

STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2016

Kettlewell House Austin Fields Industrial Estate Kings Lynn Norfolk PE30 1PH



STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2016

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NOTE ACCOUNTING POLICIES

1 FINANCIAL REPORTING STANDARDS, REGULATION AND GUIDANCE

- (i) The Board has not elected to prepare a full Statement of Accounts required by larger public bodies (Category 1 Authorities), as provided for in the Local Audit and Accountability Act 2014.
- (ii) The Board has completed this Statement of Accounts in accordance with the Financial Reporting Standard for Smaller Entities 2008 (FRSSE) issued by the Accounting Standards Board (other than in respect of the note required for the defined benefit pension scheme) and has prepared an Annual Return which all Category 2 Authorities are required to do, in accordance with Regulation 11 of the Accounts and Audit Regulations 2015 based on these Accounts. The Board is a Category 2 Authority.
- (iii) The Annual Return has been prepared in accordance with proper practices that are set out in Sections 1 to 4 of the Guidance published by the Association of Drainage Authorities on 30 March 2016. This Statement of Accounts therefore includes the Accounting Statement reported in Section 2 of the Annual Return, which has been reconciled to the Income and Expenditure Account and Balance Sheet stated herein.

2 ACCOUNTING CONCEPTS

These accounts have been prepared in accordance with the following accounting concepts:

Going Concern Prudence Accruals

3 FIXED ASSETS

- (i) Fixed Assets are recognised as expenditure on the acquisition, creation or enhancement of fixed assets. Most assets with estimated useful economic lives in excess of one year and a value of £5,000 or above are capitalised on an accruals basis in the Accounts.
- (ii) All fixed Assets are valued on the following basis:

Land and buildings are included in the balance sheet at lower of net current replacement cost and net realisable value, net of accumulated depreciation. Net current replacement cost is assessed as:

Non-specialised operational properties - existing use value

Specialised operational properties - depreciated replacement cost

Vehicles, plant and equipment are included at cost less depreciation

For the purposes of Box 9 in Section 2 of the audited Annual Return, Fixed Assets are valued at Net Book Value.

- (iii) Disposals are written off at cost less depreciation. Any surplus/deficit arising is charged/credited to Exceptional Items in the Income and Expenditure Account.
- (iv) Depreciation has been provided for using the straight line method.
- (v) The useful lives of the various assets held on the Fixed Asset Register are as follows:

Motor Vehicles and Equipment: 4 years



NOTE ACCOUNTING POLICIES

Excavators and Tractors: 7 years Specialist Plant and Equipment: <= 10 years Fixed Pumping Plant: 20 years Lifting Equipment: 5 years Land: not depreciated Pumping Stations: 10 years Buildings: 50 years

4 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost or net realisable value.

5 GOVERNMENT GRANTS AND SUBSIDIES

Government grants and contributions have been credited to the Income and Expenditure Account on an accruals basis.

6 PENSIONS

- (i) The Board is a member of the Local Government Pension Scheme (LGPS), administered by Norfolk County Council. This is a funded defined benefit career average pension scheme, meaning that the Board and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Board has paid a contribution of 20.5% on employees pensionable pay into the pension fund during 2015/16.
- (ii) The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the Income and Expenditure Account in order to spread the cost over the service lives of employees in the scheme. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.
- (iii) The Board's pension liability has been calculated by the fund actuary as set out in the accompanying report entitled: 'Actuarial Valuation as at 31 March 2016 for FRS17 Purposes'.
- (iv) The Board also a has a share of the pension liability which is attributable to its membership of the Water Management Alliance; a defined benefit scheme operated by Norfolk County Council.

7 TAXATION

Drainage Boards are exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the Income and Expenditure Account only to the extent that it is irrecoverable.

8 EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

- (i) There are no material exceptional or extraordinary items to disclose in the Accounts.
- (ii) Profits or losses on the disposal of fixed assets are shown separately on the face of the Income and Expenditure Account prior to the Operating Net Surplus/(Deficit).

9 INCOME RECOGNITION

Income is recognised at the time of invoicing. In the case of Drainage Rates this is on the 1st April annually.



NOTE ACCOUNTING POLICIES

10 FINANCE LEASES

The Board no longer has any Finance Leases on any of its plant or equipment.

11 RESERVES

The Board holds the Reserves as itemised below. The adequacy of these Reserves is reviewed by the Board annually. The purpose of these Reserves can be noted in the Board's Capital Financing and Reserves Policy:

http://www.wlma.org.uk/uploads/KLIDB_Capital_Financing_and_Reserves_Policy.pdf

This policy is reviewed by the Board triennially.

- (i) General Reserve
- (ii) Development Reserve
- (iii) Plant Renewals Reserve
- (iv) Capital Works Reserve
- (v) Revaluation Reserve
- (vi) Pension Reserve

Norfolk Rivers Drainage Board

From: To:	01 April 2015 31 March 2016	Period To: Year Ended:	12 31 March 2016			
Notes	Income and Expenditure Account	Y-T-D BUDGET £	ACTUAL	Y-T-D VARIANCE £	ANNUAL BUDGET £	PROJECTED OUT-TURN £
	Income					
	Occupiers Drainage Rates	74,650	74,650	0	74,650	74,650
1	Special Levies issued by the Board	288,923	3 288,923	0	288,923	288,923
2	Highland Water Contributions from EA	75,000	74,707	-293	75,000	74,707
	Grants Applied	492,420) 293,895	-198,525	492,420	293,895
3	Income from Rechargeable Works	() 41,844	41,844	0	41,844
	Investment Interest	5,000	9 4,611	-389	5,000	4,611
4	Net Surplus on Operating Accounts	() 0	0	0	0
5	Other Income	16,995	5 70,300	53,305	16,995	70,300
	Total Income	£952,988	3 £848,930	-£104,058	£952,988	£848,930
	Less Expenditure					
6	Gross Cost of Capital Works	524,670	307,465	217,205	524,670	307,465
7	Precept Contributions to EA	62,051	61,866	185	62,051	61,866
8	Maintenance Works	303,576	6 287,520	16,056	303,576	287,520
9	Administration Charges	128,660) 138,537	-9,877	128,660	138,537
3	Cost of Rechargeable Works	() 22,512	-22,512	0	22,512
4	Net Deficit on Operating Accounts	C	7,055	-7,055	0	7,055
	Total Expenditure	£1,018,957	7 £824,955	£194,002	£1,018,957	£824,955
	Profit/(Loss) on disposal of Fixed Assets	£C	£0	£0	£0	£0
	Net Surplus/(Deficit)	-£65,969	e £23,975	£89,944	-£65,969	£23,975



From: To:	01 April 2015 31 March 2016		12 31 March 2016	
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		Opening	Movement	Closing
Notes	Balance Sheet as at 31-3-2016	Balance	This Year	Balance
		£	£	£
10	Fixed Assets			
	Land and Buildings	42,957	-999	41,958
	Plant and Equipment	36,396	-22,396	14,000
		79,353	-23,395	55,958
	Current Assets			
11	Bank Current Account	225,879	-156,746	69,133
12	Debtors Control Account	20,291	-8,603	11,688
	Work in Progress	3,391	-2,571	820
13	Term Deposits	800,000	300,000	1,100,000
14	Special Levies Due	0	000,000	1,100,000 C
15	Ratepayers Due	5,857	367	6,224
. •	Prepayments	0,001	0	0,22
16	Prepayments WMA	-5,079	27,843	22,764
10	VAT Due	18,256	7,035	25,291
	Grants Due	0	0	20,201
		1,068,595	167,325	1,235,920
	Less Current Liabilities	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	101,020	.,
	Creditors Control Account	42,384	37,616	80,000
17	Grants Unapplied	426,644	82,340	508,984
.,	Accruals	6,571	-1	6,570
	Special Levies paid in advance	0,571	-1	0,570
	Finance Leases	0	0	(
	PWLB Loans	0	0	(
		475,599	119,955	595,554
	Net Current Assets	592,996	47,370	640,366
	Less Long Term Liabilities			
18	Pension Liability	147,000	-65,000	82,000
	Net Assets	525,349	88,975	614,324
19	Reserves			
	Earmarked			
	General Reserve	379,607	23,975	403,582
20	Development Reserve	177,792	23,975	403,302
20 21	Plant Reserve	65,000	0	65,000
21	Fidili Reserve	<u>622,399</u>	23,975	646,37 4
	Non-Distributable	022,399	23,913	040,374
22	Revaluation Reserve	40.050	0	40.050
		49,950	0	49,950
18	Pension Reserve	<u>-147,000</u> -97,050	65,000 65,000	-82,000 - 32,050
		-97,000	05,000	-32,030
	Total Reserves	525,349	88,975	614,324

P J CAMAMILE CHIEF EXECUTIVE



From:	01 April 2015	Period To:	12
To:	31 March 2016	Year Ended:	31 March 2016
Note	Notes to the Accounts		
1	Special Levies due from constituent Billing Authorities are as follows:		

	Y-T-D	Y-T-D
	BUDGET	2015/16
Breckland District Council	46,261	46,261
Broadland District Council	69,077	69,077
King's Lynn and West Norfolk Borough Council	17,570	17,570
North Norfolk District Council	92,181	92,181
Norwich City Council	5,158	5,158
South Norfolk District Council	58,676	58,676
	288,923	288,923

2 The EA Highland Water Claim for 2015/16 is due to be paid by the Environment Agency (EA) to the Board in September, following the recent changes made to the timetable (previously the payment was made in two installments - one in May and one in December).

3 Rechargeable work includes professional supervision and contracting services to the Norfolk Rivers Trust.

4 Net Surplus/(Deficit) on Operating Accounts is made up as follows:

	Y-T-D	Y-T-D
	BUDGET	2015/16
Labour Operations Account	0	-18,071
Mobile Plant Operations Account	0	11,016
	0	-7,055
Hourly Charge-out Rates are as follows:		
	2014/15	2015/16
Operatives (2)	27.12	32.42
Doosan DX80R Excavator	14.25	14.25

Detailed operating surpluses/(deficits) for the Labour Operations Account and each item of mobile plant are shown in the Labour and Mobile Plant Operations Reports, which can be made available to members on request. Staff Costs included in the Labour Operations Account amounted to £104,032.

5	Other income is made up as follows:	Y-T-D	Y-T-D
		BUDGET	2015/16
	WMA Income	12,995	68,650
	Other Income	2,350	0
	Summons Costs	1,650	1,650
		16,995	70,300

- 6 The gross cost of each capital scheme is approved by the Board annually and detailed on the schedule of capital works as managed by the District Engineer, which can be made available to members on request. The Grants Due/(Unapplied) also correspond with the figures shown on the Balance Sheet. The Executive Committee scrutinise this Report every year.
- 7 The EA Precept due for 2015/16 is payable to the EA on 31 May and the other half is payable to them on 30 November. The Board has no idea where or how this money is spent.
- 8 Detailed maintenance operations are approved by the Board annually and shown on the Operations map, together with the schedule of maintenance works for each catchment, which can be made available to members on request. Expenditure is analysed as follows:

	Y-T-D	Y-T-D
	BUDGET	2015/16
Labour Charges	85,000	83,159
Plant Charges	28,000	23,626
Materials	5,500	1,476
Contractors	118,387	113,250
Plant Hire & Transport	0	0
Direct Works	236,887	221,511
Colkirk Depot	4,100	3,314
Technical Support Staff Costs	45,603	56,365



From:	01 April 2015	Period To:	12	
То:	31 March 2016	Year Ended:	31 March 2016	
Note	Notes to the Accounts			
	Other Technical Support Costs	9,152	1,830	
	Biodiversity Action Plan Costs	7,834	4,500	
	Maintenance Works	303,576	287,520	
9	Administration charges reflect the Board's share of on the second state of the management Comm			t costs). Detailed expenditure

	Y-T-D BUDGET	Y-T-D 2015/16
Administration Staff Costs	89,525	85,349
Other Administration Costs	37,585	42,514
Drainage Rates AV Increases/(Decreases)	0	175
Depreciation Kettlewell House	0	999
Sundry Expenses (Saxthorpe)	1,550	9,500
	128,660	138,537

10 TANGIBLE FIXED ASSETS

12

	Land and	Plant and	
Cost	Buildings	Equipment	Total
Opening Balance as at 1 April 2015 b/fwd	49,950	79,270	129,220
(+) Additions	0	9,945	9,945
(-) Disposals	0	-23,621	-23,621
(=) Closing Balance as at 31 March 2016 c/fwd	49,950	65,594	115,544
Depreciation			
Opening Balance as at 1 April 2015 b/fwd	6,993	42,874	49,867
(+) Depreciation Charge for year	999	14,262	15,261
(-) Accumulated Depreciation written out on disposal	0	-5,543	-5,543
Closing Balance as at 31 March 2016 c/fwd	7,992	51,594	59,585
Net Book Value at 31 March 2015	42,957	36,396	79,353
Net Book Value at 31 March 2016	41,958	14,000	55,958

Full details of all movements during this year are recorded in the Board's Fixed Asset Register, which can be made available to members on request.

11 Additional sums are now being invested on the short term money market to maximise the return on the working balances, in accordance with the Board's Investment Policy. The Bank Current Account is reconciled as follows:

	2014/15	2015/16
Opening Balance as at 1 April b/fwd	57,793	225,879
(+) Receipts	1,113,336	991,820
(-) Payments	-945,250	-1,148,566
(=) Closing Balance as at 31 March 2106 c/fwd	225,879	69,133
Balance on Statement as at 31 March 2016	283,876	77,676
Less: Unpresented payments	-57,997	-8,543
Add: Unpresented receipts	0	0
Closing Balance as at 31 March 2016 c/fwd	225,879	69,133
Aged Debtor profile is currently as follows:		

		Number of
Debt period	Amount	Debtors
<=30 days	11,688	2
>30 days and <=60 days	0	0
>60 days and <=90 days	0	0
>90 days	0	0



From: 01 April 2015 To: 31 March 2016 Note Notes to the Accounts	Period To:	12		
То:	31 March 2016	Year Ended:	31 March 2016	
Note	Notes to the Accounts			
		11,688	2	
13	Term Deposits are currently as follows:			
	Financial Institution	Capital	Investment Date	Maturity Date

Financial Institution	Capital	Date	Date	Interest Rate
Natwest Treasury Reserve Deposit	400,000	26/10/2015	26/10/2016	0.75%
West Bromwich Building Society	300,000	15/03/2016	13/05/2016	0.44%
National Counties Building Society	400,000	18/03/2016	15/06/2016	0.48%
	1,100,000			

Variable

14 Special Levies are due to be paid by Constituent Councils in two halves on 1 May and 1 November every year.

There are currently 53 Ratepayers that have not paid their Drainage Rates for 2015/16, as compared to 72 Ratepayers this time last 15 year. Summarised transactions for Drainage Rates and Special Levies during the year are as follows:

	2014/15	2015/16
Arrears b/fwd	6,255	5,857
Drainage Rates for the year	73,701	74,650
Special Levies for the year	285,251	288,923
New Assessments	75	43
Value Increases (Decreases)	307	-43
Payments Received	-360,855	-364,714
Returned/(Represented) amounts	0	4
Irrecoverables and write offs	-391	-297
Summons collection costs	1,514	1,800
Arrears c/fwd	5,857	6,224

- 16 Prepayments represent the amount that has been paid to the WMA in advance, which will be used by the WMA to pay the Board's share of consortium expenditure during the next reporting period.
- Grants Unapplied are those grants that we have received in advance of doing work on the following schemes: 17

	2014/15	2015/16
Giant Hogweed Project	3,792	3,792
River Wensum Restoration Project	1,234	1,233
River Wensum Restoration Project PAR Preparation	0	0
River Nar Litcham to Lexham Hall Lakes	871	760
River Nar East Lexham Lakes Bypass	-2,311	-4,449
River Wensum Resoration Scheme	176,245	139,341
River Nar Restoration Scheme 4 Year	213,813	384,807
Strategic Modelling and Restoration	33,000	-16,500
	426,644	508,984

- 18(i) The Board provides its employees with access to the Local Government Pension Scheme but does not need to Account for this as a defined benefit pension scheme to comply with the limited assurance audit regime. However the Board has chosen to do so because it does have a pension liability, which has been calculated by the LGPS Fund Actuary as at 31 March 2016.
- The Board is a member of the Water Management Alliance Consortium and as such also has a proportion of the pension liability for 18(ii) the shared staff that are employed by King's Lynn IDB, t/a the Water Management Alliance. The Fund Actuary for Norfolk County Council has prepared a separate Report for the Water Management Alliance, which identifies a notional net pension liability of £1,079,000 as at 31 March 2016 that is shared by all 5 Member Boards. The Board's share of this pension liability is set out every year in the WMAs Basis of Apportionment, which was approved by the Board on 29 January 2015.
- 19 The Reserves are managed in accordance with the Capital Financing and Reserves Policy, as approved by the Board on 21 January 2015. This policy is available for viewing on the Board's website.
- 20 The purpose of the Development Reserve is to reduce the impact on drainage rates from development that takes place in the area. The Board charges developers a standard rate per impermeable hectare for agricultural land which is developed and becomes a hard standing area, such as housing, roadways etc. The money is credited to this Reserve and then used to reduce the gross cost of capital work needed to cater for the additional flows arising from such development. The income for this Reserve therefore comes exclusively from developers and is used to fund in part improvement works that are necessary because of development.



From:	01 April 2015
To:	31 March 2016

Period To: 12 Year Ended: 31 March 2016

Note Notes to the Accounts

- 21 The purpose of this Reserve is to reduce the impact on drainage rates as and when equipment is bought and sold, in accordance with the mobile plant renewals programme. Depreciation is its primary source of income, which largely comes from drainage rates/special levies in the form of plant charges included within the maintenance budget, together with any profits on disposal. Changes in hourly charge out rates are determined by the Operations Manager and the Chief Executive. Expenditure is determined by the Board, following recommendations made by the Chief Executive and Operations Manager.
- 22 This Revaluation Reserve has arisen from the revaluation of the Board's share of Kettlewell House on 31 March 2009 (approx. 10%).

Related Party Transactions

- 23 Mr D Papworth is the Chairman of the Norfolk Rivers IDB. £2,042 Chairman's Allowance was paid in 2015/16.
- 24 The Board has paid B G Goose & Partners a sum of £249.60 for teleporter and driver hire upto 31/03/16. The Board's Operations Manager is a partner of this business.
- 25 The Board has paid B J Goose a sum of £12,621.00 for plant/labour hire upto 31/03/16. The Board's Operations Manager is related to Ben Goose.
- 26 The Board uses Rating Software for the collection of Drainage Rates known as DRS. The software was developed by Mr P J Camamile, the Chief Executive, and is supported by Byzantine Ltd. Mr P J Camamile is the Company Secretary of Byzantine Ltd, and his wife, Mrs P Camamile is a Director. Both are shareholders.

Recommended Actions:

1. To approve the Financial Report for the period ending 31 March 2016.

P J CAMAMILE CHIEF EXECUTIVE M FUTTER FINANCE OFFICER



From:	01 April 2015	Period To:	12
To:	31 March 2016	Year Ended:	31 March 2016

			Actual 2008/09						Annual		Cumulative		Variance				
		GiA	2008/09	Actual	Actual	Actual	Actual	Actual	Estimate	Variance	Gross Cost	Approved	(adverse)/	Grant	Grant	Grant Due/	Grant
Our ID Capital Scheme	EA Ref.	Level	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16		(2015/16)	C/Fwd	Cost	. ,	Receivable	Requested	(Unapplied)	Applied
•		%	£	£	£	£			£	£	£	£	£	£	£	£	£
Grant Aided Works:																	
SCH02 River Wensum WLMP	IDB0079	100%	48,767.00	1983.50	-5,364.91	1,381.00	5,000.00	0.00	0	0.00	51,766.59	60,000	8,233.41	51,766.59	53,000.00	-1,233.41	0.00
SCH03 Giant Hogweed NNI Irradication Scheme	NCC	100%	1,345.93	198.00	62.46	284.46	317.46	0.00	0	0.00	2,208.31	6,000	3,791.69	2,208.31	6,000.00	-3,791.69	0.00
SCH04 River Nar Restoration Scheme	IDB0156	100%	102,225.46	3,572.00	2,249.75	0.00	0.00	216.00	0	-216.00	108,263.21	153,484	45,220.79	108,263.21	108,047.21	216.00	216.00
SCH07 River Nar Litcham to Lexham Hall Lakes	IDB0228	100%	0.00	5,364.91	36,127.79	20,897.19	0.00	111.47	0	-111.47	62,501.36	68,464	5,962.64	62,501.36	62,463.88	-759.98	111.47
Catchment Officer Employment Costs	IDB0261	100%	0.00	0.00	40,000.00	0.00	0.00	0.00	0	0.00	40,000.00	40,000	0.00	40,000.00	40,000.00	0.00	0.00
SCH11 River Nar East Lexham Lakes Bypass	IDB0266	100%	0.00	0.00	0.00	44,317.57	67,993.52	2,138.00	0	-2,138.00	114,449.09	150,000	35,550.91	114,449.09	110,000.00	4,449.09	2,138.00
SCH12 River Wensum Restoration Scheme	IDB0304	100%	0.00	0.00	0.00	6,685.00	101,008.91	201,929.76	256,670	54,740.24	309,623.67	643,525	333,901.33	309,623.67	441,875.00	-139,340.58	201,929.76
SCH13 River Nar Restoration Scheme 4 Year	IDB0266	100%	0.00	0.00	0.00	0.00	34,000.00	40,000.00	211,000	171,000.00	74,000.00	484,200	410,200.00	74,000.00	459,022.82	-385,022.82	40,000.00
SCH14 West Lexham Lakes		100%	0.00	0.00	0.00	0.00	395.70	984.12	0	-984.12	1,379.82	0	-1,379.82	0.00	0.00	0.00	0.00
SCH15 Strategic Modelling and Restoration	IDB0324	100%	0.00	0.00	0.00	0.00	0.00	49,500.00	55,000	5,500.00	49,500.00	53,000	3,500.00	49,500.00	33,000.00	16,500.00	49,500.00
SCH16 Broadland Catchment Partnership		100%	0.00	0.00	0.00	0.00	0.00	0.00	2,000	2,000.00	0.00	3,500	3,500.00	0.00	0.00	0.00	0.00
SCH17 West Lexham Village		100%	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00
SCH19 Litcham Village		100%	0.00	0.00	0.00	0.00	0.00	10,978.60	0	-10,978.60	10,978.60	0	-10,978.60	0.00	0.00	0.00	0.00
		-	152,338.39	11,118.41	73,075.09	73,565.22	208,715.59	305,857.95	524,670	218,812.05	824,670.65	1,662,173	837,502.35	812,312.23	1,313,408.91	-508,983.39	293,895.23
Non-Grant Aided Works:																	
SCH22 West Acre Mill Fish Pass			0.00	0.00	0.00	0.00	0.00	1,607.00	0.00	0.00	1,607.00	0.00	0.00	0.00	0.00	0.00	0.00
Totals		-	£152,338.39	£11,118.41	£73,075.09	£73,565.22	£208,715.59	£307,464.95	£524,670	£218,812.05	£826,277.65	£1,662,173	£837,502.35	£812,312.23	£1,313,408.91	-£508,983.39	£293,895.23



CMT093G

CMT094G

Gt Ryburgh Catchment

Gt Ryburgh Langor Catchment

From:	01 April 2015	F				
То:	31 March 2016	Y				
	Maintan and Maria	Length	Actual	Actual	Annual	Marianaa
Our ID	Maintenance Works	Metres	2014/15	2015/16	Estimate	Variance
Smallburg	h Sub Catchment					
CMT013G	North Walsham & Dilham Canal Catchment	16,700	12,759.43	18,106.75	4,710	-13,396.75
CMT014G	Hundred Stream Catchment	7,910	54.00	10,349.50	9,400	-949.50
Middle Bur	e Sub Catchment					
CMT026G	Hoveton Catchment	7,628	202.50	0.00	13,660	13,660.00
North Norf	olk Rivers Sub Catchment					
CMT042G	Holme Catchment	2,366	5,542.50	6,050.13	100	-5,950.13
CMT043G	Burn Catchment (Burnham Norton)	1,340	3,590.00	425.25	400	-25.25
CMT044G	Stiffkey Catchment	3,413	108.00	0.00	1,320	1,320.00
Upper Yare	e and Tas Sub Catchment					
CMT061G	Forncett to Tasburgh					
061G0301	3 Tharston Drain	9,872	60.75	0.00	0	0.00
061G0302	3a Fundenhall Drain	3,130	0.00	0.00	0	0.00
061G0303	3b Peck Drain	2,279	0.00	0.00	0	0.00
061G0304	3c Wacton Drain	1,505	0.00	0.00	0	0.00
061G0305	3d Sandpit Drain	1,437	0.00	0.00	0	0.00
CMT062G	Flordan to Caistor St Edmunds Catchment	6,179	81.00	0.00	0	0.00
CMT063G	Trowse Catchment	736	0.00	54.00	9,400	9,346.00
CMT064G	Keswick Catchment	5,552	0.00	0.00	0	0.00
CMT065G	Greath Melton to Colney Catchment	1,156	74.25	0.00	0	0.00
CMT066G	Barnham Broom Catchment	681	162.00	0.00	2,800	2,800.00
CMT067G	Thuxton Catchment	2,797	2,505.25	3,210.00	0	-3,210.00
CMT068G	Deopham to Wramplingham	6,344	3,195.63	0.00	2,100	2,100.00
CMT069G	Wymondham Catchment	3,277	1,614.75	4,517.83	5,800	1,282.17
CMT070G	Dyke Beck Catchment	1,586	0.00	0.00	0	0.00
	e Sub Catchment					
CMT071G	Thurning Catchment	10,831	3,537.00	5,688.00	3,848	-1,840.00
CMT072G	Corpustry/Cropton Hall Catchment	2,439	2,220.50	3,756.00	1,838	-1,918.00
CMT073G	Mannington Hall Catchment	1,418	1,188.00	1,674.00	1,837	163.00
CMT074G	Itteringham					
074G3401	Itteringham Marsh - 34 Itteringham Marsh u/s Bure	535	859.50	486.00	800	314.00
074G3501	Itteringham Marsh - 35 Itteringham to Oulton	1,061	0.00	0.00	0	0.00
CMT075G	Blickling-Itteringham Catchment	712	0.00	0.00	3,110	3,110.00
CMT076G	Aldborough and Scarrow Beck	22,413	11,454.00	10,034.75	19,330	9,295.25
CMT077G	Blickling Catchment	3,480	7,671.02	1,404.00	2,760	1,356.00
CMT078G	Aylsham Catchment No.1	912	990.00	985.50	2,200	1,214.50
CMT079G	Aylsham North Catchment No.2	1,187	0.00	3,490.00	500 5 1 6 0	-2,990.00
CMT080G CMT081G	Burgh-Next-Aylsham Catchment	2,978	553.50 26,748.89	6,678.66 16,093.69	5,160	-1,518.66
CMT081G CMT082G	Marsham-Brampton Catchment	17,230	20,740.89 4,044.00	2,686.50	13,910	-2,183.69
CMT082G CMT083G	Buxton - Hevingham Catchment Kings Beck Catchment	11,788 37,254	4,044.00 34,440.62	42,572.82	10,210 32,410	7,523.50 -10,162.82
CMT083G CMT084G	Horstead - Hautbois Catchment	2,126	1,144.50	42,572.82	2,400	537.00
CMT084G CMT085G	Horstead Catchment	4,694	4,738.13	10,593.35	2,400 7,160	-3,433.35
CMT085G	Itteringham Marsh Catchment	1,134	1,465.50	0.00	150	150.00
Woncum 6	ub Catchment					
CMT087G	Tatterset A Catchment	922	0.00	0.00	0	0.00
CMT087G CMT088G	Tatterset B Catchment	922 2,533	0.00 54.00	0.00	3,217	3,217.00
CMT088G CMT089G	Tatterford - Raynham Catchment	2,533 8,471	54.00 0.00	0.00 546.00	3,217	-546.00
CMT089G CMT090G	Dunton Patch Catchment	8,471 3,073	0.00	546.00 351.00	0	-546.00 -351.00
CMT090G CMT091G	Dunton Patch - Nights Common Catchment	3,073 3,276	0.00	0.00	0	-351.00
CMT091G CMT092G	Sculthorpe Catchment	3,278 4,068	0.00 10,917.76	9,232.13	5,590	-3,642.13
CMT092G	Gt Ryburgh Catchment	4,008	3 018 32	9,232.13	5,590	-3,042.13

5,121

808

3,018.32

0.00

0.00

0.00

0

3,602

0.00

3,602.00



From:	01 April 2015	Period To: 12
То:	31 March 2016	Year Ended: 31 March 2016

Our ID	Maintenance Works	Metres	2014/15	Actual 2015/16	Annual Estimate	Variance
CMT095G	Gt Ryburgh Stibbard Catchment	11,059	0.00	165.00	0	-165.00
CMT096G	Gt Ryburgh B Catchment	1,103	75.00	45.00	0	-45.00
CMT097G	Guist Catchment	2,520	0.00	0.00	0	0.00
CMT098G	Foulsham Catchment	18,897	0.00	45.00	3,595	3,550.00
CMT099G	Elmham A Catchment	6,710	0.00	7,575.50	0	-7,575.50
CMT100G	Elmham B Catchment	1,933	0.00	0.00	0	0.00
CMT101G	Beetley Catchment	12,094	0.00	0.00	0	0.00
CMT102G	Gressenhall A Catchment	1,302	0.00	0.00	0	0.00
CMT103G	Gressenhall B Catchment	2,604	0.00	3,972.75	0	-3,972.75
CMT104G	Dereham Stream Catchment	3,031	8,066.29	3,852.88	4,364	511.12
CMT105G	Billingford Catchment	6,493	2,093.75	4,338.56	2,397	-1,941.56
CMT106G	Bylaugh Meadows Catchment	7,162	9,673.70	11,442.13	8,798	-2,644.13
CMT107G	Swanton Morley Catchment	6,304	3,600.00	5,262.56	2,715	-2,547.56
CMT108G	Easthaugh Catchment	3,099	0.00	0.00	0	0.00
CMT109G	Lenwade Catchment	3,111	249.38	4,265.95	2,260	-2,005.95
CMT110G	Reepham - Booton Catchment	23,821	2,604.75	2,777.95	0	-2,777.95
CMT111G	Swannington Catchment	16,458	0.00	0.00	9,865	9,865.00
CMT112G	Ringland - Morton Hall Catchment	4,249	7,911.30	8,172.06	6,960	-1,212.06
CMT113G	Taverham Hall Catchment	4,903	5,812.91	0.00	6,667	6,667.00
CMT114G	Drayton Low Road Catchment	2,930	5,669.26	0.00	1,908	1,908.00
CMT115G	Costessey Mill Catchment	1,766	54.00	4,502.25	3,632	-870.25
CMT116G	Hellesdon Low Road A Catchment	3,477	4,927.14	216.00	3,442	3,226.00
CMT117G	Honningham - Berry Hall Catchment	1,304	750.00	1,690.00	1,867	177.00
CMT119G	Hellesdon Low Road B Catchment	1,156	120.00	351.00	500	149.00
Upper Nar S	Sub Catchments					
CMT120G	Upper Nar River Catchment	34,136	6,075.92	1,987.75	8,195	6,207.25
	Direct Works	417,974	202,678.70	221,511.20	236,887	15,375.80
	Depot at Colkirk		3,741.52	3,313.78	4,100	786.22
	Technical Support Costs		44,159.00	58,195.00	54,755	-3,440.00
			·			
	Biodiversity Action Plan Costs		6,834.00	4,500.00	7,834	3,334.00
	Contingency		0.00	0.00	0	0.00
	Maintenance Works	-	£257,413.22	£287,519.98	£303,576	£16,056.02

A GOOSE OPERATIONS MANAGER



From: 01 April 2015

Period To: 12

To: 31 March 2016

Year Ended: 31 March 2016

Plant ID	Plant Item	Productive Units	Charge Out Unit	£ Per Unit	Notional Income	Third Party R & M	Inhouse R & M	Fuels	RFL, Int & Insurance	Depreciation	Total Expenditure	Over/(Under) Recovery
/105	Herder Mowing Bucket	754.00	Hours	3.00	2,262.00	286.75	0.00	0.00	27.50	0.00	314.25	1,947.75
/06	Fuel Bowser	0.00	Hours	2.50	0.00	0.00	0.00	0.00	31.80	0.00	31.80	-31.80
/10	Herder Mowing Bucket	0.00	Hours	3.00	0.00	0.00	0.00	0.00	0.00	780.60	780.60	-780.60
/17	Ifor Williams Trailer	0.00	Hours	2.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
/119	Doosan DX80R Excavator	1,529.25	Hours	14.25	21,791.85	2,155.77	208.00	1,271.33	318.00	7,969.44	11,922.54	9,869.31
/121	Bomford Protrim Flail	842.00	Hours	2.50	2,105.00	598.64	0.00	0.00	0.00	0.00	598.64	1,506.36
//22	Herder Mowing Bucket	0.00	Hours	3.00	0.00	0.00	0.00	0.00	0.00	300.00	300.00	-300.00
//24	Trailer	0.00	Hours	2.50	0.00	0.00	0.00	0.00	0.00	945.00	945.00	-945.00
//25	Doosan DX140LC Excavator Q532 MAP	0.00	Hours	15.00	0.00	0.00	0.00	0.00	0.00	249.98	249.98	-249.98
	Mobile Plant Operations Account (this year)	3,125			£26,158.85	£3,041.16	£208.00	£1,271.33	£377.30	£10,245.02	£15,142.81	£11,016.04
	Mobile Plant Operations Account (last year)	85			£28,260.42	£4,542.67	£486.00	£3,873.97	£533.70	£9,875.22	£19,311.56	£8,948.86

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A GOOSE OPERATIONS MANAGER



From:	01 April 2015		Period To:	12	
То:	31 March 2016		Year Ended:	31 March 20 ⁴	16
		Actual	Actual	Annual	
ID	Labour Operations Account	2014/15	2015/16	Estimate	Variance
	Work Done:				
7000	Labour Charges	105,664.18	89,977.52	126,706.65	-36,729.13
	Direct Costs:				
7010	Basic Pay	30,481.34	31,315.21	37,587.16	6,271.95
7020	Overtime	4,088.00	4,248.00	4,536.84	288.84
7030	Bonus	1,674.71	1,753.67	2,029.56	275.89
7040	Service Bonus	2,399.24	2,496.37	2,357.37	-139.00
7050	Attendance Pay	287.68	290.56	434.00	143.44
7060	Proficiency Certificates	600.00	850.00	600.00	-250.00
7080	Call out/expenses	771.74	869.40	1,000.00	130.60
7100	Travelling	4,527.30	5,787.00	4,500.00	-1,287.00
7110	Holiday Pay	5,317.75	5,849.18	5,348.72	-500.46
7120	Sick Pay	1,443.83	443.27	0.00	-443.27
	·	51,591.59	53,902.66	58,393.65	4,490.99
	Variable Overheads:		,		,
7070	Mobile Telephone Charges	496.40	308.70	578.00	269.30
7075	Lone Worker Telephone Charges	0.00	518.40	0.00	-518.40
7130	Employers N.I.	4,081.20	4,173.84	7,666.97	3,493.13
7140	Employers Pension	5,193.48	5,495.93	5,283.03	-212.90
7150	Life Assurance	0.00	108.76	200.00	91.24
		9,771.08	10,605.63	13,728.00	3,122.37
	Fixed Supervision Overheads:				
7160	Operations Manager	43,110.51	10,781.60	40,445.00	29,663.40
7165	Broads Supervision	0.00	7,197.87	0.00	-7,197.87
7175	Operations Manager - Old Vehicle AK61 VMU	5,862.41	0.00	0.00	0.00
7180	Operations Manager - Vehicle AU64 HCG	4,982.89	6,151.27	9,440.00	3,288.73
7240	Training Course Fees	55.00	0.00	500.00	500.00
7250	Protective Clothing/Health and Safety	3,380.82	958.04	3,000.00	2,041.96
7260	Small Tools/Consumables	1,798.16	1,511.57	1,200.00	-311.57
7270	Redundancy/Termination Costs	0.00	16,940.00	0.00	-16,940.00
	-	59,189.79	43,540.35	54,585.00	11,044.65
	Staff Costs (excluding depreciation)	116,659.55	104,031.61	122,147.73	18,116.12
	Depreciation of Company Vehicles	3,892.91	4,017.03	4,558.92	541.89
	Staff Costs (including depreciation)	120,552.46	108,048.64	126,706.65	18,658.01
	Net Operating Surplus/(Deficit)	-£14,888.28	-£18,071.12	£0.00	-£18,071.12



From:	01 April 2015	Pe	eriod To: 1	2				
То:	31 March 2016	Year Ended: 31 March 2016						
		Actual	Actual	Annual				
ID	Labour Operations Account	2014/15	2015/16	Estimate	Variance			
1.04	Productive Hours:	4 040 00	4 740 50	4 000 00	004 50			
L01	G Boyce	1,813.00	1,718.50	1,980.00	-261.50			
L02	A Halls	1,680.50	1,466.00	1,606.00	-140.00			
L03	A Fowle	952.00	148.00	1,100.00	-952.00			
		4,445.50	3,332.50	4,686.00	-1,353.50			
	Cost/Hour:							
	Direct Cost	11.61	16.17	12.46	-3.71			
	Variable Overhead	2.20	3.18	2.93	-0.25			
	Fixed Overhead	13.31	13.07	11.65	-1.42			
		£27.12	£32.42	£27.04	-£5.38			
	Holidays Taken:							
NR0001	G Boyce	29	29	29	0			
NR0002	A Fowle	28	6	6	0			
NR0003	A Halls	29	29	29	0			
		86	64	64	0			
	Sickdays Taken:							
NR0001	G Boyce	17	2	0	-2			
NR0002	A Fowle	0	0	0	0			
NR0003	A Halls	1	2	0	-2			
		18	4	0	-4			

A GOOSE OPERATIONS MANAGER



From:	: 01 April 2015	Period To:	12
To:	31 March 2016	Year Ended:	31 March 2016

											Acc.dprn			
Asset	1	Purchased/	Depreciation		Capital Cost			Capital Cost	Depreciation		w/out on	Depreciation	Profit/(Loss)	Net
ID	Asset/Asset Type	Revalued	Period (Yrs)	ERV	B/Fwd	Additions	Disposals	C/Fwd	B/Fwd	Depreciation	disposal	C/Fwd	on Disposal	Book Value
M05	Herder Mowing Bucket	01/04/2001	5	0.00	1,300.00	0.00	0.00	1,300.00	1,300.00	0.00	0.00	1,300.00	0.00	0.00
M06	Fuel Bowser	01/04/2001	5	0.00	2,869.62	0.00	0.00	2,869.62	2,869.62	0.00	0.00	2,869.62	0.00	0.00
M10	Herder Mowing Bucket	21/10/2011	5	0.00	3,903.00	0.00	0.00	3,903.00	2,667.05	780.60	0.00	3,447.65	0.00	455.35
M17	Ifor Williams Trailer	01/04/2009	3	0.00	2,929.00	0.00	0.00	2,929.00	2,929.00	0.00	0.00	2,929.00	0.00	0.00
M19	Doosan DX80R Excavator	21/10/2011	5	0.00	39,847.00	0.00	0.00	39,847.00	27,958.09	7,969.44	0.00	35,927.53	0.00	3,919.47
M21	Bomford Protrim Flail	26/01/2012	3	0.00	3,300.00	0.00	0.00	3,300.00	3,300.00	0.00	0.00	3,300.00	0.00	0.00
M22	Herder Mowing Bucket	31/03/2014	5	0.00	1,500.00	0.00	0.00	1,500.00	325.00	300.00	0.00	625.00	0.00	875.00
M24	Trailer	15/07/2015	3	0.00	0.00	945.00	0.00	945.00	0.00	945.00	0.00	945.00	0.00	0.00
M25	Doosan DX140LC Excavator Q532 MAP	21/03/2016	3	0.00	0.00	9,000.00	0.00	9,000.00	0.00	249.98	0.00	249.98	0.00	8,750.02
	Fixed Assets: Plant and Equipment			0.00	55,648.62	9,945.00	0.00	65,593.62	41,348.76	10,245.02	0.00	51,593.78	0.00	13,999.84
M23	Isuzu D-Max AU64 HCG	11/09/2014	3	8,000	23,621.35	0.00	-23,621.35	0.00	1,525.51	4,017.03	-5,542.54	0.00	0.00	0.00
	Fixed Assets: Vehicles			8,000	23,621.35	0.00	-23,621.35	0.00	1,525.51	4,017.03	-5,542.54	0.00	0.00	0.00
B01	Kettlewell House: NK391156 (10%)	25/08/2009	50	0.00	49,950.00	0.00	0.00	49,950.00	6,993.00	999.00	0.00	7,992.00	0.00	41,958.00
	Fixed Assets: Land and Buildings			0.00	49,950.00	0.00	0.00	49,950.00	6,993.00	999.00	0.00	7,992.00	0.00	41,958.00
	Fixed Assets			£8,000.00	£129,219.97	£9,945.00	-£23,621.35	£115,543.62	£49,867.27	£15,261.05	-£5,542.54	£59,585.78	£0.00	£55,957.84

P J CAMAMILE CHIEF EXECUTIVE



From: To:	01 April 2015 31 March 2016	Period To: Year Ended:	12 31 March 2016			
BOX NO.	ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2016	ACTUA 2014/1 RESTATED	5 2015/16	ACTUAL VARIANCE £	ACTUAL VARIANCE %	EXPLANATION OF KEY VARIANCES
1	Balances brought forward					
	General Reserve	297,93	379,607			
	Development Reserve	177,792	2 177,792			
	Plant Reserve	65,00	0 65,000			
	Revaluation Reserve	49,950	0 49,950			
	Pension Reserve	-76,00	0 -147,000			
	As per Statement of Accounts	514,67				
	(-) Fixed Assets and Long Term Liabilities					
	Long Term Liabilities	(0 0			
	Pension Liability	-76,00	0 -147,000			
	Net Book Value of Tangible Fixed Assets	71,81				
	J. J	-4,18				
	(=) Adjusted Balances brought forward (Net Current Assets)	518,85	9 592,996			
2	(+) Rates and Special Levies					
	Drainage Rates	73,70	1 74,650			
	Special Levies issued by the Board	285,223				
	As per Statement of Accounts	358,924	4 363,573	4,649	1%	N/A
3	(+) All Other Income					
	Grants Applied	208,23	1 293,895			
	Highland Water Contributions	137,008	8 74,707			
	Income from Rechargeable Works	22,64	8 41,844			
	Investment Interest	2,20	5 4,611			
	Net Surplus on Operating Accounts	-5,939	9 0			
	Other Income	1,51	4 70,300			
	Profit/(Loss) on disposal of Fixed Assets	6,68	0 C			
	As per Statement of Accounts	372,34	7 485,357			
	(+) Additional Income from Sale of Fixed Assets					
	Capital Cost of disposals	24,44	7 23,621			
	Less: Accumulated depreciation written out	-23,12				
		1,32				
	(=) Adjusted Other Income	373,66	7 503,435	129,768	35%	Other Income was significantly higher than last year, largely due to receiving more grant aid (£85,664) for delivering capita



From: To:	01 April 2015 31 March 2016	Period To: Year Ended:	12 31 March 2016			
BOX NO.	ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2016	ACTUA 2014/1 RESTATED	5 2015/16	ACTUAL VARIANCE £	ACTUAL VARIANCE %	EXPLANATION OF KEY VARIANCES
4	(-) Staff Costs Labour Operations Account (3 FTEs) Shared Technical Support Staff Costs (7 shared employees; 1.6 FTEs) Shared Administration Staff Costs (9 shared employees; 1.8 FTEs)	116,660 41,610 	0 56,365 5 85,349	6,801	3%	work, more Income from the WMA for staff recharges (£68,786) and more Income from rechargeable works (£19,196), despite receiving less highland water contrbutions from the EA.
5	(-) Loan Interest/Capital Repayments	200,04	2-13,1-10	0,001	070	
Ū	Loan Interest		0 0			
	Capital Repayments		0 0			
	As per Statement of Accounts		0 0	0	0%	N/A
6	(-) All Other Expenditure					
	Capital Works	208,71				
	Maintenance Works	257,41				
	Environment Agency Precept	59,09				
	Administration Charges	103,53				
	Cost of Rechargeable Works	20,843				
	Net Deficit on Operating Accounts		0 7,054			
	Pension Interest Cost/(Expected Return on Assets) As per Statement of Accounts	649,60	0 0 0 824,954			
	(-) All Other Expenditure (Non Cash)					
	Plant and Equipment	13,76	8 14,262			
	Buildings		0 0			
	Depreciation on Kettlewell House (ncluding in admin. Exp.)	999				
	Pension Interest Cost/(Expected Return on Assets)		0 0			
		14,76	7 15,261			
	(-) Staff Costs now reported in Box 4	238,94	5 245,746			
	(+) Capitalised Additions					
	Land and Buildings	(0 0			
	Plant and Equipment	23,62				
		23,62	1 9,945			
	(=) Adjusted Other Expenditure	419,50	9 573,892	154,383	37%	Other Expenditure was much higher than last year, largely due to being able to deliver more capital work (£98,749) and
7	(=) Balances carried forward					maintenance work (£30,107). Admin.Charges were £35,005



From: To:	01 April 2015 31 March 2016	Period To: Year Ended:	12 31 March 2016			
BOX NO	. ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2016	ACTUA 2014/1 RESTATED	5 2015/16	ACTUAL VARIANCE £		EXPLANATION OF KEY VARIANCES
	General Reserve	379,60	7 403,582			higher than last year because WMA Income was not netted off
	Development Reserve	177,79				against the Consortium Admin.Charge this year, hence the
	Plant Reserve	65,00	0 65,000			significant increase in Other Income shown in Box 3.
	Revaluation Reserve	49,95	0 49,950			ů –
	Pension Reserve	-147,00	0 -82,000			
	As per Statement of Accounts	525,34	9 614,324			
	(-) Fixed Assets and Long Term Liabilities					
	Long Term Borrowing		0 0			
	Pension Liability	-147,00	0 -82,000			
	Net Book Value of Tangible Fixed Assets	79,35	3 55,958			
		-67,64	7 -26,042			
	(=) Adjusted Balances carried forward (Net Current Assets)	592,99	6 640,366	47,370	8%	
8	Total Cash and Short Term Investments					
	Cash at Bank and in Hand	225,87	9 69,133			
	Short Term Investments	800,00	0 1,100,000			
	As per Statement of Accounts	1,025,87	9 1,169,133			
9	Total Fixed Assets and Long Term Assets (Net Book Value)					
	Land and Buildings	42,95	7 41,958			
	Vehicles	22,09	6 0			
	Plant and Equipment	14,30	0 14,000			
	As per Statement of Accounts	79,35	3 55,958	-23,395	-29%	For an explanation of all movements, please refer to the detailed Fixed Assets Register.
10	Total Borrowings					5
	Loans Due (<= 1 Year)		0 0			
	Loans Due (> 1 Year)		0 0			
	As per Statement of Accounts		0 0			



From: To:	01 April 2015 31 March 2016	Period To: Year Ended:	12 31 March 2016			
BOX NO	. ANNUAL RETURN, FOR THE YEAR ENDED 31 MARCH 2016	ACTUA 2014/1 RESTATED	5 2015/16	ACTUAL VARIANCE £	ACTUAL VARIANCE %	EXPLANATION OF KEY VARIANCES >=15%
7, 8	RECONCILIATION BETWEEN BOXES 7 AND 8	ACTUA 2014/1 RESTATED	5 2015/16			
7	Balances carried forward (adjusted)	592,99	6 640,366			
	 (-) Deduct: Debtors and Prepayments Debtors Control Account Work in Progress Special Levies Due Ratepayers Due Prepayments Prepayments WMA Vat Due from HMRC Grants Due (+) Add: Creditors and Payments Received in Advance (<= 1 Year) Creditors Control Account Grants Unapplied Accruals Special Levies paid in advance Finance Leases 	5,85 -5,07 18,25 42,71 42,38 426,64 6,57	1 820 0 0 7 6,224 0 0 9 22,764 6 25,291 0 0 6 66,787 4 80,000 4 508,984 1 6,570 0 0 0 0 0 0			
	(=) Box 8	1,025,87	9 1,169,133			
8	(=) Total Cash and Short Term Investments Cash at Bank and in Hand Short Term Investments	225,879 800,000 1,025,87 9	0 1,100,000			
	P J CAMAMILE CHIEF EXECUTIVE					
	<u>19 MAY 2016</u>					

HYMANS **#** ROBERTSON

Actuarial Valuation as at 31 March 2016 for accounting purposes **Norfolk Pension Fund**

Robert Bilton Fellow of the Institute and Faculty of Actuaries For and on behalf of Hymans Robertson LLP 8 April 2016

Poper Bit

PUBLIC SECTOR

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1 Introduction and summary

Scope

- 1 I have been instructed by the Administering Authority named in the accompanying Results Schedule to undertake pension expense calculations for the Employer named in the Results Schedule, for the purpose of complying with the Accounting Standard stated in the accompanying Results Schedule for the period ending 31 March 2016. The instruction is set out in the Terms of Engagement letter (see Results Schedule for date of signature). These calculations relate principally to the Employer's participation in the Fund named on the cover ("the Fund") which is part of the Local Government Pension Scheme ("the LGPS").
- 2 These figures are prepared in accordance with our understanding of the latest version of the Accounting Standard. My calculations and advice, in this report and the accompanying Results Schedule, have been carried out in accordance with the Pensions Technical Actuarial Standard adopted by the Financial Reporting Council, which came into effect on 1 January 2013 (version 2), and other TASs: see 4.1. This report does not constitute an audit opinion in relation to the Fund. This constitutes a "valuation exercise", as the results of my calculations will be formalised in the Employer's financial statements.
- 3 Under accounting guidance, employers are expected to disclose the sensitivity of the valuation to key assumptions, and the required information is contained in section 4 of this report.

Results

- 4 The results of our calculations for the period ended 31 March 2016 and the projected net pension cost for the year ended 31 March 2017 are set out in the Results Schedule.
- 5 Please let me know if the Employer wishes to discuss the contents of this report or if, having considered the results, the Employer wishes to consider alternative assumptions. Note that this is likely to incur additional fees. As noted above, the impact of varying certain key assumptions is illustrated in section 4.

Reliances and limitations

- 6 This report (including the accompanying Results Schedule) is provided to the Employer solely for the purpose of complying with the Accounting Standard for the period ending 31 March 2016. It should not be used for any other purpose. It should not be released or otherwise disclosed to any third party except as required by law or with our prior written consent, in which case it should be released in its entirety. However, a copy of this report may be passed to the Employer's auditor to be used solely for the purpose of their audit.
- 7 We accept no liability to any third party unless we have expressly accepted such liability in writing.
- 8 Note that the methodology of the Accounting Standard, in conjunction with the Fund's investment strategy, means that the surplus or deficit identified in this report can vary significantly over short periods of time. This means that the results set out in the accompanying Results Schedule should not be taken as being applicable at any date other than 31 March 2016.
- 9 The figures presented in this report are prepared only for the purposes of the Accounting Standard and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, for accounting under any other standard, for bulk transfers or for other statutory purposes under LGPS Regulations.
- 10 The data with which we have been provided with and relied upon for this exercise is summarised in section 3.

- 11 The projected pension expense calculations for the period to 31 March 2017 may be used for the purpose of any interim financial reporting during the year to 31 March 2017. However, subsequent adjustments may be necessary to take account of:
 - any material events, such as curtailments, settlements or the discontinuance of the Employer's participation in the Fund;
 - any changes to accounting practices; or
 - any changes to the Fund.
- 12 This report and the Results Schedule deal principally with pension benefits provided via the LGPS. However, the Accounting Standard may require the disclosure of any additional liabilities, for example, those in respect of compensatory added years pensions. I have only valued such additional liabilities, which would not be covered in the formal LGPS funding valuation, to the extent that they have been notified to me and are summarised in the Results Schedule.
- 13 I have not been notified by the auditor to the Employer of the materiality limits which apply to the Employer and I have therefore prepared these figures using methods which are as accurate as is feasible using the data made available to me and the timescale within which the report is required.

Next steps

15 The information set out in this report and Results Schedule should be included in a disclosure note in the Employer's report and accounts. Please let me know if the Employer would like us to assist in drafting this note.

I would be pleased to discuss this report with the Employer and its auditors.

2 Approach

Valuation method

- 1 As required under the Accounting Standard we have used the projected unit credit method of valuation.
- 2 No allowance has been made for administration expenses in the present value of the defined benefit obligation, or the balance sheet. Expenses are allowed for by way of an increase in the current service cost.
- We have projected the valuation results of the latest formal valuation date (or date Employer joined the Fund if later) forward to 31 March 2016 using approximate methods (unless otherwise stated in the Results Schedule). The roll-forward allows for changes in financial assumptions, additional benefit accrual, estimated cash flows over the period and actual pension increase orders.
- In order to assess the value of the Employer's liabilities in the Fund as at 31 March 2016 (unless otherwise stated in the Results Schedule), I have rolled forward the value of the Employer's liabilities calculated at the latest formal valuation date (or date the Employer joined the Fund if later), allowing for the different financial assumptions required under the Accounting Standard at the reporting date. In calculating the current service cost I have allowed for changes in the Employer's pensionable payroll as estimated from contribution information provided. In calculating the asset share, I have rolled forward the Employer's share of the assets calculated at the latest formal valuation date (or date the Employer joined the Fund if later), allowing for investment returns (estimated where necessary), the effect of contributions paid into (estimated where necessary), and estimated benefits paid from, the Fund by the Employer and its employees.
- 5 In preparing the balance sheet at 31 March 2016 and the revenue account to 31 March 2016, no allowance is made for the effect of changes in the membership profile since the latest formal valuation date (or date the Employer joined the Fund if later) unless otherwise stated in the Results Schedule. The principal reason for this is that insufficient information is available to allow me to make any such adjustment. However, for most employers, the effect is likely to be immaterial in actuarial terms. If there have been significant changes, the Employer should discuss with its auditor whether an investigation into the effect on the balance sheet as at 31 March 2016 and service cost for period to 31 March 2016 are required.
- 6 Whilst the liabilities calculated under the Accounting Standard include an allowance for some premature retirements on grounds of ill-health, there is no allowance for early retirements on grounds of redundancy or efficiency other than those actual cases of which I have been notified.
- 7 It is not possible to assess the accuracy of the estimated rolled-forward liability shown in the Results Schedule without conducting a full valuation using updated individual membership data. Such a valuation is generally not practical in the time available to meet the Employer's reporting requirements. The estimated rolled-forward liability as at 31 March 2016 will therefore not reflect differences in demographic experience from that assumed (e.g. pensioner longevity) or the impact of differences between aggregate changes in salary/pension or changes for specific individuals.
- 8 Whilst we have no reason to believe that the approximations used in rolling forward the valuation to 31 March 2016 will introduce any undue distortion in the results, the Employer and its auditors may wish to consider the size of the Fund's assets and liabilities in relation to the Employer's materiality limits. The Results Schedule will state if a full valuation has been carried out instead of a roll-forward.
- 9 For employers whose separate membership of the Fund started in the last 18 months and where a first time accounting report has been provided:
 - The Results Schedule relates to the period from date of joining to 31 March 2016.

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- The initial asset allocation used for accounting purposes (and in the calculation of the opening funding level) will supersede any initial asset allocation previously quoted. However, if the calculations carried out in the past (for example for a contribution rate assessment) were based on final data and final assumptions at the date the Employer joined the Fund, then the initial asset allocation used for accounting purposes will be in line with that which was previously quoted.
- The liability value reported in the Results Schedule will differ from those in any previous reports related to the employer due to the different assumptions adopted under the Accounting Standard, compared to funding assumptions used for setting contribution rates etc.

3 Data and information used

Benefit changes

1 The pension expense for the period to 31 March 2016 and the projected pension expense for the year to 31 March 2017 allow for the LGPS career average revalued earnings (CARE) benefit design. The figures are based on my understanding of the provisions of the Fund and are subject to change as any changes are made to the Fund.

Data sources

- 2 Our calculations are based on the following information and documents, all provided by the Administering Authority:
 - the bid value and split of Fund assets as at the latest available date;
 - the actual Fund returns provided up to the latest available date;
 - employer and employee contributions for the accounting period (estimated for the most recent month(s) where actual contributions were not yet available);
 - the individual pensioner member data in respect of LGPS unfunded pensions and Teachers' pensions where appropriate, as summarised in the Results Schedule; and
 - any new early retirements to the latest available date on unreduced pensions which are not anticipated in the normal employer service cost (e.g. non ill-health retirements before the earliest retirement age at which all the member's benefits can be taken unreduced), as set out in Section 1 of the Results Schedule.

Assets and investment returns

3 Details of the return on the Fund over the accounting period and the Fund's assets at the period end are set out in the Results Schedule.

Membership numbers

4 The latest numbers of employees, deferred pensioners and pensioners have been provided by the Administering Authority for the purpose of aiding the checking of the contribution data. Please note that these latest numbers have no impact on any of the calculated figures for 31 March 2016 (e.g. the balance sheet or revenue account disclosures).

Additional comments

5 Any specific comments on the data provided in respect of the Employer are set out in the Results Schedule.

4 Actuarial assumptions

Reliances and limitations

1 My advice to the Employer on the assumptions (and resulting draft disclosures) to be adopted for the purpose of the Accounting Standard is compliant with the Pensions Technical Actuarial Standard, TAS D – Data, TAS M – Modelling and TAS R – Reporting ¹. This report and the accompanying Results Schedule comprise the totality of my advice on the assumptions. These documents show my recommendations, and the Results Schedule will show if I have been instructed by the Employer to use different financial or demographic assumptions.

Accounting principles

I have been advised of the accounting principles adopted by the Employer in preparing its accounts (see Results Schedule). The report and Results Schedule have been prepared in line with my understanding of the relevant guidance. The Employer should confirm adherence of the guidance with its auditor.

Responsibility

3 The assumptions are ultimately the responsibility of the directors (or equivalent) based on actuarial advice. Where we have been instructed to use different assumptions to those recommended, details are given in the Results Schedule.

Demographic assumptions

- 4 The mortality assumptions adopted for this year's exercise are consistent with those used for the latest formal funding valuation. Please refer to the Fund's formal valuation report for further information.
- 5 The other demographic assumptions which I recommend are adopted (e.g. commutation, pre-retirement mortality) are the same as those used for the latest formal funding valuation. Full details of these assumptions are also set out in the Fund's formal valuation report.

Financial assumptions

6 The financial assumptions used to calculate the components of the pension expense for the period ended 31 March 2016 were those from the beginning of the period (as set out in Section 2 of the Results Schedule) and have not been changed during the period. My recommended assumptions for disclosure of the funded status under the Accounting Standard as at 31 March 2016 are summarised below.

	Weighted Average Duration					
	Short	Medium	Long			
Period Ended	31 Mar 2016	31 Mar 2016	31 Mar 2016			
	% p.a.	% p.a.	%p.a.			
Discount Rate	3.4%	3.5%	3.6%			
Retail Price Inflation (RPI)	3.1%	3.2%	3.2%			
Consumer Price Inflation (CPI) - Pension Increase Rate	2.1%	2.2%	2.2%			

Full details of how I have determined my recommended assumptions are set out in Appendix 2.

Expected return on assets (only for Employers reporting under FRS17)

7 It is my understanding that employers currently reporting under FRS17 will move to FRS102 for the next accounting year. As a result, the expected return on assets assumption as at the reporting date is set equal to the discount rate as per FRS102.

¹ Technical Actuarial Standards (TASs) are issued by the Financial Reporting Council (FRC) and set standards for certain items of actuarial work, including the information and advice contained in this report.

8 The above has no impact on the balance sheet at 31 March 2016. However, the projected pension expense for the year to 31 March 2017 has been prepared on a FRS102 basis.

Reasonableness of assumptions

9 There is a range of actuarial assumptions which are acceptable under the requirements of the Accounting Standard. I consider that the assumptions above are within the acceptable range and are thus consistent with the requirements of the Accounting Standard. Where I have been instructed by the Employer to use different assumptions, these are shown in the Results Schedule: it is possible that these fall outside the range which I consider to be acceptable.

Sensitivity to assumptions

- 10 The Accounting Standard requires disclosure of the sensitivity of the results to the methods and assumptions used.
- 11 The costs of a pension arrangement require estimates regarding future experience. The financial assumptions used for reporting under the Accounting Standard are the responsibility of the directors (or similar) of the Employer. These assumptions are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pensions in payment), can have a significant effect on the value of the liabilities reported.
- 12 A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude.
- 13 There is also uncertainty around life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in payment. The disclosures have been prepared using longevity assumptions as per paragraph 4. Based on these assumptions, average life expectancies at age 65 are shown in the Results Schedule.
- 14 Details of the effect on the liabilities of the changes in the above assumptions are displayed in the Results Schedule in the Sensitivity Analysis section.

Risks and uncertainties

- 15 There are risks and uncertainties associated with whatever assumptions are adopted. The Accounting Standard requires the assumptions to be determined on a 'best estimate' basis. However, the assumptions are in effect projections of future investment returns and demographic experience many years into the future and there is inevitably a great deal of uncertainty inherent in what constitutes 'best estimate' with such projections. For the purpose of this report, I have interpreted best estimate to mean that the proposed assumptions are 'neutral': there is in my opinion an equal chance of actual experience being better or worse than the assumptions proposed.
- 16 It is also important to note that the Accounting Standard requires the discount rate to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. As such, the figures illustrated in the Results Schedule are unlikely to reflect either the actual eventual cost of providing the benefits or the likely level of contributions to fund the Employer's obligations to the Fund. Also, the balance sheet position may change significantly due to relative changes in the equity and bond markets at the reporting date.
- 17 The main risk to the Employer is that it determines assumptions that are more prudent (for example a lower net discount rate or higher longevity) than its peers, leading to a relatively poorer reported financial position. The Employer therefore needs to take into account both the requirement for a 'best estimate' set of assumptions and the commercial need not to overstate the pension liabilities.

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- 18 There is also a risk that the Employer determines assumptions which are less prudent than its peers. This does not have an impact on the underlying cost of the Fund nor the level of contributions that will be derived from future funding valuations. However, analysts and other users of the accounts may take a view that the Employer is understating its pension liabilities if it uses weaker assumptions and this may have adverse consequences.
- 19 I have not addressed any risks to the Fund itself. Such advice would generally be given to the Administering Authority by the Fund's Actuary through the actuarial valuation process.

5 Miscellaneous matters

Past service costs (including curtailments)

- Past service costs can arise from the Employer awarding discretionary benefits e.g. added years augmentation or allowing LGPS employees to retire on unreduced benefits before attaining their "Rule of 85" age (subject to a minimum of age 60 and a maximum age of 65) on grounds of efficiency.
- 2 Details of any such retirements are summarised in Section 1 of the Results Schedule and any Past Service Costs are set out in the Revenue Account figures of the Results Schedule. These represent the difference between an active member reserve and the actual early retirement reserve both calculated at the time of early retirement based on the reporting date accounting assumptions. Note that these costs relate only to LGPS benefits and not other elements such as redundancy lump sums.

Settlements

3 My calculations do not take account of any liabilities being settled at a cost materially different to the Accounting Standard reserve during the period ended 31 March 2016, other than as set out in the Results Schedule.

Bulk transfers

4 My calculations do not take account of any bulk transfers (in or out) since the Employer's previous Accounting Standard valuation (or following the date of joining for employers receiving a first time Accounting Standard valuation) other than as set out in the Results Schedule.

Recognition of surplus/deficit

- 5 The Accounting Standard imposes a limit on the maximum amount of surplus which can be recognised on the employer's balance sheet. In broad terms, surplus can only be recognised to the extent that it is no greater than the present value of the liability expected to arise from future service by current and future scheme members less the value of future employee contributions. Where this situation **may** apply, this is indicated on the front page of the Results Schedule and further calculations may be required before publishing the results in the Employer's formal accounts.
- 6 My understanding is that the Employer has a "constructive obligation" to fund any deficit allocated to its share of the Fund and it should therefore fully recognise the whole of any deficit.

Deferred tax

7 No allowance has been made for deferred tax, and the appropriate treatment in respect of this should be agreed with the Employer's auditors.

Results and disclosures

8 FRS12 - some employers may account for their unfunded pensioners under FRS12 instead of the Accounting Standard stated in the accompanying Results Schedule. For simplicity and where instructed, we have included all unfunded liabilities in the Results Schedule. However, we are happy for employers to move the unfunded results to an FRS12 section of their accounts if they wish and the figures will be unaffected.

Appendix 1 – Glossary of technical terms

Actuarial gains and losses	Over a reporting period, these consist of:
	- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred, including reflection of any funding valuation which has taken place since the last report; and
	 the effects of changes in actuarial assumptions (split between financial and demographic)
Current service cost	The increase in the present value of the defined benefit obligation resulting from employee service in the current period. This is based on the employer's "service cost" rate which accounts for the cost to the employer of benefits accruing over the period allowing for market conditions at the outset of the period. This may differ from what the employer is currently paying in cash contributions based on the certified rates at the last formal valuation.
Net defined benefit liability (asset)	The present value of the defined benefit obligation less the fair value of the plan assets (adjusted for the asset ceiling).
Net interest income (expense)	The change during the period in the net defined benefit liability (asset) that arises from the passage of time. This includes allowance for interest on the current service cost.

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Past service cost	The change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).
Present value of defined benefit obligation	The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.
Settlement	Occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan, for example, when a lump-sum cash payment is made to, or on behalf of, plan participants in exchange for their rights to receive specified post-employment benefits.
Weighted average duration	The weighted average time until payment of all expected future discounted cashflows, determined based on membership and the financial and demographic assumptions as at the most recent actuarial valuation. The shorter the duration, the more 'mature' the employer.

Appendix 2 – Briefing Note on Assumptions

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briefing hote LOCAL GOVERNMENT ACCOUNTING

February 2016



Steven Scott Actuary



Craig Alexander Actuarial Student



We recommend that each employer discusses the proposed assumptions with their auditor.

employers participating in the LGPS. We recommend that this paper is shared with all employers in the Fund with March year ends. This will allow employers to discuss our approach with their auditors in advance of the accounting date and decide if they are appropriate to their circumstances.

Local Government Pension Scheme:

Accounting Assumptions - 31 March 2016

This briefing note has been prepared by Steven Scott and Craig Alexander of Hymans Robertson's Public Sector Practice. This outlines the approach to deriving our recommended accounting assumptions as at 31 March 2016, specifically for

For the avoidance of doubt, our approach to assumption setting outlined in this briefing note applies to all accounting disclosures (unless otherwise stated). Please note we have discussed our approach with the National Audit Office who have not raised any concerns. We also propose that the same approach be adopted for valuing any unfunded liabilities

Background to accounting assumptions

As for any actuarial calculation, the value of the liabilities for accounting purposes is heavily dependent on the assumptions underpinning the calculations.

In order to be able to provide reports to employers quickly and at a reasonable cost, our default approach is to prepare accounting reports based on our recommended assumptions.

We believe our recommended assumptions are appropriate for the majority of employers, particularly local authorities and other public sector bodies.

Employers are, however, ultimately responsible for the assumptions adopted and may adopt their own 'bespoke' assumptions for accounting purposes.

To assist employers in assessing whether they wish to accept our recommended assumptions, we have set out below the rationale for our recommendations for each of the principal assumptions.

We recommend that each employer discusses the proposed assumptions with their auditor.

LOCAL GOVERNMENT ACCOUNTING

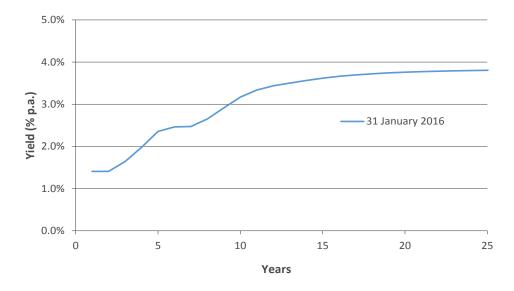
Discount Rate

IAS19 and FRS102 state that the discount rate used to place a value on the liabilities should be determined by reference to market yields on high quality corporate bonds at the reporting date. In addition, the currency and term of the high quality corporate bonds used to set the discount rate should be consistent with the currency and term of the liabilities.

Corporate bond yield curve

Government bond yield curves are updated and available on a daily basis from the Bank of England. It is therefore relatively easy to identify a spot yield on Government bonds at any duration and at any date. Unfortunately, a similarly accessible corporate bond yield curve is not so readily available.

We have adopted an approach to setting the discount rate whereby a "Hymans Robertson" corporate bond yield curve is constructed based on the constituents of the iBoxx AA corporate bond index. The chart below shows a representative yield curve as at 31 January 2016.



Weighted average duration

The discount rate should reflect the 'term' of the benefit obligation. We have interpreted 'term' to be the weighted average duration of the benefit obligation. This is broadly defined as 'the weighted average time until payment of all expected future discounted cashflows, determined based on membership and the financial and demographic assumptions at a particular time'. The shorter the duration, the more 'mature' the employer.

With increased divergence of LGPS employers, it is now the case that the weighted average durations of individual employers are materially different. It is therefore no longer appropriate for all employers to adopt the same financial assumptions for accounting purposes. Therefore, we continue to recommend separate discount rates (and corresponding RPI/CPI inflation assumptions) for individual employers, dependent on their own weighted average duration. The first step in this is to allocate each employer to a duration category as defined below:

Weighted average duration	Duration category
Less than 17 years	Short
Between 17 and 23 years	Medium
More than 23 years	Long

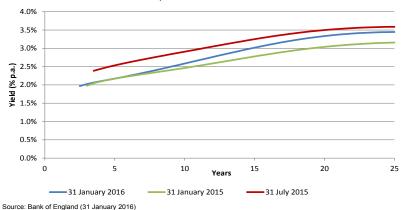
The weighted average duration used to identify the appropriate category for each employer is determined by us at the most recent actuarial valuation.

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Retail Prices Inflation (RPI)

This assumption is typically derived from yields available on fixed interest and index linked government bonds, and should be consistent with the derivation of the discount rate.

The chart below shows the Bank of England implied inflation curve over a range of maturities at 31 January 2016, 31 July 2015 and 31 January 2015. Cashflow weighted single RPI rates are derived from the Bank of England implied inflation curve that recognise the weighted average duration of each corresponding duration category defined above.



Implied Inflation Curve

Pension Increases (CPI)

The pension increase assumption is set in line with our Consumer Prices Index (CPI) assumption. As a market in CPI linked bonds does not exist, we need to estimate the long term gap between RPI and CPI in order to derive a CPI assumption for accounting purposes.

Based on an accumulation of evidence over the last four years from the Office for National Statistics (ONS) about RPI vs CPI, we are increasing our assumed RPI-CPI gap to 1.0 % p.a. at 31 March 2016 (compared to 0.9% p.a. at 31 March 2015).

Salary growth

Our recommended assumption will generally be consistent with the most recent actuarial valuation. An additional allowance for promotional salary increases is also made.

Indicative financial assumptions (based on market conditions as at 31 January 2016)

The following table shows the **indicative financial assumptions** based on this methodology and **market conditions as at 31 January 2016**.

Bond yields have been particularly volatile over the period since 31 March 2015 and this high volatility is expected to continue at least until 31 March 2016. It is the observed bond yields at 31 March 2016 that will be used to set our recommended assumptions as at 31 March 2016, **therefore the 2016 assumptions are subject to change.**

Duration category	Discount rate as at 31 Mar 2015	RPI (CPI) as at 31 Mar 2015	Discount rate as at 31 Jan 2016	RPI (CPI) as at 31 Jan 2016	Discount rate as at 31 Mar 2016	RPI (CPI) as at 31 Mar 2016
Short	3.1%	3.0% (2.1%)	3.6%	3.1% (2.1%)	tbc	tbc
Medium	3.2%	3.3% (2.4%)	3.7%	3.2% (2.2%)	tbc	tbc
Long	3.3%	3.4% (2.5%)	3.8%	3.3% (2.3%)	tbc	tbc

All else being equal, the financial assumptions above would lead to a reduction in the value placed on the liabilities compared to the financial assumptions typically adopted at 31 March 2015.

LOCAL GOVERNMENT ACCOUNTING

However, looking at the 10 month period to 31 January 2016, Funds are likely to have experienced significantly lower than expected asset returns which will partly offset any gains made on the liabilities described above. Clearly the balance sheet position at 31 March 2016 will be hugely dependent on how markets move between now and 31 March 2016.

Longevity assumptions

Our recommended longevity assumptions for the 2016 accounting exercise are in line with those adopted by funds for the most recent actuarial valuation (please refer to the valuation report for your own fund for further information).

Other demographic assumptions

These include assumptions for commutation, withdrawal, ill-health early retirements, proportions of deaths leaving a dependant, etc. The assumptions underlying the valuation should be mutually compatible and lead to the best estimate of the future cash flows that will arise under the scheme liabilities.

We gathered data on recent experience of LGPS funds in order to set appropriate demographic assumptions for the most recent formal funding valuation. For all funds, our recommendation will be to use the same demographic assumptions for accounting purposes as at the most recent valuation. Collectively, these are intended to be best estimate.

Next steps for employers

Unless otherwise advised, any accounting reports commissioned by employers through the Administering Authority will be based on our default recommended assumptions, which are intended to fully comply with IAS19, FRS102 and FRS17.

The Directors (or equivalent) of the employer should be satisfied that the combined effect of the assumptions is reasonable as a whole. We recommend that each employer discusses the proposed assumptions with their auditor.

We would of course be happy to tailor any of the assumptions to the needs of individual employers.

- Where an employer and its auditor decide to use a different approach to setting just the **financial assumptions** (e.g. discount rate, salary increase rate) for accounting purposes, there will be a small additional fee.
- Any different approach to **demographic assumptions** (e.g. life expectancy) is more time-consuming to adopt, and the additional fee is likely to be greater than adopting different financial assumptions.

If we are provided with a note of any 'bespoke' assumptions shortly after the year-end, we should be able to process as part of the main batch of reports in the most cost effective manner. Any delay to providing us with this information may result in the employer not benefiting from the standard batch fees and timescales.

It should also be noted that Hymans Robertson fees for LGPS employers (including the consideration and adoption of bespoke assumptions) are a fraction of the fees for sponsoring employers of stand-alone private sector schemes; this is due to the efficiencies and economies of scale which Hymans Robertson has put in place for the employers' benefit.

Briefing Note 04



in

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Appendix 3 – Briefing Note on Results

HYMANS **#** ROBERTSON

Accounting as at 31 March 2016 – Results commentary

briefing

April 2016



Steven Scott Actuary



Craig Alexander Actuarial Student

31 March 2016 accounting exercise Assumptions and results commentary

Steven Scott and Craig Alexander summarise Hymans Robertson's recommended accounting assumptions at 31 March 2016 and provide high level commentary on the results for 'typical' LGPS employers.

Recommended financial assumptions as at 31 March 2016

The approach to setting our recommended accounting assumptions as at 31 March 2016 is set out in our February 2016 Briefing Note. Our recommended financial assumptions as at 31 March 2016 are set out below.

Weighted average duration	Discount rate	RPI inflation (CPI)
Less than 17 years (Short)	3.4%	3.1% (2.1%)
Between 17 and 23 years (Medium)	3.5%	3.2% (2.2%)
More than 23 years (Long)	3.6%	3.2% (2.2%)

The demographic assumptions, including longevity, are set in line with the assumptions adopted at the latest formal valuation.

Results commentary

Each employer's results will reflect their own specific circumstances. Therefore, this update should be considered as an illustrative guide to the main issues affecting most employers, rather than a detailed explanation of each employer's experience.

The balance sheet position for the typical employer is likely to have improved over 2015/16. This is as a result of an increase in the net discount rate over this period, the positive impact of which has outweighed the likely lower than expected asset returns.

The 2015/16 charge to Profit & Loss is based on financial conditions at the *start* of the year i.e. assumptions as at 31 March 2015. The service cost and net interest cost for 2015/16 should be broadly in line with the projections made in our 2015 reports.

Accounting as at 31 March 2016 – Results commentary

The projected 2016/17 charge to Profit & Loss is likely to be lower than the 2015/16 charge. The reasons for this are as follows;

- A higher net discount rate (the discount rate net of inflation), leading to a lower **current service cost**.
- The effect of the change in assumptions and 2015/16 asset experience on the 2016/17 **net interest cost** will vary for each employer. However, for the typical employer, the 2016/17 net interest cost is likely to be less than the 2015/16 net interest cost due to the likely lower deficit at 31 March 2016.

Please speak to your usual Hymans Robertson contact if you have any queries in respect of this.



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Annual Report for the year ended

31 March 2016

Department for Environment Food & Rural Affairs

The Law – the following annual report is provided in accordance with Paragraph 4 of Schedule 2 to the Land Drainage Act 1991.

No later than 31 August 2016 a copy must be provided to:

- Department for Environment, Food and Rural Affairs, Flood Management Division, Area 3C, Nobel House, 17 Smith Square, London SW1P 3JR via <u>floodreports@defra.gsi.gov.uk</u>
- National Flood and Coastal Risk Manager (Strategic Delivery), The Environment Agency, Horizon House, Deanery Road, Bristol, BS1 5AH via <u>rachael.hill@environment-agency.gov.uk</u>
- The Chief Executives of:
 - all local authorities that pay special levies to the Board;
 - all County Councils or London Boroughs within which the Board is situated.

Please complete the form electronically. If you are unable to complete the form electronically, please complete in BLOCK LETTERS using **black ink**.

Please round all cash figures down to nearest whole £.

NORFOLK RIVERS ENTER INTERNAL DRAINAGE BOARD NAME HERE

Section A – Financial information

Preliminary information on special levies issued by the Board for 2016-17

Information requested below is essential in calculating future formula spending share. It is not covered elsewhere on this form or by the external auditor's certificate.

Special levies information for financial year 2016-17 (forecast)			
Name of local authority	2016-17 forecast £		
1. BRECKLAND DISTRICT COUNCIL	46,584		
2. BROADLAND DISTRICT COUNCIL	69,560		
3. KING'S LYNN AND WEST NORFOLK BOROUGH COUNCIL	17,693		
4. NORTH NORFOLK DISTRICT COUNCIL	92,825		
5. NORWICH CITY COUNCIL	5,194		
6. SOUTH NORFOLK DISTRICT COUNCIL	59,086		
7.			
8.			
Total	290,942		

Internal Drainage Board

Income and Expenditure Account for the year ending 31 March 2016

All Internal Drainage Boards must ensure that the Income and Expenditure information provided below is consistent with the Board's annual accounting statements which have been prepared in accordance with proper practices found in *Governance and Accountability in Internal Drainage Boards in England – A Practitioners' Guide 2006 (Revised November 2007)*

	Notes	Year ending 31 March 2016 £
INCOME		
Drainage Rates		74,650
Special Levies		288,923
Contributions from the Environment Agency		74,707
Contributions applied from developers/other beneficiaries		0
Government Grants		293,895
Rechargeable Works		41,844
Interest and Investment Income		4,611
Rents and Acknowledgements		0
Other Income	1	70,300
Total income		848,930
EXPENDITURE		
New Works and Improvement Works	2	49,500
Contributions to the Environment Agency	3	61,866
Drains Maintenance	4	283,020
Pumping Stations, Sluices and Water level control structures	5	0
Administration	6	138,537
Rechargeable Works	7	22,512
Finance Charges	8	0
SSSIs	9	257,965
IDB Biodiversity Action Plan actions or other biodiversity activities	10	4,500
Other Expenditure	11	7,055
Total expenditure		824,955
EXCEPTIONAL ITEMS		
Profits/(losses) arising from the disposal of fixed assets		0
Net Operating Surplus/(Deficit) for the year		23,975

Notes:

- 1. Include all other Income, such as absorption account surpluses (for example plant and labour absorption accounts).
- 2. State the gross cost of undertaking minor capital works that have not been capitalised and the annual depreciation charges of all major schemes that have been capitalised. You should also include a fair proportion of the support costs directly associated with delivery of the schemes.
- 3. State the total precept demanded for the year as properly issued by the Environment Agency, in accordance with section 141 of the Water Resources Act 1991. Providing that the precept has been properly issued as before stated it should always be included here, even when the Board has appealed against the amount of contribution, in accordance with section 140 of the Water Resources Act 1991. Where the Board knows with certainty the outcome of any such appeal, it should also include the appropriate accrual/prepayment.
- 4. State all costs associated with the maintenance of watercourses, meaning work associated with open channels, pipelines, culverts, bridges, etc. Plant, vehicle and labour charges should include a fair proportion of the overheads such as depot/workshop costs, employment on-costs, insurances and depreciation, etc. You should also include a fair proportion of the support costs directly associated with delivery of the maintenance programme.
- 5. State all costs associated with maintaining and operating the pumping stations, sluices and water level control structures. Plant, vehicle and labour charges should include a fair proportion of the overheads such as depot/workshop costs, employment on-costs, insurances and depreciation, etc. You should also include a fair proportion of the support costs directly associated with maintaining and operating the pumping stations, sluices and water level control structures.
- 6. Include the cost of non-technical staff only, office accommodation, annual depreciation of office equipment that has been capitalised, minor office equipment that has not been capitalised, postages, telecoms', stationery, printing, advertising, auditing of accounts, general insurances and all other costs associated with supporting the organisation. Please note that this does not include support costs, which are directly associated with the delivery of front line services.
- 7. State all costs associated with undertaking work for third parties. Plant, vehicle and labour charges should include a fair proportion of the overheads such as depot/workshop costs, employment on-costs, insurances and depreciation, etc. You should also include a fair proportion of the support costs directly associated with undertaking the rechargeable work.
- 8. Include the cost of servicing any borrowing, in terms of bank/loan/hire purchase Interest payable.
- State all costs associated with undertaking works capital or maintenance specifically for helping to achieve favourable condition on Sites of Special Scientific Interest (SSSIs). In most cases, these costs will be incurred in implementing actions set out in SSSI Water Level Management Plans or SSSI River Restoration Plans.
- 10. State all costs associated with undertaking works capital or maintenance that are intended to help conserve biodiversity (other than works on SSSIs). These costs are likely to be incurred in implementing actions set out in an IDB's Biodiversity Action Plan, but may include other activities.
- 11. Include all other expenditure, such as a provision for bad/doubtful debts, write-offs, and absorption account deficits (for example plant and labour absorption accounts).

Section B – Defra high level target and IDB Review Reporting

This section relates to the Board's achievement of High Level Targets (HLTs) issued by Defra in March 2005, including information required by the Environment Agency as a result of the targets or in relation to their general supervisory duty. Only those HLTs relevant to IDBs are covered below. This section also allows for reporting on IDB Review Targets.

HLT 1 – Policy Delivery Statement

Boards were required to produce a publicly available policy statement by 31 March 2001 setting out their plans for delivering the Government's policy aims and objectives. The full range of issues to be covered was set out in a template issued in June 2000. It is recommended that these statements be published on Boards' websites where they have them and reviewed every three years.

If 'NO', please say why not and when the statement will be produced/revised:

HLT 2 – Information on the National Flood and Coastal Defence Database

The IDB Review Project Board and the Environment Agency have agreed the means to allow data to be stored on the National Flood and Coastal Defence Database or equivalent systems. Boards are required to report on their asset holding and asset condition at the end of 2007/08.

HLT 3 – Biodiversity

Please indicate whether your Board has published a Biodiversity Action Plan Yes

Access to environmental expertise

Does your IDB have access to environmental expertise? If so please tick all those options below through which environmental expertise is regularly provided to your IDB:

Appropriately skilled Board Members (e.g. Board member from an Environmental Body/Authority)	
Directly employed staff	\checkmark
Contracted persons or consultants	\checkmark
Environmental Partners/NGOs	\checkmark
Other (please describe)	

Asset Management (IDB Review Strand A3)

What system/database does your Board use to manage the assets it is responsible for? (A) ADIS (B) NFCDD (C) Paper Records (D) Other Electronic System (please describe)

(D) Bespoke Microsoft Access Database and GIS

Guidance and Best Practice (IDB Review Section B)

How many Board members (in total – elected and appointed) do you have on your IDB?	31
Has your IDB adopted a formal Scheme of Delegation?	Yes
Has your IDB provided training for members in the last year? Considered:	Yes
Implemented:	

Please detail:

Various presentations at Board meetings Separate Training Day February 2016

Immediate Action (IDB Review Section C)

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 NORFOLK RIVERS ENTER INTERNAL DRAINAGE BOARD NAME HERE
 Internal Drainage Board

 I confirm that the information provided in sections A-C or with this form is correct.
 Signature

 Signature
 P. Cananils

 Date
 25 August 2016

 Name in BLOCK LETTERS
 P J CAMAMILE

 Designation
 CHIEF EXECUTIVE

 Email address
 phil@wlma.org.uk



BOARD MEMBERSHIP AS AT 31 MARCH 2016

NAME	MEETINGS	ATTENDED	ATTENDANCE %	CONTACT DETAILS
ELECTED MEMBERS				
Birkbeck H C	4	1	25	henry@westacre-estate.co.uk
Borthwick J M (wef Oct 15)	2	1	50	jason@deepdalefarm.co.uk
Bracey J	4	0	0	j.bracey@holkham.co.uk
Carrick J F **	4	3	75	john@castlefarm-swanton.co.uk
Cator H G	4	2	50	hcator@catorandco.com
Foster N W D	4	3	75	neilfoster@lexhamestate.co.uk
Hannah B J	4	2	50	bjhannah@tiscali.co.uk
Labouchere J P	4	4	100	john@labouchere.co.uk
Little M R	4	2	50	mlittle@savills.com
Mutimer G T	4	3	75	mutimer@mutimer.fsnet.co.uk
Oldfield J F	4	3	75	f-oldfield2@sky.com
Papworth P D *	4	4	100	david@tuttingtonhall.co.uk
Sayer M J	4	3	75	msayer@sparhamhouse.co.uk
Shaw S	4	1	25	simonshaw@scottowfarms.co.uk
Wilbourn R	4	2	50	rw.fhfms@btinternet.com
APPOINTED MEMBERS				
Bambridge S G	4	4	100	gordon.bambridge@breckland.gov.uk
Borrett W P	4	3	75	bill.borrett@breckland.gov.uk
Carter C (wef May 15)	4	2	50	charles.carter@breckland.gov.uk
Broadland DC				
Bannock C H (Mrs)	4	3	75	cllr.claudette.bannock@broadland.gov.uk
Carrick P (wef Aug 15)	3	2	67	cllr.paul.carrick@broadland.gov.uk
Everett G (wef Aug 15)	3	2	67	cllr.graham.everett@broadland.gov.uk
Mallet A (wef Aug15)	3	0	0	cllr.andrew.mallett@broadland.gov.uk
KL&WNBC				
Watson E (Mrs)	4	3	75	cllr.elizabeth.watson@west-norfolk.gov.uk
North Norfolk DC				
Green A R (Mrs)	4	1	25	ann.green@north-norfolk.gov.uk
Moore P (wef Jan 16)	1	1	100	peter.moore@north-norfolk.gov.uk
Palmer B (Miss)	4	0	0	becky.palmer@north-norfolk.gov.uk



BOARD MEMBERSHIP AS AT 31 MARCH 2016 (cont./-)

NAME	MEETINGS	ATTENDED	ATTENDANCE %	CONTACT DETAILS
Reynolds R (wef Aug 15)	3	0	0	roy.reynolds@north-norfolk.gov.uk
Ward S (wef Aug 15)	3	0	0	steven.ward@north-norfolk.gov.uk
South Norfolk DC				
Broome P (wef Aug 15)	3	2	67	pbroome@s-norfolk.gov.uk
Kiddie K (wef Aug 15)	3	2	67	kkiddie@s-norfolk.gov.uk
Legg N	4	3	75	nlegg@s-norfolk.gov.uk

* Chairman

** Vice-Chairman

Average attendance = 55%



Board Members and Officers

Gifts and Hospitality Register for 2015/16

Date	Member/Employee	Offer from	Description	Value (if known)	Accepted/Declined

Local Councils, Internal Drainage Boards and other Smaller Authorities in England Annual return for the year ended 31 March 2016

Every smaller authority in England with an annual turnover of £6.5 million or less must complete an annual return at the end of each financial year in accordance with proper practices summarising its activities. In this annual return the term 'smaller authority'* includes a Parish Meeting, a Parish Council, a Town Council and an Internal Drainage Board.

The annual return on pages 2 to 4 is made up of three sections:

- Sections 1 and 2 are completed by the smaller authority. Smaller authorities must approve Section 1 before Section 2.
- Section 3 is completed by the external auditor.

In addition, the internal audit report is completed by the smaller authority's internal audit provider.

Each smaller authority must approve Sections 1 and 2 of this annual return no later than 30 June 2016.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all highlighted sections. Do not leave any highlighted box blank. Incomplete or incorrect returns require additional external auditor work and may incur additional costs.

Send the annual return, together with the bank reconciliation as at 31 March 2016, an explanation of any significant year on year variances in the accounting statements, **your notification of the commencement date of the period for the exercise of public rights** and any additional information requested, to your external auditor by the due date.

Your external auditor will ask for any additional documents needed for their work. Unless requested, do not send any original financial records to the external auditor.

Once the external auditor has completed their work, certified annual returns will be returned to the smaller authority for publication or public display of Sections 1, 2 and 3. You must publish or display the annual return, including the external auditor's report, by 30 September 2016.

It should not be necessary for you to contact the external auditor for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides that can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk or from www.ada.org.uk

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to Locel Audit and Accountability Act 2014

Section 1 - Annual governance statement 2015/16

We acknowledge as the members of:

Enter name of
smaller authority here:

NORFAK RIVERS INTERNAL DRAINAGE

BOARD

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2016, that:

		A	greed	'Yes'
		Yes	No*	means that this smaller authority
1.	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	1		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2.	We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	V		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3.	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.	V		has only done what it has the legal power to do and has complied with proper practices in doing so.
4.	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	V		during the year gave all persons interested the opportunity to inspact and ask questions about this authority's accounts.
5.	We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls end/or external insurance cover where required.	V		considered the financial and other risks it faces and has deelt with them properly.
6.	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	V		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7.	We took appropriate action on all matters raised in reports from internal and external audit.	V		responded to matters brought to its attention by internal and external audit.
8.	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.	V		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9.	(For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No NA	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.
	nis annual governance statement is approved by this naller authority and recorded as minute reference:		Signed by: Chair	2. Population P. Camemila 19/05/16
	33/16/02		dated	19/05/16
da	iq 05 2016		Signed by:	0.0.
			Clerk	P. animile
			dated	19/01/2016

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how this smaller authority will address the weaknesses identified.

Section 2 - Accounting statements 2015/16 for

Enter name of smaller authority here:

NORFOLK RIVERS INTERNAL DRAINAGE BOARD

Year ending Notes and guidance 31 March 31 March Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying 2015 2016 financial records 1. Balances brought Total balances and reserves at the beginning of the year as recorded 592996 518 859 forward in the financial records. Value must agree to Box 7 of previous year. Total amount of precept or (for IDBs) rates and levies received 2 (+) Precept or Rates 358924 363573 and Levies or receivable in the year. Exclude any grants received. 3. (+) Total Total income or receipts as recorded in the cashbook less the 373667 503435 other receipts precept or rates/levies received (line 2). Include any grants received. Total expenditure or payments made to and on behalf of all (-) Staff costs 4 employees. Include salaries and wages. PAYE and NI (employees 238945 245746 and employers), pension contributions and employment expenses. 5. (-) Loan Total expenditure or payments of capital and interest made during interest/capital the year on the smaller authority's borrowings (if any). 0 0 repayments 6. (-) All other Total expenditure or payments as recorded in the cashbook less staff 419 509 573892 payments costs (line 4) and loan interest/capital repayments (line 5). (=) Balances carried Total balances and reserves at the end of the year. Must equal 7. 592996 640366 (1+2+3) - (4+5+6)forward 8. Total value of cash The sum of all current and deposit bank accounts, cash holdings and and short term short term investments held as at 31 March - To agree with bank 1025879 1169 133 investments reconciliation. The original Asset and Investment Register value of all fixed assets. 9. Total fixed assets plus other long term assets owned by the smaller authority as at plus long term 79353 55958 investments 31 March and assets The outstanding capital balance as at 31 March of all loans from third 10. Total 0 0 parties (including PWLB). borrowings 11. (For Local Councils The Council acts as sole trustee for and is responsible for managing Yes Only) Disclosure Trust funds or assets. note re Trust funds N.B. The figures in the accounting statements (including charitable) above do not include any Trust transactions.

I certify that for the year ended 31 March 2016 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

P. Commile 19/05/2016 Date

I confirm that these accounting statements were approved by this smaller authority on this date:

19 05 2016 and recorded as minute reference:

35 16 02

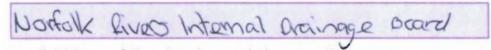
Signed by Cheir of the meeting approving these accounting statements.

gual 19/05/16 Date

Section 3 – External auditor certificate and report 2015/16 Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2016 in respect of:

Enter name of smaller authority here:



Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2016; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

External auditor report

(Except for the mattere reperted below)*-on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).
(continue on a separate sheet if required)
Other matters not affecting our opinion which we draw to the attention of the smaller authority:
(continue on a separate sheet if required)
External auditor signature
External auditor name Mazars LLP. Durham, DH1 5TS Date 16 Sectember 2016
Note: The NAO issued guidance applicable to external auditors' work on 2015/16 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Annual internal audit report 2015/16 to

Enter name of smaller authority here:

NORFOLK RIVERS INTERNAL DRAINAGE BOARD

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

Internal control objective		Agreed? Please choose only one of the following		
		Yes	No*	Not covered**
A.	Appropriate accounting records have been kept properly throughout the year.	>		
В.	This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	1		
C.	This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	1		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves ware appropriate.	1		
E.	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	7		
F.	Petty cash payments were property supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	1		
G.	Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	~		
H.	Asset and investments registers were complete and accurate and properly maintained.	>		
I.	Periodic and year-end bank account reconciliations were properly carried out.	>		
J.	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	1		
K.	(For local councils only)	-		Net
	Trust funds (including charitable) - The council met its responsibilities as a trustee.	Y₩×	No	applicable
	any other risk areas identified by this smaller authority adequate controls existed (list any other risk ats if needed)	ereas be	low or o	n separate
	REFER TO ATTACHED INTERNAL ANDIT REPORT	-		
	me of person who carried out the internal audit KATE LITTLENDOD, CMIIA.	ate	59/0	4)2016

"If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2015/16 annual return

- You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent work by the auditor. NALC, SLCC and ADA have helplines if you want to talk through any problem you encounter.
- Make sure that your annual return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the smaller authority, properly initialled and explanation provided. Annual returns containing unapproved or unexplained amendments will be returned and may incur additional costs.
 Smaller authorities must approve the annual governance statement before approving the accounts.
- 3. Use the checklist provided below. Use a second pair of eyes, perhaps a Councillor or Board Member, to review the annual return for completeness before sending it to the external auditor.
- Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must tell the external auditor about any change of Clerk, Responsible Finance Officer or Chair.
- 5. Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your smaller authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the accounting statements (Section 2 on page 3). You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guide*.
- 6. Explain fully significant variances in the accounting statements on page 3. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide* to assist you.
- 7. If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge. From 2016 onwards, you must inform the auditor of the date set for the commencement of the period for the exercise of public rights.
- Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2015) equals the balance brought forward in the current year (Box 1 of 2016).

Completion checklist -	No' answers mean you may not have met requirements	Done7
All sections	All highlighted boxes have been completed?	
	All additional information requested, including the dates set for the period for the exercise of public rights, has been provided for the external auditor?	
Section 1	For any statement to which the response is 'no', an explanation is provided?	
Section 2	Smaller authority approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2016 agreed to Box 8?	-
	An explanation of any difference between Box 7 and Box 8 is provided?	
Sections 1 and 2	Trust funds – all disclosures made if a Council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	
Internal Audit report	All highlighted boxes completed by internal audit and explanations provided?	

9. Do not complete Section 3 which is reserved for the external auditor.

"Note: Practitioners' Guides are available from your local NALC, SLCC or ADA representatives or from www.naic.gov.uk or www.slcc.co.uk or www.ada org.uk





Water Management Alliance

INTERNAL AUDIT REPORT 2015/16

April 2016

Contents:

- 1. Executive Summary
- 2. Overall Conclusion
- 3. Acknowledgements
- 4. Detailed Observations, Recommendations and Agreed Actions
- APP 1 Agreed Terms of Reference

1. Executive Summary

The audit of the Water Management Alliance and the constituent Internal Drainage Boards was carried out by Kate Littlewood and Karen Butler for the year 2015-16. This Executive Summary sets out our overall conclusion on the system reviewed, and summarises the key recommendations arising. A copy of the Terms of Reference for this audit is attached as **Appendix 1**.

Regulation 6 of the Accounts and Audit Regulations 2011 requires that 'A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. The completion of this internal audit fulfils that role.

It should be noted that any system of internal control is designed to manage risk to a reasonable level, and therefore Internal Audit cannot provide absolute assurance against loss. As well as being effective, controls need to be proportionate to the risk involved and not overburden the organisation with excessive costs.

The Water Management Alliance provides administration and management services to the five constituent Internal Drainage Boards, namely Broads, King's Lynn, East Suffolk, Norfolk Rivers and South Holland.

New guidance was issued on 30th March 2016 by the Joint Practitioners' Advisory Group (JPAG), 'Governance and Accountability for Smaller Authorities in England – A Practitioners Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements, March 2016'. Although the new guide does not become mandatory until the 2016/17 financial reports are prepared, the Water Management Alliance has decided on early adoption on a voluntary basis. With this in mind the auditor has considered the effect the new guidance would have on the required internal audit and has concluded that essentially the work remains the same. Therefore the audit has been undertaken in line with previous years, based on the 2007 guidance. Audit work has included review of the procedures and systems of control in place at the Water Management Alliance and considered if they were effective and being applied as intended. Sample testing was carried out on elements as considered necessary by the auditor in order to substantiate the application of the control.

As part of the audit a follow-up was carried out on the recommendations raised in last year's report. All recommendations made have been implemented. It was not possible to test the results of promoting the use of direct debit to collect rates as the invoices raised in April 2016 are the first to display the message. A note has been made to test collection rates during the 2017 audit.

2. Overall Conclusion

In conclusion, the procedures used at the Water Management Alliance are simple but effective, and appear to be carried out diligently by all staff concerned. Controls are working as expected. However, there are some aspects that can be improved and details

of recommendations can be found in Section 4 together with the actions agreed with the Chief Executive.

The overall level of assurance attributed to the system is:

Substantial Assurance	A sound system of internal control, but there are a few
	weaknesses that could put achievement of system objectives at
	risk.

The observations and recommendations are detailed in Section 4. Each recommendation is allocated a priority as defined below:

High	Major risk requiring action by the time the final report is issued.
Medium	Medium risk requiring action within six months of the issue of the draft report.
Low	Matters of limited risk. Action should be taken as resources permit.

3. Acknowledgements

We would like to express our thanks for their assistance and co-operation to: Mary Creasy, Personal Assistant (CEO) Michelle Futter, Finance Officer Trish Walker, Finance Assistant Graham Tinkler, Rating Officer/Site Warden Subject Area 4.1 – Cashbook and Bank Reconciliations

W.P. TS7.2

Observations and their effects/ Recommendations	Priority	Agreed Action/ Responsible Officer/ Target Date
 1. Bank Reconciliation Observation Bank reconciliations are carried out weekly, as per Financial Regulations. Evidence is presented to the Chief Executive each month in the form of a cashflow statement. All bank accounts remained in credit throughout the year. The East Suffolk bank statements were referred back to the Finance Assistant as the opening and closing balances for 1 month could not be confirmed. For the month of December there appeared to be one day missing (15 December) meaning the opening and closing balances did not agree. A correct bank statement was obtained and evidenced during the audit. The Finance Officer and Assistant split the bank reconciliations between them and there is evidence that the 2 do not keep the same paperwork to evidence their reconciliations. Consequence Monthly reconciliations are carried out correctly but this is not always evidenced. The method of carrying out the bank reconciliation is thorough but the supporting reports from Sage are not always printed. Recommendation Agree a single method of reconciliation and the supporting documentation that should be kept as evidence. 	Medium	Agreed. The method of reconciliation and the evidence kept will be coordinated. Finance Officer

Subject Area 4.2 – Payroll

W.P. Ref. TS7.3

Observations and their effects/ Recommendations	Priority	Agreed Action/ Responsible Officer/ Target Date
2. Timesheet Authorisation		
Observation		
Files containing the timesheets were requested and checked for evidence of timesheets and authorisation.	Low	Agreed.
		The method of authorising
Results were summarised in a spreadsheet. All timesheets had been signed by the Operations Managers for each Board and by the Finance Officer for WMA.		these timesheets will be reviewed.
The Broads Operations Manager is authorising his own timesheets due to the remoteness of the working area. The Operations Manager is now managing 3 sites, Broads, Norfolk Rivers and East Suffolk. For this reason at the end of each month an invoice is raised to recharge supervisory time for the other IDB's. While the Broads Operations Manager is salaried, the timesheets are used to evidence the recharges to other boards. It was also noticed during the Creditors audit that these are also authorised by the Broads Operations Manager.		Chief Executive/Catchment Engineer.
Consequence		
There is no segregation of duties. This is not best practice, however there is a some mitigating		
control as all payroll is countersigned by the Chief Executive when is has been entered into Sage and the report produced.		
Recommendation		
To be discussed to establish if separate authorisation is possible under the new working		
arrangements.		

Subject Area 4.3 – Creditors

W.P. Ref. TS7.5

Observations and their effects/ Recommendations	Priority	Agreed Action/ Responsible Officer/ Target Date
3. Employment Status Indicator (ESI)		
Observation		
A sample of payments for each Board was selected from the bank statements and traced back to source documents. Purchase orders and invoice payments were for authorisation in accordance	High	Agreed.
with Financial Regulations. Creditor's reports and files containing invoices from all the sites were requested and a sample was checked.		Information is to be passed t the WMA and officers procuring contractors will be
Purchase orders and invoice payments are being authorised by the same person. This does not appear to be breach of Financial Regulations. A mitigating control is the review of the Proposed Payments list by the Chief Executive prior to the payment run.		required to go through the on-line checking process.
		Chief Executive.
Invoices were seen for a retired employee, who was engaged to complete some extra work after his retirement. The Finance Officer was of the opinion that this was a short term agreement and would no longer happen. Engagements of this type should be processed through the HMRC Employment Status Indicator Tool. HMRC would require this indicator to prove that the person was self-employed and therefore should not be treated as an employee for Tax and National Insurance. However on processing this engagement through the HMRC ESI Tool, it reported that		
this individual's status was self-employed in respect of this engagement.		
Consequence		
It is very important that WMA is able to show an accurate audit trail in the event of a HMRC enquiry or audit concerning decisions made as to whether an individual was self-employed or not.		
Recommendation		
For each engagement the person engaging the work, who must have knowledge of how the individual shall be employed, should obtain a HMRC Employment Status Indicator report using the online ESI tool. At the end of the test the tool determines whether the individual is classed as self-employed or employed and provides a reference number to use as evidence.		
	1	5

Audit Code: EA1



WATER MANAGEMENT ALLIANCE

INTERNAL AUDIT TERMS OF REFERENCE 2015-16

Final @ 29/04/16

1. INTRODUCTION

1.1 This document sets out the strategy and plan for the audit of the Water Management Alliance for the year 2015-16.

1.2 Section 4 of The Accounts and Audit Regulations 2011 states that '*The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control*'.

1.3 Internal Audit is defined as 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.'

Public Sector Internal Audit Standards, April 2013

1.4 The Internal Auditor will work in accordance with the Public Sector Internal Audit Standards (PSIAS) adopted by CIPFA from April 2013 and thus will be able to provide the review required by the Regulations.

1.5 The authority of the Internal Auditor is established in the Financial Regulations.

1.6 The audit work will concentrate on records and systems used by the Water Management Alliance, who provide the financial and administrative functions for:

- Broads (2006) IDB
- East Suffolk IDB
- King's Lynn IDB
- Norfolk Rivers IDB
- South Holland IDB.

As such, this work will enable the auditor to complete the Annual Returns for all five Boards.

2. OBJECTIVES AND SCOPE OF THE AUDIT

2.1 The work of the Internal Auditor will be guided by 'Governance and Accountability in Internal Drainage Boards in England – A Practitioners Guide (Rev 2007)'.

2.2 In order to be able to complete section 4 of the Electronic Annual Return for 2016 the auditor will consider the following:

A. The Accounting Records

To ensure that the accounting system is accurate, complete and timely, and that data input is being verified appropriately.

- B. Financial Regulations and Standing Orders To ensure that they are current and are being adhered to.
- C. Risk Management processes To ensure that management review the Risk Register on a regular basis and that risk is being identified and actively managed in a proportionate manner.

D. Budgetary Controls

To ensure that the budgets are prepared on a realistic basis and are monitored throughout the year and any variations are investigated, with corrective action being taken if necessary.

E. Income Controls

To ensure that processes are in place and functioning correctly to collect, record and bank income in full and on time.

F. Petty Cash Procedures

To ensure petty cash provisions are reasonable, used in accordance with Financial Regulations and adequate records are kept of payments made.

G. Payroll Controls

To ensure that remuneration to employees and Board Members is calculated correctly and in accordance with the levels agreed by the Board, and that all HMRC requirements are complied with.

H. Asset Management

To ensure that there are satisfactory processes in place to maintain the register and check for accuracy.

I. Bank Reconciliation

To ensure that periodic and year-end bank account reconciliations were properly completed and verified.

J. Year-end Procedures

To ensure that the appropriate accounting basis have been used to prepare the yearend accounting statements and that figures contained in the statements can be verified by reference to working papers and accounting records.

2.3 Any recommendations and issues arising from the previous audit will also be followed up to establish if they have been implemented or if there is a satisfactory explanation for non-implementation.

2.4 Contained within the scope of work described above it is implied that the auditor will have due regard for Value for Money considerations and the potential for fraud.

3. TASKS

- 3.1.1 The project tasks are to:
 - Establish if the procedures recorded as part of the audit for 2014-15 remain the same and document any changes that may have taken place.
 - Perform tests to establish that systems are operating in accordance with the procedures and that good practice is being complied with.
 - Assess strengths and weaknesses of the systems operated and the levels of financial and management risk.
 - Discuss the results with the Chief Executive and make recommendations as appropriate, which will be communicated to the Boards by means of a report.

• Complete Section 4 of the Electronic Annual Return for 2015-16.

4. WORK PLAN

- 4.1 The audit will be undertaken by Mrs Karen Butler, Auditor, Borough Council of King's Lynn and West Norfolk.
- 4.2 The audit has been allocated 5 days, which will be utilised as follows:

Task	Time
Confirm existing procedures and record any changes. Undertake a follow-up of actions agreed from the audit report for the year 2014-15.	0.5
Testing – to establish that processes are being applied as intended.	3.5
Conclusions and discussion	0.5
Completing the Return and reporting if required.	0.5

5.0 AGREEMENT

	Signature	Date
Phil Camamile Chief Executive,		
Water Management Alliance		
Kate Littlewood Audit Manager		