

STATEMENT OF ACCOUNTS 2009-2010
--

CONTENTS

INTRODUCTION	2
OVERVIEW	3
EXPLANATORY FOREWORD	5
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NORFOLK POLICE AUTHORITY	10
STATEMENT OF RESPONSIBILITIES	13
ANNUAL GOVERNANCE STATEMENT	14
STATEMENT OF ACCOUNTING POLICIES	20
INCOME AND EXPENDITURE ACCOUNT	31
STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE	33
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	35
BALANCE SHEET	36
CASH FLOW STATEMENT	38
NOTES TO THE CORE FINANCIAL STATEMENTS	39
NORFOLK POLICE OFFICER PENSION FUND ACCOUNT	73
GLOSSARY OF TERMS	75

INTRODUCTION

This report presents the statutory financial statements for the Norfolk Police Authority for the period from 1st April 2009 to 31st March 2010.

The document is divided into three main sections:

- ◆ An overview of the Police Authority and Constabulary structure
- ◆ The detailed accounts including the External Auditor's opinion
- ◆ Glossary of Financial Terms

The Authority's statement of accounts is one of the many statutory documents produced throughout the year that inform the public of the activities of the Authority. Publication of the accounts is an essential feature of public accountability, since the accounts provide the stewardship report on the use of funds raised from the public and business ratepayers.

The form and content of this report follows the guidance laid down in the Statement of Recommended Practice (the SORP) as required by the Local Government and Housing Act 1989.

Further information sources:

The Authority publishes a number of important documents. These inform the public about the work of the Authority and the work of the Constabulary.

These include the Policing Plan, which sets out what the policing priorities and targets are for the year, and what the budget will be spent on, and an annual Report, which reviews the work of the Authority over the year.

These reports can be obtained from the Police Authority at Operations and Communications Centre, Jubilee House, Falconers Chase, Wymondham, NR18 0WW or by visiting the Authority's website www.norfolk-pa.gov.uk .

OVERVIEW OF THE POLICE AUTHORITY AND THE CONSTABULARY STRUCTURE

About the Authority

Police authorities are independent bodies made up of local people who oversee the work of their local constabulary. They have a range of financial and legal powers but the principal responsibility is to secure the maintenance of an efficient and effective police service.

Key Responsibilities

- Agreeing the police budget for the year - the Authority receives central Government funding and then decides how much money to raise through the local council tax towards the cost of policing.
- Appointing and, if necessary, dismissing the Chief Constable, the Deputy Chief Constable and the Assistant Chief Constable - the Chief Constable has independent operational control of the Norfolk Constabulary.
- Consulting with the community - the Authority provides an important and transparent link between the police and the public.
- The annual Local Policing Summary, Local Policing Plan and Norfolk Police Authority's Annual Report, all report back to the community on the performance of the Norfolk Constabulary and the Norfolk Police Authority.
- Setting a three year rolling strategic plan for policing the County - to include priorities and targets for the Constabulary. During the year, the Authority monitors police performance against these targets along with their performance in complying with the Human Rights Act 1998.
- Promoting equality and diversity within the Constabulary and the Authority to help eliminate discrimination, and promoting equality of opportunity.
- Securing that arrangements are in place for the Constabulary to co-operate with other police forces when it is in the interests of efficiency and effectiveness of policing, and working in partnership to deliver effective public services in Norfolk.
- Providing an Independent Custody Visiting Scheme - Volunteers from the local community attend police detention centres to ensure detainees are aware of their legal rights and that the conditions the detainees are held in are satisfactory, thereby helping to promote public confidence in the way the police treat detained persons.
- To oversee complaints against the police and handle complaints against senior officers in accordance with statutory requirements.

Authority Structure

Norfolk Police Authority has seventeen members:

- ◆ Nine county councillors - nominated by Norfolk County Council proportionate to political balance on the Council.
- ◆ Eight independent members - appointed from the community after public advertisement (one of whom must be a Magistrate).

All members meet together as the Authority. Meetings of the Authority are normally open to the public. The Authority meets every other month, in public, at the Operations and Communications Centre in Wymondham. The Authority monitors the police budget and approves the accounts.

Committees of the Authority consider detailed business:

Scrutiny and Audit Committee

The purpose of the Committee is to keep under continual review the Authority's audit, governance and risk management arrangements, the achievement of value for money, and the delivery of the Authority's targets for policing. This will be achieved by receiving monitoring reports in respect of all the Committee's responsibilities, assurance statements from the Authority's internal and external auditors on the audit plans and the adequacy of existing audit arrangements, reports on risk management embedment and the corporate risk register, and information on actual performance against value for money and policing targets and any other scrutiny matters of interest to the Committee and Authority.

Professional Standards and Human Resources Committee

The purpose of the Committee is to exercise the Authority's powers and duties in respect of Professional Standards and Human Resource matters and to hold the Constabulary to account for the discharge of its responsibilities, thus helping to ensure the maintenance of an efficient and effective police force overall. This will be achieved by instigating procedures designed to monitor and scrutinise existing or planned policies, practices and performance of the Force, both at a corporate and local level.

Citizens Focus Committee

This Committee maintains an overview of the progress and development of Citizen Focused Policing within the Constabulary, ensuring that the Authority's accountability and governance roles are fully discharged, and to ensure the Authority's own statutory responsibilities with regard to community engagement are maintained and developed; and to work in partnership with the Constabulary and other partners to ensure policing in Norfolk is citizen focused (thus ensuring the needs and expectations of individuals and local communities are reflected in police decision-making, service delivery and policy).

Capital Assets Committee

The purpose of the Committee is to consider strategic issues relating to the following capital assets:

1. The police estate
2. The computer and communications systems
3. Fleet
4. Uniforms and Personal Equipment
5. Such other costs that fall within the Capital Programme.

The Committee monitors the overall capital programme during the year and recommends a draft programme to the Police Authority budget meeting.

Ethical Standards Committee

The purpose of this Committee is to promote and maintain high standards of conduct of members and to help members follow the Code of Conduct; and to act as an appellate body in relation to complaints against officers of the Norfolk Police Authority.

Custody Visitors Committee

The purpose of this Committee is to exercise the Police Authority's duties in overseeing the maintenance and operation of an efficient and effective scheme for the independent inspection of custody facilities and the welfare of detained persons, including keeping such arrangements under review, and to be apprised of strategic developments relating to the custody environment.

About the Constabulary

The Norfolk Constabulary is responsible for policing the County of Norfolk, which comprises an area of some 2,068 square miles (3,327kms) with 90 miles of coast (145kms), 250 miles (402kms) of waterways, 6,329 miles (10,189km) of roads and 540 parishes. There are over 200 conservation areas, more than 10,000 listed buildings and more than 350 scheduled ancient monuments. The Broads National Park covers 303 square kilometres of Norfolk and part of North Suffolk. The County has a population of 850,800 and within this there is an increasing elderly population.

The Constabulary is operationally policed by one County Delivery Unit divided into 6 Districts based on the Local District Council boundaries. Operational and organisational support is provided from the Police Headquarters at Wymondham. The primary purpose of each Department, at the Headquarters, is to support the Chief Constable and Chief Officers in the fulfilment of the Constabulary Vision, Pledge and Principles.

EXPLANATORY FOREWORD

INTRODUCTION

The Authority's Statement of Accounts for the 2009-10 financial year is set out on the following pages. Where possible, information on the accounts is presented as simply and clearly as possible. However, due to the technical nature of the accounts, an explanation of the use of accounting terms is provided at the end of this document to help the reader's understanding.

The Main Accounting Statements

The accounts are set out in accordance with the Accounting Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP), which defines the content and layout of the accounts.

The SORP is prepared on the basis that the published Statement of Accounts gives interested parties, including electors, Authority members and employees, clear information about the Authority's finances, and allows the accounts to be comparable with other police authority accounts.

The main financial statements comprise:

- The Income and Expenditure Account – this shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months.
- Statement of the Movement on the General Fund Balance – this reconciles the surplus/deficit on the Income and Expenditure account with the movement on the General Fund for setting the council tax.
- Statement of Total Recognised Gains and Losses (STRGL) – this brings together all gains and losses to show the total movement in the Authority's net worth for the year.
- The Balance Sheet - this statement shows the financial position of the Authority at 31 March 2010.
- The Cashflow Statement – this shows the Authority's cash transactions for the year, indicating the source of the cash received and the actual cash spent. The cash

transactions are divided into those of a revenue nature, capital transactions and the transactions that are in respect of the Authority's borrowing.

- Police Pension Fund Supplementary Statement – this statement provides information on payments made and sources of income for the two pension schemes operated for Police Officers.

The statements are preceded by this Explanatory Foreword and a statement of the Authority's accounting policies. The accounting policies explain the main principles used in producing the figures in the accounts. Many of the accounting policies are specified by the SORP and this ensures that the accounts of police authorities across the country are prepared on a consistent and comparable basis.

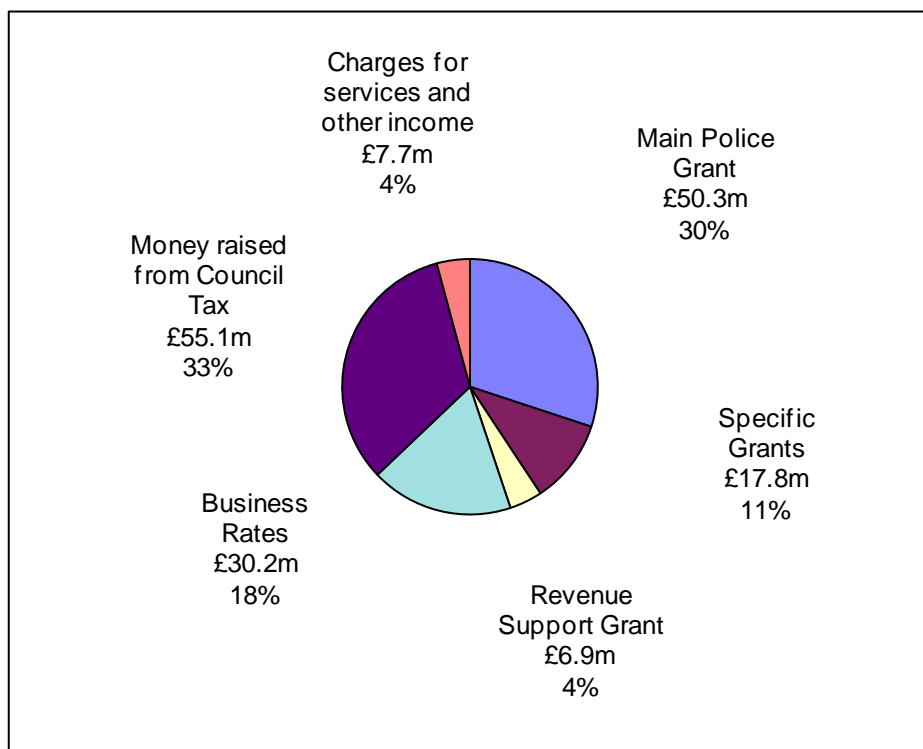
The accounts for 2009-2010 reflect changes included for the first time. The main changes being on the PFI scheme (see note 5 on pages 49-51) and Council Tax (see note 12 on page 57).

OVERVIEW

The Authority's net revenue spending, i.e. after taking into account income raised from fees and charges and the use of reserves, is funded from Government Grants, a nationally operated Business Rates Pool and Council Tax. The Council Tax is raised by means of a precept on the seven district councils; the other funding is received direct from the Government. In 2009-2010 the Authority received 63% of its funding from Central Government (including business rates), 33% being raised locally from the Council Tax with the remaining 4% from charges for services and other income.

WHERE THE MONEY COMES FROM

The graph shows all sources of revenue income for the Authority, including money raised from fees and charges and the use of reserves.



REVENUE BUDGET AND SPENDING

The Authority's actual expenditure in 2009-2010 was £142.669m.

Spending against the budget has been monitored regularly throughout the year, and reports have been received at each of the main Police Authority meetings.

The final outturn position for the year against the revised budget is set out in the table below together with the sources of income from which the Authority's net revenue expenditure was financed.

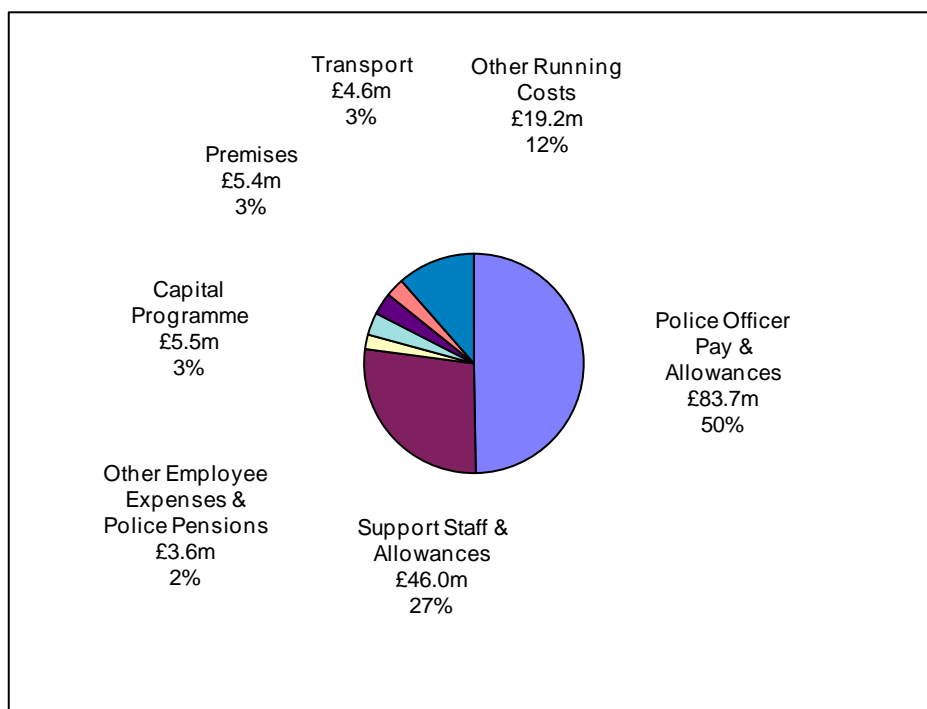
	Budget £000	Outturn £000
Net Expenditure of Police Services	144,228	143,363
Net Transfer from Reserves	(1,559)	(694)
	142,669	142,669
Funded By -		
Police Grants	50,394	50,394
Revenue Support Grant	6,974	6,974
Business Rates	30,215	30,215
Council Tax	55,086	55,086
Total Funding	142,669	142,669

The Net Transfer from Reserves of £0.694m represents the difference between final departmental outturn and external funding. This amount has been transferred to earmarked reserves (see note 27(f) on page 68) as agreed by the Authority during the year.

These figures are based on the service responsibilities rather than the total cost of providing services (including apportionment of support services and adjustments to show the cost of providing pensions to employees), which is used in the Income and Expenditure Account on page 31 and 32.

The difference between the outturn figure of £142.669m and the Net Cost of Services within the Income and Expenditure Account of £133.286m is £9.383m which is made up of the following transactions;

£000	
200	Loss on the disposal of Fixed Assets
4,448	Interest Payable and Similar Charges
(409)	Interest and Investment Income
51,331	Pension Interest Cost and Expected Return on Pension Assets
(8,289)	HO Grant Payable Toward the Cost of Police Officer Retirement Benefits
(70)	Adjustment to Precepts
(37,828)	Statement of Movement on the General Fund Balance
9,383	Total Difference

The type of costs the money was spent on:**CAPITAL EXPENDITURE/FINANCING**

The final Authority approved capital programme was £12.53m. The total capital spending for 2009-2010 was £11.513m. This includes expenditure on additional accommodation at Gateway 11 in Wymondham of £6.325m. There was no external borrowing during 2009-2010 following a decision of the Authority to fund capital expenditure from cash balances. Further information on capital spending and sources of finance is provided in note 17 on pages 60 and 61.

All land and buildings are revalued on a 5-year rolling programme. This revaluation base is reflected in these accounts. The majority of the Authority's fixed assets are included in the balance sheet at their current value.

The Authority's fixed assets portfolio is valued at £47.568m.

PROVISIONS AND RESERVES

Total provisions as at 31st March 2010 amounted to £0.654m, as shown in the balance sheet on page 36, and related note 26 on page 65.

The reserves as at 31st March 2010 comprise £17.123m Revenue Reserves, Capital Reserve liability of £10.022m and a Pension Reserve liability of £1,125.174m. These are shown in the balance sheet on page 36 and related note 27 on page 65.

The Pension Reserve liability shows the underlying commitments that the Authority has in the long term to pay retirement benefits. Reflecting this long term commitment results in a negative overall balance on the balance sheet (see page 36) of £1,117.260m. Accounting requirements necessitate these liability presentational points in the accounts. They have no implications for the constitutional permanence of the pension arrangements which are fully secured against the Authority's current and future funding.

ACCOUNTING POLICIES

The accounting policies adopted by the Authority comply with the relevant recommended accounting practices. The Authority's policies are fully explained on pages 20 to 30.

PENSIONS DEFICIT

The accounts reflect the underlying commitment that the Authority has to pay future retirement benefits for its employees, as required by FRS17. As a result, the estimated pension liability, measured on an actuarial basis, is included in the Authority's Balance Sheet, effectively reducing the stated Net Worth of the Authority by £1,125.174m.

There is a neutral impact on the Authority's Revenue Account reported for the year as the effect of FRS17 is reversed through the use of a pension reserve. Further information on this is included in the Accounting Policies and the notes to the Revenue Account and Balance Sheet.

FURTHER INFORMATION

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

Further information may be obtained from the Treasurer, at Norfolk Police Authority Operations and Communications Centre, Jubilee House, Falconers Chase, Wymondham, NR18 0WW.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE NORFOLK POLICE AUTHORITY**OPINION ON THE ACCOUNTING STATEMENTS**

I have audited the accounting statements, the police pension fund accounting statements and related notes of Norfolk Police Authority for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement, and the related notes. The police pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The accounting statements and police pension fund accounting statements have been prepared under the accounting policies set out within them.

This report is made solely to the members of Norfolk Police Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

RESPECTIVE RESPONSIBILITIES OF THE TREASURER AND AUDITOR

The Treasurer's responsibilities for preparing the accounting statements, including the police pension fund accounting statements, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements, the police pension fund accounting statements and related notes give a true and fair view, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial transactions of its police pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, the police pension fund accounting statements and related notes and consider whether it is consistent with the audited accounting statements, the police pension fund accounting

statements and related notes. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements, the police pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements, the police pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements, the police pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements, the police pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements, the police pension fund accounting statements and related notes.

OPINION

In my opinion:

- The accounting statements and related notes give a true and fair view, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and
- The police pension fund accounting statements give a true and fair view, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial transactions of the police pension fund during the year ended 31 March 2010 and the amount and disposition of the fund's assets and liabilities as at 31 March 2010, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

AUTHORITY'S RESPONSIBILITIES

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 regularly to review the adequacy and effectiveness of these arrangements.

AUDITOR'S RESPONSIBILITIES

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for police authorities published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

CONCLUSION

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for police authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Norfolk Police Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

CERTIFICATE

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Robert Davies

Senior Audit Manager/Engagement Lead

Officer of the Audit Commission, Crown House, Crown Street, Ipswich, IP1 3HS

September 2010

STATEMENT OF RESPONSIBILITIESThe Authority's Responsibilities

The Authority 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 Treasurer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's statement of accounts, in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"). The accounts contained in these statements present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2010.

In preparing this statement of accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Treasurer has also:

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

Date: 22 June 2010

Signature:

Treasurer

The Chairman's Responsibilities

In accordance with the requirements of s10 of the Accounts and Audit Regulations I confirm that the Statement of Accounts was approved by a resolution of Norfolk Police Authority on 22 June 2010.

Date: 22 June 2010

Signature:

Chairman of Norfolk Police Authority

ANNUAL GOVERNANCE STATEMENT

Position as at 22nd June 2010 including plans for the financial year 2010-11

1. SCOPE OF RESPONSIBILITIES

The Norfolk Police Authority (“the Authority”) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

The Authority has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE framework: Delivering Good Governance in Local Government. A copy is on the Police Authority website at www.norfolk-pa.gov.uk or can be obtained from Norfolk Police Authority, Operations and Communications Centre, Jubilee House, Falconers Chase, Wymondham, Norfolk, NR18 0WW.

This statement explains how the Authority has complied with the Code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values by which the Authority is directed and controlled, and its activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2010 and up to the date of approval of the statement of accounts.

3. THE GOVERNANCE FRAMEWORK

Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel and for putting in place proper arrangements for the governance of the Constabulary, the Authority is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. It

therefore follows that the Authority must satisfy itself that the Constabulary has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

The following narrative describes the key elements of the systems and processes that comprise the governance arrangements that have been put in place for the Authority and Constabulary.

Planning

The Authority has operated a new rolling three year strategic plan since 2008-09 in accordance with Home Office requirements. This establishes the Authority's vision and objectives for residents and service users. The plan is reviewed annually in line with latest requirements

There is a co-ordinated process for strategic and financial planning that takes into account risk, local and national priorities and efficiency savings in order to produce a medium term view and an annual balanced budget. The work involves liaising closely with operational staff and budget holders followed by a detailed process of scrutiny and challenge by Chief Officers and Members in order to ensure that the plan reflects the strategic aims of the Authority. The financial strategy reflects the corporate and operational objectives of the Authority and Constabulary.

In support of the planning agenda, the Constabulary has adopted a Vision, Pledge and Principles statement that drives its business. These have been endorsed by the Police Authority. The vision is a new model for policing that will deliver excellent local services where people are our priority. The Vision, Pledge and Principles are aligned to the key performance indicators established by the Police Authority and incorporated within the published Annual Policing Plan. All of this supports the national priorities of the Home Secretary, as determined by the National Policing Pledge.

The Constabulary gathers data and intelligence from a range of sources to produce an annual Strategic Assessment. This takes into account all relevant internal and external factors that might impact upon crime and disorder at county and local level and it is then used to develop the policing control strategy for the next period. Separate pieces of strategic analysis have been undertaken for joint Norfolk / Suffolk units, with relevant issues incorporated into the overall strategic assessment.

Performance Management

There is a clearly defined corporate performance management framework. Objectives and key performance indicators are established and monitored both at a corporate and local level. Regular reports are made to senior managers and to the Police Authority on performance against key indicators. This includes detailed analysis and scrutiny of performance and compares performance against the most similar family of forces.

The Authority produces and publishes an Annual Report that details performance for the previous year against the targets set in the Annual Policing Plan. Financial performance against the revenue budget, capital programme and levels of reserves is reported to each Police Authority meeting.

Lead members have specific responsibilities to review key functions within the constabulary and confirm that the required level of performance is being achieved e.g. call centre, protective services, finance.

Analysis and research is now conducted in conjunction through the performance and intelligence teams under the direction of the Principal Analyst. This approach allows for more informed analysis where issues regardless of operational or organisational impact

are identified through the same analytical processes. This results in techniques to aid strategic decision making and to formulate problem solving approaches.

Analysts have worked with the operational community through the Operational Planning Group (OPG) to deliver strategic and tactical products which facilitate advanced resource planning thereby minimising costs to the organisation.

The balanced scorecard separates key performance objectives and indicators into five domain areas which reflect the policing performance landscape. In total, 93 key performance indicators which present an overall summary of organisational performance have been identified, and are currently being developed with support from an external supplier. The project is due to be rolled out as a live product across the organisation during October 2010.

The Constabulary measures the satisfaction of service users through the use of public surveys and reports to the Police Authority on levels of satisfaction as one of the agreed targets. This is done in accordance with Home Office requirements. The Citizen Focus Committee maintains an overview of the progress and development of citizen focused policing within the Constabulary, ensuring that the Authority's accountability and governance roles are fully discharged.

The Home Secretary established public confidence as the key indicator of police performance. The Constabulary has undertaken much research in this area along with academics and is working with partners to continue to implement the practices that will deliver the required increase in public confidence measures. To support this, the Constabulary undertakes district level public perception surveys to a statistically significant level to assist in monitoring progress against declared Home Office targets.

Internal Control and Compliance

The Police Authority is a member of the Association of Police Authorities, which acts as an advisory body on legislative changes affecting the police service. The roles and responsibilities of the Authority are established predominantly by Standing Orders that regulate the work of the Police Authority, and Terms of Reference for Committees. Terms of Reference are reviewed annually. Each Member has an annual review with the Chairman or Vice Chairman of the Police Authority that will revisit responsibilities and identify development opportunities. Training needs for Members are delivered through informal seminars or by targeted training for specific individuals or groups.

Roles and responsibilities of Police Authority officers are identified in role profiles and through legislative requirements. The Chief Executive is the designated Monitoring Officer, with responsibility for ensuring the legality of transactions. The Treasurer is the designated Section 151 officer with overall responsibility for financial administration. The Chief Executive and Treasurer each have an annual performance review.

The roles and responsibilities of senior officers within the Constabulary are established by the Scheme of Delegation, Financial Regulations and legislative requirements and identified in role profiles. The Scheme of Delegation has been drawn up in accordance with the Code of Practice on Financial Management. Each Chief Officer controls a portfolio covering a designated range of activities. The Chief Constable has an annual performance review with the Chairman of the Police Authority. All other Chief Officers have their performance reviewed annually by the Chief Constable.

Codes of Conduct have been developed and communicated for both Members and employees that define the standards of behaviour. Police officer conduct is governed by the national Police Conduct Regulations. Formal policies exist in respect of whistle blowing, public complaints, anti fraud and corruption and the need to maintain a register of

interests. Standards of behaviour are supported through the rigours of the Chief Executive and Treasurer and within the Constabulary through the Professional Standards Department.

The Authority has adopted Standing Orders, a Scheme of Delegation, Financial Regulations, Contract Standing Orders and various codes of practice as part of its governance arrangements. These are reviewed periodically in accordance with requirements. The Constabulary has its own in house legal team to advise on compliance with relevant legislation.

The Authority and Constabulary have adopted a joint risk management strategy. Detailed risk management policies and procedures are in place to ensure that the risks facing the Authority and Constabulary in achieving objectives are identified, evaluated and reported. Risk management is embedded throughout the organisation by way of the Orchid software system, by the maintenance and reporting of local and corporate risk registers and through the use of the National Intelligence Model. All legal requirements for insurance are met and insurance policies are reviewed as part of agreed consortia arrangements.

The Police Authority has established a Scrutiny and Audit Committee whose responsibilities include the review of corporate governance arrangements, risk management and the corporate risk register and the receipt of internal and external audit reports as well as performance updates and the review of the Police Use of Resources Assessment.

Accountability to the Community

The Police Authority website contains details of Police Authority and Committee meetings, agendas, reports and minutes for public scrutiny. The Constabulary website contains daily updates on information of public interest. Both websites include contact details for the public. The Constabulary contributes to the "Your Norfolk" magazine which is delivered quarterly to every household in Norfolk and separately issues details to every household about their local Safer Neighbourhood Team.

Safer Neighbourhood Action Panels have been established throughout Norfolk. This results in the operation of quarterly open public meetings within each safer neighbourhood in order to identify the public's view of local objectives and priorities so that the Constabulary can be held to account against the agreed objectives. The outcomes of these meetings are fed up through various local groups to the County Strategic Partnership where priorities identified by local people can influence Local Area Agreements and resource allocation.

The Authority and Constabulary place a strong emphasis on citizen focus. This has included extensive research and working with noted academics in the policing field. The Constabulary has reviewed its citizen focus strategy with a view to increasing confidence and satisfaction within the communities of Norfolk.

The Authority and Constabulary work closely with partners with examples such as the County and Local Strategic Partnerships, Crime & Disorder Reduction Partnerships and Casualty Reduction Partnership designed to deliver county wide objectives around community safety issues. Each of these partnerships is subject to its own governance arrangements.

Much closer collaborative working took place with other forces in the region during 2009-10 and particularly with Suffolk Constabulary. A number of joint Norfolk / Suffolk Units were established from April 2009, the largest being a joint Major Investigations Team. Planning continued throughout the year in order to prepare for further joint working under the Protective Services banner from April 2010. Governance arrangements have been established that include operational managers, Chief Officers and Police Authority member

representatives of each partner organisation. This is underpinned by formal section 23 agreements covering the legal aspects of collaboration.

4. REVIEW OF EFFECTIVENESS

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including:

- The system of internal audit
- The system of internal control

These reviews have been informed by the work of the Constabulary, internal auditors, and also managers within the Authority who have the responsibility for the development and maintenance of the governance environment. In addition, comments made by the external auditors and other review agencies and inspectorates have informed this review.

It should be noted that effectiveness has been maintained throughout the implementation of the Norfolk Policing Model, which involved a number of modernisation initiatives.

The roles and processes that have been applied in maintaining and reviewing the effectiveness of internal control include the following.

Corporate Governance Assurance Group

This group has been established to review assurances and evidence around the corporate governance framework and to prepare the Annual Governance Statement for consideration. The group comprises the Chairman of the Scrutiny & Audit Committee, the Police Authority Treasurer, Internal Audit and senior employees of the Constabulary. During 2009-10 the Group monitored progress against the Action Plan resulting from the previous comprehensive review of the governance framework and assessed compliance with the Code of Corporate Governance. The outcome was reported to the Scrutiny and Audit Committee.

Internal Audit

Internal audit provide independent and objective assurances across the whole range of the Authority's and Constabulary's activities and have direct access to the Chairman of the Scrutiny and Audit Committee. They take a managed audit approach in conjunction with external audit to ensure that all necessary areas of compliance are covered. In respect of financial systems a revised approach for 2009-10 was followed, based on a detailed examination of 2 key systems and reassurance on controls received from Constabulary Officers for the other systems. This approach was endorsed by the External auditors. The overall audit programme is prepared and agreed with the Authority following a risk based assessment. The external auditor is able to place reliance on the work of internal audit and has assessed that they provide an effective system overall. Internal audit are required to give an overall opinion on the adequacy and effectiveness of the framework of the internal control and risk management environment. For 2009-10, this was reported as remaining acceptable (the categories for reporting being "acceptable" or "key issues need to be addressed").

The internal audit contractor is compliant with the CIPFA Code of Practice for Internal Audit.

Anti Fraud and Corruption Survey

During the year, the Professional Standards Department conducted an anonymous survey on anti fraud and corruption covering a range of questions. In total there were over 300 responses. Of these, 86% agreed or strongly agreed that the Constabulary had made clear its zero tolerance of fraud and corruption and 87% agreed or strongly agreed that as

individuals they were clear about the part they played in ensuring zero tolerance of fraud and corruption.

External Audit and Other External Review Bodies

External audit provide a further source of assurance by reviewing the annual accounts and reporting upon internal control processes and any other matters relevant to their statutory functions and codes of practice. The latest Audit Commission Annual Governance Report, issued in September 2009, identified no key issues in relation to the internal control environment. The Authority received a Police Use of Resources (PURE) overall score of 3 for the latest reported assessment. A score of 2 equates to meeting minimum requirements and performing adequately. A score of 3 equates to exceeding minimum requirements and performing well. In mid June 2010, the Audit Commission advised all Police Authorities that no further work was being undertaken on PURE assessments for 2009-10. There will not consequently be any publication of scores for 2009-10.

The Constabulary is subject to review from HMIC and has been inspected over the period in a number of nationally assessed areas.

Scrutiny & Audit Committee

This committee has responsibility for corporate governance responsibilities overall. Specifically, it receives and scrutinises the reviews on the system of internal audit and the system on internal control, agrees and monitors any action plans resulting from those reviews and considers the Annual Governance Statement prior to its approval by the Police Authority.

Professional Standards and HR Committee

This committee has responsibility for reviewing complaints about ACPO rank officers specifically, for analysing complaints overall made against the Constabulary and for reviewing the complaints handling process.

5. SIGNIFICANT GOVERNANCE ISSUES

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Scrutiny and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

There were no significant governance issues identified during the year or arising from the review of governance arrangements.

Signed

Chairman of Norfolk Police Authority

Chief Constable

Chief Executive

On behalf of members and senior officers of the Norfolk Police Authority and Norfolk Constabulary

STATEMENT OF ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts summarise the Authority's transactions for the 2009-2010 financial year and the position at the year end 31 March 2010. They have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Statement of Recommended Practice (SORP), the Best Value Accounting Code of Practice (BVACOP) and guidance notes issued by CIPFA on the application of Statements of Standard Accounting Practice and Financial Reporting Standards (SSAP, FRS and IFRIC12 in respect of PFI schemes). They comply therefore with "proper accounting practice" under the terms of the Local Government and Housing Act 1989.

The accounts are prepared under the historical cost convention, except where specifically noted below.

1. ACCOUNTING POLICIES

Relevance	The objective of financial statements is to provide information about an Authority's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
Reliability	Financial information is reliable if it can be depended on to represent faithfully what it either purports to represent or what it can be reasonably expected to represent and is free from deliberate, systematic or material error.
Comparability	The information in the accounts is more useful if it can be compared with information for some other period or point in time. This depends upon consistency in the application of the accounting policies, unless it can be shown that a new policy would introduce improved accounting practices.
Understandability	The accounting principles on which the SORP is based include accounting concepts, treatments and terminology which require reasonable knowledge of accounting, local government and police, and reasonable diligence in reading the financial statements if they are to be properly understood. However, all reasonable efforts have been taken in the preparation of the financial statements to ensure they are as easy to understand as possible.
Materiality	Strict compliance with the SORP, both as to disclosure and accounting principles, has been applied where the amounts involved are material to the fair presentation of the financial position and transactions of the authority and to the understanding of the Statement of Accounts by a reader.
Accruals	This requires the non-cash effects of transactions (debtors and creditors) to be reflected in the financial statements for the accounting period in which those effects are experienced and not in which any cash is received or paid.

Going Concern	An authority's Statement of Accounts should be prepared on a going concern basis. That is, the accounts should be prepared on the assumption that the authority will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of the operation.
Primacy of legislative	Police Authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that treatments are prescribed by law the accounting principles outlined above may not apply in all cases. It is a fundamental principle of local authority and police accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

2. ACCRUALS OF INCOME AND EXPENDITURE

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

- Fees, charges and rents due from customers are accounted for as income at the date the Authority provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

3. CHARGES TO REVENUE FOR FIXED ASSETS

The Income and Expenditure Account is debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant police services.
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

- Amortisation of intangible fixed assets attributable.

The Authority is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

4. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of an asset has been charged as expenditure to the Income and Expenditure Account in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged to the Statement of Movement on the General Fund Balances so there is no impact on the level of council tax. In the accounts for 2009-2010 there is no revenue expenditure included for Capital Under Statute.

5. GOVERNMENT GRANTS AND CONTRIBUTIONS (REVENUE)

Whether paid on account, by instalments or arrears, Government grants and third party contributions and donations are recognised as income at the date that the Authority satisfies the conditions of entitlement to the grant/contribution and there is reasonable assurance that the money will be received and the expenditure for which the grant is given has been incurred. Specific revenue grants are matched in revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

6. LEASES

Finance Leases

The Authority accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Authority. The Authority does not operate any finance leases at present.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the Income and Expenditure Account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

Rental income from operating leases is credited to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are credited when they are due.

7. OVERHEADS AND SUPPORT SERVICES

Central departments operate within predetermined budgets and generally their costs are not allocated to front line services. At the end of the financial year, the costs of the central departments are analysed, in accordance with the principles of the CIPFA Best

Value Accounting Code of Practice, to determine what costs should be shared between users of the services, with the exception of:

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

These two cost categories are accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

8. PRIVATE FINANCE INITIATIVE

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under the PFI scheme, the Authority carries the fixed assets used under the contract on the Balance Sheet.

The original recognition of these fixed assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

The PFI fixed assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

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 Income and Expenditure Account,
- Finance cost – an interest charge on the outstanding Balance Sheet liability, is debited to Interest Payable and Similar Charges in the Income and Expenditure Account,
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Income and Expenditure Account,
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator,
- Lifecycle replacement costs – contained within the unitary charge and debited to the Income and Expenditure Account.

The new accounting policy is required due to the introduction of the requirement to include the PFI scheme assets on the Authority's Balance Sheet. The impacts of these changes are shown in note 5 on pages 49 to 51.

9. PROVISIONS

Provisions are made for any liabilities or losses that are likely to be incurred, or certain to be incurred, but uncertain as to the amounts or the dates on which they will arise. Provisions are charged to the appropriate revenue account when the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Where it becomes more likely than not that the transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the obligation is settled.

10. RESERVES

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

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and these do not represent usable resources for the Authority. These reserves are explained in the relevant policies.

11. RETIREMENT BENEFITS

The Authority has two separate pension schemes available to staff and police officers:

- The Local Government Pension Scheme (the Pension Fund) for non-uniformed Police Staff and operated by the Norfolk Pension Fund; and
- The Police Officers' Pension Scheme operated by the Home Office.

Both schemes provide defined benefit to members (retirement lump sums and pensions).

The Local Government Pension Scheme

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

1. The liabilities of the pension scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
2. Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bond).
3. The assets of the Pension Fund attributable to the Authority are included in Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value.
4. The change in the net pension liability is analysed into seven components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated to the revenue accounts of service in the Income and Expenditure Account. for which the employee worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.

- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account.
- Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long term return – credited to Net Operating Expenditure in the Income and Expenditure Account.
- Gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
- 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 – debited to the Statement of Total Recognised Gains and Losses (not charged to revenue).
- Contributions paid to the Pension Fund – cash paid as employer’s contributions to the pension fund. The rate in both 2008-2009 and 2009-2010 was 15.4% of pensionable pay.

Statutory provisions limit the Authority to raising council tax to cover the amounts payable by the Authority to the Pension Fund in the year. In the Income and Expenditure Account this means that there is an appropriation to the Pensions Reserve after net Operating Expenditure to remove the notional debits and credits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

Police Officer Pension Scheme

This scheme is accounted for as a defined benefit scheme, is operated on a “pay as you go” basis by the Home Office and has no assets. The treatment of the scheme in the accounts is as described for the Local Government Pension Scheme above other than for the ‘expected return on assets’.

The Home Office funding arrangements require pensioner payments and officer contributions to be paid from and into a separate police pensions account. The Authority also contributes 24.2% of police officer pensionable pay to this account and a capital payment for any ill-health pensions awarded. The Authority continues to fund injury awards from revenue.

This account is balanced at the 31 March and any shortfall is paid by the Home Office. Details of the Police Pension Fund Account are shown on page 73.

Discretionary Benefits

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (not police officers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Accounting Policy

Under the SORP the Authority has adopted the amendment to FRS17 Retirement Benefits details of which can be found on pages 43 to 48 and thus values schemes at fair value.

Disclosure of effect of change in discount rate of liabilities

In assessing liabilities for retirement benefits of the Local Government Pension Fund at 31 March 2009 for the 2008-2009 Statement of Accounts, the actuary assumed a discount rate of 3.8 % real (6.9% actual), a rate based on the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities. For the 2009-2010 Statement of Accounts, the actuary has advised that a rate of 1.7% real (5.5% actual) is appropriate. Application of this rate has resulted in an increase in liabilities measured at today's prices of £53.3m, adjusted for by an increase in actuarial losses recognised for the year in the Statement of Total Recognised Gains and Losses.

12. STOCKS AND WORK IN PROGRESS

Stocks and work in progress on incomplete jobs are included in the Balance Sheet at actual cost of the separate items of stock or of groups of similar items. The cost of stores is determined on a first-in, first-out (FIFO) basis.

13. INTANGIBLE FIXED ASSETS

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Authority (e.g. software licences) is capitalised when it will bring benefits to the Authority for more than one financial year. Internally developed intangible assets are only capitalised where there is a readily ascertainable market value. The balance is amortised to the relevant revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

The useful economic lives of intangible assets are reviewed at the end of each financial year and revised if necessary. The de minimis level for intangible assets is £20,000.

14. TANGIBLE FIXED ASSETS

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition:

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Authority and the services that it provides for more than one financial year. This includes assets acquired under finance leases, which have been capitalised and included in the balance sheet on the basis of the outstanding obligations to make future rental payments. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

De minimis levels for the Authority are:

Plant and Equipment £20,000

All assets in respect of Land and Buildings, and Vehicles are recorded on the asset register.

Measurement:

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- Dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value
- Infrastructure assets and community assets – depreciated historical cost.

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value
- Specialised operational properties – depreciated replacement cost
- Investment properties and surplus assets – market value.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to the revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment:

the values of each category of assets are reviewed at the end of each financial year for evidence of reductions in value over and above standard depreciation. Where impairment is identified as part of this review or as a result of a valuation exercise this is accounted for by:

- Where attributable to the clear consumption of economic benefits - the loss is charged to the Income and Expenditure Account
- Otherwise – written off against any revaluation gains attributable to relevant asset in the Revaluation Reserve, with any excess charged to the Income and Expenditure Account.

Where an impairment loss is charged to the Income and Expenditure Account but there are accumulated revaluation gains in the Revaluation Reserve for the asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals:

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. Receipts are required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

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 Statement of Movement on the General Fund Balance.

Depreciation:

Depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer of between 30 and 60 years. No depreciation is charged on land.
- Vehicles, plant and equipment – straight line allocation over the life of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. The estimated life of vehicles is between 1 and 10 years and of plant and equipment between 3 and 10 years.

Where an asset has major components with different estimated useful lives these are depreciated separately with estimated life of between 5 and 30 years.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Grants and contributions:

Where grants and contributions are received that are used to finance capital expenditure, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the Income and Expenditure Account, in line with the depreciation policy applied to them.

15. VALUE ADDED TAX (VAT)

All VAT collected is payable to HM Revenue and Customs and the Income and Expenditure Account excludes any amounts related to VAT, except where the VAT is irrecoverable. Irrecoverable VAT is VAT charged to the Authority but which under legislation the Authority is not entitled to reclaim (i.e., long term vehicle hire) and is included in the service revenue accounts as part of Net Cost of Services. The irrecoverable VAT for 2009-2010 is £37,874 (£61,240 for 2008-2009).

16. FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the Authority this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

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

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact of the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid or 10 years (if shorter).

The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

17. FINANCIAL ASSETS

Financial assets are classified into two types:

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

Loans and receivables

Loans and receivables are initially measured at fair value and carried at amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the assets multiplied by the effective rate of interest for the instrument. For the Authority this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Available for sale assets

Available for sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Authority. Assets are maintained in the Balance Sheet at fair value.

18. COUNCIL TAX

The amount shown in the Income and Expenditure Account is the accrued income for the year in accordance with UK GAAP, which is different from the amount credited to the General Fund under statute. The amount credited to the General Fund is the Authority's precept or demand for the year plus the Authority's share of the Collection Fund for the previous year or less it's share of the deficit on the collection Fund in the previous year.

19. PRIOR YEAR ADJUSTMENTS

Adjustments to the information in the 2008-2009 Statement of Accounts have been made to reflect changes in accounting policy for PFI and Council Tax.

PFI

For 2009-2010, the SORP requires PFI contracts to be accounted for in a manner that is consistent with International Financial reporting standards (IFRS). The Authority has reviewed its PFI contract and as a result the assets relating to this are now included in the Authority's Balance Sheet and all necessary accounting entries have been revised to comply with the new requirements. Details of these changes are shown at note 29 on page 71.

Council Tax

The 2009 SORP requires the Authority to account in full for its share of council tax income billed on its behalf by the District Councils. This is different to the amount the Authority actually accounts for under government legislation. As a result, the council tax income shown in the Income and Expenditure Account has been adjusted from £52.844m to £52.545m. The difference between this amount and the actual required by legislation is adjusted through a new account – the Collection Fund Adjustment Account and shown as a reconciling item in the Statement of Movement on General Fund Balance. In addition the Authority's Balance Sheet includes its proportion of the council tax debtors and creditors held by the seven District Councils. Details of these changes are shown at note 29 on page 71.

Service Expenditure

The Best Value Accounting Code of Practice requires additional reporting in 2009-2010 to the service expenditure analysis. Nine new police service descriptions are provided with in the Net Cost of Services. The 2008-2009 Police Services description lines have been restated for comparison purposes.

The Cash Flow Statement and associated notes for the Authority has also been reanalysed to reflect these changes.

INCOME AND EXPENDITURE ACCOUNT

This statement reports the net cost for the year of all the functions for which the Authority is responsible, and demonstrates how the cost has been financed from general government grants and from local taxpayers.

It brings together expenditure and income relating to all of the Authority's functions and summarises all of the resources that the Authority has generated, consumed or set aside in providing services during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

It is intended to show the true financial position before allowing for the concessions provided by statute to raise council tax according to the different rules and for the ability to divert particular expenditure to be met from capital resources.

The Income and Expenditure Account should be read in conjunction with the Statement of Movement on the General Fund Balance shown on pages 33 and 34 which reconcile the differences between the two statements and the General Fund Balance.

The Income and Expenditure Account for 2008-2009 has been restated to include the following:

- The Net Cost of Services to provide comparison to the new Police Services descriptions required for the 2009-2010 financial year.
- To recognise for comparison purposes the new requirement under IFRIC 12 to recognise the PFI scheme asset now contained within the accounts (see note 5 on pages 49 to 51).
- To include for comparison purposes the new requirement to adjust for the Authority element of the Council Tax which is held in surplus/deficit by the District Councils at the 31 March (see note 12 on page 57).

Previous Year Net Expenditure £ 000	Restated 2008-2009 £000	Description	Current Year 2009-2010		
			Gross Expenditure £ 000	Gross Income £ 000	Net Expenditure £ 000
		Police Services:			
	68,815	Local Policing	101,230	(30,011)	71,219
	10,736	Dealing with the Public	13,154	(2,878)	10,276
	13,763	Criminal Justice Arrangements	16,192	(3,848)	12,344
	8,044	Road Policing	11,299	(3,734)	7,565
	4,646	Special Operations	6,061	(2,687)	3,374
	4,810	Intelligence	9,182	(2,032)	7,150
	11,891	Special Investigations	16,959	(4,070)	12,889
	5,308	Investigative Support	6,214	(1,298)	4,916
	334	National Policing	4,147	(3,528)	619
131,775	0	Police Services	0	0	0
1,615	1,615	Corporate and Democratic Core	1,607	(74)	1,533
2,517	2,517	Non Distributed Costs	1,401	0	1,401
135,907	132,479	Net Cost of Services	187,446	(54,160)	133,286
220	220	Loss on the disposal of fixed assets			200
979	4,707	Interest payable and similar charges			4,448
(2,261)	(2,261)	Interest and investment income			(409)
52,586	52,586	Pensions interest cost and expected return on pensions assets			51,331
187,431	187,731	Net Operating Expenditure			188,856
(52,844)	(52,545)	Precepts (Council Tax Receipts)			(55,156)
(9,678)	(9,678)	Home Office grant payable toward the cost of police officer retirement benefits			(8,289)
(48,835)	(48,835)	Main Police Grant			(50,394)
(4,474)	(4,474)	Revenue Support Grant			(6,974)
(32,138)	(32,138)	Business Rates			(30,215)
39,462	40,061	Net Fund Deficit for the Year			37,828

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirements benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Authority's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Previous Year 2008-2009 £ 000	Restated 2008-2009 £000	Description	Current Year 2009-2010 £ 000
39,462	40,061	Deficit for the year on the I & E Account	37,828
(39,662)	(40,261)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(37,828)
(200)	(200)	Increase in General Fund Balance	0
(4,275)	(4,275)	General Fund Balance brought forward	(4,475)
(4,475)	(4,475)	General Fund Balance carried forward	(4,475)

Note of reconciling items for the Statement of Movement on the General Fund Balance

Previous Year 2008-2009 £ 000	Restated 2008-2009 £000		Current Year 2009-2010 £ 000
		Amounts included in the I & E Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	
(87)	(87)	Amortisation of intangible fixed assets	(126)
(4,379)	(4,826)	Depreciation and impairment of fixed assets	(8,224)
623	623	Government Grants Deferred amortisation	1,469
(220)	(220)	Net loss on sale of fixed assets	(200)
(75,071)	(75,071)	Net charges made for retirement benefits in accordance with FRS 17	(69,337)
0	0	Financial Instruments Adjustment Account	109
0	(299)	Council Tax	70
(12)	0	PFI Deferred Consideration	0
(79,146)	(79,880)		(76,239)
		Amounts not included in the I & E Account but required to be included by statute when determining the Movement on the General Fund Balance for the year	
644	779	Minimum revenue provision for capital financing and Transferred Debt repaid	790
922	922	Capital expenditure charged in-year to the General Fund Balance	323
28,800	28,800	Employer's contributions payable to the Pensions Account and retirement benefits payable direct to pensioners	29,703
9,678	9,678	Additional Contribution to Police Pension Fund to balance the deficit on the Fund Account	8,289
40,044	40,179		39,105
		Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
(560)	(560)	Net transfer to or from earmarked reserves	(694)
			(694)
(39,662)	(40,261)	Net additional amount required to be credited to the General Fund Balance for the year	(37,828)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the Authority for the year and shows the aggregate increase or decrease in its net worth. In addition to the deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2008-2009 £000	Restated £000		2009-2010 £000
39,462	40,061	Deficit for the year on the I & E Account	37,828
(189)	(189)	Deficit / (surplus) arising on revaluation of fixed assets	(1,384)
(62,871)	(62,871)	Actuarial (gains) / losses on pension fund assets and liabilities	360,776
(23,598)	(22,999)	Total recognised (gains) / losses for the year	397,220

The restated Deficit for 2008-2009 on the Income & Expenditure Account was due to the following:

	£000
2008-2009 Deficit	39,462
PFI Adjustments	300
Council Tax Adjustments	299
2008-2009 Restated	40,061

BALANCE SHEET

31 March 2009 £000	Restated £000		Note Ref.	31 March 2010 £ 000	£ 000
		Fixed Assets			
		Operational Assets			
12,245	30,393	land and buildings	13	34,894	
1,069	1,069	police houses	13	1,112	
9,940	9,940	vehicles, plant and equipment	13	9,589	
1,805	1,805	Non-operational assets	13	1,663	
248	248	Intangible Assets	14	310	
25,307	43,455	Total Fixed Assets			47,568
301	0	Long Term Debtors	23		0
25,608	43,455	Total long term assets			47,568
		Current Assets			
399	399	Stocks	24	349	
6,637	8,090	Debtors	23	7,394	
31,843	31,843	Investments	2	19,051	
88	88	Cash and bank		85	
38,967	40,420	Total assets			26,879
		Current Liabilities			
(10,765)	(11,719)	Creditors	25	(11,440)	
(227)	(227)	Cash Overdrawn		(109)	
(10,992)	(11,946)				(11,549)
53,583	71,929	Total assets less current liabilities			62,898
(1,151)	(1,151)	Provisions	26	(654)	
(17,813)	(17,813)	Long Term Borrowing	2	(13,161)	
(1,648)	(1,567)	Long Term Creditors	25	(1,410)	
	(27,927)	Deferred Liabilities		(27,757)	
(733,053)	(733,053)	Liability related to defined benefit pension scheme	27	(1,125,174)	
(4,492)	(4,492)	Government Grants Deferred Account		(5,940)	
(5,950)	(5,950)	Unapplied Grants and Contributions		(6,062)	
(764,107)	(791,953)				(1,180,158)
(710,524)	(720,024)	Total Assets less Liabilities			(1,117,260)

		Represented by :		
1,234	1,234	Revaluation Reserve	27	2,618
3,478	(6,672)	Capital Adjustment Account	27	(12,640)
0	0	Financial Instruments Adjustment Account	27	109
0	0	Capital Receipts Reserve	27	0
0	650	Collection Fund Adjustment Account	27	704
13,342	13,342	Earmarked Reserves	27	12,648
4,475	4,475	General Fund	27	4,475
(733,053)	(733,053)	Pensions Reserve	27	(1,125,174)
(710,524)	(720,024)	Net Worth		(1,117,260)

These financial statements replace the unaudited financial statements authorised at the meeting of the Norfolk Police Authority on 22 June 2010.

R D Summers

Treasurer to Police Authority

23 September 2010

CASH FLOW STATEMENT

2008-2009 £ 000	Restated £ 000		Note Ref.	2009-2010 £ 000	£ 000
REVENUE ACTIVITIES					
<u>Cash Outflows</u>					
135,217	135,217	Cash paid to and on behalf of employees and pensioners		139,073	
42,473	42,473	Other Operating Costs		<u>44,210</u>	183,283
<u>Cash Inflows</u>					
(12,768)	(12,768)	Cash received for Goods and Services		(15,176)	
(26,745)	(26,745)	Specific Grants	1.5	(26,120)	
(48,835)	(48,835)	Main Police Grant		(50,394)	
(4,474)	(4,474)	Revenue Support Grant		(6,974)	
(32,138)	(32,138)	Business Rates		(30,215)	
(52,844)	(52,844)	Council Tax Receipts		(55,086)	(183,965)
(114)	(114)	Revenue Activities Net Cash Flow	1.1		(682)
SERVICING OF FINANCE					
<u>Cash Outflows</u>					
979	979	Interest Paid		866	
<u>Cash Inflows</u>					
(2,261)	(2,261)	Interest received		<u>(409)</u>	457
(1,282)	(1,282)				
CAPITAL ACTIVITIES					
<u>Cash Outflows</u>					
5,974	5,974	Purchase of Fixed Assets		11,513	
<u>Cash Inflows</u>					
(104)	(104)	Sale of Fixed Assets		(235)	
(1,894)	(1,894)	Capital Grants & contributions received		<u>(3,028)</u>	
3,976	3,976				8,250
2,580	2,580	Net Cash (Inflow)/Outflow before Financing	1.2		8,025
MANAGEMENT OF LIQUID RESOURCES					
(186)	(186)	Net Increase/(Decrease) in Short Term Deposits	1.3		(12,792)
FINANCING					
<u>Cash Outflows</u>					
		Repayments of Amounts Borrowed	1.3		4,652
<u>Cash Inflows</u>					
(1,958)	(1,958)	New Loans raised			0
436	436	Decrease/(Increase) in Cash & Cash Equivalents	1.4		(115)

NOTES TO THE CORE FINANCIAL STATEMENTS

1. NOTES RELATING TO THE CASH FLOW STATEMENT

1. Reconciliation of Net Fund Deficit to Revenue Activities Cash Flow			
Reconciliation of net deficit on the Income and Expenditure Account to the Revenue Activities net cash flow.			
	2008-2009	Restated	2009-2010
	£ 000	2008-2009	£ 000
		£ 000	£ 000
Income and Expenditure Account Deficit	39,462	40,061	37,828
Movement in Non Cash Transactions			
Depreciation & impairment of fixed assets	(4,466)	(4,913)	(8,350)
Pension cost adjustment from FRS17	(46,271)	(46,271)	(39,634)
Contribution to police pension fund	9,678	9,678	8,289
Internal capital movement met from revenue	445	524	1,439
Contributions (to) / from provisions	49	49	497
Collection fund		5	16
Net Interest Received	1,282	1,282	(457)
Movements in Accruals items			
Increase / (decrease) Stocks	26	26	(50)
Increase / (decrease) Debtors	(794)	(1,597)	(696)
(Increase) / decrease Creditors	475	1,042	436
Net Cash Flow from Revenue Activities	<u><u>(114)</u></u>	<u><u>(114)</u></u>	<u><u>(682)</u></u>

2. Reconciliation of Net Cash Inflow to Movement in Net Debt			
	1 April	31 March	Movement
	2009	2010	in year
	£ 000	£ 000	£ 000
Cash and Bank	(139)	(24)	(115)
Short Term Investments	31,843	19,051	12,792
Borrowing	(17,813)	(13,161)	(4,652)
Movements in Net Cash Inflow	<u><u>13,891</u></u>	<u><u>5,866</u></u>	<u><u>8,025</u></u>
	2008-2009	2009-2010	
(Increase) / Decrease in Cash	436	(115)	
New Loans/Repayment of Loans	1,958	(4,652)	
Increase in liquid resources	186	12,792	
Change in Net Debt resulting from Cash Flows	<u><u>2,580</u></u>	<u><u>8,025</u></u>	

3. Reconciliation of Financing and Management of Liquid Resources			
	1 April 2009 £ 000	31 March 2010 £ 000	Movement in year £ 000
Financing			
Repayment of amounts borrowed:-			
Borrowing	<u>(17,813)</u>	<u>(13,161)</u>	<u>4,652</u>
Management of Liquid resources			
Short term Investments	<u>31,843</u>	<u>19,051</u>	<u>(12,792)</u>
Net Cash Flow from Financing and Management of Liquid Resources	<u><u>14,030</u></u>	<u><u>5,890</u></u>	<u><u>(8,140)</u></u>

4. Movement in Cash and Cash Equivalents			
The following table shows the reconciliation of the Net (Increase) / Decrease in Cash, from the cash flow statement, to the movement in cash shown on the balance sheet.			
	1 April 2009 £ 000	31 March 2010 £ 000	Movement in year £ 000
Cash Overdraft	(227)	(109)	(118)
Cash and Bank	88	85	3
Net (Increase) / Decrease in Cash	<u><u>(139)</u></u>	<u><u>(24)</u></u>	<u><u>(115)</u></u>

5. Analysis of Specific Government Revenue Grants	£ 000
Police Pension Grant	(8,289)
PFI Grant	(3,648)
Neighbourhood Policing Fund	(3,853)
Crime Fighting Fund	(3,214)
Single Counter Terrorism Grant	(2,851)
Rural Policing Fund	(2,079)
Special Priority Payments	(824)
Forensic	(536)
Basic Command Unit	(376)
Other Specific Grants (under £250k)	(450)
Total Specific Grants received	<u><u>(26,120)</u></u>

2. FINANCIAL INSTRUMENTS

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments.

31 March 2009 £000		31 March 2010 £000
	LONG TERM	
15,855	Borrowing as at 1 April	17,813
1,958	Loans taken out during year	0
0	Loans repaid during year	(4,652)
17,813		13,161
	CURRENT	
31,843	Short Term Investments	19,051

During 2009-2010 three PWLB loans with a total value of £4.652m were repaid. A discount of £0.117m was received for early repayment. As these loans had an existing life of between 23 and 25.5 years and did not form part of any replacement loan the discount will be spread over a period of 10 years via the Financial Instrument Adjustment Account (see Revenue Reserves note 27 on pages 65 to 70).

The Authority's activities expose it to a variety of financial risks:

- **Credit Risk** – the possibility that other parties might fail to pay amounts due to the Authority.
- **Liquidity Risk** – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- **Market Risk** – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund the service. Risk Management is carried out within the Financial Accounts Department in liaison with the Treasurer, under policies approved by the Authority in the annual Treasury Management Strategy. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Authority's customers.

Deposits are made either on overnight or short term fixed deposits of less than 12 months with banks and financial institutions which have a high credit rating.

The Authority does not allow credit for customers and as at 31 March 2010 £0.156m (£0.048m in 2008-2009) is past its due date for payment. The past due amount is

analysed by age and details are shown at note 23 on page 64. These debts are actively chased according to the Authority Debt Recovery and Write-Off Policy.

Liquidity risk

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The level of interest rates charged by the PWLB is linked to the rate at which the Government borrows and is usually significantly cheaper than the equivalent market loan.

The maturity analysis of financial liabilities is as follows:

31 March 2009 £000		31 March 2010 £000
	Analysis of loans by maturity:	
400	Between 5 and 10 years	400
1,650	Between 10 and 15 years	3,328
15,763	More than 15 years	9,433
17,813	Total PWLB Borrowing	13,161

A ruling of the former Department of the Environment, Transport and the Regions (DETR) states that the borrowing on loans transferred from Norfolk County Council is not borrowing for the purposes of the Local Government Housing Act 1989. Such loans are classified as transferred debt and have been shown as long term creditors (see related note 25 on page 64).

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

Market risk:

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of assets will fall.

All investments at fixed rates made by the Authority are for less than 12 months and as such the fair value is equal to the current carrying amount of the investment.

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- Borrowing at fixed rates – the fair value of the liabilities will fall.

All borrowing is from the PWLB at fixed rates of interest. As transaction costs are not material the carrying value of the loan is recognised in the balance sheet at the outstanding amount of the loan. The fair value the PWLB portfolio is:

31 March 2009 £000	PWLB fair value	31 March 2010 £000
21,204		15,424

Price risk:

The Authority does not invest in equity shares and thus has no exposure to loss arising from movements in share value.

Foreign exchange risk:

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

3. PENSIONS

Pensions are available for all full-time and part-time employees under the requirements of statutory regulations. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make future payments and thus these need to be disclosed as a future entitlement. The principal schemes in operation are:

Uniformed Police Officers:

There are two schemes both of which are unfunded, defined benefit schemes. This means there are no investment assets built up to meet the pension's liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. Benefits payable are funded by contributions from employers and employees, and any difference between benefits payable and contributions receivable is met by top up grant from the Home Office. Details of the schemes can be found in the supplementary statement on page 73.

Other Employees:

Pensions to police staff are provided from the Local Government Pension Scheme administered by Norfolk Pension Fund. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund calculated at a level intended to balance the pension's liabilities with investment assets. Employer's contributions, at rates advised by the Fund's actuary, are charged to revenue as incurred. Where employees are allowed to retire early, the employer is required to reimburse the Pension Fund in respect of the additional costs (strain) that arise from early retirement. The costs are paid in full at the date of retirement.

Further information is contained in the Fund's annual report and accounts, which is published by Norfolk Pension Fund or by visiting the Fund's website at www.norfolkpensionfund.org.

Transactions Relating to Retirement Benefits:

The Authority recognises the cost of retirement benefits in the Net Cost of Services when these are earned by employees, rather than when the benefits are eventually paid as pensions. However, as the charge made against the council tax is based on the cash payable in the year, the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	Local Government Pension Scheme		Police Pension Old Scheme		Police Pension New Scheme	
	£000 2008-09	£000 2009-10	£000 2008-09	£000 2009-10	£000 2008-09	£000 2009-10
Income and Expenditure Account						
Net Cost of Services:						
- current service cost	(3,508)	(2,998)	(16,160)	(12,540)	(1,190)	(1,410)
- past service cost	(975)	(9)	(30)	(340)	0	0
- gains/losses on settlements and curtailments	(622)	(709)				
Net operating Expenditure:						
- interest cost	(5,823)	(5,884)	(51,960)	(49,310)	(220)	(330)
- expected return on assets in the scheme	5,417	4,193				
Net Charge to the Income and Expenditure Account	(5,511)	(5,407)	(68,150)	(62,190)	(1,410)	(1,740)
Statement of Movement in the General Fund Balance						
- Reversal of net charges made for retirement benefits in accordance with FRS17	5,511	5,407	68,150	62,190	1,410	1,740
Actual amount charged against General Fund Balance for pensions in the year:						
- employers' contributions payable to the scheme	(5,390)	(5,713)				
- retirement benefits payable to pensioners (including transfer values)			(24,200)	(25,350)	790	1,360

In addition to the recognised gains and losses included in the Income and Expenditure Account, an actuarial loss of £351.098m (£68.865m gain in 2008-2009) was included in the Statement of Total Recognised Gains and Losses. The cumulative amount of gains and losses recognised in the Statement of Total Recognised Gains and Losses is a loss of £45,577.

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities Local Government Pension Scheme		Unfunded Liabilities Police Pension Scheme	
	£000 2008-09	£000 2009-10	£000 2008-09	£000 2009-10
1 April	81,742	83,383	759,230	724,110
Current Service Cost	3,508	2,998	17,350	13,950
Interest Cost	5,823	5,884	52,180	49,640
Contributions by Scheme Participants	2,162	2,254	6,320	6,820
Actuarial Gains and Losses	(9,566)	62,501	(81,270)	305,280
Curtailement Gains and Losses	622	709	0	0
Benefits Paid	(1,883)	(2,133)	(29,730)	(30,810)
Past Service Costs	975	9	30	340
31 March	83,383	155,605	724,110	1,069,330

The total of the police unfunded liabilities in the above table are made up of the police pension grant of £8.289m (£9.678m in 2008-2009), as shown in the Pension Fund Account on page 73, and the police pension scheme totals shown within the scheme history table on page 46.

Reconciliation of the fair value of the scheme assets:

	Local Government Pension Scheme	
	2008-2009 £000	2009-2010 £000
1 April	75,647	64,762
Expected rate of return	5,417	4,193
Actuarial gains and losses	(21,971)	16,683
Employer contributions	5,377	5,700
Contributions by scheme participants	2,162	2,254
Benefits paid	(1,870)	(2,120)
31 March	64,762	91,472

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the

Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets,

The actual return on scheme assets in the year was a deficit of £20.888m (£16.56m gain in 2008-2009).

Scheme History

	2005-2006 *	2006-2007	2007-2008	2008-2009	2009-2010
	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of liabilities					
▪ Local Government Pension Scheme	(84,900)	(89,200)	(81,742)	(83,383)	(155,605)
▪ Police Pension Scheme	(874,910)	(880,620)	(753,236)	(714,432)	(1,061,041)
Fair value of Assets in the Local Government Pension Scheme	63,100	73,932	75,647	64,762	91,472
Surplus/(Deficit) in the Scheme					
▪ Local Government Pension Scheme	(21,800)	(15,268)	(6,095)	(18,621)	(64,133)
▪ Police Pension Scheme	(874,910)	(880,620)	(753,236)	(714,432)	(1,061,041)
Total	(896,710)	(895,888)	(759,331)	(733,053)	(1,125,174)

* The Authority elected not to restate fair value of scheme assets for 2005-2006 as permitted by FRS17 (as revised).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £1,125.174m has a notional impact on the net worth of the Authority as recorded in the Balance Sheet, which has resulted in an overall liability for the Authority for 2009-10 of £1,117.260m.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- ◆ The deficit on the local government scheme will be funded over the remaining working life of employees, as assessed by the scheme actuary.
- ◆ Finance is only required to be raised to cover police officer pensions when the pensions are actually paid.

The total employer contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2011 is £5.186m. Expected contributions for the police pension scheme in the year to 31 March 2011 are £14.682m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on

assumptions about mortality rates, salary levels, etc. The Police Officer Pension Scheme liabilities have been assessed by the Government Actuary Department and the Local Government Pension Scheme fund liabilities have been assessed by Hymans Robertson, both being independent actuaries.

The principal assumptions used by the actuaries have been:

	Local Government Pension Scheme		Police Pension Scheme	
	2008-09	2009-10	2008-09	2009-10
Long-term expected rate of return on assets in the scheme:				
Equity Investments	7.0%	7.8%	-	-
Bonds	5.4%	5.0%	-	-
Property	4.9%	5.8%	-	-
Cash	4.0%	4.8%	-	-
Mortality assumption:				
Longevity of 65 for current pensioners:				
Men	19.6	20.8	23.4	23.9
Women	22.5	24.1	26.6	27.1
Longevity of 65 for future pensioners:				
Men	20.7	22.3	25.6	26.0
Women	23.6	25.7	28.6	29.1
Rate of Inflation	3.1%	3.8%	3.0%	3.9%
Rate of increase in salaries	4.6%	5.3%	4.5%	5.4%
Rate of increase in pensions	3.1%	3.8%	3.0%	3.9%
Rate of discounting scheme liabilities	6.9%	5.5%	6.9%	5.8%
Take-up option to convert annual pension into retirement lump sums				
Pre April 2008 service	50.0%	50.0%	*	*
Post April 2008 service	50.0%	75.0%	*	*

Note: * The commutation terms are cost neutral to the scheme and therefore no explicit allowance has been made for commutation.

The Police Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held by the Fund:

	31 March 2009 %	31 March 2010 %
Equity investments	62	67
Bonds	21	17
Other assets	17	16
	100	100

History of Experience Gains and Losses

The actuarial gains and losses identified as movements on the Pensions reserve in 2009-10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2010.

	2005-2006 %	2006-2007 %	2007-2008 %	2008-2009 %	2009-2010 %
Difference between the expected and actual rate of return	13.79	(0.51)	(10.72)	(33.93)	18.24
Experience gains and losses on liabilities	0.02	2.16	(2.08)	0.00	0.00

4. LEASING

Vehicles, Plant and Equipment – The Authority currently has no equipment, plant or vehicles financed under the terms of an operating lease.

Land and Buildings – The Authority leases a number of properties on short term lease arrangements which have been accounted for as operating leases. The rentals payable in 2009-2010 were £889,721 (£702,378 in 2008-2009).

Commitments under operating leases – The Authority was committed at 31 March 2010 to making payments of £0.944m under operating leases in 2010-2011, as follows:

	£000
Leases expiring in 2010-11	189
Leases expiring between 2011-12 and 2015-16	230
Leases expiring after 2015-16	525
Total Commitment	944

The Authority as Lessor – The Authority has granted several leases on properties which have been accounted for as operating leases. The total rentals receivable in 2009-2010 was £67,232 (£45,637 in 2008-2009).

5. PRIVATE FINANCE INITIATIVE

Operations and Communications Centre at Wymondham -

During the years 2010 to 2037 the Authority is committed to making payments under a contract with a consortium for the use of Jubilee House, Operations and Communications Centre at Wymondham.

The actual level of payments is dependent on availability of the site and the provision and delivery of services within. The estimated cost covers the contract standard facilities management provision. The contract, which is for a period of 35 years starting from 2001, has an option to negotiate with the PFI provider to extend the contract for up to a further 2 periods of 15 years or of terminating the contract.

The Authority is deemed to control the services that are provided under the scheme and from the financial year 2009-2010 the Authority is required to carry the fixed assets used under the contract on the Authority's Balance Sheet.

As such the original recognition of these fixed assets has been balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets and the liability has been written down by an initial capital contribution of £28.598m. An interest charge of 12.03% on the outstanding Balance Sheet liability has been debited to Interest payable and Similar Charges in the Income and Expenditure Account.

The 2008-2009 Income and Expenditure Account, Balance Sheet and Cash Flow Statements have been restated to reflect the movements in recognising these assets in the accounts.

The assets have been valued as at occupation in 2001, 1 April 2006 and 1 April 2009. The carrying value of assets held under the scheme as at each Balance Sheet date showing the movement in the carrying values is shown in the table below;

Year	Land £000	Buildings £000	Siteworks £000	Mechanical & Engineering £000	Total £000
Initial Valuation	2,770	5,571	2,371	3,912	14,624
Depreciation		(29)	(12)	(52)	(93)
2001-2002	2,770	5,542	2,359	3,860	14,531
Depreciation		(86)	(37)	(157)	(280)
2002-2003	2,770	5,456	2,322	3,703	14,251
Depreciation		(86)	(36)	(156)	(278)
2003-2004	2,770	5,370	2,286	3,547	13,973
Depreciation		(86)	(36)	(157)	(279)
2004-2005	2,770	5,284	2,250	3,390	13,694
Depreciation		(85)	(37)	(156)	(278)
2005-2006	2,770	5,199	2,213	3,234	13,416
Valuation Gain / (Loss)	554	2,027	863	1,423	4,867
Depreciation *		245	104	411	760
2006-2007	3,324	7,471	3,180	5,068	19,043
Depreciation		(127)	(54)	(267)	(448)
2007-2008	3,324	7,344	3,126	4,801	18,595
Depreciation		(126)	(54)	(267)	(447)
2008-2009	3,324	7,218	3,072	4,534	18,148
Valuation Gain / (Loss)	277	(272)	(116)	342	231
Depreciation		(122)	(52)	(287)	(461)
2009-2010	3,601	6,824	2,904	4,589	17,918

* The depreciation has been reversed out in 2005-2006 to account for the revaluation gain and difference in carrying amount of the asset.

The total value of liabilities resulting from the scheme was £28.598m. An analysis of the movement in those values since 2001-2002 is shown in the below table;

Year	Annual Movement £000	Closing Liability £000
2001-2002	(168)	(28,766)
2002-2003	68	(28,698)
2003-2004	76	(28,622)
2004-2005	86	(28,536)
2005-2006	96	(28,440)
2006-2007	107	(28,333)
2007-2008	120	(28,213)
2008-2009	135	(28,078)
2009-2010	152	(27,926)

Details of the estimated future payments due to be made based on prices at the Balance Sheet date are shown in the table below;

	Repayment of			
	Liability £000	Interest £000	Service Charges £000	Total £000
Within 1 year	169	3,360	1,211	4,740
Within 2 to 5 years	906	13,211	5,155	19,272
Within 6 to 10 years	1,898	15,749	6,619	24,266
Within 11 to 15 years	3,351	14,297	7,395	25,043
Within 16 to 20 years	5,914	11,734	7,622	25,270
Within 21 to 25 years	10,437	7,210	8,503	26,150
Within 26 and 27 years	5,251	915	3,073	9,239
Total Payable	27,926	66,476	39,578	133,980

Police Investigations Centres (PIC) -

In 2005 the Police Authorities of Norfolk, Suffolk and Cambridgeshire agreed to purchase sites within the 3 counties prior to acquiring Police Investigation Centres under a PFI arrangement which are due to be opened during financial years 2010-2011 and 2011-2012. The agreement makes provision to procure the following joint sites:

Land Aquired at	Date	Aquiring Force	%	Contributing Force	%	Balance Sheet £000
Kings Lynn	May 2007	Norfolk	67	Cambridgeshire	33	190
Bury St. Edmunds	March 2009	Suffolk	70	Norfolk	30	480
Gt. Yarmouth	December 2009	Norfolk	50	Suffolk	50	200

The amounts shown in the above table as held on the Balance Sheet are that which relates to the percentage of the total site valuation applicable to Norfolk.

The PFI contract for the 6 PIC's within Norfolk and Suffolk was signed on 23 February 2010. Cambridgeshire is no longer a party to this agreement and will reimburse Norfolk for use of the King's Lynn PIC. The first PIC will be operational on 28 February 2011 with the other sites opening between April and November 2011.

During the financial years 2010-2011 to 2040-2041 the Norfolk and Suffolk Authority's are committed to making payments of £294.324m. The actual level of payments will be dependant on availability of the site and provision and delivery of services within. The contract is for 30 years.

6. AREA BASED GRANT (ABG)

In 2008-2009 Local Area Agreement Grant (LAAG) was replaced by Area Based Grant (ABG). Local Authorities and their partners are responsible for working towards delivering against the National Indicator Set and their LAA targets. Ensuring the ABG is a non ring fenced general grant maximises local flexibility over the use of resources to deliver local priorities effectively and efficiently.

Norfolk County Strategic Partnership (NCSP) is responsible for its negotiation, development, and delivery. It is a multi-agency group, its board contains representatives from First and Second tier Local Authorities, Norfolk Association of Parish and Town Councils, East of England Development Agency, Norfolk Learning Partnership, Government Office Eastern Region, Norwich and Norfolk Voluntary Services, Norfolk Strategic Registered Social Landlord Alliance, Norfolk Rural Community Council, Diocese of Norwich, Norfolk Constabulary, Norfolk Police Authority, Norfolk and Norwich Chamber of Commerce, Norfolk Primary Care Trusts, the University of East Anglia, and local businesses .

The ABG is paid to Norfolk County Council (NCC) which acts as the accountable body. This means that the Council is responsible for managing the distribution of grant to the partners involved. The Authority has only recognised that part of the funding which has been received from the partnership in its financial statements.

The Authority is not a primary partner of the ABG however it received £0.173m in 2009-2010 (£0.248m in 2008-2009) from NCC to fund services.

7. MEMBERS' ALLOWANCES

The total amount of members' allowances paid in 2009-2010 was £228,191 (£222,598 in 2008-2009).

8. RELATED PARTY TRANSACTIONS

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

Central Government – responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of transactions with Government Departments are set out in a note to the Cashflow Statement.

Members of the Authority – the Authority wrote to all members requesting details of any related party transactions. There are no disclosures.

Officers - The Authority wrote to all Chief Officers requesting details of any related party transactions. There are two disclosures:

A bridging loan of £785,000 for a house purchase was advanced to a chief officer during 2007-2008 secured as part of a recruitment package of which £425,000 was repaid during 2009-2010. The remaining amount of £360,000 was repaid in full in April 2010 when the officer sold his property.

A Current Lay Member is a Trustee of PACT (see note 22 on page 63).

Other Public Bodies – these include the seven District Councils. Material transactions with these organisations are included elsewhere in the accounts.

9. OFFICERS' REMUNERATION

The number of employees in 2009-2010 whose remuneration, excluding employee and employer pension contributions, was £50,000 or more (in bands of £5,000) are shown in the table below. This table includes senior employees and police officers whose remunerations are disclosed separately.

2008-2009 Number of Employees	Remuneration band	2009-2010 Number of Employees
65	£50,000 - £54,999	73
33	£55,000 - £59,999	40
12	£60,000 - £64,999	13
7	£65,000 - £69,999	10
5	£70,000 - £74,999	4
6	£75,000 - £79,999	8
6	£80,000 - £84,999	5
3	£85,000 - £89,999	1
0	£90,000 - £94,999	3
1	£95,000 - £99,999	1
0	£100,000 - £104,999	1
1	£105,000 - £109,999	1
0	£110,000 - £114,999	1
2	£115,000 - £119,999	0
0	£120,000 - £124,999	3
1	£135,000 - £139,999	1
1	£145,000 - £149,999	0
0	£165,000 - £169,999	1
0	£170,000 - £174,999	1
1	£195,000 - £199,999	0

Details of remunerations for those Police Officers whose salary was £150,000 or more for 2008-2009 and 2009-2010 are shown in the following tables:

Details for 2008-2009 -

Postholder Information Salary £150,000 or more 2008-2009	Salary (Incl. fees & allowances) £	Bonuses £	Expense Allowance £	Benefits in Kind £	Total Remuneration excl. pension contributions £	Employer's Pension Contributions £	Total Remuneration incl. pension contributions £
Chief Constable I McPherson	161,673	18,901	9,060	6,249	195,883	30,876	226,759

Details for 2009-2010 -

Postholder Information Salary £150,000 or more 2009-2010	Salary (Incl. fees & allowances) £	Bonuses £	Expense Allowance £	Benefits in Kind £	Total Remuneration excl. pension contributions £	Employer's Pension Contributions £	Total Remuneration incl. pension contributions £
Chief Constable I McPherson Resigned 31.12.09	129,158	32,442	6,398	1,833	169,831	23,416	193,247
Chief Constable I Learmonth Acting for period 01.01.10 to 21.03.10	38,589		1,793	529	40,911	7,620	48,531
Chief Constable P Gormley Joined 22.03.10	6,254			9	6,263	1,231	7,494

Details of remunerations for Police Officers and Senior Staff designated as ACPO officers and senior Police Authority officers those whose salary was £50,000 or more per year but less than £150,000 for 2008-2009 and 2009-2010 are shown in the following tables.

Details for 2008-2009 –

Postholder Information Salary between £50,000 and £150,000 2008-2009	Salary (Incl. fees & allces) £	Bonuses £	Expense Allce £	Benefits in Kind £	Total excluding pension contributes £	Employer's Pension Contributions £	Total including pension contributes £
Deputy Chief Constable	128,560	3,394	7,985	6,196	146,135	25,473	171,608
Assistant Chief Constable Customer Service	127,717		7,867	1,294	136,878	24,015	160,893
Assistant Chief Constable Delivery Acting from 17.11.08	33,176			1,897	35,073	7,715	42,788
Assistant Chief Constable Acting to 16.11.08	55,370	19,603	75	1,960	77,008	12,678	89,686
Assistant Chief Officer Resources	99,081	9,800	7,099		115,980	16,798	132,778
Assistant Chief Officer People Resigned 17.03.09	83,388		5,199	9,865	98,452	12,869	111,321
Chief Executive	105,097		2,242	9,617	116,956	16,218	133,174
Treasurer to Authority works 22.5 hours/week	43,856				43,856		43,856

Details for 2009-2010 –

Postholder Information Salary between £50,000 and £150,000 2009-2010	Salary (Incl. fees allces) £	Bonuses £	Expense Allce £	Benefits in Kind £	Total excluding pension contri £	Employer's Pension Contributions £	Total including pension contri £
Deputy Chief Constable excl. A/CC period above	101,323	13,339	5,875	1,884	122,421	19,749	142,170
Assistant Chief Constable Customer Service	131,070		7,514	1,122	139,706	24,642	164,348
Assistant Chief Constable Delivery From 01.04.09 to 04.05.09	8,355			158	8,513	1,943	10,456
Assistant Chief Constable Delivery Appointed 05.05.09	106,705		6,589	2,702	115,996	20,763	136,759
Assistant Chief Constable People Appointed 05.05.09	100,265		6,289	1,232	107,786	19,464	127,250
Assistant Chief Officer Resources	101,874	10,322	7,960		120,156	17,278	137,434
Chief Executive	108,060	4,093	682	10,927	123,762	16,641	140,403
Treasurer to Authority works 22.5 hours/week	45,261				45,261		45,261

Employer's pension contributions are made at the rate of 24.2% of pensionable pay for police officers and 15.4% of pensionable pay for staff in accordance with the separate pension arrangements for police officers and staff. See note 3 on page 43.

Further information on bonuses, expenses, allowances and benefits in kind is available in the "Payments and Benefits in Kind" booklet on the Authority's website www.norfolk-pa.gov.uk.

10. AUDIT COSTS

The total fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor are shown in the table below:

Planned Fee 2008-2009 £	Actual Fee 2008-2009 £		Planned Fee 2009-2010 £
54,500	58,500	Financial Statements and Annual Governance Statement	62,000
28,000	28,000	Use of Resources	30,000
82,500	86,500	Total	92,000

11. SPONSORSHIP

In sponsorship deals the Authority received £127,308 in cash contributions and benefits in kind during 2009-2010 (£99,577 in 2008-2009). The benefits were received from a wide ranging group of sponsors and projects covered a range of initiatives.

12. COUNCIL TAX

The precept, which is paid over to the Authority by the Norfolk District Councils, is the money raised from Council Tax to provide funding towards the Authority's net budget. The net amount to the Authority comprises money due for the year, adjusted for surpluses or deficits on the District Council collection fund for previous years. Details of the amounts received and owed from/(to) each of the District Councils (billing authorities) are shown in the table below.

2008-2009				2009-2010		
Precept Received In year £000	Adjustment for Accrued Amount £000	Income & Expenditure Account Total £000	Billing Authority	Precept Received In year £000	Adjustment for Accrued Amount £000	Income & Expenditure Account Total £000
7,597	(106)	7,491	Breckland	7,860	74	7,934
7,990	(4)	7,986	Broadland	8,341	5	8,346
9,131	(14)	9,117	Kings Lynn & West Norfolk	9,488	62	9,550
7,272	(86)	7,186	Norwich	7,580	9	7,589
5,602	(64)	5,538	Great Yarmouth	5,802	14	5,816
7,356	(48)	7,308	North Norfolk	7,645	(22)	7,623
7,896	23	7,919	South Norfolk	8,370	(72)	8,298
52,844	(299)	52,545	Total Council Tax	55,086	70	55,156

From 1 April 2009, the Council Tax income included in the Income and Expenditure Account for the year is the accrued income for the year. The difference between the income included in the Income and Expenditure Account and the amount required to be credited to the General Fund has been taken to a new Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General fund Balance.

The following table shows the movements which have been included in the Balance Sheet.

	2008-09 £000	2009-10 £000
Council Tax Arrears	1,922	2,025
Allowance for Doubtful Debts	(797)	(651)
Council Tax Overpayments and Prepayments	(803)	(874)
Collection Fund Deficit	(650)	(704)
Cash	328	204

13. SUMMARY OF CAPITAL EXPENDITURE AND FIXED ASSETS DISPOSAL

Movement on Fixed Assets

a) Operational Assets

Operational Assets	Land and Buildings £ 000	Police Houses £ 000	Furniture £ 000	Plant and Equipment £ 000	Vehicles £ 000	TOTAL £ 000
Cost or Valuation						
At 1 April 2009	13,144	1,335	476	21,854	5,983	42,792
Restated	32,364	1,335	476	21,854	5,983	62,012
Additions	7,602		141	1,874	670	10,287
Disposals	(190)		(246)	(9,839)	(747)	(11,022)
Revaluations	805				2	807
Reclassifications	250			605	248	1,103
Impairment	(133)	(15)	(12)	(230)	(1)	(391)
At 31 March 2010	40,698	1,320	359	14,264	6,155	62,796
Depreciation and Impairment						
At 1 April 2009	899	266	417	15,525	2,431	19,538
Restated	1,971	266	417	15,525	2,431	20,610
Charge for 2009-2010	635	9	72	2,409	879	4,004
Revaluations	(639)	(6)				(645)
Disposals			(246)	(9,834)	(507)	(10,587)
Impairment	3,837	(61)			43	3,819
At 31 March 2010	5,804	208	243	8,100	2,846	17,201
Balance Sheet amount at 31 March 2010	34,894	1,112	116	6,164	3,309	45,595
Balance Sheet Restated at 1 April 2009	30,393	1,069	59	6,329	3,552	41,402
Balance Sheet amount at 1 April 2009	12,245	1,069	59	6,329	3,552	23,254
Nature of Asset Holding						
Owned	16,976	1,112	116	6,164	3,309	27,677
PFI (OCC scheme)	17,918					17,918
as at 31 March 2010	34,894	1,112	116	6,164	3,309	45,595

Included in the Land and Buildings above is the Authority share of land purchased in conjunction with Suffolk and Cambridgeshire Police Authority's. For further details see note 5 on page 49.

b) Non-Operational Assets

Non Operational Assets	Non Operational Vehicles £ 000	Non Operational Assets £ 000	TOTAL £ 000
Cost or Valuation			
At 1 April 2009	114	1,691	1,805
Additions	411	627	1,038
Disposals			0
Transfers	(248)	(855)	(1,103)
Written off to Capital Adjustment Account		(77)	(77)
At 31 March 2010	277	1,386	1,663
Balance Sheet amount at 31 March 2010	277	1,386	1,663
Balance Sheet amount at 1 April 2009	114	1,691	1,805

14. INTANGIBLE FIXED ASSETS

Intangible Fixed Assets	Software Licences £ 000	Software Purchases £ 000	TOTAL £ 000
Original cost	270	174	444
Amortisations to 1 April 2009	(171)	(25)	(196)
Balance at 1 April 2009	99	149	248
Expenditure in year		188	188
Written off to revenue in year	(53)	(73)	(126)
Balance at 31 March 2010	46	264	310

Software licences were purchased for various IT systems during 2005-2006 which are being written off over 3 and 5 years. The 3 year licenses have been fully depreciated and disposed of.

Software has been purchased during 2007-2008 for the information technology infrastructure library and hi-path upgrade for the call handling system which are being written off over 5 years.

Software has been purchased during 2008-2009 for the Stores System and the Police National Database which are being written off over 5 years.

Software has been purchased during 2009-2010 for the Casualty Reduction Partnership and Protective Services which are being written off over 5 years.

15. DEPRECIATION

Depreciation is provided for on all fixed assets over their useful economic lives. Depreciation for assets acquired or disposed of during the year is calculated on a pro rata basis from the date of acquisition or disposal, except for plant and equipment which bears full depreciation in the year of purchase and none in the year of disposal. This charge is for accounting purposes only and has no implications for the Authority's Council Tax. The total depreciation charged to services for the year was £4.130m.

16. GOVERNMENT GRANTS DEFERRED ACCOUNT

The balance on this account represents the value of capital grants and contributions that have been applied to finance the acquisition or enhancement of fixed assets. The balance is released to revenue over the life of the asset taking into account depreciation. Expenditure in 2009-2010 totalled £1,468,479. The total amount has been charged to the Income and Expenditure Account during the year (£622,605 in 2008-09). The Authority received grant income of £2.916m towards the cost of these charges during the year (£2.991m in 2008-2009).

17. CAPITAL EXPENDITURE

The table shows how capital expenditure in the year has been financed. The opening capital financing requirement details the capital expenditure at the start of the year, which requires financing. This is increased by capital expenditure incurred during the year and reduced by resources used. The difference between the two reflects the Authority's need to borrow for a capital purpose.

This is an accounting requirement which does not reflect the actual capital funding requirement in 2009-2010 which was fully funded from cash balances.

2008-2009 £000	Restated £000		2009-2010 £000
14,778	14,778	Opening Capital Financing Requirement	44,400
		Capital Investment	
4,461	22,609	Operational Assets	10,287
1,513	1,513	Non-operational Assets	1,226
		Sources of Finance	
(104)	(104)	Capital receipts	(234)
(2,990)	(2,990)	Government Grants & Other Contributions	(2,916)
(922)	(922)	Revenue Funding	(323)
(486)	(1,007)	Minimum Revenue Provision	(632)
		Other Adjustments	
0	10,450	PFI long term liability	0
11	231	Charge in Deferred PFI Consideration	0
(158)	(158)	Transferred Debt Repayment	(158)
16,103	44,400	Closing Capital Financing Requirement	51,650
		Explanation of Movements in Year	
875	875	Increase in underlying need to borrow (supported by Government financial assistance)	875
450	149	Increase/(decrease)in underlying need to borrow (unsupported by Government financial assistance)	(1,665)
1,325	1,024	Increase/(decrease) in Capital Financing Requirement	(790)

18. FIXED ASSET VALUATION

The external valuer, NPS Property Consultants Limited has valued the Authority's properties with an effective date of valuation of 31 March 2010. Two new properties completed during the year were valued by Roche Chartered Surveyors. In each case the valuation was undertaken, or supervised, by a member of the Royal Institution of Chartered Surveyors.

The properties were inspected and valued in accordance with the statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

The values at which the land, building and police house categories of assets have been included in the balance sheet have been reviewed by NPS Property Consultants, on a category by category basis, at the end of the reporting period. It is considered that there has not been a material change in the period over and above the normal rate of inflation. Any adjustments which do need to be made will be done in the course of the five yearly cycle of valuations.

The following statement shows the progress of the Authority's rolling programme for the valuation of fixed assets:

	Land and Buildings	Police Houses	Furniture	Plant and Equipment	Vehicles	Non Operational Vehicles	TOTAL
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Valued at historical cost	1,275		116	6,164	3,309	277	11,141
Valued at current value in							
2009-2010	24,125	320					24,445
2008-2009	2,484	792					3,276
2007-2008	2,332						2,332
2006-2007	3,134						3,134
2005-2006	1,544						1,544
Total	34,894	1,112	116	6,164	3,309	277	45,872

The non-operational assets of £1.386m as shown in the Non Operational Asset table have not been included as this relates to assets under construction.

19. INFORMATION ON ASSETS HELD

An analysis of the fixed assets at 31 March is given in the list below. Other establishments include aerial masts, properties for disposal and land awaiting development.

2008-2009 No.		2009-2010 No.
34	Operational Police Establishments	37
7	Police Houses	7
14	Other Establishments	18
464	Vehicles	490

20. CAPITAL COMMITMENTS

During 2009-2010 the Authority let contracts for the following;

- Construction of additional office accommodation at Wymondham at a cost of £8.255m. Of this £1.85m will be incurred in 2010-2011. Funds have been set aside to provide for this expenditure.
- Construction of accommodation for the Domestic Violence Unit at Reepham Road in Norwich at a cost of £0.518m. Of this £0.346m will be incurred in 2010-2011. Funds have been set aside to provide for this expenditure.
- A contract, in collaboration with Suffolk Constabulary, to construct 6 Police Investigation Centres in Norfolk and Suffolk was signed in February 2010. The Home Office have agreed PFI credit approval of £87.213m. See also note 5 on page 49.

21. LOCAL CRIMINAL JUSTICE BOARD (LCJB)

The Constabulary provides financial management on behalf of the LCJB which is a combined Board made up of Criminal Justice Agencies.

The amount received on their behalf from the Department for Constitutional Affairs for years 2009-2010 and 2008-2009 was £156,439.

22. PARTNERS AGAINST CRIME TASKFORCE (PACT)

PACT was formed in 1996 and is registered as a company limited by guarantee and is a registered charity. The trading name is Norfolk Shrievally Trust.

PACT is a broad based partnership uniting commerce, industry, public sector and people of Norfolk which delivers projects that reduce fear of crime across the County.

Norfolk Constabulary has supported PACT since its inception and from 2006-2007 by employing a police staff member and providing office accommodation at the OCC in Wymondham. The Norfolk Police Authority has agreed to fund this post in order to offer an opportunity for the Constabulary to enhance influence and delivery of problem solving community priorities. The cost in 2009-2010 was £32,867 (£32,459 in 2008-2009).

23. DEBTORS

31 March 2009 £000	Restated £000		31 March 2010 £000
Amounts falling due within one year			
785	785	Prepayments	2,044
<u>5,852</u>	<u>7,305</u>	Sundry Debtors (see table below)	<u>5,350</u>
6,637	8,090		7,394
Amounts falling due after one year			
301	0	Deferred Consideration	0
<u>6,938</u>	<u>8,090</u>		<u>7,394</u>

The Deferred Consideration relating to the transfer of freehold properties as part of the PFI agreement has been removed from the Balance Sheet due to the restatement of this PFI contract.

The data in the Aged Debt table below is included within the Sundry Debtors balance.

31 March 2009 £000	Aged Debt	31 March 2010 £000
21	Less than two months	102
15	Two to six months	0
12	Over six months	54
48		156

24. STOCK

Stock balances are made up of the following:

31 March 2009 £000		31 March 2010 £000
371	Uniforms and Clothing	327
28	Vehicle Fuel and Oil	22
399		349

25. CREDITORS

The table shows an analysis of creditors included in liabilities on the balance sheet.

31 March 2009 £000	Restated £000		31 March 2010 £000
10,765	11,719	Sundry Creditors	11,440
1,648	1,567	Long Term Creditors	1,410
12,413	13,286		12,850

Following the local government re-organisation in 1974, outstanding borrowing on functions transferred to the Norfolk Police Authority from the County Council remained with the County Council, but the costs of repaying the loans are charged to the Police Authority. The total debt due to be paid by the Police Authority at 31 March 2010 is £1.561m, of which £0.156m is due to be repaid within one year.

Included in Sundry Creditors is £169,214 (£151,040 in 2008-2009) relating to the liability which is due to be settled within one year for the PFI now required to be on balance sheet as shown in the table on page 51 within note 5.

26. PROVISIONS**Insurance**

The Authority self-insures a number of risks up to a predetermined limit with insurance only being bought externally to cover losses beyond this. This provision is in place to finance any liabilities or losses that are likely to be incurred but uncertain as to the amounts or the dates on which they will arise.

Compensation

The provision balance as at 31 March 2009 was to provide for compensation and associated costs expected from six outstanding employee relations disputes. Five of these disputes were settled during the year. Additional provision has been made for a further 6 disputes which occurred during 2009-2010. As these cases are subject to legal and other investigative proceedings no further details can be provided.

Workforce Modernisation

The balance as at 31 March 2009 was to provide for pension strain and redundancy payment for nine members of staff that were given redundancy notice following a workforce modernisation programme during 2008-2009 but who did not leave the Constabulary until after 1 April 2009. Eight of these liabilities have been paid in full and one employee was subsequently given alternative employment within the Authority.

Provisions	Insurance £000	Compensation £000	Workforce Modernisation £000	Total £000
Balance at 31 March 2009	495	266	390	1,151
Payments made during the year	(167)	(107)	(379)	(653)
Provision for future claims	224	(57)	(11)	156
Balance at 31 March 2010	552	102	0	654

27. RESERVES

The Authority keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set voluntarily to earmark resources for future spending plans.

The balances have been restated due to the PFI Scheme (Capital Adjustment Account), Council Tax (Collection Fund Adjustment Account) and repayment of borrowing (Financial Instruments Adjustment Account).

	Restated Balance at 1 April 2009 £000	Net Movement in Year £000	Balance at 31 March 2010 £000	Purpose of Reserve	Further Details of Movements
Revaluation Reserve	1,234	1,384	2,618	Store of gains on revaluation of fixed assets	see (a) below
Capital Adjustment Account	(6,672)	(5,968)	(12,640)	Store of capital resources set aside to meet past expenditure	see (b) below
Financial Instruments Adjustment Account	0	109	109	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments	see (c) below
Usable Capital Receipts	0	0	0	Proceeds of fixed asset sales available to meet future capital investment	see (d) below
Collection Fund Adjustment Account	650	54	704	Adjustment for the Authority's share of accrued council tax included in District Councils Collection Funds	see (e) below
Pensions Reserve	(733,053)	(392,121)	(1,125,174)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet	Note 3 to the Core Financial Statements see pages 43 to 48
General Fund	4,475	0	4,475	Resources available to manage unplanned or unforeseen events	Statement of Movement on General Fund see page 33
Earmarked Reserves	13,342	(694)	12,648	Resources available to meet future specific costs	see (f) below
Total	(720,024)	(397,236)	(1,117,260)		

(a) Revaluation Reserve

The Revaluation Reserve records unrealised gains arising from holding fixed assets. An analysis of the movements on this reserve during the year is as follows:

	£000
Gains on revaluation of fixed assets	1,412
Depreciation on fixed asset gains in year	(28)
Total movement in the year	1,384

(b) Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated and financed through the capital controls system. The account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans, the amount of capital expenditure financed from revenue and capital receipts and the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans. The movement on the account in the year comprises the following:

	£000
Resources set aside to finance capital investment:	
Gains/(losses) on revaluation of fixed assets	68
Amounts written off fixed assets balances for impairment and disposals	(4,721)
Usable capital receipts applied	235
Capital expenditure financed from revenue	323
Reconciling amount for provisions for loan repayment	790
Depreciation	(4,132)
Deferred Grant Applied	1,469
Total movement in the year	(5,968)

(c) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account allows for the impact of premiums and discounts which have been charged to the Income and Expenditure Account to be spread over future years. The effect will be to gradually write down the Account to zero. The movement on the account in the year comprises the following:

	£000
Discount allowed	117
Written down in year	(8)
Total movement in the year	109

(d) Usable Capital Receipts

Income from the disposal of fixed assets is credited to the usable capital receipts reserve.

	£000
Amounts receivable in the year	234
Amounts applied to finance new capital investment	(234)
Total movement in the year	0

(e) Collection Fund Adjustment Account

The Collection Fund Adjustment Account allows for the Authority as a preceptor to account in full for the amounts of council tax billed on its behalf. The movement on the account in the year comprises the following:

	£000
Reversal of 2008-09 share accrued council tax	(650)
Share of 2009-10 accrued council tax	704
Total movement in the year	54

(f) Earmarked Reserves

The table on page 70 shows the opening balances and movements during the year in the Authority's earmarked reserves. These reserves are held for a specific purpose, whereby funds are set aside for future use when that specific purpose arises. The precise level and timing of such expenditure is usually uncertain. The following reserves are in place:

OCC Unitary Charge

The net excess of specific grant over unitary charge payments in the early years of the PFI-funded Operations and Communication Centre, to be offset against a net shortfall in the later years.

Insurance Reserve

With effect from October 2005 the Authority has self funded the first £250,000 of each and every employer and public liabilities insurance claim and each and every motor claim.

Police Pension Reserve

To provide for the additional cost of ill-health retirements over and above that held within the revenue budget.

Operational Contingency

To provide for the additional cost of operations over and above that held within the revenue budget for periods where a high level of incidents occur in a relatively short space of time.

Corporate Programme - Budget Support

As part of the approved financial strategy this reserve will be used to smooth the effects of budget shortfalls over the next 3 financial years.

Corporate Programme - Invest to Save

As part of the approved financial strategy this reserve is used to support one off investment on organisational change and projects that will generate future cost savings and benefits.

Job Evaluation

To provide for the potential additional cost of regradings following the Job Evaluation review.

Projects

This reserve allowed for the continuation and conclusion of projects in 2009-10 which were identified and approved in previous years.

Norfolk Police Authority Reserve

This reserve allows for the carry forward of funds as an addition to the 2010-11 base budget.

Safer Neighbourhoods

This reserve is the residue of funds established to implement the safer Neighbourhoods initiative in Norfolk which has been used in 2009-10.

Collaboration

This reserve is used to support collaborative initiatives with other forces. As part of the approved financial strategy this has been used to support the budget in 2009-10.

Operational Contingency b/fwd

This reserve allows for the carry forward of funds as an addition to the 2010-11 base budget for expenditure on major operations that were committed against the 2009-10 budget but slipped into the new year. The carried forward funds will offset the spending as it is incurred. The opening balance was similarly used during 2009-10 for expenditure committed in 2008-09.

Budget Management

This reserve allows for the carry forward of funds as an addition to the 2010-11 base budget for items of expenditure that were committed against the 2009-10 budget but slipped into the new year. The carried forward funds will offset spending in 2010-11.

	Balance at 31 March 2009 £ 000	Movements / Realignment £ 000	Transfers (to) Revenue £ 000	Transfers from Revenue £ 000	Balance at 31 March 2010 £ 000
OCC Unitary Charge	2,437		(298)		2,139
Insurance	786				786
Police Pension Reserve	300				300
Operational Contingency	400				400
Corporate Programme -Budget Support	3,991		(467)		3,524
Corporate Programme - Invest to Save	1,396	602	(221)	144	1,921
Corporate Programme - Job Evaluation Projects	2,200	(52)	500		2,700
NPA Reserve	255	(52)	(203)		0
Safer Neighbourhoods	0		95	94	189
Collaboration	250	(250)			0
Operational Contingency b/fwd	182		(182)		0
Budget Management	313		(313)	369	369
	832	(300)	(532)	320 *	320
TOTAL	13,342	0	(1,621)	927	12,648

* Due to rounding this reserve figure has been reduced from 321.

28. JOINT ARRANGEMENT NON ENTITY (J.A.N.E.)

The Authority set up collaborative agreements with Suffolk and Cambridgeshire Authorities from April 2009 to combine activities within Protective Services. Classed as 'Joint Arrangements for Non Entities' Norfolk acted as the lead Authority.

The Authority includes its contribution share of agreed joint running costs of the Major Incident and Witness Protection teams in the Income & Expenditure account. For 2009-2010 the cost sharing ratios agreed were 56:44 (Norfolk & Suffolk for the Joint Major Incident Team), and 37:30:33 (Norfolk, Suffolk & Cambridgeshire for Witness Protection), which was determined on the basis of a comparison of the overall approved Net Revenue Expenditure budgets for each Force.

The following details the joint expenditure for 2009-2010;

	2009-2010 £ 000
Norfolk Constabulary	2,403
Suffolk Constabulary	1,891
Cambridgeshire Constabulary	117
Total Joint Expenditure	4,411

29. PRIOR YEAR ADJUSTMENT

This Prior Period Adjustment for 2008-2009 as shown in the Income and Expenditure Account, Statement of Movement on General Fund Balances and Balance Sheet are detailed in the tables below.

	Published Accounts for 2008-2009 £000	PFI Adjustment £000	Council Tax Adjustment £000	Adjusted Accounts for 2008-2009 £000
Income and Expenditure Account:				
Net Cost of Services	135,907	(3,428)		132,479
Interest Payable and Similar Charges	979	3,728		4,707
Council Tax Receipts	(52,844)		299	(52,545)
Deficit for the Year	39,462	300	299	40,061
Statement of Movement on General Fund Balances:				
Depreciation & Impairment of Fixed Assets	(4,379)	(447)		(4,826)
PFI Deferred Consideration	(12)	12		0
Council Tax Adjustment	0		(299)	(299)
Minimum Revenue Provision for Capital Financing and Transferred Debt Repaid	644	135		779
Net Additional Amount required to be credited to the General Fund Balance	(39,662)	(300)	(299)	(40,261)

	Published Accounts for 2008-2009 £000	PFI Adjustment £000	Council Tax Adjustment £000	Adjusted Accounts for 2008-2009 £000
Balance Sheet:				
Fixed Assets - Land and Buildings	12,245	18,148		30,393
Debtors	6,637		1,453	8,090
Creditors	(10,765)	(151)	(803)	(11,719)
Long Term Debtors	301	(301)		0
Long Term Creditors	(1,648)	81		(1,567)
Long Term Liabilities	0	(27,927)		(27,927)
Total Assets less Liabilities	(710,524)	(10,150)	650	(720,024)
Capital Adjustment Account	3,478	(10,150)		(6,672)
Collection Fund Adjustment Account	0		650	650
Total Net Worth	(710,524)	(10,150)	650	(720,024)

30. POST BALANCE SHEET EVENT

Changes to the Indexation of Public Service Pensions:

The Coalition Governments June 2010 budget proposed that in future, pension payments including the need to increase deferred pension entitlements would be calculated by using the Consumer Price Index (CPI) instead of the Retail Price Index (RPI). Actuarial assumptions including FRS17 disclosures for the LGPS and uniformed scheme have until now been based on the RPI. Historically the CPI has usually been lower than the RPI and it is therefore likely that the Authority's pension liability under FRS17 (£1,125.174 million ay 31 March 2010) will be reduced. Following guidance from the actuary the Authority estimates that this change will reduce the value of FRS17 liabilities by around 6-8%.

NORFOLK POLICE OFFICER PENSION FUND ACCOUNT**Introduction**

This section summarises the accounts of the Norfolk Police Officer Pension Fund for the year ending 31 March 2010.

The accounts of the Pension Fund have been prepared in accordance with the accounting policies as detailed in the Statement of Accounting Policies on page 20.

Summary of Arrangements

The Police Authority is responsible for paying the pensions of officers in accordance with the Police Pension Regulations 1987 and 2006.

The 2006 pension scheme was introduced for new officers joining the service. Pension arrangements for officers already employed by the service continue under the old scheme, unless they elect to transfer to the new scheme.

Funding arrangements for both schemes require the Authority to set up a new police pension fund account established under the Police Pension Fund Regulations 2007. Contributions from the Authority (employer) and officers are paid into the account. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office. The employer's contribution is subject to triennial revaluation by the Government Actuary's Department. The rate reduced from 24.6% to 24.2% from 1 April 2008. Pension payments are made from the account, except for injury awards, which are funded by the Authority.

Grant Arrangements

The Police Pension Schemes are unfunded, defined benefit schemes which means there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. The account is topped up by the Home Office if the contributions are insufficient to meet the cost of pension payments and the account balanced to nil at the 31 March. The underlying principle is that employer and officer contributions together will meet the full costs of pension liabilities being accrued by serving officers while Central Government provides for the costs of pensions paid to retired officers and their dependants. Should there be a surplus in the account this is repaid to the Home Office.

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 31 March 2010.

Pension Administration

The Authority is responsible for the administration and payment of police officer pensions in accordance with the Police Pension Regulations 1987 (old pension scheme) and 2006 (new pension scheme). The new arrangements have no impact on the benefit structure of the police pension schemes.

Norfolk Police Officer Pension Fund Account for the year ended 31 March 2010

Previous Year 2008-2009			Current Year 2009-2010		
Old Scheme £000	New Scheme £000	Total £000	FUND ACCOUNT		
Old Scheme £000	New Scheme £000	Total £000	Old Scheme £000	New Scheme £000	Total £000
			Contributions Receivable Police Authority		
12,151	1,163	13,314	11,967	1,976	13,943
			Contributions at 24.2% of pensionable pay		
628		628	727		727
5,511	457	5,968	5,417	776	6,193
			Officers contributions		
			Transfers In from other pension bodies		
13	338	351		621	621
			Benefits Payable		
(21,474)		(21,474)	(23,623)		(23,623)
(7,907)		(7,907)	(5,730)		(5,730)
			Pensions		
			Commutations & Lump Sum Retirement Benefits		
(70)		(70)	(74)		(74)
			Lump Sum Death Benefit		
			Payments to and on account of leavers		
(9)	(6)	(15)		(15)	(15)
(473)		(473)	(311)	(20)	(331)
			Refund of Contributions		
			Transfers out to other pension bodies		
(11,630)	1,952	(9,678)	(11,627)	3,338	(8,289)
			9,678 Additional Contributions from the Police Authority		
			0 Net balance for the year		
					0

Pension Fund Net Assets Statement at 31 March 2010

Previous Year 2008-2009 £000	NET ASSETS STATEMENT		Current Year 2009-2010 £000
	Current Assets		
0	Contributions due from the Police Authority		0
0	Funding to meet deficit due from Police Authority		0
0	Recoverable overpayments of pensions		0
	Current Liabilities		
0	Unpaid pensions benefit		0
0	Surplus for year owing to Police Authority		0
0			0

GLOSSARY OF TERMS

ACCRUAL ACCOUNTING

The inclusion of income and expenditure in the accounts for the period in which they are earned or incurred, rather than the period in which the cash is received or bills paid.

AGENCY ARRANGEMENTS

Services that are performed by or for another Authority or Public Body, where the Agent is reimbursed for the cost of the work done.

ASSET

An item owned by the Authority, which has a value, for example, land & buildings, vehicles, equipment, cash.

ASSET RENTALS

The charges to the accounts for the use of assets such as land, buildings and major items of equipment. They represent the notional cost of using an asset irrespective of the cost/method/ date of acquisition.

BUDGET

The statement of the Authority'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).

BUSINESS RATES

The National Non Domestic Rates (NNDR) is the business rate in the pound and is the same for all non-domestic ratepayers and is set annually by the Government. Income from business rates goes into a central Government pool, which is then distributed to authorities according to resident population.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset that lasts normally for more than one year or expenditure that adds to the life or value of an existing fixed asset.

CAPITAL RECEIPTS

Monies received for the sale of assets, which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within rules set by Central Government.

COLLECTION FUND

District Councils estimate the extent to which they will successfully collect Council Tax in their area. Any surplus or deficit resulting from actual collections is carried forward to the next financial year.

CREDITORS

Amounts owed by the Authority for goods and services provided for which payment has not been made at the end of the financial year.

DE MINIMIS

The level of expenditure below which assets will not be classified as fixed assets.

DEBTORS

Sums of money due to the Authority but not received at the end of the financial year.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

FAIR VALUE

Used as an estimate of the market value of an asset (or liability) for which a market price cannot be determined (usually because there is no established market for the asset).

FINANCE AND OPERATING LEASE

A finance lease transfers all of the risks and rewards of ownership of a fixed asset to the lessee. If these leases are used, the assets acquired have to 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 Authority's revenue account.

FIXED ASSETS

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

GOVERNMENT GRANTS

Grants paid by the Government. These can be for general expenditure or for a particular initiative.

GOVERNMENT GRANTS DEFERRED ACCOUNT

When a government grant or other contribution is received in respect of the acquisition of a fixed asset it is recorded in a government grants deferred account. The grant is subsequently charged to the revenue account over the life of the asset to match the depreciation charge.

INTANGIBLE ASSETS

Intangible assets are assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights.

MINIMUM REVENUE PROVISION (MRP)

The minimum sum which must be charged to the Authority's revenue account each year to provide for the repayment of loans. This ensures that the Authority makes a satisfactory annual provision for loan repayments.

NON-OPERATIONAL ASSETS

Non-operational assets are fixed assets held by the Authority but not directly occupied or used in the delivery of services which include assets that are under construction.

OUTTURN

The actual amount spent in the financial year.

PENSION FUND

A fund that makes pension payments on retirement of its participants.

POLICE GRANT

From 1 April 1995 police grant has been allocated by the Home Office as a source of funding using highly complex needs based formula.

PRECEPT

The income which the Authority requires a District Council to raise from Council Tax on behalf of the Police Authority.

PROVISION

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

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. General Fund is available to meet future revenue and capital expenditure.

REVENUE EXPENDITURE AND INCOME

Day to day expenses, mainly salaries and wages, general running expenses and the minimum revenue provision cost. Charges for goods and services.

REVENUE SUPPORT GRANT (RSG)

Revenue Support Grant is paid by Central Government to the Police Authority in respect of general expenditure.

UNAPPLIED GRANTS AND CONTRIBUTIONS

The amount of unused capital grants and contributions held for future capital purposes.

VALUE ADDED TAX (VAT)

A tax on consumer expenditure which is collected on business transactions at each stage in the supply, but which is ultimately borne by the final customer. Most of the VAT paid by the Authority is recoverable.