261,553**
Movement in Reserves during 2016-17						
Total Comprehensive Expenditure and Income	(75,323)	0	0	(75,323)	(216,628)	(291,951)
Adjustments between accounting basis & funding basis under regulations (note 9)	47,451	3,132	25,262	75,845	(75,845)	0
Increase / (Decrease) in Year	**(27,872)**	**3,132**	**25,262**	**522**	**(292,473)**	**(291,951)**
Balance at 31 March 2017	**94,488**	**4,709**	**117,982**	**217,179**	**(247,577)**	**(30,398)**
Movement in Reserves during 2017-18						
Total Comprehensive Expenditure and Income	(118,490)	0	0	(118,490)	98,555	(19,935)
Adjustments between accounting basis & funding basis under regulations (note 9)	119,697	(4,204)	(40,606)	74,887	(74,887)	0
Increase / (Decrease) in Year	**1,207**	**(4,204)**	**(40,606)**	**(43,603)**	**23,668**	**(19,935)**
Balance at 31 March 2018	**95,695**	**505**	**77,376**	**173,576**	**(223,909)**	**(50,333)**

* Note that the General Fund comprises the Council's General balances together with earmarked reserves. Details of movements in these reserves are shown in Note 24 on page 61.

Balance Sheet

	Note	31 March 2017 £000s	31 March 2018 £000s
Property, Plant & Equipment	14	1,580,457	1,626,391
Heritage Assets	15	5,778	6,704
Investment Property	16	21,884	21,529
Intangible Assets		296	1,684
Long Term Investments	17	13,202	13,202
Long Term Debtors	18	66,960	70,141
Long Term Assets		**1,688,577**	**1,739,651**
Short Term Investments	17	104,632	72,000
Inventories		543	584
Short Term Debtors	18	114,156	119,225
Cash and Cash Equivalents	19	51,331	14,391
Assets Held for Sale	20	1,183	3,555
Current Assets		**271,845**	**209,755**
Short Term Borrowing	17	(14,197)	(14,226)
Other Short Term Liabilities	17	(1,783)	(1,893)
Short Term Creditors	21	(158,840)	(160,270)
Provisions	22	(6,250)	(5,997)
Current Liabilities		**(181,070)**	**(182,386)**
Provisions	22	(19,423)	(20,835)
Long Term Borrowing	17	(515,681)	(527,740)
Other Long Term Liabilities	17	(1,247,998)	(1,238,325)
Capital Grants Receipts in Advance	23	(26,648)	(30,453)
Long Term Liabilities		**(1,809,750)**	**(1,817,353)**
Net Assets		**(30,398)**	**(50,333)**
Usable Reserves	24	217,179	173,576
Unusable Reserves	25	(247,577)	(223,909)
Total Reserves		**(30,398)**	**(50,333)**

Cash Flow Statement

	31 March 2017 £000s	31 March 2018 £000s
Net (surplus) or deficit on the provision of services	**75,323**	**118,490**
Adjust net (surplus) or deficit on the provision of services for non-cash movements	(231,149)	(238,888)
Adjust for Items in the net (surplus) or deficit on the provision of services that are investing and financing activities	165,645	106,637
Net cash flows from Operating Activities (note i)	9,819	(13,761)
Investing Activities (note ii)	21,382	61,023
Financing Activities (note iii)	(31,234)	(10,322)
Net (increase) or decrease in cash and cash equivalents	**(33)**	**36,940**
Cash and cash equivalents at the start of the year	**51,298**	**51,331**
Cash and cash equivalents at the end of the year (note 19)	**51,331**	**14,391**

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:

	2016-17 £000s	2017-18 £000s
Depreciation	(55,208)	(52,129)
Impairment and downward valuations	(23,647)	(14,372)
(Increase)/decrease in creditors	(8,683)	106
Increase/(decrease) in debtors	1,028	(2,307)
Movement in Pension Liability	(30,290)	(59,662)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(114,237)	(109,170)
Other non-cash items charged to the net surplus or deficit on the provision of services	(112)	(1,354)
	(231,149)	**(238,888)**

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

	2016-17 £000s	2017-18 £000s
Interest received	(2,210)	(2,947)
Interest paid	32,026	32,113
Dividends received	(762)	(1,247)

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

	2016-17 £000s	2017-18 £000s
Capital grants credited to the deficit on the provision of services	184,043	137,200
Proceeds from the sale of property, plant and equipment	3,153	1,563
Proceeds from short term investments (not considered to be cash equivalents) and long term investments	(21,551)	(32,126)
	165,645	**106,637**

ii. Investing Activities

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

	2016-17 £000s	2017-18 £000s
Purchase of property, plant and equipment, investment property and intangible assets	157,297	193,421
Purchase of short term and long term investments	0	0
Other payments for investing activities	49,372	6,416
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,225)	(1,623)
Other receipts from investing activities	(182,062)	(137,191)
Net cash flows from investing activities	**21,382**	**61,023**

iii. Financing Activities

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

	2016-17 £000s	2017-18 £000s
Cash receipts of short term and long term borrowing	(40,000)	(20,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,295	1,783
Repayments of short term and long term borrowing	6,471	7,895
Net cash flows from financing activities	**(31,234)**	**(10,322)**

Notes to the Financial Statements

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2017-18 financial year and its position at the year end of 31 March 2018. 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 2017-18 (the Code), 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

The council tax income and business rates included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. 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.

Fire Fighters Pension Scheme

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.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (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.

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.

<u>Measurement</u>

Assets are initially measured at cost, comprising:

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

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.

Impairment

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (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.

Disposals and non current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, 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. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
The Adjustments between the funding and accounting basis are detailed more fully below the Analysis table.

	2017-18		
	Net Expenditure chargeable to the General Fund	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
	£000s	**£000s**	**£000s**
Adult Social Services	232,293	47,893	280,186
Children's Services	163,367	55,773	219,140
Community and Environmental Services	119,573	51,034	170,607
Managing Director's Department	8,911	2,820	11,731
Finance and Commercial Services	24,728	13,052	37,780
Finance General	3,631	3,226	6,857
Non Distributed Costs	0	(11,174)	(11,174)
Net Cost of Services	**552,503**	**162,624**	**715,127**
Other Income and Expenditure	(553,710)	(42,927)	(596,637)
(Surplus) or Deficit	**(1,207)**	**119,697**	**118,490**
Opening General Fund Balance at 31 March*	94,488		
Plus surplus on General Fund	1,207		
Closing General Fund Balance at 31 March*	**95,695**		

	2016-17		
	Net Expenditure chargeable to the General Fund restated	**Adjustments between the Funding and Accounting Basis restated**	**Net Expenditure in the Comprehensive Income and Expenditure Statement restated**
	£000s	**£000s**	**£000s**
Adult Social Services	258,774	11,527	270,301
Children's Services	160,976	34,742	195,718
Community and Environmental Services	125,305	40,368	165,673
Managing Director's Department	8,957	1,870	10,827
Finance and Commercial Services	27,557	38,034	65,591
Finance General	(1,943)	6,553	4,610
Non Distributed Costs	0	(5,550)	(5,550)
Net Cost of Services	**579,626**	**127,544**	**707,170**
Other Income and Expenditure	(551,754)	(80,093)	(631,847)
(Surplus) or Deficit	**27,872**	**47,451**	**75,323**
Opening General Fund Balance at 31 March *	122,360		
Less deficit on General Fund	(27,872)		
Closing General Fund Balance at 31 March *	**94,488**		

* The General Fund Balance in the tables above represent the Council's General Balances together with total earmarked reserves as detailed in Note 10 on page 44.

Note to the Expenditure and Funding Analysis

	2017-18			
	Adjustments for Capital Purposes (Note 1) £000s	**Net change for the pensions adjustments (Note 2) £000s**	**Other Differences (Note 3) £000s**	**Total Adjustments £000s**
Adult Social Services	5,091	9,006	33,796	47,893
Children's Services	27,119	23,864	4,790	55,773
Community and Environmental Services	34,453	11,839	4,742	51,034
Managing Director's Department	2	2,103	715	2,820
Finance and Commercial Services	8,464	4,586	2	13,052
Finance General	(316)	(12,603)	16,145	3,226
Non Distributed Costs	0	(11,174)	0	(11,174)
Net Cost of Services	**74,813**	**27,621**	**60,190**	**162,624**
Other Income and Expenditure from the Expenditure and Funding Analysis	(13,947)	32,041	(61,021)	(42,927)
Difference between General Fund surplus/deficit and CIES surplus/deficit on provision of services	**60,866**	**59,662**	**(831)**	**119,697**

	2016-17			
	Adjustments for Capital Purposes restated (Note 1) £000s	**Net change for the pensions adjustments restated (Note 2) £000s**	**Other Differences restated (Note 3) £000s**	**Total Adjustments restated £000s**
Adult Social Services	1,160	1,693	8,674	11,527
Children's Services	19,336	7,310	8,096	34,742
Community and Environmental Services	28,812	4,926	6,630	40,368
Managing Director's Department	35	1,103	732	1,870
Finance and Commercial Services	36,377	1,659	(2)	38,034
Finance General	1,361	(11,726)	16,918	6,553
Non Distributed Costs	0	(5,550)	0	(5,550)
Net Cost of Services	**87,081**	**(585)**	**41,048**	**127,544**
Other Income and Expenditure from the Expenditure and Funding Analysis	(75,883)	30,875	(35,085)	(80,093)
Difference between General Fund surplus/deficit and CIES surplus/deficit on provision of services	**11,198**	**30,290**	**5,963**	**47,451**

Note 1: Adjustments for capital purposes adds in depreciation and impairment and revaluation gains and losses in service lines:

- Other operating expenditure - adjusts for capital disposals with a transfer to income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and Non-specific Grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2: Net Change for Pensions Adjustments removes the pension contributions and adds the IAS19 employee benefits pension related expenditure and income.

- For services this represents the removal of employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure the net interest on the defined benefit liability is charged to the CIES.

Note 3: Other Differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- For Financing and Investment Income and Expenditure the other differences column recognises adjustments to the General fund for the timing differences for premiums and discounts
- Taxation and Non-specific Grant income and expenditure includes the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund. It also includes adjustments for government grants which are deemed to be non ringfenced and therefore moved to this section from services.

Segmental Income

Income received from external customers (as included in column 1 of the Expenditure and Funding Analysis table above) on a segmental basis is analysed below:

	2016-17 restated £000s	2017-18 £000s
Adult Social Services	62,489	67,422
Children's Services	34,209	31,313
Community and Environmental Services	21,410	23,199
Managing Director's Department	4,221	6,378
Finance and Commercial Services	7,283	7,322
Finance General	637	729
Total income analysed on a segmental basis	**130,249**	**136,363**

3. Expenditure and Income analysed by Nature

The Council's expenditure and income is analysed as follows:

	2016-17 £000s	2017-18 £000s
Expenditure		
Employee benefits expenses	482,870	475,425
Other Services expenses	801,971	800,775
Support Service recharges	49,165	46,249
Depreciation, amortisation, impairment	80,789	66,775
Interest payments	62,749	63,525
Precepts and levies	1,312	1,349
Gain/loss on disposal of assets	111,349	107,947
Total Expenditure	**1,590,205**	**1,562,045**
Income		
Fees, charges and other service income	(205,700)	(220,934)
Interest and investment income	(2,440)	(2,441)
Income from council tax and business rates	(478,980)	(504,928)
Government Grants and contributions	(827,762)	(715,252)
Total Income	**(1,514,882)**	**(1,443,555)**
Surplus or Deficit on the Provision of Services	**75,323**	**118,490**

4. Accounting Standards issued, not adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 (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.

IFRS 9 Financial Instruments has been implemented in the 2018-19 CIPFA Accounting Code of Practice. Its introduction will see the classifications of financial assets change to Amortised Cost, Fair Value through Comprehensive Income and Fair Value through Profit and Loss, from the previous categories of Loans and Receivables, Available for Sale and Fair Value through Profit and Loss. The second main change will be the introduction of an expected credit loss model for particular asset types, rather than an impairment of the asset resulting from a specific incident.
The impact of these changes on the Authority's financial position can be summarised as follows:

- The Authority currently holds shares in subsidiary companies which forms part of its business model. Under the IFRS 9 changes these shares will be elected to be categorised as Fair Value through Comprehensive Income which, subject to any impairment, will be held at cost with fuller details of the company shown in the Group Accounts.

- The expected credit loss implications for those financial assets not treated as Fair Value are expected to be minimal for the majority of the treasury investments as the Authority adopts strict credit quality arrangements in accordance with the CIPFA Treasury Management Code of Practice. In addition to the day to day treasury investments the Authority also has outstanding loan agreements with a number of subsidiary companies and third parties. Assessment of the Council's financial assets shows no indication of credit impairment or default on these loans.

IFRS 15 Revenue from Contracts with Customers presents new requirements for the recognition of revenue, based on a control-based revenue recognition model. The Council does not have any material revenue streams which will be accounted for differently under the new standard. Norse Group expects IFRS 15 to have a significant effect on its financial statements, but this will not have a material impact on the Council's group accounts.

IAS 7 Statement of Cash Flows (Disclosure Initiative) will potentially require some additional analysis of Cash Flows from Financing Activities in future years. Given the current extent of disclosure, no changes are anticipated.

IAS 12 Income Taxes (Recognition of Deferred tax Assets for Unrealised Losses) amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, in particular deferred tax assets related to debt instruments measured at fair value. Neither of the Council's subsidiary companies consolidated in the Group Accounts has such debt instruments.

5. 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 £41.8m) 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 14 Property, Plant and Equipment the Council continues to recognise Community and Voluntary Controlled school assets, along with playing fields for VA schools, on the Balance Sheet for 2017-18, 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.

6. 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 £2.4m 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 £268.889m. However, the assumptions interact in complex ways. During 2017-18, the Council's actuaries advised that the net pension liability had decreased by £67.442m.
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 undertaken by NPS Property Consultants Limited).	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.

Information about the valuation techniques and inputs used in determining the fair value of the authority’s assets and liabilities is disclosed in notes 16 and 17 below.

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

7. Material Items of Income and Expense

During 2017-18, 42 schools transferred to Academy, Voluntary Aided and Foundation status and one newly constructed school building was occupied by a Trust school. The assets relating to these schools have been removed from the Council’s balance sheet. The value written off amounts to £107.561m and the net loss on disposal of these assets is the main reason for the total shown in note 11 to the accounts.

8. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Executive Director of Finance and Commercial Services on 31 July 2018. 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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Schools transferring to Academy Status

Between 1 April 2018 and 31 July 2018 8 schools, (listed below), with a net book value of £26.686m converted to academy status.

Angel Road Infant school	Diss Church CEVC school
Angel Road Primary	Framingham Earl High School
Dickleburgh CofE VC Primary school	Ghost Hill Infant and Nursery school
Raleigh Infant School and Nursery	West Norfolk Development Centre

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 2018-19 and will be treated as a disposal at nil consideration in the 2018-19 consolidated Income and Expenditure Statement.

UK relationship with the EU

There is likely to be ongoing uncertainty while the UK continues to renegotiate its relationship with the EU and other nations. For the purposes of these financial statements, the EU Referendum outcome is a non-adjusting event, with the following factors taken into account:

The Council’s Investment Strategy for 2018-19, approved by full Council at its meeting on 12 February 2018 builds on the cautious approach of recent years which 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 41, and the current strategy will be under constant review.

The Pension Fund continues to be a diversified long term investor. Details of factors influencing the value of the pension fund are given in Note 39.

9. 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.

2017-18	**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)	59,662		
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	18		
Council Tax and NDR (transfers to and from Collection Fund Adjustment Account)	(685)		
Holiday Pay (transferred to the Accumulated Absences Reserve)	(108)		
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):	64,644		31,445
Total Adjustment to Revenue Resources	**123,531**	**0**	**31,445**
Adjustments between Revenue and Capital Resources:			
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,563)	1,563	
Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve)	33	(33)	
Statutory provision for the repayment of debt	(1,804)		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(500)		
Total Adjustments between Revenue and Capital Resources	**(3,834)**	**1,530**	**0**
Adjustments to Capital Resources:			
Use of the Capital Receipts reserve to finance capital expenditure		(6,751)	
Long term debtor repayments in year		1,017	
Application of capital grants to finance capital expenditure			(72,051)
Total Adjustments to Capital Resources	**0**	**(5,734)**	**(72,051)**
Total Adjustments in 2017-18	**119,697**	**(4,204)**	**(40,606)**

2016-17	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)	30,290		
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	8		
Council Tax and NDR (transfers to and from Collection Fund Adjustment Account)	974		
Holiday Pay (transferred to the Accumulated Absences Reserve)	2,964		
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):	26,378		54,336
Total Adjustment to Revenue Resources	**60,614**	**0**	**54,336**
Adjustments between Revenue and Capital Resources:			
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,153)	3,153	
Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve)	83	(83)	
Statutory provision for the repayment of debt	(5,901)		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(4,192)		
Total Adjustments between Revenue and Capital Resources	**(13,163)**	**3,070**	**0**
Adjustments to Capital Resources			
Use of the Capital Receipts reserve to finance capital expenditure		0	
Long term debtor repayments in year		62	
Application of capital grants to finance capital expenditure			(29,074)
Total Adjustments to Capital Resources	**0**	**62**	**(29,074)**
Total Adjustments in 2016-17	**47,451**	**3,132**	**25,262**

10. 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 2017 or 31 March 2018. Descriptions of each of these earmarked reserves follow the table.

	Balance at 31 March 2016	Transfers in 2016-17	Transfers out 2016-17	Balance at 31 March 2017	Transfers in 2017-18	Transfers out 2017-18	Balance at 31 March 2018
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
LMS Balances	21,334	18,400	(25,780)	13,954	20,124	(28,201)	5,877
Adult Social Care Residential Review	0	0	0	0	809	0	809
Building Maintenance	3,547	2,301	(617)	5,231	647	(1,702)	4,176

	Balance at 31 March 2016	Transfers in 2016-17	Transfers out 2016-17	Balance at 31 March 2017	Transfers in 2017-18	Transfers out 2017-18	Balance at 31 March 2018
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Business Risk Reserve (ASC)	10,678	4,911	(10,678)	4,911	4,500	(4,911)	4,500
Business Risk Reserve (General)	0	0	0	0	3,671	0	3,671
Economic Development and Tourism	2,827	348	(622)	2,553	560	(1,121)	1,992
Highways Maintenance	5,871	1,004	(1,355)	5,520	2,569	(2,293)	5,796
Information Technology	5,856	436	(2,338)	3,954	602	(1,444)	3,112
Insurance Reserve	3,083	2,853	(2,556)	3,380	468	(3,061)	787
Norfolk Infrastructure Fund	1,104	885	(278)	1,711	885	(2,596)	0
Norwich Schools PFI Sinking Fund	2,349	69	0	2,418	0	(2,418)	0
Organisational Change and Redundancy Reserve	6,844	411	(1,306)	5,949	1,633	(2,587)	4,995
Prevention Fund	323	275	(122)	476	629	(393)	712
Repairs and Renewals Fund	3,450	1,226	(639)	4,037	842	(1,841)	3,038
Schools Non-Teaching Activities	933	810	(1,010)	733	1,024	(1,027)	730
Strategic Ambitions Reserve	971	2	(378)	595	0	(7)	588
Street Lighting PFI Sinking Fund	6,945	3,231	(4,854)	5,322	3,085	(3,355)	5,052
Unspent Grants and Contributions	14,520	3,913	(8,069)	10,364	20,512	(4,201)	26,675
Waste Management Partnership	1,058	0	(108)	950	0	(81)	869
Other earmarked reserves	11,415	1,029	(9,315)	3,129	743	(1,092)	2,780
TOTAL	**103,108**	**42,104**	**(70,025)**	**75,187**	**63,303**	**(62,331)**	**76,159**

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 Care 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.

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.

Business Risk Reserve (ASC)

This reserve is ear marked for Adult Social Services and provides flexibility in managing key budget risks in the service.

Business Risk Reserve (General)

This reserve has been created during the year to provide flexibility with managing all service budget risks and to mitigate the level of savings to be found in future years.

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.

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.

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.

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 Non-Teaching Activities

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

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 2018-19 or future years as initiatives are completed. All balances on each of these reserves as at 31 March 2017 and 31 March 2018 are below £0.5m.

11. 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:

	2016-17 £000s	2017-18 £000s
Environment Agency precept	776	813
Eastern Sea Fisheries precept	536	536
(Gains)/losses on disposal of non current assets	111,349	107,947
Total	**112,661**	**109,296**

12. 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:

	2016-17 £000s	2017-18 £000s
Interest payable and similar charges	32,086	32,096
Net interest cost on the net defined benefit liability	30,608	31,373
Interest receivable and similar income	(2,440)	(2,441)
Income and expenditure in relation to investment properties and / or changes in their fair value (note 16)	1,368	(469)
Dividend Income	(762)	(1,247)
(Gains)/Losses on trading accounts not included in the cost of services (note 26)	(394)	43
Total	**60,466**	**59,355**

13. 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:

	2016-17 £000s	2017-18 £000s
Council tax income	336,917	359,749
Non domestic rates	142,063	145,180
Non ring fenced government grants	141,950	135,224
Capital grants, contributions and donated assets	184,044	125,135
Total	**804,974**	**765,288**

14. Property, Plant and Equipment

Movements in 2017-18 on Council assets are as follows.

	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
Cost or Valuation								
At 1 April 2017	786,342	57,035	962,643	13	138,781	20,530	1,965,344	52,041
Additions	8,257	5,738	64,042	0	115,097	1,364	194,498	1,101
Revaluation increases/(decreases):								
- to Revaluation reserve	27,389	0	0	0	0	(1,640)	25,749	(97)
- to surplus or deficit on provision of services	(9,142)	0	0	0	0	80	(9,062)	(5,559)
Derecognition - disposals	(113,123)	(6,957)	0	0	0		(120,080)	(1,223)
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	(3,353)	(3,353)	0
Reclassifications and transfers	47,465	2,002	128,122	0	(186,213)	7,268	(1,356)	0
At 31 March 2018	**747,188**	**57,818**	**1,154,807**	**13**	**67,665**	**24,249**	**2,051,740**	**46,263**
Accumulated Depreciation and Impairment								
At 1 April 2017	83,682	33,275	256,601	0	0	11,329	384,887	4,953
Depreciation charge	18,676	5,840	27,574	0	0	39	52,129	1,275
Depreciation written out to Revaluation reserve	(6,029)	0	0	0	0	(202)	(6,231)	(82)
Depreciation written out on revaluation to surplus or deficit on provision of services	(9,748)	0	0	0	0	(108)	(9,856)	(274)
Impairment losses/(reversals) recognised in:								
- the Revaluation reserve	1,834	0	0	0	0	(40)	1,794	0
- the surplus or deficit on provision of services	13,728	0	0	0	0	1,438	15,166	0
Derecognition - disposals	(6,302)	(5,905)	0	0	0	0	(12,207)	(233)
Reclassifications and transfers	(339)	(9)	0	0	0	15	(333)	(1,223)
At 31 March 2018	**95,502**	**33,201**	**284,175**	**0**	**0**	**12,471**	**425,349**	**4,416**
Net Book Value:								
At 31 March 2018	**651,686**	**24,617**	**870,632**	**13**	**67,665**	**11,778**	**1,626,391**	**41,847**
At 31 March 2017	702,660	23,760	706,042	13	138,781	9,201	1,580,457	47,088

Movements in 2016-17 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 2016	800,533	58,309	912,713	0	87,139	15,514	1,874,208	50,702
Additions	10,433	5,202	45,093	0	106,120	2,069	168,917	1,223
Revaluation increases/(decreases):								
- to Revaluation reserve	59,428	0	0	1	0	3,000	62,429	548
- to surplus or deficit on provision of services	(9,976)	0	0	0	0	(1,094)	(11,070)	(432)
Derecognition - disposals	(114,566)	(9,034)	0	0	0	(6)	(123,606)	0
Derecognition - other	0	0	(1,224)	0	0	0	(1,224)	0
Assets reclassified (to)/from Assets Held for Sale	(25)	0	0	(1)	0	(2,549)	(2,575)	0
Reclassifications and transfers	40,515	2,558	6,061	13	(54,478)	3,596	(1,735)	0
At 31 March 2017	**786,342**	**57,035**	**962,643**	**13**	**138,781**	**20,530**	**1,965,344**	**52,041**
Accumulated Depreciation and Impairment								
At 1 April 2016	66,011	35,356	233,569	0	0	9,248	344,184	4,126
Depreciation charge	25,012	5,927	24,255	0	0	14	55,208	1,147
Depreciation written out to Revaluation reserve	(8,923)	0	0	0	0	(3)	(8,926)	(56)
Depreciation written out on revaluation to surplus or deficit on provision of services	(23,871)	0	0	0	0	(8)	(23,879)	(227)
Impairment losses/(reversals) recognised in:								
- the Revaluation reserve	145	0	0	0	0	0	145	(9)
- the surplus or deficit on provision of services	29,386	0	0	0	0	2,069	31,455	(28)
Derecognition - disposals	(4,068)	(8,008)	0	0	0	0	(12,076)	0
Derecognition - other	0	0	(1,223)	0	0	0	(1,223)	0
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	0	0	0
Reclassifications and transfers	(10)	0	0	0	0	9	(1)	0
At 31 March 2017	**83,682**	**33,275**	**256,601**	**0**	**0**	**11,329**	**384,887**	**4,953**
Net Book Value:								
At 31 March 2017	**702,660**	**23,760**	**706,042**	**13**	**138,781**	**9,201**	**1,580,457**	**47,088**
At 31 March 2016	734,522	22,953	679,144	0	87,139	6,266	1,530,024	46,576

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 £52.129m (£55.208m in 2016-17).

Capital commitments

The Council's forward capital programme as at 31 March 2018 totals £471.7m for the years 2018-19 to 2020-21 and beyond. Of this total £234.4m relates to the estimated future payments on schemes started before 31 March 2018, with the total of new schemes totalling £237.4m.

In comparison, the revised programme in 2016-17 totalled £384.3m for the years 2017-18 to 2019-20 and beyond. Of this total, £323.1m related to the estimated future payments on schemes started before 31 March 2017.

At 31 March 2018, the Council has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2018-19 and future years on schemes listed in the table below. Similar commitments at 31 March 2017 were £63.7m.

The major commitments are:

Service/Scheme	Contract Completion	£000s
Children's Services schools projects		
Fen Rivers Academy	2018-19	1,220
Costessey Infant/Junior	2018-19	3,572
Roydon Primary School	2018-19	5,203
Social Care		
Social Care information system implementation	2018-19	3,876
Finance and Commercial Services		
Technology improvements (incl devices refresh)	2020-21	12,990
Information Management new portal structure/GRID	2020-21	1,665
Better Broadband for Norfolk	2020-21	21,256
		49,782

In addition to the above, the Council has three major on-going contract arrangements 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 2018-21 at 31 March 2018 was £194.0m, including £5.9m in respect of the Northern Distributor Road/Broadland Northway which opened fully to traffic in April 2018.

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		24,617	870,632	13	
Valued at current value in:					
2017-18	335,097				5,394
2016-17	234,639				1,702
2015-16	28,019				4,682
2014-15	24,140				
2013-14	29,791				
Total	**651,686**	**24,617**	**870,632**	**13**	**11,778**

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.

- Fair value hierarchy – Surplus Assets

Of the Council's Surplus Assets at 31 March 2018 assets valued at £8.580m been assessed as Level 3 for valuation purposes, with the remainder assessed as Level 2. The valuation levels are as set out for Investment Properties as described in note 16 below.

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) categorised within level 3 of Fair Value Hierarchy:

	Surplus Assets
Opening balance	4,903
Transfers into Level 3	1,918
Revaluation gains / (losses) - revaluation reserve	(1,179)
Total gains/(losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	140
Additions	2,798
Closing Balance	**8,580**

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 2017-18, 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.

15. 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 2017	5,144	634	5,778
Revaluations	926	0	926
At 31 March 2018	**6,070**	**634**	**6,704**

	£000s	£000s	£000s
Cost or valuation			
1 April 2016	5,144	834	5,978
Disposals	0	(200)	(200)
At 31 March 2017	**5,144**	**634**	**5,778**

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 Property, Plant and Equipment.

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.

16. 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:

	2016-17 £000s	2017-18 £000s
Rental income from investment property	(464)	(507)
Direct operating expenses arising from investment property	0	0
(Gains)/Losses on changes in fair value	1,832	38
Net (gain)/loss	**1,368**	**(469)**

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:

	2016-17 £000s	2017-18 £000s
Balance at the start of the year	**23,705**	**21,884**
Additions	0	0
Disposals	0	(317)
Net gains/(losses) from fair value investments	(1,832)	(38)
Other changes	11	
Balance at the end of the year	**21,884**	**21,529**

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.

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 2018
	£000s	**£000s**	**£000s**
Industrial estate	1,961	9,478	11,439
Agricultural land with development potential	0	10,090	10,090
	1,961	**19,568**	**21,529**

Of the net gains/(losses) from fair value investments in 2017-18, (£0.026m) relates to fair value measurements categorised within Level 3 of the fair value hierarchy (£1.146m in 2016-17).

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) categorised within level 3 of Fair Value Hierarchy:

	Industrial estate	Agricultural land with development potential	Total 2018
	£000s	**£000s**	**£000s**
Opening balance	9,821	10,095	19,916
Transfers into Level 3 from level 2			
Total gains/(losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(26)	(5)	(31)
Disposals	(317)	0	(317)
Closing Balance	**9,478**	**10,090**	**19,568**

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.

17. Financial Instruments

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

	Long Term		Current	
	31 March 2017 £000s	**31 March 2018 £000s**	**31 March 2017 £000s**	**31 March 2018 £000s**
Investments:				
Loans and receivables	0	0	104,632	72,000
Available for sale financial assets	1,238	1,238	0	0
Total included in Investments	**1,238**	**1,238**	**104,632**	**72,000**
Debtors:				
Financial assets carried at contract amounts (excludes statutory debtors)	65,594	68,513	68,310	74,622
Soft Loans	1,366	1,628	324	414
Total included in Debtors	**66,960**	**70,141**	**68,634**	**75,036**
Cash and cash equivalents:				
Cash and cash equivalents	0	0	51,331	14,391
Total included in Cash and cash equivalents	**0**	**0**	**51,331**	**14,391**
Borrowings:				
Financial liabilities at amortised cost	515,681	527,740	14,197	14,226
Total included in Borrowings	**515,681**	**527,740**	**14,197**	**14,226**
Other Short/Long Term Liabilities:				
PFI liabilities	53,349	52,265	853	1,084
Finance lease liabilities	2,223	1,414	930	809
Total included in Other Short/Long Term Liabilities	**55,572**	**53,679**	**1,783**	**1,893**
Creditors:				
Financial assets carried at contract amounts (excludes statutory creditors)	0	0	123,562	115,792
Total included in Creditors	**0**	**0**	**123,562**	**115,792**

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 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 86 employees in the authority who are in posts that require them to drive regularly on the Council's business. Interest is charged on the loans at 1.5% (equates to 3% APR) but the Council assesses that an unsubsidised rate for such loans would have been 5.25%.

Income, Expense, Gains and Losses

	2016-17 Financial Liabilities measured at amortised cost £000s	2016-17 Financial Assets: Fair value through the I&E £000s	2016-17 Total £000s	2017-18 Financial Liabilities measured at amortised cost £000s	2017-18 Financial Assets: Fair value through the I&E £000s	2017-18 Total £000s
Interest expense	32,141	0	32,141	32,151	0	32,151
Discount received on debt restructuring	0	(55)	(55)	0	(55)	(55)
Total expense in Surplus/Deficit on the Provision of Services	32,141	(55)	32,086	32,151	(55)	32,096
Interest Income	0	(2,440)	(2,440)	0	(2,441)	(2,441)
Total income in Surplus/Deficit on the Provision of Services	0	(2,440)	(2,440)	0	(2,441)	(2,441)
Net gain/(loss) for the year	**32,141**	**(2,495)**	**29,646**	**32,151**	**(2,496)**	**29,655**

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 2017** Carrying amount £000s	**31 March 2017** Fair value restated £000s	**31 March 2018** Carrying amount £000s	**31 March 2018** Fair value £000s
PWLB debt	484,514	788,044	496,740	790,438
Non PWLB debt	45,364	72,295	45,226	71,612
PFI and finance lease liabilities	57,355	104,378	55,572	98,720
Short term creditors	123,562	123,562	115,792	115,792
Total	**710,795**	**1,088,279**	**713,330**	**1,076,562**

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 £790.438m 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.

The fair value of PFI and finance lease liabilities at 31 March 2017 has been restated to exclude accrued interest so that it is consistent with the calculation and reporting of fair value at 31 March 2018.

Financial Assets	**31 March 2017**		**31 March 2018**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables:	**£000s**	**£000s**	**£000s**	**£000s**
Investments	104,632	104,632	72,000	72,000
Available for sale - Norwich Airport shares	1,238	1,238	1,238	1,238
Cash and cash equivalents	51,331	51,331	14,391	14,391
Long term debtors	66,960	66,960	70,141	70,141
Short term debtors	68,637	68,637	75,036	75,036
Total	**292,798**	**292,798**	**232,806**	**232,806**

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.

18. 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 2017 £000s	**31 March 2018 £000s**	**31 March 2017 £000s**	**31 March 2018 £000s**
Central Government bodies	0	0	9,916	10,895
Public Corporations	0	0	42	0
Other local authorities	0	0	26,427	29,745
NHS bodies	0	0	13,370	14,570
Prepayments	0	0	15,101	13,444
Trade debtors, other entities and individuals	66,960	70,141	49,300	50,571
	66,960	**70,141**	**114,156**	**119,225**

19. Cash and Cash Equivalents

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

	31 March 2017 £000s	**31 March 2018 £000s**
Cash and Bank balances	(6,952)	(8,488)
Short term deposits with the Money Market	58,283	22,879
	51,331	**14,391**

20. Assets Held for Sale

Current Assets	2016-17 £000s	2017-18 £000s
Balance outstanding at start of year	**1,110**	**1,183**
Assets newly classified as held for sale:		
Property plant and equipment	0	3,353
Assets declassified as held for sale:		
Property plant and equipment	2,575	0
Assets sold	(2,501)	(977)
Other Movements	(1)	(4)
Balance outstanding at year end	**1,183**	**3,555**

<u>Fair value hierarchy</u>

Of the Council's assets held for sale at 31 March 2018 one asset, valued at £0.200m, has been assessed as Level 3 for valuation purposes. All other assets held for sale, and all those held at 31 March 2018 have been assessed as Level 2. The valuation levels are as set out for Investment Properties as described in note 16 above.

21. 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 2017 £000s	31 March 2018 £000s
Central Government bodies	12,828	13,376
Other local authorities	14,188	16,343
NHS bodies	3,114	6,389
Public Corporations and Trading Funds	42	0
Receipts in advance	2,644	2,805
Trade creditors, service providers, other entities and individuals	126,024	121,357
	158,840	**160,270**

22. 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	£000s
Balance at the start of the year	10,665	11,073	151	3,784	25,673
Additional provisions made in 2017-18	4,040	1,284	289	760	6,373
Amounts used in 2017-18	(3,710)	0	(151)	(1,353)	(5,214)
Amounts reversed to revenue	0	0	0	0	0
Balance at the end of the year	**10,995**	**12,357**	**289**	**3,191**	**26,832**
Consists of:					
Current Provisions	2,532	0	289	3,176	5,997
Long Term Provisions	8,463	12,357	0	15	20,835
Total	**10,995**	**12,357**	**289**	**3,191**	**26,832**

Insurance

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 to the Council.

Landfill

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 was first recognised in the financial statements in 2012-13, balanced by an addition to Surplus Assets within Property, Plant and Equipment.

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.

23. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017-18. The table shows details of grants credited to Services where the balance is in excess of £200,000 in both 2016-17and 2017-18.

	2016-17 £000s	**2017-18 £000s**
Credited to Taxation and non Specific Grant Income:		
General Government Grants:		
Department for Communities and Local Government	132,729	125,927
Department for Education	4,839	4,839
Department for Transport	3,066	3,066
Department of Health	933	1,238
Home Office	383	154
Total General Government Grants	**141,950**	**135,224**
Capital Grants and Contributions:		
Department for Education	31,133	29,653
Department for Transport	81,366	64,669
Other Local Authorities	48,259	7,226
New Anglia Local Enterprise Partnership	14,312	13,464
Developer Contributions	6,563	9,302
Department of Health	596	0
Grants and Contributions less than £200,000	1,815	821
Total Capital Grants and Contributions	**184,044**	**125,135**
Credited to Services:		
Adult Social Services:		
NHS Clinical Commissioning Groups	38,658	44,204
Department for Communities and Local Government	0	604
Home Office	0	395
Other Local Authorities	813	398
NHS Foundation Trusts	802	362
Community Healthcare CIC	0	296
Children's Services:		
Department for Education	369,257	332,461

Young Person Learning Agency	4,371	3,508
Department for Communities and Local Government	2,501	2,227
Grants & Contributions raised directly by schools	1,728	1,143
Arts Council /Federation of Music Services	1,079	1,070
NHS Primary Care Trusts/Clinical Commissioning Groups	651	1,535
Home Office	0	631
Other Local Authorities	239	236
Community and Environmental Services:		
Department of Health (Public Health)	41,106	40,093
Department for Media, Culture & Sport	5,475	5,183
Skills Funding Agency	3,989	4,124
Department for Transport	3,267	2,567
NHS England (Public Health)	2,343	2,343
Arts Council	1,833	2,075
Department of Business, Innovation and Skills	1,547	289
EU Funding	1,471	1,532
Developer Contributions	1,200	2,030
Sport England Lottery	958	728
Other Local Authorities	411	0
Rural Payments Agency	206	0
Norfolk Parking Partnership	200	0
Department for Environment, Food and Rural Affairs	0	255
Heritage Lottery Fund	0	176
Managing Director's Department:		
Other Local Authorities	0	328
Grants and Contributions less than £200,000	3,258	3,919
Total Grants and Contributions recognised in net Cost of Services	**487,363**	**454,712**

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:

	2016-17 £000s	**2017-18 £000s**
Included in Current Liabilities:		
Conditional Revenue Grants & Contributions:		
Department for Education	1,131	738
Department for Communities and Local Government	15	0
Department for Transport	589	146
Department for Media, Culture and Sport	701	304
NHS Clinical Commissioning Groups	202	52
Skills Funding Agency	458	237
Education funding Agency	0	69
Other Revenue Grants & Contributions	68	199
Total Conditional Revenue Grants & Contributions	**3,164**	**1,745**
Included in Long Term Liabilities:		
Capital Grants Receipts in Advance:		
Developer Contributions	19,424	19,439
Department for Education	3,295	2,528
New Anglia Local Enterprise Partnership	2,313	5,667
Contributions from Diocese	911	57
Other Local Authorities	455	2,237
Department for Transport	160	120
School Contributions	0	163
Other smaller Capital Grants & Contributions	90	242
Total Capital Grants Receipts in Advance	**26,648**	**30,453**

24. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement with additional detail given in notes 9 and 10.

The General Fund Balance comprises:

	31 March 2017 £000s	31 March 2018 £000s
General Fund Reserve (Narrative Report on page 7)	19,301	19,536
Earmarked Reserves (Note 10 on page 44)	75,187	76,159
Total	**94,488**	**95,695**

25. Unusable Reserves

	31 March 2017 £000s	31 March 2018 £000s
Revaluation Reserve	229,814	231,688
Capital Adjustment Account	720,624	733,863
Financial Instruments Adjustment Account	(2,768)	(2,786)
Collection Fund Adjustment Account	7,334	8,019
Pensions Reserve	(1,192,426)	(1,184,646)
Accumulated Absences Account	(10,155)	(10,047)
	(247,577)	**(223,909)**

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.

	2016-17 £000s	2017-18 £000s
Balance at 1 April	**197,036**	**229,814**
Upward revaluation of assets	96,664	47,039
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(25,454)	(15,928)
Surplus or (deficit) on revaluation of non current assets not posted to the Comprehensive Income and Expenditure Statement	71,210	31,111
Difference between fair value depreciation and historical cost depreciation	(6,427)	(6,728)
Accumulated gains on assets sold or scrapped	(32,005)	(22,509)
Amount written off to the Capital Adjustment Account	(38,432)	(29,237)
Balance at 31 March	**229,814**	**231,688**

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

	2016-17 £000s	**2017-18 £000s**
Balance at 1 April	**720,549**	**720,624**
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	(91,663)	(67,295)
• Revaluation gains/(losses) on property, plant and equipment	12,808	676
• Movement in the fair value of investment properties	(1,832)	(38)
• Amortisation of intangible assets	(103)	(117)
• Revenue expenditure funded from capital under statute	(27,306)	(25,900)
• 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 11)	(114,237)	(109,170)
	(222,333)	(201,844)
Adjusting amounts written out of the Revaluation Reserve	38,432	29,237
Net written out amount of the cost of non current assets consumed in the year	(183,901)	(172,607)
Capital financing applied in the year:		
• Use of the Capital Receipts Reserve to finance new capital expenditure	0	751
• Use of capital receipts to repay the principal of amounts previously borrowed		6,000
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	141,619	105,755
• Application of grants to capital financing from the Capital Grants Unapplied Account	29,074	72,051
• Statutory provision for the financing of capital investment charged against the General Fund	5,839	787
• Capital expenditure charged against the General Fund	4,192	500
	180,724	185,844
Other Adjustments	3,252	2
Balance at 31 March	**720,624**	**733,863**

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 2018 will be charged to the General Fund on a straight line basis until May 2019.

	2016-17 £000s	2017-18 £000s
Balance at 1 April	**(2,760)**	**(2,768)**
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	47	37
Balance at 31 March	**(2,768)**	**(2,786)**

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.

	2016-17 £000s	2017-18 £000s
Balance at 1 April	**8,308**	**7,334**
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	(974)	685
Balance at 31 March	**7,334**	**8,019**

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.

	2016-17 £000s	2017-18 £000s
Balance at 1 April	**(871,046)**	**(1,192,426)**
Remeasurements of the defined benefit liability/(asset)	(291,090)	67,442
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	(91,558)	(121,782)
Employers pensions contributions and direct payments to pensioners payable in the year	61,268	62,120
Balance at 31 March	**(1,192,426)**	**(1,184,646)**

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.

	2016-17 £000s	2017-18 £000s
Balance at 1 April	**(7,191)**	**(10,155)**
Settlement or cancellation of accrual made at the end of the preceding year	7,191	10,155
Amounts accrued at the end of the current year	(10,155)	(10,047)
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	(2,964)	108
Balance at 31 March	**(10,155)**	**(10,047)**

26. 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 Council has two trading units with a turnover greater than £1.5m in 2017-18.

a) 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 2017-18 was £5.251m (£4.717m in 2016-17) and the net deficit was £0.043m (surplus of £0.285m in 2016-17).

b) Educator Solutions began operating on 1 April 2016. A not-for-profit enterprise, Educator Solutions employ over 350 staff who deliver a breadth of services to educational establishments across Norfolk and beyond. These services include leadership and governance, improved teaching skills and techniques, financial management and HR and a range of inspirational learning environments. Turnover in 2017-18 was £9.947m (£10.488m in 2016-17) and the net surplus was £0.125m (£0.185m in 2016-17).

27. Agency Services

The County Council administers money on behalf of the Clinical Commissioning Groups (formerly Primary Care Trusts) under Section 28 agreements. For 2017-18 the expenditure, which is not included in the Comprehensive Income and Expenditure Statement, amounts to £12.297m (£12.359m in 2016-17).

28. Joint Arrangements

- Pooled Funds

For 2017-18, 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 2017-18 are nil (nil in 2016-17).

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

	2016-17	2017-18
	£000s	**£000s**
Gross Income	(429)	(389)
Expenditure	342	249
(Surplus)/Deficit	**(87)**	**(140)**
Council's Contribution	20	20

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**

Norfolk's Better Care Fund (BCF) programme is a key mechanism for the delivery of integration between health and social care.

In 2015, the Council entered into Section 75 "Better Care Fund" arrangements with each of the five Clinical Commissioning Groups in Norfolk. The regulations require that one of the partners is nominated as the host of the pooled budget and Norfolk County Council acts in this capacity.

For each service included within the Section 75 agreements either the Council or a CCG is solely responsible for delivery. Entries in the County Council's financial system relate to the share of the pool that is controlled by the Council, with notional entries to reflect the share of the pool controlled by the respective CCGs. These notional entries are excluded from the Council's accounts. The table below reflects funding and spend across all of the partners in 2017-18.

Following the Chancellor's announcement in the spring budget of additional funding for adult social care, Norfolk received additional one off funding provided as a bridge to the recurring improved Better Care Fund (iBCF) which takes proper effect from 2018-19. The funding was to be spent on adult social care and used for the purposes of meeting adult social care needs, reducing pressures on the NHS. The grant was paid to Norfolk County Council but had to be pooled into the Better Care Fund. The grant income and associated expenditure is included in the table below shown as iBCF grant income and iBCF Projects expenditure.

The Norfolk Health and Wellbeing Board is accountable, overall, for the Norfolk BCF.

The contributions and expenses of the Pools for 2017-18 are as follows:

2017-18	**Great Yarmouth and Waveney CCG**	**North Norfolk CCG**	**Norwich CCG**	**South Norfolk CCG**	**West Norfolk CCG**	**Norfolk BCF Capital Pool**	**Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Income:							
Great Yarmouth and Waveney CCG	(3,605)						(3,605)
North Norfolk CCG		(4,745)					(4,745)
Norwich CCG			(5,435)				(5,435)

2017-18	Great Yarmouth and Waveney CCG	North Norfolk CCG	Norwich CCG	South Norfolk CCG	West Norfolk CCG	Norfolk BCF Capital Pool	Total
South Norfolk CCG				(6,007)			(6,007)
West Norfolk CCG					(5,451)		(5,451)
	(3,605)	(4,745)	(5,435)	(6,007)	(5,451)	0	(25,243)
iBCF Grant Income (note 1)	(2,882)	(4,801)	(3,929)	(4,441)	(4,393)		(20,446)
Norfolk County Council	(3,373)	(5,656)	(6,382)	(7,572)	(5,759)		(28,742)
Capital Grants						(6,924)	(6,924)
Total Income	(9,860)	(15,202)	(15,746)	(18,020)	(15,603)	(6,924)	(81,355)
Expenditure							
Great Yarmouth and Waveney CCG	3,605						3,605
North Norfolk CCG		4,745					4,745
Norwich CCG			5,435				5,435
South Norfolk CCG				6,007			6,007
West Norfolk CCG					5,451		5,451
	3,605	4,745	5,435	6,007	5,451		25,243
iBCF Projects expenditure (Note 2)	2,882	4,801	3,929	4,441	4,393		20,446
Norfolk County Council	3,373	5,656	6,382	7,572	5,759	6,924	35,666
Total Expenditure	9,860	15,202	15,746	18,020	15,603	6,924	81,355
(Surplus)/Deficit	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Note 1: This figure reflects the relevant locality share of iBCF grant income paid by MHCLG for projects undertaken by social care on behalf of the Pooled Fund.

Note 2: This total reflects an actual in year spend of £4.776m by the County Council and a carried-forward balance of £15.670m.

2016-17	Great Yarmouth and Waveney CCG	North Norfolk CCG	Norwich CCG	South Norfolk CCG	West Norfolk CCG	Norfolk BCF Capital Pool	Total
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Income:							
Great Yarmouth and Waveney CCG	(3,584)						(3,584)
North Norfolk CCG		(4,639)					(4,639)
Norwich CCG			(5,274)				(5,274)
South Norfolk CCG				(5,884)			(5,884)
West Norfolk CCG					(5,341)		(5,341)
	(3,584)	(4,639)	(5,274)	(5,884)	(5,341)	0	(24,722)
Norfolk County Council	(3,314)	(5,556)	(6,270)	(7,439)	(5,658)		(28,237)
Capital Grants						(6,368)	(6,368)
Total Income	(6,898)	(10,195)	(11,544)	(13,323)	(10,999)	(6,368)	(59,327)
Expenditure							
Great Yarmouth and Waveney CCG	3,584						3,584
North Norfolk CCG		4,639					4,639
Norwich CCG			5,274				5,274
South Norfolk CCG				5,884			5,884

2016-17	Great Yarmouth and Waveney CCG	North Norfolk CCG	Norwich CCG	South Norfolk CCG	West Norfolk CCG	Norfolk BCF Capital Pool	Total
West Norfolk CCG					5,341		5,341
	3,584	4,639	5,274	5,884	5,341	0	24,722
Norfolk County Council	3,314	5,556	6,270	7,439	5,658	6,368	34,605
Total Expenditure	6,898	10,195	11,544	13,323	10,999	6,368	59,327
(Surplus)/Deficit	**0**	**0**	**0**	**0**	**0**	**0**	**0**

- Equipment Pool

An Equipment Service arrangement is hosted by NCC but decisions are made jointly. The fund is used to provide equipment to people who are eligible for equipment either from the NHS or the County Council. It is accounted for as joint operations with each organisation accounting for its share of income and expenditure as set out in the table below, and over and underspend risks being borne by the Partner responsible.

2017-18	**Contributions**	**Expenditure**	**Net (surplus) / deficit**
	£000s	**£000s**	**£000s**
Clinical Commissioning Groups:			
Great Yarmouth and Waveney CCG	(385)	385	0
North Norfolk CCG	(1,105)	1,105	0
Norwich CCG	(1,003)	1,003	0
South Norfolk CCG	(1,065)	1,065	0
West Norfolk CCG	(923)	923	0
	(4,481)	4,481	0
Norfolk County Council	(2,404)	2,404	0
Total	**(6,885)**	**6,885**	**0**

2016-17	**Contributions**	**Expenditure**	**Net (surplus) / deficit**
	£000s	**£000s**	**£000s**
Clinical Commissioning Groups:			
Great Yarmouth and Waveney CCG	(298)	298	0
North Norfolk CCG	(1,087)	1,087	0
Norwich CCG	(886)	886	0
South Norfolk CCG	(978)	978	0
West Norfolk CCG	(949)	949	0
	(4,198)	4,198	0
Norfolk County Council	(2,504)	2,504	0
Total	**(6,702)**	**6,702**	**0**

- Infrastructure Investment Fund

The 2013 Greater Norwich City Deal allows, amongst other things, access to £60 million of Public Works Loan Board (PWLB) borrowing at a favourable rate to fund strategic infrastructure. The agreement included a commitment from Broadland District Council, Norwich City Council and South Norfolk Council to pool CIL income, and in October 2015 an agreement including Norfolk County Council was signed to pool CIL income in order to create a substantial local growth fund to support local infrastructure projects. Norfolk County Council acts as the accountable body.

Under a related agreement Norfolk County Council has borrowed £40m in 2016-17 to part fund the construction costs of the Norwich Northern Distributor Road, with the annual repayments of principal and interest to the PWLB to be drawn from the pooled fund. The financial statements carry the PWLB debt within Long Term Borrowing, with the commitment by the local growth fund to re-pay the borrowing reflected as a Long Term Debtor.

	2016-17	**2017-18**
	£000s	**£000s**
Balance brought forward	2,423	3,577
Gross Income	2,284	3,117
Expenditure	(1,144)	(3,166)
Interest on daily cash balances	14	15
Balance carried forward	**3,577**	**3,543**

29. Members Allowances

The total amount of members allowances paid in the year was £1.199m (£1.070m in 2016-17).

30. 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 (e.g. 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 – 2017-18

Position & Postholder		**Salary**	**Expenses Allowances**	**Compensation for loss of office**	**Sub Total**	**Employer Pension contributions**	**Total**
Managing Director: W Thomson		183,600	0	0	**183,600**	28,500	**212,100**
Executive Director of Adult Social Services: J Bullion		133,100	0	0	**133,100**	20,600	**153,700**
Executive Director of Children's Services: S Tough	Note A	63,300	0	0	**63,300**	9,800	**73,100**
Executive Director of Children's Services: M Dunkley	Note A	153,000	0	0	**153,000**	0	**153,000**
Executive Director of Communities and Environment: T McCabe		142,300	0	0	**142,300**	22,100	**164,400**
Executive Director of Finance and Commercial Services: S George	Note B	137,100	0	0	**137,100**	21,300	**158,400**
Chief Fire Officer: D Ashworth		110,900	3,300	0	**114,200**	24,000	**138,200**

Position & Postholder		Salary	Expenses Allowances	Compensation for loss of office	Sub Total	Employer Pension contributions	Total
Executive Director of Public Health: L Smith		117,100	0	0	**117,100**	16,800	**133,900**
Chief Legal Officer and Monitoring Officer: V McNeill	Note C	58,500	1,100	0	**59,600**	8,700	**68,300**
Deputy Monitoring Officer: A Choudhury	Note C	8,200	0	0	**8,200**	1,300	**9,500**
Strategy Director: F McDiarmid	Note D	94,700	0	0	**94,700**	14,700	**109,400**

Expense Allowances: The expenses allowances in the table relate to:

D Ashworth: Vehicle at Chief Fire Officer's disposal

V McNeill: Lease Car

Note A: Sara Tough was appointed to the role of Executive Director for Children's Services and joined the Council on Monday 30 October 2017. Matt Dunkley remained for a handover period during Sara's first week with his last day being Friday 3 November 2017. The sums shown against Matt Dunkley represent the fees paid to secure his services and are not salary.

Note B: The Executive Director of Finance and Commercial Services has responsibility under S151 of the Local Government Act 1972, for the proper financial administration of the Norfolk Pension Fund and holds the role of Fund Administrator. For 2017-18 the remuneration amount incurred by the Fund was £9,000 (£9,000 2016-17). This is included in the remuneration figure shown in the table above.

Note C: Victoria McNeill left the Council's employment in late February 2018 and the recruitment process for her replacement is in progress. The Council's Practice Director of NpLaw, Abdus Choudhury, is also the Council's Deputy Monitoring Officer. He is covering the Monitoring Officer function until the recruitment process is completed. For 2017-18, this was for the month of March and his remuneration for that period is included in the table above.

Note D: Fiona McDiarmid was appointed to the role of Strategy Director on 11 April 2017. Her remuneration for the period 11 April 2017 to 31 March 2018 is shown in the table above.

Senior Officer Remuneration Table – 2016-17

Position & Postholder		Salary	Expenses Allowances	Compensation for loss of office	Sub Total	Employer Pension contributions	Total
Managing Director: W Thomson		181,800	0	0	**181,800**	28,200	**210,000**
Executive Director of Adult Social Services: H Bodmer	Note A	47,100	0	0	**47,100**	6,500	**53,600**
Interim Executive Director of Adult Social Services: C Underwood	Note A	51,100	0	0	**51,100**	7,900	**59,000**
Executive Director of Adult Social Services: J Bullion	Note A	31,500	0	0	**31,500**	3,700	**35,200**
Executive Director of Children's Services: M Rosen	Note B	93,900	0	70,000	**163,900**	14,600	**178,500**

Position & Postholder		Salary	Expenses Allowances	Compensation for loss of office	Sub Total	Employer Pension contributions	Total
Interim Executive Director of Children's Services: A Bunyan	Note B	37,700	0	0	**37,700**	0	**37,700**
Interim Executive Director of Children's Services: M Dunkley	Note B	45,300	0	0	**45,300**	0	**45,300**
Executive Director of Communities and Environment: T McCabe		140,900	0	0	**140,900**	21,800	**162,700**
Executive Director of Finance and Commercial Services: S George		128,500	0	0	**128,500**	19,900	**148,400**
Executive Director of Resources: A Gibson	Note C	65,700	0	252,500	**318,200**	10,200	**328,400**
Chief Fire Officer: R Harold	Note D	121,800	2,360	20,000	**144,160**	26,400	**170,560**
Acting Chief Fire Officer: D Ashworth	Note D	43,900	1,450	0	**45,350**	9,500	**54,850**
Executive Director of Public Health: L Smith		113,700	270	0	**113,970**	16,300	**130,270**
Chief Legal Officer and Monitoring Officer: V McNeill		96,700	750	0	**97,450**	15,000	**112,450**

1. Expense Allowances: The expenses allowances in the table relate to:

R Harold:	Vehicle at Chief Fire Officer's disposal
D Ashworth:	Vehicle at Chief Fire Officer's disposal
L Smith:	Health scheme costs and mileage payments
V McNeill:	Lease Car

2. Senior management restructure: At its meeting on 12 December 2016 the County Council agreed a review of the senior management structure aimed at securing improvements in the strategic, service and transactional services required to meet the changing needs of different customer groups across the Council. The main changes are:

- ICT and Procurement services joined the Finance Department to form the Finance and Commercial Services Department.
- A new post of Chief Legal Officer was established and is separate from the post of Practice Director of nplaw, the Council's legal services trading company.
- A new post of Strategy Director was created to enable the bringing together of strategic functions for Human Resources, Communications, Business Intelligence and Strategy and Delivery. This post was vacant until early April 2017 so no officer held the post during 2016-17.

Note A: Harold Bodmer was the Executive Director of Adult Social Services until his untimely death in July 2016. Catherine Underwood was appointed as Interim Executive director from 29 July 2016 until the appointment of James Bullion as Executive Director on 3 January 2017.

Note B: Michael Rosen resigned from the post of Director of Children's Services on 18 November 2016. The Council secured the services of Andrew Bunyan as Interim Director from November and he remained in post until the appointment of Matt Dunkley as Interim Director of Children's Services from 6 February 2017. The sums shown against Andrew Bunyan and Matt Dunkley represent the fees paid to secure their services and are not salary.

Note C: The County Council agreed, at its meeting on 25 July 2016, to delete the post of Executive Director of Resources with effect from 18 September 2016. The postholder was made redundant and was entitled to redundancy payments and early release of pension benefits without reduction. The compensation for loss of office consists of a payment to the former Executive Director of Resources of £93,200 (redundancy costs of £77,000, payment for contractual notice of £14,300 and untaken annual leave of £1,900) and costs to the County Council of terminating employment of £159,300 (employer pension strain).

Note D: By mutual agreement Roy Harold stepped away from operational service and David Ashworth took over as Chief Fire Officer from 1 November 2016. Roy Harold served his notice entitlement and took his holiday entitlement and left our employ on 31 March 2017. A payment of £20,000 was made to Mr Harold on termination.

(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	2016-17			2017-18		
	School Staff	Other Staff	Total Employees	School Staff	Other Staff	Total Employees
£50,000 - £54,999	85	112	197	81	109	190
£55,000 - £59,999	66	78	144	53	64	117
£60,000 - £64,999	31	21	52	35	33	68
£65,000 - £69,999	23	19	42	13	15	28
£70,000 - £74,999	12	9	21	10	18	28
£75,000 - £79,999	5	7	12	6	7	13
£80,000 - £84,999	5	2	7	4	9	13
£85,000 - £89,999	3	4	7	2	3	5
£90,000 - £94,999	2	6	8	3	5	8
£95,000 - £99,999	1	2	3	1	3	4
£100,000 - £104,999	1	3	4	0	2	2
£105,000 - £109,999	0	2	2	0	1	1
£110,000 - £114,999	0	2	2	1	0	1
£115,000 - £119,999	0	0	0	0	0	0
£120,000 - £124,999	0	0	0	0	2	2
£125,000 - £129,999	0	1	1	0	0	0
£130,000 - £134,999	0	0	0	0	0	0
£135,000 - £139,999	0	0	0	0	0	0
£140,000 - £144,999	0	0	0	0	0	0
£145,000 - £149,999	0	0	0	0	1	1
£150,000 - £154,999	0	0	0	0	0	0
£155,000 - £159,999	0	0	0	0	0	0
£160,000 - £164,999	0	0	0	0	0	0
£165,000 - £169,999	0	0	0	0	0	0
£170,000 - £174,999	0	1	1	0	0	0

(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	
	2016-17	**2017-18**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2016-17**	**2017-18**
							£000s	**£000s**
£0 – £20,000	33	43	122	164	155	207	979	1,162
£20,001 - £40,000	8	12	13	22	21	34	614	999
£40,001 - £60,000	0	2	8	5	8	7	421	332
£60,001 - £80,000	0	0	3	6	3	6	212	391
£80,001 - £100,000	1	0	2	3	3	3	283	258
£100,001-£150,000	0	0	0	0	0	0	0	0
Over £150,000	1	0	0	0	1	0	252	0
Total	**43**	**57**	**148**	**200**	**191**	**257**	**2,761**	**3,142**

The Council terminated the contracts of a number of employees in 2017-18, incurring liabilities of £3.142m (£2.761m in 2016-17). The total is payable to 257 officers from Service departments who were made redundant as part of the Council's rationalisation of these Services.

31. 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

	2016-17	2017-18
	£000s	**£000s**
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	128	128
Fees payable to external auditors for additional services	0	0
Fees payable to external auditors for the certification of grant claims and returns for the year	15	16
Total	**143**	**144**

32. 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:

	2016-17 Total £000s	2016-17 Central Expenditure £000s	2016-17 Individual Schools Budget £000s	2017-18 Total £000s	2017-18 Central Expenditure £000s	2017-18 Individual Schools Budget £000s
Final DSG for the financial year (before Academy recoupment)	(559,752)			(580,741)		
Academy figure recouped	226,420			277,032		
Total DSG (after Academy recoupment)	(333,332)			(303,709)		
Plus: Brought forward from the previous year	(5,547)			2,578		
Less: Carry forward to next financial year agreed in advance	0			0		
Agreed initial budgeted distribution in the year	(338,879)	(30,631)	(308,248)	(301,131)	(29,835)	(271,296)
In year adjustments	0	0	0	0	0	0
Final budget distribution for the year	(338,879)	(30,631)	(308,248)	(301,131)	(29,835)	(271,296)
Less: Actual central expenditure	30,631	30,631	0	37,922	37,922	0
Less: Actual ISB deployed to schools	310,826	0	310,826	271,296	0	271,296
Plus Council contribution for the year	0	0	0	0	0	0
Carry forward to next financial year	**2,578**	**0**	**2,578**	**8,087**	**8,087**	**0**

33. 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:

<u>Central Government</u>
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. Details of grants received from Government Departments are set out in notes 13 and 23. Grant receipts not yet recognised due to conditions attached to them at 31 March 2018 are included in current liabilities and are shown in note 23.

<u>Members</u>
Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2017-18 is shown in note 29. 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 £1.534m (£1.199m in 2016-17) of funding to several charities for which a number of members are Trustees. Further details are available in the Register of Member's Interests.

<u>Officers</u>
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 and other health bodies. Transactions and balances outstanding are detailed in note 28.

(iii) 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% (26% in 2016-17) 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 £9.1m of surplus cash deposited with the Council (£8.1m in 2016-17). The Council paid the fund a total for interest of £0.031m on these deposits (£0.031m in 2016-17). The Council charged the fund £0.007m (£0.007m in 2016-17) 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 2017-18. During the year the total values of payments made to and received from Norse Group Ltd, were £72.652m and £4.634m respectively (£78.075m and £6.089m respectively in 2016-17).

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 over 90% of the company's turnover was with Norfolk County Council. The total value of payments made to and received from Independence Matters were £13.915m and £0.176m respectively (£15.290m and £0.455m respectively in 2016-17).

Hethel Innovations Ltd (HIL), Norfolk Energy Futures Ltd (NEFL) and Norfolk Safety CIC are all 100% owned by the Council. NEFL's assets were liquidated during the year. Further detail about this is included in the Group Accounts on page 94. The Great Yarmouth Development Company is jointly owned with Great Yarmouth Borough Council. All have Council member or officer representation on their boards of directors. The Council has provided short term working capital and long term capital loans to its subsidiaries at appropriate rates of interest and repayable on terms relating to the nature or the loan and the expected life of underlying assets.

34. 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.

	2016-17	2017-18
	£000s	£000s
Opening Capital Financing Requirement	**673,445**	**697,717**
Capital Investment		
Property, plant and equipment	168,878	193,461
Intangible assets	164	1,517
Revenue expenditure funded from capital under statute	27,306	25,900
Loans	8,816	6,380
Sources of Finance		
Capital receipts	0	(6,751)
Government grants and other contributions	(170,693)	(177,806)

Sums set aside from revenue:		
Direct revenue contributions	(4,192)	(500)
Minimum Revenue Provision	(6,007)	(1,910)
Closing Capital Financing Requirement	**697,717**	**738,008**
Explanation of Movements in Year		
Increase/(decrease) in underlying need to borrow (supported by Government financial assistance)	(6,007)	(1,910)
Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	30,279	42,201
Assets acquired under Finance Leases	0	0
Assets acquired under PFI contracts	0	0
Other long term liabilities	0	0
Increase/(decrease) in Capital Financing Requirement	**24,272**	**40,291**

35. 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 2017	31 March 2018
	£000s	**£000s**
Land and buildings	9,296	9,274
Vehicles, plant and equipment	2,901	2,110
Heritage Assets	2,270	2,652
County Council Total	**14,467**	**14,036**

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 2017	31 March 2018
	£000s	**£000s**
Finance lease liabilities (net present value of minimum lease payments):		
Current	930	809
Non current	2,223	1,413
Finance costs payable in future years	256	147
Minimum lease payments	**3,409**	**2,369**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2017	31 March 2018	31 March 2017	31 March 2018
	£000s	£000s	£000s	£000s
Not later than one year	1,040	876	930	809
Later than one year and not later than five years	2,146	1,456	1,686	1,376
Later than five years	223	37	536	37
	3,409	**2,369**	**3,152**	**2,222**

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 amount paid under these arrangements in 2017-18 was £0.427m (£0.430m in 2016-17).

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 2017-18 were £1.671m (£1.671m in 2016-17).

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

	31 March 2017	31 March 2018
	£000s	£000s
Not later than one year	1,124	1,055
Later than one year and not later than five years	3,149	2,833
Later than five years	7,275	6,914
Total	**11,548**	**10,802**

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £2.098m (£2.101m in 2016-17).

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 2017 £000s	31 March 2018 £000s
Leases expiring within 1 year	2,695	2,891
Leases expiring within 2 to 5 years	8,271	9,074
Leases expiring after 5 years	9,581	10,471
	20,547	**22,436**

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.

36. PFI and similar contracts

At 31 March 2018, 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 14.

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 2018 (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 2018	Total at 31 March 2017
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Payable in 2018-19	1,084	7,602	5,571	14,257	14,346
Payable within 2-5 years	4,955	29,461	20,722	55,138	56,602
Payable within 6-10 years	20,323	30,714	20,056	71,093	71,666
Payable within 11-15 years	26,986	34,973	7,915	69,874	76,517
Payable within 16-20 years	0	0	0	0	9,504
Total	**53,348**	**102,750**	**54,264**	**210,362**	**228,635**

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:

2017-18	Norwich Schools PFI	Salt Barns	Street Lighting	Total
	£000s	**£000s**	**£000s**	**£000s**
Balance outstanding at start of the year	**25,369**	**408**	**28,425**	**54,202**
Payments during the year	(3,815)	(432)	(2,366)	(6,613)
Finance lease cost	3,146	181	2,432	5,759
Balance outstanding at year end	**24,700**	**157**	**28,491**	**53,348**

Comparatives for 2016-17	Norwich Schools PFI	Salt Barns	Street Lighting	Total
	£000s	**£000s**	**£000s**	**£000s**
Balance outstanding at start of the year	**26,002**	**572**	**28,377**	**54,951**
Payments during the year	(3,859)	(417)	(2,381)	(6,657)
Finance lease cost	3,226	253	2,429	5,908
Balance outstanding at year end	**25,369**	**408**	**28,425**	**54,202**

37. 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 2017-18 the Council recognised an impairment loss of £15.564m (£38.717m in 2016-17) in relation to capital expenditure incurred which does not result in a change to the value of the assets. Impairment reversals on revaluations total £0.398m (£2.262m in 2016-17).

38. 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 2017-18, the County Council paid £16.265m to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.4% of pensionable pay. The figures for 2016-17 were £19.589m and 16.4%. 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 39.

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 2017-18, the County Council paid £0.189m 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 2016-17 were £0.229m and 14.3%. There were no contributions remaining payable at the year end.

39. 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 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 90.

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	
	2016-17	2017-18	2016-17	2017-18
	£000s	£000s	£000s	£000s
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	60,992	94,630	5,700	7,100
Past service costs	1,258	619	3,900	0
(Gain)/loss from settlements	(10,000)	(10,740)	(900)	(1,200)
Financing and Investment Income and Expenditure:				
Net interest expense	20,408	22,773	10,200	8,600
Total post employment benefit charged to the Surplus or Deficit on the Provision of Services	72,658	107,282	18,900	14,500
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)	120,999	(24,326)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	20,145	0	(1,600)	(3,400)
Actuarial gains and losses arising on changes in financial assumptions	(440,904)	(51,550)	(58,900)	(5,700)
Other (if applicable)	40,470	(3,266)	28,700	20,800
Total post employment benefit charged to the Comprehensive Income and Expenditure Statement	(186,632)	28,140	(12,900)	26,200
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	(72,658)	(107,282)	(18,900)	(14,500)
Actual amount charged against the General Fund balance for pensions for the year:				
Employers contributions payable to the scheme*	55,868	56,020		
Retirement benefits payable to pensioners			5,400	6,100

*(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	
	2016-17	**2017-18**	**2016-17**	**2017-18**
	£000s	**£000s**	**£000s**	**£000s**
Present value of the defined benefit obligation	(2,633,029)	(2,666,055)	(331,100)	(351,200)
Fair value of plan assets	1,771,703	1,832,609	0	0
Net liability arising from defined benefit obligation	**(861,326)**	**(833,446)**	**(331,100)**	**(351,200)**

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

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Fire Fighters Pension Scheme	
	2016-17	**2017-18**	**2016-17**	**2017-18**
	£000s	**£000s**	**£000s**	**£000s**
Balance at 1 April	**2,189,391**	**2,633,029**	**285,800**	**331,100**
Current service cost	60,992	94,630	5,700	7,100
Interest cost	76,355	68,715	10,200	8,600
Contributions by scheme participants	14,029	13,657	1,400	1,500
Remeasurement (gains) and losses:				
Actuarial gains and losses arising on changes in demographic assumptions	(20,145)	0	1,600	(3,400)
Actuarial gains and losses arising on changes in financial assumptions	440,904	(51,550)	58,900	(5,700)
Other (if applicable)	(40,470)	(3,266)	(28,700)	20,800
Past service costs	1,258	619	3,900	0
Losses/(gains) on curtailments	(18,140)	(20,055)	(900)	(1,200)
Benefits paid	(71,145)	(69,724)	0	
Pension and lump sum expenditure	0	0	(6,800)	(7,600)
Balance at 31 March	**2,633,029**	**2,666,055**	**331,100**	**351,200**

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

	Local Government Pension Scheme	
	2016-17	2017-18
	£000s	£000s
Opening fair value of scheme assets	**1,604,145**	**1,771,703**
Interest income	55,947	45,942
Remeasurement (gain)/loss:		
The return on plan assets, excluding the amount included in the net interest expense	120,999	24,326
Employer contributions	55,868	56,020
Contributions from employees into the scheme	14,029	13,657
Benefits paid	(71,145)	(69,724)
Other (gain/loss from settlements)	(8,140)	(9,315)
Balance at 31 March	**1,771,703**	**1,832,609**

Local Government Pension Scheme Assets comprised:

	Period ended 31 March 2017				Period ended 31 March 2018			
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	131,946	-	131,946	7%	120,492	-	120,492	7%
Manufacturing	102,957	-	102,957	6%	102,763	-	102,763	6%
Energy and Utilities	49,216	-	49,216	3%	32,700	-	32,700	2%
Financial Institutions	113,876	-	113,876	6%	102,235	-	102,235	6%
Health and Care	53,565	-	53,565	3%	33,580	-	33,580	2%
Information Technology	50,639	-	50,639	3%	57,467	-	57,467	3%
Debt Securities:								
Corporate Bonds (investment grade)	-	-	-	0%	-	-	-	0%
Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK Government	-	-	-	0%	27,585	-	27,585	2%
Private Equity:								
All	-	110,731	110,731	6%	-	101,244	101,244	6%
Real Estate:								
UK Property	-	165,374	165,374	9%	-	160,762	160,762	9%
Overseas Property	-	27,653	27,653	2%	-	26,354	26,354	1%

Asset Category	Period ended 31 March 2017				Period ended 31 March 2018			
	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	%
Investment Funds and Unit Trusts:								
Equities	470,565	-	470,565	27%	490,633	-	490,633	27%
Bonds	447,810	-	447,810	25%	507,099	-	507,099	28%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rates	-	-	-	0%	-	-	-	0%
Foreign Exchange	(3,670)	-	(3,670)	0%	2,795	-	2,795	0%
Other	-	-	-	0%	(1,391)	-	(1,391)	0%
Cash and Cash equivalents:								
All	-	51,040	51,040	3%	-	68,289	68,289	4%
Totals	**1,416,904**	**354,798**	**1,771,702**	**100%**	**1,475,959**	**356,650**	**1,832,609**	**100%**

Note: The percentages in the table above have been rounded to whole figures. As a result, the sum of the individual values may not equal the total

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	
	2016-17	**2017-18**	**2016-17**	**2017-18**
Mortality assumptions:				
Longevity at 65 (60 for Fire fighters scheme) for current pensioners:				
Men	22.1	22.1	30.2	28.6
Women	24.4	24.4	31.7	31.0

	Local Government Pension Scheme		Fire fighters Pension Scheme	
	2016-17	2017-18	2016-17	2017-18
Longevity at 65 (60 for Fire fighters scheme) for future pensioners:				
Men	24.1	24.1	31.6	29.7
Women	26.4	26.4	33.2	32.2
Rate of inflation	3.4%	3.4%	3.4%	3.4%
Rate of increase in salaries	2.7%	2.7%	3.4%	3.4%
Rate of increase in pensions	2.4%	2.4%	2.4%	2.4%
Rate for discounting scheme liabilities	2.6%	2.7%	2.6%	2.7%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

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

Local Government Pension Scheme:

Change in assumptions at 31 March 2018	Approximate % increase to employer liability	Approximate monetary amount £000s
0.5% decrease in real discount rate	10%	268,889
0.5% increase in the salary increase rate	1%	34,134
0.5% increase in the pension increase rate	9%	231,669

The Council’s actuaries estimate that a one year increase in life expectancy would approximately increase the scheme liabilities (defined benefit obligation) by around 3%-5% (approximate monetary amount £79.982m - £133.303m).

Fire Fighters Pension Scheme

Change in assumptions at 31 March 2018	Approximate % increase to employer liability	Approximate monetary amount £000s
0.5% decrease in real discount rate	9%	31,670
1 year increase in member life expectancy	3%	10,537
0.5% increase in the salary increase rate	1%	2,771
0.5% increase in the pension increase rate	8%	26,732

Impact on the Council’s cash flows

The objectives of the scheme are to keep employers’ contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme’s actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

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 £56.269m expected contributions to the scheme in 2018-19.

The weighted average duration of the defined benefit obligation for scheme members is 18 years.

40. 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.

NDR Land Compensation

Any major road scheme invariably requires the acquisition of property. The construction of the Broadland Northway (previously known as the Norwich Northern Distributor Road) has resulted in a large number of land compensation claims, the majority of which have yet to be finalised. The Council has provided for, in its accounts, management's best estimate of the outcome of these cases. However, given the long time-scales and complexities of negotiations this may be exceeded by the actual outcome.

41. 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 Link 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 2017-18 was approved by full Council on 20 February 2017 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 Council's deposits, but there was no evidence at the 31 March 2018 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 £45.996m of the £119.225m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2017	31 March 2018
	£000s	£000s
Less than three months	20,596	19,339
Three to six months	3,634	4,005
Six months to one year	6,459	4,827
More than one year	12,981	17,825
	43,670	**45,996**

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 2018 was £2.042m.

(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 2017 £000s	31 March 2018 £000s
Less than one year	104,632	72,000
Between one and two years	0	0
More than two years	0	0
	104,632	**72,000**

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 2017 £000s	31 March 2018 £000s
Less than one year	15%	0%	14,197	14,227
Between one and two years	15%	0%	6,500	5,525
Between two and five years	45%	0%	13,281	20,404
Between five and ten years	75%	0%	85,725	93,900
More than ten years	100%	0%	410,175	407,911
			529,878	**541,967**

The analysis does not include totals for creditors as detailed in note 17.

(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	376
Impact on surplus or deficit on the Provision of Services	376
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)	99,830

The approximate impact of a fall in interest rates would be limited to £0.124m. 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 minimal financial assets denominated in foreign currencies. It therefore has little exposure to loss arising from movements in exchange rates.

42. 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 2017-18, 5 schools moved from Foundation to Academy status giving a total in this authority area of 28 Foundation Schools (33 in 2016-17).

43. 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 2017 £000s	**31 March 2018 £000s**
Norfolk Pension Fund	6,395	6,603
Norse Care Ltd	4,012	1,840
Norse Commercial Services Ltd	1,263	3,192
Independence Matters CIC	1,185	1,755
	12,855	**13,390**

44. Trust Funds

During 2016-17 the administration of a number of trust funds was transferred to the Norfolk Community Foundation, which is an independent grant making charity serving Norfolk. The Council remains as sole or custodian trustee for six trust funds and as one of several trustees for a further two trust funds and also manages a bequest. Only one of these funds (the bequest) 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 2018. 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 26, 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 2018

2016-17 £000s			2017-18 £000s
	Contributions receivable		
	County Council		
(1,865)	- Contributions in relation to pensionable pay	(1,867)	
(103)	- Early retirements	(202)	
(1,480)	Fire fighters' contributions	(1,522)	
(3,448)			(3,591)
(31)	Transfers in from other authorities		0
	Benefits payable		
6,492	Pensions	6,716	
683	Commutations and lump sums	2,220	
7,175			8,936
	Payments to and on account of leavers		
201	Refunds of contributions		0
3,897	Net amount payable for the year		5,345
(3,897)	Top up grant payable by Government		(5,345)
0			**0**

Fire Fighters Pension Fund Net Assets Statement

31 March 2017 £000s		31 March 2018 £000s
(172)	Top up (payable to) / receivable from Government	733
172	Amount owing (to) / from General Fund	(733)
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**

There are four schemes operated by the Home Office for Fire fighter pensions, 1992, 2006, modified 2006 and 2015. The career averaged (CARE) Fire fighter pension scheme was introduced in 2015 as a phased replacement of the 1992 'old' and 2006 'new' schemes for active members. It is open to both whole time and retained fire officers with the majority of active members paying into this scheme. The employer contribution rate has been set at 14.3% of Fire Officers pensionable pay. The rate is 21.7% for the old scheme and 11.9% of Fire Officers pensionable pay for the new scheme. The old and new schemes continue to run with members transferring to the 2015 CARE scheme on a tapered basis depending on the years of service under the existing schemes. Most members will have transferred to the CARE 2015 scheme or retired by 2023. There are a small number of special members with the Modified 2006 scheme. Most of these payments were one off payments relating to earnings between 2000 to 2006 for retained fire fighters. However, there are 9 special active members under this scheme, all retained. The employer contribution rate has been set at 21.7% of Fire Officers pensionable pay, the same as if they were under the 1992 scheme.

Payments are made under all schemes until such time as the beneficiaries with the old and new schemes are deceased.

Contributions from the Council (employer) and officers are paid into the Fire pension account as are employee contributions. Pension payments are made from the same account and any net payment on the account is refunded by the Home Office in the form of a 'top-up' grant payment. This excludes compensation payments and injury awards which are unfunded and paid from the Council's revenue account.

Ill health retirement pay overs are made to the Fire pensions account from the Council's account over a three year period based on two or four times pensionable pay depending on lower or upper tier ill health category of retirement. This is effectively a pension strain paid for early retirement due to ill health.

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 39 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 Regulations1992 (old pension scheme), 2006 (new pension scheme), Modified 2006 (modified new pension scheme) and 2015 (CARE pension scheme).

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	Ceased trading
Hethel Innovation Ltd	Subsidiary	Not material
Norfolk Regeneration Company Limited	Subsidiary	Dormant
Great Yarmouth Development Company Limited	Subsidiary	Not material
Norfolk Safety Community Interest Company	Subsidiary	Not material
Public Law East Limited	Subsidiary	Dormant
Educator Solutions Ltd	Subsidiary	Dormant

Repton Property Developments Ltd	Subsidiary	Dormant
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 capital loan of £10m was made to Norse Group by the County Council in 2015-16 and a further loan of £6.25m to support the development of the Norwich Aviation Academy was made to Norse Group in July 2016.

The company's accounting period for 2017-18 is from 1 April 2017 to 31 March 2018. Copies of the final accounts of the company for the period ended 31 March 2018 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 2018 are shown in the table below.

Norse Group Ltd	**2016-17**	**2017-18**
	£000s	**£000s**
Current Assets	63,266	55,952
Non-current assets	117,614	118,356
Current Liabilities	(66,162)	(50,400)
Non-current liabilities.	(98,279)	(105,772)
Net Assets for the accounting period	16,439	18,136
Revenue	281,337	279,720
Profit or loss from continuing operations	2,566	(2,236)
Profit/(Loss) for the accounting period (after Tax)	1,766	(2,082)
Other comprehensive (expense) / income	(15,688)	4,404
Total comprehensive (expense) / income	(13,922)	2,322
Extent of non-controlling interests		
Non-controlling equity interest	(1,058)	(996)
Non-controlling interest in the Profit/(Loss) for the accounting period	426	(179)

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 2017-18, over 90% of the company's turnover of £14.7m 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 from investment in renewable energy and energy conservation projects. On 3rd July 2017 the County Council decided to liquidate the company. The company's assets were transferred to the County Council on 18th December 2017 when the company ceased trading. The asset value partially offset the loans provided by the County Council and the outstanding loan balance of £0.117m has been written off.

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 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 a dormant company 100% owned by the County Council. The purpose of the company is to promote economic development on behalf of the local authorities of Norfolk. The company's structure provides a mechanism for joint venture activity. GYDC is jointly owned with Great Yarmouth Borough Council and 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.

Public Law East Limited

Nplaw (Norfolk Public Law) is a shared legal service hosted by the Council. The service has established Public Law East Limited as an "alternative business structure" which will allow it to pursue business previously not permitted under the requirements of the Solicitors' Regulatory Authority. The company did not trade in 2017-18.

Educator Solutions Limited

Educator Solutions is a trading enterprise of Norfolk County Council which provides a wide range of services, products and advice to educational establishments. Educator Solutions Limited was set up to reserve the name and to date it remains dormant.

Repton Property Developments Limited

Repton Property Developments Limited was incorporated in July 2017. Wholly owned by Norfolk County Council, the company has been established to develop the Council's surplus properties and other suitable assets. The company did not trade in 2017-18.

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 55.

The accounts for 2017-18 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.

Group Comprehensive Income and Expenditure Statement

	2016-17 Gross Expenditure restated £000s	2016-17 Gross Income restated £000s	2016-17 Net Expenditure restated £000s	2017-18 Gross Expenditure £000s	2017-18 Gross Income £000s	2017-18 Net Expenditure £000s
Adult Social Services	385,469	116,254	269,215	410,933	131,314	279,619
Children's Services	627,335	433,561	193,774	616,150	396,175	219,975
Community and Environmental Services	324,930	161,900	163,030	327,482	156,385	171,097
Managing Director's Department	17,189	6,363	10,826	19,167	7,435	11,732
Finance and Commercial Services	77,844	12,260	65,584	50,512	12,702	37,810
Finance General	10,430	5,820	4,610	13,953	7,096	6,857
Other Services	102,040	103,016	(976)	105,291	107,783	(2,492)
Non Distributed Costs	(5,550)	0	(5,550)	(11,174)	0	(11,174)
Exceptional Items (Note 2)	7,003	4,538	2,465	2,197	0	2,197
Other Operating Income	0	374	(374)	0	588	(588)
Cost of Services	**1,546,690**	**844,086**	**702,604**	**1,534,511**	**819,478**	**715,033**
Other Operating Expenditure			112,140			109,182
Financing and Investment Income and Expenditure (Note 2)			62,446			61,809
Taxation and Non-Specific Grant Income			(804,974)			(765,288)
(Surplus) / Deficit on Provision of Services			**72,216**			**120,736**
Share of surplus or deficit of associates			(23)			(102)
Tax Expenses (Note 3)			901			(130)
Group (Surplus) / Deficit			**73,094**			**120,504**
(Surplus) / Deficit on Revaluation of Property, Plant and Equipment Assets			(74,462)			(31,113)
Actuarial (Gains) / Losses on Pension Assets / Liabilities			306,777			(71,846)
Other Comprehensive Income and Expenditure			**232,315**			**(102,959)**
Total Comprehensive Income and Expenditure			**305,409**			**17,545**

As stated in the Narrative Report on page 3, the Council has made a number of changes to the service structure including changes to Community and Environmental Services, and re-defining the services in Resources and Finance and Property which are now replaced by the Managing Director's Department and Finance and Commercial Services. The comparative figures for 2016-17 have been restated in line with the new service structures.

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 98 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 2016	**216,657**	**4,476**	**221,133**	**44,896**	**16,882**	**61,778**	**282,911**
Movement in Reserves during 2016-17							
Total Comprehensive Expenditure and Income	13,428	(101,381)	(87,953)	(216,628)	0	(216,628)	(304,581)
Adjustments between Group Accounts and Council Accounts**	(88,751)	88,751	0	0	0	0	0
Net increase or decrease before transfers	(75,323)	(12,630)	(87,953)	(216,628)	0	(216,628)	(304,581)
Adjustments between accounting basis & funding basis under regulations	75,845	0	75,845	(75,845)	0	(75,845)	0
Increase / (Decrease) in Year	**522**	**(12,630)**	**(12,108)**	**(292,473)**	**0**	**(292,473)**	**(304,581)**
Balance at 31 March 2017	**217,179**	**(8,154)**	**209,025**	**(247,577)**	**16,882**	**(230,695)**	**(21,670)**
Movement in Reserves during 2017-18							
Total Comprehensive Expenditure and Income	(35,332)	(80,829)	(116,161)	98,555	0	98,555	(17,606)
Adjustments between Group Accounts and Council Accounts**	(83,158)	83,158	0	0	0	0	0
Net increase or decrease before transfers	(118,490)	2,329	(116,161)	98,555	0	98,555	(17,606)
Adjustments between accounting basis & funding basis under regulations	74,887	0	74,887	(74,887)	0	(74,887)	0
Increase / (Decrease) in Year	**(43,603)**	**2,329**	**(41,274)**	**23,668**	**0**	**23,668**	(17,606)
Balance at 31 March 2018	**173,576**	**(5,825)**	**167,751**	**(223,909)**	**16,882**	**(207,027)**	**(39,276)**

** 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 2016	**282,911**	**(229)**	**282,682**
Total Comprehensive Expenditure and Income	(304,581)	(828)	(305,409)
Balance at 31 March 2017	**(21,670)**	**(1,057)**	**(22,727)**
Total Comprehensive Expenditure and Income	(17,606)	61	(17,545)
Balance at 31 March 2018	**(39,276)**	**(996)**	**(40,272)**

* see note on previous page.

Group Balance Sheet

	Group Note	31 March 2017 £000s	31 March 2018 £000s
Property, Plant & Equipment	4	1,674,426	1,721,646
Heritage Assets		5,778	6,704
Investment Property		21,884	21,529
Intangible Assets	5	5,559	6,712
Assets held for Sale		130	0
Long Term Investments		1,238	1,238
Investments in Associates and Joint Ventures		45	97
Long Term Debtors	7	61,305	61,716
Deferred Tax Asset		6,817	6,542
Long Term Assets		**1,777,182**	**1,826,184**
Short Term Investments		101,462	70,500
Inventories	6	3,551	3,527
Short Term Debtors	7	158,864	157,108
Cash and Cash Equivalents	8	59,453	22,689
Assets Held for Sale		1,183	4,145
Current Tax Recoverable		814	0
Current Assets		**325,327**	**257,969**
Short Term Borrowing		(25,790)	(18,988)
Other Short Term Liabilities		(3,222)	(3,632)
Short Term Creditors	9	(195,540)	(191,852)
Provisions		(9,450)	(6,698)
Current tax liability		(91)	(24)
Current Liabilities		**(234,093)**	**(221,194)**
Long Term Creditors	13	(16,679)	(16,529)
Provisions		(20,542)	(21,708)
Long Term Borrowing		(529,946)	(549,596)
Other Long Term Liabilities		(1,297,328)	(1,284,945)
Capital Grants Receipts in Advance		(26,648)	(30,453)
Long Term Liabilities		**(1,891,143)**	**(1,903,231)**
Net Assets		**(22,727)**	**(40,272)**
Usable Reserves	11	209,025	167,751
Unusable Reserves	11	(231,752)	(208,023)
Total Reserves		**(22,727)**	**(40,272)**

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Group Cash Flow Statement

	31 March 2017 £000s	31 March 2018 £000s
Net (surplus) or deficit on the provision of services	**72,216**	**120,736**
Adjust net (surplus) or deficit on the provision of services for non-cash movements	(235,369)	(247,015)
Adjust for Items in the net (surplus) or deficit on the provision of services that are investing and financing activities	166,740	107,016
Net cash flows from Operating Activities (note i)	3,587	(19,263)
Investing Activities (note ii)	32,757	67,780
Financing Activities (note iii)	(34,210)	(11,753)
Net (increase) or decrease in cash and cash equivalents	**2,134**	**36,764**
Cash and cash equivalents at the start of the year	**61,587**	**59,453**
Cash and cash equivalents at the end of the year (note 8)	**59,453**	**22,689**

Notes to the Group Cash Flow Statement

i. Operating Activities

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

	2016-17 £000s	2017-18 £000s
Interest received	(2,311)	(3,042)
Interest paid	33,138	35,189
Dividends received	(762)	(1,297)
Dividends paid	508	600

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

	2016-17 £000s	2017-18 £000s
Depreciation	(61,403)	(58,823)
Impairment and downward valuations	(23,647)	(14,372)
(Increase)/decrease in creditors	(15,794)	6,708
Increase/(decrease) in debtors	18,101	(10,280)
Movement in Pension Liability	(25,829)	(61,736)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(113,848)	(109,434)
Other non-cash items charged to the net surplus or deficit on the provision of services	(12,949)	922
	(235,369)	**(247,015)**

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

	2016-17 £000s	2017-18 £000s
Capital grants credited to the deficit on the provision of services	184,043	137,200
Proceeds from short term (not considered to be cash equivalents) and long term investments	(21,551)	(32,126)
Proceeds from the sale of property, plant and equipment	3,153	1,942
Other items for which the cash effects are investing or financing activities	1,095	0
	166,740	**107,016**

ii. Investing Activities

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

	2016-17 £000s	2017-18 £000s
Purchase of property, plant and equipment, investment property and intangible assets	171,379	199,311
Purchase of short term and long term investments	0	25
Other payments for investing activities	49,372	7,726
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,932)	(2,002)
Proceeds from short term and long term investments	0	(89)
Other receipts from investing activities	(182,062)	(137,191)
Net cash flows from investing activities	**32,757**	**67,780**

iii. Financing Activities

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

	2016-17 £000s	2017-18 £000s
Cash receipts of short term and long term borrowing	(46,250)	(35,307)
Other receipts from financing activities	0	(50)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	3,668	3,579
Repayments of short term and long term borrowing	7,864	19,425
Other payments from financing activities	508	600
Net cash flows from financing activities	**(34,210)**	**(11,753)**

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 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.

1.3 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.

1.4 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	695
Provisions for claims	1,502
Net Total	**2,197**

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

	2016-17 £000s	**2017-18 £000s**
Interest payable and similar charges	1,113	1,411
Net interest cost and on the net defined benefit liability	973	1,160
Interest receivable and similar income	(106)	(117)
Total for Norse Group Ltd and Independence Matters	**1,980**	**2,454**

3. Tax Expenses of Group Entities

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

	2016-17 £000s	**2017-18 £000s**
Tax in respect of the current year	359	652
Deferred tax in respect of the current year (retirement benefit obligations)	(90)	(377)
Deferred tax on actuarial loss/gain for the year	759	(237)
Impact of the change in tax rates recognised in the Comprehensive Income and Expenditure Statement	(127)	(168)
Total Taxation Expenses	**901**	**(130)**

4. Property, Plant and Equipment

Movements in 2017-18 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 2017	846,065	122,082	962,643	13	147,225	20,530	2,098,558
Additions	10,862	11,196	64,042	0	115,565	1,364	203,029
Revaluation increases/(decreases):							
- to Revaluation reserve	27,389	0	0	0	0	(1,640)	25,749
- to surplus or deficit on provision of services	(9,142)	0	0	0	0	80	(9,062)
Derecognition - disposals	(121,419)	(10,362)	0	0	0	0	(131,781)
Assets reclassified (to)/from Held for Sale	(590)	0	0	0	0	(3,353)	(3,943)
Reclassifications and transfers	53,059	5,369	128,122	0	(195,007)	7,268	(1,189)
At 31 March 2018	**806,224**	**128,285**	**1,154,807**	**13**	**67,783**	**24,249**	**2,181,361**
Accumulated Depreciation and Impairment							
At 1 April 2017	97,409	58,793	256,601	0	0	11,329	424,132
Depreciation charge	19,698	11,508	27,574	0	0	39	58,819
Depreciation written out to Revaluation reserve	(6,029)	0	0	0	0	(202)	(6,231)
Depreciation written out on revaluation to surplus or deficit on provision of services	(9,748)	0	0	0	0	(108)	(9,856)
Impairment losses/(reversals) recognised in:							
- the Revaluation reserve	1,834	0	0	0	0	(40)	1,794
- the surplus or deficit on provision of services	13,728	0	0	0	0	1,438	15,166
Derecognition - disposals	(14,534)	(9,239)	0	0	0	0	(23,773)
Reclassifications and transfers	(339)	(12)	0	0	0	15	(336)
At 31 March 2018	**102,019**	**61,050**	**284,175**	**0**	**0**	**12,471**	**459,715**
Net Book Value:							
At 31 March 2018	**704,205**	**67,235**	**870,632**	**13**	**67,783**	**11,778**	**1,721,646**
At 31 March 2017	748,656	63,289	706,042	13	147,225	9,201	1,674,426

Movements in 2016-17 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 2016	853,596	119,607	912,713	0	105,181	15,514	2,006,611
Adjustments between cost/value & depreciation/impairment	35	(1,317)	0	0	806	0	(476)
Additions	12,219	12,354	45,093	0	114,619	2,069	186,354
Revaluation increases/(decreases):							
- to Revaluation reserve	59,428	0	0	1	0	3,000	62,429
- to surplus or deficit on provision of services	(9,976)	0	0	0	0	(1,094)	(11,070)
Derecognition - disposals	(116,640)	(10,906)	0	0	0	(6)	(127,552)
Derecognition - other	0	0	(1,224)	0	0	0	(1,224)
Assets reclassified (to)/from Held for Sale	(25)	0	0	(1)	0	(2,549)	(2,575)
Reclassifications and transfers	47,428	2,344	6,061	13	(73,381)	3,596	(13,939)
At 31 March 2017	**846,065**	**122,082**	**962,643**	**13**	**147,225**	**20,530**	**2,098,558**
Accumulated Depreciation and Impairment							
At 1 April 2016	79,104	58,101	233,569	0	(48)	9,248	379,974
Adjustments between cost/value & depreciation/impairment	35	(1,369)	0	0	48	0	(1,286)
Depreciation charge	25,777	11,343	24,255	0	0	14	61,389
Depreciation written out to Revaluation reserve	(8,923)	0	0	0	0	(3)	(8,926)
Depreciation written out on revaluation to surplus or deficit on provision of services	(23,871)	0	0	0	0	(8)	(23,879)
Impairment losses/(reversals) recognised in:							
- the Revaluation reserve	145	0	0	0	0	0	145
- the surplus or deficit on provision of services	29,386	0	0	0	0	2,069	31,455
Derecognition - disposals	(4,234)	(9,543)	0	0	0	0	(13,777)
Derecognition - other	0	0	(1,223)	0	0	0	(1,223)
Reclassifications and transfers	(10)	261	0	0	0	9	260
At 31 March 2017	**97,409**	**58,793**	**256,601**	**0**	**0**	**11,329**	**424,132**
Net Book Value:							
At 31 March 2017	**748,656**	**63,289**	**706,042**	**13**	**147,225**	**9,201**	**1,674,426**
At 31 March 2016	774,492	61,506	679,144	0	105,229	6,266	1,626,637

Capital Commitments

The Norse Group Ltd has capital expenditure commitments of £3.393m as at 31 March 2018.

Details of the Council's capital commitments are shown in Note 14 to the Single Entity accounts.

5. Intangible Assets

The movement on the Group balances during the year:

	2016-17			2017-18		
	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	6,824	4,783	**11,607**	5,197	4,783	**9,980**
- Accumulated amortisation	(5,592)	(386)	**(5,978)**	(4,035)	(386)	**(4,421)**
Net carrying amount at the start of the year	**1,232**	**4,397**	**5,629**	**1,162**	**4,397**	**5,559**
Additions (purchases)	295	0	**295**	1,370	0	**1,370**
Disposals	(15)	0	**(15)**	(3)	0	**(3)**
Impairment losses	(51)	0	**(51)**	0	0	**0**
Amortisation for the period	(516)	0	**(516)**	(484)	0	**(484)**
Other Changes	217	0	**217**	270	0	**270**
Net carrying amount at the end of the year	**1,162**	**4,397**	**5,559**	**2,315**	**4,397**	**6,712**
Comprising:						
- Gross carrying amounts	5,197	4,783	**9,980**	6,465	4,783	**11,248**
- Accumulated amortisation	(4,035)	(386)	**(4,421)**	(4,150)	(386)	**(4,536)**
	1,162	**4,397**	**5,559**	**2,315**	**4,397**	**6,712**

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	**2016-17**	**2017-18**
	£000s	**£000s**
Balance outstanding at start of year	**2,941**	**3,551**
Purchases	27,046	32,806
Recognised as an expense in year	(26,436)	(32,826)
Amounts written off	0	(4)
Balance outstanding at year end	**3,551**	**3,527**

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 2017 £000s	31 March 2018 £000s	31 March 2017 £000s	31 March 2018 £000s
Central Government bodies	0	0	9,916	10,895
Other local authorities	0	0	45,038	44,953
Public Corporations	0	0	42	0
NHS bodies	0	0	13,391	14,598
Prepayments	0	0	19,878	20,981
Other entities and individuals	61,305	61,716	70,599	65,681
Group Total	**61,305**	**61,716**	**158,864**	**157,108**

8. Cash and Cash Equivalents

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

	31 March 2017 £000s	31 March 2018 £000s
Single Entity Cash and Bank balances	(6,952)	(8,488)
Subsidiary cash and bank balances	8,122	8,298
Short term deposits with the Money Market	58,283	22,879
Total Group Cash and Cash Equivalents	**59,453**	**22,689**

9. Creditors

The table provides details of creditors included in current liabilities on the balance sheet. The long term creditor total in the balance sheet includes £4.646m deferred grant income towards three capital projects in the Norse accounts.

	Short Term Creditors	
	31 March 2017 £000s	31 March 2018 £000s
Central Government bodies	12,828	13,376
Other local authorities	14,188	18,699
NHS bodies	3,114	6,419
Public Corporations and Trading Funds	42	0
Receipts in advance	2,644	7,862
Other entities and individuals	162,724	145,496
Group Total	**195,540**	**191,852**

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:

	2016-17 £000s	2017-18 £000s
Group Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	64,424	99,527
Past service costs/(gain)	1,277	630
(Gain)/loss from settlements	(10,000)	(10,740)
Financing and Investment Income and Expenditure:		
Net interest expense	21,381	23,933
Total post employment benefit charged to the Surplus of Deficit on the Provision of Services	77,082	113,350
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)	138,239	(25,100)
Actuarial gains and losses arising on changes in demographic assumptions	(15,633)	0
Actuarial gains and losses arising on changes in financial assumptions	(440,904)	(56,082)
Other (if applicable)	40,470	(3,266)
Total post employment benefit charged to the Group Comprehensive Income and Expenditure Statement	(200,746)	28,902
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	(77,082)	(113,350)
Actual amount charged against Usable reserves for pensions for the year:		
Employers contributions payable to the scheme (includes contributions in respect of unfunded benefits)	60,215	60,014

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:

	2016-17	2017-18
	£000s	£000s
Present value of the defined benefit obligation	(2,858,801)	(2,893,852)
Fair value of plan assets	1,953,284	2,019,447
Net liability arising from defined benefit obligation	**(905,517)**	**(874,405)**

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

	2016-17	2017-18
	£000s	£000s
Balance at 1 April	**2,400,342**	**2,858,801**
Current service cost	64,424	99,527
Interest cost	83,358	74,589
Contributions by scheme participants	15,017	14,589
Remeasurement gains and losses:		
Actuarial gains and losses arising on changes in demographic assumptions	15,633	0
Actuarial gains and losses arising on changes in financial assumptions	440,904	(56,082)
Other (if applicable)	(40,470)	(3,266)
Past service costs/(gain)	1,277	630
Losses /(gains) on curtailments	(18,140)	(20,055)
Benefits paid	(76,555)	(74,881)
Termination in respect of NPS North East Limited	(26,989)	0
Balance at 31 March	**2,858,801**	**2,893,852**

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

	2016-17	2017-18
	£000s	£000s
Opening fair value of scheme assets	**1,784,978**	**1,953,284**
Interest income	61,977	50,656
Remeasurement (gain)/loss:		
The return on plan assets, excluding the amount included in the net interest expense	138,239	25,100
Employer contributions	60,215	60,014
Contributions by scheme participants	15,017	14,589
Benefits paid	(76,551)	(74,881)
Other (gain/loss from settlements)	(8,140)	(9,315)
Termination in respect of NPS North East Limited	(22,451)	0
Balance at 31 March	**1,953,284**	**2,019,447**

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 39.

11. Reserves

Movements on the Group reserves are detailed in the Group Movement in Reserve Statement on page 97. 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	**(8,154)**	**16,200**	**682**	**16,882**
Profit/(Loss) for the year	(1,809)	0	0	0
Actuarial loss in respect of defined benefit pension schemes	4,929	0	0	0
Deferred tax in respect of defined benefit pension schemes	(838)	0	0	0
Controlling Interest movements	47	0	0	0
Balance at 31 March	**(5,825)**	**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 2017**	**31 March 2018**
	£000s	**£000s**
Land and buildings	9,296	9,274
Vehicles, plant and equipment	9,408	9,809
Heritage Assets	2,270	2,652
Group Total	**20,974**	**21,735**

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

Group	**31 March 2017**	**31 March 2018**
	£000s	**£000s**
Finance lease liabilities (net present value of minimum lease payments):		
Current	2,369	2,548
Non current	7,067	6,934
Finance costs payable in future years	692	655
Minimum lease payments	**10,128**	**10,137**

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

Group	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2017	31 March 2018	31 March 2017	31 March 2018
	£000s	£000s	£000s	£000s
Not later than one year	2,629	2,782	2,369	2,548
Later than one year and not later than five years	6,645	6,558	5,916	6,172
Later than five years	854	797	1,150	762
	10,128	**10,137**	**9,435**	**9,482**

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 2017-18 was £2.418m (£1.930m in 2016-17). The company also leases a number of properties on short term leases which have been accounted for as operating leases. The rentals payable in 2017-18 were £1.629m (£1.678m in 2016-17).

Details of the Council's leases are shown in Note 35 on page 76.

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

	31 March 2017	31 March 2018
	£000s	£000s
Not later than one year	4,234	4,328
Later than one year and not later than five years	9,613	10,768
Later than five years	10,016	9,204
Total	**23,863**	**24,300**

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £6.145m (£5.709m in 2016-17).

13. Financial Instruments

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

		Long Term		Current	
		31 March 2017	31 March 2018	31 March 2017	31 March 2018
		£000s	£000s	£000s	£000s
Investments:					
Loans and receivables		0	0	101,462	70,500
Available for sale financial assets	(i)	1,238	1,238	0	0
Total included in Investments		**1,238**	**1,238**	**101,462**	**70,500**
Debtors					
Loans and receivables	(ii)	59,939	60,088	107,596	110,538
Soft Loans (legal charges on property)	(iii)	1,366	1,628	324	414
Total included in Debtors		**61,305**	**61,716**	**107,920**	**110,952**

	Long Term		Current	
	31 March 2017	**31 March 2018**	**31 March 2017**	**31 March 2018**
	£000s	**£000s**	**£000s**	**£000s**
Borrowings:				
Financial liabilities at amortised cost	529,946	549,596	25,790	18,988
Total included in Borrowings	**529,946**	**549,596**	**25,790**	**18,988**
Other Long Term Liabilities				
PFI liabilities	53,349	52,265	853	1,084
Finance lease liabilities	7,067	6,935	2,369	2,548
Total Other Long Term Liabilities	**60,416**	**59,200**	**3,222**	**3,632**
Creditors				
Financial liabilities at amortised cost	16,679	16,529	159,838	144,711
Total included in Creditors	**16,679**	**16,529**	**159,838**	**144,711**

(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 2018.

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 are considered by the Pensions Committee. It is planned for 2017-18 accounts to be considered at its meeting on 26 June 2018 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 2017-18 (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 to the Members of Norfolk County Council

The auditor’s opinion, once given, will be inserted here.

Revenue and Fund Account for the year ended 31 March 2018

	Note	2016-17	2017-18
		£000s	**£000s**
Dealings with members, employers and others directly involved in the Fund			
Contributions	7	129,919	147,147
Transfers in from other pension funds	8	7,961	11,637
		137,880	**158,784**
Benefits	9	(127,124)	(134,314)
Payments to and on account of leavers	10	(4,576)	(7,706)
		(131,700)	**(142,020)**
Net additions/withdrawals from dealings with members		**6,180**	**16,764**
Management expenses	11	(17,183)	(17,992)
Net additions/withdrawals from dealings with members including Fund Management Expenses		**(11,003)**	**(1,228)**
Returns on investments			
Investment income	12	61,663	60,831
Taxes on income	13a	(272)	(489)
Profit and losses on disposal of investments and changes in the market value of investments	15a	474,061	115,009
Net return on investments		**535,452**	**175,351**
Net increase/decrease in the net assets available for benefits during the year		**524,449**	**174,123**
Opening net assets of the scheme		**2,904,798**	**3,429,247**
Closing net assets of the scheme		**3,429,247**	**3,603,370**

Net Assets Statement at 31 March 2018

	Note	2016-17	2017-18
		£000s	**£000s**
Investment assets	15	3,414,886	3,584,965
Investment liabilities	15	(5,484)	(5,056)
		3,409,402	**3,579,909**
Long term Debtors	20	4,541	3,290
		4,541	**3,290**
Current Assets			
Debtors	20	16,535	19,393
Cash in hand		6,233	10,434
		22,768	**29,827**
Current Liabilities			
Creditors	21	(7,464)	(9,656)
		(7,464)	**(9,656)**
Net Current Assets		**15,304**	**20,171**
Net Assets of the Fund available to fund benefits at the period end		**3,429,247**	**3,603,370**

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 2017-18 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 2016 (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 and Commercial Services.

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 369 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below: This is an increase of 47 employers since 31 March 2017.

	31 March 2017	31 March 2018
Number of Employers with Active Members	**322**	**369**
Full membership including employers with deferred and legacy pension commitments		
Number of Employees in Scheme		
Norfolk County Council	13,606	12,869
Other Employers	14,863	15,968
Total	**28,469**	**28,837**
Number of Pensioners		
Norfolk County Council	12,080	12,565
Other Employers	11,140	11,646
Total	**23,220**	**24,211**
Deferred Pensioners		
Norfolk County Council	19,946	20,550
Other Employers	14,270	15,970
Total	**34,216**	**36,520**

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. Age UK Norfolk	1. Action for Children (4Children)
2. Barnham Broom Parish Council	2. Alderman Peel High
3. Caterlink	3. Astley Primary
4. Edwards + Blake (Marham Infant)	4. Bignold Primary School and Nursery
5. Edwards and Blake (Neatherd High)	5. Bradwell Parish Council
6. Edwards and Blake (Nicholas Hamond)	6. Burnham Market Primary School
7. Paston College	7. Burston Community Primary School
8. Pre – School Learning Alliance (Milestones)	8. Butterflies Nursery
9. Pre – School Learning Alliance (Thorpe)	9. Churchill Park Academy
10. Victory Housing Trust	10. Corpusty Primary School
	11. Drayton Community Infant School
	12. Emneth Academy
	13. Foulsham Primary School Academy
	14. Gaywood Primary School
	15. George White Junior School
	16. Great Hockham Primary School and Nursery
	17. Great Witchingham Parish Council
	18. Great Yarmouth Charter Academy
	19. Gresham Village School
	20. Greyfriars Academy
	21. Hardingham Parish Council
	22. Heather Avenue Infant School
	23. Hemblington Primary School
	24. Highgate Infant School
	25. Inspire Education Trust
	26. Inclusive Schools Trust
	27. Kenninghall Community Primary School
	28. King's Oak Academy
	29. Lionwood Infant and Nursery
	30. Lionwood Junior
	31. Long Stratton High School
	32. Magdalen Village School
	33. Mattishall Primary School
	34. Mundesley Parish Council
	35. Norfolk Academies
	36. North Norfolk Academy Trust
	37. North Walsham Infant and Nursery
	38. North Walsham Junior School
	39. Queensway Infant Academy and Nursery
	40. Reffley Community School and Nursery
	41. Rockland Saint Mary Primary School
	42. Salhouse Parish Council
	43. Seething and Mundham Primary School
	44. Spooner Row Primary School
	45. Sprowston Community High School

Employers ceasing to have active employees in the Fund:	Employers joining the active section of the Fund:
	46. St Germans Primary School 47. St John the Baptist Catholic Multi Academy Trust 48. Surlingham Community Primary School 49. Swannington with Alderford and Little Witchingham Parish Council 50. The Wensum Trust 51. The Wherry School 52. Thompson Primary School 53. Thurlton Primary School 54. Tivetshall Community Primary School 55. Wells-Next-The Sea Primary and Nursery School 56. Wimbotsham and Stow Community School 57. Wroxham Parish Council

A full list of participating employers is shown on page 158.

(c) Funding

Benefits are funded by employee and employer contributions and investment earnings. For the financial year ending 31 March 2018, 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 2017-18 and 2018-19.

Actual Pensionable Pay 2017-18	Contribution rate per year 2017-18	Actual Pensionable Pay 2018-19	Contribution rate per year 2018-19
Up to £13,700	5.5%	Up to £14,100	5.5%
£13,701 to £21,400	5.8%	£14,101 to £22,000	5.8%
£21,401 to £34,700	6.5%	£22,001 to £35,700	6.5%
£34,701 to £43,900	6.8%	£35,701 to £45,200	6.8%
£43,901 to £61,300	8.5%	£45,201 to £63,100	8.5%
£61,301 to £86,800	9.9%	£63,101 to £89,400	9.9%
£86,801 to £102,200	10.5%	£89,401 to £105,200	10.5%
£102,201 to £153,300	11.4%	£105,201 to £157,800	11.4%
More than £153,301	12.5%	More than £157,801	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 March 2016 valuation set the rates payable by employers for the period 1st April 2017 to 31st March 2020. Excluding lump sum deficit recovery payments these rates range from 0% to 35.0% of actual pensionable pay.

(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 2018 is 3.0% (1% April 2017).

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 2017-18 financial year and its position at year-end as at 31 March 2018. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 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.

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
Henderson Global Investors	Fixed Income
Fidelity (part year for 2016-17 only)	Overseas Equities
Baillie Gifford & Co	UK Equities
Capital International (part year for 2017-18)	Global Equities

	2016-17 £000s		2017-18 £000s
Performance-related fees	528		481

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.

	2016-17 £000s		2017-18 £000s
Value of fees based on estimates	2,579		2,433

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 at fair value in accordance with the requirements of the code of practice and IFRS13 (see note 16d). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

(h) Freehold and leasehold properties

The direct property holding was valued as at 31 March 2016. The direct property holding is valued every 3 years at the year-end date in line with the triennial valuation of the Fund. The valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition). The next valuation will be as at 31 March 2019.

(i) 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.

(j) 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 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.

(k) 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.

(l) 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.

(m) 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).

(n) 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)

Accounting Standards issued but not yet adopted

(o) The 2017-18 and 2018-19 Code of Practice on Local Authority Accounting lists a number of accounting standards that have been issued but not yet adopted. Having considered all the standards the Fund has determined there is no material impact on the accounts and no additional disclosure is required.

Contingent assets and contingent liabilities

(p) Contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

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.

	2016-17 £000s		**2017-18 £000s**
Value of unquoted private equity	205,619		194,877

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	CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2018	**Approximate % increase to liabilities**	**Approximate monetary amount (£m)**
0.5% p.a. increase in the Pension Increase Rate	8%	408
0.5% p.a. increase in the Salary Increase Rate	2%	71
0.5% p.a. decrease in the Real Discount Rate	10%	507

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Item	Uncertainties	Effect if actual results differ from assumptions
	assumptions to be applied.	
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 £194.9 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 2018, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

7. Contributions receivable

	2016-17	2017-18
By Category	**£000s**	**£000s**
Employers – normal	99,924	114,776
Employers – special	192	736
Employers – augmentation	0	103
Employers – strain	1,820	2,746
Members – normal	27,380	28,138
Members – purchase of additional scheme benefits	603	648
Total	**129,919**	**147,147**

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.

	2016-17	2017-18
	£000s	**£000s**
Deficit recovery contributions included in employer normal contributions	31,539	36,323
Total	**31,539**	**36,323**

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.

	2016-17	2017-18
By Authority	**£000s**	**£000s**
Administering authority	55,329	56,443
Other scheduled bodies	49,519	60,750
Community admission bodies	6,311	11,157
Transferee admission bodies	2,674	2,633
Resolution bodies	16,086	16,164
Total	**129,919**	**147,147**

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:

	2016-17	2017-18
	£000s	**£000s**
Strain instalments due after the balance sheet date	62	434
Total	**62**	**434**

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 2018.

8. Transfers in from other Pension Funds

	2016-17	2017-18
	£000s	**£000s**
Individual transfers	7,961	11,637
Total	**7,961**	**11,637**

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.

	2016-17	2017-18
	£000s	**£000s**
HMCS total present value	5,318	4,061
Total	**5,318**	**4,061**

The discounted value of the outstanding cash flows is included in debtor balances at the year-end. 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

	2016-17	2017-18
By Category	**£000s**	**£000s**
Pensions	103,970	108,295
Commutation and lump sum retirement benefits	20,674	23,602
Lump sum death benefits	2,480	2,417
Total	**127,124**	**134,314**
By Authority		
Administering authority	60,199	62,960
Other scheduled bodies	45,406	49,521
Community admission bodies	5,268	6,158
Transferee admission bodies	3,309	3,364
Resolution bodies	12,942	12,311
Total	**127,124**	**134,314**

10. Payments to and on account of leavers

	2016-17	2017-18
	£000s	**£000s**
Group transfers	126	368
Refunds to members leaving service	341	360
Individual Transfers out to other Schemes	4,109	6,978
Total	**4,576**	**7,706**

The 2017-18 Group Transfers figure is made up of one transfer in respect of Norfolk County Council. The 2016-17 Group Transfers figure is made up of one transfer in respect of Great Yarmouth Borough Council.

11. Management Expenses

Pension fund management expenses for 2017-18 are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

Note 11 Management Expenses 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).

	2016-17 £000s	2017-18 £000s
Administrative costs	1,684	1,749
Investment managements expenses (see note14)	14,601	15,748
Oversight and governance costs	898	495
Total	**17,183**	**17,992**

The Local Government Pension Scheme Regulations enables administration expenses (including Oversight and Governance) to be charged to the Fund. The movement in the Oversight and governance expenses is mainly due to the cost of the 2016 triennial valuation.

Investment management expenses are analysed further in note 14.

12. Investment Income

	2016-17 £000s	2017-18 £000s
Income from fixed interest securities	0	134
Income from index linked securities	0	21
Equity dividends	22,542	23,553
Pooled property investments	13,043	13,647
Pooled fund income- Unit trusts and other managed funds	15,713	12,486
Private equity income	2,895	2,732
Pooled funds rebate	6,607	7,527
Stock lending	251	161
Interest on cash deposits	243	505
Property (Note 12a)	36	36
Windfall Tax	295	0
Other	38	29
Total Investment Income	**61,663**	**60,831**

The Windfall Tax amount in 2016-17 is made up of a number of legacy payments paid over by the Funds previous Custodian in respect of tax recovered but previously accounted as non-recoverable.

12(a) Property Income

	2016-17 £000s	2017-18 £000s
Rental income	36	36
Direct operating expenses	(2)	0
Net income	**34**	**36**

13. Other Fund Disclosures

13(a). Taxes on Income

	2016-17 £000s	2017-18 £000s
Withholding tax – equities	256	422
Withholding tax – pooled investments	16	67
	272	**489**

13(b). External Audit costs

	2016-17 £000s	2017-18 £000s
Payable in respect of external Audit	27	25
	27	**25**

14. Investment Expenses

	2016-17 £000s	2017-18 £000s
Management fees – invoiced ad valorem	7,991	8,777
Management fees – invoiced performance	528	481
Management expenses on unit trusts	1,545	1,168
Private Equity – fund of fund fees	3,227	3,728
Direct Property	2	0
Custody fees	58	72
Fees and Other Expenses	442	820
Transaction costs	808	702
Total	**14,601**	**15,748**

The increase in Fees and Other Expenses mainly reflects investment review expenses, costs associated with the Governments Pooling agenda and debt write-offs.

15. Investments

	Market Value 31 March 2017 £000s	Market Value 31 March 2018 £000s
Investment assets		
Fixed Interest Securities	0	60,150
Equities	985,776	796,781
Pooled Investments	1,781,230	2,016,462
Pooled property investments	373,430	414,335
Private equity Partnerships	205,619	194,877
Property	444	444
Derivatives – futures	0	4,814
Derivatives - forward currency	7,248	2,882
Cash deposits	60,823	90,787
Amounts receivable for sales	316	3,433
Total investment assets	**3,414,886**	**3,584,965**

	Market Value 31 March 2017 £000s	Market Value 31 March 2018 £000s
Investment liabilities		
Derivatives - futures	0	(96)
Derivatives - forward currency	(4,877)	(1,502)
Amounts payable for purchases	(607)	(3,458)
Total investment liabilities	**(5,484)**	**(5,056)**
Net investment assets	**3,409,402**	**3,579,909**

15 (a) Reconciliation of Movements in Investments and Derivatives 2017-18

	Market value 31 March 2017 £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 2018 £000s
Fixed Interest Securities	**0**	121,394	(60,379)	(865)	**60,150**
Equities	**985,776**	555,916	(771,492)	26,581	**796,781**
Pooled investments	**1,781,230**	1,042,972	(849,356)	41,616	**2,016,462**
Pooled property investments	**373,430**	35,461	(19,107)	24,551	**414,335**
Private equity	**205,619**	38,057	(67,569)	18,770	**194,877**
Property	**444**	0	0	0	**444**
	3,346,499	**1,793,800**	**(1,767,903)**	**110,653**	**3,483,049**
Derivative contracts:					
- Futures	**0**	16,084	(3,005)	(8,361)	**4,718**
- Forward currency contracts	**2,371**	103,888	(121,403)	16,524	**1,380**
	2,371	**119,972**	**(124,408)**	**8,163**	**6,098**
Other investment balances:					
- Cash deposits	**60,823**			(3,807)	**90,787**
- Amount receivable for sales of investments	**316**				**3,433**
- Amount payable for purchases of investments	**(607)**				**(3,458)**
Net investment assets	**3,409,402**			**115,009**	**3,579,909**

15 (a) Reconciliation of Movements in Investments and Derivatives 2016-17

	Market value 31 March 2016 £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 2017 £000s
Equities	**787,143**	241,145	(258,278)	215,766	**985,776**
Pooled investments	**1,499,620**	143,025	(118,317)	256,902	**1,781,230**
Pooled property investments	**378,335**	53,345	(58,573)	323	**373,430**
Private equity	**183,489**	28,943	(51,153)	44,340	**205,619**
Property	**444**	0	0	0	**444**
	2,849,031	**466,458**	**(486,321)**	**517,331**	**3,346,499**
Derivative contracts:					
- Forward currency contracts	**(1,204)**	216,384	(167,243)	(45,566)	**2,371**
	(1,204)	**216,384**	**(167,243)**	**(45,566)**	**2,371**
Other investment balances:					
- Cash deposits	**36,068**			2,296	**60,823**
- Amount receivable for sales of investments	**4,835**				**316**
- Amount payable for purchases of investments	**(1,418)**				**(607)**
Net investment assets	**2,887,312**			**474,061**	**3,409,402**

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 2017-18	£702,000
Transaction costs incurred during 2016-17	£808,000

15 (b) Analysis of Investments

	2016-17 £000s	2017-18 £000s
Fixed Interest Securities		
UK		
Quoted	0	60,150
	0	**60,150**

	2016-17 £000s	2017-18 £000s
Equities		
UK		
Quoted	314,721	271,626
Overseas		
Quoted	671,055	525,155
	985,776	**796,781**
Pooled Funds – additional analysis		
Unit trusts	813,403	830,490
Unitised insurance policies	280,957	253,675
Other managed funds	449,931	730,350
	1,544,291	**1,814,515**
Overseas		
Unit trusts	236,939	201,947
	236,939	**201,947**
Pooled and Freehold Property, Private Equity and Derivatives		
Pooled property investments	373,430	414,335
Private equity	205,619	194,877
Direct Property	444	444
Derivatives – futures	0	4,814
Derivatives – forward currency	7,248	2,882
	586,741	**617,352**
Other Investment Balances		
Cash deposits	60,823	90,787
Amounts receivable for sales	316	3,433
	61,139	**94,220**
Total investment assets	**3,414,886**	**3,584,965**
Investment liabilities		
Derivatives - futures	0	(96)
Derivatives – forward currency	(4,877)	(1,502)
Amounts payable for purchases	(607)	(3,458)
Total investment liabilities	**(5,484)**	**(5,056)**
Net investment assets	**3,409,402**	**3,579,909**

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 also authorised the use of futures by Henderson 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 2018 (2017 nil).

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 hedging programme is managed between two currency managers, Berenberg Bank and Insight Investment.

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.

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	Market Value 31 March 2017	Economic Exposure	Market Value 31 March 2018
		£000s	£000s	£000s	£000s
Assets					
UK Equity	Less than 1 year	0	0	54,270	951
Overseas Equity	Less than 1 year	0	0	81,590	3,863
Total Assets			**0**		**4,814**
Liabilities					
Overseas fixed interest	Less than 1 year	0	0	(14,957)	(96)
Total Liabilities			**0**		**(96)**
Net futures			**0**		**4,718**

There is £11.6M in respect of initial and variation margins arising on open futures contacts at the year-end included within cash balances (2017 nil).

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	£	11,400	AUD	(19,800)	582	0
Up to one month	£	158,296	EUR	(179,685)	689	0
Up to one month	£	36,806	JPY	(5,445,975)	290	0
Up to one month	£	307,267	$	(429,645)	1,204	0
Up to one month	EUR	35,673	£	(31,517)	0	(228)
Up to one month	JPY	3,406,972	£	(22,978)	0	(134)
Up to one month	$	21,575	£	(15,279)	90	0
Between one and three months	£	48,588	EUR	(55,320)	0	0
Between one and three months	£	15,257	JPY	(2,290,000)	0	(115)
Between one and three months	£	228,027	$	(320,595)	27	0
Between one and three months	JPY	520,000	£	(3,547)	0	(56)
Between one and three months	$	75,000	£	(54,307)	0	(969)
Open forward currency contacts at 31 March 2018					**2,882**	**(1,502)**
Net forward currency contracts at 31 March 2018						**1,380**
Prior year comparative						
Open forward currency contacts at 31 March 2017					**7,248**	**(4,877)**
Net forward currency contracts at 31 March 2017						**2,371**

At the 31 March 2018, the fund held £2.6M (Nil 2017) cash collateral posted against gains on its Forward foreign currency contracts with Berenberg Bank. The collateral is held in a separate account and is not included in the Revenue Account or Net Asset Statement. Following financial market regulation changes during 2017-18 the Fund uses its segregated fixed Interest securities holding (£60.2M) as a collateral pool against the notional gains and losses on the Insight Investment currency contracts.

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
AUD	Australian dollar
EUR	Euro
JPY	Japanese yen

15 (b) Investments Analysed by Fund Manager

	Market Value 31 March 2017 £000s	%	Market Value 31 March 2018 £000s	%
Fidelity	583,459	17.11	599,347	16.74
Henderson Global Investors	410,650	12.04	500,312	13.97
Aviva Investors	389,953	11.44	429,336	12.00
M&G	257,974	7.57	416,936	11.65
Capital International Ltd	348,299	10.22	391,063	10.92
Baillie Gifford & Co	275,347	8.08	255,910	7.15
UBS	0	0	252,667	7.06
Wellington International	227,222	6.66	229,832	6.42
Goldman Sachs Asset Management	196,978	5.78	201,947	5.64
HarbourVest Partners	152,041	4.46	145,880	4.07
Insight Investment **	(304)	(0.01)	59,052	1.65
Global Custodian *	10,632	0.31	54,182	1.52
SL Capital Partners	53,578	1.57	48,997	1.37
Berenberg Bank **	1,907	0.06	1,608	0.04
Legal & General Investment Management	280,957	8.24	1,008	0.03
Sarasin & Partners	220,709	6.47	0	0.00
Goldman Sachs International	0	0.00	(8,168)	(0.23)
	3,409,402	**100.00**	**3,579,909**	**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 markets programme.

**Currency hedging contracts in respect of the Fund's overseas equity holdings are reported in the Insight Investment and Berenberg Bank holdings. The market value of the contracts could represent a payable or receivable. The Insight Investment holding for 2017-18 includes the Fixed Interest Securities (Gilts).

15 (b) Investments representing more than 5% of the Net Assets of the Scheme

Security	**Market Value 31 March 2017 £000s**	**Percentage of Total Fund %**	**Market Value 31 March 2018 £000s**	**Percentage of Total Fund %**
M&G Alpha Opportunities Fund	240,282	7.0	348,881	9.7
UBS Life UK Equity Tracker	0	0.0	252,667	7.0
Goldman Sachs Global Strategic Income Bond Portfolio (SIF)	196,978	5.7	201,947	5.6
Fidelity Institutional Exempt America Fund	188,758	5.5	192,735	5.4
Fidelity Institutional Europe Fund	181,328	5.3	185,874	5.2
Legal & General UK Equity Index Fund	279,961	8.2	0	0.0

During the year no individual investment (a single security) exceeded 5% of the total value of the net assets. Five pooled holdings (five in 2016-17) 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:

- As at 31 March 2018 the M&G Alpha Opportunities Fund has 391 (2017 363) positions, across 261 (2017 263) issuers.
- At 31 March 2018 the UBS Life UK Equity Tracker Fund held 661 securities (L&G 646 securities as at 31 March 2017).
- As at 31 March 2018 the Goldman Sachs SIF Fund held 1,222 (2017 1,345) individual positions.

- The underlying holdings of the Fidelity Institutional Exempt America Fund comprised 170 stocks at 31 March 2018 (2017 164).
- The Fidelity Institutional Europe Fund comprised 44 holdings at 31 March 2018 (2017 52).

During the financial year the Fund exited the L&G UK Equity Index Fund and invested in the UBS Life UK Equity Tracker Fund. This change was part of the joint commercial arrangements with ACCESS Pool. Details of the UBS investment are shown below along with the L&G details for completeness.

The UBS investment is a unit linked contract of long term insurance ("the policy") issued by UBS Asset Management Life Ltd ("UBS Life"). Units in the range of pooled investment funds operated by UBS Life ("Life Funds") are allocated to the Policyholders. The value of the units in a Life Fund are directly linked to the assets legally and beneficially owned by UBS Life and held in that Life Fund. Such units may be surrendered and their value realised in accordance with the conditions applying to the Policy (including at UBS Life's discretion, by a transfer of assets in specie). The underlying assets are predominantly quoted investments which are listed or admitted to trading on a stock exchange (or similar public market) and may also include uninvested cash and derivatives . The policy falls within Class III 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.

Within the Reconciliation of the Movements in Investments, the following investments represented more than 5% of the asset class or type at 31 March 2018:

Holding/Investment Type	Market Value 31 March 2018 £000s	Percentage of asset class %
Fixed Interest Securities		
UK Government Gilts 0.5% 22/07/2022	15,467	57.31
Index Linked UK Government Gilts 0.125% 22/03/2026	14,635	44.13
Index Linked UK Government Gilts 0.125% 22/03/2044	10,895	32.85
UK Government Gilts 3.25% 22/01/2044	8,220	30.46
Index Linked UK Government Gilts 0.375% 22/03/2062	7,631	23.01
UK Government Gilts 2.5% 22/07/2065	3,302	12.24
Pooled investments		
M&G Alpha Opportunities Fund	348,881	17.30
UBS Life UK Equity Tracker	252,667	12.53
Goldman Sachs Global Strategic Income Bond Portfolio	201,947	10.01
Fidelity Institutional Exempt America Fund	192,735	9.56
Fidelity Institutional Europe Fund	187,874	9.22
Janus Henderson Managed Multi Asset Credit Fund	160,526	7.96
Janus Henderson Institutional Long Credit Fund	152,759	7.58
Fidelity Institutional Japan Fund	101,659	5.04
Pooled property investments		
Industrial Property Investment Fund	39,206	9.46
Blackrock UK Property Fund	38,182	9.22
Janus Henderson Central London Office Property Fund	31,824	7.68
Lothbury Property Trust Units	26,740	6.45
Rockspring Hannover Property Unit Trust	22,861	5.52
Standard Life UK Shopping Centre	22,170	5.35
Private equity		
Harbourvest VIII Cayman Buyout Fund	27,285	14.00
Standard Life European Strategic 2008	25,103	12.88
Harbourvest IX Cayman Buyout Fund	19,732	10.13
Harbourvest VIII Cayman Venture Fund	18,163	9.32
Harbourvest HIPEP VII Europe Feeder Fund	15,627	8.02
Harbourvest IX Cayman Venture Fund	14,144	7.26
Direct Property	444	100.00
Hamlin Way, King's Lynn		

15 (c) Stock Lending

	31 March 2017	31 March 2018
	£000s	**£000s**
Value of quoted equities on loan	63,510	109,147
Value of un-quoted equities on loan	6,148	0
Fair value of collateral held by Custodian	7,589	115,762
Collateral relative to stock on loan (percentage coverage)	106%	106%

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 2017 £000s	Value on loan at 31 March 2018 £000s
UK Equities	12,314	46,217
Overseas Equities	57,344	62,929

At 31 March 2018, securities were on loan to 10 separate borrowers representing 10 parent groups. The largest single parent exposure was 23% of the lending programme.

15 (d) Property Holdings

Details of the Funds directly owned properties are as follows:

	Year ending 31 March 2017	Year ending 31 March 2018
	£000s	**£000s**
Opening Balance	444	444
Additions	0	0
Disposals	0	0
Net increase in market value	0	0
Other changes in fair value	0	0
Closing balance	**444**	**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.

15 (e) Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Equities	Level 1	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.	Not required	Not required
UK Gilts and Quoted Bonds	Level 1	Fixed interest securities are valued at a market value based on current yields.	Not required	Not required
FX	Level 1	Market forward exchange rates at the year-end.	Exchange rate risk	Not required
Equity Futures	Level 1	Published exchange prices at year end.	Not required	Not required
Pooled Investment Vehicle – Equity and Debt	Level 2	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.	The valuation is undertaken by the investment manager or responsible entity and advised as a unit or security price. Observable inputs are used. 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.	Not required
Pooled Investment Vehicle - Property	Level 3	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.	Investments in unquoted property pooled funds are valued at the net asset value or a single price advised by the fund manager. Pooled property funds and Limited Partnerships in property have derived underlying assets that have been valued by independent external valuers on a fair value basis and generally in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition).	Valuations could be affected by Material events.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Freehold Property	Level 3	The valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition)	Existing lease terms and rentals; Independent market research; Nature of tenancies; Covenant strength for existing tenants; Assumed vacancy levels; Estimated rental growth; Discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.
Private Equity	Level 3	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. Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.	Observable inputs are subject to judgment by the respective manager, but are applied in accordance with the appropriate industry guidelines.	Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts
Delisted securities		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		Securities subject to takeover offer - the value of the consideration offered under the offer, less estimated realisation costs.		

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2018.

Description of Asset	Asset Valuation Range (+/-)	Value at 31 March 2018	Value on Increase	Value on Decrease
		£000s	£000s	£000s
Pooled Property Investments	14.3%	414,779	474,092	355,466
Private Equity	28.3%	194,877	250,027	139,727
Total		609,656	724,119	495,193

16. Fair Value Hierarchy

16a. Fair Value Hierarchy

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.

Freehold Property

The direct property holding is valued every 3 years at the year-end date in line with the triennial valuation of the Fund. The valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition)

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:

Fair Value Hierarchy (Agrees to table 15(a) excluding Other Investment Balances)

Values at 31 March 2018	**Quoted market price Level 1**	**Using observable inputs Level 2**	**With significant unobservable inputs Level 3**	**Total**
	£000s	**£000s**	**£000s**	**£000s**
Financial assets				
Financial assets at fair value through profit and loss	864,627	2,016,462	609,212	3,490,301
Non-Financial assets at fair value through profit and loss (See Note 15d)	0	0	444	444
Financial Liabilities				
Financial liabilities at fair value through profit and loss	(1,598)	0	0	(1,598)
Net Investment Assets	**863,029**	**2,016,462**	**609,656**	**3,489,147**

Values at 31 March 2017	**Quoted market price Level 1**	**Using observable inputs Level 2**	**With significant unobservable inputs Level 3**	**Total**
	£000s	**£000s**	**£000s**	**£000s**
Financial assets				
Financial assets at fair value through profit and loss	993,024	1,781,230	579,049	3,353,303
Non-Financial assets at fair value through profit and loss (See Note 15d)	0	0	444	444
Financial Liabilities				
Financial liabilities at fair value through profit and loss	(4,877)	0	0	(4,877)
Net Investment Assets	**998,147**	**1,781,230**	**579,493**	**3,348,870**

16b. Transfers between Levels 1 and 2

There were no transfers between Level 1 and 2 in 2017-18. In 2016-17 the Equity and debt Pooled Funds totalling £1,781.2m were re-classified from level 1 to level 2 in accordance with the classification guidelines in the Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

16c. Reconciliation of Fair Value Measurements within Level 3

	Market value 1 April 2017	Transfers into Level 3	Transfers out of Level 3	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains/(losses)	Realised gains/(losses)	Market value 31 March 2018
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Pooled and Freehold Property Investments	373,874	0	0	35,461	(19,107)	4,503	20,048	414,779
Private Equity	205,619	0	0	38,057	(67,569)	32,661	(13,891)	194,877
	579,493	**0**	**0**	**73,518**	**(86,676)**	**37,164**	**6,157**	**609,656**

16(d) Financial Instruments - Classification

	31 March 2017			31 March 2018		
	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	0			60,150		
Equities	985,776			796,781		
Pooled Investments	1,781,230			2,016,462		
Pooled Property	373,430			414,335		
Private equity	205,619			194,877		
Derivative contracts	7,248			7,696		

	31 March 2017			31 March 2018		
	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
Cash		67,056			101,221	
Other investment balances	4,728			8,102		
Debtors		31			127	
	3,358,031	**67,087**	**0**	**3,498,403**	**101,348**	**0**
Financial liabilities						
Derivative contracts	(4,877)			(1,598)		
Creditors			(5,005)			(4,736)
Other investment balances	(607)			(3,458)		
	(5,484)	**0**	**(5,005)**	**(5,056)**	**0**	**(4,736)**
	3,352,547	**67,087**	**(5,005)**	**3,493,347**	**101,348**	**(4,736)**

16(e) Net gains and losses on Financial Instruments

	31 March 2017 £000s	31 March 2018 £000s
Financial assets		
Fair value through profit and loss	689,241	234,981
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
Financial liabilities		
Fair value through profit and loss	(215,180)	(119,972)
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
Total	**474,061**	**115,009**

16 (f) 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.

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 2017-18 reporting period:

Asset Type	Potential Market Movements (+/-) %
Short Index-Linked Gilts	4.10%
Long Index-Linked Gilts	9.20%
UK Equities including pooled	16.80%
Overseas Equities including pooled	17.90%

Asset Type	Potential Market Movements (+/-) %
UK Bonds including pooled	9.50%
Index Linked Gilts including pooled	9.20%
Bonds including pooled	8.40%
Cash and Cash Equivalents (Including Payables and Receivables)	0.05%
Pooled & Direct Property Investments	14.30%
Private Equity	28.30%
Total	**9.30%***

* The total % is an aggregate across all asset classes and is applied to the assets in the Fund available to pay pensions benefits to illustrate sensitivity.

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 Fund's 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 2018 £000s	Percentage Change %	Value on Increase £000s	Value on Decrease £000s
Cash and Cash Equivalents including payables and receivables	96,860	0.05%	96,908	96,812
Investment Portfolio Assets:				
Short Index-Linked Gilts	15,467	4.10%	16,101	14,833
Long Index-Linked Gilts	11,522	9.20%	12,582	10,462
UK Equities including pooled	534,850	16.80%	624,706	444,996
Overseas Equities including pooled	1,124,503	17.90%	1,325,789	923,217
UK Bonds including pooled	795,308	9.50%	870,862	719,754
Index Linked Gilts including pooled	170,567	9.20%	186,259	154,875
Bonds including pooled	221,176	8.40%	239,755	202,597
Pooled & Direct Property Investments	414,779	14.30%	474,092	355,466
Private Equity	194,877	28.30%	250,027	139,727
Total Assets Available to Pay Benefits	**3,579,909**	**9.30%**	**3,883,343***	**3,233,499***

Asset Type	Value as at 31 March 2017 £000s	Percentage Change %	Value on Increase £000s	Value on Decrease £000s
Cash and Cash Equivalents including payables and receivables	62,903	0.00%	62,903	62,903
Investment Portfolio Assets:				
UK Equities including pooled	606,182	15.80%	701,959	510,405
Overseas Equities including pooled	1,294,475	18.40%	1,532,658	1,056,292
UK Bonds including pooled	731,033	9.50%	800,481	661,585
Overseas Bonds including pooled	68,345	9.00%	74,496	62,194
Index Linked Gilts including pooled	66,971	7.10%	71,726	62,216
Pooled & Direct Property Investments	373,874	14.20%	426,964	320,784
Private Equity Partnerships	205,619	28.50%	264,220	147,018
Total Assets Available to Pay Benefits	**3,409,402**	**11.60%**	**3,804,893***	**3,013,911***

* The total % is an aggregate across all asset classes and is applied to the assets in the Fund available to pay pensions benefits to illustrate sensitivity.

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 2018 and 31 March 2017 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

Asset Type	Value as at 31 March 2017 £000s	Value as at 31 March 2018 £000s
Investment Cash Balances	60,823	90,787
Cash in hand	6,233	10,434
Total	**67,056**	**101,221**

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 2018	Change in year in the net assets available to pay benefits	
	£000s	**+100 BPS £000s**	**-100 BPS £000s**
Investment Cash Balances	90,787	908	(908)
Cash in hand	10,434	104	(104)
	101,221	**1,012**	**(1,012)**

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 3.1% 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 3.1% 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 2018	Change to net assets available to pay benefits	
	£000s	**+3.6% £000s**	**-3.6% £000s**
Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,124,503	34,860	(34,860)
Private Equity	194,877	6,041	(6,041)
Change in net assets available to pay benefits		**40,901**	**(40,901)**

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 2017**	**Balances at 31 March 2017 £000s**	**Short term Rating (S&P) 31 March 2018**	**Balances at 31 March 2018 £000s**
Bank Deposit Accounts				
Standard Life Money Market Fund	AAA	3,197		
Barclays Bank PLC	A-2	3,198	A-1	3,302
Federated Money Market Fund			AAA	3,301
Bank current Accounts				
Barclays Bank	A-2	(162)	A-1	3,831
Total		**6,233**		**10,434**

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 (Goldman Sachs Asset Management). The credit exposure on investment cash balances at 31 March 2018 comprise £76.4 million (£60.8m) deposited with AAA rated money market funds, £2.7 million (£1.5m overdrawn) with the custodian HSBC (rated A-1+), £11.6 million (£0m) posted as variation margin to account held by HSBC and deposited overnight in the AAA money market funds detailed above.

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 2018 (2017 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 2017 £000s	**Percentage of Total Fund Assets %**	**Balances at 31 March 2018 £000s**	**Percentage of Total Fund Assets %**
572,645	16.8%	609,565	17.0%

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 2018 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 Regulations 2013 ("The Regulations"), 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 2016.

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 i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are stable where appropriate;
- to minimise the long-term cost of the Fund by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- 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**
2016 actuarial valuation	80%	710
2013 actuarial valuation	78%	705

The table below summarises the whole fund Primary and Secondary Contribution rates at this triennial valuation. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the Secondary rate is the total of the underlying individual employer secondary rates (before any pre-payment or capitalisation of future contributions), calculated in accordance with the Regulations and CIPFA guidance. For 2013 the common rate was 29.6%.

Primary Rate (% of pay)	**Secondary Rate £**		
1 April 2017 - 31 March 2020	**2017-18**	**2018-19**	**2019-20**
19.4%	**26,306,000**	**27,463,000**	**31,810,000**

The employer contribution rates payable (plus cash sums as applicable) arising from the 2016 Valuation are as follows:

Year	Employers Contribution Rates (% of actual pensionable pay)
1 April 2017 to 31 March 2018	Range from nil to 35.0
1 April 2018 to 31 March 2019	Range from nil to 35.0
1 April 2019 to 31 March 2020	Range from nil to 35.0

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 2016 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 2016

	% per annum Nominal	% per annum Real
Price inflation (CPI)	2.2	0
Pay increases	2.5	0.3
Investment return (Discount rate)	3.8	1.6

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 2013 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	24.4 years
Future Pensioners (current age 45)	24.1 years	26.4 years

The assumptions have changed since the previous IAS26 disclosure for the Fund in accordance with those used for the recently completed 2016 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.

5.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

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/FRS102 (previously 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 2017 £000s	31 March 2018 £000s
Actuarial present value of promised retirement benefits	4,916,000	4,999,000
Fair Value of scheme assets (bid value)	3,429,247	3,603,370
Net Liability	**1,486,753**	**1,395,630**

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2016 triennial funding valuation (see Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

The fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

Assumptions Used	31 March 2017 %	31 March 2018 %
Inflation/Pension Increase Rate Assumption	2.4	2.4
Salary Increase Rate	2.7	2.7
Discount Rate	2.6	2.7

20. Current Assets

	31 March 2017 £000s	31 March 2018 £000s
Cash In Hand		
Cash In Hand**	**6,233**	**10,434**
Debtors:		
Contributions due - employees*	1,930	2,220
Contributions due - employers*	6,667	8,007
Employers special contributions	1,407	1,819
Augmentation & strain due	783	945
Dividends receivable**	2,680	2,920
Pooled funds rebate due**	1,705	1,740
UK tax receivable	478	749
Overseas tax receivable	545	625
VAT refund due	278	229
Interest due**	7	9
Stock lending/commission recapture**	20	0
Recharge of fees**	21	114

	31 March 2017 £000s	31 March 2018 £000s
Prepayments	4	3
Sundry**	10	13
Debtors	**16,535**	**19,393**
Current Assets	**22,768**	**29,827**

* 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 2017 £000s	31 March 2018 £000s
Long term debtors:		
Employers contributions	3,914	2,658
Augmentation & strain due	627	632
	4,541	**3,290**

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 2017 £000s	31 March 2018 £000s
Central government bodies	6,621	5,667
Other local authorities	5,885	7,009
Other entities and individuals	8,570	10,007
	21,076	**22,683**

21. Current Liabilities

	31 March 2017 £000s	31 March 2018 £000s
Creditors:		
Transfer values payable (leavers)	0	175
Benefits payable	1,422	3,702
Investment Management Fees**	2,579	2,433
Other Fees & Charges**	2,426	2,296
UK Taxation payable	1,037	1,043
Sundry creditors**	0	7
	7,464	**9,656**

** Creditors classed as financial instruments (liabilities) note 16a

Analysis of Creditors

	31 March 2017 £000s	31 March 2018 £000s
Central government bodies	1,035	1,058
Other local authorities	2,246	2,165
Other entities and individuals	4,183	6,433
	7,464	**9,656**

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 2017 £000s	Market Value 31 March 2018 £000s
Separately Invested AVC Funds	5,272	5,229

	2016-17 £000s	2017-18 £000s
AVC contributions paid directly during the year	423	654

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.

	2016-17 £000s	2017-18 £000s
Norfolk County Council incurred administration and investment costs reimbursed by the fund	2,238	2,161
Norfolk County Council Employer Contributions	42,198	43,018

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.

	2016-17 £000s	2017-18 £000s
Average investment balance held by NCC Treasury Management Operation	8,075	9,066
Interest earned on balances invested by NCC Treasury Management Operation	31	28

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.

The Administering Authority (Norfolk County Council) disclosure of senior officer remuneration includes the Executive Director of Finance and Commercial Services 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. For 2017-18 the remuneration amount incurred by the Fund was £9,000 (£9,000 2016-17).

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 transfer.

24. Contractual Commitments

Outstanding Capital Commitments	31 March 2017 £000s	31 March 2018 £000s
Private equity partnerships	210,163	166,012
Property investment vehicles	19,099	19,314
Pooled Debt Funds	14,032	538

At 31 March 2018 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 2018 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 and US Dollar denominated commitments as at 31 March 2018. 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. There are also commitments on the M&G Debt opportunities portfolio.

25. Contingent Assets

The Administering Authority holds charges on property, relating to funding agreements put in place with one employer. 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 charge on one property is £0.233 million (£0.233 million).

26. Agency Contracted Services

The Norfolk Pension Fund pays discretionary awards to the former employees of Norfolk County Council, the & Norfolk district councils and twenty five 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 2017 £000s	31 March 2018 £000s
Norfolk County Council	1,277	1,245
Norwich City Council	1,181	1,175
North Norfolk District Council	257	253
Borough Council of Kings Lynn & West Norfolk	243	241
Great Yarmouth Borough Council	199	188
Broadland District Council	106	105
Breckland District Council	101	99
South Norfolk District Council	58	57
Other	159	158
	3,581	**3,521**

- **Investment Strategy Statement and Funding Strategy Statement**

With effect from the 1 April 2017 the Pension Fund is required to publish an Investment Strategy Statement in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”) and supersedes all previously published Statement of Investment Principles.

The Investment Strategy Statement and Funding Strategy Statement can be found on the Pension Funds website at the following location under the “Investment” and “Funding” sections:

https://www.norfolkpensionfund.org/about-us/forms-and-publications/

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 222870

Appendices

Appendix 1 -Participating Employers

(Employers with active members during the year)

Employer	Type
Acle Academy	Scheduled/Resolution Body
Acle Parish Council	Scheduled/Resolution Body
Action for Children (4 Children)	Admitted Body
Action for Children (Wells)	Admitted Body
Action for Children (Dereham)	Admitted Body
Action for Children (Hethersett)	Admitted Body
Action for Children (Thorpe)	Admitted Body
Admirals Academy	Scheduled/Resolution Body
Alderman Peel High	Scheduled/Resolution Body
Alive Leisure Trust	Admitted Body
Alive Management Ltd	Scheduled/Resolution Body
All Saints Academy	Scheduled/Resolution Body
Anglia Maintenance Services	Admitted Body
Anthony Curton Primary School	Scheduled/Resolution Body
Antingham & Southrepps Community Primary School	Scheduled/Resolution Body
Arden Grove Infant and Nursery Academy	Scheduled/Resolution Body
Aslacton Primary School	Scheduled/Resolution Body
Astley Primary	Scheduled/Resolution Body
Attleborough High School Academy	Scheduled/Resolution Body
Attleborough Town Council	Scheduled/Resolution Body
Aylsham Town Council	Scheduled/Resolution Body
Banham Community Primary School	Scheduled/Resolution Body
Barford & Wramplingham Parish Council	Scheduled/Resolution Body
Bawdeswell Community Primary School	Scheduled/Resolution Body
Beeston Primary	Scheduled/Resolution Body
Beighton Parish Council	Scheduled/Resolution Body
Belton with Browston Parish Council	Scheduled/Resolution Body
Biffa Municipal Ltd	Admitted Body
Bignold Primary and Nursery	Scheduled/Resolution Body
Bishop's Primary School	Scheduled/Resolution Body
Blenheim Park Primary School	Scheduled/Resolution Body
Blofield Parish Council	Scheduled/Resolution Body
Borough Council of King's Lynn & West Norfolk	Scheduled/Resolution Body
Bradwell Parish Council	Scheduled/Resolution Body
Breckland Council	Scheduled/Resolution Body

Broadland District Council	Scheduled/Resolution Body
Broads (2006) Internal Drainage Board	Scheduled/Resolution Body
Broads Authority	Scheduled/Resolution Body
Brundall Parish Council	Scheduled/Resolution Body
Bunwell Primary School	Scheduled/Resolution Body
Burnham Market Primary School	Scheduled/Resolution Body
Burston Community Primary School	Scheduled/Resolution Body
Butterflies Nursery	Scheduled/Resolution Body
Buxton With Lamas Parish Council	Scheduled/Resolution Body
Caister Academy	Scheduled/Resolution Body
Castle Acre Church of England Primary School	Scheduled/Resolution Body
Cawston Parish Council	Scheduled/Resolution Body
Cawston Primary School	Scheduled/Resolution Body
Charles Darwin Primary School	Scheduled/Resolution Body
Cherry Tree Academy Marham Infant	Scheduled/Resolution Body
Cherry Tree Academy Marham Junior	Scheduled/Resolution Body
Cherry Tree Academy Trust Marham	Scheduled/Resolution Body
Childhood First	Admitted Body
Churchill Park Academy	Scheduled/Resolution Body
City Academy Norwich	Scheduled/Resolution Body
City College Norwich	Scheduled/Resolution Body
City of Norwich School	Scheduled/Resolution Body
Clarion Housing Group	Admitted Body
Clenchwarton Primary School	Scheduled/Resolution Body
Cliff Park Ormiston Academy	Scheduled/Resolution Body
Cliff Park Schools Trust Ltd	Scheduled/Resolution Body
Cobholm Primary Academy	Scheduled/Resolution Body
Colkirk Church of England Primary School	Scheduled/Resolution Body
College of West Anglia	Scheduled/Resolution Body
Corpusty Primary School	Scheduled/Resolution Body
Costessey Infant School (Academy)	Scheduled/Resolution Body
Costessey Junior School (Academy)	Scheduled/Resolution Body
Costessey Town Council	Scheduled/Resolution Body
Cranworth Parish Council	Scheduled/Resolution Body
Cringleford Parish Council	Scheduled/Resolution Body
Cromer Academy Trust	Scheduled/Resolution Body
Cromer Town Council	Scheduled/Resolution Body
Dereham Church of England Junior Academy	Scheduled/Resolution Body
Dereham Town Council	Scheduled/Resolution Body
Dersingham Parish Council	Scheduled/Resolution Body
Diamond Academy	Scheduled/Resolution Body

Diocese of Norwich Education and Academies Trust (formerly Diocese of Norwich Multi-Academy Trust)	Scheduled/Resolution Body
Diss High School (Academy)	Scheduled/Resolution Body
Diss Town Council	Scheduled/Resolution Body
Ditchingham Church of England Primary Academy	Scheduled/Resolution Body
Downham & Stow Bardolph Internal Drainage Board	Scheduled/Resolution Body
Downham Market Academy	Scheduled/Resolution Body
Downham Market Town Council	Scheduled/Resolution Body
Drayton Community Infant School	Scheduled/Resolution Body
Drayton Parish Council	Scheduled/Resolution Body
Duchy of Lancaster Methwold Church of England Primary	Scheduled/Resolution Body
Dussingdale Primary School	Scheduled/Resolution Body
East City Children's Centre	Admitted Body
East Norfolk Sixth Form College	Scheduled/Resolution Body
East of Ouse, Polver & Nar Internal Drainage Board	Scheduled/Resolution Body
Eastern Inshore Fisheries and Conservation Authority	Scheduled/Resolution Body
Eastgate Academy	Scheduled/Resolution Body
Easton and Otley College	Scheduled/Resolution Body
Eaton Hall Specialist Academy	Scheduled/Resolution Body
Eaton Primary School	Scheduled/Resolution Body
Edith Cavell Academy	Scheduled/Resolution Body
Edward and Blake (Caister Academy)	Admitted Body
Edward Worlledge Primary	Scheduled/Resolution Body
Edwards & Blake (Wymondham Academy)	Admitted Body
Edwards and Blake	Admitted Body
Edwards and Blake (Reepham High)	Admitted Body
East Coast College	Scheduled/Resolution Body
Emneth Academy	Scheduled/Resolution Body
Engage Educational Services	Scheduled/Resolution Body
Fakenham Academy Norfolk	Scheduled/Resolution Body
Fakenham Town Council	Scheduled/Resolution Body
Filby Primary School	Scheduled/Resolution Body
Firside Junior School	Scheduled/Resolution Body
Flagship Housing Group	Admitted Body
Flegg High School	Scheduled/Resolution Body
Flitcham Church of England Primary Academy	Scheduled/Resolution Body
Foulsham Primary School Academy	Scheduled/Resolution Body
Framingham Earl Parish Council	Scheduled/Resolution Body
Freebridge Community Housing Ltd	Admitted Body
Garrick Green Academy	Scheduled/Resolution Body

Garvestone Primary School	Scheduled/Resolution Body
Garvestone, Remerston and Thuxton Parish Council	Scheduled/Resolution Body
Gaywood Primary School	Scheduled/Resolution Body
George White Junior School	Scheduled/Resolution Body
Gillingham St Michael’s Primary	Scheduled/Resolution Body
Glebeland Primary School	Scheduled/Resolution Body
Gooderstone Church of England Primary Academy	Scheduled/Resolution Body
Great Hockham Primary School and Nursery	Scheduled/Resolution Body
Great Snoring Parish Council	Scheduled/Resolution Body
Great Witchingham Church of England Primary School	Scheduled/Resolution Body
Great Witchingham Parish Council	Scheduled/Resolution Body
Great Yarmouth Borough Council	Scheduled/Resolution Body
Great Yarmouth Charter Academy	Scheduled/Resolution Body
Great Yarmouth Norse	Scheduled/Resolution Body
Great Yarmouth Port Authority	Admitted Body
Great Yarmouth Port Company	Admitted Body
Great Yarmouth Primary Academy	Scheduled/Resolution Body
Great Yarmouth Racecourse Ltd	Admitted Body
Gresham Village School	Scheduled/Resolution Body
Greyfriars Academy	Scheduled/Resolution Body
Grove House Nursery Primary School	Scheduled/Resolution Body
GYB Services Ltd	Scheduled/Resolution Body
Hardingham Parish Council	Scheduled/Resolution Body
Harling Parish Council	Scheduled/Resolution Body
Heacham Infant School	Scheduled/Resolution Body
Heacham Junior School	Scheduled/Resolution Body
Heart Education Trust	Scheduled/Resolution Body
Heartsease Primary Academy	Scheduled/Resolution Body
Heather Avenue Infant School	Scheduled/Resolution Body
Hellesdon High School Academy	Scheduled/Resolution Body
Hellesdon Parish Council	Scheduled/Resolution Body
Hemblington Parish Council	Scheduled/Resolution Body
Hemblington Primary School	Scheduled/Resolution Body
Henderson Green Primary Academy	Scheduled/Resolution Body
Hethel Innovation Ltd	Admitted Body
Hethersett Academy	Scheduled/Resolution Body
Highgate Infant School	Scheduled/Resolution Body
Hilgay Riverside Academy	Scheduled/Resolution Body
Hillside Avenue Primary and Nursery School	Scheduled/Resolution Body
Hindolveston Parish Council	Scheduled/Resolution Body

Hobart High School Academy	Scheduled/Resolution Body
Hockering Primary Academy	Scheduled/Resolution Body
Holt Town Council	Scheduled/Resolution Body
Hoveton Parish Council	Scheduled/Resolution Body
Hunstanton Town Council	Scheduled/Resolution Body
Iceni Academy	Scheduled/Resolution Body
Inclusive SchoolsTrust	Scheduled/Resolution Body
Independence Matters	Admitted Body
Inspiration Trust	Scheduled/Resolution Body
Inspire Education Trust	Scheduled/Resolution Body
Jane Austin College	Scheduled/Resolution Body
Kenninghall Community Primary School	Scheduled/Resolution Body
Kettlestone Parish Council	Scheduled/Resolution Body
Kier Support Services	Admitted Body
King Edward VII Academy	Scheduled/Resolution Body
King’s Lynn Internal Drainage Board	Scheduled/Resolution Body
King’s Park Infant School	Scheduled/Resolution Body
King's Lynn Academy	Scheduled/Resolution Body
King's Lynn Internal Drainage Board	Scheduled/Resolution Body
King’s Oak Academy	Scheduled/Resolution Body
Kirby Cane And Ellingham Parish Council	Scheduled/Resolution Body
Konectbus Ltd	Admitted Body
Lafarge Tarmac	Admitted Body
Lingwood and Burlingham Parish Council	Scheduled/Resolution Body
Lingwood Primary Academy	Scheduled/Resolution Body
Lionwood Infant And Nursery	Scheduled/Resolution Body
Lionwood Junior School	Scheduled/Resolution Body
Little Snoring Parish Council	Scheduled/Resolution Body
Loddon Parish Council	Scheduled/Resolution Body
Lodge Lane Infant School	Scheduled/Resolution Body
Long Stratton High School	Scheduled/Resolution Body
Lynn Grove High School (Academy)	Scheduled/Resolution Body
Magdalen Village School	Scheduled/Resolution Body
Manor Field Infant Nursery School	Scheduled/Resolution Body
Marlingford and Colton Parish Council	Scheduled/Resolution Body
Marshland High School	Scheduled/Resolution Body
Marshland St. James Primary School	Scheduled/Resolution Body
Martham Parish Council	Scheduled/Resolution Body
Martham School Trust	Scheduled/Resolution Body
Mattishall Parish Council	Scheduled/Resolution Body
Mattishall Primary School	Scheduled/Resolution Body

Mid Norfolk Citizens Advice Bureau	Admitted Body
Middleton Primary School	Scheduled/Resolution Body
Moorlands Church of England Primary Academy	Scheduled/Resolution Body
Mundesley Parish Council	Scheduled/Resolution Body
Mundford Church of England Primary	Scheduled/Resolution Body
Nar and St Clement's Children's Centre	Scheduled/Resolution Body
Narborough Church of England Primary Academy	Scheduled/Resolution Body
NCS (Assistive Technology)	Scheduled/Resolution Body
NCS Transport Ltd	Scheduled/Resolution Body
Neatherd High School	Scheduled/Resolution Body
Nelson Academy	Scheduled/Resolution Body
New Anglia Enterprise Council	Admitted Body
New Buckenham Parish Council	Scheduled/Resolution Body
Newton Flotman Parish Council	Scheduled/Resolution Body
Norfolk Academies	Scheduled/Resolution Body
Norfolk Chief Constable	Scheduled/Resolution Body
Norfolk County Council	Scheduled/Resolution Body
Norfolk Educational Services (NES)	Scheduled/Resolution Body
Norfolk Heritage Fleet Trust	Admitted Body
Norfolk Police and Crime Commissioner	Scheduled/Resolution Body
Norfolk Rivers Internal Drainage Board	Scheduled/Resolution Body
Norman Church of England Primary School	Scheduled/Resolution Body
Norse Care Limited	Scheduled/Resolution Body
Norse Care Services	Scheduled/Resolution Body
Norse Commercial Services	Scheduled/Resolution Body
Norse Eastern	Scheduled/Resolution Body
North Norfolk Academy Trust	Scheduled/Resolution Body
North Norfolk District Council	Scheduled/Resolution Body
North Walsham Infant and Nursey School	Scheduled/Resolution Body
North Walsham Junior School	Scheduled/Resolution Body
North Walsham Town Council	Scheduled/Resolution Body
North Wootton Community School	Scheduled/Resolution Body
Northgate High School	Scheduled/Resolution Body
Northrepps Parish Council	Scheduled/Resolution Body
Norwich Airport Limited	Admitted Body
Norwich City Council	Scheduled/Resolution Body
Norwich Norse	Scheduled/Resolution Body
Norwich Primary Academy	Scheduled/Resolution Body
Norwich Road Academy	Scheduled/Resolution Body
Norwich University of the Arts	Scheduled/Resolution Body
Notre Dame High School Academy	Scheduled/Resolution Body

NPS (London) Ltd	Scheduled/Resolution Body
NPS (Norwich) Ltd	Scheduled/Resolution Body
NPS (South East) Ltd	Scheduled/Resolution Body
NPS (South West) Ltd	Scheduled/Resolution Body
NPS Property Consultants Ltd	Scheduled/Resolution Body
Old Buckenham Primary School	Scheduled/Resolution Body
Old Catton Parish Council	Scheduled/Resolution Body
Open Academy - Heartsease	Scheduled/Resolution Body
Ormiston Herman Academy	Scheduled/Resolution Body
Ormiston Venture Academy	Scheduled/Resolution Body
Ormiston Victory Academy	Scheduled/Resolution Body
Ovington Parish Council	Scheduled/Resolution Body
Peterhouse Primary School	Scheduled/Resolution Body
Poringland Parish Council	Scheduled/Resolution Body
Queensway Infant Academy and Nursery	Scheduled/Resolution Body
Rackheath Parish Council	Scheduled/Resolution Body
Redenhall with Harleston Town Council	Scheduled/Resolution Body
Reepham High School and College	Scheduled/Resolution Body
Reepham Primary School	Scheduled/Resolution Body
Reepham Town Council	Scheduled/Resolution Body
Reffley Community School and Nursery	Scheduled/Resolution Body
Right for Success Academy Sponsorship Trust	Scheduled/Resolution Body
RM Education	Admitted Body
Rockland St Mary Primary School	Scheduled/Resolution Body
Rudham Church of England Primary School	Scheduled/Resolution Body
Runcton Holme Church of England Primary School	Scheduled/Resolution Body
Saffron Housing Trust Limited	Admitted Body
Salhouse Parish Council	Scheduled/Resolution Body
Saxlingham Nethergate Parish Council	Scheduled/Resolution Body
Scoulton Parish Council	Scheduled/Resolution Body
Sculthorpe Church of England Primary School	Scheduled/Resolution Body
Seething and Mundham Primary School	Scheduled/Resolution Body
Serco Government Services	Admitted Body
Sewell Park Academy	Scheduled/Resolution Body
Sheringham High School (Academy)	Scheduled/Resolution Body
Sheringham Town Council	Scheduled/Resolution Body
Short Stay School for Norfolk	Scheduled/Resolution Body
Sir Isaac Newton Free School	Scheduled/Resolution Body
Smithdon High School	Scheduled/Resolution Body
Snettisham Parish Council	Scheduled/Resolution Body
Snettisham Primary School	Scheduled/Resolution Body

South Norfolk District Council	Scheduled/Resolution Body
South Walsham Parish Council	Scheduled/Resolution Body
South Wootton Parish Council	Scheduled/Resolution Body
Southery & District Internal Drainage Board	Scheduled/Resolution Body
Southery Academy	Scheduled/Resolution Body
Spixworth Parish Council	Scheduled/Resolution Body
Spooner Row Primary School	Scheduled/Resolution Body
Sporle Church of England Primary School	Scheduled/Resolution Body
Springwood High School Academy Trust	Scheduled/Resolution Body
Sprowston Community High School	Scheduled/Resolution Body
Sprowston Town Council	Scheduled/Resolution Body
St Andrews Primary School	Scheduled/Resolution Body
St Augustine’s Catholic Primary School	Scheduled/Resolution Body
St Clements HS Academy	Scheduled/Resolution Body
St Edmunds Academy	Scheduled/Resolution Body
St Francis of Assisi Catholic School	Scheduled/Resolution Body
St Germans Primary School	Scheduled/Resolution Body
St John the Baptist Catholic Multi Academy Trust	Scheduled/Resolution Body
St Martin at Shouldham Church of England Primary Academy	Scheduled/Resolution Body
St Mary & St Peter Catholic Primary School	Scheduled/Resolution Body
St Mary's Church of England Junior School (Academy)	Scheduled/Resolution Body
St Michael's Church of England Academy (King's Lynn)	Scheduled/Resolution Body
St Peter & St Paul Carbroke Church of England Primary Academy	Scheduled/Resolution Body
St Peters Church of England Primary Academy	Scheduled/Resolution Body
Stalham Academy	Scheduled/Resolution Body
Stalham High School	Scheduled/Resolution Body
Stalham Town Council	Scheduled/Resolution Body
Stonham	Admitted Body
Stradbroke Primary	Scheduled/Resolution Body
Strumpshaw Parish Council	Scheduled/Resolution Body
Suffolk Coastal Services	Scheduled/Resolution Body
Surlingham Community Primary School	Scheduled/Resolution Body
Swaffham Church of England Junior School	Scheduled/Resolution Body
Swaffham Town Council	Scheduled/Resolution Body
Swannington with Alderford and Little Witchingham Parish Council	Scheduled/Resolution Body
Swanton Morley Parish Council	Scheduled/Resolution Body
Tasburgh Parish Council	Scheduled/Resolution Body
Taverham High School	Scheduled/Resolution Body
Taverham Parish Council	Scheduled/Resolution Body

Ten Mile Bank Community Primary School	Scheduled/Resolution Body
The Free School Norwich	Scheduled/Resolution Body
The Hewett Academy	Scheduled/Resolution Body
The Howard Junior	Scheduled/Resolution Body
The Matthew Project	Admitted Body
The Nicholas Hamond Academy	Scheduled/Resolution Body
The Wensum Trust	Scheduled/Resolution Body
The Wherry Trust	Scheduled/Resolution Body
Thetford Academy	Scheduled/Resolution Body
Thetford Free School	Scheduled/Resolution Body
Thetford Town Council	Scheduled/Resolution Body
Thomas Bullock Primary	Scheduled/Resolution Body
Thompson Primary School	Scheduled/Resolution Body
Thorpe St Andrew School and 6th Form	Scheduled/Resolution Body
Thorpe St. Andrew Town Council	Scheduled/Resolution Body
Thurlton Primary School	Scheduled/Resolution Body
Tilney All Saints VC Primary School	Scheduled/Resolution Body
Tivetshall Community Primary School	Scheduled/Resolution Body
Trafalgar College	Scheduled/Resolution Body
Trowse with Newton Parish Council	Scheduled/Resolution Body
Tuckswood Academy and Nursery	Scheduled/Resolution Body
University Technical College Norfolk	Scheduled/Resolution Body
Upton with Fishley Parish Council	Scheduled/Resolution Body
Upwell Community Primary School	Scheduled/Resolution Body
Valley Primary Academy	Scheduled/Resolution Body
Village Green Children’s Centre	Scheduled/Resolution Body
Village Green Nursery	Scheduled/Resolution Body
Walpole Cross Keys Primary School	Scheduled/Resolution Body
Walsingham Parish Council	Scheduled/Resolution Body
Watton Town Council	Scheduled/Resolution Body
Watton Westfield Infant & Nursery School	Scheduled/Resolution Body
Wayland High School Academy	Scheduled/Resolution Body
Wayland Junior Academy	Scheduled/Resolution Body
Weasenham Church of England Primary School	Scheduled/Resolution Body
Weeting VC Primary School	Scheduled/Resolution Body
Wells-Next-The-Sea Primary and Nursery School	Scheduled/Resolution Body
Wells-Next-The-Sea Town Council	Scheduled/Resolution Body
Wensum Junior School	Scheduled/Resolution Body
West Lynn Primary	Scheduled/Resolution Body
West Raynham VC Primary School	Scheduled/Resolution Body
Whitefriars Church of England Primary Academy	Scheduled/Resolution Body

Wimbotsham and Stow Community School	Scheduled/Resolution Body
Winterton on Sea Parish Council	Scheduled/Resolution Body
Woodlands Primary Academy	Scheduled/Resolution Body
Wormegay Primary	Scheduled/Resolution Body
Wroughton Infant Academy	Scheduled/Resolution Body
Wroughton Junior Academy	Scheduled/Resolution Body
Wroxham Parish Council	Scheduled/Resolution Body
Wymondham Academy College	Scheduled/Resolution Body
Wymondham High Academy	Scheduled/Resolution Body
Wymondham Town Council	Scheduled/Resolution Body

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.