

<p style="text-align: center;">STATEMENT OF ACCOUNTS 2007-2008</p>

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INTRODUCTION

This report presents the statutory financial statements for the Norfolk Police Authority for the period from 1st April 2007 to 31st March 2008.

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 the Performance Report, which reviews the work of the Authority and the Constabulary 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 in Norfolk.

Key Responsibilities

- Agreeing the police budget for the year - the Authority receives a Government grant and then decide 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.
- Reporting back to the community - the annual Local Policing Summary tells the public whether the Constabulary has achieved the targets set in the annual plan.
- 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 to promote equality of opportunity.
- Secure arrangements are made for the Constabulary to co-operate with other police forces when it is in the interests of efficiency and effectiveness of policing.
- To establish and monitor an Independent Custody Visiting Scheme - Volunteers from the local community attend police detention centres to ensure detainees are aware of their legal rights/that the conditions they 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 the statutory requirements.

Authority Structure

Norfolk Police Authority has seventeen members:

- ◆ Nine local councillors - nominated by Norfolk County Council proportionate to political balance on the Council.
- ◆ Five independent members - appointed from the community after public advertisement.
- ◆ Three magistrates – selected by the Authority. During 2007/08, the Police Regulations were amended and from 1st October 2008, these will become Independent Member positions (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.

Professional Standards and Human Resources Committee

The purpose of the Committee is to exercise the Police Authority's powers and duties in respect of Professional Standards and HR 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.

Property and Information and Communications Technology (ICT) Committee

This committee oversees all strategic property and ICT matters, including the programme of improvements to police premises.

Ethical Standards Committee

This committee provides the Authority with advice as to the standards of conduct for our members, thus helping to ensure that high ethical standards are maintained, investigating where appropriate.

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 custody visiting scheme 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 833,720 and within this there is an increasing elderly population.

Operationally, the force is divided into three areas, Central, Eastern and Western, known as Basic Command Units (BCU). Operational and organisational support is provided from the OCC at Wymondham. The primary purpose of each Area and Department is to support the Chief Constable and Chief Officers in the fulfilment of the Constabulary aims. From April 2008 the Constabulary will be operationally policed by one Central Delivery Unit divided into 7 Districts based on the Local District Council boundaries.

EXPLANATORY FOREWORD**INTRODUCTION**

The Authority's statement of accounts for the 2007-08 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 2008.
- 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.

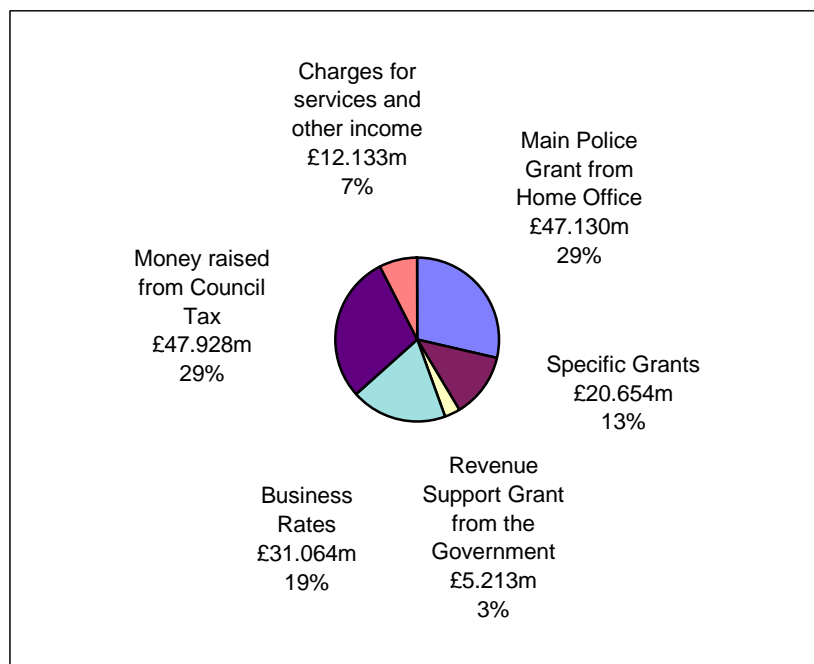
The statements are preceded by this Explanatory Foreword and a statement of the Authority's accounting policies. The accounting policies explain the main principles used in producing the figures in the accounts. Many of the accounting policies are specified by the SORP and this ensures that the accounts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

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 2007-08, the Authority received 68% of its funding from Central Government with the remaining 32% being raised locally from the Council Tax, excluding 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.

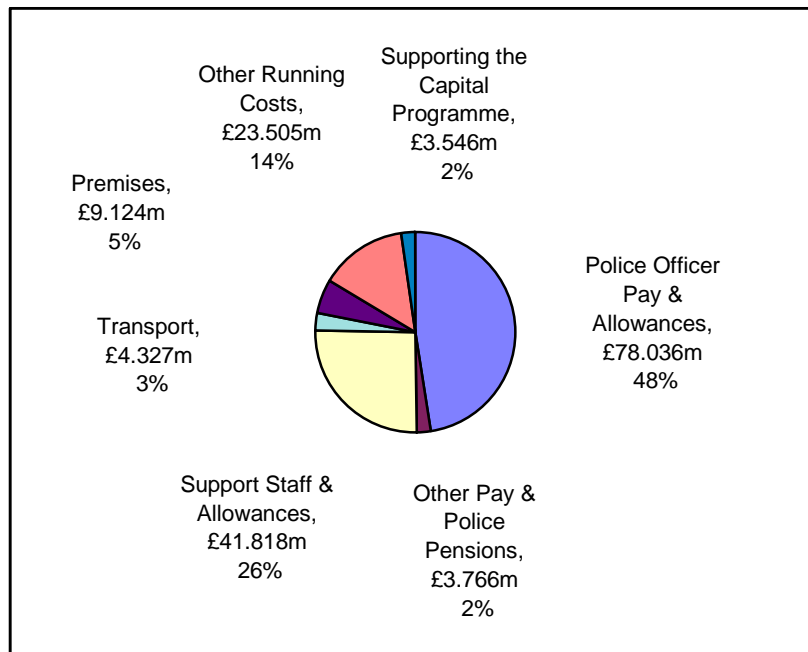


REVENUE BUDGET AND SPENDING

The Authority's actual expenditure in 2007-08 was £130,935m, which was £0.400m less than the approved budget.

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 type of costs the money was spent on:



The following table shows the 2007-2008 original net budget and final outturn: -

	Original Budget £000	Outturn £000
Net Expenditure	131,335	130,935
Police Grants	47,130	47,130
RSG	5,213	5,213
NNDR	31,064	31,064
Precept Income	47,444	47,444
Surplus on Collection	484	484
Contributions(to)/from Balances		(400)
	131,335	130,935

CAPITAL EXPENDITURE/FINANCING

The final Authority approved capital programme was £6.911m. The total capital spending for 2007-2008 was £5.334m.

Total borrowing for 2007-2008 was £2.344m. The other sources of capital finance were capital receipts (£0.480m) and revenue and other contributions (£2.510m).

A summary of capital expenditure and how it was financed is shown on page 48.

All land and buildings are revalued on a 5-year rolling programme. This revaluation base together with depreciating buildings based on a 40-year life 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 £23.880m.

PROVISIONS AND RESERVES

Total provisions as at 31st March 2008 amounted to £1.200m, as shown in the balance sheet on page 31, and the related note on page 52.

The reserves as at 31st March 2008 comprise £18.177m Revenue Reserves, £7.032m Capital Reserves and a Pension Reserve liability of £759.261m. These are shown in the balance sheet on page 32.

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 of £734.052m.

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 18 to 26.

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 £759.261

m. 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's 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 financial 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 2008 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 financial 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 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the financial statements, including the police pension fund accounting statements, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 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 present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

- 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 financial 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 present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended; and
- The police pension fund accounting statements present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial transactions of the police pension fund during the year ended 31 March 2008 and the amount and disposition of the fund's assets and liabilities as at 31 March 2008, 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. 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 December 2006, I am satisfied that, in all significant respects, Norfolk Police Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

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.

Andy Perrin

District Auditor

September 2008

The Audit Commission,
Regus House,
1010 Cambourne Business Park,
Cambourne,
Cambridge,
CB23 6DP

STATEMENT OF RESPONSIBILITIES

The 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 fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2008.

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: 26 September 2008

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 23 June 2008 and 25 September 2008.

Date: 26 September 2008

Signature:

Chairman of Norfolk Police Authority

GOVERNANCE STATEMENT

Position as at 23 June 2008 including plans for the financial year 2008-09

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 is now adopting a Code of Corporate Governance that reflects the governance practices and policies as operated during 2007-08.

This statement explains how the Authority 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 2008 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

Previously, the Authority has adopted a three year strategic plan, of which 2007-08 was the final year. In addition, each year the Authority adopts an Annual Policing Plan in accordance with Home Office requirements; this sets out the targets for the Constabulary

for the coming year. Both the strategic plan and the Annual Policing Plan are published on the Norfolk Police Authority website. The Authority has adopted a new rolling three year strategic plan from 2008-09 in accordance with Home Office requirements. This establishes the Authority's vision and objectives for residents and service users. The plan will be reviewed annually in line with latest requirements

Planning is overseen by a joint working group that reports to the Scrutiny & Audit Committee. The working group meets regularly throughout the year and comprises Members, and employees of the Police Authority and the Constabulary. The work involves a detailed process of scrutiny and challenge in order to ensure that the plan reflects the strategic aims of the Authority.

In support of the planning agenda, the Constabulary has adopted a Vision, Pledge and Principles statement that will drive 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.

The Constabulary gathers data and intelligence from a range of sources to produce an updated Strategic Assessment on a six monthly basis. 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.

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 the Senior Manager Forum and to the Police Authority on performance against key indicators. This includes detailed analysis of performance compared 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.

There is a co-ordinated process for strategic and financial planning. The financial strategy reflects the corporate and operational objectives of the Authority and Constabulary. Financial performance against the revenue budget, capital programme and levels of reserves is reported to each Police Authority meeting.

The Constabulary has established an Inspection and Review Unit (IRU) to examine the performance of each part of the organisation against expected standards and performance indicators. Poor performance is addressed as part of the review process by means of an

improvement plan. In addition, the IRU monitors the implementation of areas of improvement as designated by Her Majesty's Inspectorate of Constabulary (HMIC).

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.

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. 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 with the Chairman of the Police Authority.

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 adopted a joint risk management strategy during 2007-08. 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 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 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 to every household in Norfolk and separately has recently issued details to every household about their local Safer Neighbourhood Team.

The roll out of Safer Neighbourhood Teams throughout Norfolk has seen the introduction 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 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.

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.

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, Internal Audit and senior employees of the Authority and Constabulary.

Internal Audit

Internal audit provide independent and objective assurances across the whole range of the Authority's and Constabulary's activities. They take a managed audit approach in conjunction with external audit to ensure that all necessary areas of compliance are covered. The programme is prepared 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 2007-08, this was reported as remaining acceptable (the categories for reporting being "acceptable" or "key issues need to be addressed").

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 2007, identified no key issues in relation to the internal control environment. The Authority received a Police Use of Resources (PURE) score of 3 for the latest reported assessment; this equates to consistently above minimum requirements and performing well.

The Constabulary is subject to review from HMIC and has been inspected over the period in a number of nationally assessed areas. The latest Police Performance Assessment Framework showed that Norfolk was unofficially in the top quartile of performers.

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.

We have been advised on the review undertaken by the Scrutiny and Audit Committee of the Governance Framework including areas where action is required and will ensure that all points raised are fully addressed.

5. SIGNIFICANT GOVERNANCE ISSUES

There were no significant governance issues identified during the year or arising from the review of governance arrangements. The Police Authority has adopted a Code of Corporate Governance during 2008-09 and compliance against the Code will be monitored during the year.

Chairman of the Police Authority

Deputy 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 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 and FRS). 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. FUNDAMENTAL ACCOUNTING PRINCIPLES

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.
Going Concern	The Accounts have been prepared on a going concern basis, that is, the accounts have been 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.
Accruals	The non-cash effects of transactions (debtors and creditors) have been reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.
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. As such the results in 2007-2008 have been compared to those reported in 2006-2007.
Prudence	Sound stewardship of public funds calls for a prudent approach to financial management. Income has only been included to the extent that it can be realised with reasonable certainty, and proper allowances made for all known and foreseeable losses and liabilities.
Substance over form	The accounting statements have been prepared so as to reflect the reality or substance of the transactions and activities underlying them, rather than only their formal legal character. In determining the substance of a transaction, it has been necessary to identify all of the transaction's aspects and implications. A group or series of transactions that achieves or is designed to achieve an overall economic effect have been viewed as a whole.

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 and charges 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 received – 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 and receivable on borrowing and lending are 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.
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used.
- 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 at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision after Net Operating Expenditure, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

4. DEFERRED CHARGES

Deferred charges represent expenditure that may be capitalised but does not result in the creation of an asset. Deferred charges incurred during the year have been written off as expenditure to the relevant service revenue account in the year when the capital scheme is completed. Where the Authority has determined to meet the cost of the deferred charges from existing capital resources, a transfer to the Capital Adjustment Account then reverses out the amount charged to the Income and Expenditure Account so there is no impact on the level of council tax.

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. 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 and appropriations to and from reserves.

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.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue 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. Payments made by the Authority under a contract are generally charged to revenue to reflect the value of services received in each financial year.

Prepayments

A prepayment for services receivable under the contract arises when assets are transferred to the control of the PFI contractor, usually at the start of the scheme. The difference between the value of the asset at the date of transfer and any residual

value that might accrue to the authority at the end of the contract is treated as a contribution made to the contractor and is accounted for as a prepayment. The prepayment is written down (charged) to the respective revenue account over the life of the contract to show the full value of services received in each year. However, as the charge is a notional one, it is reversed out in the Statement of Movement on the General Fund Balance to remove any impact on council tax.

Dowry payments, made at the start of the contract, which result in lower unitary payments over the life of the contract are accounted for by setting up the contribution (dowry) as a prepayment for services receivable and writing the balance down to revenue over the life of the contract as services are received to reflect their real cost.

PFI credits

Government Grants received for PFI schemes, in excess of current levels of expenditure, are carried forward as an earmarked reserve to fund future contract expenditure.

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. REPURCHASE OF BORROWING

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 with substantially the same overall effect when viewed as a whole, gains and losses are recognised on the balance sheet and written down to revenue on a straight line basis over the term of the replacement loans.

11. 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.

From 1 April 2007 the Fixed Asset Restatement Account and Capital Financing Account have been replaced by the Revaluation Reserve and Capital Adjustment Account. Details on the implications of these changes are explained further within note 30 on page 55.

12. RETIREMENT BENEFITS

The Authority operates two separate pension schemes:

- The Local Government Pension Scheme (the Pension Fund) for Police Staff; and
- The Police Officers' Pension Scheme.

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 projected earnings for current employees.
2. Liabilities are discounted to their value at current prices, using a discount rate of 5.4% (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 – mid-market value
 - Unquoted securities – professional estimate
 - Unitised securities – average of the bid and offer rates
 - 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 services for whom the employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services 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.
 - 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.

- 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 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 – not charged to revenue.
- Contributions paid to the Pension Fund – cash paid as employer's contributions to the pension fund.

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 also accounted for as a defined benefit scheme. The Scheme is operated on a "pay as you go" basis and as such has no assets. The treatment of the scheme in the accounts is as described for the Local Government Pension Scheme above.

Prior to 1 April 2006 all police officer pensions were funded by the Authority from revenue. The Home Office has reviewed the funding arrangements effective from 1 April 2006 and as such from 2006-2007 pension payments and officer contributions are paid from and into a separate police pensions account. The Authority also contributes 24.6% 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 57.

Discretionary Benefits

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

13. 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.

14. 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.

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.

15. 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
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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.

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, where this is attributable to the clear consumption of economic benefits the loss is charged to the:

- Income and Expenditure Account and then to the Capital Adjustment Accounts through the Statement of Movement on the General Fund Balance.
- Where there are revaluation gains held in the Revaluation Reserve attributable to that asset then from the Revaluation Reserve to the Capital Adjustment Account.

Disposals:

When an asset is disposed of or decommissioned, any gain or loss on that disposal, which is the amount by which the disposal proceeds are more or less than the carrying amount of the asset in the balance sheet, is written off to the Income and Expenditure 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 borrowing requirement. Receipts are appropriated to the Reserve 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. 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.

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.

16. 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 included in the service revenue accounts as part

of Net Cost of Services. The irrecoverable VAT for 2007-2008 is £20,148. (Nil for 2006-2007).

17. 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 and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

18. 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 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.

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 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 28 and 29 which reconcile the differences between the two statements and the General Fund Balance.

Previous Year Net Expenditure £ 000	Description	Note	Current Year 2007-2008		
			Gross Expenditure £ 000	Gross Income £ 000	Net Expenditure £ 000
129,012	Police Services		185,748	(49,854)	135,894
1,388	Corporate and democratic core		1,883	(184)	1,699
2,233	Non distributed costs		1,854	0	1,854
132,633	Net Cost of Services		189,485	(50,038)	139,447
	72 Loss on the disposal of fixed assets				189
	812 Interest payable				841
	(1,804) Interest and investment income				(2,162)
	(5,291) Home Office grant payable toward the cost of police officer retirement benefits				(5,423)
	42,860 Pensions interest cost and expected return on pensions assets				47,260
169,282	Net Operating Expenditure				180,152
	(45,785) Main Police Grant				(47,130)
	(4,907) Revenue Support Grant				(5,213)
	0 Police Officer Retirement Benefit Grant				(571)
	(29,009) National Non-domestic Rates				(31,064)
	(44,163) Precept Income	14			(47,928)
45,418	Net Fund (Surplus)/ Deficit for the Year				48,246

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 2006-2007 £ 000	Description	Current Year 2007-2008 £ 000
45,418	Deficit for the year on the I & E Account	48,246
(45,831)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(48,646)
(413)	Increase in General Fund Balance	(400)
(3,462)	General Fund Balance brought forward	(3,875)
(3,875)	General Fund Balance carried forward	(4,275)

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

Previous Year 2006-2007 £ 000		Current Year 2007-2008 £ 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		
(3,063)	Depreciation and impairment of fixed assets	(4,352)	
(75)	Amortisation of intangible fixed assets	(84)	
580	Government Grants Deferred amortisation	611	
(72)	Net loss on sale of fixed assets	(189)	
(76,070)	Net charges made for retirement benefits in accordance with FRS 17	(77,646)	
(12)	PFI Deferred Consideration	<u>(12)</u>	
			(81,672)
	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		
555	Minimum revenue provision for capital financing and Transferred Debt repaid	573	
4,080	Capital expenditure charged in-year to the General Fund Balance	2,142	
5,291	Contribution to Police Pension Fund	5,994	
23,840	Employer's contributions payable to the Pensions Account and retirement benefits payable direct to pensioners	<u>24,537</u>	
			33,246
	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		
(885)	Net transfer to or from earmarked reserves	<u>(220)</u>	
			<u>(220)</u>
<u>(45,831)</u>	Net additional amount required to be credited to the General Fund Balance for the year		<u>(48,646)</u>

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 in its net worth. In addition to the surplus 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.

2006-2007 £000		2007-2008 £000
45,418	Deficit for the year on the I & E Account	48,246
(338)	Deficit / (surplus) arising on revaluation of fixed assets	(1,045)
(53,120)	Actuarial (gains) / losses on pension fund assets and liabilities	(183,674)
(8,040) Total recognised (gains) / losses for the year		(136,473)

BALANCE SHEET

31 March 2007 £000	Restated £000		Note Ref.	31 March 2008 £ 000	£ 000
		Fixed Assets			
		Operational Assets			
9,614	9,614	land and buildings	16	11,085	
1,493	1,493	police houses	16	1,315	
9,707	9,707	vehicles, plant and equipment	16	9,098	
1,548	1,548	Non-operational assets	16	2,139	
245	245	Intangible Assets	17	243	
<u>22,607</u>	<u>22,607</u>	Total Fixed Assets			23,880
333	333	Long Term Debtors	26		315
<u>22,940</u>	<u>22,940</u>	Total long term assets			24,195
		Current Assets			
308	308	Stocks	27	373	
7,946	7,946	Debtors	26	7,431	
28,786	28,786	Investments	2	32,029	
87	87	Cash and bank		343	
<u>37,127</u>	<u>37,127</u>	Total assets			40,176
(10,032)	(10,032)	Current Liabilities			
(304)	(304)	Creditors	28	(11,083)	
		Cash Overdrawn		(46)	
<u>(10,336)</u>	<u>(10,336)</u>				(11,129)
<u>49,731</u>	<u>49,731</u>	Total assets less current liabilities			53,242
(1,255)	(1,255)	Provisions	29	(1,200)	
(13,511)	(13,511)	Long Term Borrowing	2	(15,855)	
(1,969)	(1,969)	Long Term Creditors	28	(1,808)	
(895,820)	(895,820)	Liability related to defined benefit pension scheme	30	(759,261)	
(2,314)	(2,314)	Government Grants Deferred Account		(2,070)	
(5,387)	(5,387)	Unapplied Grants and Contributions		(7,100)	
					(787,294)
<u>(870,525)</u>	<u>(870,525)</u>	Total Assets less Liabilities			(734,052)

		Represented by :		
(14,922)		Fixed Asset Restatement Account		
22,220		Capital Financing Account		
	0	Revaluation Reserve	30	1,045
	7,298	Capital Adjustment Account	30	5,987
0	0	Usable Capital Receipts Reserve	30	0
<hr/>	<hr/>			<hr/>
7,298	7,298			7,032
14,122	14,122	Earmarked Reserves	30	13,902
3,875	3,875	General Fund	30	4,275
(895,820)	(895,820)	Pensions Reserve	30	(759,261)
<hr/>	<hr/>	Net Worth		<hr/>
(870,525)	(870,525)			(734,052)

R D Summers

Treasurer to Police Authority

26 September 2008

CASH FLOW STATEMENT

2006-2007 £ 000	Note Ref.	2007-2008 £ 000	£ 000
REVENUE ACTIVITIES			
<u>Cash Outflows</u>			
118,956	Cash paid to and on behalf of employees and pensioners	127,198	
36,424	Other Operating Costs	<u>37,402</u>	164,600
<u>Cash Inflows</u>			
(10,481)	Cash received for Goods and Services	(10,863)	
(23,672)	Specific Grants	1.5 (25,269)	
(45,785)	Main Police Grant	(47,130)	
(4,907)	Revenue Support Grant	(5,213)	
(29,009)	Non-Domestic Rates Receipts	(31,064)	
(44,163)	Precepts	(47,928)	(167,467)
(2,637)	Revenue Activities Net Cash Flow	1.1	(2,867)
SERVICING OF FINANCE			
<u>Cash Outflows</u>			
812	Interest Paid	841	
<u>Cash Inflows</u>			
(1,804)	Interest received	<u>(2,162)</u>	(1,321)
(992)			
CAPITAL ACTIVITIES			
<u>Cash Outflows</u>			
6,779	Purchase of Fixed Assets	5,336	
<u>Cash Inflows</u>			
(358)	Sale of Fixed Assets	(480)	
(1,886)	Capital Grants & contributions received	<u>(2,081)</u>	2,775
4,535			
906	Net Cash (Inflow)/Outflow before Financing	1.2	(1,413)
MANAGEMENT OF LIQUID RESOURCES			
631	Net Increase/(Decrease) in Short Term Deposits	1.3	3,243
FINANCING			
<u>Cash Outflows</u>			
250	Repayments of amounts borrowed	0	
<u>Cash Inflows</u>			
(1,000)	New Loans raised	<u>(2,344)</u>	(2,344)
787	Decrease/(Increase) in Cash & Cash Equivalents	1.4	(514)

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.		
	2006-2007	2007-2008
	£ 000	£ 000
Income and Expenditure Account Deficit	45,418	48,246
Movement in Non Cash Transactions		
Depreciation & impairment of fixed assets	(3,138)	(4,436)
Pension cost adjustment from FRS17	(52,230)	(53,109)
Contribution to police pension fund	5,291	5,994
Internal capital movement met from revenue	495	408
Contributions (to) / from provisions	(210)	55
Net Interest Received	992	1,321
Movements in Accruals items		
Increase / (decrease) Stocks	22	65
Increase / (decrease) Debtors	2,105	(518)
(Increase) / decrease Creditors	(1,382)	(893)
Net Cash Flow from Revenue Activities	<u>(2,637)</u>	<u>(2,867)</u>

2. Reconciliation of Net Cash Inflow to Movement in Net Debt			
	1 April	31 March	Movement
	2007	2008	in year
	£ 000	£ 000	£ 000
Cash and Bank	(217)	297	(514)
Short Term Investments	28,786	32,029	(3,243)
Borrowing	(13,511)	(15,855)	2,344
Movements in Net Cash Inflow	<u>15,058</u>	<u>16,471</u>	<u>(1,413)</u>
	2006-2007	2007-2008	
(Increase) / Decrease in Cash	787	(514)	
New Loans	1,000	2,344	
Increase in liquid resources	(881)	(3,243)	
Change in Net Debt resulting from Cash Flows	<u>906</u>	<u>(1,413)</u>	

3. Reconciliation of Financing and Management of Liquid Resources			
	1 April 2007 £ 000	31 March 2008 £ 000	Movement in year £ 000
Financing			
Repayment of amounts borrowed:-			
Borrowing	<u>(13,511)</u>	<u>(15,855)</u>	<u>(2,344)</u>
Management of Liquid resources			
Short term Investments (overnight cash placements)	<u>28,786</u>	<u>32,029</u>	<u>3,243</u>
Net Cash Flow from Financing and Management of Liquid Resources	<u><u>15,275</u></u>	<u><u>16,174</u></u>	<u><u>899</u></u>

4. Movement in Cash and Cash Equivalents			
The following table shows the reconciliation of the Net Increase in Cash, from the cash flow statement, to the movement in cash shown on the balance sheet.			
	1 April 2007 £ 000	31 March 2008 £ 000	Movement in year £ 000
Cash Overdraft	(304)	(46)	258
Cash and Bank	87	343	256
Net increase in Cash	<u><u>(217)</u></u>	<u><u>297</u></u>	<u><u>514</u></u>

5. Analysis of Specific Government Grants	£ 000
Police Pension Grant	(6,296)
PFI Grant	(3,958)
Single Counter Terrorism Grant	(3,941)
Neighbourhood Policing Fund	(3,669)
Crime Fighting Fund	(3,214)
Rural Policing Fund	(2,079)
Special Priority Payments	(824)
Forensic	(536)
Basic Command Unit	(469)
Other Specific Grants (under £200k)	(283)
Total Specific Grants received	<u><u>(25,269)</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 2007 £000		31 March 2008 £000
	LONG TERM	
13,511	Borrowing	15,855
	CURRENT	
28,786	Short Term Investments	32,029

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 generally allow credit for customers and as at 31 March 2008 £0.197m is past its due date for payment. The past due amount is analysed by age and details are shown at note 26 on page 50. 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 2007 £000		31 March 2008 £000
	Analysis of loans by maturity:	
400	Between 7 and 15 years	1,400
13,111	More than 15 years	14,455
13,511	Total PWLB Borrowing	15,855

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 note 29).

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 2007 £000		31 March 2008 £000
14,705	PWLB fair value	17,944

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 provided 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. 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 57.

Other Employees:

Pensions to police staff are provided from the Local Government Pension Scheme administered by Norfolk County Council. 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.

The review carried out by the Fund's Actuary as at 31 March 2005 set the rate at 15.4% from 1 April 2005 to 31 March 2008. The latest review has determined that this rate should continue for the next 3 years.

Further information is contained in the Fund's annual report and accounts, which is published by Norfolk County Council.

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 2007-08	£000 2006-07	£000 2007-08	£000 2006-07	£000 2007-08	£000 2006-07
Net Cost of Services:						
- current service cost	(5,139)	(5,350)	(22,830)	(25,890)	(870)	(390)
- past service cost	(16)	(30)	(1,420)	(1,030)	0	0
- gains/losses on settlements and curtailments	(111)	(520)				
Net operating Expenditure:						
- interest cost			(47,620)	(43,050)	(80)	(20)
- expected return on assets in the scheme	440	210				
Net Charge to the Income and Expenditure Account	(4,826)	(5,690)	(71,870)	(69,970)	(950)	(410)
Statement of Movement in the General Fund Balance						
- Reversal of net charges made for retirement benefits in accordance with FRS17	4,826	5,690	71,870	69,970	950	410
Actual amount charged against General Fund Balance for pensions in the year:						
- employers' contributions payable to the scheme	(4,707)	(4,560)				
- retirement benefits payable to pensioners (including transfer values)			(20,360)	(19,630)	530	350

Assets and Liabilities in Relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31 March are as follows:

	Local Government Pension Scheme		Police Pension Scheme		Total	
	£000 2007-08	£000 2006-07	£000 2007-08	£000 2006-07	£000 2007-08	£000 2006-07
Estimated Liabilities in Scheme	(81,742)	(89,200)	(753,236)	(880,620)	(834,978)	(969,820)
Estimated Assets in Scheme	75,717	74,000	0	0	75,717	74,000
Net Assets / (Liability)	(6,025)	(15,200)	(753,236)	(880,620)	(759,261)	(895,820)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £759.261m has a substantial 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 2007-08 to £734.052m. 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 by increased contributions 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. As from 1 April 2006 the Home Office funds any deficit on the police pensions account.

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 has been assessed by GAD and the Local Government Pension Scheme fund liabilities has been assessed by Hymans Robertson, both being independent actuaries.

The main assumptions used in their calculations have been:

	Local Government Pension Scheme		Police Pension Scheme	
	2007-08	2006-07	2007-08	2006-07
	%	%	%	%
Rate of inflation	3.6	3.2	3.7	3.4
Rate of increase in salaries	5.1	4.7	5.2	4.9
Rate of increase in pensions	3.6	3.2	3.7	3.4
Rate of discounting scheme liabilities	6.9	5.4	6.9	5.4

The actuary has calculated, for the Local Government Pension Scheme, the value of assets by estimating the return on the fund for the year to 31 March 2008 to be (3.6)%. This was based on actual fund returns of 3.5% for the period 1 April 2007 to 31 December 2007 and index returns for the period from 1 January 2008 to 31 March 2008.

The actual fund return for the year to 31 March 2008 was (3.3)%, and the total fund value including all employers as at 31 March 2008 was £1,843,412,000. This total includes the assets attributable to Norfolk Police Authority.

The Police Officer Pension Scheme has no assets to cover its liabilities. Assets in the Local Government Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

	Long-term Return	31 March 2008	31 March 2007
	%	%	%
Equity investments	7.7	64	67
Bonds	5.7	18	15
Property	5.7	14	16
Cash	4.8	4	2
		100	100

Actuarial Gains and Losses

The actuarial gains and losses identified as movements on the Pensions reserve in 2007-08 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2008.

Note	Local Government Pension Scheme									
	2003-2004		2004-2005		2005-2006		2006-2007		2007-2008	
	£ 000	%	£ 000	%	£ 000	%	£ 000	%	£ 000	%
Differences between the expected and actual return on assets	3,796	9.7	1,750	3.7	8,700	13.8	(380)	(0.5)	(8,100)	(10.7)
Differences between actuarial assumptions about liabilities and actual experience	(29)	(0.1)	(1,411)	(2.1)	(20)	0.0	1,930	2.2	(1,709)	(2.1)
Changes in the demographic and financial assumptions used to estimate liabilities			(10,190)	(14.9)	(11,230)	(3.0)	6,180	8.7	19,103	11.4
	<u>3,767</u>		<u>(9,851)</u>		<u>(2,550)</u>		<u>7,730</u>		<u>9,294</u>	

4. LEASING

The Authority uses vehicles and IT equipment financed under the terms of an operating lease. The amount paid under these arrangements in 2007-2008 was £94,289 (£270,035 in 2006-2007). This is the final payment of these leases. There are no lease payments to be made in 2008/2009.

5. PRIVATE FINANCE INITIATIVE

During the financial years 2001-2002 to 2036-2037 the Authority is committed to making payments of £181.206 million under a contract with the consortium for the use of Jubilee House Operations and Communications Centre. The actual level of payments will be dependent on availability of the site and the provision and delivery of services within. The cost estimated covers the contract standard facilities management provision. The contracted period is 35 years. The actual unitary charge payments for 2007-2008 were £5,043,998 (£4,691,299 in 2006-2007).

6. LOCAL AREA AGREEMENTS (LAA)

A LAA is a three-year agreement between the Government Office for the area and a Local Strategic Partnership (LSP) representing the local authorities, other public, private, voluntary and community interests for the area.

The Authority is a participant in an LAA – a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007-2008, the LAA has completed the first year of its three-year agreement.

The main principles of the LAA are that it:

- Is an agreement with central government to improve specific outcomes in an area
- Can be seen as a practical expression of the area's Community Strategy
- Allows for the dismantling of some ring-fencing around some funding streams and streamlines reporting requirements
- Must be achieved through partnership.

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 5 local businesses .

Norfolk County Council acts as the accountable body for the LAA. This means that the Council is responsible for managing the distribution of grant aid by the Government Office 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 LAA however it received £1.011m from the partners to fund its own services.

7. MEMBERS' ALLOWANCES

The total amount of members' allowances paid in 2007-2008 was £204,368 (£193,225 in 2006-2007).

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 no disclosures.

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

9. EMPLOYEE EMOLUMENTS

The number of employees in 2007-2008, whose remuneration, including relocation expenses, as notified to HMRC, was £50,000 or more in bands of £10,000 was:

2006-2007 Number of Employees	Remuneration band	2007-2008 Number of Employees
37	£50,000 - £59,999	100
12	£60,000 - £69,999	18
5	£70,000 - £79,999	13
3	£80,000 - £89,999	6
1	£90,000 - £99,999	1
2	£100,000 - £109,999	2
0	£110,000 - £119,999	1
0	£120,000 - £129,999	1
0	£200,000 - £210,999	1

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:

2006-2007		2007-2008	
£		£	
48,617	Accounts	51,361	
21,860	Use of Resources	24,444	
70,477	Total	75,805	

11. PUBLICITY

Section 5 of the Local Government Act 1986 requires each authority to maintain a separate account of expenditure on publicity. In 2007-2008 the Authority spent £267,760 (£354,752 in 2006-2007), including £62,769 on staff recruitment. The balance of £204,991 was spent on other advertising and public relations activities.

12. GOODS AND SERVICES

There was no income generated under the Local Authority (Goods and Services) Act 1970 in 2007-2008.

13. SPONSORSHIP

In sponsorship deals the Authority received £322,632 in cash contributions and benefits in kind during 2007-2008 (£295,434 in 2006-2007). The benefits were received from a wide ranging group of sponsors and projects covered a range of initiatives.

14. PRECEPTS

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

Precept 2006-2007 £000	Billing Authority	Precept 2007-2008 £000
6,329	Breckland	6,843
6,854	Broadland	7,354
7,436	Kings Lynn & West Norfolk	8,233
6,016	Norwich	6,562
4,730	Great Yarmouth	5,146
6,210	North Norfolk	6,700
6,588	South Norfolk	7,090
44,163	Total	47,928

15. RECOVERY OF VEHICLES

Vehicle recovery is contracted to a consortium of 13 contractors within Norfolk. Individuals are responsible for the payment for recovering their vehicle by the contractor; however, the Constabulary is also invoiced for these charges in order to account properly for the VAT. This expenditure is offset by an equal amount of income in the accounts.

Invoices for January to March 2008 are under query and have not been processed. Consequently the income and expenditure account on page 27 does not reflect expenditure and income of £93k.

16. 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 of Valuation						
31 March 2007	9,869	1,495	464	18,010	4,791	34,629
Additions	1,688	0	26	1,123	629	3,466
Disposals	(295)	(165)	0	(905)	(578)	(1,943)
Revaluations	543	0	0	0	(30)	513
Transfers	0	0	0	498	612	1,110
Impairment	(400)	5	(26)	(50)	(8)	(479)
31 March 2008	11,405	1,335	464	18,676	5,416	37,296
Depreciation and Impairment						
31 March 2007	255	2	270	11,677	1,611	13,815
Current year depreciation	127	19	89	2,389	693	3,317
Revaluations	(60)	0	0	0	(5)	(65)
Disposals	(2)	(1)	0	(887)	(379)	(1,269)
31 March 2008	320	20	359	13,179	1,920	15,798
Net Book Value at 31 March 2007	9,614	1,493	194	6,333	3,180	20,814
Net Book Value at 31 March 2008	11,085	1,315	105	5,497	3,496	21,498

b) Non-Operational Assets

Non Operational Assets	Non Operational Vehicles £ 000	Non Operational Assets £ 000	TOTAL £ 000
Cost of Valuation			
31 March 2007	356	1,192	1,548
Additions	549	1,236	1,785
Transfers	(612)	(498)	(1,110)
Written off to CAA		(84)	(84)
31 March 2008	293	1,846	2,139
Depreciation and Impairment			
31 March 2007			0
31 March 2008	0	0	0
Net Book Value at 31 March 2007	356	1,192	1,548
Net Book Value at 31 March 2008	293	1,846	2,139

17. INTANGIBLE FIXED ASSETS

Intangible Fixed Assets	Software Licences £ 000	Software Purchases £ 000
Original cost	331	0
Amortisations to 1 April 2007	(86)	0
Balance at 1 April 2007	245	0
Expenditure in year		82
Written off to revenue in year	(75)	(9)
Balance as at 31 March 2008	170	73

Software licences were purchased for various IT systems during 2005-2006 which are being written off over 3 and 5 years.

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.

18. DEPRECIATION

Depreciation is provided for on all fixed assets with a finite useful life. No depreciation is charged on land and other assets are being depreciated over their useful economic lives.

Depreciation for assets acquired or disposed of during the year is calculated on a pro rata basis from the date of acquisition or disposal. This charge is for accounting purposes only and has no implications for the Authority's Council Tax. The total depreciation charged to services for the year was £3.401m.

19. MOVEMENTS OF DEFERRED CHARGES

Expenditure on deferred charges in 2007-08 totalled £611,205. The total amount has been written off to the Income and Expenditure Account during the year (£579,770 in 2006-07). The Authority received grant income of £367,467 towards the cost of these deferred charges during the year.

20. 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.

2006-2007 £000		2007-2008 £000
12,538	Opening Capital Financing Requirement	12,995
	Capital Investment	
879	Operational Assets	3,466
5,900	Non-operational Assets	1,867
	Sources of Finance	
(1,499)	Capital receipts	(480)
(199)	Government Grants & Other Contributions	(368)
(4,081)	Revenue Funding	(2,142)
(397)	MRP	(415)
	Other Adjustments	
11	Charge in Deferred PFI Consideration	12
(157)	Transferred Debt Repayment	(157)
12,995	Closing Capital Financing Requirement	14,778
	Explanation of Movements in Year	
457	Increase in underlying need to borrow (supported by Government financial assistance)	875
0	Increase in underlying need to borrow (unsupported by Government financial assistance)	909
457	Increase/(decrease) in Capital Financing Requirement	1,784

21. FIXED ASSET VALUATION

Bidwells Property Consultants have valued the Authority's properties with an effective date of valuation of 31 March 2008 and 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 Bidwells 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 and that the 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	24		105	5,740	3,496	293	9,658
Valued at current value in							
2007-2008	3,116						3,116
2006-2007	3,595	1,315					4,910
2005-2006	3,536						3,536
2004-2005	541						541
2003-2004	273						273
Total	11,085	1,315	105	5,740	3,496	293	22,034

The non-operational assets of £1.846m as shown in the Non Operational Asset table has not been included as this relates to assets under construction.

22. INFORMATION ON ASSETS HELD

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

2006-2007 No.		2007-2008 No.
36	Operational Police Establishments	34
8	Police Houses	7
10	Other Establishments	14
421	Vehicles	438

23. CAPITAL COMMITMENTS

During 2007-2008 the Authority let a contract for an extension to Thetford Police Station to house the Safer Neighbourhood Teams. This, together with the ongoing construction work at Aylsham involves an overall cost of £1.22m. Of this £367k will be incurred in 2008-2009. Funds have been set aside to provide for this expenditure.

24. 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 during 2007-2008 was £156,439 (£152,623 in 2006-2007).

25. 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 during 2006-2007 by employing a police staff member and providing office accommodation at the OCC in Wymondham; however, the salary was recharged to PACT.

In 2007-2008 the Norfolk Police Authority 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 2007-2008 was £31,428.

26. DEBTORS

31 March 2007 £000		31 March 2008 £000
Amounts falling due within one year		
2,958	Prepayments	2,151
<u>4,988</u>	Sundry Debtors (see table below)	<u>5,280</u>
7,946		7,431
Amounts falling due after one year		
3	Car loans to Employees	0
<u>330</u>	Deferred Consideration	<u>315</u>
333		315
<u>8,279</u>		<u>7,746</u>

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

Aged Debt	31 March 2008 £000
Less than two months	132
Two to six months	52
Over six months	13
	<hr/> 197

The Deferred Consideration relates to the transfer of freehold properties as part of the PFI agreement for the OCC unitary charge which is written off to revenue over the life of the PFI scheme.

27. STOCK

Stock balances are made up of the following:

31 March 2007 £000		31 March 2008 £000
283	Uniforms and Clothing	345
25	Vehicle Fuel and Oil	28
<hr/> 308		<hr/> 373

28. CREDITORS

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

31 March 2007 £000		31 March 2008 £000
10,032	Sundry Creditors	11,083
1,969	Long Term Creditors	1,808
<hr/> 12,001		<hr/> 12,891

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 2008 is £1.716m, of which £0.157m is due to be repaid within one year.

29. PROVISIONS**Insurance**

The Authority self-insures a number of risks with catastrophe insurance only being bought externally on its liability and motor policies. 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

This provision is to provide for compensation and associated costs expected from two employee relations disputes which occurred during 2006-2007 and a further one which occurred during 2007-2008. As these cases are subject to legal and other investigative proceedings no further details can be provided.

Provisions	Insurance £000	Compensation £000	Total £000
Balance at 31 March 2007	720	535	1,255
Payments made during the year	(366)	(169)	(535)
Provision for future claims	170	310	480
Balance at 31 March 2008	524	676	1,200

30. REVENUE 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.

	Restated Balance at 1 April 2007 £000	Net Movement in Year £000	Balance at 31 March 2008 £000	Purpose of Reserve	Further Details of Movements
Revaluation Reserve	0	1,045	1,045	Store of gains on revaluation of fixed assets	see (a) below
Capital Adjustment Account	7,298	(1,311)	5,987	Store of capital resources set aside to meet past expenditure	see (b) below
Usable Capital Receipts	0	0	0	Proceeds of fixed asset sales available to meet future capital investment	see (c) below
Pensions Reserve	(895,820)	136,559	(759,261)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet	Note 3 to the Core Financial Statements see page 40
General Fund	3,875	400	4,275	Resources available to meet future running costs for service	Statement of Movement on General Fund see page 29
Earmarked Reserves	14,122	(220)	13,902	Resources available to meet future specific costs	see (d) below
Total	(870,525)	136,473	(734,052)		

(a) Revaluation Reserve

The balance on the Fixed Asset Restatement Account as at 31 March 2007 represented the difference between the valuation of assets under the previous system of capital accounting and subsequent revaluations, adjustments and disposals. The account was written down each year by the net book value of assets as they were disposed of and debited or credited with the deficits or surpluses arising on future revaluations. On 1 April 2007 the balance was transferred to the Capital Adjustment Account. The new 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	1,045
Depreciation on fixed asset gains in year	0
Total movement in the year	1,045

(b) Capital Adjustment Account

From 1 April 2007 the balance of the Fixed Asset Restatement Account was transferred to the Capital Adjustment Account. This new account, previously the Capital Financing 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	(468)
Amounts written off fixed assets balances for impairment and disposals	(1,236)
Usable capital receipts applied	480
Capital expenditure financed from revenue	2,142
Reconciling amount for provisions for loan repayment	(2,229)
Total movement in the year	(1,311)

(c) Usable Capital Receipts

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

	£000
Amounts receivable in the year	480
Amounts applied to finance new capital investment	(480)
Total movement in the year	0

(d) Earmarked Reserves

The table on page 56 shows the opening balances and movements during the year in the Authority's earmarked reserves. Below are definitions of the purpose and usage of each retained reserve.

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.

Devolved Budget Scheme Reserve

Specific earmarked reserves were created under the above, which were used during 2007-08.

Police Pension Reserve

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

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.

Projects

For the financial year to 31 March 2008 earmarked reserves have been created for specific projects. These specific reserves are intended to be spent as identified in the forthcoming year.

Operational Contingency

To provide for the additional cost of operations over and above that held within the revenue budget.

Budget Support

Realignments from within the earmarked and general reserves to support the base budget.

Invest to Save

To provide a contribution for invest to save schemes within the Corporate Programme for future years

Safer Neighbourhoods

Used to support the embedding of neighbourhood policing in 2008-09.

Collaboration

To fund the joint team set up to provide collaborating ventures with the preferred partner Suffolk Constabulary and any other initiatives amongst the 6 Forces within the Eastern region.

Operational Data Warehouse

Used during 2007-08 to support the funding of the database, repository and analysis tool which provides intelligence to front line officers in a timely manner.

Budget Management

To provide for one-off committed items of expenditure in 2008-09, not accommodated in the budget proposals and to carry forward any year end over/under spends.

Pay Award

Payments may be due to Officers in relation to the 2007-08 pay awards which commenced from December 2007 rather than September 2007. This was rejected by the Judicial Review and transferred to the Budget Support reserve.

Capital Development

Set aside funding to support the overall capital programme.

	Balance at 31 March 2007	Movements / Realignment	Transfers (to) Revenue	Transfers from Revenue	Balance at 31 March 2008
	£ 000	£ 000	£ 000	£ 000	£ 000
OCC Unitary Charge	2,425			12	2,437
Devolved Budgets	90		(90)		0
Police Pension Reserve	750	(150)			600
Insurance	750				750
Projects	630	(73)	(282)		275
Operational Contingency	488		(488)	628	628
Budget Support	3,000	716	(716)		3,000
Invest to Save	3,021		(284)	1,040	3,777
Safer Neighbourhoods	552		(302)		250
Collaboration	100	150			250
Operational Data Warehouse	281		(281)		0
Budget Management	1,334	(193)	(1,141)	1,468	1,468
Pay Award Reserve	0	(450)		450	0
Capital Development	701		(234)		467
TOTAL	14,122	0	(3,818)	3,598	13,902

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 2008.

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 18.

Summary of Arrangements

Until the end of March 2006 the Authority was responsible for paying the pensions of the officers who retired from the Constabulary on a 'pay as you go' basis. This meant that officers' contributions were paid into the Authority's revenue account and from which pensions awards were made. The Authority received funding from Central Government, as part of the Revenue Support Grant, to support payments of pensions.

From April 2006 a new 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 were changed from April 2006. As a result of the changes, the Authority was required 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 new account. The employer contribution rate has been set at 24.6% of police officer pensionable pay for both schemes for the first two years of the new arrangements. 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 reduces to 24.2% from 1 April 2008. Pension payments are made from the new 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 2008.

Pension Administration

The Authority retains the responsibility for, and continues to administer and pay, 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 2008

Previous Year 2006-2007			Current Year 2007-2008			
Old Scheme £000	New Scheme £000	Total £000	FUND ACCOUNT	Old Scheme £000	New Scheme £000	Total £000
			Contributions Receivable Police Authority			
12,303	200	12,503	Contributions at 24.6% of pensionable pay	12,228	538	12,766
677		677	Early Retirements	762		762
5,484	77	5,561	Officers contributions	5,470	197	5,667
			Transfers In from other pension bodies			
146	275	421		38	342	380
			Benefits Payable			
(18,623)		(18,623)	Pensions	(20,170)		(20,170)
(5,648)		(5,648)	Commutations & Lump Sum Retirement Benefits	(4,983)		(4,983)
(68)		(68)	Lump Sum Death Benefits	0		0
			Payments to and on account of leavers			
(26)		(26)	Refund of Contributions	(3)	(8)	(11)
(88)		(88)	Transfers out to other pension bodies	(405)		(405)
(5,843)	552	(5,291)	Net amount payable for the year	(7,063)	1,069	(5,994)
		5,291	Additional Contributions from the Authority			5,994
			0 Net balance for the year			0

Pension Fund Net Assets Statement at 31 March 2008

Previous Year 2006-2007 £000	NET ASSETS STATEMENT	Current Year 2007-2008 £000
0	Unpaid pensions due	0
0	Recoverable overpayments of pensions	0
0	Amount owing from the General Fund	0
0	Top-up receivable from the Home Office	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).

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 Council's 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.

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. It is assessed at 4% of loans currently outstanding. This ensures that the Authority makes a satisfactory annual provision for loan repayments.

NATIONAL NON-DOMESTIC RATES (NNDR)

The business rate in the pound 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.

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.

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.