



Norfolk County Council

Statement of Accounts 2019-20

Contents

Narrative Report.....	2
Statement of Responsibilities	14
Independent Auditors' Report to the Members of Norfolk County Council	15
Comprehensive Income and Expenditure Statement	19
Movement in Reserves Statement.....	20
Balance Sheet.....	21
Cash Flow Statement.....	22
Notes to the Financial Statements	23
Norfolk Fire-Fighters Pension Fund Accounts	104
Notes to the Norfolk Fire-Fighters Pension Fund Accounts	105
Group Accounts	106
Group Comprehensive Income and Expenditure Statement	111
Group Movement in Reserves Statement.....	112
Group Balance Sheet.....	113
Group Cash Flow Statement	114
Notes to the Group Accounts.....	115
Norfolk Pension Fund Accounts	130
Independent Auditor's Report to the Members of Norfolk County Council.....	131
Revenue and Fund Account	134
Net Assets Statement	135
Notes to the Pension Fund Accounts	136
Glossary of Terms.....	197

Narrative Report

a) About Norfolk County Council

Norfolk County Council is a shire county covering the whole of Norfolk. The county covers a large area of around 550,000 hectares and is home to approximately 900,000 residents. Norfolk has several diverse economies, found within rural, urban and coastal environments. The county council, seven district/borough councils and many town and parish councils deliver local government services in Norfolk.

Norfolk County Council has 84 elected members each standing for 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.

In May 2019 the Council adopted a new system of governance, with an executive leader and cabinet decision-making system. As well as the Cabinet, there is a Scrutiny Committee, three select committees, and several specialist committees, panels and working groups.

The Council's operational structure is based on Executive Directors, reporting to the Head of Paid Service. The directors lead the following five departments:

- Adult Social Services
- Children's Services
- Communities and Environment Services
- Strategy and Governance Services
- Finance and Commercial Services.

b) Councils Performance 2019-20

The Council expresses its vision as follows: "We care about Norfolk and its people, and are ambitious for them. We want to help make Norfolk to be the best it can, where people can live productive, independent lives, safely and in good health, for as long as they can.

The Council will play a leading role in ensuring that Norfolk has a growing economy, thriving people and strong communities."

This section gives examples of progress against these three key themes.

Growing our economy

Sustainable housing

Repton Property Developments Limited, a company set up by Norfolk County Council, is working with external partners in the development of several sites across Norfolk, which will see over 400 new homes. The first of the sites to get full planning permission is St Edmund's Park in Acle.

Skills for now and for the future

The "Invest East" programme has been rolled out with dedicated staff co-located with the Local Enterprise Partnership at the NRP. 56 companies have been assisted for the calendar year 2019 against a target of 53, and 27 companies reported an employment increase (target 20).

Hethel Innovation Limited, a company wholly owned by the Council has implemented a successful Breakthrough project which supported delivery of 30 new jobs in its first year of support. The same project supported 22 new business start-ups.

We continue the vital work to promote careers in Norfolk particularly in the emerging sector growth areas as well as opportunities at all levels and for all people who want to work.

With the implementation of a new Information, Advice and Guidance Strategy, the Council has created a branded 'Let's have a conversation' guidance approach, which helps the service to get to know our learners better.

Adult Learning currently supports employers of various sizes across Norfolk from micro-organisations through to large national organisations such as the NHS. Currently we have approximately 170 apprentices on programme primarily in the business and education sectors, plus a further 22, Norfolk Fire and Rescue Service's (NFRS) Operational Fire Fighter Apprentices.

Good connectivity

In the past year, the Council has secured £2m investment from the Department for Rural Affairs (DEFRA), to enable Full Fibre connections to around 400 Norfolk rural businesses which meet the criteria. Implementation will take place as part of the forthcoming third Better Broadband for Norfolk rollout, with the DEFRA element expected to complete in 2021.

When the first Better Broadband for Norfolk rollout began in summer 2013, the lowest level of coverage was in the North Norfolk District Council area at 11%, with South Norfolk not far ahead on 14%. Norwich had 95% coverage at that time, and the figure across Norfolk was 42%. We have now met our target to deliver 95% broadband coverage by the end March 2020.

Strong infrastructure

A Refresh of the Local Transport Plan is being undertaken. Consultation took place during January and February 2020. Carbon reduction is key policy driver following the Council's adoption of its Environmental Policies in November 2019.

Thriving People

Education for every ambition

Improving educational outcomes for all children

The quality of education in Norfolk as judged by Ofsted, is now in line with national averages. At the end of January 2020, 85% of primary schools were judged Good by Ofsted, just under the national average. 77% of Norfolk's secondary schools were judged Good, which is above the national average. All but one of our complex needs schools are judged to be good, and 50% are outstanding, well above the national average of 38%.

Outcomes for Norfolk's learners are continuing to improve and are in line with national averages in early years (age 5) and at secondary (age 16). However, outcomes at primary (age 11) remain below national averages and we continue to work with schools so that more pupils reach the expected standards and effectively intervene in local authority maintained schools where outcomes, inclusivity or safety do not meet our expectations.

Our support for schools to be more inclusive is proving successful. The number of pupils permanently excluded in Autumn 2019 was the lowest recorded in this period over the past three years.

The transformation of support for schools to meet additional needs at SEN support is also making good progress. We are currently on track with our plans to open two of the three new special schools in 2021: a school for Social Emotional & Mental Health Difficulties in Great Yarmouth and a school for Autism in Fakenham. At the same time, we are expanding Norfolk's current Good and Outstanding special schools where they have space to add further classrooms

Post 16 provision

Over the past three years we have seen an increase in the percentage of 16 and 17 year olds who are in education, employment or training, and an increase in the percentage of students studying A Level and equivalent vocational qualifications.

Early help***Keeping families together***

Although the rate of children in care in Norfolk is still higher than the average for comparator authorities it has now been reducing steadily and significantly every period for the last 12 months. There were 125 fewer children in care in January 2020 than there were in January 2019.

Early years

The Norfolk Early Childhood Community Fund handed out grants of up to £2,500 to projects that will support children aged 0-5 to achieve their development milestones and ensure children and their parents or carers aren't lonely or isolated.

Opportunities for employment

On 1 June 2019, we launched a new Skills & Employment Team (SET). So far, seven new employers have signed up to Disability Confident Scheme and a portfolio of over 60 volunteering opportunities have been established.

On 1 July 2019, the Norfolk Employment Service (NES) was launched, introducing the role of Norfolk Employment Co-ordinators (NEC) to work alongside Adult Social Care teams in supporting Working Age Adults (WAA) with disabilities and / or mental health needs. The Norfolk Employment Coordinators provide one-to-one support to anyone who has been identified as 'work ready'. Referrals to the new service started being taken in August 2019. Currently, NES is supporting 95 working age adults. A further 26 people have been supported into voluntary / work experience.

Finally, on 7 January 2020, we launched our new Preparing for Adult Life Service. To date, the team has worked with 94 young people.

Independent lives***Living Well: Homes for Norfolk***

Under this programme, we have committed to investing around £29m to support and develop extra care housing in Norfolk. Since the launch of the ambitious 10-year programme, we are delighted that a 66-apartment Meadow Walk in Fakenham is on site and set to open in January 2021.

To support promotion of the schemes, a new website www.norfolk.gov.uk/independentliving is live and the team is working with communications and change and engagement teams to ensure both staff and the public are as positive as we are about the benefits of independent living.

Early help and prevention

Norfolk First Support is an Adult Social Services in-house service that provides free intensive assessment and reablement to people who have been in hospital and need support when returning home. Over the past year, the service has received over 9,000 referrals. About 90% of the people who received reablement services were still at home 3 months later, and 80% did not need any ongoing long-term service.

The Norfolk Swift Response is a 24-hour, 365 day a year service which provides help, support and reassurance if a person has an urgent, unplanned need at home but doesn't need the emergency services. Over the past year, approximately 12,000 referrals were accepted and referred on to the appropriate agency.

Assistive Technology

Approximately 10,200 people are currently receiving assistive technology in Norfolk provided by Norfolk County Council. We have developed and strengthened our working partnership with the University of East Anglia to improve training on assistive technology and to work in participate in research projects. In January 2020 we worked with the Alzheimer's Society to better understand people's needs for technology, test and review equipment and provide feedback to manufacturers.

In 2019/20, Adult Social Services invested additional money in Assistive Technology, and approximately 600 additional assessments have been carried out in 2019-20.

Supporting Norfolk's carers

On 10 June 2019, Norfolk County Council held a special event to celebrate and support the thousands of unpaid carers across Norfolk. The event highlighted the challenges unpaid carers face and recognised the contribution they make to families and communities across Norfolk. As a major employer, the Council has worked to become a model of good practice. We have a dedicated resource on our HR site called 'Support for Carers' and continue to engage staff and managers with information and advice to create awareness of unpaid carers and equip them to have thoughtful and high-quality conversations with their employees.

Strong communities

Socially active, connected people

Transport

Norfolk County Council has published details of its proposals in a substantial funding bid to central government which, if successful, has the potential to transform travel in Greater Norwich. The Transport for Norwich partnership is seeking an overall investment in the region of £100m through the Department for Transport's (DfT) Transforming Cities Fund (TCF), which aims to make it easier for people to access jobs, training and retail, and responds to issues around carbon reduction and improving local air quality, with a strong focus on increasing use of public transport, walking and cycling.

Joined-up services to meet needs

Norfolk Directory

The Norfolk Community Directory is an online directory that can be used to find a range of local clubs, events, groups and organisations. Over the past year, Norfolk County Council has been working with partners to improve the Directory and make it easier for people to find information.

Safe and resilient communities

Keeping all people safe

Over a number of years, Norfolk County Council has worked with the Norfolk Constabulary, district councils and a range of partners to prevent hate incidents or crime. So far, 275 Council and public agency staff have been trained to report hate incidents.

Trading Standards

Our trading standards team has continued to work with the Norfolk Against Scams Partnerships (NASP) to enable organisations to protect people and businesses from scams, doorstep crime and fraud, as well as help those who are defrauded. We have worked with communities to promote No Cold Calling Zones, and now have 248 zones covering over 11,250 homes in Norfolk. Over the past year, we have handled over 800 requests for business advice and support, and dealt with over 2,100 consumer complaints. We successfully concluded six prosecutions in relation to building work, fraudulent trading, animal welfare and the supply of illicit tobacco, as well as nine prosecutions on behalf of Highways for the misuse of blue badges. As a result of targeted inspections at importers of consumer goods, over 67,600 unsafe or illegal products, valued at £0.383m were removed from the market.

Quality cultural and heritage facilities**Norfolk Museums**

Norfolk Museums Service continues to deliver a high-quality temporary exhibitions programme working with national partners to bring artworks and artefacts of national and international importance to the County. Among the most prominent exhibitions were Vikings: Rediscover the Legend, in partnership with the British Museum and York Museums Trust, Coming Home: Horatio by Sir William Beechey, on loan from the National Portrait Gallery, and Castles: Reality, History and Myth, from the National Gallery. The past year also saw one of the most spectacular acquisitions of the Museums Service in recent years, Walton Bridges by JMW Turner, a magnificent and significant early work by one of Britain's most famous artists.

Since June 2019 great progress has been made on the Service's flagship project, Norwich Castle: Royal Palace Reborn and over 300 objects have been decanted from the Castle Keep in preparation.

Norfolk Arts

The NCC Arts Grants budget continues to support 17 key arts organisations which contribute to the delivery of Together, for Norfolk priorities and outcomes. In 2019-20, our organisations delivered 6,331 inclusive cultural events, benefiting 873,307 residents and visitors of all ages throughout the county.

Norfolk currently has 6 Arts Council England 'National Portfolio Organisations', a designation awarded to reflect their national cultural leadership role and status. This includes Norfolk and Norwich Festival, Curious Directive, Norwich Arts Centre, National Centre for Writing, Seachange Arts and Creative Arts East.

Protected environment

In autumn 2019 Norfolk County Council launched a revised Environmental Policy that takes its direction from the Dept of Environment, Food & Rural Affairs' 25-year Environment Plan. Within this are robust climate change targets that look to address the Council's own carbon footprint and aim to set the County on a path to carbon neutrality by 2030.

A Pollinator Action Plan has been produced which will ensure that we manage our assets and operations in such a way that they are more pollinator friendly and that the needs of pollinators are taken account of in relevant strategies and policies. It impacts on the way we manage the County Farm estate and aims to inspire others to do more for pollinators across Norfolk.

2020 has seen the beginning of work to develop a Tree and Resilience Strategy, which will help provide strategic support to the Members' committed approach to the planting of 'a million trees.' Initial work has focussed on mapping, to provide focus for the work and some planting has begun during the 19/20 winter planting season on the County Council's farms estate.

c) Financial Performance 2019-20

Revenue Budget and Outturn

The net revenue budget agreed by the County Council for 2019-20 was £409.293m, equal to the Council's share of Council Tax receivable during the year. The net budget remained unchanged throughout 2019-20.

The final outturn position for the year against the revised budget is set out in the table below. At the end of the year the net underspend of £0.083m was transferred into the General Fund.

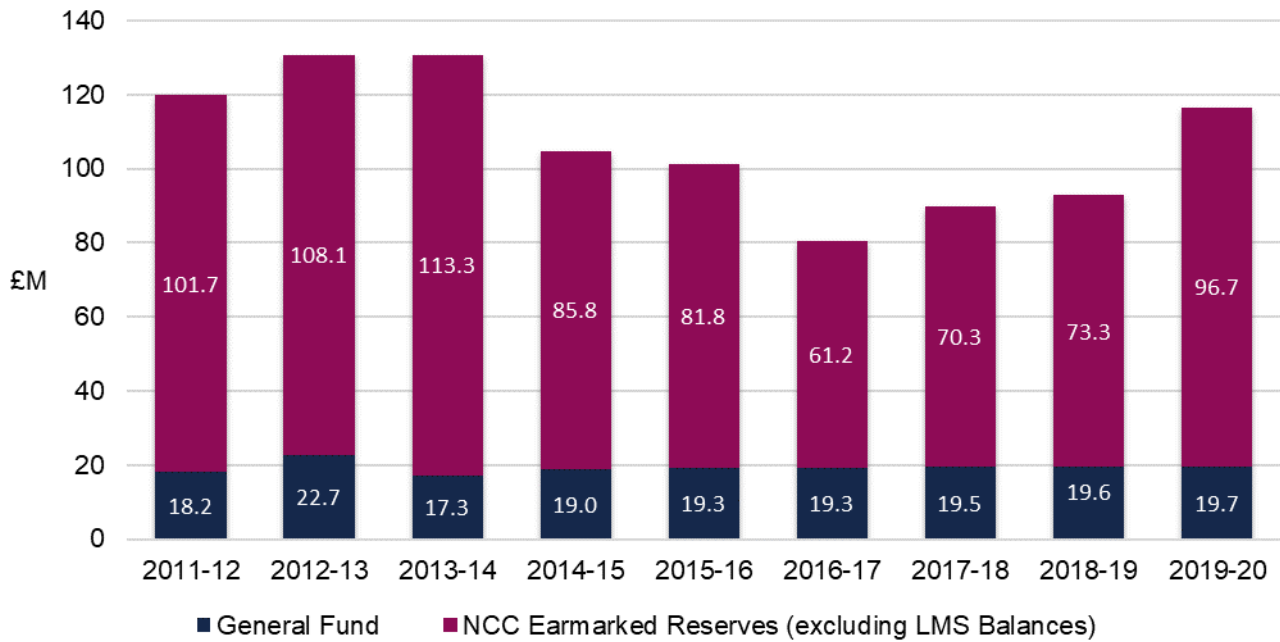
These results are based on the service responsibilities as reported to Cabinet, rather than the total cost of delivering services, (including apportionment of support services and adjustments to show the full cost of offering pensions to employees), which is used in the Comprehensive Income and Expenditure Statement.

Service	Revised Budget	Net (under)/ over spend	
	£m	£m	%
Adult Social Services	247.606	0.990	0.4%
Children's Services	211.667	12.972	6.2%
Community and Environmental Services	160.712	(0.591)	(0.3)%
Strategy and Governance	8.657	(0.022)	(0.3)%
Finance and Commercial Services	26.395	(0.177)	(0.4)%
Finance General	(245.745)	(13.255)	4.9%
Totals	409.293	(0.083)	0.0%
Transfer to General Fund		0.083	

Within the net underspend are significant financial pressures identified in Children's Services and Adult Social Services, balanced by underspends in other areas, primarily Finance General and Community and Environmental Services. The Children's Services net overspend has been due mainly to high and increasing levels and complexity of need across placement and support budgets, including children looked after, young people leaving care and children at risk of harm, and transport costs for home to school transport. Within Adult Social Services, there have been pressures on Purchase of Care budgets, mainly related to Older People and Mental Health services.

Earmarked reserves

The Council's earmarked reserves are funds, including unspent grants and contributions, set aside for specific purposes for future use by the authority. Excluded from the graph below are LMS balances as these belong to individual schools.



Reserves increased during 2019-20, continuing a medium-term trend despite challenging budgets in recent years. The increase in earmarked reserves is mainly due to government grants received in March 2020 placed into a business risk reserve in order to mitigate the impact of additional spending required as a result of the COVID-19 pandemic.

General fund

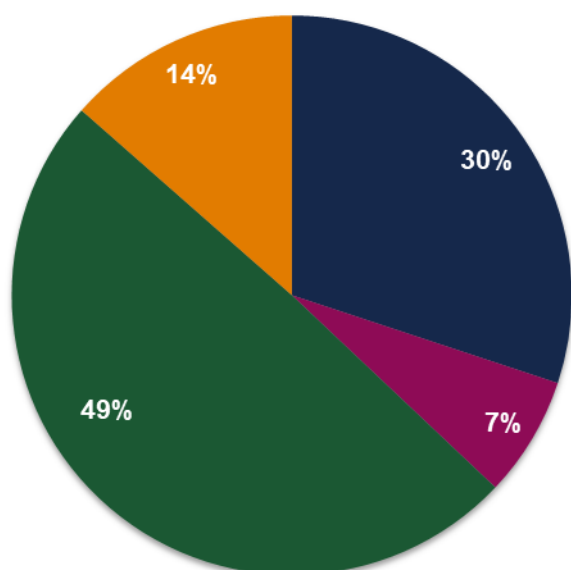
The net outturn underspend for 2019-20 transferred into the General Fund. During 2019-20 movements on the General Fund balance were as follows.

	£m
General Fund Reserve at 31 March 2019	19.623
Net underspend 2019-20	0.083
General Fund Reserve at 31 March 2020	19.706

Capital Budget and Spending

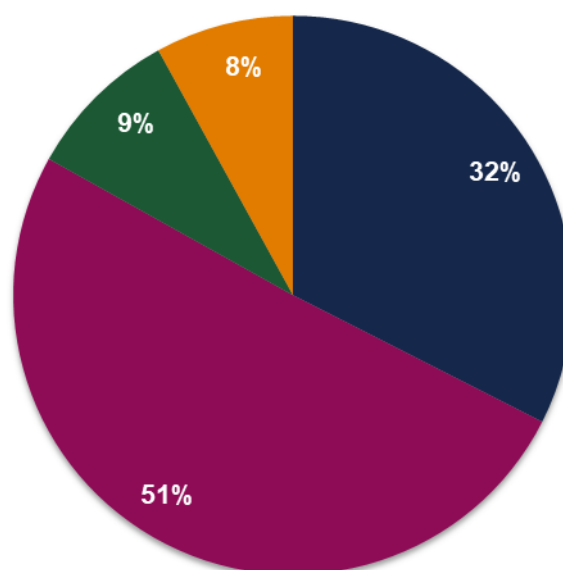
Capital expenditure, including £2m flexible use of capital receipts, totalled £177.6m in 2019-20: this was a significant increase compared to the £158.5m spent in 2018-19 as a result of good progress on major highways schemes as well as on-going schemes including schools' improvements and Better Broadband for Norfolk.

Capital Expenditure



- Children's Services
- Adult Social Care
- Community & Environmental Services
- Finance & Commercial Services

Capital Funding



- Prudential Borrowing
- Government grants
- Developer contributions
- Other grants and contributions

The County Council approved a capital budget in February 2019, with £307.858m for to 2019-20 and £240.734m allocated to later years. Re-profiling from 2018-19 and subsequent funding announcements were added to the programme. After adjusting for items re-profiled into 2020-21, plus further accounting adjustments, the final 2019-20 programme budget and expenditure was £177.6m. The main external sources of finance were government grants (£89.9m), contributions from developers (£15.8m), contributions from other local authorities (£5.8m) and the Local Enterprise Partnership (£6.4m). Projects nominally funded by prudential borrowing totalled £57.7m, while actual borrowing during the year to fund previous capital temporarily funded by internal borrowing totalled £87.1m.

The Council achieved capital receipts from sales of property totalling £4.8m plus £1.8m from the repayment of loans and dividends treated as capital receipts and a further £1.8m relating to the sale of shares in Norwich International Airport. Capital receipts in 2019-20 have been used or set aside to enable the Council to directly re-pay maturing debt, apart from £2m used flexibly to fund Children's Services transformation projects.

Major projects completed during 2019-20 included:

- **Schools:** Several larger schools' projects completed during 2019-20, including:

Project	Completion	Value
New Sprowston White House Farm Primary	Sept 2019	£6.9m
Downham Market Hillcrest Primary expansion	Sept 2019	£3.9m
Costessey Primary amalgamation	Aug 2019	£3.5m
Roydon Primary expansion	Nov 2019	£5.7m

- **Other:** significant one-off projects underway in 2019-20 include the Great Yarmouth Third River Crossing, a Human Resources and Finance systems replacement project. Major on-going works included the programme improvements to the school estate, Better Broadband for Norfolk, and highways capital maintenance.

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 2020, the Council's external borrowing totalled £706m, including £87.1m borrowed in 2019-20 to support prior capital expenditure temporarily funded by internal borrowing. 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 over £1.6bn.

Loan principal amounting to £6.4m is due to be repaid within one year. The Council's treasury management strategy anticipates borrowing of £80m in 2020-21.

Future capital programme

To replace and develop its assets and infrastructure, the Council needs to support a significant capital programme. The major on-going capital schemes are for improving the County's school's estate and transport infrastructure, including major developing projects relating to the Great Yarmouth Third River Crossing and ambitious plans to enhance SEND and Alternative Provision education facilities.

Grants and contributions from third parties, primarily central government, funds most of the capital expenditure. Other schemes such as office refurbishments, ICT projects and the replacement of a waste recycling centre will rely on a significant amount of prudential borrowing.

2020-23 Capital Programme by Service		2020-23 Capital Programme Funding	
	£m		£m
Adult Social Services	41.0	Prudential borrowing	419.9
Children's Services	216.4	Government grants	188.9
Community & Environmental Services	267.5	Developer contributions	24.9
Finance & Commercial Services	120.6	National lottery	9.6
Strategy and Governance	0.5	Other	2.7
Total	646.0	Total	646.0

Pensions Deficit

The accounts reflect the underlying commitment that the Council must pay future retirement benefits for its employees, as needed by IAS 19. As a result, the Council's Balance Sheet includes the estimated pension liability, measured on an actuarial basis, effectively reducing the Net Assets of the Council by £1.1bn.

The pension fund deficit does not represent an immediate call on the Council's reserves but provides a snapshot at 31 March 2020, with the value of assets and liabilities changing daily. There is a neutral impact on the Council's Comprehensive Income and Expenditure Statement reported for the year as use of the pensions reserve reverses the effect of IAS 19.

Provisions

At the end of the financial year, the Council's provisions stood at £30.8m, including self-funded insurance provisions and provisions in respect of potential appeals on Business Rates administered by the District Councils. Provisions for bad debts totalling £4.6m are set off against receivables in the statement of accounts. Of the provisions, £12.6m are not cash backed as they relate to an asset backed landfill provision.

d) Outlook for the future

The County Council's 2020-21 Budget was agreed in February 2020, prior to the significant escalation in the severity of the coronavirus COVID-19 pandemic. The impact of this outbreak in Norfolk has had far-reaching consequences, and accordingly the County Council mounted an unprecedented response, which has tested both the wider organisation and its capacity to deliver critical services. Responding to the challenge of coronavirus has required a rapid and radical adjustment in both organisational priorities and ways of working. However, the Council's robust 2020-21 Budget, and our well-established financial processes and arrangements, have provided a secure foundation on which this response has been built.

Inevitably, the 2020-21 Budget agreed in February could not foresee the adjustments which would be needed to respond to the coronavirus pandemic and as a result, any changes in budget assumptions has been reflected in the regular financial monitoring during the year and will also be taken into account as part of the 2021-22 Budget planning activity. Nationally, the Government has provided significant additional funding to Local Authorities to support them in responding to coronavirus, in the expectation that Councils will play a key role in maintaining critical social care and other frontline services, assisting education and early years providers to provide care and education for key workers and vulnerable children, supporting businesses and individuals suffering hardship, and maximising the available capacity in the health service by enabling increased levels of discharge from hospital.

Looking beyond the impacts of coronavirus, the overall level of uncertainty means that the financial environment for local government remains extremely challenging for the foreseeable future. Local authorities continue to face a growing gap between funding and service pressures, driven in part by demographic changes, unfunded burdens such as the National Living Wage, and the needs of vulnerable social care users becoming increasingly complex. Children's services, in both social care and education (particularly the High Needs Block), are also under very significant stress. Other services such as transport, planning, environment, and trading standards have been subject to significant restrictions which have also seen increasing pressure placed on discretionary and preventative services. The 2020-21 Budget was therefore developed to embed the approach from previous years and, in spite of the pressures and funding reductions we face, sees the Council making further very significant investment in the revenue budgets for critical services across both Adults and Children's social care. Non-social care services are also receiving growth in 2020-21, with the result that the 2020-21 Budget represents a sustained and significant investment in maintaining and strengthening the council's key services.

Similarly, the Council's Capital Programme 2020-23 includes essential investment in both the provision of vital infrastructure and measures aimed at tackling the threat of climate change, including:

- Living Well - Homes for Norfolk: to develop extra care housing in Norfolk;
- SEND transformation programme to create 500 extra specialist school places;
- Great Yarmouth Third River Crossing;
- Norwich Western Link; and
- Funding for environmental policy projects.

Although it included the requirement for challenging savings to be delivered across the organisation, fundamentally the 2020-21 Budget set in February 2020 was a robust one, based on sound finances and prudent planning. As a result, the Council is well positioned to respond to the major challenge represented by coronavirus, although this unprecedented situation will inevitably have a significant impact on the Council's Budget in both 2020-21 and future

years. The implications of this, coupled with continued uncertainty about a range of significant planned reforms for local government that now appear likely to be further substantially delayed, represent a major challenge for the Council in developing its Medium Term Financial Strategy. The level of budget gap to be closed in future years is subject to substantial uncertainty and there are a number of issues which could have a material impact on the level of resources available to Norfolk County Council to deliver services in the future. Perhaps now more than ever before, the coronavirus pandemic has demonstrated the vital importance of setting a balanced and sustainable budget to enable the Council to continue to deliver the critical services which are so important for all Norfolk's people and businesses. In these uniquely challenging times, it is for this reason that work is already underway to build on the foundations established by the 2020-21 Budget, and to develop the detailed financial plans for future years which will enable us to secure the Council's financial position and the provision of essential services into 2021-22 and beyond.

e) Explanation of the Financial Statements

The Statement of Accounts sets out the Council's income and expenditure for the year and its financial position at 31 March 2020. They include core and supplementary statements, together with disclosure notes. These financial statements for 2019-20 are set out following the **CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019-20**, which is based on International Financial Reporting Standards (IFRSs).

A Glossary of key financial terms is at the end of this document.

The Core Statements are:

- The **Comprehensive Income & Expenditure Statement** shows the accounting cost in the year of delivering services following generally accepted accounting practices, rather than the amount funded from taxation. Councils raise taxation to cover expenditure following regulations; this may be different from the accounting cost. The Movement in Reserves Statement and in the Expenditure and Funding Analysis shows the taxation position.
- The **Movement in Reserves 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 used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves break down between gains and losses incurred following generally accepted accounting practices and the statutory adjustments needed 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.
- The **Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets/liabilities of the Council (assets less liabilities) match the reserves held by the Council. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to deliver services, subject to the need to keep a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only fund capital expenditure or repay debt). The second category of reserves includes those that the Council is not able to use to deliver 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'.
- 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 taxation and grant income or from service recipients fund the operations of the Council. Investing activities are the extent to which cash outflows have bought resources 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.

- The **Notes to the Accounts** provide supporting information on the figures included in each of the Core Statements, together with details of the Council's accounting policies. It also includes the **Expenditure and Funding Analysis** which shows annual expenditure and funding from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities following generally accepted accounting practices. It also shows the distribution of this expenditure between the Council's services for decision making purposes. The Comprehensive Income and Expenditure Statement presents more fully the income and expenditure accounted for under generally accepted accounting practices.

The Supplementary Statements are:

- The **Norfolk Fire-Fighters Pension Fund Accounts** shows the operation of the Norfolk Fire-Fighters Pension Fund administered by West Yorkshire Pension Fund for the Council's own fire-fighter employees.
- The **Group Accounts** sets out the income and expenditure for the year and financial position at 31 March 2020 of the Council and any companies or other organisations, which the Council either controls or significantly influences. The Council reviews its interests in companies and other organisations annually to decide which to include in the Group Accounts for 2019-20.

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

- With recent turnover at over £300m, Norse Group is itself a large group supplying facilities management, property consultancy and care services to both public and private sector clients throughout the UK.
- Independence Matters CIC is a 'spin out' social enterprise launched by Norfolk County Council in 2013, with over 600 staff transferring from the Council's Personal and Community Support Services. Turnover for the year is over £19m.

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

- The **Norfolk Pension Fund Accounts** shows the operation of the Norfolk Pension Fund administered by Norfolk County Council for its own employees and employees of the seven District, City and Borough Councils in Norfolk along with other scheduled and admitted bodies.

The Statement of Accounts for the County Council includes the main financial statements of the pension fund. Consequently, the Statements of Assurance cover both the County Council and the Pension Fund. Details of the Norfolk Pension Fund accounting statements are on pages 130 to 196. Copies of the full annual report for the pension fund are available on the Norfolk Pension Fund website (<https://www.norfolkpensionfund.org/about-us/forms-and-publications/>).

f) Further information

As advertised on our website, interested members of the public have a statutory right to inspect the accounts before the audit is complete. The authority follows the Freedom of Information Act 2005 requirements in responding to queries from the public.

Further information relating to this report can be found in the financial statements which follow and in Norfolk County Council's Budget Book 2020-24 <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/our-budget-and-council-tax/our-budget/our-budget>.

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;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

Certificate by the Chair of the Audit Committee

I confirm that these accounts were approved by the Audit Committee at its meeting on 15 October 2020 on behalf of Norfolk County Council and have been authorised for issue.



CLlr Ian Mackie
Chair of the Audit Committee
Date: 30 November 2020

The Executive Director of Finance and Commercial Services' Responsibilities

The Executive Director of Finance and Commercial Services is responsible for the preparation of the Council's Statement of Accounts including those of the Pension Fund 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 and that of the Pension Fund at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.



Simon George
Executive Director of Finance and Commercial Services
Date: 30 November 2020

Independent Auditors' Report to the Members of Norfolk County Council

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Norfolk County Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- the related notes 1 to 48 to the Authority Accounts,
- the related notes 1 to 16 to the Group Accounts; and
- include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Norfolk County Council and Group as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority and group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director of Finance and Commercial Services' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director of Finance and Commercial Services has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the "*Statement of Accounts 2019-20*", other than the financial statements and our auditor's report thereon. The Executive Director of Finance and Commercial Services is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Norfolk County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Executive Director of Finance and Commercial Services

As explained more fully in the "*Statement of the Responsibilities*" set out on page 14, the Executive Director of Finance and Commercial Services is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Executive Director of Finance and Commercial Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether Norfolk County Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Norfolk County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Use of our report

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

MARK HODGSON
ERNST & YOUNG LLP

.....
Date: 30 November 2020

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

Comprehensive Income and Expenditure Statement

2018-19				2019-20		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			Continuing Services:			
432,106	134,012	298,094	Adult Social Services	459,885	137,282	322,603
573,270	348,903	224,367	Children's Services	589,475	322,724	266,751
280,010	105,318	174,692	Community and Environmental Services	278,678	102,818	175,860
16,409	5,302	11,107	Strategy and Governance Services	16,920	5,589	11,331
55,513	20,299	35,214	Finance and Commercial Services	61,582	19,176	42,406
18,063	12,827	5,236	Finance General	26,914	8,703	18,211
16,003	0	16,003	Non-Distributed Costs	(21,148)	0	(21,148)
1,391,374	626,661	764,713	Cost of Services	1,412,306	596,292	816,014
		64,847	Other Operating Expenditure (Note 6)			35,877
		59,146	Financing and Investment Income and Expenditure (Note 7)			62,908
		(765,954)	Taxation and Non-Specific Grant Income (Note 8)			(817,230)
		122,752	(Surplus) / Deficit on Provision of Services			97,569
		(22,287)	(Surplus) / Deficit on Revaluation of Property, Plant and Equipment Assets			(25,024)
		166,795	Re-measurements of the net defined benefit liability			(381,556)
		144,508	Other Comprehensive Income and Expenditure			(406,580)
		267,260	Total Comprehensive Income and Expenditure			(309,011)

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 2018	95,695	505	77,376	173,576	(223,909)	(50,333)
Movement in Reserves during 2018-19						
Total Comprehensive Expenditure and Income	(122,752)	0	0	(122,752)	(144,508)	(267,260)
Adjustments between accounting basis & funding basis under regulations (Note 16)	122,035	(92)	6,053	127,996	(127,996)	0
Increase / (Decrease) in Year	(717)	(92)	6,053	5,244	(272,504)	(267,260)
Balance at 31 March 2019	94,978	413	83,429	178,820	(496,413)	(317,593)
Movement in Reserves during 2019-20						
Total Comprehensive Expenditure and Income	(97,569)	0	0	(97,569)	406,580	309,011
Adjustments between accounting basis & funding basis under regulations (Note 16)	111,699	934	(524)	112,109	(112,109)	0
Increase / (Decrease) in Year	14,130	934	(524)	14,540	294,471	309,011
Balance at 31 March 2020	109,108	1,347	82,905	193,360	(201,942)	(8,582)

* Note that the General Fund forms the Council's General balances together with earmarked reserves. Details of movements in these reserves are shown in Note 27 on page 60.

Balance Sheet

31 March 2019		31 March 2020
£000s		£000s
	Note	
1,633,055	Property, Plant & Equipment 18	1,657,672
7,169	Heritage Assets 19	13,294
21,192	Investment Property 20	22,100
2,559	Intangible Assets	1,787
14,403	Long Term Investments 21	18,435
72,353	Long Term Debtors 22	73,642
1,750,731	Long Term Assets	1,786 930
34,683	Short Term Investments 21	85,103
544	Inventories	233
169,421	Short Term Debtors 22	147,809
67,878	Cash and Cash Equivalents 23	72,034
593	Assets Held for Sale 24	4,300
273,119	Current Assets	309,479
(13,689)	Short Term Borrowing 21	(13,802)
(1,602)	Other Short-Term Liabilities 21	(1,912)
(161,974)	Short Term Creditors 25	(160,411)
(6,737)	Provisions 26	(8,656)
(184,002)	Current Liabilities	(184,781)
(19,262)	Provisions 26	(22,534)
(620,751)	Long Term Borrowing 21	(701,418)
(1,477,373)	Other Long-Term Liabilities 21	(1,167,980)
(40,055)	Capital Grants Receipts in Advance 9	(28,278)
(2,157,441)	Long Term Liabilities	(1,920,210)
(317,593)	Net Assets	(8,582)
178,820	Usable Reserves 27	193,360
(496,413)	Unusable Reserves 28	(201,942)
(317,593)	Total Reserves	(8,582)

Cash Flow Statement

31 March 2019		31 March 2020
£000s		£000s
122,752	Net (surplus) or deficit on the provision of services	97,569
(171,538)	Adjust net (surplus) or deficit on the provision of services for non-cash movements	(213,205)
81,301	Adjust for Items in the net (surplus) or deficit on the provision of services that are investing and financing activities	122,868
32,515	Net cash flows from Operating Activities (Note 38)	7,232
2,216	Investing Activities (Note 39)	67,239
(88,218)	Financing Activities (Note 40)	(78,627)
(53,487)	Net (increase) or decrease in cash and cash equivalents	(4,156)
14,391	Cash and cash equivalents at the start of the year	67,878
67,878	Cash and cash equivalents at the end of the year (Note 23)	72,034

Notes to the Financial Statements

Supporting the Comprehensive Income and Expenditure Statement.....	24
1. Expenditure and Funding Analysis	24
2. Note to the Expenditure and Funding Analysis	25
3. Segmental Income.....	27
4. Expenditure and Income analysed by Nature	27
5. Material Item of Income and Expense.....	27
6. Other Operating Expenditure	28
7. Financing and Investment Income and Expenditure	28
8. Taxation and Non-Specific Grant Income	28
9. Grant Income	29
10. Agency Services.....	31
11. Joint Arrangements	31
12. Members Allowances	35
13. Officers Remuneration.....	36
14. External Audit Costs	39
15. Dedicated Schools Grant	39
Supporting the Movement in Reserves Statement.....	41
16. Adjustments between accounting basis and funding basis under regulations	41
17. Transfers to/from earmarked reserves	44
Supporting the Balance Sheet.....	47
18. Property, Plant and Equipment	47
19. Heritage Assets	51
20. Investment Properties.....	52
21. Financial Instruments	54
22. Debtors	58
23. Cash and Cash Equivalents	58
24. Assets Held for Sale	58
25. Creditors	59
26. Provisions	59
27. Usable Reserves	60
28. Unusable Reserves	60
29. Capital Expenditure and Capital Financing	65
30. Leases	66
31. PFI and similar contracts	68
32. Pension Schemes accounted for as Defined Contribution Schemes.....	70
33. Defined Benefit Pension Schemes	71
34. Nature and Extent of risks arising from Financial Instruments.....	77
35. Foundation Schools.....	81
36. Funds Administered for Third Parties	81
37. Trust Funds	81
Supporting the Cash Flow Statement.....	82
38. Cash Flows from Operating Activities	82
39. Cash Flows from Investing Activities.....	82
40. Cash Flows from Financing Activities.....	83
Other Notes	84
41. Accounting Policies	84
42. Accounting Standards issued, not adopted.....	96
43. Critical judgements in applying accounting policies	97
44. Assumptions made about the future and Other Major Sources of Estimation Uncertainty	97
45. Related Party Transactions	99
46. Contingent Liabilities	101
47. Going Concern	101
48. Events after the Reporting Period	103

Supporting the Comprehensive Income and Expenditure Statement

1. Expenditure and Funding Analysis

	2019-20		
	Net Expenditure chargeable to the General Fund £000s	Adjustments between the Funding and Accounting Basis £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
Adult Social Services	250,677	71,926	322,603
Children's Services	190,727	76,024	266,751
Community and Environmental Services	113,793	62,067	175,860
Strategy and Governance Services	8,474	2,857	11,331
Finance and Commercial Services	25,066	17,340	42,406
Finance General	(31,830)	50,041	18,211
Non-Distributed Costs	0	(21,148)	(21,148)
Net Cost of Services	556,907	259,107	816,014
Other Income and Expenditure	(571,037)	(147,408)	(718,445)
(Surplus) or Deficit	(14,130)	111,699	97,569
Opening General Fund Balance at 31 March*	94,978		
Plus surplus on General Fund	14,130		
Closing General Fund Balance at 31 March*	109,108		

	2018-19		
	Net Expenditure chargeable to the General Fund £000s	Adjustments between the Funding and Accounting Basis £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
Adult Social Services	243,288	54,806	298,094
Children's Services	177,409	46,958	224,367
Community and Environmental Services	115,566	59,126	174,692
Strategy and Governance Services	8,105	3,002	11,107
Finance and Commercial Services	21,856	13,358	35,214
Finance General	(3,482)	8,718	5,236
Non-Distributed Costs	0	16,003	16,003
Net Cost of Services	562,742	201,971	764,713
Other Income and Expenditure	(562,025)	(79,936)	(641,961)
(Surplus) or Deficit	717	122,035	122,752
Opening General Fund Balance at 31 March *	95,695		
Less deficit on General Fund	(717)		
Closing General Fund Balance at 31 March *	94,978		

* The General Fund Balance in the tables above represent the Council's General Balances together with total earmarked reserves as detailed in Note 17 on page 44.

2. Note to the Expenditure and Funding Analysis

	2019-20			
	Adjustments for Capital Purposes	Net change for the pensions adjustments	Other Differences	Total Adjustments
	£000s	£000s	£000s	£000s
Adult Social Services	2,622	20,435	48,869	71,926
Children's Services	39,165	24,663	12,196	76,024
Community and Environmental Services	48,772	8,347	4,948	62,067
Strategy and Governance Services	0	2,206	651	2,857
Finance and Commercial Services	12,957	4,381	2	17,340
Finance General	(733)	(304)	51,078	50,041
Non-Distributed Costs	0	(21,148)	0	(21,148)
Net Cost of Services	102,783	38,580	117,744	259,107
Other Income and Expenditure from the Expenditure and Funding Analysis	(69,813)	35,496	(113,091)	(147,408)
Difference between General Fund surplus/deficit and CIES surplus/deficit on provision of services	32,970	74,076	4,653	111,699

	2018-19			
	Adjustments for Capital Purposes	Net change for the pensions adjustments	Other Differences	Total Adjustments
	£000s	£000s	£000s	£000s
Adult Social Services	2,852	7,445	44,509	54,806
Children's Services	27,070	17,086	2,802	46,958
Community and Environmental Services	45,058	9,206	4,862	59,126
Strategy and Governance Services	0	1,907	1,095	3,002
Finance and Commercial Services	9,564	3,790	4	13,358
Finance General	1,895	(12,715)	19,538	8,718
Non-Distributed Costs	0	16,003	0	16,003
Net Cost of Services	86,439	42,722	72,810	201,971
Other Income and Expenditure from the Expenditure and Funding Analysis	(39,192)	33,126	(73,870)	(79,936)
Difference between General Fund surplus/deficit and CIES surplus/deficit on provision of services	47,247	75,848	(1,060)	122,035

Adjustments for Capital Purposes

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, i.e. 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 received 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.

Net Change for the Pensions Adjustments

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

- For services this is 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.

Other Differences

Other Differences between amounts debited/credited to the CIES and amounts payable/receivable 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 non-ringfenced and therefore moved to this section from services.

3. Segmental Income

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

2018-19		2019-20
£000s		£000s
73,753	Adult Social Services	78,015
45,776	Children's Services	28,730
23,995	Community and Environmental Services	23,047
3,782	Strategy and Governance Services	692
8,576	Finance and Commercial Services	8,481
390	Finance General	3,771
156,272	Total income analysed on a segmental basis	142,736

4. Expenditure and Income analysed by Nature

The Council's expenditure and income analysed by type:

2018-19		2019-20
£000s		£000s
462,682	Employee benefits expenses	471,522
868,493	Other Services expenses	878,260
55,028	Support Service recharges	60,776
70,277	Depreciation, amortisation, impairment	70,733
63,228	Interest payments	68,859
1,392	Precepts and levies	1,488
63,456	Gain/loss on disposal of assets	34,389
1,584,556	Total Expenditure	1,586,027
	Fees, charges and other service income	
(156,272)	Income from Service Recipients	(142,736)
(107,342)	Income from other sources	(102,950)
(2,221)	Interest and investment income	(3,581)
(536,770)	Income from council tax and business rates	(598,402)
(659,199)	Government Grants and contributions	(640,789)
(1,461,804)	Total Income	(1,488,458)
122,752	Surplus or Deficit on the Provision of Services	97,569

5. Material Item of Income and Expense

During 2019-20, 11 schools transferred to Academy, Voluntary Aided and Foundation status. The Council's balance sheet no longer includes the assets relating to these schools. The value written off amounts to £35.536m and the net loss on disposal of these assets is the main reason for the total shown in note 6 to the accounts.

6. Other Operating Expenditure

The Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement includes:

2018-19		2019-20
£000s		£000s
848	Environment Agency precept	879
543	Eastern Sea Fisheries precept	609
63,456	(Gains)/losses on disposal of non-current assets	34,389
64,847	Total	35,877

7. Financing and Investment Income and Expenditure

The Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement includes:

2018-19		2019-20
£000s		£000s
30,626	Interest payable and similar charges	34,016
32,540	Net interest cost on the net defined benefit liability	34,843
(2,221)	Interest receivable and similar income	(3,581)
(31)	Income and expenditure in relation to investment properties and / or changes in their fair value (Note 20)	(1,180)
(1,350)	Dividend Income	(1,280)
(418)	(Gains)/Losses on trading accounts not included in the cost of services	90
59,146	Total	62,908

8. Taxation and Non-Specific Grant Income

The Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement includes:

2018-19		2019-20
£000s		£000s
387,683	Council tax income	407,350
149,087	Non-domestic rates	191,052
129,771	Non-ring-fenced government grants	113,710
99,413	Capital grants, contributions and donated assets	105,118
765,954	Total	817,230

9. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019-20. The table shows details of grants credited to Services where the balance is more than £1m in 2019-20.

Credited to Taxation and non-Specific Grant Income:

2018-19		2019-20
£000s		£000s
121,717	Ministry of Housing, Communities and Local Government	105,667
5,648	Department for Education	5,704
1,202	Department of Health and Social Care	1,210
1,204	Home Office	1,129
129,771	Total General Government Grants	113,710

2018-19		2019-20
£000s		£000s
58,486	Department for Transport	43,237
17,819	Department for Education	31,437
15,640	Developer Contributions	17,796
2,961	New Anglia Local Enterprise Partnership	6,402
4,499	Other Local Authorities	2,953
0	Heritage Lottery Fund	2,602
8	Grants and Contributions less than £1m	691
99,413	Total Capital Grants and Contributions	105,118

Credited to Services:

2018-19		2019-20
£000s		£000s
	<u>Adult Social Services:</u>	
44,381	NHS Clinical Commissioning Groups	45,052
	<u>Children's Services:</u>	
308,051	Department for Education	296,347
905	Home Office	2,705
2,383	Ministry of Housing, Communities and Local Government	1,523
1,074	Arts Council /Federation of Music Services	1,086
660	Other Local Authorities	1,039
1,216	NHS Primary Care Trusts/Clinical Commissioning Groups	1,031
1,679	Grants & Contributions raised directly by schools	700
	<u>Community and Environmental Services:</u>	
39,062	Department of Health and Social Care (Public Health)	38,031
797	Other Local Authorities	6,083
4,305	Department for Education	4,623
1,092	EU Funding	2,009
1,817	Arts Council	1,767
0	Home Office	1,629
1,106	NHS England (Public Health)	1,464
1,307	Developer Contributions	1,404
1,318	Department for Transport	1,061
990	Heritage Lottery Fund	1,046
3,633	Department for Digital, Culture, Media & Sport	14
7,347	Grants and Contributions less than £1m	8,543
423,123	Total Grants and Contributions recognised in Net Cost of Services	417,157

The Council has received several grants, contributions and donations that have conditions attached to them that will demand the return of monies or property to the giver. The grants show as liabilities on the balance sheet until the conditions are satisfied, and the grant recognised as income. The balances at the year-end are as follows:

Included in Current Liabilities:

2018-19		2019-20
£000s		£000s
10	Ministry of Housing, Communities and Local Government	10,046
985	Department for Education	1,097
0	Ministry of Justice	61
52	NHS Clinical Commissioning Groups	52
560	Department for Work and Pensions	6
276	Home Office	6
36	Other Revenue Grants & Contributions	74
1,919	Total Conditional Revenue Grants & Contributions	11,342

Included in Long Term Liabilities:

2018-19		2019-20
£000s		£000s
31,337	Developer Contributions	22,856
3,809	Other Local Authorities	2,548
2,040	New Anglia Local Enterprise Partnership	2,217
446	Department for Transport	575
55	Contributions from Diocese	24
2,313	Department for Education	8
55	Other smaller Capital Grants & Contributions	50
40,055	Total Capital Grants Receipts in Advance	28,278

10. Agency Services

The County Council administers money on behalf of the Clinical Commissioning Groups under Section 28 agreements. For 2019-20 the expenditure, which is not included in the Comprehensive Income and Expenditure Statement, amounts to £10.361m (£10.949m in 2018-19).

11. Joint Arrangements

- Children and Adolescent Mental Health Service (CAMHS)**

From 1 April 2016, Norfolk County Council and the Clinical Commissioning Groups (CCG's) entered into an agreement to deliver targeted mental health support to children and young people with mild to moderate mental health needs. It also provides a therapeutic solution for children aged 5-14 whose problems have not been resolved through standard Tier 3 CAMHS services.

2018-19		2019-20
£000s		£000s
(4,455)	Gross Income	(4,231)
4,085	Expenditure	4,786
(370)	(Surplus)/Deficit	555
2,224	Council's Contribution	2,366

- Speech and Language Therapy Service (SaLT)**

From 18 September 2015, Norfolk County Council and the Clinical Commissioning Groups (CCG's) entered into an agreement to provide a local and integrated approach to commissioning Educational and Community Clinical Paediatric Speech and Language Services in Norfolk for 0 to 19 year olds, plus a specialist neonatal provision in Norfolk.

2018-19		2019-20
£000s		£000s
(1,721)	Gross Income	(2,253)
1,700	Expenditure	2,253
(21)	(Surplus)/Deficit	0
946	Council's Contribution	1,262

- **Better Care Fund (BCF)**

Norfolk's Better Care Fund 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 acts 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 Council's controlled share of the pool, 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 Norfolk Health and Wellbeing Board is accountable, overall, for the Norfolk BCF.

The table below reflects funding and spend across all the partners in 2019-20:

2019-20							
	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
CCGs	(3,507)	(5,199)	(6,469)	(5,434)	(5,852)		(26,461)
Norfolk County Council	(3,595)	(6,027)	(6,802)	(8,070)	(6,138)		(30,632)
Capital Grants						(8,071)	(8,071)
iBCF Grant Income (Note A)	(5,272)	(7,791)	(7,033)	(7,068)	(7,109)		(34,273)
Winter Funding Grant Income	(728)	(873)	(819)	(802)	(957)		(4,179)
Total Income	(13,102)	(19,890)	(21,123)	(21,374)	(20,056)	(8,071)	(103,616)
CCGs	3,507	5,199	6,469	5,434	5,852		26,461
Norfolk County Council	3,595	6,027	6,802	8,070	6,138	8,071	38,703
iBCF Projects expenditure (Note B)	5,272	7,791	7,033	7,068	7,109		34,273
Winter Funding	728	873	819	802	957		4,179
Total Expenditure	13,102	19,890	21,123	21,374	20,056	8,071	103,616
(Surplus)/Deficit	0	0	0	0	0	0	0

Note A: 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 B: This total reflects an actual in year spend of £33.173m by the County Council and a carried-forward balance of £1.100m.

2018-19							
	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
CCGs	(3,672)	(4,835)	(5,538)	(6,121)	(5,555)		(25,721)
Norfolk County Council	(3,437)	(5,763)	(6,503)	(7,716)	(5,869)		(29,288)
Capital Grants						(7,480)	(7,480)
iBCF Grant Income (Note A)	(3,585)	(6,430)	(5,731)	(6,389)	(5,595)		(27,730)
Total Income	(10,694)	(17,028)	(17,772)	(20,226)	(17,019)	(7,480)	(90,219)
CCGs	3,672	4,835	5,538	6,121	5,555		25,721
Norfolk County Council	3,437	5,763	6,503	7,716	5,869	7,480	36,768
iBCF Projects expenditure (Note B)	3,585	6,430	5,731	6,389	5,595		27,730
Total Expenditure	10,694	17,028	17,772	20,226	17,019	7,480	90,219
(Surplus)/Deficit	0	0	0	0	0	0	0

Note A: This figure reflects the relevant locality share of iBCF grant income paid by MHCLG for projects undertaken by Adults Social Care on behalf of the Pooled Fund.

Note B: This total reflects an actual in year spend of £22.873m by the County Council and a carried-forward balance of £4.857m.

- Equipment Pool**

As part of the Better Care Fund, the Council hosts an Equipment Service arrangement and decisions made jointly with the CCGs. The fund supplies 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 borne by the partner responsible.

2019-20			
	Contributions	Expenditure	Net (surplus) / deficit
	£000s	£000s	£000s
<u>Clinical Commissioning Groups:</u>			
Great Yarmouth and Waveney CCG	(635)	635	0
North Norfolk CCG	(1,492)	1,492	0
Norwich CCG	(1,311)	1,311	0
South Norfolk CCG	(1,201)	1,201	0
West Norfolk CCG	(1,101)	1,101	0
	(5,740)	5,740	0
Norfolk County Council	(3,560)	3,560	0
Total	(9,300)	9,300	0

2018-19			
	Contributions	Expenditure	Net (surplus) / deficit
	£000s	£000s	£000s
<u>Clinical Commissioning Groups:</u>			
Great Yarmouth and Waveney CCG	(441)	441	0
North Norfolk CCG	(1,221)	1,221	0
Norwich CCG	(1,153)	1,153	0
South Norfolk CCG	(1,307)	1,307	0
West Norfolk CCG	(1,036)	1,036	0
	(5,158)	5,158	0
Norfolk County Council	(2,802)	2,802	0
Total	(7,960)	7,960	0

- **Norfolk Pharmaceutical and Medicines Management Pooled Fund**

From 1 September 2003 until 31 October 2020, Norfolk County Council and the Clinical Commissioning Groups (CCG's) entered into an agreement to supply a pharmaceutical and medicines management service in Norfolk. Norfolk County Council supplied financial management for the Pooled Fund. The County Council and the CCG's have agreed that any remaining surplus/deficit will be returned to the Partners.

2018-19		2019-20
£000s		£000s
(391)	Gross Income	(194)
375	Expenditure	194
(16)	(Surplus)/Deficit	0
20	Council's Contribution	20

- **Infrastructure Investment Fund**

The 2013 Greater Norwich City Deal allows, amongst other things, access to £60m 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 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 2017-18 to part fund the construction costs of the Broadland Northway 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.

2018-19		2019-20
£000s		£000s
3,543	Balance brought forward	3,633
4,935	Gross Income	5,700
(4,875)	Expenditure	(3,032)
30	Interest on daily cash balances	49
3,633	Balance carried forward	6,350

12. Members Allowances

The total amount of members allowances paid in the year was £1.294m (£1.260m in 2018-19).

13. Officers Remuneration

(i) Council's senior employees:

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

Remuneration includes:

- 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 is the fees paid to secure the services of these officers.

Figures in the tables are rounded to the nearest hundred pounds.

2019-20							
Position & Postholder	Note	Salary	Expenses Allowances*	Compensation for loss of office	Sub Total	Employer Pension contributions	Total
		£	£	£	£	£	£
Executive Director of Communities and Environment (Head of Paid Service): <i>T McCabe</i>		158,000	0	0	158,000	24,500	182,500
Executive Director of Adult Social Services: <i>J Bullion</i>		146,700	0	0	146,700	22,800	169,500
Executive Director of Children's Services: <i>S Tough</i>		155,800	0	0	155,800	24,100	179,900
Executive Director of Finance and Commercial Services: <i>S George</i>	A	148,000	0	0	148,000	22,900	170,900
Executive Director of Strategy and Governance: <i>F McDiarmid</i>		129,000	0	0	129,000	20,000	149,000
Director of Public Health: <i>L Smith</i>		116,800	0	0	116,800	16,800	133,600
Chief Fire Officer: <i>S Ruff</i>	B	122,400	200	0	122,600	45,700	168,300
Chief Fire Officer: <i>D Ashworth</i>	B	2,100	0	0	2,100	800	2,900
Chief Legal Officer: <i>H Edwards</i>		104,900	0	0	104,900	16,300	121,200

*The expenses allowances in the table relate to a vehicle at Chief Fire Officer's disposal and the Deputy Chief Fire Officer's lease car.

Note A: 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 2019-20 the remuneration amount incurred by the Fund was £9,000 and forms part of the remuneration figure shown in the table above.

Note B: The Chief Fire Officer retired on 6 April 2019. The Deputy Chief Fire Officer acted up in this role from 18 January 2019 before being appointed permanently on 8 April 2019.

2018-19							
Position & Postholder	Note	Salary	Expenses Allowances*	Compensation for loss of office	Sub Total	Employer Pension contributions	Total
		£	£	£	£	£	£
Managing Director: <i>W Thomson</i>	A	156,100	0	0	156,100	24,200	180,300
Executive Director of Communities and Environment (Head of Paid Service): <i>T McCabe</i>	A	148,100	0	0	148,100	23,000	171,100
Executive Director of Adult Social Services: <i>J Bullion</i>		139,900	0	0	139,900	21,800	161,700
Executive Director of Children's Services: <i>S Tough</i>		152,800	0	0	152,800	23,700	176,500
Executive Director of Finance and Commercial Services: <i>S George</i>	B	144,100	0	0	144,100	22,500	166,600
Executive Director of Strategy and Governance: <i>F McDiarmid</i>	C	108,200	0	0	108,200	16,900	125,100
Director of Public Health: <i>L Smith</i>		115,900	0	0	115,900	16,800	132,700
Chief Fire Officer: <i>D Ashworth</i>	D	119,300	3,800	0	123,100	26,400	149,500
Deputy Chief Fire Officer: <i>S Ruff</i>	D	22,100	300	0	22,400	4,800	27,200
Chief Legal Officer: <i>H Edwards</i>	E	15,900	0	0	15,900	2,500	18,400
Deputy Monitoring Officer: <i>A Choudhury</i>	E	85,700	0	0	85,700	13,300	99,000

*The expenses allowances in the table relate to a vehicle at Chief Fire Officer's disposal and the Deputy Chief Fire Officer's lease car.

Note A: Wendy Thomson resigned from the post of Managing Director and left the Council on 31 January 2019. The post was subsequently deleted. The Executive Director of Communities and Environment took up the added responsibilities of Head of Paid Service on an interim basis on 17 December 2018 and then permanently on 7 May 2019.

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 2019-20 the remuneration amount incurred by the Fund was £9,000 and forms part of the remuneration figure shown in the table above.

Note C: The post of Strategy Director changed to Executive Director of Strategy and Governance on 17 December 2018.

Note D: The Chief Fire Officer retired on 6 April 2019. The Deputy Chief Fire Officer acted up in this role from 18 January 2019 before being appointed permanently on 8 April 2019. His remuneration for the period 18 January 2019 to 31 March 2020 is shown in the table above.

Note E: A new Chief Legal Officer, fulfilling the function of Monitoring Officer, joined the Council on 4 February 2019. Their remuneration for the period 4 February 2019 to 31 March 2020 is shown in the table above. The Council's Deputy Monitoring Officer covered the Monitoring Officer function until the recruitment process was complete. For 2019-20, this was for the period from 1 April 2018 to 3 February 2019 and their remuneration for that period is included in the table above.

(ii) The number of other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are in the table below:

2018-19			Remuneration Band	2019-20		
School Staff	Other Staff	Total Employees		School Staff	Other Staff	Total Employees
55	117	172	£50,000 - £54,999	51	143	194
56	60	116	£55,000 - £59,999	50	63	113
33	42	75	£60,000 - £64,999	29	48	77
19	16	35	£65,000 - £69,999	22	14	36
9	20	29	£70,000 - £74,999	16	24	40
3	2	5	£75,000 - £79,999	4	7	11
3	5	8	£80,000 - £84,999	3	5	8
0	3	3	£85,000 - £89,999	1	2	3
3	5	8	£90,000 - £94,999	1	4	5
1	5	6	£95,000 - £99,999	2	6	8
2	2	4	£100,000 - £104,999	2	4	6
0	2	2	£105,000 - £109,999	0	4	4
1	0	1	£110,000 - £114,999	1	1	2
0	0	0	£115,000 - £119,999	0	0	0
0	2	2	£120,000 - £124,999	0	0	0
0	0	0	£125,000 - £129,999	0	1	1
0	1	1	£130,000 - £134,999	0	1	1
0	1	1	£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

(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:

2018-19				Exit Package cost band	2019-20			
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		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
			£000s				£000s	
81	95	176	1,041	£0 - £20,000	42	101	143	731
9	7	16	414	£20,001 - £40,000	6	9	15	377
1	1	2	108	£40,001 - £60,000	1	5	6	279
0	2	2	127	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £120,000	0	1	1	111
0	0	0	0	Over £120,000	0	0	0	0
91	105	196	1,690	Total	49	116	165	1,498

14. 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.

2018-19		2019-20
£000s		£000s
98	Fees payable to external auditors for external audit services carried out by the appointed auditor for the year	98
9	Fees payable to external auditors for the certification of grant claims and returns for the year	0
107	Total	98

15. 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 showing whether the Dedicated Schools Grant has been deployed following regulations.

Funding of the Council's expenditure on schools is primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). The Department recoup an element of DSG to fund Academy schools in the Council's area. DSG is ring-fenced and can only meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), split into a budget share for each maintained school.

Details of the deployment of DSG receivable are as follows:

2018-19				2019-20		
Total	Central Expenditure	Individual Schools Budget		Total	Central Expenditure	Individual Schools Budget
£000s	£000s	£000s		£000s	£000s	£000s
(600,391)			Final DSG for the financial year (before Academy recoupment)	(609,519)		
321,475			Academy figure recouped	342,692		
(278,916)			Total DSG (after Academy recoupment)	(266,827)		
8,087			Plus: Brought forward from the previous year	10,887		
0			Less: Carry forward to next financial year agreed in advance	0		
(270,829)	(29,762)	(241,067)	Agreed initial budgeted distribution in the year	(255,940)	(24,774)	(231,166)
0	0	0	In year adjustments	795	0	795
(270,829)	(29,762)	(241,067)	Final budget distribution for the year	(255,145)	(24,774)	(230,371)
40,649	40,649	0	Less: Actual central expenditure	44,477	44,477	0
241,067	0	241,067	Less: Actual ISB deployed to schools	230,371	0	230,371
0	0	0	Plus Council contribution for the year	0	0	0
10,887	10,887	0	Carry forward to next financial year	19,703	19,703	0

The deficit position is due to pressure on the high needs block.

Supporting the Movement in Reserves Statement

16. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments made to the total comprehensive income and expenditure recognised by the Council in the year following proper accounting practice to arrive at the resources 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 must be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might otherwise authorise. These rules can also specify the financial year in which liabilities and payments should affect the General Fund Balance, which is not necessarily following proper accounting practice. The General Fund Balance therefore summarises the resources that the Council can spend on its services or on capital investment (or the deficit of resources that the Council must 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 can only 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 used 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 demand repayment of the monies, but which have yet to be used to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be used and/or the financial year in which this can take place.

2019-20	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)	74,076		
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(43)		
Council Tax and NDR (transfers to and from Collection Fund Adjustment Account)	4,574		
Holiday Pay (transferred to the Accumulated Absences Reserve)	124		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustment Account):	41,727		38,321
Total Adjustment to Revenue Resources	120,458	0	38,321
Adjustments between Revenue and Capital Resources:			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(6,677)	6,677	
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	66	(66)	
Statutory provision for the repayment of debt	(2,148)		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0		
Total Adjustments between Revenue and Capital Resources	(8,759)	6,611	0
Adjustments to Capital Resources:			
Use of the Capital Receipts reserve to finance capital expenditure		(7,525)	
Long term debtor repayments in year		1,848	
Application of capital grants to finance capital expenditure			(38,845)
Total Adjustments to Capital Resources	0	(5,677)	(38,845)
Total Adjustments in 2019-20	111,699	934	(524)

2018-19	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)	75,849		
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	19		
Council Tax and NDR (transfers to and from Collection Fund Adjustment Account)	1,131		
Holiday Pay (transferred to the Accumulated Absences Reserve)	(2,148)		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustment Account):	59,340		27,968
Total Adjustment to Revenue Resources	134,191	0	27,968
Adjustments between Revenue and Capital Resources:			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(5,891)	5,891	
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	46	(46)	
Statutory provision for the repayment of debt	(4,388)		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,923)		
Total Adjustments between Revenue and Capital Resources	(12,156)	5,845	0
Adjustments to Capital Resources:			
Use of the Capital Receipts reserve to finance capital expenditure		(6,840)	
Long term debtor repayments in year		903	
Application of capital grants to finance capital expenditure			(21,915)
Total Adjustments to Capital Resources	0	(5,937)	(21,915)
Total Adjustments in 2018-19	122,035	(92)	6,053

17. Transfers to/from earmarked reserves

The table shows each of the Council's earmarked reserve accounts where the balance is more than £1m either on 31 March 2019 or 31 March 2020. Descriptions of each of these earmarked reserves follow the table.

	Balance at 31 March 2018	Transfers in 2018-19	Transfers out 2018-19	Balance at 31 March 2019	Transfers in 2019-20	Transfers out 2019-20	Balance at 31 March 2020
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
LMS Balances	13,964	14,707	(15,767)	12,904	14,123	(14,666)	12,361
Dedicated School Grant (DSG)	(8,087)	4,094	(6,894)	(10,887)	1,491	(10,307)	(19,703)
Adult Social Care Residential Review	809	332	(25)	1,116	1,567	(1,154)	1,529
Building Maintenance	4,176	83	(1,094)	3,165	478	(1,766)	1,877
Business Rates Pilot	0	0	0	0	7,752	0	7,752
Business Risk Reserve (ASC)	4,500	3,417	(838)	7,079	430	(2,604)	4,905
Business Risk Reserve (General)	3,671	3,143	(4,457)	2,357	28,932	(2,473)	28,816
Economic Development and Tourism	1,992	448	(329)	2,111	1,269	(966)	2,414
Highways Maintenance	5,796	1,739	(1,006)	6,529	4,293	(2,674)	8,148
Income Reserve	357	322	(2)	677	722	(144)	1,255
Information Technology	3,112	1,038	(429)	3,721	71	(355)	3,437
Insurance Reserve	787	3,548	(1,416)	2,919	1,134	(2,888)	1,165
Organisational Change and Redundancy Reserve	4,995	987	(1,815)	4,167	401	(1,394)	3,174
Repairs and Renewals Fund	3,038	555	(456)	3,137	1,053	(637)	3,553

	Balance at 31 March 2018	Transfers in 2018-19	Transfers out 2018-19	Balance at 31 March 2019	Transfers in 2019-20	Transfers out 2019-20	Balance at 31 March 2020
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Street Lighting PFI Sinking Fund	5,052	3,729	(4,073)	4,708	3,418	(3,235)	4,891
Unspent Grants and Contributions	26,675	9,426	(9,547)	26,554	7,430	(15,282)	18,702
Other earmarked reserves	5,322	2,275	(2,499)	5,098	2,324	(2,296)	5,126
TOTAL	76,159	49,843	(50,647)	75,355	76,888	(62,841)	89,402

Details of earmarked reserves:

LMS Balances	This reserve is surpluses and deficits against delegated budgets for locally managed schools. These funds are kept for schools following the LMS arrangements approved by the DfES and are not available to the Council for general use.
Dedicated School Grant	The School and Early Years Finance (England) Regulations 2020 state DSG deficit balances are to be held within the local authority's overall DSG. Authorities cannot fund a deficit from the general fund without the secretary of state's approval.
Adult Social Care Residential Review	This reserve was the result of savings arising from the new conditions of services and is to develop homes for the elderly.
Building Maintenance	This reserve is to uphold the capital value of the Council's building stock and helps the rolling programme of building maintenance. It also allows the Council to respond to emergencies by carrying out repairs from day to day and as the need arises.
Business Rates Pilot	This reserve holds forecast additional retained business rates from the 2019-20 Norfolk Business Rates Pilot. The pilot outturn will be confirmed with the completion and audit of the 2019-20 NNDR3 returns. Funds will then be released from the reserve to support the 2020-21 County Council budget and paid into the pilot joint investment fund along with district council contributions to fund economic development projects in Norfolk.
Business Risk Reserve (ASC & General)	This reserve is to provide flexibility with managing budget risks and to ease the level of savings needed in future years. Part of the reserve is ear marked for Adult Social Services for managing key budget risks within the service.
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 supports the undertaking of a wide range of maintenance schemes. The reserve smooths the peaks and troughs of expenditure on highway maintenance which is highly dependent on the severity of the winter. The balance mainly relates to commuted sums paid by developers to cover the added maintenance work arising from their developments. The reserve also reflects monies from decriminalised car parking arrangements and charging utility companies for use in future years.
Income Reserve	This reserve is used in services to support unexpected income shortfalls in future years, such as bad weather or partial closure of museums during refurbishment.
Information Technology	Monies set aside for specific IT projects.
Insurance Reserve	This reserve reflects monies set aside for future potential insurance liabilities that are more than those planned for in the Insurance Provision.
Organisational Change and Redundancy Reserve	This reserve is to support and invest in transformational change e.g. shared services, and to fund redundancy costs.
Repairs and Renewals Fund	This fund is to meet the cost of buying and repairing specific equipment.
Street Lighting PFI Sinking Fund	This reserve reflects receipt of government PFI grant needed to meet contract payments for the Street Lighting PFI scheme.
Unspent Grants and Contributions Reserve	This reserve holds the balances on the Council's unconditional grants and contributions.
Other Earmarked Reserves	These mainly include various reserves held in respect of initiatives begun in previous years for which outstanding planned financial provision will be utilised in 2020-21 or future years as initiatives finish. All balances on each of these reserves as at 31 March 2019 and 31 March 2020 are below £1m.

Supporting the Balance Sheet

18. Property, Plant and Equipment

2019-20	Land and buildings £000s	Vehicles, plant, and equipment £000s	Infrastructure assets £000s	Assets under construction £000s	Surplus assets £000s	Total Property, Plant and Equipment £000s	PFI Assets included in Property, Plant and Equipment £000s
<u>Cost or Valuation</u>							
At 1 April 2019	708,172	57,233	1,276,561	35,369	22,760	2,100,095	46,280
Additions	10,848	10,911	44,383	51,883	369	118,394	48
Revaluation increases/(decreases):							
- to Revaluation reserve	10,215	0	0	0	9,229	19,444	0
- to surplus or deficit on provision of services	(10,507)	0	0	0	4	(10,503)	0
Derecognition - disposals	(37,960)	(4,654)	0	0	(1)	(42,615)	0
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	(7,890)	(7,890)	0
Reclassifications and transfers	24,109	646	8,216	(34,680)	1,207	(502)	0
At 31 March 2020	704,877	64,136	1,329,160	52,572	25,678	2,176,423	46,328
<u>Accumulated Depreciation and Impairment</u>							
At 1 April 2019	108,464	31,166	315,012	0	12,398	467,040	3,909
Depreciation charge	15,653	7,057	34,134	0	56	56,900	1,203
Depreciation written out to Revaluation reserve	(3,106)	0	0	0	(38)	(3,144)	0
Depreciation written out on revaluation to surplus or deficit on provision of services	(3,017)	0	0	0	(30)	(3,047)	0
Impairment losses/(reversals) recognised in:							
- the Revaluation reserve	1,521	0	0	0	0	1,521	0
- the surplus or deficit on provision of services	6,000	0	0	0	369	6,369	0
Derecognition - disposals	(2,404)	(4,391)	0	0	0	(6,795)	0
Reclassifications and transfers	(35)	0	0	0	(58)	(93)	0
At 31 March 2020	123,076	33,832	349,146	0	12,697	518,751	5,112
<u>Net Book Value:</u>							
At 31 March 2020	581,801	30,304	980,014	52,572	12,981	1,657,672	41,216
At 31 March 2019	599,708	26,067	961,549	35,369	10,362	1,633,055	42,371

2018-19	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	PFI Assets included in Property, Plant and Equipment £000s
<u>Cost or Valuation</u>								
At 1 April 2018	747,188	57,818	1,154,807	13	67,665	24,249	2,051,740	46,263
Additions	11,420	8,003	65,466	0	36,448	85	121,422	1,685
Revaluation increases/(decreases):								
- to Revaluation reserve	13,789	0	0	0	0	1,542	15,331	(8)
- to surplus or deficit on provision of services	(6,702)	0	0	0	0	(20)	(6,722)	25
Derecognition - disposals	(69,225)	(8,812)	(1,685)	0	0	(40)	(79,762)	(1,685)
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	(1,704)	(1,704)	0
Reclassifications and transfers	11,702	224	57,973	(13)	(68,744)	(1,352)	(210)	0
At 31 March 2019	708,172	57,233	1,276,561	0	35,369	22,760	2,100,095	46,280
<u>Accumulated Depreciation and Impairment</u>								
At 1 April 2018	95,502	33,201	284,175	0	0	12,471	425,349	4,416
Depreciation charge	16,562	6,074	32,522	0	0	397	55,555	1,203
Depreciation written out to Revaluation reserve	(3,532)	0	0	0	0	(8)	(3,540)	(9)
Depreciation written out on revaluation to surplus or deficit on provision of services	(1,829)	0	0	0	0	0	(1,829)	(16)
Impairment losses/(reversals) recognised in:								
- the Revaluation reserve	(1,748)	0	0	0	0	0	(1,748)	0
- the surplus or deficit on provision of services	8,894	0	0	0	0	85	8,979	0
Derecognition - disposals	(5,468)	(8,109)	(1,685)	0	0	(2)	(15,264)	(1,685)
Reclassifications and transfers	83	0	0	0	0	(545)	(462)	0
At 31 March 2019	108,464	31,166	315,012	0	0	12,398	467,040	3,909
<u>Net Book Value:</u>								
At 31 March 2019	599,708	26,067	961,549	0	35,369	10,362	1,633,055	42,371
At 31 March 2018	651,686	24,617	870,632	13	67,665	11,778	1,626,391	41,847

Depreciation

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

Buildings	1 - 60 years
Vehicles, plant, furniture and equipment	1 - 20 years
Infrastructure	12 - 40 years

Impairment Losses

During 2019-20 the Council recognised an impairment loss of £11.147m (£9.437m in 2018-19) in relation to capital expenditure incurred which does not result in a change to the value of the assets. Impairment reversals on revaluations total £5.399m (£0.838m in 2018-19).

Capital commitments

At 31 March 2020, the Council has entered into several significant contracts for the construction or enhancement of Property, Plant and Equipment in 2019-20 and future years on schemes listed in the table below. Similar commitments at 31 March 2019 were £53.427m.

Service/Scheme	Contract Completion	£000s
<u>Children's Services schools projects:</u>		
Trowse Primary School	2020-21	1,949
North Denes New School	2020-21	1,655
North Lynn	2020-21	2,750
Hethersett New Primary	2020-21	1,710
Wymondham Secondary Expansion	2020-21	2,853
Hethersett Academy Expansion	2020-21	2,814
Hethersett Junior Reorganisation	2021-22	3,469
New Social, Emotional and Mental Health (SEMH) Free School	2021-22	13,329
<u>Community and Environmental Services</u>		
Local full fibre network	2021-22	5,715
<u>Finance and Commercial Services</u>		
County Hall refurbishment	2020-21	15,506
Technology improvements	2020-21	3,665
		55,415

In addition to the above, the Council has three major on-going contract arrangements for integrated highways services, highways works, 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 2020-23 at 31 March 2020 was £172.0m, including £96.3m in respect of the Great Yarmouth Third River Crossing.

Revaluations

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

	Land and Buildings	Vehicles, plant and equipment	Infrastructure Assets	Surplus assets
	£000s	£000s	£000s	£000s
Carried at Historical Cost	-	30,184	980,614	-
Valued at current value in:				
2019-20	100,552	-	-	8,010
2018-19	98,765	-	-	1,167
2017-18	252,581	-	-	2,212
2016-17	121,069	-	-	1,552
2015-16	3,064	-	-	40
Total	576,031	30,184	980,614	12,981

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 correct for inclusion in the statement of accounts.

Surplus Assets

Of the Council's Surplus Assets at 31 March 2020 assets valued at £10.620m have been assessed as Level 3 for valuation purposes, with the rest assessed as Level 2. The valuation levels are as set out for Investment Properties as described in note 20 below.

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

	2019-20
	£000s
Opening balance	8,298
Transfers to Assets held for Sale	(514)
Transfers into Level 3	1,413
Transfers out of Level 3	0
Revaluation gains/(losses) - revaluation reserve	1,314
Total gains/(losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	109
Closing Balance	10,620

19. Heritage Assets

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

	Windmills and Windpumps	Other Heritage Assets	Total Assets
	£000s	£000s	£000s
Cost or valuation: 1 April 2019	6,535	634	7,169
Additions	0	3,101	3,101
Revaluations	125	2,899	3,024
At 31 March 2020	6,660	6,634	13,294

	Windmills and Windpumps	Other Heritage Assets	Total Assets
	£000s	£000s	£000s
Cost or valuation: 1 April 2018	6,070	634	6,704
Revaluations	465	0	465
At 31 March 2019	6,535	634	7,169

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

Windmills and Windpumps

The majority of the Council's significant Heritage Assets, by value, are windmills, watermills and drainage mills of historic interest. The Norfolk Windmills Trust, (registered as the Norfolk Mills and Pumps Trust), manages the mills and works as a registered charity for the preservation of mills and their associated sites, ruins, 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. Annual reviews of the carrying amounts against the insurance schedules for these items show where there is a movement in the valuation. The treatment of this revaluation follows the general policies on revaluation and impairment of Property, Plant and Equipment.

Other Heritage Assets

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. If a Heritage Asset has no valuation, the Council believes that the cost of obtaining valuations for these items would be disproportionate to the benefits to users of the financial statements.

- **Museums' Collections**

Through a Joint Committee set up under delegated powers by the County and District Councils in Norfolk, the Norfolk Museums Service runs museums throughout the County. The relevant district councils own most of the collections and related buildings. The only collections owned by the Council are at Gressenhall Farm and Workhouse, and a small number of artworks at County Hall, Norwich.

During 2019-2020 Norfolk County Council purchased a Paston Pietre Dure Table and the West Walton Bridges 1806 (painting) at a cost of £3.1m. These purchases were externally funded by the national lottery and the museums art fund.

- **Document and Archive Collections**

The Norfolk Record Office (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. A small number of items obtained since 1 April 2010 have a recorded value and included on the Balance Sheet.

- 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.

20. Investment Properties

The Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement includes the following:

2018-19		2019-20
£000s		£000s
(368)	Rental income from investment property	(436)
0	Direct operating expenses arising from investment property	0
337	(Gains)/Losses on changes in fair value	(744)
(31)	Net (gain)/loss	(1,180)

Investment properties are 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 aims of, over time, generating income for the County Council at a time when public funding is scarce, whether recurring or as a capital receipt. Norfolk County Council and Norwich City Council jointly own the industrial estate.

The Council incurs no direct costs in respect of the industrial estate, where income received is 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:

2018-19		2019-20
£000s		£000s
21,529	Balance at the start of the year	21,192
0	Additions	0
0	Disposals	0
0	Other Movements	164
(337)	Net gains/(losses) from fair value investments	744
21,192	Balance at the end of the year	22,100

Fair Value Hierarchy

All the Council's investment property portfolio has been assessed as Level 2 and Level 3 for valuation purposes (see Note 41 Section vi) for explanation of fair value levels).

	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value 31 March 2020
	£000s	£000s	£000s
Commercial Estate	2,026	10,319	12,345
Land with development potential	0	9,755	9,755
Total	2,026	20,074	22,100

Of the net gains/(losses) from fair value investments in 2019-20, £(0.137)m relates to fair value measurements categorised within Level 3 of the fair value hierarchy (£(0.337)m in 2018-19).

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

	Commercial Estate	Land with development potential	Total
	£000s	£000s	£000s
Opening balance 1 April 2019	10,456	9,755	20,211
Transfers into Level 3 from level 2	0	0	0
Total gains/(losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(137)	0	(137)
Closing Balance 31 March 2020	10,319	9,755	20,074

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

The fair value of investment property is measured using a market approach, which considers 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 considered: 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 their current use.

Valuers

NPS Property Consultants Limited value the investment property portfolio by following the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors.

21. Financial Instruments

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

31 March 2019			31 March 2020	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Investments:		
11,964	34,683	Amortised Cost	15,454	85,103
2,439	0	Fair Value through Other Comprehensive Income	2,981	0
14,403	34,683	Total Financial Assets	18,435	85,103
0	0	Non-financial assets	0	0
14,403	34,683	Total Investments	18,435	85,103
		Debtors:		
72,353	91,075	Amortised Cost	73,642	93,627
72,353	91,075	Total Financial Assets	73,642	93,627
0	78,346	Non-financial assets	0	54,182
72,353	169,421	Total Debtors	73,642	147,809
		Cash and Cash equivalents:		
0	67,878	Amortised Cost	0	72,034
0	67,878	Total Financial Assets	0	72,034
0	0	Non-financial assets	0	0
0	67,878	Total Cash and cash equivalents	0	72,034
		Borrowings:		
620,751	13,689	Amortised Cost	701,418	13,802
620,751	13,689	Total Financial Liabilities	701,418	13,802
0	0	Non-financial Liabilities	0	0
620,751	13,689	Total Borrowings	701,418	13,802
		Other short/long term liabilities:		
50,083	1,602	Amortised Cost	48,170	1,912
50,083	1,602	Total Financial Liabilities	48,170	1,912
1,427,290	0	Non-financial Liabilities	1,119,810	0
1,477,373	1,602	Total Other Short/Long Term Liabilities	1,167,980	1,912
		Creditors:		
0	135,689	Amortised Cost	0	106,946
0	135,689	Total Financial Liabilities	0	106,946
0	26,285	Non-financial Liabilities	0	53,465
0	161,974	Total Creditors	0	160,411

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 short-term columns in the table above.

Soft Loans made by the Council

The Council have deferred payment agreements made prior to 1 April 2015 where residential care clients exercised their choice 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 includes an interest element based on the average rate of interest payable on the Council's debt for the year (4.16%). 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 are not soft loans.

The Council makes loans for car purchase to 64 employees in the authority who are in posts that need them to drive regularly on the Council's business. Interest is charged on the loans at 1% plus Bank of England Base Rate, but the Council assesses that an unsubsidised rate for such loans would have been 2.5% plus Bank of England Base Rate.

Investments in Equity Instruments designated at Fair Value through Other Comprehensive Income

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

The Council's investment of £11.964m in Norse Group Ltd stays at amortised cost as the company is included in the Council's group accounts.

None of the companies are quoted on the stock exchange.

2018-19					2019-20			
Nominal Value at 31 March	Fair Value at 31 March	Increase/ (Decrease) in Fair Value	Dividends Paid*		Nominal Value at 31 March	Fair Value at 31 March	Increase/ (Decrease) in Fair Value	Dividends Paid
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
1,236	390	0	0	Non-listed securities:	0	0	(390)	0
1	2,049	(835)	833	Norwich Airport	1	2,981	932	536
1	0	0	0	Legislator 1656	1	0	0	0
1,238	2,439	(835)	833	Total	2	2,981	542	536

*The 2018-19 dividend from Legislator 1656 has been treated as a capital receipt in the accounts as it relates to a deferred payment on the sale of shares in 2004.

During 2019-20 the Council, along with Norwich City Council, sold the remaining shares held in Norwich Airport Ltd. Legislator 1656 also sold their remaining share in Norwich Airport Ltd.

	2019-20
	£000s
Fair Value on derecognition	390
Loss/(Gain) on disposal	(1,407)

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows. All entries are within Financing and Investment income within the Surplus or Deficit on the Provision of Services.

2018-19		2019-20
£000s		£000s
(62)	Net (gains)/losses on: Financial liabilities measured at amortised cost	0
(62)	Total net (gains)/losses	0
(2,221)	Interest revenue: Financial assets measured at amortised cost	(3,581)
(2,221)	Total interest revenue	(3,581)
30,688	Interest expense: Financial assets measured at amortised cost	34,016
30,688	Total interest expense	34,016
28,405	Net (gain)/loss for the year	30,435

Fair Values of Financial Assets

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

31 March 2019				31 March 2020
£000s	Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	£000s
	<u>Fair Value through Other Comprehensive Income</u>			
390	Norwich Airport	Level 3	Earnings Based Valuation	0
2,049	Legislator 1656	Level 3	Adjusted Net Assets Valuation	2,981
0	Legislator 1657	Level 3	Adjusted Net Assets Valuation	0
2,439	Total			2,981

The Council's shareholding in Legislator companies are not traded in an active market. The fair value of £2.981m has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made by an independent third party based on an analysis of the assets and liabilities in the companies' latest audited accounts.

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

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

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the Council are shown in the Balance Sheet at amortised cost. Their fair value equals 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 supply 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 supplies a sound approximation for fair value for these instruments;
- for loans receivable prevailing benchmark market rates have been used to supply 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.

The fair values calculated are as follows:

31 March 2019			31 March 2020	
Carrying amount	Fair value		Carrying amount	Fair value
£000s	£000s		£000s	£000s
		<u>Financial Liabilities</u>		
589,360	927,506	PWLB debt	670,208	1,171,973
45,080	72,632	Non PWLB debt	45,012	80,657
51,685	86,246	PFI and finance lease liabilities	50,082	84,491
135,689	135,689	Short term creditors	106,946	106,946
821,814	1,222,073	Total	872,248	1,444,067

The fair value of the financial liabilities is greater than the carrying amount because the Council's portfolio of loans includes several 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 £1.171bn 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 added 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.

31 March 2019			31 March 2020	
Carrying amount	Fair value		Carrying amount	Fair value
£000s	£000s		£000s	£000s
		<u>Financial Assets</u>		
34,683	34,683	Investments	85,103	85,103
67,878	67,878	Cash and cash equivalents	72,034	72,034
72,353	72,353	Long term debtors	73,642	73,642
91,075	91,075	Short term debtors	93,627	93,627
265,989	265,989	Total	324,406	324,406

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

The long-term investment classified as Amortised Cost is not included in the table above. This is because as the Council has no immediate plans to sell its subsidiaries, the Council believes that the cost of obtaining valuations for these investments would be disproportionate to the benefits to users of the financial statements.

22. 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 trade customer total includes the adjustment for the Council's share of collection fund arrears and bad debt provision, as informed by the District Councils, in relation to the collection of council tax and business rates. The total for other receivables includes employee car loans.

31 March 2019			31 March 2020	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Trade Customers		
3,391	55,945	- Service Recipients	3,289	56,690
0	61,806	- Other Trade Customers	0	70,192
19,389	3,817	Subsidiaries	21,717	4,008
49,573	3,081	Other Receivables	48,636	1,562
0	44,772	Prepayments	0	15,357
72,353	169,421	Total Debtors	73,642	147,809

23. Cash and Cash Equivalents

The balance of cash and cash equivalents consists of the following elements:

31 March 2019			31 March 2020
£000s			£000s
(5,584)	Cash and Bank balances		(16,599)
73,462	Short term deposits with the Money Market		88,633
67,878	Total Cash and Cash Equivalents		72,034

24. Assets Held for Sale

2018-19			2019-20
£000s			£000s
3,555	Balance outstanding at start of year		593
	Assets newly classified as held for sale:		
1,704	- Property plant and equipment		7,890
(4,284)	Assets sold		(4,174)
(382)	Other Movements		(9)
593	Balance outstanding at year end		4,300

Fair value hierarchy

Of the Council's assets held for sale at 31 March 2020, 2 assets, valued at £0.750m, have been assessed as Level 3 for valuation purposes. All other assets held for sale, and all those held at 31 March 2020 have been assessed as Level 2. The valuation levels are as set out for Investment Properties as described in note 20.

25. Creditors

The table shows details of creditors included in current liabilities on the balance sheet. The trade payables figure includes the Council's share of the creditor balances, as informed by the District Councils, in relation to the collection of council tax and business rates.

31 March 2019		31 March 2020
£000s		£000s
125,905	Trade Payables	121,753
9,426	Subsidiaries	5,697
22,658	Other Payables	25,778
	Receipts in advance	
2,963	- Contract Liabilities	3,860
1,022	- Other receipts in advance	3,323
161,974	Total Short-Term Creditors	160,411

Significant changes in the contract liabilities balances during the period are as follows:

31 March 2019		31 March 2020
£000s		£000s
2,015	Contract Liabilities at the beginning of the year	2,963
2,908	Increases due to cash received	3,851
(1,960)	Transfers from contract liabilities recognised at the beginning of the period to payables	(2,954)
2,963	Contract Liabilities at the end of the year	3,860

All contract liabilities that relate to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year are expected to be recognised within one year.

26. Provisions

The County Council has made several provisions to set aside sums to meet liabilities that are likely or certain to happen 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
Opening balance 1 April 2019	9,310	12,362	113	4,214	25,999
Extra provisions made in 2019-20	3,852	903	0	6,088	10,843
Amounts used in 2019-20	(3,201)	(618)	(85)	(1,748)	(5,652)
Amounts reversed to revenue	0	0	0	0	0
Closing Balance 31 March 2020	9,961	12,647	28	8,554	31,190
<u>Consists of:</u>					
Current Provisions	74	0	28	8,554	8,656
Long Term Provisions	9,887	12,647	0	0	22,534
Total	9,961	12,647	28	8,554	31,190

Details of provisions:

Insurance	This provision meets insurance claims funded by the Council. The County Council self-funds the first £250,000 of every employers and public liabilities insurance claim, 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 happened but not reported to the Council.
Landfill	This provision is the discounted cost of making adequate provision for the monitoring and maintenance of closed landfill sites following 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 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.

27. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement with additional detail given in notes 16 and 17.

The General Fund Balance consists:

31 March 2019		31 March 2020
£000s		£000s
19,623	General Fund Reserve	19,706
75,355	Earmarked Reserves (Note 17 on page 44)	89,402
94,978	Total General Fund Balance	109,108

28. Unusable Reserves

31 March 2019		31 March 2020
£000s		£000s
225,535	Revaluation Reserve	233,274
1,201	Financial Instruments Revaluation Reserve	2,979
707,956	Capital Adjustment Account	690,085
(2,804)	Financial Instruments Adjustment Account	(2,761)
(1,427,290)	Pensions Reserve	(1,119,810)
6,888	Collection Fund Adjustment Account	2,314
(7,899)	Accumulated Absences Account	(8,023)
(496,413)	Total Unusable Reserves	(201,942)

Revaluation Reserve

This reserve holds the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance reduces 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 used through depreciation; or
- Disposed of and the gains are realised.

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

2018-19		2019-20
£000s		£000s
231,688	Balance at 1 April	225,535
25,632	Upward revaluation of assets	35,350
(4,547)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(11,259)
21,085	Surplus or (deficit) on revaluation of non-current assets not posted to the Comprehensive Income and Expenditure Statement	24,091
(6,566)	Difference between fair value depreciation and historical cost depreciation	(6,253)
(20,672)	Accumulated gains on assets sold or scrapped	(10,099)
(27,238)	Amount written off to the Capital Adjustment Account	(16,352)
225,535	Balance at 31 March	233,274

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve holds the gains made by the authority arising from increases in the value of its investments that are measured at fair value through comprehensive income. The balance reduces when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Disposed of and the gains are realised.

2018-19		2019-20
£000s		£000s
2,036	Balance at 1 April	1,201
0	Upward revaluation of investments	932
(835)	Downward revaluation of investments	0
0	Disposal of financial instruments*	846
1,201	Balance at 31 March	2,979

*The Financial Instruments Revaluation Reserve held a loss for the financial asset sold.

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 holds accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be used by the Council. It also holds 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 16 shows details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018-19		2019-20
£000s		£000s
733,863	Balance at 1 April	707,956
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(64,154)	- Charges for depreciation and impairment non-current assets	(62,647)
(5,272)	- Revaluation gains/(losses) on property, plant and equipment	(8,077)
(337)	- Movement in the fair value of investment properties	744
(514)	- Amortisation of intangible assets	(753)
(31,786)	- Revenue expenditure funded from capital under statute	(48,017)
(68,783)	- 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 6)	(40,404)
(170,846)		(159,154)
27,238	Adjusting amounts written out of the Revaluation Reserve	15,506
(143,608)	Net written out amount of the cost of non-current assets consumed in the year	(143,648)
	Capital financing applied in the year:	
2,000	- Use of the Capital Receipts Reserve to finance new capital expenditure	2,000
4,840	- Use of capital receipts to repay the principal of amounts previously borrowed	5,525
83,538	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been used to capital financing	79,106
21,915	- Application of grants to capital financing from the Capital Grants Unapplied Account	38,845
3,484	- Statutory provision for the financing of capital investment charged against the General Fund	300
1,923	- Capital expenditure charged against the General Fund	0
117,700		125,776
1	Other Adjustments	1
707,956	Balance at 31 March	690,085

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.

2018-19		2019-20
£000s		£000s
(2,786)	Balance at 1 April	(2,804)
(62)	Discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
44	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year following statutory requirements	43
(2,804)	Balance at 31 March	(2,761)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits following statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements demand benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is responsible. The 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 adequate funding is available by the time the benefits are due.

2018-19		2019-20
£000s		£000s
(1,184,646)	Balance at 1 April	(1,427,290)
(166,795)	Net remeasurements of the defined benefit liabilities and assets	381,556
(139,263)	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	(140,633)
63,414	Employers pensions contributions and direct payments to pensioners payable in the year	66,557
(1,427,290)	Balance at 31 March	(1,119,810)

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 Councils' Collection Funds.

2018-19			2019-20	
£000s			£000s	
8,019		Balance at 1 April	6,888	
(1,131)		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 following statutory requirements	(4,574)	
6,888		Balance at 31 March	2,314	

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. The amount charged to the Comprehensive Income and Expenditure Statement is the difference between remuneration on an accruals basis and following statutory requirements.

2018-19			2019-20	
£000s	£000s		£000s	£000s
	(10,047)	Balance at 1 April		(7,899)
10,047		Settlement or cancellation of accrual made at the end of the preceding year	7,899	
(7,899)		Amounts accrued at the end of the current year	(8,023)	
	2,148	Amount charged to the Comprehensive Income and Expenditure Statement		(124)
	(7,899)	Balance at 31 March		(8,023)

29. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is in the table below (including the value of assets gained under finance leases and PFI contracts), together with the resources 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.

2018-19		2019-20
£000s		£000s
738,008	Opening Capital Financing Requirement	777,846
	Capital Investment	
121,290	- Property, plant and equipment	121,242
1,389	- Intangible assets	0
31,786	- Revenue expenditure funded from capital under statute	48,018
4,083	- Loans / Share Capital	8,389
	Sources of Finance	
(6,840)	- Capital receipts	(7,525)
(105,453)	- Government grants and other contributions	(117,951)
	- Sums set aside from revenue:	
(1,923)	- Direct revenue contributions	0
(4,494)	- Minimum Revenue Provision	(2,254)
777,846	Closing Capital Financing Requirement	827,765
	<u>Explanation of Movements in Year</u>	
(4,494)	Increase/(decrease) in underlying need to borrow (supported by Government financial assistance)	(2,254)
44,332	Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	52,173
39,838	Increase/(decrease) in Capital Financing Requirement	49,919

30. Leases**Council as Lessee:**i) Finance Leases

The Council has obtained the following assets under finance leases:

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

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

31 March 2019		31 March 2020
£000s		£000s
9,166	Land and buildings	11,203
1,439	Vehicles, plant and equipment	951
2,856	Heritage Assets	2,911
13,461	Total	15,065

The Council is committed to making minimum payments under these leases including settlement of the long-term liability for the interest in the property obtained by the Council and finance costs that will be payable by the Council in future years while the liability is outstanding. The minimum lease payments include the following amounts:

31 March 2019		31 March 2020
£000s		£000s
	Finance lease liabilities (net present value of minimum lease payments):	
542	- Current	336
872	- Non-current	536
79	Finance costs payable in future years	38
1,493	Total	910

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

31 March 2019			31 March 2020	
Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
£000s	£000s		£000s	£000s
584	542	Not later than one year	362	336
909	872	Later than one year and not later than five years	548	536
0	0	Later than five years	0	0
1,493	1,414	Total	910	872

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

ii) Operating Leases

The Council uses leased vehicles and communication equipment financed under the terms of an operating lease. The amount paid under these arrangements in 2019-20 was £1.121m (£1.353m in 2018-19).

The Council leases several properties on short term leases which are treated as operating leases. The rentals payable in 2019-20 were £1.381m (£1.622m in 2018-19).

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to all operating leases was £2.502m (£2.975m in 2018-19).

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

31 March 2019		31 March 2020
£000s		£000s
2,138	Not later than one year	1,586
6,039	Later than one year and not later than five years	4,642
10,568	Later than five years	10,221
18,745	Total	16,449

Council as Lessor:i) Finance leases

The Council has leased out school buildings to Academy schools on 125-year finance lease agreements according 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 several other properties, including heritage assets, which are leased out on finance leases for peppercorn rents.

ii) Operating leases

The Council leases out property under operating leases for several 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 2019		31 March 2020
£000s		£000s
3,959	Leases expiring within 1 year	2,882
12,441	Leases expiring within 2 to 5 years	10,304
11,898	Leases expiring after 5 years	12,266
28,298	Total	25,452

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

31. PFI and similar contracts

At 31 March 2020, 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 included in the Council's non-current assets total along with the value of the enhancement to Taverham High school. All the schools are revalued in line with the accounting policy for land and buildings. Since 2008 three of the schools, Taverham High, Heartsease Primary and Lionwood Junior, have converted to Academy status and Lakenham Primary has converted to Foundation status. The Council's balance sheet no longer includes the associated non-current assets.

Salt Barns Private Finance Initiative (PFI)

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

The contract was for the provision of 7 salt barns. These are included within the Council's assets and are revalued in line with the Council's accounting policies.

The PFI arrangement has come to an end, with the Salt domes transferred to Norfolk County Council as of 01 May 2020.

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 expects the contractor to keep 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 deliver services in these schemes are included on the Council's Balance Sheet. Movements in their value over the year are shown in the analysis of the movement on the Property, Plant and Equipment balance in note 18.

Payments

The Council makes payments each year which increase each year by inflation and can be reduced if the contractor does not meet availability and performance standards in any year. Residual payments to be made under the PFI contracts at 31 March 2020 (excluding any estimation of future inflation and availability/performance deductions) are as follows:

Total at 31 March 2019		Reimbursement of capital expenditure	Payment for services	Interest	Total at 31 March 2020
£000s		£000s	£000s	£000s	£000s
13,301	Payable within 1 year	1,576	6,543	4,449	12,568
51,432	Payable within 2-5 years	10,538	23,581	15,961	50,080
63,398	Payable within 6-10 years	22,063	27,998	12,861	62,922
46,041	Payable within 11-15 years	15,033	15,139	2,508	32,680
174,172	Total	49,210	73,261	35,779	158,250

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 continues to be reimbursed.

The balance outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

2019-20				
	Norwich Schools PFI	Salt Barns	Street Lighting	Total
	£000s	£000s	£000s	£000s
Balance outstanding at start of the year	23,172	(220)	27,319	50,271
Payments during the year	(3,372)	318	(2,482)	(5,536)
Finance lease cost	2,332	(98)	2,241	4,475
Balance outstanding at year end	22,132	0	27,078	49,210

2018-19				
	Norwich Schools PFI	Salt Barns	Street Lighting	Total
	£000s	£000s	£000s	£000s
Balance outstanding at start of the year	24,700	157	28,491	53,348
Adjustment following change in accounting assumption	(607)	0	(950)	(1,557)
Payments during the year	(3,345)	(447)	(2,481)	(6,273)
Finance lease cost	2,424	70	2,259	4,753
Balance outstanding at year end	23,172	(220)	27,319	50,271

The negative Salt Barns PFI liability at 31 March 2019 arose from a pre-payment of calculated finance lease rental payments which reversed fully in 2019-20.

32. 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 extract its share of the underlying financial position and performance of the Scheme with enough reliability for accounting purposes. For the purposes of this Statement of Accounts it is therefore treated on the same basis as a defined contribution scheme.

In 2019-20, the County Council paid £15.725m to Teachers' Pensions in respect of teachers' retirement benefits, being 20.66% of pensionable pay. The figures for 2018-19 were £13.385m and 16.48%. There were no contributions outstanding 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 33.

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 extract 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 2019-20, the County Council paid £0.170m to the NHS Pension Scheme in respect of Public Health and Mental Health staff's retirement benefits, representing 14.38% of pensionable pay. The figures for 2018-19 were £0.190m and 14.38%. There were no contributions outstanding at the year end.

33. 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 shown as a future entitlement.

The Council contributes 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 West Yorkshire Pension Fund, meaning that there are no investment assets built up to meet the pensions liabilities, and cash must be generated to meet actual pensions payments as they eventually fall due. Details of the scheme are shown in the supplementary statement on page 104.

The Norfolk Pension Fund is managed 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 following 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 (i.e. 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 determined by statute as described in the accounting policies note.

Transactions relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when employees earn them, rather than when the benefits are paid as pensions. However, the charge the Council is expected to make against council tax is based on the cash payable in the year, so the full 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:

2018-19			2019-20	
Local Government Pension Scheme £000s	Fire-Fighters Pension Scheme £000s		Local Government Pension Scheme £000s	Fire-Fighters Pension Scheme £000s
		Comprehensive Income and Expenditure Statement:		
		- Cost of Services:		
83,620	7,000	- Current service cost	107,433	6,600
10,492	14,300	- Past service costs/(gains)	(2,401)	(1,900)
(7,989)	(700)	- (Gain)/loss from settlements	(3,242)	(700)
		Financing and Investment Income and Expenditure:		
22,840	9,700	- Net interest expense	26,043	8,800
108,963	30,300	Total post employment benefit charged to the Surplus or Deficit on the Provision of Services	127,833	12,800
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:		
		- Remeasurement of the net defined pension liability including:		
(51,821)	0	- Return on plan assets (excluding the amount included in the net interest expense)	109,678	0
0	(26,100)	- Actuarial (gains) and losses arising on changes in demographic assumptions	(74,045)	(11,300)
224,053	26,200	- Actuarial (gains) and losses arising on changes in financial assumptions	(232,808)	(32,700)
3,663	(9,200)	- Other (if applicable)	(143,381)	3,000
284,858	21,200	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement	(212,723)	(28,200)
		Movement in Reserves Statement:		
(108,963)	(30,300)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits following the Code	(127,833)	(12,800)
		Actual amount charged against the General Fund balance for pensions for the year:		
57,114		Employers contributions payable to the scheme*	59,457	
	6,300	Retirement benefits payable to pensioners		7,100

*(includes contributions in respect of unfunded benefits)

The 2018-19 past service costs include £18.085m for the estimated impact of the recent McCloud ruling and £6.397m for the estimated impact of Guaranteed Minimum Pension indexation changes. The 2019-20 past service gains includes £8.321m for the reduction in the estimated impact of the McCloud ruling following the MHCLG consultation.

McCloud ruling

In December 2018 the Court of Appeal upheld a ruling (“McCloud/Sargeant”) that transitional protections in the Judges’ and Firefighters’ Pension Schemes were unlawful on the grounds of age discrimination, with implications for other public service schemes, including the LGPS.

The MHCLG has consulted on proposals to changes the LGPS to remove unlawful discrimination relating to transitional protection arrangements. The consultation closed on 8 October 2020, and the outcome has yet to be confirmed. The consultation documents estimate additional costs to LGPS employers of £2.5bn in the coming decades. They also point out that as the LGPS is a funded scheme, employer contribution rates are set through local fund valuations and take into account a number of factors and a result it is not possible to say precisely how the proposals may impact on any individual employer’s contribution rate.

The impact of the ruling remains uncertain as it is currently unknown whether benefits gained from 2014 may need to be enhanced or if compensation will be paid. Both Fund’s actuaries have adjusted GAD’s impact estimate to better reflect the local assumptions, particularly salary increases and withdrawal rates. The estimate of increased liabilities due to enhancing all members benefits are included in the figures within this note.

Goodwin ruling

The Goodwin case relates to a recent tribunal ruling on 30 June 2020 around discrimination on the grounds of sexual orientation, whereby the survivor benefit payable to a male spouse of a female member is less than the equivalent benefit payable to a female spouse of a female member. At this stage it is unclear if the Government intend to challenge this ruling and there are no draft regulations or consultation on how to rectify impacted members. As this ruling will only impact on the survivor pensions of female members with pre-1988 service who die after 2005 no specific allowance has been made in the figures above.

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:

2018-19			2019-20	
Funded liabilities:	Unfunded liabilities:		Funded liabilities:	Unfunded liabilities:
Local Government Pension Scheme	Fire-Fighters Pension Scheme		Local Government Pension Scheme	Fire-Fighters Pension Scheme
£000s	£000s		£000s	£000s
(2,984,597)	(366,100)	Present value of the defined benefit obligation	(2,636,836)	(330,800)
1,923,407	0	Fair value of plan assets	1,847,826	0
(1,061,190)	(366,100)	Net liability arising from defined benefit obligation	(789,010)	(330,800)

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

2018-19			2019-20	
Funded liabilities:	Unfunded liabilities:		Funded liabilities:	Unfunded liabilities:
Local Government Pension Scheme	Fire-Fighters Pension Scheme		Local Government Pension Scheme	Fire-Fighters Pension Scheme
£000s	£000s		£000s	£000s
2,666,055	351,200	Balance at 1 April	2,984,597	366,100
83,620	7,000	Current service cost	107,433	6,600
72,112	9,700	Interest cost	72,131	8,800
13,720	1,600	Contributions by scheme participants	14,722	1,600
		Remeasurement (gains) and losses:		
0	(26,100)	Actuarial gains and losses arising on changes in demographic assumptions	(74,045)	(11,300)
224,053	26,200	Actuarial gains and losses arising on changes in financial assumptions	(232,808)	(32,700)
3,663	(9,200)	Other (if applicable)	(143,381)	3,000
10,492	14,300	Past service costs/(gains)	(2,401)	(1,900)
(16,590)	(700)	Losses/(gains) on curtailments	(8,909)	(700)
(72,528)	0	Benefits paid	(80,503)	0
0	(7,900)	Pension and lump sum expenditure	0	(8,700)
2,984,597	366,100	Balance at 31 March	2,636,836	330,800

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

31 March 2019			31 March 2020	
Local Government Pension Scheme			Local Government Pension Scheme	
£000s			£000s	
1,832,609		Opening fair value of scheme assets	1,923,407	
49,272		Interest income	46,088	
		Remeasurement (gain)/loss:		
51,821		The return on plan assets, excluding the amount included in the net interest expense	(109,678)	
57,114		Employer contributions	59,457	
13,720		Contributions from employees into the scheme	14,722	
(72,528)		Benefits paid	(80,503)	
(8,601)		Other (gain/loss from settlements)	(5,667)	
1,923,407		Balance at 31 March	1,847,826	

Local Government Pension Scheme Assets included:

Period ended 31 March 2019				Asset Category	Period ended 31 March 2020			
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	%
				<u>Equity Securities:</u>				
119,225	-	119,225	6%	Consumer	68,472	-	68,472	5%
98,497	-	98,497	5%	Manufacturing	54,293	-	54,293	4%
43,061	-	43,061	2%	Energy and Utilities	16,556	-	16,556	1%
104,286	-	104,286	5%	Financial Institutions	46,414	-	46,414	3%
46,287	-	46,287	2%	Health and Care	42,890	-	42,890	3%
94,122	-	94,122	5%	Information Technology		-		
					57,029		57,029	4%
67	-	67	0%	Other	29	-	29	0%
				<u>Debt Securities:</u>				
-	-	-	0%	Corporate Bonds (investment grade)	-	-	-	0%
-	-	-	0%	Corporate Bonds (non-investment grade)	-	-	-	0%
22,042	-	22,042	1%	UK Government	21,473	-	21,473	1%
				<u>Private Equity:</u>				
-	118,746	118,746	6%	All	-	111,200	111,200	8%
				<u>Real Estate:</u>				
-	190,393	190,393	10%	UK Property	-	158,997	158,997	11%
-	36,750	36,750	2%	Overseas Property	-	36,409	36,409	3%
				<u>Investment Funds and Unit Trusts:</u>				
330,963	-	330,963	17%	Equities	534,074	-	534,074	37%
665,990	-	665,990	35%	Bonds	602,087	-	602,087	42%
-	-	-	0%	Hedge Funds	-	-	-	0%
-	-	-	0%	Commodities	-	-	-	0%
-	-	-	0%	Infrastructure	-	51,610	51,610	4%
-	-	-	0%	Other	-	-	-	0%
				<u>Derivatives:</u>				
-	-	-	0%	Inflation	-	-	-	0%
-	-	-	0%	Interest Rates	-	-	-	0%
(530)	-	(530)	0%	Foreign Exchange	-	(2,593)	(2,593)	0%
5,489	-	5,489	0%	Other	-	-	-	0%
				<u>Cash and Cash equivalents:</u>				
-	48,019	48,019	2%	All	-	48,886	48,886	3%
1,529,499	393,908	1,923,407	100%	Totals	1,443,317	404,510	1,847,827	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 measured 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:

2018-19			2019-20	
Local Government Pension Scheme	Fire-Fighters Pension Scheme		Local Government Pension Scheme	Fire-Fighters Pension Scheme
		Mortality assumptions:		
		Longevity at 65 (60 for fire-fighters' scheme) for current pensioners:		
22.1	27.3	- Men	21.7	26.4
24.4	29.4	- Women	23.9	28.5
		Longevity at 65 (60 for fire-fighters' scheme) for future pensioners:		
24.1	28.4	- Men	22.8	27.5
26.4	30.6	- Women	25.5	29.7
	3.4%	Rate of inflation		2.8%
2.8%	3.4%	Rate of increase in salaries	2.6%	2.8%
2.5%	2.4%	Rate of increase in pensions	1.9%	1.9%
2.4%	2.7%	Rate for discounting scheme liabilities	2.3%	2.3%

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 stay 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:

	2019-20	
Change in assumptions	Approximate % increase to employer liability	Approximate monetary amount
		£000s
0.5% decrease in real discount rate	10%	251,164
0.5% increase in the salary increase rate	1%	22,480
0.5% increase in the pension increase rate	9%	226,661

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 £79.105m - £131.842m).

Fire-Fighters Pension Scheme

Change in assumptions	2019-20	
	Approximate % increase to employer liability	Approximate monetary amount
		£000s
0.5% decrease in real discount rate	10%	32,033
1 year increase in member life expectancy	3%	9,904
0.5% increase in the salary increase rate	1%	3,749
0.5% increase in the pension increase rate	8%	25,264

Impact on the Council's cash flows

The aims 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 checked on an annual basis. The last valuation took place as at 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 offer 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 set up new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council predicts to account for £53.262m employer contributions to the scheme in 2020-21.

The weighted average duration of the defined benefit obligation for scheme members is 20.0 years.

34. Nature and Extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, including:

- 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;
- Market risk - the possibility that financial loss might arise for the Council because of changes in such measures as interest rates movements.

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

Risk management is undertaken out by a central treasury team, under policies approved by the council in the annual treasury management strategy. The council specifies 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.

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 managed through the Annual Investment and Treasury Strategy 2019-20 and the Capital Strategy and Programme 2019-20 as approved by full Council on 11 February 2019, available on the Council's website. The debt recovery policy and framework are part of the council's financial regulations.

Credit Risk Management Practices

For the purposes of assessing credit risk, financial assets are analysed into 3 categories;

- Treasury Investments, including Cash and Cash equivalents
- Capital Loans to third parties
- Other non-statutory Debtors

For Treasury Investments the authority's credit risk management practices are set out in the Annual Investment and Treasury Strategy. The council uses the following when determining whether the credit risk of financial instruments has increased significantly since first recognition:

For deposits made with banks and financial institutions the 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, and other market information to give early warning of likely changes in creditworthiness.

Where a loan has been given to a third party, the annual financial statements and credit reference agency ratings are used to assess continuing creditworthiness in the context of general economic forecasts. Contractual repayment dates are checked to ensure prompt receipts of principal and interest, to show delays which might be a sign of liquidity problems.

The Council does not generally allow extended credit for customers for goods and services. The Council introduces a legal charge on property where, for instance, clients need the help of Social Services but cannot afford to pay straightaway. The total collateral at 31 March 2020 was £2.173m.

The Credit Control Team under delegated authority from the Executive Director of Finance and Commercial Services will instigate a process to recover all debts which have been outstanding for more than 30 days. The Council's Debt Recovery Policy and Framework sets out the process for recovering unpaid debts and for writing off irrecoverable debt. Once a debt has been outstanding for 61 days with no repayment plan it is referred to the Chief Legal Officer to determine if legal action should be pursued. Any irrecoverable debts over £10,000 are referred to the Council's Cabinet for write off authorisation.

The following significant inputs, assumptions and estimation techniques have been used in calculating impairment loss allowances:

For all amortised cost financial instruments, other than non-statutory debtors, suitable credit reference metrics are used to calculate expected credit loss on a case by case basis. If there are any specific factors showing business risk, then the best available information will be used to calculate expected credit loss.

Debt collection data is presented to elected members regularly in finance monitoring reports. These reports include the percentage of invoiced income collected within 30 days, areas of high unpaid debts, outstanding secured and unsecured debt, and the value of debts written off. These factors, a long-term analysis and projection of debts written off, including trends over time, have been used as the basis for calculating the expected credit loss for short term debtors.

Amounts Arising from Expected Credit Losses

The changes in the loss allowance for financial assets measured at amortised cost during the year are as follows:

31 March 2019		31 March 2020
£000s		£000s
6,550	Opening Balance at 1 April	6,364
2,369	New financial assets originated or bought	1,430
(1,119)	Financial assets that have been derecognised	(2,280)
(1,436)	Other Changes	(872)
6,364	Balance as at 31 March	4,642

The loss allowance is calculated using the lifetime expected credit losses (simplified approach). During the year the Council wrote off no financial assets that are still subject to enforcement activity.

Credit Risk Exposure

The authority has the following exposure to credit risk at 31 March 2020:

	2019-20	
	Credit Risk Rating (as used by the Council)	Gross Carrying Amount
		£000s
12-month expected credit losses	AAA	68,568
	AA	-
	A	63,838
	Not Rated	25,103
Simplified approach	Not Rated	91,075

Liquidity Risk

The Council has a comprehensive cash flow management system that looks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loan Board. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a considerable proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowings during specified periods. The strategy through 2019-20 ensured that no more than 15% of loans are due to mature within any rolling two-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is as follows:

31 March 2019			31 March 2020
£000s	Maturity Structure	Upper Limit	£000s
13,689	Less than one year	15%	13,802
5,025	Between one and two years	15%	2,500
31,526	Between two and five years	45%	49,750
98,650	Between five and ten years	75%	84,400
485,550	More than ten years	100%	564,768
634,440	Total		715,220

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

Market Risk

a) Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in 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 shown at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not change 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 are included in the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. 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 several strategies for managing interest rate risk. The Annual Investment and Treasury 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 supplies maximum limits for fixed and variable interest rate exposure. The central treasury team will check 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	1,500
Impact on surplus or deficit on the Provision of Services	1,500
Decrease in fair value of fixed rate investment assets	N/A
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)	216,338

The impact of a 1% fall in interest rates would be as above but with the movements reversed.

b) Price Risk

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

The Council does have shares in seven wholly owned companies (including the Norse Group), two other controlled companies and in a local authority purchasing consortium operated by a joint committee. 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.

c) 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.

35. Foundation Schools

The Schools Standards and Framework Act 1998 changed the status of Grant Maintained Schools to Foundation Schools supported 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 the balance sheet. Fixed assets and long-term liabilities are entrusted to the Governing Bodies of individual Foundation Schools and are not included in the balance sheet.

During 2019-20 no schools changed to or from Foundation status, giving a total in this authority area of 28 Foundation Schools (28 in 2018-19).

36. 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, following the Code, are excluded from the County Council's balance sheet.

31 March 2019		31 March 2020
£000s		£000s
13,015	Norfolk Pension Fund	9,349
1,389	Norse Care Ltd	3,198
1,543	Independence Matters CIC	2,264
15,947	Total	14,811

37. Trust Funds

During 2017-18 the administration of several trust funds transferred to the Norfolk Community Foundation, which is an independent grant making charity serving Norfolk. The Council is still sole or custodian trustee for six trust funds and as one of several trustees for a further two trust funds and manages a bequest. Only one of these funds (the bequest) has asset values over £10,000. None of these funds are assets of the Council, and they have not been included in the Balance Sheet.

Supporting the Cash Flow Statement

38. Cash Flows from Operating Activities

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

2018-19		2019-20
£000s		£000s
(55,555)	Depreciation	(56,899)
(13,871)	Impairment and downward valuations	(13,826)
(5,591)	(Increase)/decrease in creditors	(8,299)
48,169	Increase/(decrease) in debtors	(15,424)
(75,849)	Movement in Pension Liability	(74,076)
(68,783)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(39,168)
(58)	Other non-cash items charged to the net surplus or deficit on the provision of services	(5,513)
(171,538)		(213,205)

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

2018-19		2019-20
£000s		£000s
(2,538)	Interest received	(3,661)
30,319	Interest paid	33,466
(1,350)	Dividends received	(1,280)

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

2018-19		2019-20
£000s		£000s
112,410	Capital grants credited to the deficit on the provision of services	117,427
5,891	Proceeds from the sale of property, plant and equipment	4,880
(37,000)	Proceeds from short term investments (not considered to be cash equivalents) and long-term investments	561
81,301		122,868

39. Cash Flows from Investing Activities

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

2018-19		2019-20
£000s		£000s
126,198	Purchase of property, plant and equipment, investment property and intangible assets	130,555
0	Purchase of short-term and long-term investments	53,990
4,468	Other payments for investing activities	4,968
(5,058)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,713)
0	Proceed from short-term and long-term investments	(1,797)
(123,392)	Other receipts from investing activities	(114,764)
2,216	Net cash flows from investing activities	67,239

40. Cash Flows from Financing Activities

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

2018-19		2019-20
£000s		£000s
(100,000)	Cash receipts of short-term and long-term borrowing	(87,100)
3,887	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,603
7,895	Repayments of short-term and long-term borrowing	6,870
(88,218)	Net cash flows from financing activities	(78,627)

Reconciliation of Liabilities Arising from Financing Activities

2019-20				
	Balance as at 1 April	Financing Cash Flows	Non-Cash Changes	Balance as at 31 March
	£000s	£000s	£000s	£000s
Long term borrowings	(620,751)	(87,074)	6,407	(701,418)
Short term borrowings	(13,689)	6,844	(6,957)	(13,802)
Lease liabilities	(1,414)	542	0	(872)
On balance sheet PFI liabilities	(50,271)	1,061	0	(49,210)
Total liabilities from financing activities	(686,125)	(78,627)	(550)	(765,302)

2018-19				
	Balance as at 1 April	Financing Cash Flows	Non-Cash Changes	Balance as at 31 March
	£000s	£000s	£000s	£000s
Long term borrowings	(527,740)	(99,898)	6,887	(620,751)
Short term borrowings	(14,226)	7,793	(7,256)	(13,689)
Lease liabilities	(2,223)	809	0	(1,414)
On balance sheet PFI liabilities	(53,349)	3,078	0	(50,271)
Total liabilities from financing activities	(597,538)	(88,218)	(369)	(686,125)

Other Notes

41. Accounting Policies

i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2019-20 financial year and its position at the year end of 31 March 2020. The Council must prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which need to be prepared following proper accounting practices. These practices primarily form the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 (the Code), supported by International Financial Reporting Standards (IFRS).

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

The Statement of Accounts have been produced on a going concern basis.

ii) Recognition of Income and Expenditure

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services transfer to the service recipient following the performance obligations in the contract. Any performance obligations not satisfied will remain on the balance sheet as either a Contract Asset or Contract Liability.

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will fulfil the conditions attached to the payments, and the grants or contributions will be received. If the conditions have not been satisfied, the grants or contributions are shown in the Balance Sheet as creditors. When conditions are fully satisfied, the grant or contribution is credited to the relevant service line 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 (including Community Infrastructure Levy contributions) 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. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been used to fund capital expenditure.

Supplies are recorded as expenditure when they are used. Where there is a gap between the date supplies are received and their consumption, they are shown 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 based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii) 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 highly liquid 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.

iv) 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 expected 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.

v) Employee BenefitsBenefits payable during employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave, bonuses and non-monetary benefits (e.g. cars) are recognised as an expense for services in the year in which employees give service to the Council.

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 in exchange for those benefits and are charged on an accruals basis to the relevant service, or where applicable, to a corporate service at the earlier of when the Council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

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 administered by West Yorkshire Fire Service.

All the schemes offer 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 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, within Community and Environmental Services.

The Local Government Pension Scheme

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

- 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 including mortality rates, employee turnover rates, and projected earnings.
- The assets of the Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.

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

- Service Cost including:
 - Current service cost – the increase in liabilities because of years of service earned this year – distributed in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities because of a scheme amendment or curtailment 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 on the net defined benefit liability i.e. net interest expense for the Council – 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 – considering any changes in the net defined benefit liability during the period because 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 – charged to the Pensions 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 expect 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 expected to account for retirement benefits based on 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 run on a 'pay as you go' basis and as such has no net 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 the same as for the Local Government Pension Scheme above.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits for early retirements. Any liabilities estimated to arise because of an award to any member of staff (including teachers and injury awards to Fire-Fighters) are added 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.

vi) 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 equity shareholdings, 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 beneficial 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, if market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council considers 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 suitable in the circumstances and for which enough 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 shown in the Council's financial statements are categorised within the fair value hierarchy, as follows:

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

vii) Financial InstrumentsFinancial 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.

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 outstanding 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 expected against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments, except equity instruments, to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those equity instruments which are not consolidated into the group accounts. The council has elected to designate these equity instruments as Fair Value through Other Comprehensive Income.

Financial Assets measured at Amortised Cost

Financial assets measured at amortised cost 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 then 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 financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest less any expected credit loss) 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 expects 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 believed to be a material difference and the carrying amount has therefore not been adjusted.

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.

Expected credit losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses, where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or still is low, losses are assessed based on 12-month expected losses. The expected credit loss model also applies to lease receivable and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Equity Instruments Designated as Fair Value through Other Comprehensive Income (FVOCI)

The council holds several equity instruments for which it has elected to measure at FVOCI. Financial assets measure at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instruments and are initially measured and carried at fair value. Fair value gains and losses are only recognised when the instrument is sold.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised following the following three levels:

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

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

viii) Heritage Assets

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. Heritage Assets obtained before 1 April 2010 have not been capitalised, since reliable estimates of cost or value are not available on a cost-effective basis.

Heritage Assets will be recognised, measured, revalued, impaired and disposed of following 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 suitable.

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

ix) Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically possible 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 a sign 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 allowed 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 revenues greater than £10,000) the Capital Receipts Reserve.

x) 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 amortised cost for subsidiaries and fair value for all others.

xi) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

xii) 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 help the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and then at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. 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 allowed 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 revenues greater than £10,000) the Capital Receipts Reserve.

xiii) Joint Operations

Joint operations 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.

xiv) 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.

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 start (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Operating Leases

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

xv) Overheads and Support Services

Central departments work within predetermined budgets and generally their costs are not distributed to departments.

xvi) 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, if it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that supports 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.

Measurement

Assets are initially measured at cost, including:

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

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- 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 – current 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 current 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 found, 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 holds revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been included in the Capital Adjustment Account.

Componentisation

Where an asset has a part with a significant cost in relation to the overall asset and a different useful life, the Council is expected under the Code to recognise the part 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 part of an asset, the original part is derecognised to ensure that the Council does not overstate its assets.

The de-minimis level for componentising assets is £1.7m on the gross book value of buildings only.

Impairment

Assets are assessed at each year-end as to whether there is any sign 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.

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings 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 recommended 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 directly before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a later 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 (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal more than £10,000 are categorised as capital receipts. Receipts must be credited to the Capital Receipts Reserve, and can then only be used for the following:

- new capital investment
- set aside to reduce the Council's underlying need to borrow (the capital financing requirement)
- used to help fund the revenue costs of transformation projects and release savings, as directed by the Secretary of State in December 2017 exercising his powers under sections 16(2)(b) and 20 of the Local Government Act 2003.

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.

xvii) 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 deliver 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 Council was involved in three PFI schemes throughout 2019-20 – Norwich Schools, Salt Barns and Street Lighting. The Salt Barns contract came an end in April 2020, when the assets transferring to 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 10.07%, Salt Barns PFI 44.34% and Street Lighting PFI 8.20%).
- **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.

xviii) Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably needs 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 service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure needed to settle the obligation, considering 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 needed (or a lower settlement than expected is made), the provision is reversed and credited back to the relevant service.

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

xix) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the 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, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xx) 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.

xxi) Schools

In line with the Code of Practice and IFRS10 the single entity financial statements include the income, expenditure, current assets, current liabilities, reserves and cash flows of the Council's maintained schools.

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

xxii) Value Added Tax (VAT)

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

42. Accounting Standards issued, not adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 (the Code), the Council must disclose information setting out the impact of an accounting change needed by a new accounting standard that has been issued but not yet adopted by the Code.

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures.
- The IASB issued Annual Improvements to IFRS Standards 2015–2017 Cycle on 8 December 2016, amending IFRS 1, IFRS 12 and IAS 28. These improvements will have no impact on the single entity or group accounts.
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement. IAS 19 Employee Benefits specifies that, from 1 April 2020, if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. Given the variables involved, it is not possible to estimate the accounting impact of this change.
- The implementation of IFRS16 will have a significant impact on the way in which leased assets are accounted for. This will result in a number of vehicle and property leases currently classified as operating leases to be brought onto the balance sheet. CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021. The Norse Group have adopted IFRS16, resulting in £10.350m of operating lease liabilities at the 31 March 2019 being reclassified as finance leases. These are reflected in the Group Accounts at 31 March 2020 along with a corresponding finance liability of £12.116m. The Council has taken the decision to depart from the CIPFA Code and not to adjust the Group Accounts to reverse the impact of IFRS16 adoption. The information required to reverse the impact of IFRS16 in the 2020/21 accounts will not be available from Norse and as the newly recognised assets in the balance sheet are less than 0.7% it is considered the non-adjustment will not materially impact the users understanding of the accounts. From 1 April 2021 the Council's accounts and group accounts will converge as both will be subject to IFRS16.

43. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 41, 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, particularly given the uncertainty of how the Council's response to the COVID-19 pandemic will be funded. However, the Council has determined that this uncertainty is not sufficiently clear to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or reduce levels of service provision. This position will be clarified during 2020/21 and reflected in the Council's financial statements ending 31 March 2021.
- The Dedicated Schools Grant Reserve is a negative reserve. The Department for Education (DfE) regulations (The School and Early Years Finance (England) Regulations 2020) make clear the requirement for any DSG deficit balance to be held within the Council's overall DSG, meaning authorities cannot fund a deficit from the general fund without the Secretary of State's approval. The accumulated DSG deficit is disclosed as an earmarked usable reserve within the accounts.
- The Council is considered to control the services provided under the three operational PFI agreements (Norwich Schools, Salt Barns and Street Lighting) and 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 £41.2m) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.

44. Assumptions made about the future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements needs 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
Pensions Liability	Estimation of the net liability to pay pensions depends on several 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 £251.164m. However, the assumptions interact in complex ways. During 2019-20, the Council's actuaries notified that the net pension liability had decreased by £272.180m.

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 £2.6m for every year that useful lives had to be reduced.
Property Valuation	The value of Land and Buildings (excluding Infrastructure Assets), Surplus & Investment properties is assessed by the Council's external valuers on a 5 year cycle, with annual reviews to check that values are not materially mis-stated. As a result of COVID-19, valuations totalling £605m are subject to 'material valuation uncertainty' as per the RICS Red Book Global. Of these valuations 70% relates to Land and Buildings used for operational purposes such as Schools, Fire service and Library. The professional advice relating to the valuations of these assets was received in the context of a statement issued by Royal Institution of Chartered Surveyors (RICS). This statement concluded that for valuations taken after the COVID-19 outbreak and associated restrictions: "Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review."	Since 31 March 2020, Norfolk County Council has been in regular contact with its valuers. At no stage has any evidence come to light that the value of the Norfolk County Council properties portfolio has materially reduced or increased since valuations were undertaken during the 5 year valuation cycle. This is supported by external indices including Office for National Statistics house price inflation , and BCIS indices which underpin a significant proportion of the valuation of such operational Land and Property. The council has been informed that the 'material valuation uncertainty' clause has now been lifted for more recent certain valuations, with the RICS statement amended to state that "some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value". As a result of all these factors, the Council considers its 31 March 2020 property valuation remain materially accurate.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair value measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. 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 needed in determining 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.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to find the most suitable valuation techniques to determine fair value (for example for investment properties, valuations are undertaken by NPS Property Consultants Limited).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 20 and 21.</p>	<p>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.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions about planning potential, or untested ground conditions.</p> <p>Significant changes in the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p>

45. Related Party Transactions

The Council must show 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 function independently or might have secured the ability to limit another party's ability to bargain freely with the Council. These include:

Central Government

Central Government has considerable influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council functions, provides most 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 8 and 9. Grant receipts not yet recognised due to conditions attached to them at 31 March 2020 are included in current liabilities and are shown in note 25.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2019-20 is shown in note 12. 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 £1.104m (£1.274m in 2018-19) of funding to several charities for which several members are Trustees. Further details are available in the Register of Member's Interests.

Officers

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

Other Public Bodies:

- (i) Eastern Inshore Fisheries and Conservation Authority (EIFCA) – There are three councillors that represent the council on the EIFCA.
- (ii) The Council has pooled fund arrangements with Clinical Commissioning Groups and other health bodies. Transactions and balances outstanding are detailed in note 11.
- (iii) As part of the day-to-day activities of the Council, joint committees are set up with other organisations including district councils and health bodies. The accounts include all of the Council's revenue transactions, assets and liabilities relating to the joint committees.
- (iv) 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. Further information on ESPO can be found in their own Statement of Accounts.

Pension Fund

During the financial year, the pension fund had an average daily balance of £14.065m of surplus cash deposited with the Council (£11.342m in 2018-19). The Council paid the fund a total for interest of £0.102m on these deposits (£0.073m in 2018-19). The Council charged the fund £0.007m (£0.007m in 2018-19) for expenses incurred in administering these balances.

Companies and Joint Ventures

The Council has eight active 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 2019-20. During the year the total values of payments made to and received from Norse Group Ltd, were £79.593m and £3.405m respectively (£86.153m and £3.559m respectively in 2018-19).

Independence Matters is a Community Interest Company. The total value of payments made to and received from Independence Matters were £20.288m and £0.158m respectively (£15.430m and £0.034m respectively in 2018-19).

Hethel Innovations Ltd (HIL), Repton Property Developments Ltd and Norfolk Safety CIC are all 100% owned by the Council and were active throughout 2019-20. NCC HH Limited and NCC Nurseries Limited started trading in 2019-20, as did LCIF2 Limited (jointly owned with UEA).

All of these companies have Council member or officer representation on their boards of directors. The Council has supplied short term working capital and long-term capital loans to its subsidiaries at suitable rates of interest and repayable on terms relating to the nature or the loan and the expected life of underlying assets.

Further detail are included in the Group Accounts on page 106.

46. Contingent Liabilities

Financial Guarantees

The Council applies for funding from several diverse sources. In some cases, the funding agreement includes a clause needing the Council to supply a financial guarantee to secure the funding. The guarantees given are not specific and generally relate to agreements to supply 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 keep 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 given 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 every five years. At the time of the most recent valuation (December 2019), attributable pension fund assets exceeded liabilities. The value of collateral property exceeded the total indemnity required by several multiples, and also exceed the gross scheme liabilities plus indemnity required and therefore is considered adequate to meet any obligation that may arise for the Fund.

47. Going Concern

Going Concern

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis.

The Corona virus restrictions across the UK, have created significant issues for many businesses and residents and as a result from April 2020, Council income was affected detrimentally as some paid-for services were not able to operate. The government has provided some support for lost income and for the additional costs borne by authorities because of the crisis and the Council has secured £81.3m in this regard.

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

Date	General Fund	Earmarked reserves
31 March 2020	£19.706m	£89.402m

We have carried out an assessment of the impact of COVID-19 on our future finances and we are satisfied that there is no material uncertainty relating to the Council's going concern. Through our assessment we have identified that we expect in 2020-21:

Reductions in revenue relating to:

1. Adult Social Care – services not supplied £0.9m
2. Children's Services – trading with schools and transport income £2.9m
3. Community and Environmental Services – highways £2.5m

4. Community and Environmental Services – museums, libraries and other sales, fees and charges £2.8m
5. Strategy and Governance – registrars £1.5m
6. Finance, Commercial Services, Strategy and Governance - other £1.3m.

Medium Term Financial Strategy planning has been based on addressing an original 2021-22 budget deficit of £38.992m which was identified in February 2020. Since then further pressures and savings options have been identified and reported to members as part of the budget setting process. Service departments have been challenged to identify savings to bridge that gap. Some reserves use is anticipated but we are anticipating that the general fund balance will be fully maintained.

Additional costs relating to COVID-19 have been estimated at £80.2m. The majority of additional costs are in Adult Social Services, including £22.3m use of infection control funding, £10m in provider support payments, £6m care market cost pressures, reduced ability to deliver planned savings £10.7m and temporary postponed charging policy implementation £3m. Other cost pressures are forecast throughout the Council, including corporate procurement of PPE (personal protective equipment) expected to cost £6m.

The result of the above is an overall COVID-19 related cost pressure of £92.1m. To date, grant income of £81.3m has been secured from central government, resulting in a total forecast shortfall against grant funding of £10.8m. Senior management has identified potential underspends in year, which together with the service department savings results in a forecast overspend of £3.9m at the end of 2020-21, subject to further mitigating actions and additional grant funding.

The forecasts outlined above have been based on local assumptions regarding lockdown pressures. Additional costs may become apparent, for example as services continue to be restored. However, the government is maintaining a dialogue with local authorities, and the Council expects to receive additional grant funding to partly offset additional costs, and to cover a proportion of lost income in the remainder of the financial year.

Therefore, despite currently showing a forecast overspend of £3.9m, we do not expect to end the year with a material overspend. We expect management actions to reduce costs, along with additional grant funding to significantly reduce the current year overspend. Any deficit will be funded from earmarked reserves, and the General Fund balance will be maintained above its minimum balance.

A particular area of risk continues to relate to Business Rates and Council Tax income. No change is anticipated in 2020-21 as any impact from a reduction in the collection funds will take effect in 2021-22.

The Council has undertaken cash flow modelling through to March 2022 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with a minimum headroom of £192 million.

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the approval of these financial statements, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances of £128 million at 30 September 2020 and the ability for planned additional borrowing (for capital programme not revenue support) under the Treasury Management Policy of up to £140 million. This borrowing is intended to be sourced from the Public Works Loan Board (PWLB). This demonstrates that the Council has sufficient liquidity over the same period, assuming forecast additional borrowings of £140 million.

COVID-19 Pandemic

The World Health Organization (WHO) declared COVID-19 a pandemic on 11 March 2020 and on 23 March 2020, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were 'furloughed' on 80% of their existing salary paid by central government. The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon

the UK and global economy. As the condition did exist at the 31 March 2020, this is potentially an adjusting event, for which a estimate of its financial effect on the reporting entity can be made as at 31 March 2020, particularly with regards to financial impact for 2019-20 in terms of Property Plant and Equipment valuations and impairments (addressed in Note 44 Assumptions made about the future and Other Major Sources of Estimation Uncertainty), the provision for impairment on receivables and Pension liability valuations as at the balance sheet date.

Expenditure incurred on additional service provision, or reduced Income from services or investments pertaining to 2020-21 will be accounted for within the 2020-21 financial statements in accordance with our accounting policies and accepted accounting practice.

48. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Executive Director of Finance and Commercial Services on 30 November 2020. Events that occur after this date are not reflected in the financial statements or notes. Where events taking place before this date supplied information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no events since 31 March 2020, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

Norfolk Fire-Fighters Pension Fund Accounts

This section summarises the accounts of the Fire-Fighters' Pension Fund for the year ending 31 March 2020. 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 87, 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 2020

2018-19		2019-20
£000s		£000s
	Contributions receivable	
	County Council	
(1,841)	- Contributions in relation to pensionable pay	(3,646)
	- Early retirements	
(158)	- Other (ill health charge from NCC)	(159)
(1,560)	Fire-Fighters' contributions	(1,607)
(3,559)		(5,412)
(15)	Transfers in from other authorities	(1)
(3,574)		(5,413)
	Benefits payable	
7,219	Pensions	7,632
1,500	Commutations and lump sums	2,398
8,719		10,030
5,145	Net amount payable for the year	4,618
(5,145)	Top up grant payable by Government	(4,618)
0		0

Fire-Fighters Pension Fund Net Assets Statement

31 March 2019		31 March 2020
£000s		£000s
1,381	Top up (payable to) / receivable from Government	1,405
(1,381)	Amount owing (to) / from General Fund	(1,405)
0		0

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

Notes to the Norfolk Fire-Fighters Pension Fund Accounts

1. Summary of Arrangements

There are four schemes run 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 most active members paying into this scheme. The employer contribution rate has been set at 28.8% of Fire Officers pensionable pay. The rate is 37.3% for the old scheme and 27.4% 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 6 special active members under this scheme, all retained. The employer contribution rate has been set at 37.3% of Fire Officers pensionable pay, the same as if they were under the 1992 scheme.

Payments are made under all schemes until 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 must be generated to meet actual pensions payments as they eventually fall due. Information on the Council's long-term pension obligations can be found in Note 33 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 supports 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

West Yorkshire Pension Fund has the responsibility for, and continues to administer and pay, fire officer pensions following the Fire Pension Regulations 1992 (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 several 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 several 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 material to the financial statements. Details of the companies considered for consolidation are shown below.

The Group Accounts include 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.

Following this requirement, the Council has determined its Group relationships as follows:

Norse Group Ltd	Subsidiary	Consolidated
Independence Matters CIC	Subsidiary	Consolidated
Hethel Innovation Ltd	Subsidiary	Not material
Norfolk Safety CIC	Subsidiary	Not material
Repton Property Developments Ltd	Subsidiary	Not material
NCC HH Ltd	Subsidiary	Ceased Trading
NCC Nurseries Ltd	Subsidiary	Not material
LCIF2 Limited	Subsidiary	Not material
Norfolk Energy Futures Ltd	Subsidiary	Dissolved
Great Yarmouth Development Company Ltd	Subsidiary	Ceased Trading
NPLaw Limited (formerly Public Law East Ltd)	Subsidiary	Dormant
Educator Solutions Ltd	Subsidiary	Dissolved
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 includes 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 21 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. The Council has supplied several loans to the Norse Group and its subsidiaries for capital investment purposes, including £10m for energy projects (2015-16) and £6.25m to support the development of the International Aviation Academy Norwich (2016-17). The total balance outstanding on all Norse Group capital loans at 31 March 2020 was £22.4m.

The company's accounting period for 2019-20 is from 1 April 2019 to 31 March 2020. Copies of the final accounts of the company for the period ended 31 March 2020 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 2020 are shown in the table below.

2018-19		2019-20
£000s		£000s
64,903	Current Assets	72,565
118,397	Non-current assets	134,926
(59,642)	Current Liabilities	(72,340)
(107,706)	Non-current liabilities.	(108,774)
15,952	Net Assets for the accounting period	26,377
306,777	Revenue	338,613
13,442	Profit or loss from continuing operations	7,332
8,317	Profit/(Loss) for the accounting period (after Tax)	4,032
(10,529)	Other comprehensive (expense) / income	2,332
(2,212)	Total comprehensive (expense) / income	6,364
	<u>Extent of non-controlling interests:</u>	
(2,476)	Non-controlling equity interest	(463)
(1,556)	Non-controlling interest in the Profit/(Loss) for the accounting period before intra-group eliminations	569

The non-controlling interests result from several joint ventures entered into by the Norse Group Ltd.

Independence Matters CIC

Independence Matters is a Community Interest Company (CIC) which started trading 1 November 2013. Norfolk County Council owns 49% of the shares with the remaining shares held by an Employee Benefit Trust.

Independence Matters CIC is the first 'spin out' social enterprise to be launched by the Council, with over 600 staff transferring from Norfolk County Council's Personal and Community Support Services. From 10 December 2018, Home Support Matters, a Social Enterprise wholly owned by Independence Matters CIC undertook the continuity of care for all former customers of Allied Healthcare.

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.

During 2019-20, over 90% of the company's turnover of £19.409m 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.

Hethel Innovation Limited (HIL)

HIL is wholly owned by the Council. The company was set up as a special purpose vehicle to build 'grow on' space for businesses, maximising the use of EU funding. The company owns and runs the Hethel Engineering Centre, manages Scottow Enterprise Park on behalf of the Council, and promotes a variety of networks and events to promote enterprise in Norfolk.

Norfolk Safety Community Interest Company (CIC)

Norfolk Safety CIC runs in partnership with Norfolk Fire and Rescue Service, and supplies a range of risk management, training and development and other services to public bodies, third sector organisations and businesses.

Repton Property Developments Limited

Repton Property Developments Ltd, incorporated on 27 July 2017, is wholly owned by the Council. The company has been set up to develop the Council's surplus properties and other suitable land.

NCC Nurseries Limited

NCC Nurseries Limited, incorporated on 27 November 2019, was established to replace the Norfolk nursery places which were lost as a result of the Great Yarmouth Community Trust going into liquidation 10 December 2019.

NCC HH Limited

NCC HH Limited, incorporated on 27 November 2019, was established to continue the provision of education at Horatio House Independent School which was under threat as a result of the Great Yarmouth Community Trust going into liquidation 10 December 2019. NCC HH Limited ceased actively trading on 31 August 2020.

LCIF2 Limited

LCIF2 Limited was incorporated on 29 August 2019 and is jointly owned with the University of East Anglia. The company is limited by guarantee and has been established to manage the Low Carbon Innovation Fund, providing finance to a number of early and growth stage businesses in a variety of sectors.

Norfolk Energy Futures Ltd (NEFL)

NEFL ceased actively trading in 2017 when the company's assets were transferred to the County Council. The company was dissolved on 29 September 2020.

Great Yarmouth Development Company Limited (GYDC)

GYDC is jointly owned with Great Yarmouth Borough Council and completed a housing project in 2014-15. The company is currently being closed.

NPLaw Limited (formerly Public Law East Limited)

NPLaw Limited, incorporated on 13 February 2017, is a wholly owned company. It is currently dormant.

Educator Solutions Limited

Educator Solutions Ltd, incorporated on 15 April 2016, is wholly owned by the Council. It was dissolved on 13 October 2020.

Relationships with Other Entities

Legislator companies

A 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 in 2004. The County Council holds 60% of Legislator 1656 with the City Council holding the remaining 40%. Further details are included in the note on Financial Instruments on page 54.

The accounts for 2019-20 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, following the Code.

Group Comprehensive Income and Expenditure Statement

2018-19				2019-20		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
446,874	149,718	297,156	Adult Social Services	480,542	160,239	320,303
615,792	391,221	224,571	Children's Services	628,722	363,585	265,137
341,143	164,865	176,278	Community and Environmental Services	358,933	185,432	173,501
16,210	5,103	11,107	Strategy and Governance Services	16,817	5,486	11,331
54,723	19,552	35,171	Finance and Commercial Services	67,746	25,934	41,812
14,082	8,846	5,236	Finance General	23,428	5,217	18,211
115,934	119,608	(3,674)	Other Services	117,564	120,707	(3,143)
5,943	0	5,943	Non-Distributed Costs	(21,148)	0	(21,148)
0	0	0	Exceptional Items	0	0	0
0	846	(846)	Other Operating Income	0	1,309	(1,309)
1,610,701	859,759	750,942	Cost of Services	1,672,604	867,909	804,695
		64,642	Other Operating Expenditure			35,355
		61,570	Financing and Investment Income and Expenditure (Note 1)			65,603
		(765,954)	Taxation and Non-Specific Grant Income			(817,230)
		111,200	(Surplus) / Deficit on Provision of Services			88,423
		5	Share of (surplus) or deficit of associates			40
		515	Tax Expenses (Note 2)			613
		111,720	Group (Surplus) / Deficit			89,076
		(22,287)	(Surplus) / Deficit on Revaluation of Property, Plant and Equipment Assets			(25,024)
		179,480	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(383,888)
		157,193	Other Comprehensive Income and Expenditure			(408,912)
		268,913	Total Comprehensive Income and Expenditure			(319,836)
		(1,480)	Comprehensive Income and Expenditure attributable to Non-Controlling Interests in Subsidiaries			2,013

Group Movement in Reserves Statement

	Council's Usable Reserves	Subsidiary Usable Reserves (Note 10)	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves (Note 10)	Total Group Unusable Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2018	173,576	(5,825)	167,751	(223,909)	16,882	(207,027)	(39,276)
Movement in Reserves during 2018-19							
Total Comprehensive Expenditure and Income	(38,642)	(84,068)	(122,710)	(144,508)	(215)	(144,723)	(267,433)
Adjustments between Group Accounts and Council Accounts**	(84,110)	84,110	0	0	0	0	0
Net increase or decrease before transfers	(122,752)	42	(122,710)	(144,508)	(215)	(144,723)	(267,433)
Adjustments between accounting basis & funding basis under regulations	127,996	0	127,996	(127,996)	0	(127,996)	0
Increase / (Decrease) in Year	5,244	42	5,286	(272,504)	(215)	(272,719)	(267,433)
Balance at 31 March 2019	178,820	(5,783)	173,037	(496,413)	16,667	(479,746)	(306,709)
Movement in Reserves during 2019-20							
Total Comprehensive Expenditure and Income	(16,635)	(72,122)	(88,757)	406,580	0	406,580	317,823
Adjustments between Group Accounts and Council Accounts**	(80,934)	80,934	0	0	0	0	0
Net increase or decrease before transfers	(97,569)	8,812	(88,757)	406,580	0	406,580	317,823
Adjustments between accounting basis & funding basis under regulations	112,109	0	112,109	(112,109)	0	(112,109)	0
Increase / (Decrease) in Year	14,540	8,812	23,352	294,471	0	294,471	317,823
Balance at 31 March 2020	193,360	3,029	196,389	(201,942)	16,667	(185,275)	11,114
Minority Interest share of subsidiary reserves	0	0	0	0	(463)	(463)	(463)
Balance at 31 March 2020	193,360	3,029	196,389	(201,942)	16,204	(185,738)	10,651

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

Group Balance Sheet

31 March 2019		Group Note	31 March 2020
£000s			£000s
1,727,850	Property, Plant & Equipment	3	1,768,188
7,169	Heritage Assets		13,294
21,192	Investment Property		22,100
7,412	Intangible Assets	4	6,625
2,439	Long Term Investments		6,471
75	Investments in Associates and Joint Ventures		131
65,082	Long Term Debtors	7	63,923
6,599	Deferred Tax Asset		7,541
1,837,818	Long Term Assets		1,888,273
30,183	Short Term Investments		85,103
3,658	Inventories	5	3,148
212,011	Short Term Debtors	7	207,165
77,825	Cash and Cash Equivalents	8	80,800
1,336	Assets Held for Sale		4,300
325,013	Current Assets		380,516
(20,994)	Short Term Borrowing		(21,936)
(3,634)	Other Short-Term Liabilities		(8,230)
(194,868)	Short Term Creditors	9	(211,371)
(6,762)	Provisions		(8,677)
0	Current tax liability		(657)
(226,258)	Current Liabilities		(250,871)
(16,274)	Long Term Creditors	9	(15,905)
(19,262)	Provisions		(22,664)
(640,399)	Long Term Borrowing		(713,187)
(1,529,768)	Other Long-Term Liabilities		(1,227,233)
(40,055)	Capital Grants Receipts in Advance		(28,278)
(2,245,758)	Long Term Liabilities		(2,007,267)
(309,185)	Net Assets		10,651
173,037	Usable Reserves	10	196,389
(482,222)	Unusable Reserves	10	(185,738)
(309,185)	Total Reserves		10,651

Group Cash Flow Statement

31 March 2019		31 March 2020
£000s		£000s
111,200	Net (surplus) or deficit on the provision of services	88,423
(167,979)	Adjust net (surplus) or deficit on the provision of services for non-cash movements	(219,471)
80,998	Adjust for Items in the net (surplus) or deficit on the provision of services that are investing and financing activities	122,465
24,219	Net cash flows from Operating Activities (note 13)	(8,583)
4,477	Investing Activities (note 14)	85,309
(83,832)	Financing Activities (note 15)	(79,701)
(55,136)	Net (increase) or decrease in cash and cash equivalents	(2,975)
22,689	Cash and cash equivalents at the start of the year	77,825
77,825	Cash and cash equivalents at the end of the year (note 8)	80,800

Notes to the Group Accounts

Supporting the Comprehensive Income and Expenditure Statement.....	116
1. Group Comprehensive Income and Expenditure Statement (Group CIES).....	116
2. Tax Expenses of Group Entities.....	116
Supporting the Balance Sheet.....	117
3. Property, Plant and Equipment	117
4. Intangible Assets	119
5. Inventories	119
6. Financial Instruments	120
7. Debtors	121
8. Cash and Cash Equivalents	121
9. Creditors	121
10. Reserves	122
11. Leasing	122
12. Defined Benefit Pension Schemes	124
Supporting the Cash Flow Statement.....	126
13. Cash Flows from Operating Activities	126
14. Cash Flows from Investing Activities.....	127
15. Cash Flows from Financing Activities.....	127
Other Notes	128
16. Accounting Policies	128

Supporting the Comprehensive Income and Expenditure Statement

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

2018-19		2019-20
£000s		£000s
1,570	Interest payable and similar charges	1,832
1,075	Net interest cost and on the net defined benefit liability	991
(221)	Interest receivable and similar income	(128)
2,424	Total for Norse Group Ltd and Independence Matters	2,695

2. Tax Expenses of Group Entities

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

2018-19		2019-20
£000s		£000s
	Current Tax:	
693	Tax in respect of the current year	1,671
322	Adjustments in respect of prior years	385
	Deferred Tax:	
1,437	Retirement benefit obligations	387
(2,156)	Deferred tax on actuarial loss/(gain) for the year	0
219	Origination and reversal of timing differences	(554)
0	Adjustments in respect of prior years	(1,274)
0	Impact of the change in tax rates recognised in the Comprehensive Income and Expenditure Statement	(2)
515	Total Taxation Expenses	613

Supporting the Balance Sheet

3. Property, Plant and Equipment

2019-20	Land and buildings £000s	Vehicles, plant, and equipment £000s	Infrastructure £000s	Assets under construction £000s	Surplus assets £000s	Total Property, Plant and Equipment £000s
<u>Cost or Valuation</u>						
At 1 April 2019	766,426	130,361	1,276,561	36,220	22,760	2,232,328
Additions	18,230	29,241	44,383	54,579	369	146,802
Revaluation increases/(decreases):						
- to Revaluation reserve	10,215	0	0	0	9,229	19,444
- to surplus or deficit on provision of services	(10,507)	0	0	0	4	(10,503)
Derecognition - disposals	(37,960)	(5,526)	0	0	(1)	(43,487)
Assets reclassified (to)/from Held for Sale	0	0	0	0	(7,890)	(7,890)
Reclassifications and transfers	24,102	684	8,216	(34,711)	1,207	(502)
At 31 March 2020	770,506	154,760	1,329,160	56,088	25,678	2,336,192
<u>Accumulated Depreciation and Impairment</u>						
At 1 April 2019	115,558	61,510	315,012	0	12,398	504,478
Depreciation charge	17,928	15,451	34,134	0	56	67,569
Depreciation written out to Revaluation reserve	(3,106)	0	0	0	(38)	(3,144)
Depreciation written out on revaluation to surplus or deficit on provision of services	(3,017)	0	0	0	(30)	(3,047)
Impairment losses/(reversals) recognised in:						
- the Revaluation reserve	1,521	0	0	0	0	1,521
- the surplus or deficit on provision of services	6,881	1,100	0	0	369	8,350
Derecognition - disposals	(2,404)	(5,226)	0	0	0	(7,630)
Reclassifications and transfers	(35)	0	0	0	(58)	(93)
At 31 March 2020	133,326	72,835	349,146	0	12,697	568,004
Net Book Value:						
At 31 March 2020	637,180	81,925	980,014	56,088	12,981	1,768,188
At 31 March 2019	650,868	68,851	961,549	36,220	10,362	1,727,850

2018-19	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
<u>Cost or Valuation</u>							
At 1 April 2018	806,224	128,285	1,154,807	13	67,783	24,249	2,181,361
Additions	12,060	14,451	65,466	0	36,992	85	129,054
Revaluation increases/(decreases):							
- to Revaluation reserve	13,789	0	0	0	0	1,542	15,331
- to surplus or deficit on provision of services	(6,702)	0	0	0	0	(20)	(6,722)
Derecognition - disposals	(69,715)	(12,525)	(1,685)	0	0	(40)	(83,965)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	(1,704)	(1,704)
Reclassifications and transfers	10,770	150	57,973	(13)	(68,555)	(1,352)	(1,027)
At 31 March 2019	766,426	130,361	1,276,561	0	36,220	22,760	2,232,328
<u>Accumulated Depreciation and Impairment</u>							
At 1 April 2018	102,019	61,050	284,175	0	0	12,471	459,715
Depreciation charge	17,627	12,120	32,522	0	0	397	62,666
Depreciation written out to Revaluation reserve	(3,532)	0	0	0	0	(8)	(3,540)
Depreciation written out on revaluation to surplus or deficit on provision of services	(1,829)	0	0	0	0	0	(1,829)
Impairment losses/(reversals) recognised in:							
- the Revaluation reserve	(1,748)	0	0	0	0	0	(1,748)
- the surplus or deficit on provision of services	8,894	0	0	0	0	85	8,979
Derecognition - disposals	(5,956)	(11,660)	(1,685)	0	0	(2)	(19,303)
Reclassifications and transfers	83	0	0	0	0	(545)	(462)
At 31 March 2019	115,558	61,510	315,012	0	0	12,398	504,478
Net Book Value:							
At 31 March 2019	650,868	68,851	961,549	0	36,220	10,362	1,727,850
At 31 March 2018	704,205	67,235	870,632	13	67,783	11,778	1,721,646

Capital Commitments

The Norse Group Ltd has capital expenditure commitments of £1.517m as at 31 March 2020.

Details of the Council's capital commitments are shown in Note 18 to the Single Entity accounts.

4. Intangible Assets

The movement on the Group balances during the year:

2018-19				2019-20		
Other Intangible Assets £000s	Goodwill £000s	Total £000s		Other Intangible Assets £000s	Goodwill £000s	Total £000s
			Balance at the start of the year:			
6,437	4,397	10,834	Gross carrying amounts	6,372	4,397	10,769
(4,122)	0	(4,122)	Accumulated amortisation	(3,357)	0	(3,357)
2,315	4,397	6,712	Net carrying amount at 1 April	3,015	4,397	7,412
1,686	0	1,686	Additions (purchases)	186	0	186
(23)	0	(23)	Disposals	(19)	0	(19)
0	0	0	Impairment losses	0	0	0
(963)	0	(963)	Amortisation for the period	(954)	0	(954)
0	0	0	Other Changes	0	0	0
3,015	4,397	7,412	Net carrying amount at 31 March	2,228	4,397	6,625
			Comprising:			
6,372	4,397	10,769	Gross carrying amounts	6,534	4,397	10,931
(3,357)	0	(3,357)	Accumulated amortisation	(4,306)	0	(4,306)
3,015	4,397	7,412	Total	2,228	4,397	6,625

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.

5. Inventories

2018-19			2019-20	
£000s			£000s	
3,527		Balance outstanding at start of year		3,658
15,610		Purchases		31,731
(15,338)		Recognised as an expense in year		(31,949)
(141)		Amounts written off		(294)
3,658		Balance outstanding at year end		3,146

6. Financial Instruments

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

31 March 2019			31 March 2020	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Investments:		
0	30,183	Amortised Cost	3,490	85,103
2,439	0	Fair Value through Other Comprehensive Income	2,981	0
2,439	30,183	Total Financial Assets	6,471	85,103
0	0	Non-financial assets	0	0
2,439	30,183	Total Investments	6,471	85,103
		Debtors:		
65,082	124,842	Amortised Cost	52,967	143,435
65,082	124,842	Total Financial Assets	52,967	143,435
0	87,169	Non-financial assets	10,956	63,730
65,082	212,011	Total Debtors	63,923	207,165
		Cash and Cash equivalents:		
0	77,825	Amortised Cost	0	80,800
0	77,825	Total Financial Assets	0	80,800
0	0	Non-financial assets	0	0
0	77,825	Total Cash and cash equivalents	0	80,800
		Borrowings:		
640,399	20,994	Amortised Cost	713,187	21,936
640,399	20,994	Total Financial Liabilities	713,187	21,936
0	0	Non-financial Liabilities	0	0
640,399	20,994	Total Borrowings	713,187	21,936
		Other short/long term liabilities:		
57,285	3,634	Amortised Cost	67,888	8,230
57,285	3,634	Total Financial Liabilities	67,888	8,230
1,472,483	0	Non-financial Liabilities	1,159,345	0
1,529,768	3,634	Total Other Short/Long Term Liabilities	1,227,233	8,230
		Creditors:		
16,274	159,335	Amortised Cost	708	138,160
16,274	159,335	Total Financial Liabilities	708	138,160
0	35,533	Non-financial Liabilities	15,197	73,211
16,274	194,868	Total Creditors	15,905	211,371

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

- (i) The Fair Value through Other Comprehensive Income Investments are the Council's investments in two companies associated with the Airport - Legislator 1656 and Legislator 1657.
- (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 Council has deferred payment agreements made prior to 1 April 2015 where residential care clients exercised their choice 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 includes an interest element based on the average rate of interest payable on the Council's debt for the year (4.16%). 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 are not soft loans.

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).

31 March 2019			31 March 2020	
Long Term	Short Term		Long Term	Short Term
£000s	£000s		£000s	£000s
15,509	145,945	Trade Debtors	3,289	172,788
0	3,708	Subsidiaries	0	3,708
49,573	8,283	Other receivables	60,634	11,521
0	54,075	Prepayments	0	19,148
65,082	212,011	Group Total	63,923	207,165

8. Cash and Cash Equivalents

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

2018-19			2019-20
£000s			£000s
(5,584)	Single Entity Cash and Bank balances		(16,599)
9,947	Subsidiary cash and bank balances		8,766
73,462	Short term deposits with the Money Market		88,633
77,825	Total Group Cash and Cash Equivalents		80,800

9. Creditors

The table shows details of creditors included in current liabilities on the balance sheet. The long-term creditor total in the balance sheet includes £4.241m deferred grant income towards three capital projects in the Norse accounts.

2018-19			2019-20
£000s			£000s
128,890	Trade creditors		131,402
59,982	Other payables		64,942
5,996	Receipts in advance		15,027
194,868	Total Group Short Term Creditors		211,371

10. Reserves

Movements on the Group reserves are detailed in the Group Movement in Reserve Statement on page 112. The reserves of the subsidiaries include:

	Usable Reserves	Unusable Reserves			Minority Interest share of subsidiary reserves
	Retained Earnings	Capital Contribution Reserve	Revaluation Reserve	Total Unusable Reserves	
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April	(5,783)	16,200	467	16,667	(2,476)
Profit/(Loss) for the year	7,129	0	0	0	2,013
Actuarial loss in respect of defined benefit pension schemes	1,314	0	0	0	0
Deferred tax in respect of defined benefit pension schemes	369	0	0	0	0
Balance at 31 March	3,029	16,200	467	16,667	(463)

11. Leasing

In accordance with accounting standards, Norse Group Ltd adopted IFRS 16 Leasing on 1 April 2019. This has resulted in £10.350m of operating lease liabilities being reclassified as finance leases from that date, increasing the value of both lease liabilities and Property Plant and Equipment in this balance sheet. These leases are reflected in the group accounts at 31 March 2020 as finance liabilities of £12.116m. As this has not had a material impact on these group accounts, no adjustment has been made to reverse the impact of this change.

i) Finance Leases

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

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

2018-19		2019-20
£000s		£000s
9,166	Land and buildings	17,085
11,485	Vehicles, plant and equipment	22,099
2,856	Heritage Assets	2,911
23,507	Group Total	42,095

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

2018-19		2019-20
£000s		£000s
	Finance lease liabilities (net present value of minimum lease payments):	
2,786	Current	7,345
8,529	Non-current	22,134
(588)	Finance costs payable in future years	(2,533)
10,727	Minimum lease payments	26,946

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

31 March 2019			31 March 2020	
Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
£000s	£000s		£000s	£000s
2,616	2,786	Not later than one year	6,680	7,345
6,995	7,367	Later than one year and not later than five years	15,673	17,094
1,116	1,162	Later than five years	4,593	5,040
10,727	11,315	Group Total	26,946	29,479

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

ii) Operating Leases

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 2019-20 was £0.781m (£2.083m in 2018-19). The company also leases several properties on short term leases which have been accounted for as operating leases. The rentals payable in 2019-20 were £0.001m (£1.215m in 2018-19).

Details of the Council's leases are shown in Note 30 on page 66.

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £3.284m (£6.273m in 2018-19).

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

2018-19		2019-20
£000s		£000s
5,103	Not later than one year	1,678
11,798	Later than one year and not later than five years	4,894
12,666	Later than five years	10,242
29,567	Total	16,814

12. Defined Benefit Pension Schemes

Norse Group Ltd is a participating employer in several 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 hold 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:

2018-19		2019-20
£000s		£000s
	Group Comprehensive Income and Expenditure Statement	
	Cost of Services:	
88,220	Current service cost	111,828
10,526	Past service costs/(gain)*	(2,401)
(18,345)	(Gain)/loss from settlements	(8,893)
	Financing and Investment Income and Expenditure:	
23,915	Net interest expense	27,034
104,316	Total post employment benefit charged to the Surplus of Deficit on the Provision of Services	127,568
	Other post employment benefit charged to the Comprehensive Income and Expenditure Statement:	
	Remeasurement of the net defined pension liability including:	
(59,007)	Return on plan assets (excluding the amount included in the net interest expense)	121,578
0	Actuarial gains and losses arising on changes in demographic assumptions	(79,006)
243,924	Actuarial gains and losses arising on changes in financial assumptions	(247,672)
3,663	Other (if applicable)	(137,500)
292,896	Total post employment benefit charged to the Group Comprehensive Income and Expenditure Statement	(215,032)
	Movement in Reserves Statement:	
(104,316)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits following the Code	(127,568)
	Actual amount charged against Usable reserves for pensions for the year:	
60,914	Employers contributions payable to the scheme (includes contributions in respect of unfunded benefits)	62,802

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:

2018-19		2019-20
£000s		£000s
(3,196,488)	Present value of the defined benefit obligation	(2,810,030)
2,090,105	Fair value of plan assets	1,981,485
(1,106,383)	Net liability arising from defined benefit obligation	(828,545)

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

2018-19		2019-20
£000s		£000s
2,893,852	Balance at 1 April	3,196,488
88,220	Current service cost	111,828
78,234	Interest cost	76,523
14,629	Contributions by scheme participants	15,362
	Remeasurement gains and losses:	
0	Actuarial gains and losses arising on changes in demographic assumptions	(79,006)
243,924	Actuarial gains and losses arising on changes in financial assumptions	(247,672)
3,663	Other (if applicable)	(137,500)
10,526	Past service costs/(gain)	(2,401)
(18,807)	Losses /(gains) on curtailments	(8,913)
(78,056)	Benefits paid	(84,909)
0	Change in policy in respect of Great Yarmouth Borough Services	(29,770)
(39,697)	Termination in respect of NPS North West Limited	0
3,196,488	Balance at 31 March	2,810,030

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

2018-19		2019-20
£000s		£000s
2,019,447	Opening fair value of scheme assets	2,090,105
54,319	Interest income	49,489
	Remeasurement (gain)/loss:	
59,007	The return on plan assets, excluding the amount included in the net interest expense	(121,578)
60,914	Employer contributions	62,802
14,629	Contributions by scheme participants	15,362
(78,056)	Benefits paid	(84,909)
(10,518)	Other (gain/loss from settlements)	(5,667)
0	Change in policy in respect of Great Yarmouth Borough Services	(24,119)
(29,637)	Termination in respect of NPS North West Limited	0
2,090,105	Balance at 31 March	1,981,485

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 33.

Supporting the Cash Flow Statement

13. Cash Flows from Operating Activities

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

2018-19		2019-20
£000s		£000s
(2,759)	Interest received	(3,789)
31,892	Interest paid	35,298
(1,350)	Dividends received	(1,280)
600	Dividends paid	0

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

2018-19		2019-20
£000s		£000s
(62,666)	Depreciation	(67,568)
(13,871)	Impairment and downward valuations	(15,807)
(13,425)	(Increase)/decrease in creditors	(13,921)
56,643	Increase/(decrease) in debtors	(5,274)
(67,398)	Movement in Pension Liability	(71,422)
(69,635)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(39,947)
2,373	Other non-cash items charged to the net surplus or deficit on the provision of services	(5,532)
(167,979)		(219,471)

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

2018-19		2019-20
£000s		£000s
112,410	Capital grants credited to the deficit on the provision of services	117,427
(37,000)	Proceeds from short term (not considered to be cash equivalents) and long-term investments	1,862
6,946	Proceeds from the sale of property, plant and equipment	4,880
(1,358)	Other items for which the cash effects are investing or financing activities	(1,704)
80,998		122,465

14. Cash Flows from Investing Activities

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

2018-19		2019-20
£000s		£000s
129,726	Purchase of property, plant and equipment, investment property and intangible assets	150,046
0	Purchase of short term and long-term investments	53,990
4,468	Other payments for investing activities	4,968
(6,113)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,016)
0	Proceeds from short term and long-term investments	(1,808)
(123,604)	Other receipts from investing activities	(114,871)
4,477	Net cash flows from investing activities	85,309

15. Cash Flows from Financing Activities

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

2018-19		2019-20
£000s		£000s
(104,584)	Cash receipts of short term and long-term borrowing	(90,090)
(17)	Other receipts from financing activities	(13,540)
6,313	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	7,667
12,251	Repayments of short term and long-term borrowing	14,414
2,205	Other payments from financing activities	1,848
(83,832)	Net cash flows from financing activities	(79,701)

Reconciliation of Liabilities Arising from Financing Activities

2019-20				
	Balance as at 1 April £000s	Financing Cash Flows £000s	Non-Cash Changes £000s	Balance as at 31 March £000s
Long term borrowings	(640,399)	(87,074)	14,286	(713,187)
Short term borrowings	(20,994)	12,612	(13,554)	(21,936)
Lease liabilities	(10,648)	(6,300)	(9,960)	(26,908)
On balance sheet PFI liabilities	(50,271)	1,061	0	(49,210)
Total liabilities from financing activities	(722,312)	(79,701)	(9,228)	(811,241)

2018-19				
	Balance as at 1 April £000s	Financing Cash Flows £000s	Non-Cash Changes £000s	Balance as at 31 March £000s
Long term borrowings	(549,596)	(99,898)	9,095	(640,399)
Short term borrowings	(18,988)	8,876	(10,882)	(20,994)
Lease liabilities	(9,483)	3,512	(4,677)	(10,648)
On balance sheet PFI liabilities	(53,349)	3,678	(600)	(50,271)
Total liabilities from financing activities	(631,416)	(83,832)	(7,064)	(722,312)

Other Notes**16. Accounting Policies****i) 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.

ii) 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. 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 obtained 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 obtained, 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 (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

iii) Tax Expense

The tax expense is 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 can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse soon. 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.

iv) Goodwill

Goodwill arises from the acquisition of a controlling interest in various companies within the group accounts. It is 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 then 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 kept at the UK GAAP amounts subject to being tested for impairment at that date.

v) Leases

Following the adoption of IFRS16 from 1 April 2019, leases are recognised as right-of use assets with a corresponding liability at the date from which the leased asset is available for use by the group. The leases are typically for fixed periods (of months or years) but may have extension options.

Assets and liabilities arising from a lease are initially measured on a present value basis.

The Council has taken the decision to depart from the CIPFA Code and not to adjust the Group Accounts to reverse the impact of IFRS16 adoption. More information on the impact of this decision can be found in Note 42 of the single entity accounts.

Norfolk Pension Fund Accounts

Introduction

This section provides details of the accounts of the Local Government Pension Fund for the year ending 31 March 2020.

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 2019-20 accounts to be considered at its meeting on 1 October 2020 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 2019-20 (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.

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

Independent Auditor's Report to the Members of Norfolk County Council

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Revenue and Fund Account, the Net Assets Statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020 and the amount and disposition of the fund's assets and liabilities as at 31 March; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director of Finance and Commercial Services' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director of Finance and Commercial Services has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the "Statement of Accounts 2019-20", other than the financial statements and our auditor's report thereon. The Executive Director of Finance and Commercial Services is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Executive Director of Finance and Commercial Services

As explained more fully in the "*Statement of Responsibilities*" set out on page 14, the Executive Director of Finance and Commercial Services is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Executive Director of Finance and Commercial Services is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Pension Fund either intends to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

MARK HODGSON
ERNST & YOUNG LLP

.....
Date: 30 November 2020

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

Revenue and Fund Account

2018-19		2019-20
£000s	Note	£000s
	Dealings with members, employers and others directly involved in the Fund	
147,227	7	150,694
14,336	8	12,103
161,563		162,797
(138,635)	9	(144,311)
(6,949)	0	(6,491)
(145,584)		(150,802)
15,979	Net additions/withdrawals from dealings with members	11,995
(20,634)	11	(24,527)
(4,655)	Net additions/withdrawals from dealings with members including Fund Management Expenses	(12,532)
	Returns on investments	
68,738	0	84,245
(507)	13a)	(473)
142,246	0a)	(259,312)
210,477	Net return on investments	(175,540)
205,822	Net increase/decrease in the net assets available for benefits during the year	(188,072)
3,603,370	Opening net assets of the scheme	3,809,192
3,809,192	Closing net assets of the scheme	3,621,120

Net Assets Statement

2018-19			2019-20
£000s		Note	£000s
3,825,222	Investment assets	0	3,618,234
(2,989)	Investment liabilities	0	(13,181)
3,822,233	Total Net Investments		3,605,053
2,119	Long term Debtors	21	659
2,119	Total Long Term Debtors		659
16,232	Debtors	21	14,254
13,036	Cash in hand	21	9,374
29,268	Total Current Assets		23,628
(44,428)	Creditors	22	(8,220)
(44,428)	Total Current Liabilities		(8,220)
(15,160)	Net Current Assets		15,408
3,809,192	Net Assets of the Fund available to fund benefits at the period end		3,621,120

The Fund account 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 20.

Notes to the Pension Fund Accounts

1.	Description of the Fund	137
2.	Basis of Preparation	141
3.	Summary of Significant Accounting Policies	142
4.	Critical Judgements in Applying Accounting Policies	146
5.	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	148
6.	Events after the Net Asset Statement Date.....	150
7.	Contributions receivable	150
8.	Transfers in from other Pension Funds	151
9.	Benefits payable	152
10.	Payments to and on account of leavers	153
11.	Management Expenses.....	153
a)	Investment Expenses	153
12.	Investment Income	154
a)	Property Income	154
13.	Other Fund Disclosures.....	154
a)	Taxes on Income	154
b)	External Audit costs.....	154
14.	Investments	155
a)	Reconciliation of Movements in Investments and Derivatives	156
b)	Analysis of Investments.....	158
c)	Investments Analysed by Fund Manager	159
d)	Stock Lending.....	160
e)	Property Holdings	161
15.	Analysis of Derivatives	161
a)	Futures	162
b)	Open forward currency contracts	163
16.	Fair Value – Basis of Valuation	164
a)	Fair Value Hierarchy.....	168
b)	Transfers between Levels 1 and 2	170
c)	Reconciliation of Fair Value Measurements within Level 3.....	170
17.	Financial Instruments	171
a)	Classification	171
b)	Net gains and losses on Financial Instruments.....	171
18.	Nature and Extent of Risks Arising From Financial Instruments.....	172
a)	Market risk	172
b)	Interest Rate risk	174
c)	Currency risk	175
d)	Credit risk	176
e)	Liquidity risk.....	177
19.	Funding Arrangements	178
20.	Actuarial Present Value of Promised Retirement Benefits.....	180
21.	Current Assets	181
22.	Current Liabilities.....	182
23.	Additional Voluntary Contributions	183
24.	Agency Contracted Services	183
25.	Related Party Transactions	183
26.	Contractual Commitments, Contingent Assets and Liabilities.....	185
a)	Contractual Commitments	185
b)	Contingent Assets	185
	Appendix 1 - Participating Employers (Employers with active members during the year)	186

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 2019-20 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

General

The scheme is governed by the Public Service Pensions 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 Pensions 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.

i) 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 414 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below: This is an increase of 14 employers since 31 March 2019.

31 March 2019		31 March 2020
400	Number of Employers with Active Members	414
	<u>Full membership including employers with deferred and legacy pension commitments</u>	
	Number of Employees in Scheme	
12,443	Norfolk County Council	12,605
16,624	Other Employers	16,712
29,067	Total	29,317
	<u>Number of Pensioners</u>	
13,052	Norfolk County Council	13,483
12,302	Other Employers	12,860
25,354	Total	26,343
	<u>Deferred Pensioners</u>	
20,130	Norfolk County Council	19,764
16,817	Other Employers	16,936
36,947	Total	36,700
91,368	Total membership including employers with deferred and legacy pension commitments	92,360

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. Action for Children (Thorpe)	1. Action for Children (Diss Children's Centre)
2. Alive Leisure Trust	2. Action for Children (Fakenham Children's Centre)
3. Alive Management Ltd	3. Action for Children (Nar & Terringtons Children's Centre)
4. Costessey Infant School	4. Alive West Norfolk Ltd
5. Downham & Stow Bardolph Internal Drainage Board	5. Capita (Breckland Contract)
6. Edwards & Blake (Caister Academy)	6. Change Grow Live
7. Engage Educational Services	7. Chartwell (Diocese of Norwich Education and Academies Trust)
8. Nar & Terringtons Children's Centre	8. Cromer Junior School
9. Norwich Airport Limited	9. East Ruston Infant School and Nursery
10. Rackheath Parish Council	10. Eastern Multi-Academy Trust
11. RM Education	11. Edwards & Blake (Fakenham Infant and Nursery School)
12. St Andrews Primary	12. Edwards & Blake (Fred Nicholson School)
13. Trowse with Newton Parish Council	13. Edwards & Blake (Cherry Tree Marham Infant Academy)
14. Village Green Children's Centre	
15. Winterton-on-Sea Parish Council	

Employers ceasing to have active employees in the Fund:	Employers joining the active section of the Fund:
	14. Evolution Academy Trust 15. Fakenham Infant & Nursery 16. Fakenham Junior School 17. Great Yarmouth Community Trust (Children's Centre) 18. Hemsby Parish Council 19. Kinsale Junior School 20. Norse Eastern (Highways) 21. North Walsham High School 22. Northgate Primary School 23. Postwick with Witton Parish Council 24. Ringland Parish Council 25. Sacred Heart Catholic V A Primary 26. Sports & Leisure Management Ltd 27. St Martha's Catholic Primary School 28. Stalham Infant School and Nursery 29. White House Farm Primary School

A full list of participating employers is shown on page 186.

ii) Funding

Benefits are funded by employee and employer contributions and investment earnings. For the financial year ending 31 March 2020, 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 actual pensionable pay.

Banding depends on a member's actual annual pay rate. The table below shows the bands for 2019-20 and 2020-21.

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 2019 triennial valuation set the rates payable by employers for the period 1 April 2020 to 31 March 2023. Excluding lump sum deficit recovery payments these rates range from 0% to 34.5% of actual pensionable pay.

2019-20		2020-21	
Actual Pensionable Pay	Contribution rate per year	Actual Pensionable Pay	Contribution rate per year
Up to £14,400	5.5%	Up to £14,600	5.5%
£14,401 to £22,500	5.8%	£14,601 to £22,800	5.8%
£22,501 to £36,500	6.5%	£22,801 to £37,100	6.5%
£36,501 to £46,200	6.8%	£37,101 to £46,900	6.8%
£46,201 to £64,600	8.5%	£46,901 to £65,600	8.5%
£64,601 to £91,500	9.9%	£65,601 to £93,000	9.9%
£91,501 to £107,700	10.5%	£93,001 to £109,500	10.5%
£107,701 to £161,500	11.4%	£109,501 to £164,200	11.4%
£161,501 or more	12.5%	£164,201 or more	12.5%

iii) Benefits

Pension benefits under the LGPS (until March 2014) were based on final pensionable pay and length of pensionable service. From 1 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 £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	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 2020 is 1.7% (2.4% April 2019).

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 2019-20 financial year and its position at year-end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 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 are disclosed in accordance with the requirements of International Accounting Standard (IAS) 26. Full details of this approach are disclosed at note 20 of these accounts.

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

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

The accounts have been prepared on a going concern basis.

The Funding Level as per the recent triennial valuation exercise was 99%. The estimated Funding Level as at 31 March 2020 was 90% which includes market falls and changes in liability measurement since 31 March 2019.

The actuarial assumption for long term investment return at the last triennial valuation was 4.2% per annum.

The investment returns for the quarter ended 30 June 2020 for each of the Funds Investment Strategies were:

Strategy 1 10.7%

Strategy 2 12.3%

Strategy 3 8.3%

The overall valuation of the Fund as at 30 June 2020 was £3.984 billion following reflecting these returns.

There are 414 active employers as at March 2020. The majority are public sector organisations. 50 (11%) of the active employers are admitted bodies, which comprise private contractors to public bodies, housing associations and a very small number of voluntary and charitable organisations. Many of these employers only pay contributions for 2 or 3 employees. These 11% of employers make up just 6% of the total employer pension contributions. In contrast the County, District and Borough councils comprise 2% of employers by number but contribute 55% of the total employer pension contributions.

All employers continue to pay their contributions as per the actuarial rates and adjustment certificate. No active employer has asked to defer their contribution payments during the period of the COVID-19 pandemic.

The Pension Fund has an allocation of 42% to public equities, 14% to liquid fixed income and holds around 2% of the Fund in cash. These are assets that can be liquidated quickly if required. The Pension Fund is satisfied that it is sufficiently liquid to conclude that it is a going concern. The value of pension fund assets that can be liquidated at short notice if needed is over £2bn, which significantly exceeds the annual expenditure of the fund.

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 0).

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

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

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
Janus Henderson Global Investors	Fixed Income
Pantheon	Infrastructure
M&G	Fixed Income

2018-19		2019-20
£000s		£000s
428	Performance-related fees	324

Where an investment managers' fee invoice has not been received by the net asset statement 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.

2018-19		2019-20
£000s		£000s
3,429	Value of invoiced fees based on estimates	2,907

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 16a). 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 freehold property holding was valued as at 31 March 2020. The direct freehold 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 2022.

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 20).

n) Additional voluntary contributions (AVCs)

The Fund has three appointed providers of AVCs: Prudential, Clerical Medical and Utmost Life and Pensions (previously 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 (1) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (note 23).

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)

o) Accounting Standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 requires the disclosure of information relating to the expected impact of changes that will be required by a new standard that has been introduced but not yet adopted and applies to the adoption of the following disclosures as amended in the 2020-21 code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

The code requires implementation of the above disclosure from 1 April 2020. These changes are not considered to have a material effect on the Pension Fund accounts of 2019-20.

p) Contingent assets and contingent liabilities

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.

q) COVID-19 Asset Value Adjustments

Since late February 2020 financial markets have been significantly impacted by the global COVID-19 pandemic and most asset classes have reduced in value. Where there is a mark to market valuation process or the investment manager has been able to supply a revised valuation at 31 March 2020, the investments held by the Pension Fund will reflect the reduced COVID-19 asset valuation. For the more complex/illiquid assets held by the fund, where the investment manager has not been able to provide a revised COVID-19 adjusted valuation the Fund has agreed a reduced valuation based on the following percentage reductions as follows:

- Pooled and Freehold Property 10.0%
- Private Equity (range) 10.0% to 23.1%
- M&G Debt Investment Opportunities III 15%
- Timberland 10%

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. Aberdeen Standard Investments funds are valued at 31 December and rolled forward for cash flows to 31 March.

2018-19		2019-20
£000s		£000s
212,928	Value of unquoted private equity	222,058

Pooled Investment Vehicle – Property/Freehold Property

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.

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). The valuation of freehold property 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).

2018-19		2019-20
£000s		£000s
428,404	Value of Pooled Investment Vehicle – Property/Freehold Property	364,198

Infrastructure Equity Pooled Fund

Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments. All assets are valued using income or discounted cash flows.

Audited valuation is carried out annually and is based on the Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

2018-19		2019-20
£000s		£000s
59,102	Value of Infrastructure Equity Pooled Fund	89,447

Timberland Equity Pooled Fund

Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments. Assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows. Audited valuations are carried out annually and based on the Fair value of the fund.

2018-19		2019-20
£000s		£000s
0	Value of Timberland Equity Pooled Fund	20,821

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 19. 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 20). 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 19 and 20 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. For 2019-20 all assets classified as Level 3 in the fair value hierarchy have been subject to a review for the impact of the COVID-19 pandemic. For the more complex/illiquid assets held by the fund, where the investment manager has not been able to provide a revised COVID-19 adjusted valuation the Fund has agreed a reduced valuation based on the following percentage reductions as follows (see also Note 4 and Note 18):

Asset Class	Reduced Valuation	Reduced Valuation	Final Reported Value
	%	£000	£000
Pooled and Freehold Property	10.0	40,345	363,108
Private Equity	10.0 to 23.1	39,300	222,058
M&G Debt Investment Opportunities III	15.0	4,397	24,917
Timberland	10.0	2,313	20,821

As part of this exercise the Fund has also considered all valuations as at 31 March 2020 and subsequent post balance sheet valuations have been part of the review.

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

Item	Uncertainties	Effect if actual results differ from assumptions									
Actuarial present value of promised retirement benefits (measured under IAS26)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	<p>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:</p> <table border="1"> <thead> <tr> <th>Sensitivity to the assumptions for the year ended 31 March 2020</th> <th>Approximate % increase to liabilities</th> <th>Approximate monetary amount (£m)</th> </tr> </thead> <tbody> <tr> <td>0.5% p.a. increase in the Pension Increase Rate</td> <td>9%</td> <td>£483m</td> </tr> <tr> <td>0.5% p.a. increase in the Salary Increase Rate</td> <td>1%</td> <td>£32m</td> </tr> </tbody> </table>	Sensitivity to the assumptions for the year ended 31 March 2020	Approximate % increase to liabilities	Approximate monetary amount (£m)	0.5% p.a. increase in the Pension Increase Rate	9%	£483m	0.5% p.a. increase in the Salary Increase Rate	1%	£32m
Sensitivity to the assumptions for the year ended 31 March 2020	Approximate % increase to liabilities	Approximate monetary amount (£m)									
0.5% p.a. increase in the Pension Increase Rate	9%	£483m									
0.5% p.a. increase in the Salary Increase Rate	1%	£32m									

Item	Uncertainties	Effect if actual results differ from assumptions
		0.5% p.a. decrease in the Real Discount Rate 10% £518m
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 £222.1m. There is a risk that this investment may be under or overstated in the accounts. Generally, these investments are valued a minimum of a quarter in arrears. The final valuations received to date at 31 March 2020 indicate an unadjusted increase in asset values of £13.7m.
Pooled Property/Freehold Property	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. For freehold property 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 total pooled property/freehold property investments in the financial statements are £364.2m. There is a risk that this investment may be under or overstated in the accounts.
Pooled Infrastructure Equity	Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments. All assets are valued using income or discounted cash flows. Audited valuation is carried out annually and is based on the Limited partnerships are valued at Fair value based on the net asset value	The total Pooled Infrastructure Equity investments in the financial statements are £89.4m. There is a risk that this investment may be under or overstated in the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
	ascertained from periodic valuations provided by those controlling the partnership.	
Timberland Equity Pooled Fund	<p>Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments.</p> <p>Assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows.</p> <p>Audited valuations are carried out annually and based on the Fair value of the fund.</p>	The total Pooled Timberland Equity investments in the financial statements are £20.8m. There is a risk that this investment may be under or overstated in the accounts.

6. Events after the Net Asset Statement Date

There have been no events since 31 March 2020, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

7. Contributions receivable

2018-19		2019-20
£000s		£000s
	By Category	
113,532	Employers – normal	117,517
870	Employers – special	58
15	Employers – augmentation	0
3,105	Employers – strain	1,888
28,991	Members – normal	30,678
714	Members – purchase of additional scheme benefits	553
147,227	Total	150,694

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.

2018-19		2019-20
£000s		£000s
32,310	Deficit recovery contributions included in employer normal contributions	33,785
32,310	Total	33,785

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.

2018-19		2019-20
£000s		£000s
	By Authority	
57,381	Administering authority	58,850
63,772	Other scheduled bodies	67,576
8,021	Community admission bodies	6,236
2,345	Transferee admission bodies	2,499
15,708	Resolution bodies	15,533
147,227	Total	150,694

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:

2018-19		2019-20
£000s		£000s
136	Strain instalments due after the net asset statement date	70
136	Total	70

The debtors figure for augmentation/strain due in note 21 comprises the total of these balances plus the outstanding invoiced balances in respect of augmentation/strain due from Fund employers at 31 March 2020.

8. Transfers in from other Pension Funds

2018-19		2019-20
£000s		£000s
4,614	Group Transfers	0
9,722	Individual transfers	12,103
14,336	Total	12,103

There were no group transfers in 2019-20. The group transfers figure in 2018-19 represent the transfer in of staff from the Cambridgeshire Pension Fund in respect of Norwich City Council. 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.

2018-19		2019-20
£000s		£000s
2,757	HMCS total present value	1,404
2,757	Total	1,404

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

2018-19		2019-20
£000s		£000s
	By Category	
115,356	Pensions	121,309
20,445	Commutation and lump sum retirement benefits	20,620
2,834	Lump sum death benefits	2,382
138,635	Total	144,311
	By Authority	
65,101	Administering authority	66,296
50,929	Other scheduled bodies	53,670
6,058	Community admission bodies	6,647
3,867	Transferee admission bodies	4,159
12,680	Resolution bodies	13,539
138,635	Total	144,311

10. Payments to and on account of leavers

2018-19		2019-20
£000s		£000s
534	Refunds to members leaving service	379
6,361	Individual Transfers out to other Schemes	5,997
54	Payment made under Regulations 74, 75 and 15(3) and 64 of the Local Government Pension Scheme (Administration) Regulations 2008/2018	115
6,949	Total	6,491

There were no Group Transfers paid out in 2019-20 or 2018-19.

11. Management Expenses

Pension fund management expenses for 2019-20 are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

Note 11 Management Expenses now includes fund administration costs, oversight and governance costs (previously included with the fund administration cost figure) and investment management expenses (including Transaction Costs previously included in investment Purchases and Sales).

2018-19		2019-20
£000s		£000s
1,858	Administrative costs	1,858
17,960	Investment managements expenses	21,782
816	Oversight and governance costs	887
20,634	Total	24,527

The Local Government Pension Scheme Regulations enables administration expenses (including Oversight and Governance) to be charged to the Fund.

a) Investment Expenses

2018-19		2019-20
£000s		£000s
15,266	Management fees – ad valorem	17,361
428	Management fees – performance	324
1,172	Management expenses on unit trusts	2,994
1	Direct Freehold Property	13
71	Custody fees	88
498	Fees and Other Expenses	329
524	Transaction costs	673
17,960	Total	21,782

12. Investment Income

2018-19		2019-20
£000s		£000s
346	Income from fixed interest securities	350
37	Income from index linked securities	38
21,333	Equity dividends	14,125
14,151	Pooled property investments	15,619
22,786	Pooled fund income- Unit trusts and other managed funds	45,721
1,302	Private equity income	1,171
7,341	Pooled funds rebate	5,467
230	Stock lending	110
1,106	Interest on cash deposits	1,397
36	Rents from Property (Note 12a)	53
70	Other	194
68,738	Total Investment Income	84,245

a) Property Income

2018-19		2019-20
£000s		£000s
36	Rental income	53
(1)	Direct operating expenses	(13)
35	Net income	40

13. Other Fund Disclosures**a) Taxes on Income**

2018-19		2019-20
£000s		£000s
448	Withholding tax – equities	417
59	Withholding tax – pooled investments	56
507	Total	473

b) External Audit costs

2018-19		2019-20
£000s		£000s
25	Payable in respect of external Audit	18
25	Total	18

14. Investments

Market Value 31 March 2019		Market Value 31 March 2020
£000s		£000s
	Investment assets	
62,784	Fixed Interest Securities	65,899
594,826	Equities	534,057
2,450,696	Pooled Investments	2,335,030
427,934	Pooled property investments	363,109
212,928	Private equity Partnerships	222,058
470	Direct Freehold Property	1,089
36	Derivatives – futures	0
1,804	Derivatives - forward currency	5,724
73,338	Cash deposits	89,977
406	Amounts receivable for sales	1,291
3,825,222	Total investment assets	3,618,234
	Investment liabilities	
(1,655)	Derivatives - futures	0
(1,334)	Derivatives - forward currency	(9,904)
0	Amounts payable for purchases	(3,277)
(2,989)	Total investment liabilities	(13,181)
3,822,233	Net investment assets	3,605,053

a) Reconciliation of Movements in Investments and Derivatives

2019-20	Market value 31 March 2019	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2020
	£000s	£000s	£000s	£000s	£000s
Fixed Interest Securities	62,784	25,855	(25,463)	2,723	65,899
Equities	594,826	912,836	(942,368)	(31,237)	534,057
Pooled property investments	427,934	27,059	(36,449)	(55,435)	363,109
Pooled investments	2,450,696	335,964	(278,910)	(172,720)	2,335,030
Private equity	212,928	41,640	(47,562)	15,052	222,058
Direct Freehold Property	470	740	0	(121)	1,089
	3,749,638	1,344,094	(1,330,752)	(241,738)	3,521,242
Derivative contracts:					
- Futures	(1,619)	3,754	(200)	(1,935)	0
- Forward currency contracts	470	35,144	(27,052)	(12,742)	(4,180)
	(1,149)	38,898	(27,252)	(14,677)	(4,180)
Other investment balances:					
- Cash deposits	73,338			0	89,977
- Amount receivable for sales of investments	406			(2,897)	1,291
- Amount payable for purchases of investments	0			0	(3,277)
Net investment assets	3,822,233			(259,312)	3,605,053

2018-19	Market value 31 March 2018	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2019
	£000s	£000s	£000s	£000s	£000s
Fixed Interest Securities	60,150	377	0	2,257	62,784
Equities	796,781	475,997	(720,788)	42,836	594,826
Pooled property investments	414,335	59,220	(48,847)	3,226	427,934
Pooled investments	2,016,462	1,277,590	(928,317)	84,961	2,450,696
Private equity	194,877	36,806	(60,782)	42,027	212,928
Direct Freehold Property	444	0	0	26	470
	3,483,049	1,849,990	(1,758,734)	175,333	3,749,638
Derivative contracts:					
- Futures	4,718	15,386	(13,087)	(8,636)	(1,619)
- Forward currency contracts	1,380	106,305	(80,806)	(26,409)	470
	6,098	121,691	(93,893)	(35,045)	(1,149)
Other investment balances:					
- Cash deposits	90,787			0	73,338
- Amount receivable for sales of investments	3,433			1,958	406
- Amount payable for purchases of investments	(3,458)			0	0
Net investment assets	3,579,909			142,246	3,822,233

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.

2018-19		2019-20
£000s		£000s
524	Transaction costs incurred during the year	673

b) Analysis of Investments

2018-19		2019-20
£000s		£000s
	Fixed Interest Securities	
62,784	UK - Quoted	65,899
62,784		65,899
	Equities	
35,474	UK - Quoted	31,267
559,352	Overseas - Quoted	502,790
594,826		534,057
	Pooled Funds – additional analysis	
	UK	
256,591	Unit trusts	214,551
218,099	Unitised insurance policies	207,776
1,649,531	Other managed funds	1,575,104
2,124,221		1,997,431
	Overseas	
148,096	Unit trusts	99,185
178,379	Other managed funds	238,414
326,475		337,599
	Pooled and Freehold Property, Private Equity and Derivatives	
427,934	Pooled property investments	363,109
212,928	Private equity	222,058
470	Direct Freehold Property	1,089
36	Derivatives – futures	0
1,804	Derivatives – forward currency	5,724
643,172		591,980
	Other Investment Balances	
73,338	Cash deposits	89,977
406	Amounts receivable for sales	1,291
73,744		91,268
3,825,222	Total investment assets	3,618,234
	Investment liabilities	
(1,655)	Derivatives - futures	0
(1,334)	Derivatives – forward currency	(9,904)
0	Amounts payable for purchases	(3,277)
(2,989)	Total investment liabilities	(13,181)
3,822,233	Net investment assets	3,605,053

c) Investments Analysed by Fund Manager

Market Value 31 March 2019			Market Value 31 March 2020	
£000s	%		£000s	%
Investments Managed by the ACCESS Pool (Link Fund Solutions)				
608,719	15.92	LF ACCESS Global Equity (ex UK) Fund	563,325	15.63
258,069	6.75	LF ACCESS UK Equity Core Fund	206,975	5.74
866,788	22.67		770,300	21.37
Investments Managed outside of the ACCESS Pool				
513,424	13.43	Janus Henderson Global Investors	531,377	14.74
461,951	12.09	Capital International Ltd	472,330	13.10
449,825	11.77	LaSalle Investment Management	397,381	11.02
428,316	11.21	M&G (inc. Infracapital)	388,682	10.78
0	0.00	Mondrian	211,720	5.87
255,526	6.69	UBS	207,776	5.76
175,154	4.58	HarbourVest Partners	193,493	5.37
163,362	4.27	Insight Investment *	159,205	4.42
148,096	3.87	Goldman Sachs Asset Management	99,185	2.75
59,102	1.55	Equitix	75,476	2.09
43,751	1.14	Global Custodian **	34,097	0.95
39,205	1.03	Aberdeen Standard Investments	29,241	0.81
0	0.00	Stafford Capital Partners	20,821	0.58
0	0.00	Pantheon	13,969	0.39
234,527	6.14	Wellington International	0	0.00
1,065	0.03	Legal & General Investment Management	0	0.00
117	0.00	Baillie Gifford & Co	0	0.00
12	0.00	Fidelity	0	0.00
0	0.00	Berenberg Bank *	0	0.00
(17,988)	(0.47)	Goldman Sachs International	0	0.00
2,955,455	77.33		2,834,753	78.63
3,822,233	100.00		3,605,053	100.00

All the above companies are registered in the United Kingdom.

* 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 includes the Fixed Interest Securities (Gilts).

** The assets held by the Global Custodian(s) represent cash held in money market funds primarily to meet the cash flow requirements of the Fund's private markets programme.

Investments representing more than 5% of the Net Assets of the Scheme

Market Value 31 March 2019	Percentage of Total Fund		Market Value 31 March 2020	Percentage of Total Fund
£000s	%		£000s	%
		Security		
608,719	16.0	LF ACCESS Global Equity ex UK A INC	563,325	15.6
352,742	9.3	M&G Alpha Opportunities Fund	276,890	7.6
219,770	5.8	Janus Henderson Managed Multi Asset Credit Fund	216,985	6.0
258,069	6.8	Link Fund Sol Ltd Access UK Equity Core A Inc	206,975	5.7
255,526	6.7	UBS Life UK Equity Tracker	207,776	5.7

During the year there were no individual investment (a single security) exceeding 5% of the total value of the net assets. Five pooled holdings (five in 2018-19) 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 2020 the LF ACCESS Global Equity ex UK A INC fund held 210 stocks (2019 200).
- As at 31 March 2020 the M&G Alpha Opportunities Fund has 447 (2019 442) positions, across 385 (2019 353) issuers.
- At 31 March 2020 the Janus Henderson Multi Asset Credit Fund held 268 (2019 239) individual issues from 277 issuers (2019 200).
- As at 31 March 2020 the Link Fund Sol Ltd Access UK Equity Core A Inc fund held 57 stocks (2019 58).
- At 31 March 2020 the UBS Life UK Equity Tracker Fund held 641 securities (2019 653).

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.

d) Stock Lending

31 March 2019		31 March 2020
£000s		£000s
98,237	Value of quoted equities on loan	57,759
0	Value of un-quoted equities on loan	0
104,651	Fair value of collateral held by Custodian	62,798
107%	Collateral relative to stock on loan (percentage coverage)	109%

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 a Securities Lending Agent, who is also the Global Custodian (HSBC).

All loans are fully collateralised with government securities and/or major index equities. 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 £300m and an individual borrower limit (applied at the parent borrower level) of £50m is applied.

The following table provides an analysis of the securities on loan at 31 March:

Value on loan at 31 March 2019		Value on loan at 31 March 2020
£000s		£000s
1,999	UK Equities	872
96,238	Overseas Equities	56,706

At 31 March 2020, securities were on loan to 11 (2019 12) separate borrowers representing 11 (2019 12) parent groups. The largest single parent exposure was 25% (2019 51%) of the lending programme.

e) Property Holdings

Details of the Funds directly owned freehold properties are as follows:

31 March 2019		31 March 2020
£000s		£000s
444	Opening Balance	470
0	Additions	740
0	Disposals	0
26	Net increase in market value	0
0	Other changes in fair value	(121)
470	Closing balance	1,089

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. 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.

i) 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 2020 (2019 nil).

ii) 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 LaSalle (previously 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 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.

a) Futures

Outstanding exchange traded futures contracts are as follows:

31 March 2019				31 March 2020	
Economic Exposure £000s	Market Value £000s	Type	Expires	Economic Exposure £000s	Market Value £000s
		Assets			
0	0	UK Equity	Less than 1 year	0	0
8,830	36	Overseas Equity	Less than 1 year	0	0
		36	Total Assets	0	
		Liabilities			
(34,327)	(795)	UK Equity	Less than 1 year	0	0
(56,681)	(860)	Overseas fixed interest	Less than 1 year	0	0
		(1,655)	Total Liabilities	0	
		(1,619)	Net futures	0	

There are no cash balances in respect of initial and variation margins arising on open futures contracts at the year-end included within cash balances (2019 £8.2m).

b) Open forward currency contracts

Settlement	Currency bought	Local value	Currency sold	Local value	Asset value	Liability value
		000s		000s	£000s	£000s
Between one and three months	£	92,720	EUR	(109,140)	0	(3,970)
Between one and three months	£	66,759	JPY	(9,404,700)	0	(3,597)
Between one and three months	£	74,286	\$	(95,110)	0	(2,337)
Between one and three months	\$	102,210	£	(89,149)	1,401	0
Between one and three months	JPY	7,828,000	£	(55,784)	2,777	0
Between one and three months	JPY	63,090	£	(49,281)	1,546	0
Open forward currency contracts at 31 March 2020					5,724	(9,904)
Net forward currency contracts at 31 March 2020						(4,180)
Open forward currency contracts at 31 March 2019					1,805	(1,335)
Net forward currency contracts at 31 March 2019						470

At the 31 March 2020, the fund held £0.1m (2019 £0.0m) 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 (£65.9m) 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
EUR	Euro
JPY	Japanese yen

16. 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	Investments in unquoted property pooled funds are valued at the net asset value or a single price	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
		<p>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.</p>	<p>advised by the fund manager.</p> <p>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).</p>	
Direct Freehold Property	Level 3	<p>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)</p>	<p>Existing lease terms and rentals; Independent market research; Nature of tenancies; Covenant strength for existing tenants; Assumed vacancy levels; Estimated rental growth; Discount rate.</p>	<p>Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.</p>
Private Equity	Level 3	<p>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.</p> <p>Limited partnerships are valued at Fair value based on the net asset</p>	<p>Observable inputs are subject to judgment by the respective manager, but are applied in accordance with the appropriate industry guidelines.</p>	<p>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</p>

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
		<p>value ascertained from periodic valuations provided by those controlling the partnership.</p>		
Infrastructure Equity Pooled Fund	Level 3	<p>Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments.</p> <p>All assets are valued using income or discounted cash flows.</p> <p>Audited valuations are carried out annually and based on the Limited partnerships valued at Fair value or based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.</p>	<p>Unobservable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.</p>	<p>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.</p>
Timberland Equity Pooled Fund	Level 3	<p>Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments.</p> <p>Assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows.</p> <p>Audited valuations are carried out annually and based on the Fair value of the fund.</p>	<p>Observable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.</p>	<p>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.</p>

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 2020.

2019-20	Assessed Valuation Range (+/-)	Value at 31 March 2020	Value on Increase	Value on Decrease
Description of Asset		£000s	£000s	£000s
Pooled Property / Direct Freehold Property	14.20%	364,198	415,914	312,482
Private Equity	28.40%	222,058	285,122	158,993
Pooled Infrastructure Equity	20.10%	89,447	107,426	71,468
Pooled Timberland Equity	20.10%	20,821	25,006	16,636
Net Investment Assets		696,524	833,468	559,579

The potential movement of +/- 14.20% for Pooled Property / Direct Freehold Property represents a combination of factors, the key one is market prices, which is derived from other factors, such as vacancy levels, rental movements and the discount rate.

Private Equity, Pooled Infrastructure Equity and Pooled Timberland Equity unrealised investments are typically valued in accordance with fair market value principles set out in the valuation policy and applicable valuation guidelines set out in international accounting standards. Actual realised returns on unrealised investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale. Accordingly, the actual valuations on these unrealised investments may differ materially from those indicated and could be up to 20.10% for Infrastructure or Timberland Investments and 28.40% for Private Equity Investments (or higher or lower).

2018-19	Assessed Valuation Range (+/-)	Value at 31 March 2019	Value on Increase	Value on Decrease
Description of Asset		£000s	£000s	£000s
Pooled Property / Direct Freehold Property	10.00%	428,404	471,245	385,564
Private Equity	15.00%	212,928	244,867	180,989
Pooled Infrastructure Equity	15.00%	59,102	67,967	50,236
Net Investment Assets		700,434	784,079	616,789

The potential movement of +/- 10.00% for Pooled Property / Direct Freehold Property represents a combination of factors, the key one is market prices, which is derived from other factors, such as vacancy levels, rental movements and the discount rate.

Private Equity, Pooled Infrastructure Equity and Pooled Timberland Equity unrealised investments are typically valued in accordance with fair market value principles set out in the valuation policy and applicable valuation guidelines set out in international accounting standards. Actual realised returns on unrealised investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale. Accordingly, the actual valuations on these unrealized investments may differ materially from those indicated and could be up to 15.00% (or higher or lower).

a) 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.

Direct Freehold Property

The direct freehold 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).

Infrastructure Equity Pooled Fund

Investments in Pooled Infrastructure Funds are valued using the fair value of the underlying investments. All assets are valued using income or discounted cash flows. Audit valuation is carried out annually and is based on the unobservable inputs are subject to judgment by the respective manager but are applied in accordance with the appropriate industry guidelines.

Timberland Equity Pooled Fund

Investments in Pooled Timberland Funds are valued using the fair value of the underlying investments. All assets are valued by independent appraisers using comparable asset costs or sales and discounted cash flows. Audited valuation is carried out annually and is based on the Observable inputs are subject to judgment by the respective manager, but are applied in accordance with the appropriate industry guidelines.

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

Values at 31 March 2020				
	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £000s	Level 2 £000s	Level 3 £000s	£000s
Financial assets				
Financial assets at fair value through profit and loss	605,680	2,224,762	695,435	3,525,877
Non-Financial assets at fair value through profit and loss	0	0	1,089	1,089
Financial Liabilities				
Financial liabilities at fair value through profit and loss	(9,904)	0	0	(9,904)
Net Investment Assets	595,776	2,224,762	696,524	3,517,062

Values at 31 March 2019				
	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £000s	Level 2 £000s	Level 3 £000s	£000s
Financial assets				
Financial assets at fair value through profit and loss	659,451	2,391,593	699,964	3,751,008
Non-Financial assets at fair value through profit and loss	0	0	470	470
Financial Liabilities				
Financial liabilities at fair value through profit and loss	(2,989)	0	0	(2,989)
Net Investment Assets	656,462	2,391,593	700,434	3,748,489

b) Transfers between Levels 1 and 2

There were no transfers between Level 1 and 2 in 2019-20 (no transfers during 2018-19). During the year one new investment was made and classified as level 3 in accordance with the classification guidelines in the Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

c) Reconciliation of Fair Value Measurements within Level 3

2019-20	Market value 1 April 2019	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 2020
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Pooled and Direct Freehold Property Investments	428,404	0	0	0	27,799	(36,449)	6,030	(61,586)	364,198
Private Equity Infrastructure Equity Pooled Fund	212,928	0	0	0	41,640	(47,562)	21,514	(6,462)	222,058
Timberland Equity Pooled Fund	59,102	0	0	0	36,977	(9,564)	124	2,808	89,447
	0	0	0	0	61,441	(41,041)	112	309	20,821
	700,434	0	0	0	167,857	(134,616)	27,780	(64,931)	696,524

2018-19	Market value 1 April 2018	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 2019
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Pooled and Direct Freehold Property Investments	414,779	0	0	0	59,220	(48,847)	18,106	(14,854)	428,404
Private Equity Infrastructure Equity Pooled Fund	194,877	0	0	0	36,806	(60,782)	31,380	10,647	212,928
	0	0	0	0	59,102	0	0	0	59,102
	609,656	0	0	0	155,128	(109,629)	49,486	(4,207)	700,434

Unrealised and realised gains and losses are recognised in the changes in value of investments line of the fund account.

17. Financial Instruments

a) Classification

31 March 2019				31 March 2020		
Fair value through profit and loss £000s	Assets at amortised cost £000s	Liabilities at amortised cost £000s		Fair value through profit and loss £000s	Assets at amortised cost £000s	Liabilities at amortised cost £000s
62,784			Fixed interest Securities	65,899		
594,826			Equities	534,057		
2,450,696			Pooled Investments	2,335,030		
427,934			Pooled Property	363,109		
212,928			Private equity	222,058		
1,840			Derivative contracts	5,724		
	86,374		Cash		99,351	
2,771			Other investment balances	3,263		
	162		Debtors		114	
3,753,779	86,536	0	Total Financial Assets	3,529,140	99,465	0
(2,989)			Derivative contracts	(9,904)		
		(40,536)	Creditors			(5,438)
0			Other investment balances	(3,277)		
(2,989)		(40,536)	Total Financial Liabilities	(13,181)		(5,438)
3,750,790	86,536	(40,536)	Total Financial Instruments	3,515,959	99,465	(5,438)

b) Net gains and losses on Financial Instruments

31 March 2019		31 March 2020
£000s		£000s
	Financial assets	
265,529	Fair value through profit and loss	(217,733)
0	Assets at amortised cost	0
	Financial liabilities	
(123,309)	Fair value through profit and loss	(41,458)
0	Liabilities at amortised cost	0
142,220	Total	(259,191)
	Reconciliation to Revenue and Fund Account – Profit and losses on disposal of Investments and change in the market value of investments	
26	Direct Freehold Property Holding (Not classified as a financial instrument)	(121)
142,246		(259,312)

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.

18. 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's 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 Fund's performance monitoring advisor, the Fund has determined that the following movements in market price risk are reasonably possible for the 2019-20 reporting period:

Asset Type	Potential Market Movements (+/-) %
Short Index-Linked Gilts	4.10
Long Index-Linked Gilts	9.30
UK Equities including pooled	27.50
Overseas Equities including pooled	28.00
Infrastructure Equity	20.10
Timberland Equity	20.10
UK Bonds including pooled	7.60
Index Linked Gilts including pooled	9.30
Bonds including pooled	8.70
Cash and Cash Equivalents (Including Payables and Receivables)	0.30
Pooled Property Investments / Direct Freehold Property	14.20
Private Equity	28.40
Total	11.10

* The total % and value on increase/decrease totals are 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):

31 March 2020				
Asset Type	Value £000s	Percentage Change %	Value on Increase £000s	Value on Decrease £000s
Cash and Cash Equivalents including payables and receivables	83,812	0.30	84,063	83,561
Investment Portfolio Assets:				
Short Index-Linked Gilts	20,563	4.10	21,406	19,720
Long Index-Linked Gilts	12,862	9.30	14,058	11,666
UK Equities including pooled	446,017	27.50	568,672	323,362
Overseas Equities including pooled	1,066,114	28.00	1,364,626	767,602
Infrastructure Equity	89,447	20.10	107,426	71,468
UK Bonds including pooled	647,471	7.60	696,679	598,263
Index Linked Gilts including pooled	32,474	9.30	35,494	29,454
Bonds including pooled	599,216	8.70	651,348	547,084
Pooled Property Investments / Direct Freehold Property	364,198	14.20	415,914	312,482
Private Equity	222,058	28.40	285,122	158,994
Timberland	20,821	20.10	25,006	16,636
Total Assets Available to Pay Benefits	3,605,053	11.10	4,005,214*	3,204,892*

31 March 2019				
Asset Type	Value £000s	Percentage Change %	Value on Increase £000s	Value on Decrease £000s
Cash and Cash Equivalents including payables and receivables	72,595	0.50	72,958	72,232
Investment Portfolio Assets:				
Short Index-Linked Gilts	15,686	4.10	16,329	15,043
Long Index-Linked Gilts	12,109	9.20	13,223	10,995
UK Equities including pooled	549,070	16.60	640,216	457,924
Overseas Equities including pooled	1,168,070	16.90	1,365,474	970,666
Infrastructure Equity	59,102	20.10	70,982	47,222
UK Bonds including pooled	759,875	9.70	833,583	686,167
Index Linked Gilts including pooled	34,989	9.20	38,208	31,770
Bonds including pooled	509,405	7.70	548,629	470,181
Pooled Property Investments	428,404	14.30	489,666	367,142
Private Equity	212,928	28.30	273,187	152,669
Total Assets Available to Pay Benefits	3,822,233	10.80	4,235,034*	3,409,432*

* The total % and value on increase/decrease totals are an aggregate across all asset classes and is applied to the assets in the Fund available to pay pensions benefits to illustrate sensitivity.

b) 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 2019 and 31 March 2020 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

31 March 2019	Value	31 March 2020
£000s	Asset Type	£000s
73,338	Investment Cash Balances	89,977
13,036	Cash in hand	9,374
62,784	Fixed Interest Securities	65,899
149,158	Total	165,250

31 March 2019	Interest Receivable	31 March 2020
£000s	Asset Type	£000s
1,033	Investment Cash Balances	1,324
73	Cash in hand	73
383	Fixed Interest Securities	388
1,489	Total	1,785

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:

31 March 2019				31 March 2020		
Asset values £000s	Impact of +1% £000s	Impact of -1% £000s	Asset Type	Asset values £000s	Impact of +1% £000s	Impact of -1% £000s
73,338	74,071	72,605	Investment Cash Balances	89,977	90,877	89,077
13,036	13,166	12,906	Cash in hand	9,374	9,468	9,280
62,784	63,412	62,156	Fixed Interest Bonds	65,899	66,558	65,240
149,158	150,649	147,667	Total	165,250	166,903	163,597

31 March 2019				31 March 2020		
Interest Receivable £000s	Impact of +1% £000s	Impact of -1% £000s	Asset Type	Interest Receivable £000s	Impact of +1% £000s	Impact of -1% £000s
1,033	1,043	1,023	Investment Cash Balances	1,324	1,337	1,311
73	74	72	Cash in hand	73	74	72
383	387	379	Fixed Interest Bonds	388	392	384
1,489	1,504	1,474	Total	1,785	1,803	1,767

In addition, the above interest receivable the fund holds debt pooled fund investments. These are a mix of multi asset credit vehicles including fixed and variable interest rate securities.

c) 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 the page is prepared after consideration of the hedging strategies in place.

Currency Risk Sensitivity Analysis

Following analysis of historical data in consultation with the Fund's performance measurers, the council considers the likely annualised volatility associated with foreign exchange movements to be 10.00% 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 10.00% 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 where full hedging of currency risk is not in place):

31 March 2019				31 March 2020		
Change to net assets available to pay benefits				Change to net assets available to pay benefits		
Asset Value	+10.80%	-10.80%		Asset Value	+10.00%	-10.00%
£000s	£000s	£000s		£000s	£000s	£000s
1,168,070	126,152	(126,152)	Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,066,114	106,611	(106,611)
212,928	22,996	(22,996)	Private Equity	222,058	22,206	(22,206)
	149,148	(149,148)	Change in net assets available to pay benefits		128,817	(128,817)

d) 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:

31 March 2019			31 March 2020	
Short term Rating (S&P)	Balances		Short term Rating (S&P)	Balances
	£000s			£000s
		Bank Deposit Accounts		
AAA	6,508	Federated Money Market Fund	AAA	4,675
AAA	6,507	Aberdeen Money Market Fund	AAA	4,674
		Bank current Accounts		
A-1	21	Barclays Bank		25
	13,036	Total		9,374

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 2020 comprise £88.0m (31 March 2019 £65.1m) deposited with AAA rated money market funds, £0.4m (2019 £2.1m overdrawn) with the custodian HSBC (rated A-1+), £1.6m (2019 £6.1m) posted as variation margin to account held by HSBC and deposited overnight in the AAA money market funds detailed above. The current account figure includes control account balances.

e) 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 2020 (2019 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.

31 March 2019		31 March 2020	
Balances	Percentage of Total Fund Assets	Balances	Percentage of Total Fund Assets
£000	%	£000	%
700,434	18.3	586,256	16.3

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 2020 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.

19. 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 2019.

The funding policy is set out in the administering authority's Funding Strategy Statement. The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of approximately 20 years and to provide stability in employer contribution rates where prudently possible. Solvency is achieved when the funds held, plus future expected investment returns, and future contributions are sufficient to meet the expected future pension benefits payable. When an employer's funding level is less than 100% of the funding target (full solvency), then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

	Funded %	Deficit £m
2019 actuarial valuation	99%	28
2016 actuarial valuation	80%	710

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.

2019 Valuation			
Primary Rate (% of pay) 1 April 2020 - 31 March 2023	Secondary Rate £		
	2020-21	2021-22	2022-23
19.5%	£29,020,000	£30,689,000	£32,182,000

2016 Valuation			
Primary Rate (% of pay) 1 April 2017 - 31 March 2020	Secondary Rate £		
	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 2019 Valuation are as follows:

Year	Employers Contribution Rates (% of actual pensionable pay)
1 April 2020 to 31 March 2021	Range from nil to 34.5
1 April 2021 to 31 March 2022	Range from nil to 34.5
1 April 2022 to 31 March 2023	Range from nil to 34.5

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 2019 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 2019

	% per annum Nominal	% per annum Real
Price inflation (CPI)	2.3	-
Pay increases	3.0	0.7
Investment return (Discount rate)	4.2	1.9

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 2018 model, an allowance for smoothing of recent mortality experience and 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	21.7 years	23.9 years
Future Pensioners (current age 45)	22.8 years	25.5 years

The assumptions have changed since the previous IAS26 disclosure for the Fund in accordance with those used for the recently completed 2019 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.

Experience over the period since 31 March 2019

Markets were disrupted by COVID-19 which resulted in difficult market conditions towards the end of the financial year. As a result, the funding level of the Fund as at 31 March 2020 has reduced versus that reported in the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

20. 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 FRS102 (previously 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 19).

31 March 2019		31 March 2020
£000s		£000s
(5,627,000) **	Actuarial present value of promised retirement benefits	(5,199,000)*
3,809,192	Fair Value of scheme assets (bid value)	3,621,120
(1,817,808)	Net Liability	(1,577,880)

* Note that the above figures at 31 March 2020 include an allowance for the “McCloud ruling”, i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes. However, following the Government announcement on the McCloud remedy consultation in July 2020, the estimated impact for McCloud has fallen since the prior assessment as at 31 March 2019. The impact included within the 31 March 2020 liabilities has been adjusted to allow for this.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, there is no allowance made for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

** Includes £10M for the estimated impact of the recent McCloud ruling and £12M for the estimated impact of GMP indexation changes.

The liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 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.

31 March 2019		31 March 2020
%	Assumptions Used	%
2.5	Inflation/Pension Increase Rate Assumption	1.9
2.8	Salary Increase Rate	2.6
2.4	Discount Rate	2.3

21. Current Assets

31 March 2019		31 March 2020
£000s		£000s
	Cash in Hand	
13,036	Cash in Hand**	9,374
	Debtors:	
2,515	Contributions due - employees*	2,441
7,298	Contributions due - employers*	5,723
1,406	Employers special contributions	1,406
597	Augmentation & strain due	668
1,191	Dividends receivable**	1,074
1,133	Pooled funds rebate due**	867
921	UK tax receivable	526
922	Overseas tax receivable	1,325
38	VAT refund due	74
23	Interest due**	25
18	Stock lending/commission recapture**	6
154	Recharge of fees**	108
8	Prepayments	5
8	Sundry**	6
16,232	Total Debtors	14,254
29,268	Current Assets	23,628

* Principally represents amounts due in respect of March payrolls but payable the following month

** Cash and Debtors classed as financial instruments (assets) note 17a).

31 March 2019		31 March 2020
£000s		£000s
	Long term debtors:	
2,057	Employers contributions	645
62	Augmentation & strain due	14
2,119	Total Long-Term Debtors	659

Long term debtors comprise of amounts not due to be paid to the Fund for a period of more than 12 months from the balance sheet date.

31 March 2019		31 March 2020
£000s		£000s
	Analysis of Debtors (including Long Term):	
4,646	Central government bodies	3,330
4,383	Other local authorities	4,474
9,322	Other entities and individuals	7,109
18,351	Total Debtors	14,913

22. Current Liabilities

31 March 2019		31 March 2020
£000s		£000s
	Creditors:	
610	Transfer values payable (leavers)	176
2,151	Benefits payable	1,474
3,429	Investment Management Fees**	2,906
34,512	Receipts in Advance	9
2,593	Other Fees & Charges**	2,523
1,131	UK Taxation payable	1,132
2	Sundry creditors**	0
44,428	Total Creditors	8,220

** Creditors classed as financial instruments (liabilities) note 17a).

31 March 2019		31 March 2020
£000s		£000s
	Analysis of Creditors:	
1,145	Central government bodies	1,131
36,824	Other local authorities	2,385
6,459	Other entities and individuals	4,704
44,428	Total Creditors	8,220

23. Additional Voluntary Contributions

The fund has three in-house AVC providers; Prudential, Clerical Medical and Utmost Life and Pensions (previously 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.

31 March 2019		31 March 2020
£000s		£000s
5,709	Separately Invested AVC Funds	5,428

31 March 2019		31 March 2020
£000s		£000s
1,068	AVC contributions paid directly during the year	898

24. Agency Contracted Services

The Norfolk Pension Fund pays discretionary awards to the former employees of Norfolk County Council, the seven Norfolk district councils and twenty-four 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 2019		31 March 2020
£000s		£000s
1,225	Norfolk County Council	1,210
1,190	Norwich City Council	1,189
252	North Norfolk District Council	255
238	Borough Council of Kings Lynn & West Norfolk	234
183	Great Yarmouth Borough Council	180
107	Broadland District Council	106
101	Breckland District Council	103
58	South Norfolk District Council	58
160	Other	154
3,514	Total	3,489

25. 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.

31 March 2019		31 March 2020
£000s		£000s
2,320	Norfolk County Council incurred administration and investment costs reimbursed by the fund	2,382
44,254	Norfolk County Council Employer Contributions	45,077

All monies owing to and due from the fund were paid within statutory timescales.

All contributions were paid in accordance with the rates and adjustment certificate.

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.

31 March 2019		31 March 2020
£000s		£000s
11,342	Average investment balance held by NCC Treasury Management Operation	14,065
73	Interest earned on balances invested by NCC Treasury Management Operation	102

Governance

Each member of the Pension Fund Committee is required to declare their interests at each meeting. Declarations of interest are recorded in the minutes of each Committee meeting as part of the public record and a copy can be found on the Norfolk County Council website under Pension Committee papers at www.norfolk.gov.uk.

Personnel Employed in the Delivery of the Pensions Function by the Administering Authority

All employees of Norfolk County Council (other than those whose profession grants them access to other public service schemes) may join the Local Government Pension Scheme. This includes personnel employed in delivering the pensions function through the Norfolk Pension Fund. Benefits are accrued, and employee contributions calculated on a standard national, statutory basis.

Disclosure of senior officer remuneration is in note 13 of the Statement of Accounts of the Administering Authority (Norfolk County Council). This disclosure 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.

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 2019-20 the remuneration amount incurred by the Fund was £9,000 (£9,000 2018-19).

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.

26. Contractual Commitments, Contingent Assets and Liabilities**a) Contractual Commitments**

31 March 2019		31 March 2020
£000s		£000s
219,520	Private equity partnerships	284,386
15,370	Property investment vehicles	28,526
25,172	Pooled Debt Funds	35,067
250,489	Pooled Infrastructure	285,025
0	Pooled Timberland	27,634
510,551	Total	660,638

At 31 March 2020 the Fund had made contractual commitments to private equity funds managed by Aberdeen Standard Investments 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 2020 is included in the net asset statement.

In addition to the private equity commitments, within the LaSalle (previously 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 2020. The foreign exchange exposure on the funded portion of these positions is hedged within the LaSalle portfolio but the unfunded commitments are impacted by exchange rate volatility. There are also commitments on the M&G Debt and Credit opportunities portfolio.

During 2020 the Fund entered in to contractual relationships with two further Infrastructure managers. The contractual commitments associated with the new investments are shown above.

b) Contingent Assets

There were no contingent assets as at 31 March 2020. For the comparator year (as at 31 March 2019) the Administering Authority held 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. The total charge on one property was £0.233 million. Following the cessation of the employer the security related to the charge was released post the balance sheet date.

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 (Wells)	Admitted Body
Action for Children (Dereham)	Admitted Body
Action for Children (Diss Children's Centre)	Admitted Body
Action for Children (Ex4Children)	Admitted Body
Action for Children (Fakenham Gateway Children's Centre)	Admitted Body
Action for Children (Hetherset)	Admitted Body
Action for Children (Nar & Terringtons Children's Centre)	Admitted Body
Ad Meliora Academy Trust	Scheduled/Resolution Body
Admirals Academy	Scheduled/Resolution Body
Alderman Peel High	Scheduled/Resolution Body
Alive West Norfolk Ltd	Scheduled/Resolution Body
All Saints Academy	Scheduled/Resolution Body
Angel Road Infant School	Scheduled/Resolution Body
Angel Road Junior School	Scheduled/Resolution Body
Anglia Maintenance Services	Admitted Body
Anthony Curton Primary School	Scheduled/Resolution Body
Antingham & Southrepps Community Primary School	Scheduled/Resolution Body
Archbishop Sancroft High 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 & Wrampingham 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 School	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

Employer	Type
Brisley Church Of England Primary Academy	Scheduled/Resolution Body
Broadland District Council	Scheduled/Resolution Body
Broadland High Ormiston Academy	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	Scheduled/Resolution Body
Burston Primary	Scheduled/Resolution Body
Butterflies Nursery	Scheduled/Resolution Body
Buxton With Lamas Parish Council	Scheduled/Resolution Body
Caister Academy	Scheduled/Resolution Body
Capita (Breckland Contract)	Admitted Body
Castle Acre Church of England Primary School	Scheduled/Resolution Body
Caterlink (College of West Anglia)	Admitted Body
Cawston Parish Council	Scheduled/Resolution Body
Cawston Primary School	Scheduled/Resolution Body
Change Grow Live	Admitted Body
Charles Darwin Primary School	Scheduled/Resolution Body
Chartwell (Iceni Academy)	Admitted Body
Chartwell (Diocese of Norwich Education and Academies Trust)	Admitted 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 (Acle Academy)	Admitted Body
Churchill Park Academy	Scheduled/Resolution Body
Circle Anglia Limited	Admitted Body
City Academy Norwich	Scheduled/Resolution Body
City College Norwich	Scheduled/Resolution Body
City of Norwich School	Scheduled/Resolution 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	Scheduled/Resolution Body
Costessey Junior School (Academy)	Scheduled/Resolution Body
Costessey Town Council	Scheduled/Resolution Body
Cranworth Parish Council	Scheduled/Resolution Body

Employer	Type
Cringleford Parish Council	Scheduled/Resolution Body
Cromer Academy Trust	Scheduled/Resolution Body
Cromer Junior School	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
Dickleburgh Church of England Primary Academy	Scheduled/Resolution Body
Diocese of Norwich Education and Academies Trust (formerly Diocese of Norwich Multi-Academy Trust)	Scheduled/Resolution Body
Diss Church of England Junior School	Scheduled/Resolution Body
Diss High School (Academy)	Scheduled/Resolution Body
Diss Infant Academy And Nursery	Scheduled/Resolution Body
Diss Town Council	Scheduled/Resolution Body
Ditchingham Church of England Primary Academy	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
Dussindale Primary School	Scheduled/Resolution Body
East City Children's Centre	Scheduled/Resolution Body
East Norfolk Sixth Form College	Scheduled/Resolution Body
East of Ouse, Polver & Nar Internal Drainage Board	Scheduled/Resolution Body
East Ruston Infant School and Nursery	Scheduled/Resolution Body
Eastern Inshore Fisheries and Conservation Authority	Scheduled/Resolution Body
Eastern Multi-Academy Trust	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 Worlledge Primary	Scheduled/Resolution Body
Edwards & Blake (Fakenham Infant and Nursery School)	Admitted Body
Edwards & Blake (Fred Nicholson School)	Admitted Body
Edwards & Blake (Magdalen Gates Primary)	Admitted Body
Edwards & Blake (Cherry Tree Marham Infant Academy)	Admitted Body
Edwards & Blake (Unity Trust Kings Park)	Admitted Body
Edwards & Blake (Wymondham Academy)	Admitted Body
Edwards and Blake	Admitted Body
Edwards and Blake (Reepham High)	Admitted Body

Employer	Type
Emneth Primary	Scheduled/Resolution Body
Evolution Academy Trust	Scheduled/Resolution Body
Fakenham Academy Norfolk	Scheduled/Resolution Body
Fakenham Infant & Nursery	Scheduled/Resolution Body
Fakenham Junior School	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	Scheduled/Resolution Body
Framingham Earl High School	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
Gayton Church Of England Primary Academy	Scheduled/Resolution Body
Gaywood Primary	Scheduled/Resolution Body
George White Junior	Scheduled/Resolution Body
Ghost Hill Infant & Nursery 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 and Little Plumstead Parish Council	Scheduled/Resolution Body
Great Hockham Primary	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	Scheduled/Resolution Body
Great Yarmouth College of Further Education	Scheduled/Resolution Body
Great Yarmouth Community Trust (Children's Centre)	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
Gresham Village School	Scheduled/Resolution Body
Greyfriars Academy	Scheduled/Resolution Body
Grove House Nursery Primary School	Scheduled/Resolution Body

Employer	Type
GYB Services Ltd	Scheduled/Resolution Body
Hardingham Parish Council	Scheduled/Resolution Body
Harleston CE Primary Academy	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	Scheduled/Resolution Body
Hellesdon High School Academy	Scheduled/Resolution Body
Hellesdon Parish Council	Scheduled/Resolution Body
Hemblington Parish Council	Scheduled/Resolution Body
Hemblington Primary	Scheduled/Resolution Body
Hemsby Parish Council	Scheduled/Resolution Body
Henderson Green Primary Academy	Scheduled/Resolution Body
Hethel Innovation Ltd	Admitted Body
Hethersett Academy	Scheduled/Resolution Body
Hethersett Parish Council	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
Hopton Church Of England Primary Academy	Scheduled/Resolution Body
Hoveton Parish Council	Scheduled/Resolution Body
Hunstanton Town Council	Scheduled/Resolution Body
I.E.Trust	Scheduled/Resolution Body
Iceni Academy	Scheduled/Resolution Body
Inclusive Schools Trust	Scheduled/Resolution Body
Independence Matters	Admitted Body
Inspiration Trust	Scheduled/Resolution Body
Jane Austin College	Scheduled/Resolution Body
Kenninghall Primary	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

Employer	Type
King's Lynn Internal Drainage Board	Scheduled/Resolution Body
Kings Oak Academy	Scheduled/Resolution Body
Kinsale Junior School	Scheduled/Resolution Body
Kirby Cane And Ellingham Parish Council	Scheduled/Resolution Body
Konectbus Ltd	Admitted Body
KWEST Multi Academy Trust	Scheduled/Resolution Body
Lafarge Tarmac	Admitted Body
Lingwood and Burlingham Parish Council	Scheduled/Resolution Body
Lingwood Primary Academy	Scheduled/Resolution Body
Lionwood Infant + Nursery	Scheduled/Resolution Body
Lionwood Junior	Scheduled/Resolution Body
Litcham School	Scheduled/Resolution Body
Little Snoring Community Primary Academy	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	Scheduled/Resolution Body
Lynn Grove High School (Academy)	Scheduled/Resolution Body
Magdalen Village Academy	Scheduled/Resolution Body
Manor Field Infant Nursery School	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	Scheduled/Resolution Body
Middleton Primary School	Scheduled/Resolution Body
Moorlands Church of England Primary Academy	Scheduled/Resolution Body
Mousehold Infant And Nursery School	Scheduled/Resolution Body
Mundesley Parish Council	Scheduled/Resolution Body
Mundford Church of England Primary	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
Nelson Infant School	Scheduled/Resolution Body
New Anglia Enterprise Council	Admitted Body
New Buckenham Parish Council	Scheduled/Resolution Body
Newton Flotman Parish Council	Scheduled/Resolution Body
Nightingale Infant & Nursery School	Scheduled/Resolution Body

Employer	Type
Norfolk Academies Trust	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
Norse Eastern (Highways)	Scheduled/Resolution Body
North City Children's Centre	Admitted Body
North Norfolk Academy Trust	Scheduled/Resolution Body
North Norfolk District Council	Scheduled/Resolution Body
North Walsham High School	Scheduled/Resolution Body
North Walsham Infant and Nursery	Scheduled/Resolution Body
North Walsham Junior	Scheduled/Resolution Body
North Walsham Town Council	Scheduled/Resolution Body
North Wootton Community School	Scheduled/Resolution Body
Northgate High School	Scheduled/Resolution Body
Northgate Primary School	Scheduled/Resolution Body
Northrepps Parish Council	Scheduled/Resolution Body
Norwich City Council	Scheduled/Resolution Body
Norwich Norse	Scheduled/Resolution Body
Norwich Primary Academy	Scheduled/Resolution Body
Norwich Regeneration Limited	Admitted 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 High School	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

Employer	Type
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
Postwick with Witton Parish Council	Scheduled/Resolution Body
Queensway Infant Academy and Nursery	Scheduled/Resolution Body
Raleigh Infant Academy	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	Scheduled/Resolution Body
Right for Success Academy Sponsorship Trust	Scheduled/Resolution Body
Ringland Parish Council	Scheduled/Resolution Body
Rockland St Mary	Scheduled/Resolution Body
Rudham Church of England Primary School	Scheduled/Resolution Body
Runton Holme Church of England Primary School	Scheduled/Resolution Body
Sacred Heart Catholic V A Primary	Scheduled/Resolution Body
Saffron Housing Trust Limited	Admitted Body
Salhouse Parish Council	Scheduled/Resolution Body
Sandringham And West Newton Church Of England Primary Academy	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 + Mundham Primary	Scheduled/Resolution Body
Sentinel Leisure Trust	Admitted 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

Employer	Type
Spixworth Parish Council	Scheduled/Resolution Body
Spooner Row Primary	Scheduled/Resolution Body
Sporle Church of England Primary School	Scheduled/Resolution Body
Sports & Leisure Management Ltd	Admitted Body
Springwood High School Academy Trust	Scheduled/Resolution Body
Sprowston High School	Scheduled/Resolution Body
Sprowston Town Council	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 Academy	Scheduled/Resolution Body
St John the Baptist Trust	Scheduled/Resolution Body
St Martha's Catholic Primary School	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
St. Clements Hill Primary Academy	Scheduled/Resolution Body
Stalham Academy	Scheduled/Resolution Body
Stalham High School	Scheduled/Resolution Body
Stalham Infant School and Nursery	Scheduled/Resolution Body
Stalham Town Council	Scheduled/Resolution Body
Stradbroke Primary	Scheduled/Resolution Body
Strumpshaw Parish Council	Scheduled/Resolution Body
Suffolk Coastal Services	Scheduled/Resolution Body
Surlingham Primary	Scheduled/Resolution Body
Swaffham Church of England Junior School	Scheduled/Resolution Body
Swaffham Town Council	Scheduled/Resolution Body
Swannington with Alderford LW	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 Fen Rivers Academy	Scheduled/Resolution Body
The Free School Norwich	Scheduled/Resolution Body
The Hewett Academy	Scheduled/Resolution Body
The Howard Junior	Scheduled/Resolution Body

Employer	Type
The Nicholas Hamond Academy	Scheduled/Resolution Body
The Wensum Trust	Scheduled/Resolution Body
The Wherry School	Scheduled/Resolution Body
The Yare Education 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	Scheduled/Resolution Body
Thorpe St Andrew School and 6th Form	Scheduled/Resolution Body
Thorpe St. Andrew Town Council	Scheduled/Resolution Body
Thurlton Primary	Scheduled/Resolution Body
Tilney All Saints VC Primary School	Scheduled/Resolution Body
Tivetshall Primary	Scheduled/Resolution Body
Tuckswood Academy and Nursery	Scheduled/Resolution Body
Unity Education Trust	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 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	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
White House Farm Primary School	Scheduled/Resolution Body
Wimbotsham and Stow Academy	Scheduled/Resolution Body
Winterton Primary School And Nursery	Scheduled/Resolution Body
Woodlands Primary Academy	Scheduled/Resolution Body
Wormegay Primary	Scheduled/Resolution Body
Wroughton Infant Academy	Scheduled/Resolution Body

Employer	Type
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 POLICIES The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

ACCRUALS Amounts included in the 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 asset.

AMORTISED COST A mechanism that sees through contractual terms to measure the full cost/benefit that a council bears each year from being party to a financial liability/asset. For instance, if a premium is paid for the right to enter into a loan at less than market rates or a period of lower than market interest rates is granted and compensated for by a period of higher than market rates, councils are required to account using a single effective interest rate. Interest payable in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement will then be recognised on a level interest rate basis over the expected life of the loan.

ASSET An item owned by the Council which has a value, for example, premises, vehicles, equipment, cash. Fixed assets or long-term assets yield benefits to the Council and the services it provides for a period of more than one year.

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.).

BORROWING Local authorities can 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 and in the short term to smooth daily cash flow requirements. The principal source of borrowings for more than 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 Payments for the acquisition, construction or replacement of an asset, or expenditure which adds to the life or value of an existing asset (enhancement).

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 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 to meet 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 useful life and may have restrictions on their disposal.

CONTINGENT LIABILITIES Potential costs that the Council may incur in the future because of something that happened in the past. A contingent liability is either:

- a possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council; or
- a present obligation arising from past events where it is not probable that there will be an associated cost, or the amount of the obligation cannot be accurately measured.

CORPORATE AND DEMOCRATIC CORE (CDC) Corporate and Democratic Core represents costs associated with democratic representation 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 received for which payment has not been made as at 31 March.

DEBTORS Amounts owed to the Council for goods and services provided for which payment has not been received as at 31 March.

DEFICIT Arises when expenditure exceeds income or when expenditure exceeds available budget.

DEFINED BENEFIT SCHEME A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not related to the investments of the scheme.

DEFINED CONTRIBUTION SCHEME A pension or other retirement benefit scheme into which an employee pays regular fixed contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

DEPRECIATION The measure of the wearing out, consumption, or other reduction in the useful economic life of a tangible asset.

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.

EVENTS AFTER THE BALANCE SHEET Events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Those events that provide evidence of conditions that existed at the end of the reporting period are adjusted for in the Statement of Accounts. Events that are indicative of conditions that arose after the reporting period are disclosed if material, but no adjustment is made to the Statement of Accounts.

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 INSTRUMENT Any contract that gives rise to a financial asset in one organisation and a financial liability in another. A financial asset is a right to future economic benefits, examples include the lending of money. A financial liability is an obligation to transfer economic benefits, examples include the borrowing of money.

FINANCE AND OPERATING LEASE A finance lease transfers all the risks and rewards of ownership of an asset to the lessee. If these leases are used, the assets acquired must be included within the fixed 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's revenue account.

GENERAL FUND The account to which the cost of providing the Council Services is charged that are paid for from Council Tax and Government Grants (excluding the Housing Revenue Account).

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB)

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 an 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 A type of asset that have an indefinite useful life and are not usually capable of being sold. Expenditure on infrastructure assets 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 assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights

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.

LIABILITY An obligation to transfer economic benefits. Current liabilities are usually payable within one year.

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 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 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.

OUTTURN The actual amount spent in the financial year.

PRIVATE FINANCE INITIATIVE (PFI) A Government initiative that enabled, 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 highly 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 1 April 2004 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 (PWLB) 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.

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.

UK GAAP (GENERALLY ACCEPTED ACCOUNTING PRACTICES in the UK) The body of accounting standards and other guidance published by the UK's Financial Reporting Council (FRC).

**Norfolk County Council
County Hall
Martineau Lane
Norwich
Norfolk NR1 2SQ**

This document has been produced by the Corporate Accountancy Team.
If you have any queries, please contact the team on 0344 800 8020