



Norfolk County Council

Statement of Accounts 21-22

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Narrative Report

a) About Norfolk County Council

Norfolk County Council is a shire county representing the whole of Norfolk. The county covers a large area of around 550,000 hectares and is home to approximately 910,000 residents. With over 100 miles of coastline, historic and cultural assets, rural landscapes, coastal communities, market towns and three urban centres, Norfolk boasts a unique and distinctive identity.

Norfolk contains several diverse economies, contributing £19bn to the GDP of UK PLC. There are 6 Enterprise Zones and significant assets in the biotechnology, clean energy and creative digital sectors; driving strong innovation and providing a home for thousands of well paid, knowledge-economy jobs. It is also home to a wealth of world class research, with the Norwich Research Park hosting some 3000 scientist and clinicians working in key areas of research including climate change, food, security and technology. Norfolk is ranked in the top 20 counties for the quality of research outputs.

The mainstay of Norfolk's economy remains in agriculture and tourism. Norfolk's farmland is some of the most productive in the UK. Norfolk is also a popular tourist destination, drawing visitors from the UK and abroad. The county has a buoyant labour market with employment levels at over 76%. Norfolk people continue to rate their life satisfaction and happiness above the average for England and life expectancy in Norfolk is also better than the average for England.

b) Covid-19 Pandemic

2021-22 has been the year that Norfolk, along with the rest of the UK learned to live alongside COVID-19. The COVID-19 pandemic has taken a severe toll on the people and businesses across Norfolk, with many more families experiencing financial hardship, businesses coping with economic uncertainty, workers facing job insecurity, worsening mental health, children falling behind in their education and emerging health inequalities.

The financial impact of the pandemic has been partially mitigated by £75m grant support provided to local authorities by Central Government. The funding received has been utilised to support households, boost infection control measures, promote the vaccination and testing programmes and provide practical aid to students and schools.



Norfolk is the fifth largest shire county in England, with a population projected to grow to 1m by 2036.



Norfolk is one of the largest county economies, ranking 15th for jobs (389,000 employees) and 10th for local business numbers (39,500 businesses).



Norfolk is home to a wealth of world class research, working in some of the areas of greatest importance to society.



Together with Suffolk, we generate over half the UK's offshore wind power capacity – with more planned – and almost a third of its gas.



Norfolk has some of the most productive farmland in the UK. This supports an advanced and nationally significant food and drink sector.



With 563ha of employment land we have space to start up and grow, with lower-than-average operating, property and living costs.

The COVID-19 challenges have also brought together different communities across Norfolk. The County Council has worked to strengthen its partnership working across local government, the voluntary, community and faith sectors to engage with and support our residents, communities and businesses. In July 2021, the Council convened “Rising to the Challenge Together” which brought together 100 partners from across all sectors, to look at the impact of COVID-19 on Norfolk and the opportunities for long term economic and social recovery.

On 29 November 2021, the Council formally adopted a new strategy, Better Together, for Norfolk 2021-25 which builds on the visions and ambitions of the 2019 Corporate Plan and reflects the needs and priorities of Norfolk as we emerge from the pandemic.

The Council expressed its vision as follows:

“In Norfolk we cherish our heritage, we embrace opportunity and offer an extraordinary place in which to spend a lifetime.

We want Norfolk to be the place where everyone can start life well, live well and age well, and where no one is left behind.

We want our economy to be vibrant, entrepreneurial and sustainable, supported by the right jobs, skills, training and infrastructure.

We want our communities to feel safe, healthy, empowered and connected, with their individual distinctiveness respected and preserved”

c) Better Together, for Norfolk

The vision is underpinned by five strategic objectives, which encapsulate the County Council’s role in delivering the “levelling up” programme and ensuring that Norfolk claims its fair share of the investment to drive growth, prosperity and positively impact the health and wellbeing of our residents. The County Council has made a start towards achieving these strategic objectives through the programmes and services outlined below.



£29m Independent Living accommodation across Norfolk

Meadow Walk - 66 apartments in North Fakenham delivered in Spring 2021

Swallow Tail - 58 apartments in Acle opening in Summer 2022

Stalham - a new 62 apartment independent living project due to complete in summer 2023



£18m increase to Care Sector

Following a review of social care fees for care providers.



Household Support Fund 21-22

Including £2.9m for free school meals and supporting households to purchase food, £1.2m on **Norfolk Assistance Scheme** including aiding with household utility bills, £1.4m for community support and £1m targeted support for voluntary and community groups as part of the **Nourish Norfolk Plan** and the **Big Norfolk Holiday Fun** programme to support children during the school holiday periods.



A Vibrant Sustainable Economy

Better Opportunities for Children

Great Yarmouth Operations & Maintenance Campus



£18m invested in helping support people unable to access national support schemes, boosting the offshore energy sector.

Over £1m invested in 25 community projects through the Norfolk Social Infrastructure Fund



£3m DRIVE (Delivering Rural Investment & Vital Employment)

a 2 year cross border project with Suffolk CC supporting local business to develop growth projects and create employment.

£4.9m Chances for Work & Changes – Healthy Living

invested in helping people get back into work and support people who find it difficult to work due to their health



EXPERIENCE €23.3m project

funded by the European Regional Development Fund (ERDF) to promote off-season experiential tourism and sustainable economic growth including the widening of paths, gravel resurfacing, habitat creation, railway heritage features along the Bure Valley Path and new circular walks across the county

Over 2000 apprentices in the 21-22 academic year an 83% increase on 20-21 with the Access to Apprenticeships bursary grant generating over 1300 training opportunities



New schools

North Denes – new 2 storey primary school
168 new special education places for children with SEND across 11 specialist resource bases with a further 7 planned for 2023.

Duke of Lancaster School in Fakenham – delivering 48-100 places for children with autism
Bure Park Specialist Academy – 88 places for boys with social, emotional and mental health needs



£3.4m new speech & language therapy service

jointly commissioned with Norfolk & Waveney Clinical Commissioning Group (CCG)



FLOURISH

Working collaboratively with partners across the county to develop the Flourish ambition and secure long term sustainable changes for all children and young people in Norfolk

Children's Social Care Transformation

Specialist support for parents struggling with substance abuse
£0.7m investment in fostering fees through the implementation of a new fairer payment structure for foster carers



New Roads programme

£5m invested in enabling Norfolk's most vulnerable young people to live within families and achieve their full potential

Targeted Youth Support Service

Aimed at supporting young people at risk of harm outside the family home through criminal or sexual exploitation.

Strong, Engaged and Inclusive Communities

A Greener, More Resilient Future

Adult & Community Learning Provider of the Year

Awarded by the Times Educational Supplement in June 21 and implemented new construction and environmental sustainability curriculum in January 2022



NCC awarded Gold Award

For supporting those who serve in the armed forces, service leavers, veterans and their families

#connected

5000 devices delivered to digitally excluded adults, voluntary and community groups in 2021



Norwich Castle Royal Palace reborn

Work on-going on the £13.5m project to transform Norwich Castle's iconic Norman Keep by rebuilding the medieval floors and rooms

£6m Community Renewal Fund

collaborating with partners on 14 projects, supporting 940 businesses, 12 organisations and 40 community groups to create new jobs and roles for 3113 individuals



The Largest Free to Access Public Sector Internet of Things (IoT) network in the UK

Winning the Best-Connected Digital County in September 2021 Project Gigabit £195m to provide 1GBps connection to 119k homes by 2025-26



Transport Infrastructure

6200 miles of road and bridges, 2800 miles of footway and cycle paths, 3400 miles of Norfolk Trails and public footpath maintained and enhanced with £1.5m flood prevention initiatives, £11m maintenance and road safety schemes and Bus Services Improvement Plan to keep Norfolk moving



#getpedalling

Extension of the Beryl Bike scheme across greater Norwich and new Cycle Hubs for Cromer, Wroxham and Hoveton

Green Skills Roadmap

Addressing the skills gap across the green economy including Low Carbon Services, Nuclear, Offshore Wind, Solar and Retrofit construction



1m Trees

5 mini replanting forests projects underway, including the Miyawaki Forest planting technique that can quickly establish

Zero Carbon by 2030

A successful bid by Norfolk County Council has seen Norwich become one of only three cities in the country to secure £500,000 Zero Emission Transport City (ZETC) development funding from the government



Pollinator Paradise

Roadside Nature Reserves to boost biodiversity along the county's roads and pathways with the designation of 112 roadside nature reserves



Norwich North and Norwich South recycling centres opened in 2021-22 as part of the campaign to reduce waste and encourage recycle and reusing of household resources



d) Governance, Political and Operational Structure in 2021-22

Local Government services in Norfolk are also provided by seven district/borough councils and numerous town and parish councils.

Norfolk County Council has 84 elected councillors each representing an electoral division of up to 10,000 voters. Every four years the people of each division elect one councillor. The most recent election took place in May 2021 and resulted in a Conservative majority.

The Council is governed through a cabinet decision-making system and an executive leader. As well as the Cabinet, there is a Scrutiny Committee, three select committees, and the decision-making process is supported by 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 departments:

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

Since 1 April 2021 the previous Strategy and Governance directorate has been split into the Strategy and Transformation directorate and the Governance department; reflecting the decision of the Council's Employment Committee on 3 November 2020. The service structure and budgets for 2021-22 have been split to reflect these changes in executive director responsibilities.

e) Financial Performance 2021-22

Revenue Budget and Outturn

The net revenue budget agreed by the County Council in February 2021 for 2021-22 was £439.094m, equal to the Council's share of Council Tax receivable during the year and remained unchanged throughout the financial year. This budget included savings of £41.179m, through a combination of financing, transformation, and efficiency initiatives.

The 2021-22 outturn position against the budget was a net underspend of £0.077m which was transferred into the General Fund.

The results are set out below based on the service responsibilities as reported to Cabinet, rather than the total cost of delivering services, (including the 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	Net (under)/ over spend
	£m	£m	%
Adult Social Services	265.792	0.000	0.0%
Children's Services	202.702	6.542	3.2%
Community and Environmental Services	173.803	0.000	0.0%
Strategy and Transformation Services	10.359	0.000	0.0%
Governance Department	1.991	0.000	0.0%
Finance and Commercial Services	84.907	0.000	0.0%
Finance General	(300.460)	(6.619)	(2.2)%
Totals	439.094	(0.077)*	0.0002%

*Transfers to General Fund within year £0.077m

The operational overspend in Children's Services was partially mitigated by savings delivered in year of £11.3m and the use of business reserves, leaving a net overspend of £6.542m. The outturn reflects the growing demand for services and support for children with special educational needs, the worsening state of mental health and wellbeing of children and young people and the limitations in supply of suitable placements to meet these needs. These underlying factors were exacerbated by the COVID-19 pandemic and continue to impact services in the medium to long term.

Adult Social Services also faced significant cost pressures caused by increased demand for services resulting from hospital discharges, reablement home support and Mental Health Safeguarding referrals. This was coupled with staffing and care provider shortages alongside significant increases in the cost of care packages. The service has delivered a balanced budget position by mitigating overspends with one-off underspends, planned use of reserves and £6.3m one-off government grants received in 2021-22

The net underspend includes significant financial pressures identified across all services due to the impact of the Covid pandemic, as well as the Council's response throughout 2021-22 supporting the residents of Norfolk. These financial pressures have been balanced by additional government grants and underspends in other service areas.

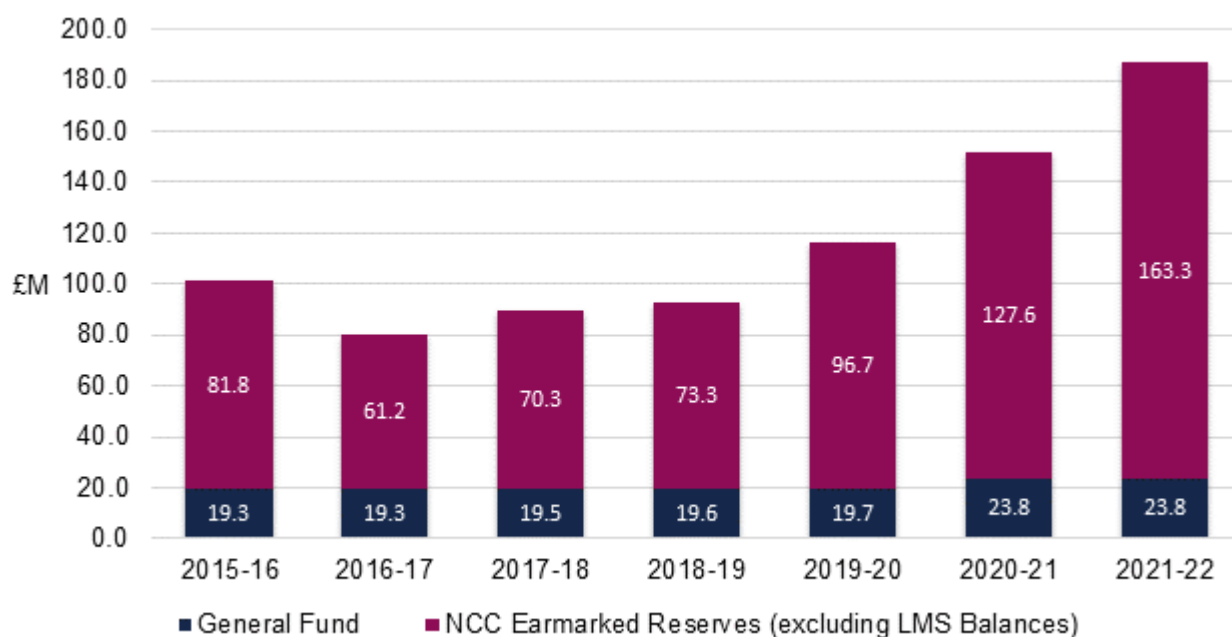
General Fund

The net outturn underspend for 2021-22 was transferred into the General Fund as follows:

General Fund Reserve	£m
31 March 2021	23.763
Transfers during 2021-22	0.077
31 March 2022	23.840

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 the LMS balances as these belong to individual schools



Reserves increased during 2021-22, continuing the medium-term trend. The increase in earmarked reserves at 31 March 2022 is mainly due to the proportion of COVID-19 related government grants received in 2021-22, which has been carried forward in specific grant reserves to mitigate the impact of on-going costs and to support the public health response to containing any future outbreaks of COVID-19 within the county.

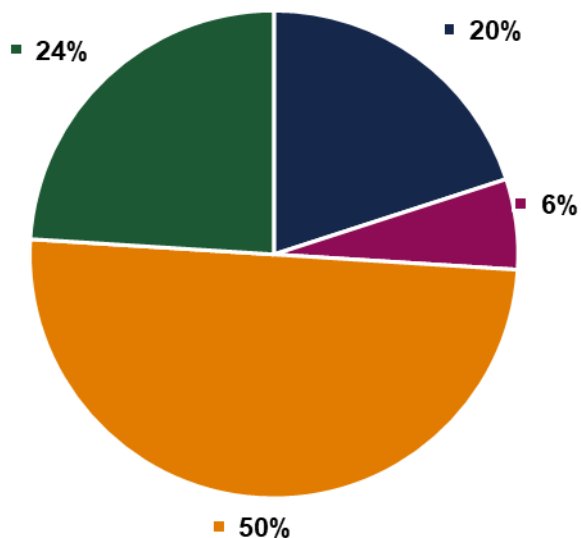
f) Capital Strategy

Norfolk County Council's 5 year Capital Strategy was approved by Council in February 2021 and comprised a diverse portfolio of investment in infrastructure, schools and services totalling £537.660m. This portfolio increased to £1,053.489m over the course of 2021-22 as additional funding was secured through government grants, local developer and other external contributions, re-profiling from 2020-21 and the Council's own financial resources and capital receipts from the disposal of surplus assets.

Capital expenditure for 2021-22 totalled £254.869m, which represents a £36.361m increase compared to 2020-21 expenditure of £219.5m. The increase in expenditure is mainly due to investment in economic development such as the Great Yarmouth O&M Campus, increased Highways capital schemes, including the Great Yarmouth third river crossing and additional investment in the Council's property estate.

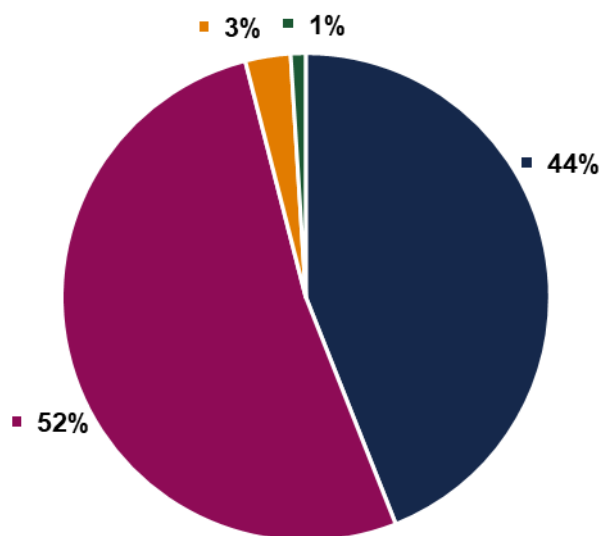
The following tables and charts show the capital expenditure by service and by funding source.

Capital Expenditure



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

Capital Funding



- Prudential Borrowing
- Government Grants
- Capital Receipts
- Revenue and Reserves

2021-22 Capital Programme by Service	£m	2021-22 Capital Programme Funding	£m
Adult Social Services	14.817	Prudential borrowing	112.158
Children's Services	52.379	Government grants	131.832
Community & Environmental Services	127.457	Capital Receipts	8.993
Finance & Commercial Services	61.208	Revenue and Reserves	2.878
Total	255.861	Total	255.861

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 2022, the Council's external borrowing totalled £854.243m, including £110m borrowed in 2021-22 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 £1.7bn.

Loan principal amounting to £5.031m was repaid in 2021-22. The Council's treasury management strategy anticipates further borrowing of £80m in 2022-23 to support the investment programme outlined in the Capital Strategy 2022-2027.

Future capital programme

To replace and develop its assets and infrastructure, the Council needs to support a significant capital programme which includes major on-going capital schemes such as:

- the County's school's estate and development of SEND schools provision
- the transport infrastructure, including the Great Yarmouth Third River Crossing, on-going Highways maintenance and Flood prevention measures
- Project Gigabit – supporting the deployment of superspeed broadband across the County
- Enhancement of the County's natural tourism resources, including the Bure Valley Pathway

These schemes will be funded mainly through grants and contributions from third parties, primarily from central government, which funds most of the capital expenditure. Other schemes such as the expansion of independent living accommodation for the elderly, the introduction of electric vehicles within the Council's and Fire Service's fleets, office refurbishments, ICT projects and the replacement of a waste recycling centre will rely on a significant amount of prudential borrowing.

2022-27 Capital Programme by Service	£m	2022-27 Capital Programme Funding	£m
Adult Social Services	68.518	Prudential borrowing	400.210
Children's Services	218.964	Government grants	310.010
Community & Environmental Services	403.628	Capital Receipts	88.400
Finance & Commercial Services	107.077	Revenue and Reserves	0.000
Strategy & Transformation Services	0.433		
Total	798.620	Total	798.620

g) 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 £1.312bn.

The pension fund deficit does not represent an immediate call on the Council's reserves but provides a snapshot at 31 March 2022, with the value of assets and liabilities changing daily. The most recent actuarial revaluation as at 31 March 2019 assessed the funding level at 99%. 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.

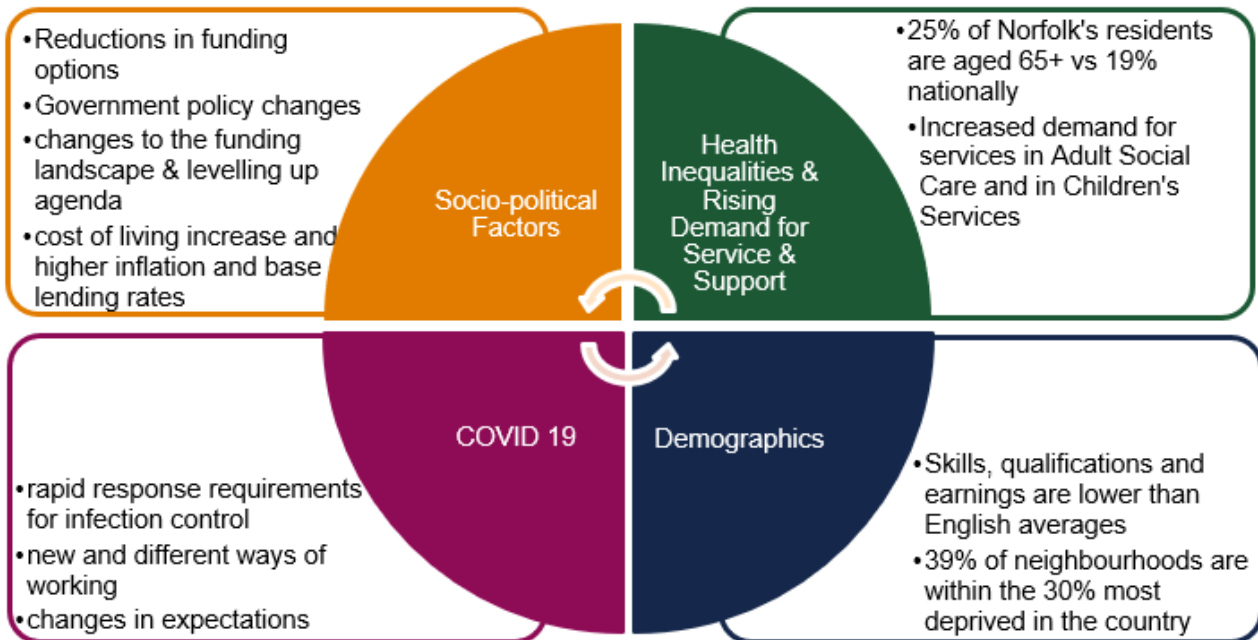
h) Provisions

At the end of the financial year, the Council's provisions stood at £30.4m, 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, £12.9m are not cash backed as they relate to an asset backed landfill provision.

i) Outlook for the future

As we move into 2022-23, the Council continues to face severe cost pressures and material uncertainty about the wider financial operating environment. The challenges can be encapsulated within the following four themes:

- Theme 1: Socio-political factors
- Theme 2: Health Inequalities & Rising
- Theme 3: COVID 19
- Theme 4: Demographics



It was in this context that the County Council set the 2022-23 Budget. However, since the 2022-23 Budget was agreed, Russia has invaded Ukraine, triggering a humanitarian emergency and causing the largest refugee crisis in Europe since the second world war. The war in Ukraine will have various implications for the Council, as we seek to support 535 Ukrainian refugees coming into the County. The Council will work with Central Government to review our contractual arrangements to identify and address any links to Russian companies and to mitigate any wider financial and economic impacts including pressures on our energy costs.

Despite these unforeseen impacts, the 2022-23 Budget was developed to provide a sound platform to address the multiple impacts of the challenges highlighted above. The proposed 2022-23 Budget sees the Council making a further significant investment in maintaining levels of service delivery, and delivers a robust, balanced budget for the year. In setting the Budget, the Council agreed a council tax increase of 2.99% (1.99% general and 1.00% for the adult social care precept) for the year. This means the increase in 2022-23 is below the 4% threshold available and within the limits set by Government, which is sensitive to the significant cost of living pressures being faced by many local taxpayers, while still ensuring the Council is financially resilient, has the resources necessary to lead the local recovery from the pandemic, and is well placed to react to future funding changes.

As in previous years, the Council's Capital Programme of £717.5m for 2022-27+ includes essential investment in the provision of vital infrastructure and supports the delivery of our future budget strategy. The programme is central to the continued development of key services: enabling the transformation of social services to meet growing need, promoting regeneration and sustainable development, generating efficiencies through the use of information technology and making provision for the continuing development of our libraries into local multi-service hubs.

The existing programme totals £626.5m including major projects such as:

- Schools basic need and capital maintenance
- Living Well - Homes for Norfolk: to develop extra care housing in Norfolk
- SEND transformation to create 500 extra specialist school places
- Great Yarmouth Third River Crossing
- Norwich Western Link
- Transport capital maintenance
- Better Broadband for Norfolk

New schemes added in the 2022-23 Budget total £91m, and include:

- £3m for the library estate to extend the service and modernise facilities
- Fire vehicle replacements
- New Household Waste Recycling Centre in North Walsham
- Drainage Improvement Schemes

Recently awarded grants and contributions of £9.7m and reprofiling from 2021-22 of £71.4m have been added to the Capital Programme bringing the total to £798.6m for 2022-27+.

Looking ahead, the budget gap for 2023-24 identified in the updated Medium Term Financial Strategy is materially higher than in previous years. There is also major uncertainty linked to Government's plans to reform local government funding during 2022 (for 2023-24) and linked to the delivery of the levelling up agenda. While the Council's past success in delivering a balanced budget, coupled with a robust budget planning approach, provides a solid platform, it has taken the prudent approach and already begun work on planning for 2023-24. As part of setting the 2022-23 Budget, the Council agreed to undertake a full review of how it operates to deliver its future services and strategy. This will include an assessment of organisational structures and ways of working, to take out cost while safeguarding the stability and sustainability of services and building capability to continue to transform how services are delivered within a context of more collaborative working across Norfolk public services. The Council remains confident that with clear insight and working collaboratively we can deliver the 2022-23 Budget and continue to secure a resilient, sustainable and robust financial position into the future.

j) 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 2022. They include core and supplementary statements, together with disclosure notes. These financial statements for 2021-22 are set out following the **CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021-22**, 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 **Group Accounts** sets out the income and expenditure for the year and financial position at 31 March 2022 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 2021-22.

The Group Accounts combines the financial results of three wholly owned companies - Norse Group, Independent Matters CIC and Repton Property Developments Ltd:

- 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 £18m.
- Repton Property Developments Ltd has been set up to develop the Council's surplus properties and other suitable land. Turnover for the year is over £4m.

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 Firefighters Pension Fund Accounts** shows the operation of the Norfolk Firefighters Pension Fund administered by West Yorkshire Pension Fund for the Council's own firefighter employees.
- 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 128 to 196. Copies of the full annual report for the pension fund are available on the [Norfolk Pension Fund website](#).

k) 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 2022-26](#).

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

The Director of Strategic Finance's Responsibilities

The Director of Strategic Finance 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 Director of Strategic Finance has:

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

The Director of Strategic Finance has also:

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

Certificate by the Director of Strategic Finance

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 2022 and its income and expenditure for the year ended 31 March 2022. These financial statements replace the unaudited financial statements authorised for issue on 29 July 2022.



Harvey Bullen
Director of Strategic Finance
Date: 19 February 2024

Certificate by the Chairman of the Audit Committee

I confirm that these accounts were approved by the Audit Committee at its meeting on 7 September 2023 on behalf of Norfolk County Council and have been authorised for issue.



Councillor Ian Mackie
Chairman of the Audit and Governance Committee
Date: 19 February 2024

INDEPENDENT AUDITOR'S 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 ('the Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Movement in Reserves Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement
- the related notes 1 to 47 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Norfolk County Council and the Group as at 31 March 2022 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

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. We are independent of the 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 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

In auditing the financial statements, we have concluded that the Director of Strategic Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Authority's ability to continue as a going concern for a period to 31 March 2025.

Our responsibilities and the responsibilities of the Director of Strategic Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the Norfolk County Council Statement of Accounts 21-22, other than the financial statements and our auditor's report thereon. The Director of Strategic Finance is responsible for the other information contained within the Statement of Accounts 21-22.

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.

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 course of 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 themselves. 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:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Authority.
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.

Responsibility of the Director of Strategic Finance

As explained more fully in the Statement of the Director of Strategic Finance's Responsibilities set out on page 16, the Director of Strategic Finance is responsible for the preparation of the Statement of Accounts, which includes the Group 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Director of Strategic Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Strategic Finance is responsible for assessing the Group and 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 Group and the Authority either intends to cease operations, or has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:

- Local Government Act 1972,
- Education Act 2002 and school Standards and Framework Act 1998 (England)],
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- National Health Service Act 2006,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Group and the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Norfolk County Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Group and the Authority's committee minutes, through enquiry of employees to confirm Group and the Authority's policies and other information. We also considered reports related to disputes between the Council's group component Norse and its joint ventures with local district councils including review of independent reports prepared on the matter by external consultants. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Group and the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified a risk of inappropriate capitalisation of revenue expenditure (including revenue expenditure funded by capital under statute) and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested a sample of the Group and the Authority's capitalised expenditure and revenue expenditure funded by capital under statute to ensure the criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also assessed whether the judgements made in making accounting estimates are indicative of a potential bias and evaluated the business rationale of any identified significant transactions that were

unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

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 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Norfolk County Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether 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 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, 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 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

Delay in Certification of Completion of the Audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Norfolk County Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

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

Debbie Hanson
Ernst + Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
19 February 2024

Comprehensive Income and Expenditure Statement

2020-21				2021-22		
Gross Expenditure (Restated) £000s	Gross Income (Restated) £000s	Net Expenditure (Restated) £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
506,509	178,399	328,110	Continuing Services:	509,791	179,464	330,327
600,566	338,823	261,743	Adult Social Services	659,279	363,333	295,946
287,582	117,748	169,834	Children's Services	311,270	134,140	177,130
10,161	1,446	8,715	Community and Environmental Services	13,004	2,022	10,982
5,441	2,149	3,292	Strategy and Transformation Services*	7,142	3,062	4,080
65,346	16,130	49,216	Governance Department*	111,204	19,411	91,793
22,715	6,213	16,502	Finance and Commercial Services	11,437	12,783	(1,346)
(721)	0	(721)	Finance General	(1,240)	0	(1,240)
			Non-Distributed Costs			
1,497,599	660,908	836,691	Cost of Services	1,621,887	714,215	907,672
		17,837	Other Operating Expenditure (Note 5)			30,133
		59,503	Financing and Investment Income and Expenditure (Note 6)			54,034
		(871,334)	Taxation and Non-Specific Grant Income			(926,115)
		42,697	(Surplus) / Deficit on Provision of Services			65,724
		14,581	(Surplus) / Deficit on Revaluation of Property, Plant and Equipment Assets			(23,120)
		391,925	Re-measurements of the net defined benefit liability			(366,719)
		406,506	Other Comprehensive Income and Expenditure			(389,839)
		449,203	Total Comprehensive Income and Expenditure			(324,115)

* Prior to 1 April 2021 the Governance Department and Strategy & Transformation Services were one department called Strategy & Governance Services. The comparatives for 2020-21 have been restated to reflect the split of this department.

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 2020	109,108	1,347	82,905	193,360	(201,942)	(8,582)
Movement in Reserves during 2020-21						
Reclassification of DSG reserve to Unusable reserve	19,703	0	0	19,703	(19,703)	0
Total Comprehensive Expenditure and Income	(42,697)	0	0	(42,697)	(406,506)	(449,203)
Adjustments between accounting basis & funding basis under regulations (Note 15)	82,284	5,101	(2,594)	84,791	(84,791)	0
Increase / (Decrease) in Year	59,290	5,101	(2,594)	61,797	(511,000)	(449,203)
Balance at 31 March 2021	168,398	6,448	80,311	255,157	(712,942)	(457,785)
Movement in Reserves during 2021-22						
Total Comprehensive Expenditure and Income	(65,724)	0	0	(65,724)	389,839	324,115
Adjustments between accounting basis & funding basis under regulations (Note 15)	102,328	(1,159)	35,468	136,637	(136,637)	0
Increase / (Decrease) in Year	36,604	(1,159)	35,468	70,913	253,202	324,115
Balance at 31 March 2022	205,002	5,289	115,779	326,070	(459,740)	(133,670)

* 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 26 on page 62.

Balance Sheet

31 March 2021		31 March 2022	
£000s		Note	£000s
1,696,205	Property, Plant & Equipment	17	1,767,361
13,294	Heritage Assets	18	13,294
25,959	Investment Property	19	14,635
1,089	Intangible Assets		1,219
18,689	Long Term Investments	20	20,140
67,695	Long Term Debtors	21	65,490
1,822,931	Long Term Assets		1,882,139
80,075	Short Term Investments	20	190,288
360	Inventories		298
165,302	Short Term Debtors	21	192,422
126,488	Cash and Cash Equivalents	22	46,257
0	Current Held for Sale Investment Property	19	21,021
6,406	Assets Held for Sale	23	6,290
378,631	Current Assets		456,576
(12,418)	Short Term Borrowing	20	(22,989)
(2,205)	Other Short Term Liabilities	20	(2,371)
(239,692)	Short Term Creditors	24	(204,164)
(2,971)	Provisions	25	(3,174)
(257,286)	Current Liabilities		(232,698)
(22,652)	Provisions	25	(22,564)
(746,333)	Long Term Borrowing	20	(840,958)
(1,611,918)	Other Long Term Liabilities	20	(1,356,652)
(21,158)	Capital Grants Receipts in Advance	8	(19,513)
(2,402,061)	Long Term Liabilities		(2,239,687)
(457,785)	Net Assets		(133,670)
255,157	Usable Reserves	26	326,070
(712,942)	Unusable Reserves	27	(459,740)
(457,785)	Total Reserves		(133,670)

The unaudited accounts were issued on 29 July 2022 and the audited accounts were authorised for issue on 19 February 2024.

Cash Flow Statement

31 March 2021		31 March 2022
£000s		£000s
42,697	Net (surplus) or deficit on the provision of services	65,724
(225,056)	Adjust net (surplus) or deficit on the provision of services for non-cash movements (Note 37)	(198,137)
139,253	Adjust for Items in the net (surplus) or deficit on the provision of services that are investing and financing activities (Note 37)	174,175
(43,106)	Net cash flows from Operating Activities	41,762
30,369	Investing Activities (Note 38)	141,121
(41,717)	Financing Activities (Note 39)	(102,652)
(54,454)	Net (increase) or decrease in cash and cash equivalents	80,231
72,034	Cash and cash equivalents at the start of the year	126,488
126,488	Cash and cash equivalents at the end of the year (Note 22)	46,257

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Supporting the Comprehensive Income and Expenditure Statement

1. Expenditure and Funding Analysis

	2021-22		
	Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s
Adult Social Services	240,925	89,402	330,327
Children's Services	170,641	125,305	295,946
Community and Environmental Services	107,771	69,359	177,130
Strategy and Transformation Services	7,119	3,863	10,982
Governance Department	2,969	1,111	4,080
Finance and Commercial Services	30,070	61,723	91,793
Finance General	(38,818)	37,472	(1,346)
Non-Distributed Costs	0	(1,240)	(1,240)
Net Cost of Services	520,677	386,995	907,672
Other Income and Expenditure	(557,281)	(284,667)	(841,948)
(Surplus) or Deficit	(36,604)	102,328	65,724
Opening General Fund Balance at 31 March*	168,398		
Plus surplus on General Fund	36,604		
Closing General Fund Balance at 31 March *	205,002		

	2020-21		
	Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	(Restated) £000s	(Restated) £000s	(Restated) £000s
Adult Social Services	253,623	74,487	328,110
Children's Services	153,615	108,128	261,743
Community and Environmental Services	104,282	65,552	169,834
Strategy and Transformation Services**	6,287	2,428	8,715
Governance Department**	2,273	1,019	3,292
Finance and Commercial Services	28,109	21,107	49,216
Finance General	(7,498)	24,000	16,502
Non-Distributed Costs	0	(721)	(721)
Net Cost of Services	540,691	296,000	836,691
Other Income and Expenditure	(580,278)	(213,716)	(793,994)
(Surplus) or Deficit	(39,587)	82,284	42,697
Opening General Fund Balance at 31 March *	109,108		
Reclassification of DSG reserve to Unusable	19,703		
Plus surplus on General Fund	39,587		
Closing General Fund Balance at 31 March *	168,398		

* The General Fund Balance in the tables above represent the Council's General Balances together with total earmarked reserves as detailed in Note 16 on page 45.

** The comparatives for 2020-21 have been restated to reflect the split of Strategy & Governance Services.

2. Note to the Expenditure and Funding Analysis

	2021-22			
	Adjustments for Capital Purposes	Net change for the pensions adjustments	Other Differences	Total Adjustments
	£000s	£000s	£000s	£000s
Adult Social Services	5,254	24,856	59,292	89,402
Children's Services	29,022	45,315	50,968	125,305
Community and Environmental Services	49,541	15,643	4,175	69,359
Strategy and Transformation Services	0	2,943	920	3,863
Governance Department	0	1,043	68	1,111
Finance and Commercial Services	53,912	7,651	160	61,723
Finance General	11	(16,422)	53,883	37,472
Non-Distributed Costs	0	(1,240)	0	(1,240)
Net Cost of Services	137,740	79,789	169,466	386,995
Other Income and Expenditure from the Expenditure and Funding Analysis	(159,673)	33,151	(158,145)	(284,667)
Difference between General Fund surplus/deficit and CIES surplus/deficit on provision of services	(21,933)	112,940	11,321	102,328

	2020-21			
	Adjustments for Capital Purposes	Net change for the pensions adjustments	Other Differences	Total Adjustments
	(Restated) £000s	(Restated) £000s	(Restated) £000s	(Restated) £000s
Adult Social Services	3,084	13,641	57,762	74,487
Children's Services	45,766	20,382	41,980	108,128
Community and Environmental Services	47,464	4,564	13,524	65,552
Strategy and Transformation Services*	0	1,484	944	2,428
Governance Department*	0	473	546	1,019
Finance and Commercial Services	15,642	3,771	1,694	21,107
Finance General	2,908	(16,049)	37,141	24,000
Non-Distributed Costs	0	(721)	0	(721)
Net Cost of Services	114,864	27,545	153,591	296,000
Other Income and Expenditure from the Expenditure and Funding Analysis	(117,146)	26,673	(123,243)	(213,716)
Difference between General Fund surplus/deficit and CIES surplus/deficit on provision of services	(2,282)	54,218	30,348	82,284

* The comparatives for 2020-21 have been restated to reflect the split of Strategy & Governance Services.

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:

2020-21 (Restated)		2021-22
£000s		£000s
73,131	Adult Social Services	79,789
16,828	Children's Services	24,644
22,334	Community and Environmental Services	21,333
1,265	Strategy and Transformation Services*	1,750
1,976	Governance Department*	2,915
6,872	Finance and Commercial Services	7,656
401	Finance General	(9,143)
122,807	Total income analysed on a segmental basis	128,944

* The comparatives for 2020-21 have been restated to reflect the split of Strategy & Governance Services.

4. Expenditure and Income analysed by Nature

The Council's expenditure and income analysed by type:

2020-21		2021-22
£000s		£000s
477,471	Employee benefits expenses	565,364
933,918	Other Services expenses	970,844
63,054	Support Service recharges	75,147
99,652	Depreciation, amortisation, impairment	96,971
60,318	Interest payments	67,790
1,523	Precepts and levies	1,555
16,314	Gain/loss on disposal of assets	28,578
1,652,250	Total Expenditure	1,806,249
	Fees, charges and other service income	
(122,807)	- Income from Service Recipients	(128,944)
(96,862)	- Income from other sources	(127,694)
(1,754)	Interest and investment income	(3,054)
(564,136)	Income from council tax and business rates	(594,007)
(823,994)	Government Grants and contributions	(886,826)
(1,609,553)	Total Income	(1,740,525)
42,697	Surplus or Deficit on the Provision of Services	65,724

5. Other Operating Expenditure

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

2020-21		2021-22
£000s		£000s
904	Environment Agency precept	926
619	Eastern Sea Fisheries precept	629
16,314	(Gains)/losses on disposal of non-current assets	28,578
17,837	Total	30,133

6. Financing and Investment Income and Expenditure

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

2020-21		2021-22
£000s		£000s
34,215	Interest payable and similar charges	35,717
26,103	Net interest cost on the net defined benefit liability	32,073
(1,754)	Interest receivable and similar income	(3,054)
2,656	Income and expenditure in relation to investment properties and / or changes in their fair value (Note 19)	(10,120)
(1,521)	Dividend Income	(755)
(196)	(Gains)/Losses on trading accounts not included in the cost of services	173
59,503	Total	54,034

7. Taxation and Non-Specific Grant Income

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

2020-21		2021-22
£000s		£000s
420,856	Council tax income	445,905
143,280	Non-domestic rates	148,102
180,421	Non-ring-fenced government grants	180,896
125,761	Capital grants, contributions and donated assets	151,212
1,016	Donated Assets Income	0
871,334	Total	926,115

8. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021-22. The table shows details of grants credited to Services where the balance is more than £1m in 2021-22.

Credited to Taxation and non-Specific Grant Income:

2020-21		2021-22
£000s		£000s
172,686	Department for Levelling Up, Housing and Communities	172,408
5,259	Department for Education	6,061
1,197	Department of Health and Social Care	1,193
1,127	Home Office	1,082
152	Department for Environment, Food & Rural Affairs	152
180,421	Total General Government Grants	180,896

2020-21		2021-22
£000s		£000s
89,204	Department for Transport	112,017
9,785	Department for Education	17,551
2,476	New Anglia Local Enterprise Partnership	7,059
13,997	Developer Contributions	6,434
3,886	Other Local Authorities	5,379
3,121	Department for Digital, Culture, Media & Sport	1,215
3,225	Commercial Contribution	0
67	Grants and Contributions less than £1m	1,557
125,761	Total Capital Grants and Contributions	151,212

Credited to Services:

2020-21		2021-22
£000s		£000s
	<u>Adult Social Services:</u>	
86,659	NHS Clinical Commissioning Groups	72,604
9,771	Department of Health and Social Care	15,228
422	NHS Foundation Trusts	1,722
865	Home Office	1,230
	<u>Children's Services:</u>	
310,517	Department for Education	322,026
4,045	Home Office	5,613
1,944	Department for Levelling Up, Housing and Communities	2,241
1,280	NHS Clinical Commissioning Groups	3,554
1,079	Arts Council /Federation of Music Services	1,080
958	Other Local Authorities	1,188

2020-21		2021-22
£000s		£000s
	<u>Community and Environmental Services:</u>	
41,405	Public Health England	42,093
10,765	Department of Health and Social Care	16,443
4,203	Department for Levelling Up, Housing and Communities	7,982
7,275	Department for Transport	6,727
4,763	Department for Education	5,363
2,241	EU Funding	3,115
1,992	Heritage Lottery Fund	3,023
2,170	Arts Council	2,185
1,920	Home Office	2,159
464	Other Local Authorities	1,552
1,374	Developer Contributions	1,451
884	Sport England	1,042
	<u>Finance and Commercial Services:</u>	
1,381	Department for Digital, Culture, Media & Sport	4,009
745	Other Local Authorities	1,839
	<u>Finance General:</u>	
3,683	Department for Work and Pensions	9,921
0	Department for Levelling Up, Housing and Communities	7,495
1,016	Department for Environment, Food & Rural Affairs	0
8,859	Grants and Contributions less than £1m	8,954
512,680	Total Grants and Contributions recognised in Net Cost of Services	551,839

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:

2020-21		2021-22
£000s		£000s
15,590	Department of Health and Social Care	10,689
0	Department for Digital, Culture, Media & Sport	2,405
2,888	Department for Education	1,518
0	Public Health England	173
830	Home Office	0
107	Department for Levelling Up, Housing and Communities	0
57	NHS Clinical Commissioning Groups	52
101	Other Revenue Grants & Contributions	846
19,573	Total Conditional Revenue Grants & Contributions	15,683

Included in Long Term Liabilities:

2020-21		2021-22
£000s		£000s
15,769	Developer Contributions	13,915
3,476	New Anglia Local Enterprise Partnership	3,182
1,808	Other Local Authorities	1,459
0	Department for Education	813
71	Contributions from Schools/Academy Trusts	113
5	Department for Transport	2
29	Other Capital Grants & Contributions	29
21,158	Total Capital Grants Receipts in Advance	19,513

9. Agency Services

The County Council administers money on behalf of the Clinical Commissioning Groups under Section 28 agreements. For 2021-22 the expenditure, which is not included in the Comprehensive Income and Expenditure Statement, amounts to £13.734m (£11.054m in 2020-21).

10. Joint Arrangements

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

From 1 April 2016 until 31 March 2021, 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. The County Council and the CCG's have agreed that any remaining surplus/deficit will be returned to the Partners.

2020-21		2021-22
£000s		£000s
(4,535)	Gross Income	0
5,090	Expenditure	0
555	(Surplus)/Deficit	0
2,712	Council's Contribution	0

- 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. From August 2021 the contract was moved to Cambridgeshire Community Services NHS Trust, this included agreement for additional costs to clear the waiting list over three years.

2020-21		2021-22
£000s		£000s
(2,255)	Gross Income	(3,185)
2,255	Expenditure	3,185
0	(Surplus)/Deficit	0
1,264	Council's Contribution	1,301

- **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.

On 1 April 2020 the five CCGs in Norfolk merged to become NHS Norfolk & Waveney Clinical Commissioning Group. However, the BCF is still managed in areas that follow the previous CCG's geographical boundaries. For each service included within the Section 75 agreements either the Council or the 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 CCG. 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 2021-22:

2021-22							
	Great Yarmouth and Waveney Area	North Norfolk Area	Norwich Area	South Norfolk Area	West Norfolk Area	Norfolk BCF Capital Pool	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
CCG	(4,166)	(7,753)	(8,368)	(8,879)	(5,837)	0	(35,003)
Norfolk County Council	(4,004)	(6,713)	(7,576)	(8,988)	(6,836)	0	(34,117)
Capital Grants	0	0	0	0	0	(9,158)	(9,158)
iBCF & Winter Funding Grant	(6,951)	(9,976)	(7,985)	(6,006)	(8,853)	0	(39,771)
Total Income	(15,121)	(24,442)	(23,929)	(23,873)	(21,526)	(9,158)	(118,049)
CCG	4,166	7,753	8,368	8,879	5,837	0	35,003
Norfolk County Council	4,004	6,713	7,576	8,988	6,836	9,158	43,275
iBCF & Winter Funding	6,951	9,976	7,985	6,006	8,853	0	39,771
Total Expenditure	15,121	24,442	23,929	23,873	21,526	9,158	118,049
(Surplus)/Deficit	0	0	0	0	0	0	0

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

2020-21							
	Great Yarmouth and Waveney Area	North Norfolk Area	Norwich Area	South Norfolk Area	West Norfolk Area	Norfolk BCF Capital Pool	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
CCG	(3,681)	(5,453)	(6,788)	(5,696)	(6,147)		(27,765)
Norfolk County Council	(3,792)	(6,359)	(7,176)	(8,513)	(6,475)		(32,315)
Capital Grants						(8,071)	(8,071)
iBCF & Winter Funding Grant	(6,923)	(10,437)	(8,291)	(7,548)	(9,506)		(42,705)
Total Income	(14,396)	(22,249)	(22,255)	(21,757)	(22,128)	(8,071)	(110,856)
CCG	3,681	5,453	6,788	5,696	6,147		27,765
Norfolk County Council	3,792	6,359	7,176	8,513	6,475	8,071	40,386
iBCF & Winter Funding	6,923	10,437	8,291	7,548	9,506		42,705
Total Expenditure	14,396	22,249	22,255	21,757	22,128	8,071	110,856
(Surplus)/Deficit	0	0	0	0	0	0	0

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

- **Equipment Pool**

As part of the Better Care Fund, the Council hosts an Equipment Service arrangement and decisions made jointly with the CCG. 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.

2021-22			
	Contributions	Expenditure	Net (surplus) / deficit
	£000s	£000s	£000s
<u>Clinical Commissioning Group:</u>			
Great Yarmouth and Waveney Area	(1,616)	1,616	0
North Norfolk Area	(1,635)	1,635	0
Norwich Area	(1,437)	1,437	0
South Norfolk Area	(1,777)	1,777	0
West Norfolk Area	(1,225)	1,225	0
	(7,690)	7,690	0
Norfolk County Council	(3,390)	3,390	0
Total	(11,080)	11,080	0

2020-21			
	Contributions	Expenditure	Net (surplus) / deficit
	£000s	£000s	£000s
<u>Clinical Commissioning Group:</u>			
Great Yarmouth and Waveney Area	(654)	654	0
North Norfolk Area	(1,417)	1,417	0
Norwich Area	(1,182)	1,182	0
South Norfolk Area	(1,469)	1,469	0
West Norfolk Area	(1,062)	1,062	0
	(5,784)	5,784	0
Norfolk County Council	(3,103)	3,103	0
Total	(8,887)	8,887	0

- **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.

2020-21		2021-22
£000s		£000s
6,350	Balance brought forward	9,266
7,623	Gross Income	13,172
(4,716)	Expenditure	(7,240)
9	Interest on daily cash balances	9
9,266	Balance carried forward	15,207

11. Members Allowances

The total amount of members allowances paid in the year was £1.280m (£1.235m in 2020-21).

12. 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.

2020-21		2021-22
£000s		£000s
98	Fees payable to external auditors for external audit services	98
0	Fees payable to external auditors for the certification of grant	0
98	Total	98

Fees are prescribed by the Public Sector Auditor Appointments Ltd (PSAA) and any increase in published scale fees needs to be agreed by them. There is an additional fee of £0.061m for 2020-21 that was recognized in 2022-23. The additional fee for 2021-22 will be recorded in the subsequent year once agreed upon by PSAA.

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.

2021-22							
Position & Postholder	Note	Salary	Expenses Allowances*	Compensation for loss of office	Sub Total	Employer Pension contributions	Total
		£	£	£	£	£	£
Executive Director of Community and Environmental Services (Head of Paid Service): <i>T McCabe</i>		164,800	0	0	164,800	12,800	177,600
Executive Director of Adult Social Services: <i>J Bullion</i>		154,800	0	0	154,800	24,000	178,800
Executive Director of Children's Services: <i>S Tough</i>		174,300	0	0	174,300	25,200	199,500
Executive Director of Finance and Commercial Services: <i>S George</i>	A	154,800	0	0	154,800	24,000	178,800
Executive Director of Strategy and Transformation: <i>P Cracknell</i>	B	135,300	0	0	135,300	21,000	156,300
Director of Governance	B	114,300	0	0	114,300	17,700	132,000
Director of Public Health		132,100	0	0	132,100	19,000	151,100
Chief Fire Officer: <i>S Ruff</i>	C	150,100	1,100	0	151,200	49,800	201,000
Interim Chief Fire Officer: <i>T Edwards</i>	C	16,300	100	0	16,400	3,700	20,100

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

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 2021-22 the remuneration amount incurred by the Fund was £9,000 and forms part of the remuneration figure shown in the table above. From 15 April 2023 this role was replaced by the Director of Strategic Finance as part of the Strategic Review.

Note B: The Strategy and Governance department split into the Governance department and Strategy and Transformation Services from 1 April 2021. The new Executive Director of Strategy and Transformation started on 12 April 2021 and the Governance Department is led by the Director of Governance who is the Chief Legal Officer.

Note C: The Chief Fire Officer retired on 31 March 2022. The Assistant Chief Fire Officer acted up in this role from 10 February 2022. His remuneration for the period 10 February 2022 to 31 March 2022 is shown in the table above.

2020-21							
Position & Postholder	Note	Salary	Expenses Allowances*	Compensation for loss of office	Sub Total	Employer Pension contributions	Total
		£	£	£	£	£	£
Executive Director of Community and Environmental Services (Head of Paid Service): <i>T McCabe</i>		162,100	0	0	162,100	25,100	187,200
Executive Director of Adult Social Services: <i>J Bullion</i>		152,100	0	0	152,100	23,600	175,700
Executive Director of Children's Services: <i>S Tough</i>		159,800	0	0	159,800	24,800	184,600
Executive Director of Finance and Commercial Services: <i>S George</i>	A	152,100	0	0	152,100	23,600	175,700
Executive Director of Strategy and Governance: <i>F McDiarmid</i>	B	108,600	0	0	108,600	12,700	121,300
Director of Public Health		126,200	0	0	126,200	18,100	144,300
Chief Fire Officer: <i>S Ruff</i>		130,300	1,100	0	131,400	48,600	180,000
Chief Legal Officer		109,600	0	0	109,600	17,000	126,600

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

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 2021-22 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 Executive Director of Strategy and Governance retired on 8 January 2021. The Strategy and Governance department split into the Governance department and Strategy and Transformation Services from 1 April 2021. The new Executive Director of Strategy and Transformation has been appointed and started 12 April 2021. The Governance Department will be led by the Chief Legal Officer.

(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:

2020-21			Remuneration Band	2021-22		
School Staff	Other Staff	Total Employee		School Staff	Other Staff	Total Employee
50	146	196	£50,000 - £54,999	64	140	204
42	91	133	£55,000 - £59,999	45	117	162
33	53	86	£60,000 - £64,999	30	59	89
26	26	52	£65,000 - £69,999	23	37	60
18	21	39	£70,000 - £74,999	21	14	35
4	16	20	£75,000 - £79,999	11	25	36
5	7	12	£80,000 - £84,999	2	7	9
2	4	6	£85,000 - £89,999	3	4	7
1	4	5	£90,000 - £94,999	0	5	5
1	5	6	£95,000 - £99,999	0	3	3
1	6	7	£100,000 - £104,999	2	4	6
2	3	5	£105,000 - £109,999	2	3	5
0	2	2	£110,000 - £114,999	1	2	3
1	3	4	£115,000 - £119,999	1	6	7
0	0	0	£120,000 - £124,999	0	0	0
0	1	1	£125,000 - £129,999	0	1	1
0	1	1	£130,000 - £134,999	0	2	2
0	0	0	£135,000 - £139,999	0	0	0
0	0	0	£140,000 - £144,999	0	0	0
0	0	0	£145,000 - £149,999	0	0	0
0	0	0	£150,000 - £154,999	0	0	0
0	0	0	£155,000 - £159,999	0	0	0
0	1	1	£160,000 - £164,999	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:

2020-21				Exit Package cost band	2021-22			
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
20	45	65	246	£0 - £10,000	9	53	62	242
3	13	16	229	£10,001 - £20,000	1	12	13	174
2	5	7	202	£20,001 - £40,000	4	4	8	191
0	0	0	0	£40,001 - £60,000	1	1	2	98
0	0	0	0	£60,001 - £80,000	2	0	2	132
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	1	1	127	£100,001 - £150,000	0	0	0	0
0	0	0	0	Over £150,000	0	0	0	0
25	64	89	804	Total	17	70	87	837

14. Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). The DSG is ringfenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance and Early Years (England) Regulations 2021. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the individual schools budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG are as follows:

2020-21				2021-22		
Central Expenditure	Individual Schools Budget	Total		Central Expenditure	Individual Schools Budget	Total
£000s	£000s	£000s		£000s	£000s	£000s
		(646,969)	Final DSG for the financial year (before recoupment)			(695,959)
		371,035	Academy figure recouped			403,940
		(275,934)	Total DSG (after recoupment)			(292,019)
		0	Plus: Brought forward from the previous year			0
		0	Less: Carry forward agreed in advance			0
(42,132)	(233,802)	(275,934)	Agreed initial budgeted distribution in the year	(87,423)	(204,596)	(292,019)
1	1,138	1,139	In year adjustments	0	(736)	(736)
(42,131)	(232,664)	(274,795)	Final budget distribution for the year	(87,423)	(205,332)	(292,755)
54,225	0	54,225	Less: Actual central expenditure	107,178	0	107,178
0	232,664	232,664	Less: Actual ISB deployed to schools	0	207,756	207,756
0	0	0	Plus: Council contribution for the year	0	0	0
12,094	0	12,094	In Year carry forward to next financial year	19,755	2,424	22,179
		0	Plus: Carry forward agreed in advance			0
		12,094	Carry forward to next financial year			22,179
		19,703	DSG Unusable Reserve at 1 April			31,797
		12,094	Addition to DSG Unusable reserve			22,179
		31,797	DSG Unusable Reserve at 31 March			53,976
		31,797	Net DSG position at 31 March			53,976

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

Supporting the Movement in Reserves Statement

15. 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.

2021-22 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)	112,943	0	0
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(49)	0	0
Council Tax and NDR (transfers to and from Collection Fund Adjustment Account)	(13,731)	0	0
Holiday Pay (transferred to the Accumulated Absences Reserve)	2,923	0	0
Dedicated Schools Grant in-year deficit (transferred to the Dedicated Schools Grant Adjustment Account)	22,179	0	0
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):	16,031	0	70,580
Total Adjustment to Revenue Resources	140,296	0	70,580
Adjustments between Revenue and Capital Resources:			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(6,875)	6,875	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	125	(125)	0
Statutory provision for the repayment of debt	(28,340)	0	0
Capital expenditure financed from revenue balances	(2,878)	0	0
Total Adjustments between Revenue and Capital Resources	(37,968)	6,750	0
Adjustments to Capital Resources:			
Use of the Capital Receipts reserve to finance capital expenditure	0	(8,993)	0
Long term debtor repayments in year	0	1,084	0
Application of capital grants to finance capital expenditure	0	0	(35,112)
Total Adjustments to Capital Resources	0	(7,909)	(35,112)
Total Adjustments in 2021-22	102,328	(1,159)	35,468

2020-21 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)	54,218	0	0
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(54)	0	0
Council Tax and NDR (transfers to and from Collection Fund Adjustment Account)	20,342	0	0
Holiday Pay (transferred to the Accumulated Absences Reserve)	(2,040)	0	0
Dedicated Schools Grant in-year deficit (transferred to the Dedicated Schools Grant Adjustment Account)	12,094	0	0
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):	16,584	0	32,801
Total Adjustment to Revenue Resources	101,144	0	32,801
Adjustments between Revenue and Capital Resources:			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(5,218)	5,218	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	68	(68)	0
Statutory provision for the repayment of debt	(11,339)	0	0
Capital expenditure financed from revenue balances	(2,371)	0	0
Total Adjustments between Revenue and Capital Resources	(18,860)	5,150	0
Adjustments to Capital Resources:			
Use of the Capital Receipts reserve to finance capital expenditure	0	(3,627)	0
Long term debtor repayments in year	0	3,578	0
Application of capital grants to finance capital expenditure	0	0	(35,395)
Total Adjustments to Capital Resources	0	(49)	(35,395)
Total Adjustments in 2020-21	82,284	5,101	(2,594)

16. 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 2021 or 31 March 2022. Descriptions of each of these earmarked reserves follow the table.

	Balance at 31 March 2020 £000s	Transfers in 2020-21 £000s	Transfers out 2020-21 £000s	Balance at 31 March 2021 £000s	Transfers in 2021-22 £000s	Transfers out 2021-22 £000s	Balance at 31 March 2022 £000s
LMS Balances	12,361	18,965	(14,308)	17,018	19,459	(18,639)	17,838
Dedicated							
School Grant (DSG)	(19,703)	0	19,703	0	0	0	0
Adult Social Care Residential Review	1,529	4,520	(612)	5,437	14,910	(3,617)	16,730
Building Maintenance	1,877	984	(277)	2,584	1,106	(1,062)	2,628
Business Rates Pilot	7,752	2,265	0	10,017	0	(2,265)	7,752
Business Risk Reserve (Adults)	4,905	11,211	(262)	15,854	4,604	(7,382)	13,076
Business Risk Reserve (Children's)	0	5,765	0	5,765	280	(4,220)	1,825
Business Risk Reserve (CES)	0	1,811	(175)	1,636	2,042	(2,053)	1,625
Business Risk Reserve (General)	28,816	11,088	(26,799)	13,105	22,488	(6,781)	28,812
Economic Development and Tourism	2,414	2,829	(2,057)	3,186	5,672	(1,646)	7,212
Education	750	1,806	(81)	2,475	2,747	(2,350)	2,872
Equalisation							
Highways	8,148	10,912	(10,195)	8,865	4,225	(2,378)	10,712
Maintenance							
Income Reserve	1,255	1,626	(81)	2,800	2,064	(1,176)	3,688
Information Technology	3,437	1,041	(1,106)	3,372	365	(668)	3,069
Insurance Reserve	1,165	1,704	(2,110)	759	1,920	(2,546)	133
Norwich PFI Sink Fund	212	2,052	0	2,264	0	(163)	2,101
Organisational Change and Redundancy Reserve	3,174	1,355	(141)	4,388	4,575	(1,134)	7,829
Repairs and Renewals Fund	3,553	3,489	(2,468)	4,574	739	(933)	4,380

	Balance at 31 March 2020	Transfers in 2020-21	Transfers out 2020-21	Balance at 31 March 2021	Transfers in 2021-22	Transfers out 2021-22	Balance at 31 March 2022
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Street Lighting	4,891	8,259	(8,307)	4,843	3,270	(3,100)	5,013
PFI Sinking Fund							
Unspent Grants and Contributions	18,702	25,774	(13,149)	31,327	27,652	(18,479)	40,500
Other earmarked reserves	4,164	1,277	(1,075)	4,366	879	(1,878)	3,367
Total	89,402	118,733	(63,500)	144,635	118,997	(82,470)	181,162

Details of earmarked reserves:

Reserve	Description
LMS Balances	This reserve is surpluses and deficits against delegated budgets for locally managed schools (LMS). These funds are kept for schools following the LMS arrangements approved by the Department for Education 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. This reserve was reclassified as an unusable reserve on 1 April 2020.
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 additional business rates income received through the business rates retention system in previous years including from the 2020-21 Norfolk Business Rates Pilot.
Business Risk Reserve (General, Adults, Children's & CES)	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 earmarked for managing key budget risks within the specific departments.
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.

Reserve	Description
Education Equalisation	To fund the variance in the number of Home to School/College Transport and School Catering days in a financial year as a result of the varying dates of Easter holidays.
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.
Norwich PFI Sink Fund	This reserve has been created as a result of the Norwich Schools PFI scheme and reflects receipt of government PFI grant and contributions from schools and academies which will be needed in future financial years to meet contract payments.
Organisational Change and Redundancy Reserve	This reserve 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 2022-23 or future years as initiatives finish. All balances on each of these reserves as at 31 March 2021 and 31 March 2022 are below £1m.

Supporting the Balance Sheet

17. Property, Plant and Equipment

The Property, Plant and Equipment held at gross cost and accumulated depreciation are set out below:

2021-22	Land and buildings £000s	Vehicles, plant, and equipment £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 2021	628,549	64,944	102,517	31,665	827,675	4,975
Additions	17,551	12,401	97,698	459	128,109	0
Revaluation increases/(decreases):						
- to Revaluation reserve	(17,567)	0	0	(665)	(18,232)	1,385
- to surplus or deficit on provision of services	(6,012)	0	0	(372)	(6,384)	363
Derecognition - disposals	(28,548)	(2,660)	0	(2)	(31,210)	0
Assets reclassified (to)/from Assets Held for Sale	0	0	0	(5,397)	(5,397)	0
Reclassifications and transfers	70,186	540	(85,486)	5,655	(9,105)	0
At 31 March 2022	664,159	75,225	114,729	31,343	885,456	6,723
<u>Accumulated Depreciation and Impairment</u>						
At 1 April 2021	100,220	32,076	0	12,642	144,938	0
Depreciation charge	13,703	8,675	0	61	22,439	165
Depreciation written out to Revaluation reserve	(5,329)	0	0	(407)	(5,736)	(29)
Depreciation written out on revaluation to surplus or deficit on provision of services	(4,704)	0	0	(44)	(4,748)	(71)
Impairment losses/(reversals) recognised in:						
- the Revaluation reserve	(34,167)	0	0	0	(34,167)	0
- the surplus or deficit on provision of services	45,935	0	0	516	46,451	0
Derecognition - disposals	(161)	(1,593)	0	0	(1,754)	0
Reclassifications and transfers	(427)	0	0	323	(104)	0
At 31 March 2022	115,070	39,158	0	13,091	167,319	65
<u>Net Book Value:</u>						
At 31 March 2022	549,089	36,067	114,729	18,252	718,137	6,658
At 31 March 2021	528,329	32,868	102,517	19,023	682,737	4,975

2020-21	Land and buildings £000s	Vehicles, plant, and equipment £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 2020	704,877	64,136	52,572	25,678	847,263	11,742
Additions	17,249	8,328	86,371	0	111,948	0
Revaluation increases/(decreases):						
- to Revaluation reserve	(45,489)	0	0	7,245	(38,244)	(653)
- to surplus or deficit on provision of services	(50,079)	0	0	(1,232)	(51,311)	(1,029)
Derecognition - disposals	(18,738)	(9,524)	0	(155)	(28,417)	(4,995)
Assets reclassified (to)/from Assets Held for Sale	0	0	0	(5,279)	(5,279)	0
Reclassifications and transfers	20,729	2,004	(36,426)	5,408	(8,285)	(90)
At 31 March 2021	628,549	64,944	102,517	31,665	827,675	4,975
<u>Accumulated Depreciation and Impairment</u>						
At 1 April 2020	123,076	33,832	0	12,697	169,605	954
Depreciation charge	14,530	7,232	0	62	21,824	203
Depreciation written out to Revaluation reserve	(22,037)	0	0	(68)	(22,105)	(155)
Depreciation written out on revaluation to surplus or deficit on provision of services	(14,925)	0	0	(132)	(15,057)	(633)
Impairment losses/(reversals) recognised in:						
- the Revaluation reserve	(1,305)	0	0	0	(1,305)	0
- the surplus or deficit on provision of services	2,726	0	0	(56)	2,670	0
Derecognition - disposals	(1,609)	(8,988)	0	(7)	(10,604)	(353)
Reclassifications and transfers	(236)	0	0	146	(90)	(16)
At 31 March 2021	100,220	32,076	0	12,642	144,938	0
<u>Net Book Value:</u>						
At 31 March 2021	528,329	32,868	102,517	19,023	682,737	4,975
At 31 March 2020	581,801	30,304	52,572	12,981	677,658	10,788

Infrastructure Assets

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

2020-21			2021-22	
Infrastructure Assets £000s	PFI Assets included in Infrastructure Assets £000s		Infrastructure Assets £000s	PFI Assets included in Infrastructure Assets £000s
980,014	30,428	Net Book Value at 1 April	1,013,468	29,881
67,104	323	Additions	63,375	1,378
2	0	Derecognition	0	0
(35,225)	(870)	Depreciation	(35,804)	(854)
1,573	0	Reclassifications and Transfers	8,185	0
1,013,468	29,881	Net Book Value at 31 March	1,049,224	30,405

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

The Property, Plant & Equipment Balance in the Balance Sheet consists of:

2020-21			2021-22	
Total Property, Plant and Equipment £000s	PFI Assets included in Property, Plant and Equipment £000s		Total Property, Plant and Equipment £000s	PFI Assets included in Property, Plant and Equipment £000s
1,013,468	29,881	Infrastructure Assets	1,049,224	30,405
682,737	4,975	Other Property, Plant & Equipment assets (pg 47-48)	718,137	6,658
1,696,205	34,856	Net Book Value at 1 April	1,767,361	37,063

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	5 - 40 years

Impairment Losses

During 2021-22 the Council recognised an impairment loss of £49.533m (£11.551m in 2020-21) in relation to capital expenditure incurred which does not result in a change to the value of the assets. Impairment reversals on revaluations total £3.540m (£8.667m in 2020-21).

Disposals and Derecognition

During 2021-22, 6 schools transferred to Academy status. The Council's balance sheet no longer includes the assets relating to these schools, the value written off amounts to £27.961m (£15.138m and 7 schools in 20-21).

Capital commitments

At 31 March 2022, the Council has entered into several significant contracts for the construction or enhancement of Property, Plant and Equipment in 2021-22 and future years on schemes listed in the table below. Similar commitments at 31 March 2021 were £170.538m.

Service/Scheme	Contract Completion	£000s
<u>Children's Services</u>		
Ormiston Academy Costessey	2022-23	5,728
Sprowston Academy	2022-23	4,029
Gayton Primary	2022-23	2,046
Drake Primary (SEMH)	2022-23	1,645
Falcon Junior	2022-23	1,220
<u>Community and Environmental Services</u>		
Great Yarmouth Third River Crossing	2023-24	36,203
Fire vehicle replacement program	2022-23	25,789
Norwich Castle Keep	2022-23	8,058
Surface Dressing	2022-23	7,788
Countywide LED replacement	2023-24	5,763
Household Waste Recycling Centres Equipment	2022-23	1,155
<u>Finance and Commercial Services</u>		
HR and Finance Systems Replacement	2022-23	6,254
Technology Improvement	TBC	24,314
Total		<u>129,992</u>

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 2022-25 at 31 March 2022 was £143.088m, including the £36.203m in respect of the Great Yarmouth Third River Crossing listed above.

Revaluations

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

	Land and Buildings £000s	Vehicles, plant and equipment £000s	Infrastructure Assets £000s	Surplus assets £000s
Carried at Historical Cost	0	36,067	1,049,224	0
Valued at current value in:				
2021-22	258,198	0	0	3,683
2020-21	174,461	0	0	6,819
2019-20	32,913	0	0	5,855
2018-19	32,281	0	0	822
2017-18	51,236	0	0	1,073
Total	549,089	36,067	1,049,224	18,252

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 2022 assets valued at £15.050m 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 19 below.

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

2020-21		2021-22
£000s		£000s
10,620	Opening balance	15,810
(4,011)	Transfers to Assets held for Sale	(2,290)
0	Transfers to Property, Plant & Equipment	(4)
2,026	Transfers into Level 3	664
(350)	Transfers out of Level 3	(85)
7,685	Revaluation gains/(losses) - revaluation reserve	821
(160)	Total gains/(losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	134
15,810	Closing Balance	15,050

18. Heritage Assets

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

	Windmills and Windpumps £000s	Other Heritage Assets £000s	Total Assets £000s
Cost or valuation:			
1 April 2021	6,660	6,634	13,294
Additions	0	0	0
Revaluations	0	0	0
At 31 March 2022	6,660	6,634	13,294

	Windmills and Windpumps £000s	Other Heritage Assets £000s	Total Assets £000s
Cost or valuation:			
1 April 2020	6,660	6,634	13,294
Additions	0	0	0
Revaluations	0	0	0
At 31 March 2021	6,660	6,634	13,294

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.

- 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.

19. Investment Properties

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

2020-21		2021-22
£000s		£000s
(323)	Rental income from investment property	(423)
0	Direct operating expenses arising from investment property	0
2,979	(Gains)/Losses on changes in fair value	(9,697)
2,656	Net (gain)/loss	(10,120)

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:

2020-21		2021-22
£000s		£000s
22,100	Balance at the start of the year	25,959
6,838	Reclassifications and Transfers	(21,021)
0	Other Movements	0
(2,979)	Net gains/(losses) from fair value investments	9,697
25,959	Balance at the end of the year	14,635

The Reclassifications and Transfers figure of £21.021m in 2021-22 relates to the Norwich Airport Industrial Estate being transferred to Current Held for Sale Investment Property when it became actively marketed prior to sale in August 2022.

Fair Value Hierarchy

All the Council's investment property portfolio has been assessed as Level 2 and Level 3 for valuation purposes (see Note 40 Section vii) for explanation of fair value levels).

	Significant observable inputs (level 2) £000s	Significant unobservable inputs (level 3) £000s	Fair value 31 March 2022 £000s
Commercial Estate	1,002	0	1,002
Land with development potential	13,576	57	13,633
Total	14,578	57	14,635

Of the net gains/(losses) from fair value investments in 2021-22, £0.013m relates to fair value measurements categorised within Level 3 of the fair value hierarchy (£0.363m in 2020-21).

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

	Commercial Estate £000s	Land with development potential £000s	Total £000s
Opening balance 1 April 2021	10,682	70	10,752
Transfers into Level 3 from level 2	0	0	0
Transfers out of Level 3	(10,682)	0	(10,682)
Total gains/(losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair	0	(13)	(13)
Closing Balance 31 March 2022	0	57	57

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 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.

20. Financial Instruments

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

31 March 2021			31 March 2022	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
15,454	80,075	Investments:		
		Amortised Cost	15,454	190,288
3,235	0	Fair Value through Other Comprehensive Income	4,686	0
18,689	80,075	Total Financial Assets	20,140	190,288
0	0	Non-financial assets	0	0
18,689	80,075	Total Investments	20,140	190,288
		Debtors:		
67,695	77,241	Amortised Cost	65,490	119,310
67,695	77,241	Total Financial Assets	65,490	119,310
0	88,061	Non-financial assets	0	73,112
67,695	165,302	Total Debtors	65,490	192,422
		Cash and Cash equivalents:		
0	126,488	Amortised Cost	0	46,257
0	126,488	Total Financial Assets	0	46,257
0	0	Non-financial assets	0	0
0	126,488	Total Cash and cash equivalents	0	46,257
		Borrowings:		
746,333	12,418	Amortised Cost	840,958	22,989
746,333	12,418	Total Financial Liabilities	840,958	22,989
0	0	Non-financial Liabilities	0	0
746,333	12,418	Total Borrowings	840,958	22,989
		Other short/long term liabilities:		
45,965	2,205	Amortised Cost	44,475	2,371
45,965	2,205	Total Financial Liabilities	44,475	2,371
1,565,953	0	Non-financial Liabilities	1,312,177	0
1,611,918	2,205	Total Other Short / Long Term Liabilities	1,356,652	2,371
		Creditors:		
0	157,492	Amortised Cost	0	143,520
0	157,492	Total Financial Liabilities	0	143,520
0	82,200	Non-financial Liabilities	0	60,644
0	239,692	Total Creditors	0	204,164

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 (3.69%). 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 31 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.

2020-21					2021-22			
Nominal Value at 31 March £000s	Fair Value at 31 March £000s	Increase/ (Decrease) in Fair Value £000s	Dividends Paid £000s		Nominal Value at 31 March £000s	Fair Value at 31 March £000s	Increase/ (Decrease) in Fair Value £000s	Dividends Paid £000s
1	3,235	254	0	Non-listed securities:	1	4,686	1,451	0
1	0	0	0	Legislator 1656	1	0	0	0
2	3,235	254	0	Total	2	4,686	1,451	0

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.

2020-21 £000s		2021-22 £000s
(1,754)	Interest revenue: Financial assets measured at amortised cost	(3,054)
(1,754)	Total interest revenue	(3,054)
34,215	Interest expense: Financial assets measured at amortised cost	35,717
34,215	Total interest expense	35,717
32,461	Net (gain)/loss for the year	32,663

Fair Values of Financial Assets

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

Fair Value through Other Comprehensive Income:

31 March 2021				31 March 2022
£000s	Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	£000s
3,235	Legislator 1656	Level 3	Adjusted Net Assets Valuation	4,686
0	Legislator 1657	Level 3	Adjusted Net Assets Valuation	0
3,235	Total			4,686

The Council's shareholding in Legislator companies are not traded in an active market. The fair value of £4.686m has been based on valuation techniques that are not based on observable current market transactions or available market data. The fair value of Legislator 1656 has been based on NPS Property Consultants Limited valuation of land that the company owns, both companies have no other significant assets or liabilities.

There have been no transfers between levels of the Fair Value Hierarchy.

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 2021			31 March 2022	
Carrying amount	Fair value		Carrying amount	Fair value
£000s	£000s		£000s	£000s
		<u>Financial Liabilities</u>		
713,793	1,081,958	PWLB debt	819,039	1,095,897
44,958	72,558	Non PWLB debt	44,908	66,319
48,170	77,061	PFI and finance lease liabilities	46,846	64,701
157,492	157,492	Short term creditors	143,520	143,520
964,413	1,389,069	Total	1,054,313	1,370,437

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 £1.096bn 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 2021			31 March 2022	
Carrying amount	Fair value		Carrying amount	Fair value
£000s	£000s		£000s	£000s
		<u>Financial Assets</u>		
80,075	80,075	Investments	190,288	190,288
126,488	126,488	Cash and cash equivalents	46,257	46,257
67,695	67,695	Long term debtors	65,490	65,490
77,241	77,241	Short term debtors	119,310	119,310
351,499	351,499	Total	421,345	421,345

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.

21. 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 2021			31 March 2022	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Trade Customers		
2,952	52,345	- Service Recipients	1,819	54,645
0	89,008	- Other Trade Customers	0	82,025
29,314	2,592	Subsidiaries	29,314	12,807
35,429	7,030	Other Receivables	34,357	7,827
0	14,327	Prepayments	0	35,118
67,695	165,302	Total Debtors	65,490	192,422

22. Cash and Cash Equivalents

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

31 March 2021			31 March 2022
£000s			£000s
(4,361)	Cash and Bank balances		(31,400)
130,849	Short term deposits with the Money Market		77,657
126,488	Total Cash and Cash Equivalents		46,257

23. Assets Held for Sale

2020-21			2021-22
£000s			£000s
4,300	Balance outstanding at start of year		6,406
	Assets newly classified as held for sale:		
5,279	- Property plant and equipment		5,397
(3,170)	Assets sold		(5,513)
(3)	Other Movements		0
6,406	Balance outstanding at year end		6,290

Fair value hierarchy

Of the Council's assets held for sale at 31 March 2022, four assets, valued at £1.922m, have been assessed as Level 3 for valuation purposes. All other assets held for sale, and all those held at 31 March 2021 have been assessed as Level 2. The valuation levels are as set out for Investment Properties as described in note 19.

24. 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 2021		31 March 2022
£000s		£000s
185,030	Trade Payables	151,715
9,118	Subsidiaries	4,258
36,375	Other Payables	42,034
	Receipts in advance	
2,332	- Contract Liabilities	4,186
6,837	- Other receipts in advance	1,971
239,692	Total Short Term Creditors	204,164

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

31 March 2021		31 March 2022
£000s		£000s
3,860	Balance at the beginning of the year	2,332
2,319	Increases due to cash received	4,087
(3,847)	Transfers from contract liabilities recognised at the beginning of the period to payables	(2,233)
2,332	Balance at the end of the year	4,186

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.

25. 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 2021	10,000	12,559	20	3,044	25,623
Extra provisions made in 2021-22	2,530	1,003	132	429	4,094
Amounts used in 2021-22	(2,530)	(649)	(20)	(732)	(3,931)
Amounts reversed to revenue	0	0	0	(48)	(48)
Closing Balance 31 March 2022	10,000	12,913	132	2,693	25,738
<u>Consists of:</u>					
Current Provisions	349	0	132	2,693	3,174
Long Term Provisions	9,651	12,913	0	0	22,564
Total	10,000	12,913	132	2,693	25,738

Details of provisions:

Provision	Description
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 Firefighters; 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.

26. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement with additional detail given in notes 15 and 16.

The General Fund Balance consists:

31 March 2021		31 March 2022
£000s		£000s
23,763	General Fund Reserve	23,840
144,635	Earmarked Reserves (Note 16 on page 45)	181,162
168,398	Total General Fund Balance	205,002

27. Unusable Reserves

31 March 2021		31 March 2022
£000s		£000s
202,742	Revaluation Reserve	215,307
3,233	Financial Instruments Revaluation Reserve	4,684
705,551	Capital Adjustment Account	702,283
(2,707)	Financial Instruments Adjustment Account	(2,658)
(1,565,953)	Pensions Reserve	(1,312,177)
(18,028)	Collection Fund Adjustment Account	(4,297)
(5,983)	Accumulated Absences Account	(8,906)
(31,797)	Dedicated Schools Grant Adjustment Account	(53,976)
(712,942)	Total Unusable Reserves	(459,740)

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.

2020-21		2021-22
£000s		£000s
233,274	Balance at 1 April	202,742
30,286	Upward revaluation of assets	40,227
(45,120)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(18,558)
(14,834)	Surplus or (deficit) on revaluation of non-current assets not posted to the Comprehensive Income and Expenditure Statement	21,669
(5,915)	Difference between fair value depreciation and historical cost depreciation	(4,466)
(9,783)	Accumulated gains on assets sold or scrapped	(4,638)
(15,698)	Amount written off to the Capital Adjustment Account	(9,104)
202,742	Balance at 31 March	215,307

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.

2020-21		2021-22
£000s		£000s
2,979	Balance at 1 April	3,233
254	Upward revaluation of investments	1,451
3,233	Balance at 31 March	4,684

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

2020-21		2021-22
£000s		£000s
690,085	Balance at 1 April	705,551
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(59,935)	- Charges for depreciation and impairment non-current assets	(104,695)
(36,040)	- Revaluation gains/(losses) on property, plant and equipment	(1,636)
(2,979)	- Movement in the fair value of investment properties	9,697
(698)	- Amortisation of intangible assets	(337)
(35,993)	- Revenue expenditure funded from capital under statute	(51,391)
(20,982)	- 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 5)	(34,970)
(156,627)		(183,332)
15,698	Adjusting amounts written out of the Revaluation Reserve	9,104
(140,929)	Net written out amount of the cost of non-current assets consumed in the year	(174,228)
	Capital financing applied in the year:	
1,627	- Use of the Capital Receipts Reserve to finance new capital expenditure	8,993
2,000	- Use of capital receipts to repay the principal of amounts previously borrowed	0
1,016	- Donated Asset income credited to the Comprehensive Income and Expenditure Statement	0
106,226	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been used to capital financing	96,721
35,395	- Application of grants to capital financing from the Capital Grants Unapplied Account	35,112
11,339	- Statutory provision for the financing of capital investment charged against the General Fund	28,340
2,371	- Capital expenditure charged against the General Fund	2,878
159,974		172,044
(3,578)	Write down of Long Term Debtor	(1,084)
(1)	Other Adjustments	0
705,551	Balance at 31 March	702,283

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.

2020-21		2021-22
£000s (2,761)	Balance at 1 April	£000s (2,707)
0	Discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
54	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	49
(2,707)	Balance at 31 March	(2,658)

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.

2020-21		2021-22
£000s (1,119,810)	Balance at 1 April	£000s (1,565,953)
(391,925)	Net remeasurements of the defined benefit liabilities and assets	366,719
(124,007)	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	(183,773)
69,789	Employers' pensions contributions and direct payments to pensioners payable in the year	70,830
(1,565,953)	Balance at 31 March	(1,312,177)

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.

2020-21		2021-22
£000s 2,314	Balance at 1 April	£000s (18,028)
(20,342)	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	13,731
(18,028)	Balance at 31 March	(4,297)

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.

2020-21		2021-22
£000s (8,023)	Balance at 1 April	£000s (5,983)
8,023	Settlement or cancellation of accrual made at the end of the preceding year	5,983
(5,983)	Amounts accrued at the end of the current year	(8,906)
2,040	Amount charged to the Comprehensive Income and Expenditure Statement	(2,923)
(5,983)	Balance at 31 March	(8,906)

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools budget. Where the authority has incurred a deficit on its schools budget in years beginning 1 April 2020, 1 April 2021 or 1 April 2022, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

2020-21		2021-22
£000s 0	Balance at 1 April	£000s (31,797)
(19,703)	Opening Balance adjustments on reclassification	0
(12,094)	Current year Deficit (Note 14 on page 41)	(22,179)
(31,797)	Balance at 31 March	(53,976)

28. 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.

2020-21		2021-22
£000s		£000s
827,765	Opening Capital Financing Requirement	887,045
	Capital Investment	
172,427	- Property, plant and equipment	190,671
6,837	- Investment properties	0
0	- Intangible Assets	467
35,993	- Revenue expenditure funded from capital under statute	51,391
4,103	- Loans / share capital	13,333
	Sources of Finance	
(3,627)	- Capital receipts	(8,993)
(1,016)	- Donated asset income	0
(141,621)	- Government grants and other contributions	(131,833)
	Sums set aside from revenue:	
(2,371)	- Direct revenue contributions	(2,878)
(11,445)	- Minimum revenue provision	(28,446)
887,045	Closing Capital Financing Requirement	970,757
	<u>Explanation of Movements in Year</u>	
(11,445)	Increase/(decrease) in underlying need to borrow (supported by Government financial assistance)	(28,446)
70,725	Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	112,158
59,280	Increase/(decrease) in Capital Financing Requirement	83,712

29. 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 and Library service.

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

31 March 2021		31 March 2022	
£000s		£000s	
11,237	Land and buildings	11,008	
458	Vehicles, plant and equipment	1,078	
2,911	Heritage Assets	2,911	
14,606	Total	14,997	

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 2021		31 March 2022	
£000s		£000s	
	Finance lease liabilities (net present value of minimum lease payments):		
325	- Current	366	
211	- Non-current	642	
12	Finance costs payable in future years	41	
548	Total	1,049	

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

31 March 2021		31 March 2022	
Minimum Lease Payments £000s	Finance Lease Liabilities £000s	Minimum Lease Payments £000s	Finance Lease Liabilities £000s
335	325	385	366
213	211	664	642
0	0	0	0
548	536	1,049	1,008
	Total		

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 2021-22 was £0.777m (£0.920m in 2020-21).

The Council leases several properties on short term leases which are treated as operating leases. The rentals payable in 2021-22 were £1.829m (£1.915m in 2020-21).

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to all operating leases was £2.606m (£2.834m in 2020-21).

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

31 March 2021		31 March 2022
£000s		£000s
1,521	Not later than one year	1,576
4,834	Later than one year and not later than five years	4,590
9,680	Later than five years	9,010
16,035	Total	15,176

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 2021		31 March 2022
£000s		£000s
3,321	Leases expiring within 1 year	3,938
11,798	Leases expiring within 2 to 5 years	13,520
20,201	Leases expiring after 5 years	9,451
35,320	Total	26,909

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

30. PFI and similar contracts

At 31 March 2022, the Council had two 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 four of the schools, Taverham High, Heartsease Primary, Lionwood Junior and Bluebell Primary, 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.

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 17.

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 2022 (excluding any estimation of future inflation and availability/performance deductions) are as follows:

Total at 31 March 2021		Reimbursement of capital expenditure	Payment for services	Interest	Total at 31 March 2022
£000s		£000s	£000s	£000s	£000s
12,955	Payable within 1 year	2,005	7,186	4,111	13,302
51,580	Payable within 2-5 years	14,625	24,032	13,849	52,506
64,952	Payable within 6-10 years	25,435	32,560	8,758	66,753
20,517	Payable within 11-15 years	3,689	3,616	317	7,622
150,004	Total	45,754	67,394	27,035	140,183

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:

2021-22			
	Norwich Schools	Street Lighting	Total
	£000s	£000s	£000s
Balance outstanding at start of the year	20,818	26,816	47,634
Payments during the year	(3,692)	(2,483)	(6,175)
Finance lease cost	2,095	2,200	4,295
Balance outstanding at year end	19,221	26,533	45,754

2020-21			
	Norwich Schools	Street Lighting	Total
	£000s	£000s	£000s
Balance outstanding at start of the year	22,132	27,078	49,210
Payments during the year	(3,542)	(2,483)	(6,025)
Finance lease cost	2,228	2,221	4,449
Balance outstanding at year end	20,818	26,816	47,634

31. 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 2021-22, the County Council paid £18.609m to Teachers' Pensions in respect of teachers' retirement benefits, being 23.68% of pensionable pay. The figures for 2020-21 were £18.130m and 23.68%. There were no contributions outstanding at the year end. The County Council expects contributions to the Teachers' Pension Scheme for the next financial year are approximately £19.4m.

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 32.

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 2021-22, the County Council paid £0.168m 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 2020-21 were £0.168m and 14.38%. There were no contributions outstanding at the year end. The County Council expects contributions to the NHS Pension Scheme for the next financial year are approximately £0.2m.

32. 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 Firefighters – 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 128.

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:

2020-21			2021-22	
Local Government Pension Scheme £000s	Firefighters Pension Scheme £000s		Local Government Pension Scheme £000s	Firefighters Pension Scheme £000s
		Comprehensive Income and Expenditure Statement:		
		- Cost of Services:		
93,625	5,000	- Current service cost	145,140	7,800
282	0	- Past service costs/(gains)	161	300
97	(1,100)	- (Gain)/loss from settlements	(1,001)	(700)
		Financing and Investment Income and Expenditure:		
18,503	7,600	- Net interest expense	23,773	8,300
112,507	11,500	Total post employment benefit charged to the Surplus or Deficit on the Provision of Services	168,073	15,700
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:		
		Remeasurement of the net defined pension liability including:		
(395,949)	0	- Return on plan assets (excluding the amount included in the net interest expense)	(151,619)	0
695,137	4,300	- Actuarial (gains) and losses arising on changes in demographic assumptions	11,664	(4,200)
38,306	79,200	- Actuarial (gains) and losses arising on changes in financial assumptions	(215,254)	(25,500)
(26,769)	(2,300)	- Other (if applicable)	16,090	2,100
423,232	92,700	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement	(171,046)	(11,900)
		Movement in Reserves Statement:		
(112,507)	(11,500)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits following the Code	(168,073)	(15,700)
		Actual amount charged against the General Fund balance for pensions for the year:		
61,599		Employers contributions payable to the scheme*	64,394	
	7,300	Retirement benefits payable to pensioners		6,400

*(includes contributions in respect of unfunded benefits)

Pensions assets and liabilities recognised in the Balance Sheet

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

2020-21			2021-22	
Funded liabilities:	Unfunded liabilities:		Funded liabilities:	Unfunded liabilities:
Local Government Pension Scheme	Firefighters Pension Scheme		Local Government Pension Scheme	Firefighters Pension Scheme
£000s	£000s		£000s	£000s
(3,435,636)	(416,200)	Present value of the defined benefit obligation	(3,352,289)	(397,900)
2,285,883	0	Fair value of plan assets	2,438,012	0
(1,149,753)	(416,200)	Net liability arising from defined benefit obligation	(914,277)	(397,900)

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

2020-21			2021-22	
Funded liabilities:	Unfunded liabilities:		Funded liabilities:	Unfunded liabilities:
Local Government Pension Scheme	Firefighters Pension Scheme		Local Government Pension Scheme	Firefighters Pension Scheme
£000s	£000s		£000s	£000s
2,636,836	330,800	Balance at 1 April	3,435,636	416,200
93,625	5,000	Current service cost	145,140	7,800
60,989	7,600	Interest cost	69,449	8,300
15,666	1,700	Contributions by scheme participants	16,468	1,700
		Remeasurement (gains) and losses:		
695,137	4,300	- Actuarial gains and losses arising on changes in demographic assumptions	11,664	(4,200)
38,306	79,200	- Actuarial gains and losses arising on changes in financial assumptions	(215,254)	(25,500)
(26,769)	(2,300)	- Other (if applicable)	(28,295)	2,100
282	0	Past service costs/(gains)	161	300
(2,966)	(1,100)	Losses/(gains) on curtailments	(2,188)	(700)
2,963	0	Business Combinations and Disposals	74	0
0	100	Transfers in/out to Other Authorities	0	100
(78,433)	0	Benefits paid	(80,566)	0
0	(9,100)	Pension and lump sum expenditure	0	(8,200)
3,435,636	416,200	Balance at 31 March	3,352,289	397,900

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

31 March 2021		31 March 2022
Local Government Pension Scheme		Local Government Pension Scheme
£000s		£000s
1,847,826	Opening fair value of scheme assets	2,285,883
42,486	Interest income	45,676
	Remeasurement (gain)/loss:	
395,949	- The return on plan assets, excluding the amount included in the net interest expense	151,619
0	- Other	(44,385)
62,489	Employer contributions	64,430
15,666	Contributions from employees into the scheme	16,468
(78,433)	Benefits paid	(80,566)
2,073	Business Combinations and Disposals	38
(2,173)	Other (gain/loss from settlements)	(1,151)
2,285,883	Balance at 31 March	2,438,012

Local Government Pension Scheme Assets included:

31 March 2021				Asset Category	31 March 2022			
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>Debt Securities:</u>				
26,019	0	26,019	1%	UK Government	24,613	0	24,613	1%
				<u>Private Equity:</u>				
0	145,038	145,038	6%	All	0	196,722	196,722	8%
				<u>Real Estate:</u>				
0	181,770	181,770	8%	UK Property	0	222,666	222,666	9%
0	46,229	46,229	2%	Overseas Property	0	34,316	34,316	1%
				<u>Investment Funds and Unit Trusts:</u>				
1,018,707	0	1,018,707	45%	Equities	1,025,611	0	1,025,611	42%
678,633	0	678,633	30%	Bonds	704,245	0	704,245	29%
0	144,571	144,571	6%	Infrastructure	0	194,776	194,776	8%
0	8,415	8,415	0%	Other	0	0	0	0%
				<u>Derivatives:</u>				
845	0	845	0%	Foreign Exchange	541	0	541	0%

31 March 2021				Asset Category	31 March 2022			
Quoted prices in active markets	Quoted prices not in active markets	Total	Percent-age of Total Assets		Quoted prices in active markets	Quoted prices not in active markets	Total	Percent-age of Total Assets
£000s	£000s	£000s	%		£000s	£000s	£000s	%
35,656	0	35,656	2%	<u>Cash and Cash equivalents:</u> All	34,522	0	34,522	2%
1,759,860	526,023	2,285,883	100%	Totals	1,789,532	648,480	2,438,012	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 Firefighters' 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:

2020-21			2021-22	
Local Government Pension Scheme	Firefighters Pension Scheme		Local Government Pension Scheme	Firefighters Pension Scheme
		Mortality assumptions:		
		Longevity at 65 (60 for firefighters' scheme) for current pensioners:		
21.9 years	26.6 years	- Men	21.9 years	26.3 years
24.3 years	28.9 years	- Women	24.6 years	28.7 years
		Longevity at 65 (60 for firefighters' scheme) for future pensioners:		
23.2 years	27.9 years	- Men	22.9 years	27.7 years
26.2 years	30.3 years	- Women	26.2 years	30.1 years
-	3.30%	Rate of inflation	-	3.65%
3.55%	3.30%	Rate of increase in salaries	3.90%	3.65%
2.85%	2.85%	Rate of increase in pensions	3.20%	3.20%
2.00%	2.00%	Rate for discounting scheme liabilities	2.70%	2.70%

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:

2021-22 Change in assumptions	Approximate % increase to employer liability	Approximate monetary amount £000s
0.1% decrease in real discount rate	2%	60,658
1 year increase in member life expectancy	4%	134,092
0.1% increase in the salary increase rate	0%	6,433
0.1% increase in the pension increase rate	2%	53,756

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 £100.569m - £167.614m).

Firefighters Pension Scheme

2021-22 Change in assumptions	Approximate % increase to employer liability	Approximate monetary amount £000s
0.5% decrease in real discount rate	10%	1,396
1 year increase in member life expectancy	3%	188
0.5% increase in the salary increase rate	<1%	0
0.5% increase in the pension increase rate	9%	594

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 £59.606m employer contributions to the scheme in 2022-23.

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

33. 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 2021-22 and the Capital Strategy and Programme 2021-22 as approved by full Council on 17 February 2021, 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 2021 was £1.475m.

The Credit Control Team under delegated authority from the Director of Strategic Finance 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 2021		31 March 2022
£000s		£000s
4,642	Opening Balance at 1 April	5,497
2,188	New financial assets originated or bought	805
(443)	Financial assets that have been derecognised	(926)
(890)	Other Changes	(762)
5,497	Balance as at 31 March	4,614

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 2022:

2021-22	Credit Risk Rating (as used by the Council)	Gross Carrying Amount £000s
12-month expected credit losses	AAA	37,510
	AA	30,000
	A	168,928
	Not Rated	65,590
Simplified approach	Not Rated	119,719

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 2021-22 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 2021			31 March 2022
£000s	Maturity Structure	Upper Limit	£000s
12,418	Less than one year	15%	22,989
12,750	Between one and two years	15%	16,250
57,750	Between two and five years	45%	56,725
77,650	Between five and ten years	75%	83,925
598,183	More than ten years	100%	684,058
758,751	Total		863,947

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 rate 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	1,616
Impact on surplus or deficit on the Provision of Services	1,616
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)	186,199

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.

34. 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 2021-22 1 school converted to Academy status from Foundation status, giving a total in this authority area of 27 Foundation Schools (28 in 2020-21).

35. 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 2021		31 March 2022
£000s		£000s
13,907	Norfolk Pension Fund	10,195
21,916	Norse Commercial Services Ltd	0
3,409	Independence Matters CIC	3,251
39,232	Total	13,446

36. 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

37. Cash Flows from Operating Activities

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

2020-21		2021-22
£000s		£000s
(57,051)	Depreciation	(58,243)
(38,924)	Impairment and downward valuations	(48,088)
(67,975)	(Increase)/decrease in creditors	24,718
11,061	Increase/(decrease) in debtors	22,206
(54,218)	Movement in Pension Liability	(112,943)
(20,982)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(34,970)
3,033	Other non-cash items charged to the net surplus or deficit on the provision of services	9,183
(225,056)		(198,137)

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

2020-21		2021-22
£000s		£000s
(1,782)	Interest received	(2,841)
34,313	Interest paid	35,490
(1,521)	Dividends received	(755)

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

2020-21		2021-22
£000s		£000s
139,035	Capital grants credited to the deficit on the provision of services	167,300
5,218	Proceeds from the sale of property, plant and equipment	6,875
(5,000)	Proceeds from short term investments (not considered to be cash equivalents) and long term investments	0
139,253		174,175

38. Cash Flows from Investing Activities

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

2020-21		2021-22
£000s		£000s
167,045	Purchase of property, plant and equipment, investment property and intangible assets	200,729
0	Purchase of short term and long term investments	280,000
4,103	Other payments for investing activities	12,582
(5,218)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,875)
0	Proceed from short term and long term investments	(170,000)
(135,561)	Other receipts from investing activities	(175,315)
30,369	Net cash flows from investing activities	141,121

39. Cash Flows from Financing Activities

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

2020-21		2021-22
£000s		£000s
(50,000)	Cash receipts of short term and long term borrowing	(110,000)
1,912	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,317
6,371	Repayments of short term and long term borrowing	5,031
(41,717)	Net cash flows from financing activities	(102,652)

Reconciliation of Liabilities Arising from Financing Activities:

2021-22	Balance as at 1 April £000s	Financing Cash Flows £000s	Non-Cash Changes £000s	Balance as at 31 March £000s
Long term borrowings	(746,333)	(110,000)	15,375	(840,958)
Short term borrowings	(12,418)	5,031	(15,602)	(22,989)
Lease liabilities	(536)	437	(993)	(1,092)
On balance sheet PFI liabilities	(47,634)	1,880	0	(45,754)
Total liabilities from financing activities	(806,921)	(102,652)	(1,220)	(910,793)

2020-21	Balance as at 1 April £000s	Financing Cash Flows £000s	Non-Cash Changes £000s	Balance as at 31 March £000s
Long term borrowings	(701,418)	(48,842)	3,927	(746,333)
Short term borrowings	(13,802)	5,213	(3,829)	(12,418)
Lease liabilities	(872)	336	0	(536)
On balance sheet PFI liabilities	(49,210)	1,576	0	(47,634)
Total liabilities from financing activities	(765,302)	(41,717)	98	(806,921)

Other Notes

40. Accounting Policies

i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2021-22 financial year and its position at the year end of 31 March 2022. 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 2021-22 (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) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

iii) 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.

iv) 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.

v) 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 Statement 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.

vi) Employee Benefits

Benefits 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 Firefighters' 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.

Firefighters 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 Firefighters) 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 Firefighters in relation to injury awards and the expected injury awards for active members are valued and accounted for.

vii) Fair Value Measurement

The Council measures the following assets and financial instruments at the appropriate fair value at each reporting date:

- surplus assets,
- investment properties,
- equity shareholdings,
- borrowings,
- PFI and finance lease liabilities.

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.

viii) Financial Instruments

Financial Liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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.

ix) 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.

x) Highways Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (eg bridges), street lighting, street furniture (eg illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

[Note that where local authorities have balances of assets transferred at local government reorganisation or other similar transactions, they are likely to want to include relevant accounting policies describing the transaction here.]

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by Norfolk County Council's Asset Management Engineer using industry standards where applicable as follows:

Highways Network	Useful Life
Carriageways	35 years
Footways and Cycle Tracks	57 years
Structures (Bridges, Tunnels and Underpasses)	30 years
Street Lighting	44 years
Street Furniture	28 years
<i>except Bus Shelters</i>	<i>25 years</i>
Traffic Management Systems	25 years

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income

and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

xi) 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.

xii) 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.

xiii) Inventories

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

xiv) 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. Norwich Airport Industrial Estate assets over £0.500m and those assets which may experience significant volatility in fair value are revalued every year, all other assets are revalued on a 5-year rolling basis. See Norwich City Council's Statement of Accounts for further information. 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.

xv) 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.

xvi) 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).

xvii) Overheads and Support Services

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

xviii) 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:

- 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 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 12 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 recognised losses 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.

xix) 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 two PFI schemes throughout 2021-22 – Norwich Schools and Street Lighting. The Salt Barns contract came an end in April 2020, with 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% 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.

xx) 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.

xxi) 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.

xxii) 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.

xxiii) 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.

xxiv) 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.

41. Accounting Standards issued, not adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (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.

- The following accounting standards have changes next year, but are either not relevant to the Council or the changes are expected to be minor and are not expected to materially impact the reported information in the accounts
 - Foreign operations of acquired subsidiaries transitioning to IFRS (IFRS 1 – first adoption)
 - Clarification of the intention of IAS 37 Onerous Contracts

- Amendments to IAS16 Property Plan and Equipment - on proceeds before intended use
- Amendments to IAS41 (Agriculture) – valuation of agricultural activity removing the requirement to exclude taxation cashflows
- 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 2024. 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 2021-22 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 2023 the Council intends to adopt IFRS16 and ensure that the Council's accounts and group accounts will converge as both will be subject to IFRS16. When the Council adopts IFRS16, it will also refer to the guidance issued by CIPFA/LASAAC on the accounting for assets owned by religious bodies and used by schools – (CIPFA Bulletin 11).

42. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 40, 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.
- 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 unusable reserve within the accounts.
- The Council is considered to control the services provided under the two operational PFI agreements (Norwich Schools 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 £37.063m) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.

43. 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	<p>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.</p>	<p>The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £60.658m.</p> <p>However, the assumptions interact in complex ways. During 2021-22, the Council's actuaries notified that the net pension liability had decreased by £253.776m.</p>
Property Plant and Equipment	<p>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.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.</p> <p>It is estimated that the annual depreciation charge for the buildings would increase by £2.928m for every year that useful lives had to be reduced.</p>
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,</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>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	valuations are undertaken by NPS Property Consultants Limited). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 19 and 20.	

44. 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 7 and 8. Grant receipts not yet recognised due to conditions attached to them at 31 March 2022 are included in current liabilities and are shown in note 24.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2021-22 is shown in note 11. 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 £0.641m (£1.036m in 2020-21) 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 10.
- (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 £16.291m of surplus cash deposited with the Council (£15.730m in 2020-21). The Council paid the fund £0.013m interest on these deposits (£0.021m in 2020-21). The Council charged the fund £0.007m (£0.007m in 2020-21) 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 2021-22. During the year the total values of payments made to and received from Norse Group Ltd, were £121.654m and £1.458m respectively (£105.379m and £3.665m respectively in 2020-21).

Independence Matters is a Community Interest Company. The total value of payments made to and received from Independence Matters were £17.171m and £0.456m respectively (£17.358m and £0.399m respectively in 2020-21).

The total value of payments made to and received from Repton Property Developments Ltd were £10.866m and £0.947m respectively.

Hethel Innovations Ltd (HIL), Norfolk Safety CIC, NCC HH Limited, and NCC Nurseries Limited are all 100% owned by the Council and were active throughout 2021-22. LCIF2 Limited is 50% owned by the Council and became active in 2021-22. The Great Yarmouth Development Company is 50% owned by the Council and did not trade in 2021-22.

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 104.

45. 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 exceeded the gross scheme liabilities plus indemnity required and therefore is considered adequate to meet any obligation that may arise for the Fund.

46. Going Concern

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

The impact of the Coronavirus pandemic across the UK continued into the current year for many businesses and residents. During 2021-22 the Council incurred significant additional expenditure on infection control measures and experienced loss of income as some paid-for services were not able to operate. The central government continued to provide some support for lost income and for the additional costs borne by authorities resulting from the pandemic and the Council has secured £79.612m in this regard.

The council's most recent year end balances, are as follows.

Date	General Fund	Earmarked reserves
31 March 2022	£23.840m	£181.162m
31 March 2023	£24.410m	£201.682m
31 March 2024 *	£25.410m	£98.056m
31 March 2025 *	£26.660m	£85.411m

**forecasted balance*

The General Fund and Earmarked Reserve position has a predicted balance of £26.660m and £85.411m at 31 March 2025. This remains above our minimum level of General Fund balances as set by the Director of Strategic Finance of £19.6m.

The cash flow forecasting and assessment of the adequacy of the liquidity position up until March 2025 demonstrates positive cash balances, in excess of £159.8m, including a borrowing of £10m to be drawn down in November 2024. The cash balance as at the end of December 2023 was £199.5m.

The MTF5 2023-27 acknowledges the on-going uncertainties caused by the longer term funding allocations, the impact of Social Care Reform, and the impact of rising fuel and energy prices following the humanitarian crisis resulting from the decision of Russia-Ukraine war and hostilities in the Middle East, alongside the on-going increase in demand for services resulting from the longer term effects of the pandemic.

The council submitted claims to DLUHC for lost sales, fees and charges as a result of COVID-19 totalling £1.668m relating to 2021-22 for the first 3 months of the financial year and this has not been extended into 2022-23. The Council also carried forward £31.3m COVID grant funding from 2021-22 into 2022-23 to support the mitigation of on-going cost pressures and support infection control measures.

The 2022-23 and 2023-24 balanced Budgets were developed to take into account multiple impacts of rising cost pressures, challenges to savings and uncertainties over income streams including Government funding. The proposed 2024-25 budget will include a general council tax increase of 4.99%, resulting in a £527.7m increase in the overall County Council Net Revenue Budget for 2024-25 and includes a savings target of £45.02m. The 2024-25 budget proposals will be considered by Cabinet and submitted to the Council for approval in early 2024.

For future years, the Council has a well-established process for annual budget setting, and a report to Cabinet has set out proposals for how this will be maintained in relation to 2025-26 to deliver a prudent and transparent approach to budgeting. The Section 151 Officer recommends that early planning should be undertaken in respect of 2025-26 and that the scope to address pressures within the constraints of the overall budget should be reviewed in the round when further specific details of the longer term funding allocations are known, particularly around the County Deal. It will be essential that the Council is able to produce a realistic plan for reducing the budget requirement in future years through the early identification of saving proposals for 2025-26, or the mitigation of currently identified pressures, and that all proposals are considered in the context of the significant budget gap identified for the year.

On this basis, the Council has concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern over the period to 31 March 2025. For this reason, alongside the statutory guidance, the Council continues to adopt the going concern basis in preparing these financial statements.

47. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Strategic Finance on 19 February 2024. 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 2022, 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 2022, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

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 forthcoming triennial period. The latest valuation took place as at 31 March 2022, and the Pension Fund Committee received the results of the 2022 valuation exercise on 23 March 2023. Information relating to the valuation exercise is shown in note 32.

During 2022-23 Norfolk County Council along with Norwich City Council sold the Norwich Airport Industrial Estate. Norfolk County Council's share of the industrial estate during 2021-22 is shown as £21.020m within Current Investment Properties Held for Sale on the Balance Sheet.

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. Three of these, Norse Group Ltd, Independence Matters CIC and Repton Property Developments Ltd 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, Independence Matters CIC and Repton Property Developments Ltd.

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:

Entity	Relationship	Consolidated
Norse Group Ltd	Subsidiary	Consolidated
Independence Matters CIC	Subsidiary	Consolidated
Repton Property Developments Ltd	Subsidiary	Consolidated
Hethel Innovation Ltd	Subsidiary	Not material
Norfolk Safety CIC	Subsidiary	Not material
NCC HH Ltd	Subsidiary	Dissolved
NCC Nurseries Ltd	Subsidiary	Dissolved
LCIF2 Limited	Subsidiary	Not material
Great Yarmouth Development Company Ltd	Subsidiary	Dissolved
NPLaw Limited (formerly Public Law East Ltd)	Subsidiary	Dormant
St Edmund's Park Estate Management Limited	Subsidiary	Not material
Bowlers Green Estate Management Limited	Subsidiary	Not material
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 2022 was £21.028m.

The company's accounting period for 2021-22 is from 1 April 2021 to 31 March 2022. Copies of the final accounts of the company for the period ended 31 March 2022 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 2022 are shown in the table below.

2020-21		2021-22
£000s		£000s
95,920	Current Assets	79,965
124,191	Non-current assets	104,603
(91,827)	Current Liabilities	(90,658)
(107,529)	Non-current liabilities.	(67,013)
20,755	Net Assets for the accounting period	26,897
354,318	Revenue	345,060
4,376	Profit/(Loss) from continuing operations	(10,155)
1,179	Profit/(Loss) for the accounting period (after Tax)	(13,717)
(6,801)	Other comprehensive (expense) / income	19,859
(5,622)	Total comprehensive (expense) / income	6,142
	<u>Extent of non-controlling interests:</u>	
(1,669)	Non-controlling equity interest	(1,095)
(1,206)	Non-controlling interest in the Profit/(Loss) for the accounting period before intra-group eliminations	574

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 2021-22, over 90% of the company's turnover of £18.323m 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.

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. The aim of the company is to deliver quality homes to the residents of Norfolk whilst supporting the twin aims of local job creation and economic growth. The company utilises the extensive local knowledge and in-house expertise to select suitable sites for development with strong infrastructure and transport links. The company also supports the development of local communities and amenities across the sites developed.

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.

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. The company was dissolved on 21 December 2021.

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.

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 was dissolved on 24 August 2021.

NPLaw Limited (formerly Public Law East Limited)

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

St Edmund's Park Estate Management Limited

St Edmund's Park Estate Management Limited is a company limited by guarantee which has been set up as a management company for a site being developed by Repton Property Developments in Acle, Norfolk.

Bowlers Green Estate Management Limited

Bowlers Green Estate Management Limited is a company limited by guarantee which has been set up as a management company for a site being developed by Repton Property Developments in Hopton, Norfolk.

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 59.5% of Legislator 1656 with the City Council holding the remaining 40.5%. Further details are included in the note on Financial Instruments on page 56.

The accounts for 2021-22 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

2020-21				2021-22		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
524,308	196,807	327,501	Adult Social Services	527,874	196,502	331,372
632,425	370,880	261,545	Children's Services	687,449	389,161	298,288
376,511	201,684	174,827	Community and Environmental Services	385,797	207,229	178,568
10,045	1,330	8,715	Strategy and Transformation Services*	12,949	1,976	10,973
5,441	2,149	3,292	Governance Department*	7,120	8,274	(1,154)
64,951	15,944	49,007	Finance and Commercial Services	104,748	6,908	97,840
20,906	4,404	16,502	Finance General	8,684	10,030	(1,346)
130,529	131,012	(483)	Other Services	149,600	140,021	9,579
(721)	0	(721)	Non-Distributed Costs	(1,240)	0	(1,240)
0	8,841	(8,841)	Other Operating Income	0	5,834	(5,834)
1,764,395	933,051	831,344	Cost of Services	1,882,981	965,935	917,046
		17,187	Other Operating Expenditure			30,183
		62,063	Financing and Investment Income and Expenditure (Note 1)			56,514
		(871,334)	Taxation and Non-Specific Grant Income			(926,115)
		39,260	(Surplus) / Deficit on Provision of Services			77,628
		(176)	Share of (surplus) or deficit of associates			72
		1,097	Tax Expenses (Note 2)			4,114
		40,181	Group (Surplus) / Deficit			81,814
		14,581	(Surplus) / Deficit on Revaluation of Property, Plant and Equipment Assets			(23,120)
		398,727	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(389,424)
		413,308	Other Comprehensive Income and Expenditure			(412,544)
		453,489	Total Comprehensive Income and Expenditure			(330,730)
		(1,206)	Comprehensive Income and Expenditure attributable to Non-Controlling Interests in Subsidiaries			574

* Prior to 1 April 2021 the Governance Department and Strategy & Transformation Services were one department called Strategy & Governance Services. The comparatives for 2020-21 have been restated to reflect the split of this department.

Group Movement in Reserves Statement

	Council's Usable Reserves £000s	Subsidiary Usable Reserves (Note 10) £000s	Total Group Usable Reserves £000s	Council's Unusable Reserves £000s	Subsidiary Unusable Reserves (Note 10) £000s	Total Group Unusable Reserves £000s	Total Group Reserves £000s
Balance at 31 March 2020	193,360	3,029	196,389	(201,942)	16,667	(185,275)	11,114
Movement in Reserves during 2020-21							
Reclassification of DSG reserve to Unusable	19,703	0	19,703	(19,703)	0	(19,703)	0
Total Comprehensive Expenditure and Income	59,083	(104,860)	(45,777)	(406,506)		(406,506)	(452,283)
Adjustments between Group Accounts and Council Accounts**	(101,780)	101,780	0	0	0	0	0
Net increase or decrease before transfers	(22,994)	(3,080)	(26,074)	(426,209)	0	(426,209)	(452,283)
Adjustments between accounting basis & funding basis under regulations	84,791	0	84,791	(84,791)	0	(84,791)	0
Increase / (Decrease) in Year	61,797	(3,080)	58,717	(511,000)	0	(511,000)	(452,283)
Balance at 31 March 2021	255,157	(51)	255,106	(712,942)	16,667	(696,275)	(441,169)
Movement in Reserves during 2021-22							
Total Comprehensive Expenditure and Income	49,981	(109,664)	(59,683)	389,839	0	389,839	330,156
Adjustments between Group Accounts and Council Accounts**	(115,705)	115,705	0	0	0	0	0
Net increase or decrease before transfers	(65,724)	6,041	(59,683)	389,839	0	389,839	330,156
Adjustments between accounting basis & funding basis under regulations	136,637	0	136,637	(136,637)	0	(136,637)	0
Increase / (Decrease) in Year	70,913	6,041	76,954	253,202	0	253,202	330,156
Balance at 31 March 2022	326,070	5,990	332,060	(459,740)	16,667	(443,073)	(111,013)
Minority Interest share of subsidiary reserves	0	0	0	0	(1,095)	(1,095)	(1,095)
Balance at 31 March 2022	326,070	5,990	332,060	(459,740)	15,572	(444,168)	(112,108)

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

Group Balance Sheet

31 March 2021		31 March 2022
£000s		£000s
1,793,242	Property, Plant & Equipment	1,851,268
13,294	Heritage Assets	13,294
25,959	Investment Property	14,635
5,787	Intangible Assets	1,466
6,725	Long Term Investments	4,686
307	Investments in Associates and Joint Ventures	236
58,540	Long Term Debtors	54,401
10,445	Deferred Tax Asset	8,997
1,914,299	Long Term Assets	1,948,983
80,075	Short Term Investments	190,288
2,595	Inventories	20,830
229,567	Short Term Debtors	243,162
154,410	Cash and Cash Equivalents	68,714
0	Current Held for Sale Investment Property	21,021
6,406	Assets Held for Sale	6,290
473,053	Current Assets	550,305
(19,435)	Short Term Borrowing	(30,946)
(8,726)	Other Short Term Liabilities	(8,522)
(308,943)	Short Term Creditors	(269,481)
(3,286)	Provisions	(3,921)
(1,038)	Current tax liability	(114)
(341,428)	Current Liabilities	(312,984)
(15,160)	Long Term Creditors	(14,836)
(22,737)	Provisions	(24,590)
(752,967)	Long Term Borrowing	(841,344)
(1,676,740)	Other Long Term Liabilities	(1,398,129)
(21,158)	Capital Grants Receipts in Advance	(19,513)
(2,488,762)	Long Term Liabilities	(2,298,412)
(442,838)	Net Assets	(112,108)
255,106	Usable Reserves	332,060
(697,944)	Unusable Reserves	(444,168)
(442,838)	Total Reserves	(112,108)

The unaudited accounts were issued on 29 July 2022 and the audited accounts were authorised for issue on 19 February 2024.

Group Cash Flow Statement

31 March 2021		31 March 2022
£000s		£000s
39,260	Net (surplus) or deficit on the provision of services	77,628
(258,692)	Adjust net (surplus) or deficit on the provision of services for non-cash movements (note 13)	(212,398)
141,660	Adjust for Items in the net (surplus) or deficit on the provision of services that are investing and financing activities (note 13)	176,087
(77,772)	Net cash flows from Operating Activities	41,317
29,649	Investing Activities (note 14)	143,147
(25,487)	Financing Activities (note 15)	(98,768)
(73,610)	Net (increase) or decrease in cash and cash equivalents	85,696
80,800	Cash and cash equivalents at the start of the year	154,410
154,410	Cash and cash equivalents at the end of the year (note 8)	68,714

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Supporting the Group 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:

2020-21		2021-22
£000s		£000s
1,746	Interest payable and similar charges	1,506
910	Net interest cost and on the net defined benefit liability	978
(96)	Interest receivable and similar income	(4)
2,560	Total for Norse Group Ltd and Independence Matters	2,480

2. Tax Expenses of Group Entities

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

2020-21		2021-22
£000s		£000s
	Current Tax:	
2,315	Tax in respect of the current year	2,285
70	Adjustments in respect of prior years	294
0	Accelerated Tax Allowances	134
0	Change in Tax Rates	(622)
	Deferred Tax:	
0	Deferred tax on actuarial loss for the year	2,846
(95)	Retirement benefit obligations	0
(939)	Origination and reversal of timing differences	(847)
(254)	Adjustments in respect of prior years	24
1,097	Total Taxation Expenses	4,114

Supporting the Group Balance Sheet

3. Property, Plant and Equipment

2021-22	Land and buildings £000s	Vehicles, plant, and equipment £000s	Assets under construction £000s	Surplus assets £000s	Total Property, Plant and Equipment £000s
<u>Cost or Valuation</u>					
At 1 April 2021	697,110	152,397	102,581	31,665	983,753
Additions	18,546	19,279	97,707	459	135,991
Revaluation increases/(decreases):					
- to Revaluation reserve	(17,567)	0	0	(665)	(18,232)
- to surplus or deficit on provision of services	(6,012)	0	0	(372)	(6,384)
Derecognition - disposals	(28,984)	(10,187)	0	(2)	(39,173)
Assets reclassified (to)/from Held for Sale	0	0	0	(5,397)	(5,397)
Reclassifications and transfers	71,103	1,640	(85,522)	5,655	(7,124)
At 31 March 2022	734,196	163,129	114,766	31,343	1,043,434
<u>Accumulated Depreciation and Impairment</u>					
At 1 April 2021	116,675	74,662	0	12,642	203,979
Depreciation charge	15,874	18,100	0	61	34,035
Depreciation written out to Revaluation reserve	(5,329)	0	0	(407)	(5,736)
Depreciation written out on revaluation to surplus or deficit on provision of services	(4,704)	0	0	(44)	(4,748)
Impairment losses/(reversals) recognised in:					
- the Revaluation reserve	(34,167)	0	0	0	(34,167)
- the surplus or deficit on provision of services	53,412	0	0	516	53,928
Derecognition - disposals	(581)	(7,197)	0	0	(7,778)
Reclassifications and transfers	454	1,100	0	323	1,877
At 31 March 2022	141,634	86,665	0	13,091	241,390
Net Book Value:					
At 31 March 2022	592,562	76,464	114,766	18,252	802,044
At 31 March 2021	580,435	77,735	102,581	19,023	779,774

2020-21	Land and buildings £000s	Vehicles, plant, and equipment £000s	Assets under construction £000s	Surplus assets £000s	Total Property, Plant and Equipment £000s
<u>Cost or Valuation</u>					
At 1 April 2020	770,506	154,760	56,088	25,678	1,007,032
Additions	18,487	13,527	86,421	0	118,435
Revaluation increases/(decreases):					
- to Revaluation reserve	(45,489)	0	0	7,245	(38,244)
- to surplus or deficit on provision of services	(50,079)	0	0	(1,232)	(51,311)
Derecognition - disposals	(19,548)	(16,879)	0	(155)	(36,582)
Assets reclassified (to)/from Held for Sale	0	0	0	(5,279)	(5,279)
Reclassifications and transfers	23,233	989	(39,928)	5,408	(10,298)
At 31 March 2021	697,110	152,397	102,581	31,665	983,753
<u>Accumulated Depreciation and Impairment</u>					
At 1 April 2020	133,326	72,835	0	12,697	218,858
Depreciation charge	16,925	17,511	0	62	34,498
Depreciation written out to Revaluation reserve	(22,037)	0	0	(68)	(22,105)
Depreciation written out on revaluation to surplus or deficit on provision of services	(14,925)	0	0	(132)	(15,057)
Impairment losses/(reversals) recognised in:					
- the Revaluation reserve	(1,305)	0	0	0	(1,305)
- the surplus or deficit on provision of services	7,850	0	0	(56)	7,794
Derecognition - disposals	(2,041)	(14,562)	0	(7)	(16,610)
Reclassifications and transfers	(1,118)	(1,122)	0	146	(2,094)
At 31 March 2021	116,675	74,662	0	12,642	203,979
Net Book Value:					
At 31 March 2021	580,435	77,735	102,581	19,023	779,774
At 31 March 2020	637,180	81,925	56,088	12,981	788,174

The Property, Plant & Equipment Balance in the Balance Sheet consists of:

2020-21		2021-22
£000s		£000s
1,013,468	Infrastructure Assets (Note 17 page 48)	1,049,224
779,774	Other Property, Plant & Equipment assets (page 115)	802,044
1,793,242	Net Book Value at 31 March	1,851,268

Capital Commitments

The Norse Group Ltd has capital expenditure commitments of £0.729m as at 31 March 2022.

Details of the Council's capital commitments are shown in Note 17 to the Single Entity accounts.

4. Intangible Assets

The movement on the Group balances during the year:

2020-21				2021-22		
Other Intangible Assets £000s	Goodwill £000s	Total £000s		Other Intangible Assets £000s	Goodwill £000s	Total £000s
			Balance at the start of the year:			
6,534	4,397	10,931	Gross carrying amounts	6,519	4,397	10,916
(4,306)	0	(4,306)	Accumulated amortisation	(5,129)	0	(5,129)
2,228	4,397	6,625	Net carrying amount at 1 April	1,390	4,397	5,787
44	0	44	Additions (purchases)	259	0	259
(4)	0	(4)	Disposals	(6)	0	(6)
0	0	0	Impairment losses	0	(4,397)	(4,397)
(870)	0	(870)	Amortisation for the period	(448)	0	(448)
(8)	0	(8)	Other Changes	271	0	271
1,390	4,397	5,787	Net carrying amount at 31 March	1,466	0	1,466
			Comprising:			
6,519	4,397	10,916	Gross carrying amounts	6,908	0	6,908
(5,129)	0	(5,129)	Accumulated amortisation	(5,442)	0	(5,442)
1,390	4,397	5,787	Total	1,466	0	1,466

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

2020-21			2021-22	
£000s			£000s	
3,146	Balance outstanding at start of year		2,595	
29,162	Purchases		52,591	
(29,712)	Recognised as an expense in year		(34,355)	
(1)	Amounts written off		(1)	
2,595	Balance outstanding at year end		20,830	

6. Financial Instruments

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

31 March 2021			31 March 2022	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Investments:		
3,490	80,075	Amortised Cost	0	190,288
3,235	0	Fair Value through Other Comprehensive Income	4,686	0
6,725	80,075	Total Financial Assets	4,686	190,288
0	0	Non-financial assets	0	0
6,725	80,075	Total Investments	4,686	190,288
		Debtors:		
46,667	124,494	Amortised Cost	42,620	162,364
46,667	124,494	Total Financial Assets	42,620	162,364
11,873	105,073	Non-financial assets	11,781	80,798
58,540	229,567	Total Debtors	54,401	243,162
		Cash and Cash equivalents:		
0	154,410	Amortised Cost	0	68,714
0	154,410	Total Financial Assets	0	68,714
0	0	Non-financial assets	0	0
0	154,410	Total Cash and cash equivalents	0	68,714
		Borrowings:		
752,967	19,435	Amortised Cost	841,344	30,946
752,967	19,435	Total Financial Liabilities	841,344	30,946
0	0	Non-financial Liabilities	0	0
752,967	19,435	Total Borrowings	841,344	30,946
		Other short/long term liabilities:		
62,356	8,726	Amortised Cost	57,951	8,522
62,356	8,726	Total Financial Liabilities	57,951	8,522
1,614,384	0	Non-financial Liabilities	1,340,178	0
1,676,740	8,726	Total Other Short/Long Term Liabilities	1,398,129	8,522
		Creditors:		
4,294	201,063	Amortised Cost	14,836	182,757
4,294	201,063	Total Financial Liabilities	14,836	182,757
10,866	107,880	Non-financial Liabilities	0	86,724
15,160	308,943	Total Creditors	14,836	269,481

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

- (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 (3.99%). 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 2021			31 March 2022	
Long Term	Short Term		Long Term	Short Term
£000s	£000s		£000s	£000s
2,952	186,654	Trade Debtors	1,819	178,628
0	3,708	Subsidiaries	0	4,308
55,588	18,988	Other receivables	52,582	21,989
0	20,217	Prepayments	0	38,237
58,540	229,567	Group Total	54,401	243,162

8. Cash and Cash Equivalents

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

2020-21			2021-22
£000s			£000s
(4,361)	Single Entity Cash and Bank balances		(31,400)
27,922	Subsidiary cash and bank balances		22,457
130,849	Short term deposits with the Money Market		77,657
154,410	Total Group Cash and Cash Equivalents		68,714

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 £4.095m deferred grant income towards three capital projects in the Norse accounts.

2020-21			2021-22
£000s			£000s
202,405	Trade creditors		165,315
83,999	Other payables		90,075
22,539	Receipts in advance		14,091
308,943	Total Group Short Term Creditors		269,481

10. Reserves

Movements on the Group reserves are detailed in the Group Movement in Reserve Statement on page 110. The reserves of the subsidiaries include:

	Usable Reserves			Unusable Reserves			Minority Interest share of subsidiary reserves £000s
	Retained Earnings £000s	Share Capital £000s	Total Usable Reserves £000s	Capital Contribution Reserve £000s	Revaluation Reserve £000s	Total Unusable Reserves £000s	
Balance at 1 April	(51)	0	(51)	16,200	467	16,667	(1,669)
Profit/(Loss) for the year	(15,062)	10	(15,052)	0	0	0	1,808
Actuarial (gain)/loss in respect of defined benefit pension schemes	24,196	0	24,196	0	0	0	(1,491)
Deferred tax in respect of defined benefit pension schemes	(3,103)	0	(3,103)	0	0	0	257
Balance at 31	5,980	10	5,990	16,200	467	16,667	(1,095)

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:

2020-21		2021-22
£000s		£000s
16,574	Land and buildings	15,499
18,990	Vehicles, plant and equipment	16,766
2,911	Heritage Assets	2,911
38,475	Group Total	35,176

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

2020-21		2021-22
£000s		£000s
	Finance lease liabilities (net present value of minimum lease payments):	
7,478	Current	7,111
18,015	Non-current	15,199
(2,033)	Finance costs payable in future years	(1,634)
23,460	Minimum lease payments	20,676

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

31 March 2021			31 March 2022	
Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
£000s	£000s		£000s	£000s
6,856	7,478	Not later than one year	6,536	7,111
13,816	14,925	Later than one year and not later than five years	11,706	12,995
2,788	3,090	Later than five years	2,434	2,204
23,460	25,493	Group Total	20,676	22,310

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 2021-22 was £0.000m (£0.379m in 2020-21). The company also leases several properties on short term leases which have been accounted for as operating leases. The rentals payable in 2021-22 were £0.000m (£0.001m in 2020-21).

Details of the Council's leases are shown in Note 29 on page 68.

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £2.606m (£3.215m in 2020-21).

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

2020-21		2021-22
£000s		£000s
1,612	Not later than one year	1,576
4,992	Later than one year and not later than five years	4,590
9,680	Later than five years	9,010
16,284	Total	15,176

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:

2020-21		2021-22
£000s		£000s
	Group Comprehensive Income and Expenditure Statement	
	Cost of Services:	
96,930	Current service cost	149,552
282	Past service costs/(gain)*	172
(25)	(Gain)/loss from settlements	(658)
	Financing and Investment Income and Expenditure:	
19,413	Net interest expense	24,751
116,600	Total post employment benefit charged to the Surplus of Deficit on the Provision of Services	173,817
	Other post employment benefit charged to the Comprehensive Income and Expenditure Statement:	
	Remeasurement of the net defined pension liability including:	
(423,627)	Return on plan assets (excluding the amount included in the net interest expense)	(164,350)
695,454	Actuarial gains and losses arising on changes in demographic assumptions	9,587
75,946	Actuarial gains and losses arising on changes in financial assumptions	(223,801)
(28,652)	Other (if applicable)	16,740
435,721	Total post employment benefit charged to the Group Comprehensive Income and Expenditure Statement	(188,007)
	Movement in Reserves Statement:	
(116,600)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits following the Code	(173,817)
	Actual amount charged against Usable reserves for pensions for the year:	
65,192	Employers contributions payable to the scheme (includes contributions in respect of unfunded benefits)	67,950

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:

2020-21		2021-22
£000s		£000s
(3,648,117)	Present value of the defined benefit obligation	(3,560,551)
2,449,933	Fair value of plan assets	2,618,360
(1,198,184)	Net liability arising from defined benefit obligation	(942,191)

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

2020-21		2021-22
£000s		£000s
2,810,030	Balance at 1 April	3,648,117
96,930	Current service cost	149,552
64,931	Interest cost	73,786
16,285	Contributions by scheme participants	17,085
	Remeasurement gains and losses:	
695,454	- Actuarial gains and losses arising on changes in demographic assumptions	9,587
75,946	- Actuarial gains and losses arising on changes in financial assumptions	(223,801)
(28,652)	- Other	(27,645)
282	Past service costs/(gain)	172
(3,357)	Losses /(gains) on curtailments	(2,192)
2,995	Business Combinations and Disposals	772
(82,727)	Benefits paid	(84,882)
3,648,117	Balance at 31 March	3,560,551

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

2020-21		2021-22
£000s		£000s
1,981,485	Opening fair value of scheme assets	2,449,933
45,518	Interest income	49,035
	Remeasurement (gain)/loss:	
423,627	- The return on plan assets, excluding the amount included in the net interest expense	164,350
0	- Other	(44,385)
66,082	Employer contributions	67,986
16,285	Contributions by scheme participants	17,085
(82,727)	Benefits paid	(84,882)
(2,434)	Other (gain/loss from settlements)	(1,155)
2,097	Business Combinations and Disposals	393
2,449,933	Balance at 31 March	2,618,360

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 32.

Supporting the Group Cash Flow Statement

13. Cash Flows from Operating Activities

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

2020-21		2021-22
£000s		£000s
(1,878)	Interest received	(2,837)
36,168	Interest paid	34,136
(1,521)	Dividends received	(755)

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

2020-21		2021-22
£000s		£000s
(69,725)	Depreciation	(69,839)
(44,048)	Impairment and downward valuations	(59,963)
(87,278)	(Increase)/decrease in creditors	36,294
17,512	Increase/(decrease) in debtors	12,069
	Increase/(decrease) in inventories	13,472
(54,718)	Movement in Pension Liability	(114,153)
(22,732)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(36,909)
2,297	Other non-cash items charged to the net surplus or deficit on the provision of services	6,631
(258,692)		(212,398)

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

2020-21		2021-22
£000s		£000s
139,035	Capital grants credited to the deficit on the provision of services	167,300
(5,000)	Proceeds from short term (not considered to be cash equivalents) and long term investments	0
7,620	Proceeds from the sale of property, plant and equipment	8,783
5	Other items for which the cash effects are investing or financing activities	4
141,660		176,087

14. Cash Flows from Investing Activities

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

2020-21		2021-22
£000s		£000s
168,823	Purchase of property, plant and equipment, investment property and intangible assets	204,667
0	Purchase of short term and long term investments	280,000
4,103	Other payments for investing activities	12,582
(7,620)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,783)
(5)	Proceeds from short term and long term investments	(170,000)
(135,652)	Other receipts from investing activities	(175,319)
29,649	Net cash flows from investing activities	143,147

15. Cash Flows from Financing Activities

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

2020-21		2021-22
£000s		£000s
(50,000)	Cash receipts of short term and long term borrowing	(123,750)
0	Other receipts from financing activities	0
9,365	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	9,604
13,294	Repayments of short term and long term borrowing	14,024
1,854	Other payments from financing activities	1,354
(25,487)	Net cash flows from financing activities	(98,768)

Reconciliation of Liabilities Arising from Financing Activities:

2021-22	Balance as at 1 April £000s	Financing Cash Flows £000s	Non-Cash Changes £000s	Balance as at 31 March £000s
Long term borrowings	(752,967)	(120,750)	32,373	(841,344)
Short term borrowings	(19,435)	11,771	(23,282)	(30,946)
Lease liabilities	(23,448)	8,331	(5,602)	(20,719)
On balance sheet PFI liabilities	(47,634)	1,880	0	(45,754)
Total liabilities from financing	(843,484)	(98,768)	3,489	(938,763)

2020-21	Balance as at 1 April £000s	Financing Cash Flows £000s	Non-Cash Changes £000s	Balance as at 31 March £000s
Long term borrowings	(713,187)	(48,842)	9,062	(752,967)
Short term borrowings	(21,936)	13,195	(10,694)	(19,435)
Lease liabilities	(26,908)	8,584	(5,124)	(23,448)
On balance sheet PFI liabilities	(49,210)	1,576	0	(47,634)
Total liabilities from financing	(811,241)	(25,487)	(6,756)	(843,484)

Other Group 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 41 of the single entity accounts.

Norfolk Firefighters Pension Fund Accounts

This section summarises the accounts of the Firefighters' Pension Fund for the year ending 31 March 2022. The accounts of the Firefighters 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.

Firefighters Pension Fund Account for the year ended 31 March 2022

2020-21		2021-22
£000s		£000s
	Contributions receivable	
	County Council	
(3,773)	- Contributions in relation to pensionable pay	(3,738)
0	- Early retirements	0
(215)	- Other (ill health charge from NCC)	(223)
(1,677)	Firefighters' contributions	(1,668)
(5,665)		(5,629)
(96)	Transfers in from other authorities	(68)
(5,761)		(5,697)
	Benefits payable	
7,983	Pensions	8,080
2,161	Commutations and lump sums	2,018
10,144		10,098
	Payments to and on account of Leavers	
0	Transfer out to other authorities	1
0		1
4,383	Net amount payable for the year	4,402
(4,383)	Top up grant payable by Government	(4,402)
0		0

Firefighters Pension Fund Net Assets Statement

31 March 2021		31 March 2022
£000s		£000s
704	Top up (payable to) / receivable from Government	316
(704)	Amount owing (to) / from General Fund	(316)
0		0

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

The unaudited accounts were issued on 29 July 2022 and the audited accounts were authorised for issue on 19 February 2024.

Notes to the Norfolk Firefighters Pension Fund Accounts

1. Summary of Arrangements

There are four schemes run by the Home Office for Firefighter pensions, 1992, 2006, modified 2006 and 2015. The career averaged (CARE) Firefighter 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. All members have transferred to the CARE 2015 scheme by 1 April 2022. 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 firefighters. However, there are 3 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 Firefighters 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 32 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).

Norfolk Pension Fund Accounts

Introduction

This section provides details of the accounts of the Local Government Pension Fund for the year ending 31 March 2022.

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. The 2021-22 accounts were considered at its meeting on 27 September 2022 and have been 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 2021-22 (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](#) under the "Investment" and "Funding" sections.

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 ON THE PENSION FUND'S FINANCIAL STATEMENTS

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the 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 2021/22.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and the amount and disposition at that date of the its assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

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 Council as administering authority for 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 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

In auditing the financial statements, we have concluded that the Director of Strategic Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern through to 31 March 2025.

Our responsibilities and the responsibilities of the Director of Strategic Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Director of Strategic Finance is responsible for the other information contained within the Statement of Accounts 2021/22.

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.

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 course of 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 themselves. 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 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

Responsibility of the Director of Strategic Finance

As explained more fully in the Statement of the Director of Strategic Finance's Responsibilities set out on page 16, the Director of Strategic Finance 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 2021/22, and for being satisfied that they give a true and fair view. The Director of Strategic Finance is also responsible for such internal control as the Director of Strategic Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Strategic Finance is responsible for assessing the 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 Administering Authority either intends to cease operations, or has 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Director of Strategic Finance.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Board minutes, through enquiry of employees to confirm Pension policies, and through the inspection of other information.
- Based on this understanding, we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Based on our risk assessment procedures we identified the manipulation of journal entries of the investment income and investment asset valuations and management override of controls to be our fraud risk.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment income and investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation of the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

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 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Norfolk County Council and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson
Ernst + Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP
Luton
19 February 2024

Revenue and Fund Account

2020-21		2021-22
£000s		£000s
	Dealings with members, employers and others directly involved in the Fund	
163,495	Contributions	169,810
13,944	Transfers in from other pension funds	7,819
177,439		177,629
(148,973)	Benefits	(155,016)
(5,006)	Payments to and on account of leavers	(12,648)
(153,979)		(167,664)
23,460	Net additions/withdrawals from dealings with members	9,965
(28,966)	Management expenses	(26,760)
(5,506)	Net additions/withdrawals from dealings with members including Fund Management	(16,795)
73,699	Investment income	69,637
(302)	Taxes on income	(25)
838,086	Profit and losses on disposal of investments and changes in the market value of investments	332,266
911,483	Net return on investments	401,878
905,977	Net increase/decrease in the net assets available for benefits during the year	385,083
3,621,120	Opening net assets of the scheme	4,527,097
4,527,097	Closing net assets of the scheme	4,912,180

Net Assets Statement

2020-21			2021-22	
£000s		Note		£000s
4,504,775	Investment assets	14		4,901,001
(5,510)	Investment liabilities	14		(9,831)
4,499,265	Total Net Investments			4,891,170
579	Long term Debtors	21		506
579	Total Long Term Debtors			506
20,292	Debtors	21		19,006
13,887	Cash in hand	21		10,350
34,179	Total Current Assets			29,356
(6,926)	Creditors	22		(8,852)
(6,926)	Total Current Liabilities			(8,852)
27,253	Net Current Assets			20,504
4,527,097	Net Assets of the Fund available to fund benefits			4,912,180

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.

The unaudited accounts were issued on 29 July 2022 and the audited accounts were authorised for issue on 19 February 2024.

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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 2021-22 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 firefighters 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 Director of Strategic Finance.

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

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

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 427 employer organisations with active members in the Norfolk Pension Fund including Norfolk County Council as detailed below: This is a net increase of two employers since 31 March 2021.

31 March 2021		31 March 2022
425	Number of Employers with Active Members	427
	<u>Full membership including employers with deferred and legacy</u>	
	Number of Employees in Scheme	
12,809	Norfolk County Council	13,257
17,448	Other Employers	16,728
30,257	Total	29,985
	<u>Number of Pensioners</u>	
13,940	Norfolk County Council	14,432
13,430	Other Employers	14,058
27,370	Total	28,490
	<u>Deferred Pensioners</u>	
19,707	Norfolk County Council	20,343
17,399	Other Employers	19,964
37,106	Total	40,307
94,733	Total membership including employers with deferred and legacy pension commitments	98,782

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. Churchill Services (Paston College)	1. Ormesby St Margaret with Scratby Parish Council
2. Oulton Parish Council	2. Duke of Lancaster School
3. Ringland Parish Council	3. Walcott Parish Council
4. Norwich Regeneration Ltd	4. Aspens Services (Wroughton Infant Academy)
5. KWEST Multi Academy Trust	5. Chartwell (Eastern Multi Academy Trust)
6. Caterlink (City of Norwich School)	6. Churchill Services (Eastern Multi Academy Trust)
7. West Raynham Church of England Primary Academy	7. Bure Park Specialist Academy
8. Sentinel Leisure Trust	8. Holy Cross Church of England Primary School
9. Garvestone, Reymerston & Thuxton Parish Council	9. Docking Church of England Primary Academy and Nursery
10. Wormegay Church of England Primary School	10. Brancaster CofE VA Primary School
11. Runcton Holme Church of England Primary School	11. Overstrand Parish Council
12. Hethel Innovation Ltd	12. Docking Parish Council
13. Snettisham Parish Council	13. Coltishall Parish Council
14. Serco (Breckland Grounds)	14. Great Dunham Primary School
15. Norwich Norse	15. Norwich City Services Ltd
16. Cherry Blossom Nursery	16. Serco (Breckland Refuse)
17. Swannington with Alderford & Little Witchingham Parish Council	17. Access Community Trust
18. Caterlink (College of West Anglia)	

Employers ceasing to have active employees in the Fund:	Employers joining the active section of the Fund:
	18. Marlingford & Colton Parish Council 19. Bradwell Parish Council 20. Churchill Services (Wensum Trust)

A full list of participating employers is shown on page 184.

ii) Funding

Benefits are funded by employee and employer contributions and investment earnings. For the financial year ending 31 March 2022, 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 2021-22 and 2022-23.

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 1st April 2020 to 31st March 2023. Excluding lump sum deficit recovery payments these rates range from 0% to 34.5% of actual pensionable pay.

Actual Pensionable Pay 2021-22	Contribution rate per year	Actual Pensionable Pay 2022-23	Contribution rate per year
Up to £14,600	5.5%	Up to £15,000	5.5%
£14,601 to £22,900	5.8%	£15,001 to £23,600	5.8%
£22,901 to £37,200	6.5%	£23,601 to £38,300	6.5%
£37,201 to £47,100	6.8%	£38,301 to £48,500	6.8%
£47,101 to £65,900	8.5%	£48,501 to £67,900	8.5%
£65,901 to £93,400	9.9%	£67,901 to £96,200	9.9%
£93,401 to £110,000	10.5%	£96,201 to £113,400	10.5%
£110,001 to £165,000	11.4%	£113,401 to £170,100	11.4%
£165,001 or more	12.5%	£170,101 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 1st April 2014 the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th.

	Membership before April 2008	Membership April 2008 to March 2014	Membership from April 2014
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary	1/49 of pensionable pay in each year
Lump Sum	Automatic lump sum of 3 x salary	No automatic lump sum	No automatic lump sum
Additional Lump Sum	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £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 2022 is 3.1% (0.5% April 2021).

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 2021-22 financial year and its position at year end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the code) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts 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 a going concern basis.

In carrying out its assessment that this basis is appropriate, made to 31 March 2025, management of the fund have considered the additional qualitative and quantitative key requirements:

- The basis for preparation is supported by legislation for local authorities, and the Code requirements on the basis of the continuation of services;
- All employers within the fund are paying contributions as per the rates and adjustment certificate. No employer has requested to defer their payments within the 2021-22, 2022-23 financial year, or within 2022-23 to date;
- The fund is cashflow positive meaning that the contributions received from the employers and members of the scheme exceed the benefits amount paid out

- In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the fund's actuary carried out a valuation during 2022-23. The Fund's assets were valued at \$4,901 million, with liabilities of \$4,613 million resulting in a funding level of 106%;
- The Results of the 2022 Valuation have been considered within Cash Flow Modelling and in spite of contribution rates remaining equal or marginally reducing, we expect Cash Flow to remain positive for the contribution period certified within the Valuation (1 April 2023 to 31 March 2026).
- The fund does not have any external borrowing; and as at 31 March 2023 the fund has an allocation of 47% to public equities, 19% to liquid fixed income and holds around 1% of the fund in cash (investment and current cash balances). These are assets that can be liquidated to pay benefits should the need arise.

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

3. Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

a) Contribution income

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

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

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

b) Transfers to and from other schemes

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

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

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

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

c) Investment income

i) Interest income

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

ii) Dividend income

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

iii) Distributions from pooled funds

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

iv) Property-related income

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

v) Movement in the net market value of investments

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

Fund Account – Expense Items

d) Benefits payable

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

e) Taxation

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

f) Management expenses

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

vi) 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.

vii) 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.

viii) 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
J.P. Morgan Asset Management	Infrastructure
Equitix	Infrastructure
Stafford International	Timberland
M&G	Fixed Income

2020-21		2021-22
£000s		£000s
802	Performance-related fees	725

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.

2020-21 Restated		2021-22
£000s		£000s
5,062	Value of invoiced fees based on estimates (excluding performance fees and fee rebates)	3,408

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 2022. 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 2025.

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 (Northern Trust) 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 2021-22 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 2022-23 code:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

The code requires implementation of the above disclosure from 1 April 2022. These changes are not considered to have a material effect on the Pension Fund accounts of 2021-22.

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.

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. abrdn Capital Partners funds are valued at 31 December and rolled forward for cash flows to 31 March.

2020-21		2021-22
£000s		£000s
353,184	Value of unquoted private equity	414,125

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).

2020-21		2021-22
£000s		£000s
410,296	Value of Pooled Investment Vehicle – Property/Freehold Property	522,878

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.

2020-21		2021-22
£000s		£000s
261,144	Value of Infrastructure Equity Pooled Fund	372,010

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.

2020-21		2021-22
£000s		£000s
12,504	Value of Timberland Equity Pooled Fund	20,502

Pooled Debt Funds

Pooled investment vehicle is 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 credit fund is valued monthly on a Net Asset Value basis. The three debt funds are valued quarterly on a Net Asset Value basis.

2020-21		2021-22
£000s		£000s
139,679	Value of Pooled Debt Funds	167,100

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.

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 2022</th> <th>Approximate % increase to liabilities</th> <th>Approximate monetary amount (£m)</th> </tr> </thead> <tbody> <tr> <td>0.1% p.a. increase in the Pension Increase Rate</td> <td>2%</td> <td>£120m</td> </tr> <tr> <td>1 year increase in member life expectancy</td> <td>4%</td> <td>£266m</td> </tr> <tr> <td>0.1% p.a. increase in the Salary Increase Rate</td> <td>0%</td> <td>£12m</td> </tr> <tr> <td>0.1% p.a. decrease in the Real Discount Rate</td> <td>2%</td> <td>£133m</td> </tr> </tbody> </table>	Sensitivity to the assumptions for the year ended 31 March 2022	Approximate % increase to liabilities	Approximate monetary amount (£m)	0.1% p.a. increase in the Pension Increase Rate	2%	£120m	1 year increase in member life expectancy	4%	£266m	0.1% p.a. increase in the Salary Increase Rate	0%	£12m	0.1% p.a. decrease in the Real Discount Rate	2%	£133m
Sensitivity to the assumptions for the year ended 31 March 2022	Approximate % increase to liabilities	Approximate monetary amount (£m)															
0.1% p.a. increase in the Pension Increase Rate	2%	£120m															
1 year increase in member life expectancy	4%	£266m															
0.1% p.a. increase in the Salary Increase Rate	0%	£12m															
0.1% p.a. decrease in the Real Discount Rate	2%	£133m															
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.	<p>The total private equity investments in the financial statements are £414.1m. There is a risk that this investment may be under or overstated in the accounts.</p> <p>Generally, these investments are valued a minimum of a quarter in arrears. Actual valuations as at 31 March 2022 for all HarbourVest private equity investments have been used in the accounts.</p>															

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
		<p>Estimated valuations (valued at 31 December 2021 and rolled forward for cash flows to 31 March 2022) for abrdn Capital Partners have been used in the accounts. Final statements for three (European Strategic Partners 2008 'B', SL Capital SOF III Feeder LP and SL Capital SOF IV Feeder LP) of the six abrdn Capital Partners assets were received after the preparation of the accounts, If adjusted for, the final valuations would have resulted in an uplift of £0.6m.</p>
Pooled Property/Freehold Property	<p>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).</p>	<p>The total pooled property/freehold property investments in the financial statements are £522.9m. There is a risk that this investment may be under or overstated in the accounts.</p>
Pooled Infrastructure Equity	<p>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.</p> <p>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.</p>	<p>The total Pooled Infrastructure Equity investments in the financial statements are £372.0m. There is a risk that this investment may be under or overstated in the accounts.</p> <p>The auditors to the Aviva Investors Infrastructure Income Limited Partnership have issued a qualified audit opinion as they have been unable to gain sufficient appropriate audit evidence to the accuracy and sufficiency of any provision required on a legal claim representing less than 9% of the total NAV of the Fund. The carrying value of the Norfolk Investment in these accounts is £43.0m.</p>
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</p>	<p>The total Pooled Timberland Equity investments in the financial statements are £20.5m. There is a risk that this investment may be under or overstated in the accounts.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>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>	
Pooled Debt Funds	<p>Pooled investment vehicle is 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 credit fund is valued monthly on a Net Asset Value basis. The three debt funds are valued quarterly on a Net Asset Value basis.</p>	<p>The total Pooled Debt Fund investments in the financial statements are £167.1m. There is a risk that this investment may be under or overstated in the accounts.</p> <p>An estimated valuation for the HarbourVest Direct Lending AIF (L) SCSp has been used in the accounts as the final statement was received after the preparation of the accounts. If adjusted for, the final valuation would have resulted in an uplift of £0.45m.</p>

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 as at 31 March.

Investment Type	Range of Accuracy
Pooled Property/Direct Freehold Property	10.00%
Private Equity	15.00%
Pooled Infrastructure Equity	10.00%
Pooled Timberland Equity	10.00%
Pooled Debt Funds	Between 6.00% and 10.00%

Full details of the impact on asset values are detailed in note 16.

6. Events after the Net Asset Statement Date

The Statement of Accounts were authorised for issue by the Director of Strategic Finance (S151 Officer) on 7 September 2023. Events taking place after this date are not reflected in the financial statements or notes.

Events taking place before that date that relate to conditions existing at 31 March 2022 are reflected in the Notes to the Accounts.

On 23 March 2023 the Pension Fund Committee received the results of the 2022 valuation exercise. Note 19, Funding Arrangements and Note 20 Actuarial Present Value of Promised Retirement Benefits reflect the results of the 2022 valuation.

Actuarial Present Value of Promised Retirement Benefits, reflect the results of the 2022 valuation.

7. Contributions receivable

2020-21		2021-22
£000s		£000s
	By Category	
128,979	Employers – normal	133,823
5	Employers – special	70
0	Employers – augmentation	0
1,453	Employers – strain	824
32,540	Members – normal	34,527
518	Members – purchase of additional scheme benefits	566
163,495	Total	169,810

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.

2020-21		2021-22
£000s		£000s
36,521	Deficit recovery contributions included in employer normal contributions	38,546
36,521	Total	38,546

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 would place 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.

2020-21		2021-22
£000s		£000s
	By Authority	
69,854	Administering authority	72,799
73,606	Other scheduled bodies	78,252
4,635	Community admission bodies	4,350
2,645	Transferee admission bodies	2,592
12,755	Resolution bodies	11,817
163,495	Total	169,810

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:

2020-21		2021-22
£000s		£000s
2	Strain instalments due after the net asset statement date	1
2	Total	1

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 2022.

8. Transfers in from other Pension Funds

2020-21		2021-22
£000s		£000s
4,814	Group Transfers	0
9,130	Individual transfers	7,819
13,944	Total	7,819

There were no group transfers in 2021-22. The group transfers figure in 2020-21 represents 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.

9. Benefits payable

2020-21		2021-22
£000s		£000s
	By Category	
125,997	Pensions	129,561
19,534	Commutation and lump sum retirement benefits	21,194
3,442	Lump sum death benefits	4,261
148,973	Total	155,016

2020-21		2021-22
£000s		£000s
	By Authority	
68,284	Administering authority	70,286
54,271	Other scheduled bodies	58,209
7,400	Community admission bodies	7,329
4,475	Transferee admission bodies	4,162
14,543	Resolution bodies	15,030
148,973	Total	155,016

10. Payments to and on account of leavers

2020-21		2021-22
£000s		£000s
0	Group transfers	3,686
323	Refunds to members leaving service	355
4,683	Individual Transfers out to other Schemes	8,607
5,006	Total	12,648

The 2021-22 group transfers figure is made up of one transfer in respect of Otley College Suffolk (none in 2021-21).

11. Management Expenses

Pension fund management expenses for 2021-22 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).

2020-21		2021-22
£000s		£000s
2,109	Administrative costs	2,111
26,204	Investment managements expenses	23,743
653	Oversight and governance costs	906
28,966	Total	26,760

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

a) Investment Expenses

2021-22	31 March 2022 Total £000s	Management Fees £000s	Performance Related Fees £000s	Transaction Costs £000s
Fixed Interest Securities	497	497	0	0
Equities	0	0	0	0
Pooled investments	10,188	9,375	694	119
Private equity	5,439	5,439	0	0
Infrastructure (incl. Timberland)	3,815	3,784	31	0
Direct Freehold Property	25	25	0	0
Derivatives Forward Currency	1,310	1,310	0	0
Total	21,274	20,430	725	119
Fees and Other Expenses	2,435			
Custody Fees	34			
Total	23,743			

2020-21	31 March 2021 Total £000s	Management Fees £000s	Performance Related Fees £000s	Transaction Costs £000s
Fixed Interest Securities	457	457	0	0
Equities	1,773	1,603	0	170
Pooled investments	8,266	7,120	801	345
Private equity	7,731	7,731	0	0
Infrastructure (incl. Timberland)	3,055	3,054	1	0
Derivatives Forward Currency	1,571	1,571	0	0
Total	22,853	21,536	802	515
Fees and Other Expenses	3,277			
Custody Fees	74			
Total	26,204			

12. Investment Income

2020-21		2021-22
£000s		£000s
532	Income from fixed interest securities	617
35	Income from index linked securities	38
6,995	Equity dividends	0
13,285	Pooled property investments	18,389
45,683	Pooled fund income- Unit trusts and other managed funds	45,217
1,970	Private equity income	483
3,903	Pooled funds rebate	4,791
64	Stock lending	0
166	Interest on cash deposits	19
50	Rents from Property (Note 12a)	55
1,016	Other	28
73,699	Total Investment Income	69,637

a) Property Income

2020-21		2021-22
£000s		£000s
50	Rental income	55
(78)	Direct operating expenses	(25)
(28)	Net income	30

13. Other Fund Disclosures

a) Taxes on Income

2020-21		2021-22
£000s		£000s
247	Withholding tax – equities	0
55	Withholding tax – pooled investments	25
302	Total	25

b) External Audit costs

2020-21		2021-22
£000s		£000s
132	Payable in respect of external Audit	22
132	Total	22

14. Investments

Market Value 31 March 2021		Market Value 31 March 2022
£000s		£000s
	Investment assets	
65,088	Fixed Interest Securities	65,047
0	Equities	0
3,590,011	Pooled Investments	3,853,238
409,086	Pooled property investments	521,833
353,184	Private equity Partnerships	414,125
1,210	Direct Freehold Property	1,046
4,063	Derivatives - forward currency	4,536
82,133	Cash deposits	36,160
0	Amounts receivable for sales	5,016
4,504,775	Total investment assets	4,901,001
	Investment liabilities	
0	Derivatives - futures	0
(4,510)	Derivatives - forward currency	(9,831)
(1,000)	Amounts payable for purchases	0
(5,510)	Total investment liabilities	(9,831)
4,499,265	Net investment assets	4,891,170

a) Reconciliation of Movements in Investments and Derivatives

2021-22	Market value 31 March 2021 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Change in market value during the year £000s	Market value 31 March 2022 £000s
Fixed Interest Securities	65,088	33,334	(32,824)	(551)	65,047
Equities	0	0	0	0	0
Pooled property investments	409,086	81,252	(33,362)	64,857	521,833
Pooled investments	3,590,011	261,682	(154,255)	155,800	3,853,238
Private equity	353,184	57,970	(108,872)	111,843	414,125
Direct Freehold Property	1,210	0	0	(164)	1,046
	4,418,579	434,238	(329,313)	331,785	4,855,289
Derivative contracts:					
- Futures	0	0	0	0	0
- Forward currency contracts	(447)	53,290	(54,040)	(4,098)	(5,295)
	(447)	53,290	(54,040)	(4,098)	(5,295)
Other investment					
- Cash deposits	82,133			3,477	36,160
- Amount receivable for sales of investments	0			0	5,016
- Amount payable for purchases of investments	(1,000)			1,102	0
Net investment assets	4,499,265			332,266	4,891,170

2020-21	Market value 31 March 2020 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Change in market value during the year £000s	Market value 31 March 2021 £000s
Fixed Interest Securities	65,899	567	0	(1,378)	65,088
Equities	534,057	147,953	(863,297)	181,287	0
Pooled property investments	363,109	24,344	(11,360)	32,993	409,086
Pooled investments	2,335,030	1,095,809	(334,163)	493,335	3,590,011
Private equity	222,058	57,013	(57,003)	131,116	353,184
Direct Freehold Property	1,089	0	0	121	1,210
	3,521,242	1,325,686	(1,265,823)	837,474	4,418,579
Derivative contracts:					
- Futures	0	0	0	0	0
- Forward currency contracts	(4,180)	41,021	(41,342)	4,054	(447)
	(4,180)	41,021	(41,342)	4,054	(447)
Other investment					
- Cash deposits	89,977			0	82,133
- Amount receivable for sales of investments	1,291			0	0
- Amount payable for purchases of investments	(3,277)			(3,442)	(1,000)
Net investment assets	3,605,053			838,086	4,499,265

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.

2020-21		2021-22
£000s		£000s
515	Transaction costs incurred during the year	119

b) Investments Analysed by Fund Manager

Market Value 31 March 2021 £000s	Percentage of Total Net Investments %		Market Value 31 March 2022 £000s	Percentage of Total Net Investments %
Investments Managed by the ACCESS Pool (Link Fund Solutions)				
720,759	16.02	LF ACCESS Global Equity (ex UK) Fund	719,188	14.70%
453,664	10.08	LF ACCESS Globe Equity Capital Fund	432,717	8.85%
277,395	6.17	LF ACCESS Globe Equity Mondrian Fund	303,451	6.20%
290,369	6.45	LF ACCESS UK Equity Core Fund	294,676	6.02%
1,742,187	38.72		1,750,032	35.77%
Investments Managed outside of the ACCESS Pool				
569,410	12.67	Janus Henderson Global Investors	585,867	11.98%
432,270	9.61	LaSalle Investment Management	531,532	10.87%
393,308	8.74	M&G (inc. Infracapital)	437,423	8.94%
322,722	7.17	HarbourVest Partners	408,700	8.36%
270,521	6.01	UBS	310,701	6.35%
175,054	3.89	Insight Investment *	173,826	3.55%
161,475	3.59	Capital International Ltd	171,919	3.51%
120,287	2.67	J.P. Morgan Asset Management	169,495	3.47%
81,077	1.80	Equitix	114,613	2.34%
73,539	1.63	Goldman Sachs Asset Management	80,332	1.64%
39,157	0.87	Aviva Investors	42,985	0.88%
21,097	0.47	Pantheon	38,295	0.78%
55,817	1.24	Global Custodian **	29,230	0.60%
32,371	0.72	abrdn Capital Partners	25,052	0.51%
12,505	0.28	Stafford Capital Partners	20,858	0.43%
(3,532)	(0.08)	Berenberg Bank *	310	0.02%
2,757,078	61.28		3,141,138	64.23%
4,499,265	100.00		4,891,170	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 2021 £000s	Percentage of Total Fund %		Market Value 31 March 2022 £000s	Percentage of Total Fund %
Security				
720,759	15.9	LF ACCESS Global Equity (ex UK) Fund	719,188	14.6%
453,664	10.0	LF ACCESS Globe Equity Capital Fund	432,717	8.8%
270,520	6.0	UBS Life UK Equity Tracker	310,701	6.3%
277,395	6.1	LF ACCESS Globe Equity Mondrian Fund	303,451	6.2%
290,369	6.4	LF ACCESS UK Equity Core Fund	294,676	6.0%
276,891	6.1	Janus Henderson Managed Multi Asset	289,669	5.9%
250,104	5.5	M&G Alpha Opportunities Fund	283,328	5.8%

During the year there were no individual investment (a single security) exceeding 5% of the total value of the net assets. Seven pooled holdings (seven in 2020-21) 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 2022 the LF ACCESS Global Equity ex UK A INC fund held 206 stocks (2021 204).
- As at 31 March 2022 the M&G Alpha Opportunities Fund has 539 (2021 478) positions, across 433 issuers (2021 361).
- At 31 March 2022 the Janus Henderson Multi Asset Credit Fund held 350 (2021 349) individual issues from 270 issuers (2021 271).
- As at 31 March 2022 the Link Fund Sol Ltd Access UK Equity Core A Inc fund held 57 stocks (2021 54).
- At 31 March 2022 the UBS Life UK Equity Tracker Fund held 616 securities (2021 629).
- As at 31 March 2022 the Link Fund Sol Ltd Access Globe Eq Mondrian A Inc fund held 45 (2021 45).
- As at 31 March 2022 the Link Fund Sol Ltd Access Globe Equity Cap A Inc fund held 303 (2021 319).

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 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.

c) Stock Lending

In November 2020 the Fund transitioned its remaining directly held equity mandates to the ACCESS pool. As a result the stock lending programme with the funds Custodian Bank has ceased. All stocks on loan were recalled and included in the transition.

Stock lending income for the period 1 April 2020 to the point of transition is captured in investment income (Note 12).

Therefore, as at 31 March 2022, there are no securities on loan.

d) Property Holdings

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

31 March 2021		31 March 2022
£000s		£000s
1,089	Opening Balance	1,210
0	Additions	0
0	Disposals	0
0	Net increase in market value	0
121	Other changes in fair value	(164)
1,210	Closing balance	1,046

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 relating to properties that are occupied. The Pension Fund has undertaken a programme of works during the 2020-21 financial year on one of its unoccupied properties.

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 Janus 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 2022 (2021 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 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) Open forward currency contracts

Settlement	Currency bought	Local value 000s	Currency sold	Local value 000s	Asset value £000s	Liability value £000s
Up to one month	EUR	52,000	GBP	(43,642)	317	0
Up to one month	GBP	29,328	AUD	(55,483)	0	(2,327)
Up to one month	GBP	119,399	EUR	(142,326)	0	(928)
Up to one month	GBP	80,005	JPY	(12,636,000)	915	0
Up to one month	GBP	10,404	USD	(13,854)	0	(120)
Up to one month	JPY	11,056,500	GBP	(69,681)	0	(477)
Between one and three	EUR	55,480	GBP	(46,423)	553	0
Between one and three	GBP	141,210	EUR	(167,540)	0	(649)
Between one and three	GBP	96,791	JPY	(15,174,500)	1,705	0
Between one and three	GBP	191,415	USD	(257,940)	0	(4,541)
Between one and three	JPY	7,094,900	GBP	(45,247)	0	(789)
Between one and three	USD	257,940	GBP	(194,909)	1,046	0
Open forward currency contracts at 31 March 2022					4,536	(9,831)
Net forward currency contracts at 31 March 2022						(5,295)
Open forward currency contracts at 31 March 2021					4,063	(4,510)
Net forward currency contracts at 31 March 2021						(447)

At the 31 March 2022, the fund held £0m (2021 £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 (£65m) as a collateral pool against the notional gains and losses on the Insight Investment currency contracts.

Contracts with a common underlying currency profile and similar maturity profile have been amalgamated for the purpose of disclosure. A key to the currencies referred to in the table is provided below:

Symbol / Acronym	Currency
£	British pounds (Sterling)
\$	United States dollar
AUD	Australian dollar
EUR	Euro
JPY	Japanese yen

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 single price. In the case of pooled investment	Investments in unquoted property pooled funds are valued at the net asset value or a single price advised by the fund manager. Pooled property funds and Limited Partnerships in property	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
		vehicles that are accumulation funds, change in market value also includes income, which is reinvested in the Fund, net of applicable withholding tax.	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).	
Direct Freehold Property	Level 3	The valuation is performed by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition)	Existing lease terms and rentals; Independent market research; Nature of tenancies; Covenant strength for existing tenants; Assumed vacancy levels; Estimated rental growth; Discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.
Private Equity	Level 3	Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the appropriate industry guidelines. Limited partnerships are valued at Fair value based on the net asset value ascertained from	Observable inputs are subject to judgment by the respective manager, but are applied in accordance with the appropriate industry guidelines.	Valuations could be affected by Material events occurring between the date of the financial statements provided and the Pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
		<p>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>

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Debt Funds - Credit	Level 3	The fund is valued monthly on a Net Asset Value basis.	<p>The Fund primarily invest in Asset Backed Securities (ABS) and ABS securities issued by special purpose which are collateralised primarily by a portfolio that includes commercial and industrial bank loans (“CLO”).</p> <p>The portfolio is valued using a number of unobservable inputs, such as internal credit ratings for internally-valued instruments (valued by the AIFM), which is used when deciding the comparable public bonds for the discount rate calculation, and single broker quotes for CLO instruments.</p>	Valuations could be affected by Material events, such as significant shifts in credit spreads in the ABS and CLO markets.
Pooled Debt Funds – Special Situations	Level 3	The funds are valued quarterly on a Net Asset Value basis.	<p>The funds primarily invest in debt and equity instruments that have or are in the process of being restructured, covering both public and private instruments.</p> <p>The portfolios are valued primarily using unobservable inputs due to the large weighting to private instruments. Unobservable inputs include but are not limited to discount rates, valuation multiples and land valuations.</p>	Valuations could be affected by Material events, such as significant shifts in credit spreads.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Debt Funds – Real Estate Debt	Level 3	The funds are valued quarterly on a Net Asset Value basis.	The fund primarily invests in private junior loans that are secured against real estate assets. The primary unobservable input within the valuations is the internal credit rating, which is used when deciding the comparable public bonds for the discount rate calculation.	Valuations could be affected by Material events, such as significant shifts in credit spreads.

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 2022.

2021-22	Assessed Valuation	Value at 31 March 2022	Value on Increase	Value on Decrease
Description of Asset		£000s	£000s	£000s
Pooled Property / Direct Freehold Property	10.00%	522,879	575,166	470,591
Private Equity	15.00%	414,125	476,244	352,007
Pooled Infrastructure Equity	10.00%	372,010	409,211	334,809
Pooled Timberland Equity	10.00%	20,502	22,553	18,452
Pooled Private Debt/Credit Funds	10.00%	134,422	147,864	120,980
Pooled Real Estate Debt Fund	6.00%	32,677	34,638	30,717
Net Investment Assets		1,496,615	1,665,676	1,327,556

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 unrealised investments may differ materially from those indicated and could be up to 10.00% for Infrastructure, Timberland and Private Debt/Credit Fund, 6.00% for Real Estate Debt Funds and 15.00% for Private Equity Investments (or higher or lower).

2020-21	Assessed Valuation	Value at 31 March 2021	Value on Increase	Value on Decrease
Description of Asset		£000s	£000s	£000s
Pooled Property / Direct Freehold Property	10.00%	410,296	451,326	369,267
Private Equity	15.00%	353,184	406,162	300,207
Pooled Infrastructure Equity	10.00%	261,144	287,258	235,029
Pooled Timberland Equity	10.00%	12,504	13,755	11,254
Pooled Private Debt/Credit Funds	10.00%	117,507	129,258	105,757
Pooled Real Estate Debt Fund	6.00%	22,172	23,502	20,841
Net Investment Assets		1,176,807	1,311,261	1,042,355

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, 2 and 3 assets of the Fund are classified above in note 16 along with a description of the basis of valuation.

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.

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 2022				
	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000s	£000s	£000s	£000s
Investment assets				
Fixed interest securities	65,047	0	0	65,047
Pooled investments	0	3,293,626	559,612	3,853,238
Pooled property investments	0	0	521,833	521,833
Private equity partnerships	0	0	414,125	414,125
Derivatives – forward currency	4,536	0	0	4,536
Cash deposits	36,160	0	0	36,160
Amounts receivable for sales	5,016	0	0	5,016
Total Investment Assets	110,759	3,293,626	1,495,570	4,899,955
Non Financial Assets at Fair Value through Profit and Loss				
Direct Freehold Property	0	0	1,046	1,046
Financial Liabilities				
Payable for investment purchases	(9,831)	0	0	(9,831)
Net Investment Assets	100,928	3,293,626	1,496,616	4,891,170

Values at 31 March 2021				
	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000s	£000s	£000s	£000s
Investment assets				
Fixed interest securities	65,088	0	0	65,088
Pooled investments	0	3,176,684	413,327	3,590,011
Pooled property investments	0	0	409,086	409,086
Private equity partnerships	0	0	353,184	353,184
Derivatives – forward currency	4,063	0	0	4,063
Cash deposits	82,133	0	0	82,133
Total Investment Assets	151,284	3,176,684	1,175,597	4,503,565
Non Financial Assets at Fair Value through Profit and Loss				
Direct Freehold Property	0	0	1,210	1,210
Financial Liabilities				
Payable for investment purchases	(5,510)	0	0	(5,510)
Net Investment Assets	145,774	3,176,684	1,176,807	4,499,265

b) Transfers between Fair Value Hierarchy Levels

There were no transfers between Level 1 and 2 in 2021-22 (no transfers during 2020-21).

During the year six new investments were 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

2021-22	Pooled Property / Freehold Property £000s	Private Equity £000s	Infrastructure Equity Pooled Fund £000s	Timberland Equity Pooled Fund £000s	Pooled Debt Fund £000s	Total £000s
Market value 1 April 2021	410,296	353,184	261,144	12,504	139,679	1,176,807
Transfers into Level 3	0	0	0	0	0	0
Transfers out of Level 3	0	0	0	0	0	0
Purchases during the year and derivative payments	81,252	57,970	105,265	4,770	12,695	261,952
Sales during the year and derivative receipts	(33,362)	(108,872)	(18,879)	(273)	(6,803)	(168,189)
Unrealised gains/(losses)	(6,789)	59,799	1,079	0	0	54,089
Realised gains/(losses)	71,482	52,044	23,401	3,501	21,529	171,957
Market value 31 March 2022	522,879	414,125	372,010	20,502	167,100	1,496,616

The Fund reclassified a Direct Lending Fund from Private Equity into Pooled Debt Funds during the financial year. Unrealised and realised gains and losses are recognised in the changes in value of investments line of the fund account.

2020-21	Pooled Property / Freehold Property £000s	Private Equity £000s	Infrastructure Equity Pooled Fund £000s	Timberland Equity Pooled Fund £000s	Pooled Debt Fund £000s	Total £000s
Market value 1 April 2020	364,198	222,058	89,447	20,821	54,410	750,934
Transfers into Level 3	0	0	0	0	57,379	57,379
Transfers out of Level 3	0	0	0	0	0	0
Purchases during the year and derivative payments	24,344	57,013	188,406	1,928	30,712	302,403
Sales during the year and derivative receipts	(11,360)	(57,003)	(4,994)	(10,001)	(16,625)	(99,983)
Unrealised gains/(losses)	42,198	100,707	(11,890)	(508)	13,803	144,310
Realised gains/(losses)	(9,084)	30,409	175	264	0	21,764
Market value 31 March 2021	410,296	353,184	261,144	12,504	139,679	1,176,807

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 2021				31 March 2022		
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
65,088	0	0	Fixed interest Securities	65,047	0	0
0	0	0	Equities	0	0	0
3,590,011	0	0	Pooled Investments	3,853,238	0	0
409,086	0	0	Pooled Property	521,833	0	0
353,184	0	0	Private equity	414,125	0	0
4,063	0	0	Derivative contracts	4,536	0	0
0	96,020	0	Cash	0	46,510	0
6,372	0	0	Other investment balances	7,893	0	0
0	76	0	Debtors	0	67	0
4,427,804	96,096	0	Total Financial Assets	4,866,672	46,577	0
(4,510)	0	0	Derivative contracts	(9,831)	0	0
0	0	(3,462)	Creditors	0	0	(3,972)
(1,000)	0	0	Other investment balances	0	0	0
(5,510)	0	(3,462)	Total Financial Liabilities	(9,831)	0	(3,972)
4,422,294	96,096	(3,462)	Total Financial Instruments	4,856,841	46,577	(3,972)

b) Net gains and losses on Financial Instruments

31 March 2021 £000s		31 March 2022 £000s
	Financial assets	
875,253	Fair value through profit and loss	390,567
0	Assets at amortised cost	0
	Financial liabilities	
(37,288)	Fair value through profit and loss	(58,137)
0	Liabilities at amortised cost	0
837,965	Total	332,430
	Reconciliation to Revenue and Fund Account – Profit and losses on disposal of Investments and change in the market value of investments	
121	Direct Freehold Property Holding (Not classified as a financial instrument)	(164)
838,086		332,266

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 2021-22 reporting period:

Asset Type	Potential Market Movements (+/-) %
Short Index-Linked Gilts	4.10
Long Index-Linked Gilts	9.20
UK Equities including pooled	19.90
Overseas Equities including pooled	20.10
Infrastructure Equity	14.60
UK Bonds including pooled	6.80
Index Linked Gilts including pooled	9.20
Bonds including pooled	7.40
Cash and Cash Equivalents (Including Payables and	0.30
Pooled Property Investments / Direct Freehold Property	15.00
Private Equity	31.20
Private Debt	9.00
Timberland Equity	14.60
Total	12.10

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 2022				
Asset Type	Value £000s	Percentage Change %	Value on Increase £000s	Value on Decrease £000s
Cash and Cash Equivalents including payables and receivables	35,881	0.30	35,989	35,773
Investment Portfolio Assets:				
Short Index-Linked Gilts	23,149	4.10	24,098	22,200
Long Index-Linked Gilts	9,108	9.20	9,946	8,270
UK Equities including pooled	605,377	19.90	725,847	484,907
Overseas Equities including pooled	1,455,356	20.10	1,747,883	1,162,829
Infrastructure Equity	372,010	14.60	426,323	317,697
UK Bonds including pooled	655,117	6.80	699,665	610,569
Index Linked Gilts including pooled	32,789	9.20	35,806	29,772
Bonds including pooled	653,330	7.40	701,676	604,984
Pooled Property Investments / Direct Freehold Property	522,879	15.00	601,311	444,447
Private Equity	414,125	31.20	543,332	284,918
Private Debt	91,547	9.00	99,786	83,308
Timberland	20,502	14.60	23,495	17,509
Total Assets Available to Pay	4,891,170	12.10	5,483,002*	4,299,338*

* 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.

31 March 2021				
Asset Type	Value (Restated) £000s	Percentage Change (Restated) %	Value on Increase (Restated) £000s	Value on Decrease (Restated) £000s
Cash and Cash Equivalents including payables and receivables	80,686	0.30	80,928	80,444
Investment Portfolio Assets:				
Short Index-Linked Gilts	20,085	4.10	20,908	19,262
Long Index-Linked Gilts	11,747	9.50	12,863	10,631
UK Equities including pooled	560,890	16.70	654,559	467,221
Overseas Equities including pooled	1,451,817	17.40	1,704,433	1,199,201
Infrastructure Equity	261,144	21.00	315,984	206,304
UK Bonds including pooled	663,859	7.30	712,321	615,397
Index Linked Gilts including pooled	33,256	9.50	36,415	30,097
Bonds including pooled	576,472	6.20	612,213	540,731
Pooled Property Investments / Direct Freehold Property	410,296	14.20	468,558	352,034
Private Equity	343,678	28.50	453,841	245,730
Private Debt	72,832	4.60	76,182	69,482
Timberland	12,504	21.00	15,130	9,878
Total Assets Available to Pay	4,499,265	11.50	5,016,680*	3,981,850*

* 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 2021 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets:

31 March 2021	Value	31 March 2022
£000s	Asset Type	£000s
82,133	Investment Cash Balances	36,160
13,887	Cash in hand	10,350
65,088	Fixed Interest Securities	65,047
161,108	Total	111,557

31 March 2021	Interest Receivable	31 March 2022
£000s	Asset Type	£000s
145	Investment Cash Balances	6
21	Cash in hand	13
567	Fixed Interest Securities	654
733	Total	673

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 2021				31 March 2022		
Asset values	Impact of +1%	Impact of -1%	Asset Type	Asset values	Impact of +1%	Impact of -1%
£000s	£000s	£000s		£000s	£000s	£000s
82,133	82,954	81,312	Investment Cash Balances	36,160	36,522	35,798
13,887	14,026	13,748	Cash in hand	10,350	10,454	10,246
65,088	65,739	64,437	Fixed Interest Bonds	65,047	65,697	64,397
161,108	162,719	159,497	Total	111,557	112,673	110,441

31 March 2021				31 March 2022		
Interest Receivable	Impact of +1%	Impact of -1%	Asset Type	Interest Receivable	Impact of +1%	Impact of -1%
£000s	£000s	£000s		£000s	£000s	£000s
145	146	144	Investment Cash Balances	6	6	6
21	21	21	Cash in hand	13	13	13
567	573	561	Fixed Interest Bonds	654	661	647
733	740	726	Total	673	680	666

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 15a) 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 9.50% in respect of non-sterling assets including those partially hedged to Sterling but excluding those where full hedging is in place (see note 15a).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 9.50% 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 2021				31 March 2022		
Asset Value	Change to net assets available to pay benefits			Asset Value	Change to net assets available to pay benefits	
	+10.00%	-10.00%			+9.50%	-9.50%
£000s	£000s	£000s		£000s	£000s	£000s
1,451,817	142,278	(142,278)	Overseas Equities (including pooled equity funds where underlying assets are non-Sterling denominated)	1,455,356	138,259	(138,259)
141,384	13,856	(13,856)	Infrastructure	207,791	19,740	(19,740)
12,504	1,225	(1,225)	Timberland	20,502	1,948	(1,948)
353,184	34,612	(34,612)	Private Equity	414,210	39,350	(39,350)
	191,971	(191,971)	Change in net assets available to pay benefits		199,297	(199,297)

The comparator figures have been restated to reflect additional asset with currency exposure.

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 2021			31 March 2022	
Short term Rating (S&P)	Balances £000s		Short term Rating (S&P)	Balances £000s
		Bank Deposit Accounts		
AAA	6,953	Aberdeen Money Market Fund	AAA	5,097
A-1	6,954	Barclays Bank Fixed Interest Bearing Call Account	A-1	5,098
		Bank current Accounts		
A-1	(20)	Barclays Bank	A-1	155
	13,887	Total		10,350

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 2022 comprise £32.6m (2021 £73.1m) deposited with AAA rated money market funds, £5.7m (2021 £9.1m) with the custodian Northern Trust (rated A-1+), £2.9m (2021 £0m) 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 2022 (2021 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. The comparator figure has been restated in line with current liquidity profile of the Fund.

Balances at 31 March 2021 £000	Percentage of Total Fund Assets %	Balances at 31 March 2022 £000	Percentage of Total Fund Assets %
3,322,457	73.8	3,394,555	69.4

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 2021 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 2022.

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 %	Surplus/(Deficit) £m
2022 actuarial valuation	106%	289
2019 actuarial valuation	99%	(28)

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.

2022 Valuation:

Primary Rate (% of pay) 1 April 2023 - 31 March 2026	Secondary Rate £		
	2023-24	2024-25	2025-26
22.4%	£12,219,000	£11,597,000	£10,947,000

2019 Valuation:

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

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 2023 to 31 March 2024	Range from nil to 48.1
1 April 2024 to 31 March 2025	Range from nil to 48.1
1 April 2025 to 31 March 2026	Range from nil to 48.1

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 2022 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 2022

	% per annum Nominal	% per annum Real
Price inflation (CPI)	2.95	-
Pay increases	3.65	0.70
Investment return (Discount rate)	4.75	1.80

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	21.5 years	24.3 years
Future Pensioners (current age 45)	22.5 years	25.9 years

The assumptions have changed since the previous IAS26 disclosure for the Fund in accordance with those used for the recently completed 2022 Triennial valuation.

Commutation assumption

An allowance is included for 45% of future retirements to elect to exchange pension for additional tax free cash up to HMRC limits.

1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

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 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 2021		31 March 2022
£m		£m
2,548	Active members	3,050
1,649	Deferred members	1,635
2,510	Pensioners	2,208
6,707	Total Present Value of Promised Retirement Benefits	6,893

The promised retirement benefits at 31 March 2022 are based on the results of the 31 March 2022 funding valuation using the Fund's membership as at 31 March 2022.

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).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS 19 report and are different as at 31 March 2022 and 31 March 2021. It is estimated that the impact of the change in financial assumptions to 31 March 2022 is to decrease the actuarial present value by £516m. It is estimated that the impact of the change in demographic assumptions is to decrease the actuarial present value by £31m.

Financial Assumptions

31 March 2021		31 March 2022
%	Assumptions Used	%
2.85	Inflation/Pension Increase Rate Assumption	3.20
3.55	Salary Increase Rate	3.90
2.00	Discount Rate	2.70

Demographic Assumptions

Life expectancy is based on the Fund's VitaCurves with improvement in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.9 years	24.6 years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	22.9 years	26.2 years

Please note that the longevity and other demographic assumptions are in line with 31 March 2022 funding valuation. The assumptions have changed since the previous IAS26 disclosure for the Fund as at 31 March 2021.

Sensitivity Assumptions

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

Sensitivity to the assumptions for the year ended 31 March 2022	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	127
1 year increase in member life expectancy	4%	268
0.1% p.a. increase in the Salary Increase Rate	0%	14
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	112

21. Current Assets

31 March 2021		31 March 2022
£000s		£000s
	Cash in Hand	
13,887	Cash in Hand**	10,350
	Debtors:	
2,547	Contributions due - employees*	3,046
9,314	Contributions due - employers*	11,088
0	Employers special contributions	69
357	Augmentation & strain due	282
5,498	Dividends receivable**	1,949
873	Pooled funds rebate due**	918
526	UK tax receivable	526
1,006	Overseas tax receivable	1,002
90	VAT refund due	39
1	Interest due**	10
0	Stock lending/commission recapture**	0
65	Recharge of fees**	50
4	Prepayments	10
11	Sundry**	17
20,292	Total Debtors	19,006
34,179	Current Assets	29,356

* 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 2021		31 March 2022
£000s		£000s
	Long term debtors:	
577	Employers contributions	505
2	Augmentation & strain due	1
579	Total Long Term Debtors	506

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 2021		31 March 2022
£000s		£000s
	Analysis of Debtors (including Long Term):	
1,622	Central government bodies	1,567
8,166	Other local authorities	10,278
11,083	Other entities and individuals	7,667
20,871	Total Debtors	19,512

22. Current Liabilities

31 March 2021		31 March 2022
£000s		£000s
	Creditors:	
523	Transfer values payable (leavers)	1,645
1,754	Benefits payable	1,960
881	Investment Management Fees**	1,361
14	Receipts in Advance	14
2,567	Other Fees & Charges**	2,589
1,187	UK Taxation payable	1,275
0	Sundry creditors	8
6,926	Total Creditors	8,852

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

31 March 2021		31 March 2022
£000s		£000s
	Analysis of Creditors:	
1,187	Central government bodies	1,276
2,458	Other local authorities	2,500
3,281	Other entities and individuals	5,076
6,926	Total Creditors	8,852

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 2021		31 March 2022
Restated		
£000s		£000s
6,431	Separately Invested AVC Funds	7,606

31 March 2021		31 March 2022
Restated		
£000s		£000s
1,208	AVC contributions paid directly during the year	1,601

The 2020-21 comparator values have been re-stated to include actuals received from Prudential after publication of the 2020-21 accounts.

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 23 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 2021		31 March 2022
£000s		£000s
1,171	Norwich City Council	1,137
1,160	Norfolk County Council	1,093
256	North Norfolk District Council	249
223	Borough Council of Kings Lynn & West Norfolk	215
173	Great Yarmouth Borough Council	159
102	Breckland District Council	99
100	Broadland District Council	88
53	South Norfolk District Council	53
150	Other	141
3,388	Total	3,234

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 2021		31 March 2022
£000s		£000s
2,458	Norfolk County Council incurred administration and investment costs reimbursed by the fund	2,500
55,136	Norfolk County Council Employer Contributions	56,893

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 2021		31 March 2022
£000s		£000s
15,730	Average investment balance held by NCC Treasury Management Operation	16,291
21	Interest earned on balances invested by NCC Treasury Management Operation	13

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 (now Director of Strategic Finance) who has responsibility under S151 of the Local Government Act 1972 for the proper financial administration of the Fund and holds the role of Fund Administrator.

The Administering Authority (Norfolk County Council) disclosure of senior officer remuneration includes the Director of Strategic Finance who has responsibility under S151 of the Local Government Act 1972, for the proper financial administration of the Fund and holds the role of Fund Administrator. For 2021-22 the remuneration amount incurred by the Fund was £9,000 (£9,000 2020-21).

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 2021		31 March 2022
£000s		£000s
260,296	Private equity partnerships	369,385
28,690	Property investment vehicles	20,698
18,771	Pooled Debt Funds	20,780
159,400	Pooled Infrastructure	126,333
32,002	Pooled Timberland	28,632
499,159	Total	565,828

At 31 March 2022 the Fund had made contractual commitments to private equity funds managed by abrdn Capital Partners LLP (previously 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 2022 is included in the net asset statement.

In addition to the private equity commitments, within the LaSalle 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 2022. 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 into 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 2022 (none as at 31 March 2021).

Appendix 1 - Participating Employers (Employers with active members during the year)

Employer	Type
Access Community Trust	Admitted Body
Acle Academy	Scheduled/Resolution Body
Acle Parish Council	Scheduled/Resolution Body
Action for Children Early Childhood and Family Services	Scheduled/Resolution Body
Ad Meliora Academy Trust	Scheduled/Resolution Body
Admirals Academy	Scheduled/Resolution Body
Alderman Peel High School	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 CofE Primary School Academy	Scheduled/Resolution Body
Antingham & Southrepps Community Primary School	Scheduled/Resolution Body
Archbishop Sancroft High School	Scheduled/Resolution Body
Arden Grove Infant and Nursery School	Scheduled/Resolution Body
Aslacton Primary School	Scheduled/Resolution Body
Aspens Services (Caister Academy)	Admitted Body
Aspens Services (Wroughton Infant Academy)	Admitted Body
Astley Primary School	Scheduled/Resolution Body
Attleborough 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 School	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
Blenheim Park Academy	Scheduled/Resolution Body
Blofield Parish Council	Scheduled/Resolution Body
Bluebell Primary School	Scheduled/Resolution Body
Borough Council of King's Lynn & West Norfolk	Scheduled/Resolution Body

Employer	Type
Boudica Schools Trust (previously Right for Success)	Scheduled/Resolution Body
Bradwell Parish Council	Scheduled/Resolution Body
Brancaster CofE VA Primary School	Scheduled/Resolution Body
Brancaster Parish Council	Scheduled/Resolution Body
Breckland Council	Scheduled/Resolution Body
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
Bure Park Specialist Academy	Scheduled/Resolution Body
Burnham Market Parish Council	Scheduled/Resolution Body
Burnham Market Primary School	Scheduled/Resolution Body
Burston Primary School	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 Academy	Scheduled/Resolution Body
Caston Church of England Primary Academy	Scheduled/Resolution Body
Cawston Parish Council	Scheduled/Resolution Body
Cawston Church of England Primary Academy	Scheduled/Resolution Body
Change Grow Live	Admitted Body
Charles Darwin Primary	Scheduled/Resolution Body
Chartwells (Eastern Multi Academy Trust)	Admitted Body
Chartwells (Iceni Academy)	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 Park Academy	Scheduled/Resolution Body
Churchill Services (Acle Academy)	Admitted Body
Churchill Services (Eastern Multi Academy Trust)	Admitted Body

Employer	Type
Churchill Services (Wensum Trust)	Admitted Body
Clarion Housing Association	Admitted Body
City Academy Norwich	Scheduled/Resolution Body
City College Norwich	Scheduled/Resolution Body
City of Norwich School	Scheduled/Resolution Body
Clarion Academy Trust	Scheduled/Resolution Body
Clenchwarton Primary School	Scheduled/Resolution Body
Cliff Park Ormiston Academy	Scheduled/Resolution Body
Cliff Park Primary Academy	Scheduled/Resolution Body
Cobholm Primary Academy	Scheduled/Resolution Body
Colkirk Church of England Primary Academy	Scheduled/Resolution Body
College of West Anglia	Scheduled/Resolution Body
Coltishall Parish Council	Scheduled/Resolution Body
Corpusty Primary School	Scheduled/Resolution Body
Costessey Primary School	Scheduled/Resolution Body
Costessey Town Council	Scheduled/Resolution Body
Cranworth Parish Council	Scheduled/Resolution Body
Cringleford Parish Council	Scheduled/Resolution Body
Cromer Academy	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 Neatherd High School	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	Scheduled/Resolution Body
Diocese of Norwich Education Services Company	Scheduled/Resolution Body
Diocese of Norwich St Benet's Multi-Academy Trust	Scheduled/Resolution Body
Diss Church of England Junior Academy	Scheduled/Resolution Body
Diss High School	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

Employer	Type
Docking Church of England Primary Academy and Nursery	Scheduled/Resolution Body
Docking Parish Council	Scheduled/Resolution Body
Downham & Stow Bardolph Internal Drainage Board	Scheduled/Resolution Bod
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 School	Scheduled/Resolution Body
Duke of Lancaster School	Scheduled/Resolution Body
Dussindale Primary School	Scheduled/Resolution Body
East Coast College (previously Great Yarmouth College of Further Education)	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
Eaton Hall Specialist Academy	Scheduled/Resolution Body
Eaton Primary School	Scheduled/Resolution Body
Edith Cavell Academy	Scheduled/Resolution Body
Edward Worlledge Ormiston Academy	Scheduled/Resolution Body
Edwards & Blake	Admitted Body
Edwards & Blake (Cherry Tree Marham Infant Academy)	Admitted Body
Edwards & Blake (Fakenham Infant and Nursery School)	Admitted Body
Edwards & Blake (Fred Nicholson School)	Admitted Body
Edwards & Blake (Magdalen Gates Primary School)	Admitted Body
Edwards & Blake (Reepham High)	Admitted Body
Edwards & Blake (Unity Trust Kings Park)	Admitted Body
Edwards & Blake (Wymondham Academy)	Admitted Body
Emneth Academy	Scheduled/Resolution Body
Enrich Learning Trust (previously IE Trust)	Scheduled/Resolution Body
Evolution Academy Trust	Scheduled/Resolution Body
Fakenham Academy	Scheduled/Resolution Body
Fakenham Infant and Nursery School	Scheduled/Resolution Body

Employer	Type
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 Ormiston Academy	Scheduled/Resolution Body
Fritcham Church of England Primary Academy	Scheduled/Resolution Body
Foulsham Primary School Academy	Scheduled/Resolution Body
Framingham Earl High School	Scheduled/Resolution Body
Framingham Earl Parish Council	Scheduled/Resolution Body
Freebridge Community Housing Ltd	Admitted Body
Gardoldisham Church Primary School	Scheduled/Resolution Body
Garrick Green Infant School	Scheduled/Resolution Body
Garvestone Primary School	Scheduled/Resolution Body
Gayton Church of England Primary Academy	Scheduled/Resolution Body
Gaywood Primary School	Scheduled/Resolution Body
George White Junior School	Scheduled/Resolution Body
Ghost Hill Infant & Nursery School	Scheduled/Resolution Body
Gillingham St Michael's CofE Primary Academy	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 Dunham Primary School	Scheduled/Resolution Body
Great Hockham Primary	Scheduled/Resolution Body
Great Snoring Parish Council	Scheduled/Resolution Body
Great Witchingham Church of England Primary Academy	Scheduled/Resolution Body
Great Witchingham Parish Council	Scheduled/Resolution Body
Great Yarmouth Borough Council	Scheduled/Resolution Body
Great Yarmouth Charter Academy	Scheduled/Resolution Body
Great Yarmouth Norse	Scheduled/Resolution Body
Great Yarmouth Port Authority	Admitted Body
Great Yarmouth Port Company	Admitted Body
Great Yarmouth Primary Academy	Scheduled/Resolution Body
Greenpark Academy (previously St Edmunds Academy)	Scheduled/Resolution Body
Gresham Village School	Scheduled/Resolution Body

Employer	Type
Greyfriars Academy	Scheduled/Resolution Body
Grove House Nursery Primary School	Scheduled/Resolution Body
GYB Services Ltd	Scheduled/Resolution Body
Happisburgh Parish Council	Scheduled/Resolution Body
Hardingham Parish Council	Scheduled/Resolution Body
Harleston CE Primary Academy	Scheduled/Resolution Body
Harling Parish Council	Scheduled/Resolution Body
Harrison Catering (Dussindale Primary School)	Admitted Body
Heacham Infant School	Scheduled/Resolution Body
Heacham Junior School	Scheduled/Resolution Body
Heart Education Trust	Scheduled/Resolution Body
Heartsease Primary Academy	Scheduled/Resolution Body
Heather Avenue Infant School	Scheduled/Resolution Body
Hellesdon High School	Scheduled/Resolution Body
Hellesdon Parish Council	Scheduled/Resolution Body
Hemblington Parish Council	Scheduled/Resolution Body
Hemblington Primary School	Scheduled/Resolution Body
Hemsby Parish Council	Scheduled/Resolution Body
Henderson Green Primary Academy	Scheduled/Resolution 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	Scheduled/Resolution Body
Hockering Church of England Primary Academy	Scheduled/Resolution Body
Holt Town Council	Scheduled/Resolution Body
Holy Cross Church of England Primary School	Scheduled/Resolution Body
Hopton Church of England Primary Academy	Scheduled/Resolution Body
Hoveton Parish Council	Scheduled/Resolution Body
Howard Junior School (Academy)	Scheduled/Resolution Body
Hunstanton Town Council	Scheduled/Resolution Body
Iceni Academy	Scheduled/Resolution Body
Inclusive Schools Trust	Scheduled/Resolution Body

Employer	Type
Independence Matters	Admitted Body
Inspiration Trust	Scheduled/Resolution Body
Jane Austen College	Scheduled/Resolution Body
Kenninghall Primary School	Scheduled/Resolution Body
Kettlestone Parish Council	Scheduled/Resolution Body
King Edward VII Academy	Scheduled/Resolution Body
King's Lynn Academy	Scheduled/Resolution Body
King's Lynn Internal Drainage Board	Scheduled/Resolution Body
King's Lynn Water Management Alliance	Scheduled/Resolution Body
King's Oak Academy	Scheduled/Resolution Body
King's Park Infant School	Scheduled/Resolution Body
Kinsale Junior School	Scheduled/Resolution Body
Kirby Cane and Ellingham Parish Council	Scheduled/Resolution Body
Konectbus Ltd	Admitted Body
Lingwood and Burlingham Parish Council	Scheduled/Resolution Body
Lingwood Primary Academy	Scheduled/Resolution Body
Lionwood Infant and Nursery School	Scheduled/Resolution Body
Lionwood Junior School	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 School	Scheduled/Resolution Body
Ludham Parish Council	Scheduled/Resolution Body
Lynn Grove High Academy	Scheduled/Resolution Body
Magdalen Academy	Scheduled/Resolution Body
Manor Field Infant and Nursery School	Scheduled/Resolution Body
Marlingford & Colton Parish Council	Scheduled/Resolution Body
Marshland High School	Scheduled/Resolution Body
Marshland St. James Primary School	Scheduled/Resolution Body
Martham Academy	Scheduled/Resolution Body
Martham Parish Council	Scheduled/Resolution Body
Mattishall Parish Council	Scheduled/Resolution Body
Mattishall Primary School	Scheduled/Resolution Body

Employer	Type
Middleton Church of England Primary Academy	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 Academy	Scheduled/Resolution Body
Narborough Church of England Primary Academy	Scheduled/Resolution Body
NCS (Assistive Technology)	Scheduled/Resolution Body
NCS Transport Ltd	Scheduled/Resolution Body
Nelson Academy	Scheduled/Resolution Body
Nelson Infant School	Scheduled/Resolution Body
New Anglia Local Enterprise Council	Admitted Body
New Buckenham Parish Council	Scheduled/Resolution Body
Newton Flotman Church of England Primary Academy	Scheduled/Resolution Body
Newton Flotman Parish Council	Scheduled/Resolution Body
Nightingale Infant & Nursery School	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 Norfolk District Council	Scheduled/Resolution Body
North Walsham High School	Scheduled/Resolution Body
North Walsham Infant School & Nursery	Scheduled/Resolution Body
North Walsham Junior School	Scheduled/Resolution Body
North Walsham Town Council	Scheduled/Resolution Body
North Wootton Academy	Scheduled/Resolution Body
Northgate High School	Scheduled/Resolution Body
Northgate Primary School	Scheduled/Resolution Body

Employer	Type
Northrepps Parish Council	Scheduled/Resolution Body
Norwich City Council	Scheduled/Resolution Body
Norwich City Services Ltd	Admitted Body
Norwich Primary Academy	Scheduled/Resolution Body
Norwich Road Academy	Scheduled/Resolution Body
Norwich University of the Arts	Scheduled/Resolution Body
Notre Dame High School	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
Ormesby St Margaret with Scratby Parish Council	Scheduled/Resolution Body
Ormiston Herman Academy	Scheduled/Resolution Body
Ormiston Venture Academy	Scheduled/Resolution Body
Ormiston Victory Academy	Scheduled/Resolution Body
Overstrand Parish Council	Scheduled/Resolution Body
Ovington Parish Council	Scheduled/Resolution Body
Parker's Church of England Primary Academy	Scheduled/Resolution Body
Peterhouse Church of England Primary Academy	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
Reedham Parish 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 Academy	Scheduled/Resolution Body
Rockland St. Mary Primary School	Scheduled/Resolution Body

Employer	Type
Rollesby Parish Council	Scheduled/Resolution Body
Rudham Church of England Primary Academy	Scheduled/Resolution Body
Sacred Heart Catholic V A Primary	Scheduled/Resolution Body
Saffron Housing Trust	Admitted Body
Salhouse Parish Council	Scheduled/Resolution Body
Sandringham And West Newton Church Of England Primary	Scheduled/Resolution Body
Saxlingham Nethergate Parish Council	Scheduled/Resolution Body
Scoulton Parish Council	Scheduled/Resolution Body
Sculthorpe Church of England Primary Academy	Scheduled/Resolution Body
Seething and Mundham Primary School	Scheduled/Resolution Body
Serco (Breckland Refuse)	Admitted Body
Serco Group Plc (North Norfolk District Council)	Admitted Body
Sewell Park Academy	Scheduled/Resolution Body
Sheringham High School	Scheduled/Resolution Body
Sheringham Town Council	Scheduled/Resolution Body
Short Stay School for Norfolk	Scheduled/Resolution Body
Sir Isaac Newton Sixth Form Free School	Scheduled/Resolution Body
Smithdon High School	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
Southtown Primary School	Scheduled/Resolution Body
Spixworth Parish Council	Scheduled/Resolution Body
Spooner Row Primary School	Scheduled/Resolution Body
Sporle Church of England Primary School	Scheduled/Resolution Body
Sports & Leisure Management Ltd	Admitted Body
Springwood High School	Scheduled/Resolution Body
Sprowston Community Academy	Scheduled/Resolution Body
Sprowston Town Council	Scheduled/Resolution Body
St Augustine's Catholic Primary School	Scheduled/Resolution Body
St Clements High School	Scheduled/Resolution Body
St Francis of Assisi Catholic Primary School	Scheduled/Resolution Body

Employer	Type
St Germans Academy	Scheduled/Resolution Body
St John the Baptist Multi-Academy Trust	Scheduled/Resolution Body
St Martha's Catholic Primary School	Scheduled/Resolution Body
St Martin at Shouldham Church of England VA Primary Academy	Scheduled/Resolution Body
St Mary & St Peter Catholic Primary School	Scheduled/Resolution Body
St Mary's Church of England Junior Academy	Scheduled/Resolution Body
St Michael's Church of England Academy (King's Lynn)	Scheduled/Resolution Body
St Peter & St Paul Carbrooke 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 Academy	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 Academy	Scheduled/Resolution Body
Swaffham Town Council	Scheduled/Resolution Body
Swanton Morley Parish Council	Scheduled/Resolution Body
Synergy Academy Trust (previously North Norfolk Academy Trust)	Scheduled/Resolution Body
Tarmac	Admitted Body
Tasburgh Parish Council	Scheduled/Resolution Body
Taverham High School	Scheduled/Resolution Body
Taverham Parish Council	Scheduled/Resolution Body
Ten Mile Bank Riverside Academy	Scheduled/Resolution Body
Tharston and Hapton Parish Council	Scheduled/Resolution Body
The Bishop's CE Primary Academy	Scheduled/Resolution Body
The Fen Rivers Academy	Scheduled/Resolution Body
The Free School Norwich	Scheduled/Resolution Body
The Hewett Academy	Scheduled/Resolution Body
The Nicholas Hamond Academy	Scheduled/Resolution Body

Employer	Type
The Pinetree School (previously Thetford Free School)	Scheduled/Resolution Body
The Thetford Academy	Scheduled/Resolution Body
The Wensum Trust	Scheduled/Resolution Body
The Wherry School	Scheduled/Resolution Body
The Yare Education Trust	Scheduled/Resolution Body
Thetford Town Council	Scheduled/Resolution Body
Thomas Bullock CE Primary Academy	Scheduled/Resolution Body
Thompson Primary School	Scheduled/Resolution Body
Thorpe St Andrew School and Sixth Form	Scheduled/Resolution Body
Thorpe St. Andrew Town Council	Scheduled/Resolution Body
Thurlton Primary	Scheduled/Resolution Body
Tilney All Saints C of E Primary School	Scheduled/Resolution Body
Tivetshall Primary School	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 Academy	Scheduled/Resolution Body
Valley Primary Academy	Scheduled/Resolution Body
Wacton Parish Council	Scheduled/Resolution Body
Walcott Parish Council	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
Watton Junior School (Wayland Junior)	Scheduled/Resolution Body
Wayland Academy	Scheduled/Resolution Body
Weasenham Church of England Primary Academy	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 School	Scheduled/Resolution Body
Whitefriars Church of England Primary Academy	Scheduled/Resolution Body
White House Farm Primary School	Scheduled/Resolution Body

Employer	Type
Wimbotsham and Stow Academy	Scheduled/Resolution Body
Winterton-on-Sea Parish Council	Scheduled/Resolution Body
Winterton Primary School and Nursery	Scheduled/Resolution Body
Woodlands Primary Academy	Scheduled/Resolution Body
Wroughton Infant Academy	Scheduled/Resolution Body
Wroughton Junior Academy	Scheduled/Resolution Body
Wroxham Parish Council	Scheduled/Resolution Body
Wymondham College	Scheduled/Resolution Body
Wymondham College Prep School	Scheduled/Resolution Body
Wymondham High School	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 such as 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 (NDR) 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)

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