



Northumberland County Council

AUDIT COMMITTEE

25 JULY 2018

The Statement of Accounts 2017-18

Report of Barry Scarr – Executive Director of Finance & Deputy Chief Executive

Cabinet Member: Councillor Nicholas Oliver – Portfolio Holder for Corporate Services

Purpose of the Report

The purpose of this report is to present to members the Statement of Accounts for the year ended 31 March 2018 and raise any significant issues arising from the accounts.

Recommendations

It is recommended that the Members of the Audit Committee:

- 1. Note the changes that have been made to the draft Statement of Accounts (Appendix A and B);**
- 2. Note the Annual Governance Statement; and,**
- 3. Approve the Statement of Accounts for the Council for the financial year ended 31 March 2018.**

Link to Corporate Plan

This report is relevant to all priorities included in the NCC Corporate Plan 2013-2017.

Key Issues

The overall movement on the General Fund for 2017-18 was an increase of £2.40 million.

The overall net worth of the Council has increased by £12.06 million in the year. This is due to several factors including an increase in the value of property, plant and equipment (£40.27 million) offset by an increased Pension Fund liability (£29.34 million).

BACKGROUND

1. The published accounts are important in demonstrating the Council's stewardship of public money. They show the resources available to the Council and how they are used to deliver services to the people of Northumberland. The Statement of Accounts for 2017-18 has been compiled in accordance with the requirements of the Accounts and Audit Regulations 2015; the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2017-18; the Service Accounting Code of Practice (SeRCOP); and, other best practice guidance issued by CIPFA.
2. The draft Statement of Accounts was published on the Council's website on 31 May 2018. Since then a number of amendments have been made to the document. None of these changes have had an impact on the stated financial position of the Council shown in the Core Financial Statements. Details of the changes made are included in Appendix A and B for information.

It is not intended to provide Members of the Audit Committee with the final version of the Statements, Members may wish to refer to the draft copy forwarded at the end of May or the published version on the Council's website.

3. Although substantially complete at the time of writing this report the External Auditors were still finalising some of their testing. If any additional changes are made from this work a revised list of changes will be tabled at the meeting.
4. This year the Accounts could be inspected by the public between 1 June and 12 July 2018, and questions and objections may be raised with the auditor, Ernst & Young LLP until the end of the audit process. During this period 2 requests were received for the inspection of documents and there was one objection raised with the External Auditor.
5. These accounts are presented to the Committee to assist members with their responsibility to review and approve the Statement of Accounts. During June there were two drop in sessions arranged for members of the Audit Committee where officers were on hand to answer any questions Members may have about the accounts. In total 4 members of the Audit Committee attended these sessions. This report seeks to provide an interpretation of the Accounts and highlight the key issues for the benefit of the Committee.
6. The audited Accounts will be published on the Council's website, together with Ernst & Young's Audit Letter upon completion of the audit.

CONTENTS OF THE ACCOUNTS

1. The following table summarises the purpose of the key statements and other elements of the accounts:

Statement	Purpose
Comprehensive Income and Expenditure Statement	Provides a summary of the costs incurred and income generated by the Council during the year. Included within this figure are a number of notional charges and credits made to comply with recommended accounting practice. This net operating expenditure is then offset against income from local taxation; non-specific government grants; and, national non domestic rates, to give a surplus or deficit for the year. Surplus or deficits on revaluation of assets and liabilities are added to this to give the total comprehensive income and expenditure for the year.
Movement in Reserves Statement	Shows the movement in-year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. This statement takes the total comprehensive income and expenditure figure and reverses out notional charges and credits, such as depreciation and non-cash movements on the pension deficit, and shows the true amount of net expenditure that is required by statute to be financed from Council Tax.
Balance Sheet	Summarises the assets and liabilities held by the Council as at 31 March 2018.
Cash Flow Statement	Shows the inflows and outflows of cash associated with the Council's revenue and capital activities during the year.

Statement	Purpose
Housing Revenue Account	Records revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants.
Collection Fund	Shows the income from Business Rates, Council Tax and Community Charge and how this income has been distributed.
Group Accounts	Consolidate the financial results of the Council with its subsidiaries: Homes for Northumberland, Generation and Innovation (which remained dormant throughout the year), and the Arch Group.
Pension Fund Accounts	Summarise the income and expenditure of the Northumberland County Council Pension Fund and the Fire Fighters' Pension Fund and the balances as at 31 March 2018.

REVIEW OF THE STATEMENT OF ACCOUNTS

Income and Expenditure

2. In 2017-18 the Council set its budget with a planned transfer from reserves of £3.27 million. Additional income from Business Rates meant that the planned transfer from reserves was not required. The final outturn for the Council is a net contribution to general reserves of £2.40 million. The contribution to the General Fund is reflected within the General Fund balance shown below:

	£m
Balance as at 1 April 2017	53.03
Balance as at 31 March 2018	55.43
2017-18 Movement on the General Fund	2.40

3. The Comprehensive Income and Expenditure Statement (CIES) in the Accounts shows a surplus on the provision of services of £16.52 million (which represents the accounting surplus on Council operations); and, total comprehensive income and expenditure of £12.06 million (representing the surplus on the provision of services including accounting adjustments such as the revaluation of assets and movements on the pension liability).

The accounting position, presented in the CIES does not directly relate to the charge to Council Tax payers (the funding position). The key factors which adjust the accounting deficit on the provision of services back to the overall increase in the General Fund of £2.40 million are as follows:

	£m	£m
Surplus on the provision of services shown in the CIES		(16.52)
Less: HRA surplus		15.84
General Fund element of the surplus		(0.68)
Adjustments from accounting to funding basis (see Note 14):		
Capital Adjustment Account	(45.24)	
Insertion of items not included in the CIES that are funded from Council Tax*	25.57	
Capital Grants Unapplied Account	6.31	
Capital Receipts Reserve	17.07	
Financial Instruments Adjustment Account	(0.39)	
Pensions Reserve	(13.49)	
Collection Fund Adjustment Account	(1.38)	
Accumulated Absences	(0.56)	(12.11)
Transfers to Earmarked Reserves (see Note 15)		10.39
Increase in the General Fund		(2.40)

* These items comprise the statutory provision for the repayment of debt (£24.08 million) and capital expenditure that is charged to the General Fund (£1.49 million).

- The following table analyses the key variances between income and expenditure reported in the CIES between 2016-17 and 2017-18:

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
Adult Services	85,840	80,912	(4,928)	<p>The main reasons for the decrease in net expenditure can be attributed to:</p> <ul style="list-style-type: none"> • £7.59 million reduction in Revenue Expenditure Funded by Capital Under Statute; • £1.91 million reduction in the Provision for Bad Debt; • Increased external purchased care costs of £3.05 million; • a reduction in client contributions of £0.49 million; • an increase in staffing costs of £0.53 million; and; an increase in IAS 19 of £0.78 million.
Children's Social Care	38,517	38,293	(224)	<p>The main reasons for the decrease in net expenditure is mainly as a result of:</p> <ul style="list-style-type: none"> • £0.70 million decrease in the cost of placing looked after children with Independent Fostering agencies; • Special Guardianship and Residence orders increased by £0.30 million and £0.20 million increase in cost of providing supported accommodation to care

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
				leavers.
Corporate Resources	31,991	44,807	12,816	<p>The increase in net expenditure is mainly as a result of:</p> <ul style="list-style-type: none"> • £1.84 million increase in Revenue Expenditure Funded by Capital Under Statute; • £2.02 million net downward valuation for surplus properties; • £4.60 million reduction in recharges, mainly due to the vehicle annuity charges due to a change in how they are accounted for; • £2.54 million increase in IAS 19 costs. Pay and pension costs have increased by £1.70 million, as a result of services, including the Archives and the Records Management service transferring back into the Council from Active Northumberland.

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
Education and Skills	20,250	21,170	920	<p>The increase in net expenditure is mainly as a result of:</p> <ul style="list-style-type: none"> • A £3.50 million reduction in revaluation losses; • A £4.09 million increase in Revenue Expenditure Funded by Capital under Statute; • There was an additional £0.45 million of expenditure required to meet the dilapidation costs of Ridley Hall, the boarding wing at Haydon Bridge High School.
Fire and Rescue	14,948	13,995	(953)	<p>The decrease in net expenditure is mainly as a result of:</p> <ul style="list-style-type: none"> • A £2.28 million reduction in Revenue Expenditure Funded by Capital under Statute; • An increase in Amortisation of Intangible Fixed Assets of £0.38 million; • An increase in IAS 19 costs of £0.90 million.
Human Resources	2,845	2,688	(157)	<p>The reduction in net expenditure is largely as a result of one-off severance related costs arising from a service restructure during 2016-17. These costs were not incurred during 2017-18.</p>

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
Leisure Services	13,611	4,283	(9,328)	<p>The decrease in net expenditure is mainly as a result of:</p> <ul style="list-style-type: none"> • A movement in revaluation losses of £3.49 million due to the downward valuation in 2016-17 of Ashington and Concordia Leisure Centres, and Berwick and Bedlington Libraries; • A reduction in asset depreciation of £3.34 million as it was charged to Corporate Resources in 2017-18; • A reduction in professional and hired services of £1.20 million; • One off expenditure incurred during 2016-17 of £1.32 million on the Tall Ships event.
Local Authority Housing (HRA)	(37,043)	(20,514)	16,529	<p>The decrease in net expenditure is mainly due to:</p> <ul style="list-style-type: none"> • Revaluation gains movement of £14.07 million following the amendment of the Existing Use Value – Social Housing valuation from 41% to 42%, (2016-17 37% to 41%); • Increased expenditure on repairs & maintenance costs of £0.49 million;

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
				<ul style="list-style-type: none"> • An increase in depreciation charges of £0.42 million; • A reduction of £0.48 million in rent income due to the continuation of the agreed 1% rent reduction and increased void rates; • A reduction of £0.35 million in income relating to rechargeable repairs; • An increased charge for IAS19 Pension contributions for HRA of £0.56 million.
Local Services and Housing	70,853	80,527	9,674	<p>The increase in net expenditure is mainly due to:</p> <ul style="list-style-type: none"> • An increase in IAS19 costs of £1.01 million; • An increase in asset rent charges of £5.10 million; • An increase in Revenue Expenditure Funded by Capital under Statute of £1.76 million; • Abortive fees of £5.53 million in respect of the proposed move to a new headquarters; • A reduction in the level of grants received of £2.35 million;

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
				<ul style="list-style-type: none"> • A reduction in income of £1.50 million in respect of recharges recovered from capital; • A reversal of revaluation losses by £3.52 million; • A reduction of £3.36 million in the annuity charges on fleet due to a change in how they are accounted for.
Planning and Economy	(545)	3,311	3,856	<p>The increase in net expenditure is mainly due to:</p> <ul style="list-style-type: none"> • A reduction of £1.39 million in Section 106 receipts and increased Section 106 grant payments; • Expenditure of £0.36 million on the County Council Elections in May 2017; • Additional expenditure of £0.47 million on the Core strategy and an award of legal costs in relation to a planning appeal at St Michael's Avenue; • An increase of £0.44 million in salary costs in relation to the Mental Health Trailblazer Project; • A reduction of £0.55 million in Planning fee income; • A reduction in income, including grants, of £0.74

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
				million.
Public Health	(295)	(1,604)	(1,309)	<p>The decrease in net expenditure is mainly due to:</p> <ul style="list-style-type: none"> • The retendering of Commissioned Services including Integrated Drug and Alcohol Service, Alcohol Brief Intervention, Integrated Wellbeing Service and Specialist Stop Smoking Service which resulted in efficiencies of £1.51 million; • A reduction in the Public Health Grant of £0.42 million in 2017-18.

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
Other Operating Expenditure	40,388	31,232	(9,156)	<p>The decrease in net expenditure is mainly as a result of:</p> <ul style="list-style-type: none"> • A reduction in the losses on the Disposal of Fixed Assets of £10.80 million, of which £8.40 million related to the impact of three schools becoming Academies during 2016-17 (Hexham Queen Elizabeth High School, Hexham Middle School and Prudhoe Adderlane First School); • The downward valuations of assets held for sale of £1.44 million; • Increased precepts of £0.25 million.
Financing and Investment Income and Expenditure	28,923	23,072	(5,851)	<p>The decrease in net expenditure is as a result of:</p> <ul style="list-style-type: none"> • Lower pension interest costs of £5.05 million; • A net increase in interest received of £1.38 million, mainly in relation to increased lending to ARCH; • Expenditure in relation to investment properties and changes in their fair value of £0.58 million.

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
Taxation and Non Specific Grant Income	(378,699)	(338,696)	40,003	<p>The decrease is mainly due to:</p> <ul style="list-style-type: none"> Locally raised tax income increased by £12.72 million largely as a result of additional Council Tax income due to the 4.99% increase (including the 3% increase for Adult Social Care) agreed during the 2017-18 budget setting process and an increase in the tax base; Capital grants and contributions decreased by £47.11 million with the level of grants dependent on the capital programme; Non ring fenced grants reduced by £5.62 million due largely to a reduction in Revenue Support Grant.
(Surplus) or Deficit on Revaluation of Non-Current Assets	(15,197)	(10,359)	4,838	<p>During 2017-18, 232 assets were re-valued resulting in a net increase to the revaluation reserve of £10.36 million; a difference of £4.38 million compared to the net increase to the revaluation reserve in 2016-17 of £15.20 million (relating to 303 assets).</p>

	2016-17 Net Expenditure	2017-18 Net Expenditure	Change	
	£000	£000	£000	
(Surplus) or Deficit on Revaluation of Available-for Sale-Financial Assets	154	12	(142)	This relates to the fair value assessment of the Royal Bank of Scotland (RBS) Certificates of Deposit. These are two £5 million, 2 year investments which were taken out in May 2015 and matured in May 2017. The movement reflects the notional and unrealised change in value, which naturally decreases as the investments approach maturity.
Actuarial (Gains)/Losses on pension Assets/Liabilities	14,580	14,810	230	The actuarial gains/losses vary each year with changes in the assumptions used by the actuary to value pension liabilities. The increase in net expenditure is due to actuarial losses from measurement of pension liabilities (under IAS 19) net of returns on pension fund assets increasing by £0.23 million when compared to the previous year.
Transfer of HfN Balances	(32)	-	32	The remaining balance relating to the assets and liabilities of Homes for Northumberland of £0.03 million was transferred to the Council in 2016-17.

Notes:

A revaluation gain or loss occurs where there has been an increase or decrease in asset values from one year to the next. Such movements have been volatile over the past two years because of the economic situation. The gains or losses are charged to relevant services in the CIES but statutory provisions allow them to be reversed so that they are not a charge to Council Tax payers.

Under certain circumstances capital expenditure can be financed through revenue. In these cases, a charge is still made to the CIES but this charge is reversed out of the General Fund Balance via a transfer from the Capital Adjustment Account in the Movement in Reserves Statement to neutralise the impact of the expense on the bottom line.

A gain or loss on disposal occurs when the consideration received on the sale of an asset is respectively greater than or less than the value that the asset has in the Council's books. The gains or losses fall to relevant services in the CIES but are not a charge to Council Tax.

The Council recognises (through IAS 19 adjustments) the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund (and Housing Revenue Account) via the Movement in Reserves Statement.

Balance Sheet

5. The total net worth of the Council, the aggregate value of all of the assets and liabilities in the balance sheet, has increased by £12.06 million in the year from £339.42 million to £351.48 million.
6. The increase in net worth (summarised at the foot of the CIES) is represented by:

	£m
Surplus in the year on the provision of services	(16.524)
Actuarial Loss on Pension Fund Assets/Liabilities	14.810
Surplus on revaluation of non-current assets	(10.359)
Deficit on revaluation of Available-for-Sale Financial assets	0.012
Total Increase in Net Worth	(12.061)

7. **Capital expenditure** for the year totalled £127.03 million. This relates to additions to Property, Plant and Equipment as well as loans to third parties. The main projects on which expenditure was incurred were: Schools' Planned Maintenance Programme; Fleet Replacement Programme; Highways' Local Transport Plan; Highways Flood Damage Capital Repair; Highways Maintenance Challenge Fund Projects; Street Lighting Replacement Programme; HRA Major Repairs Reserve and, loans to Arch.
8. **Investments** have decreased from £120.82 million to £115.50 million (see Balance Sheet). The Council's strategy in 2017-18 was to utilise its own investments and balances and reduce the need for external borrowing. This approach is financially advantageous when investment returns are lower than borrowing rates, as the foregone investment income is less than the interest that would otherwise be incurred if the Council borrowed money externally.
9. The value of **Assets Held for Disposal**, i.e. those assets no longer required by the Council that are being actively marketed for sale, has decreased from £16.15 million to £7.67 million during the year (Note 26). This is due to assets in this category, with a value of £2.51 million being sold during the year, the transfer of assets with a value of £4.54 million into and out of this category, most notably the Loansdean site (valued at £4.03 million), and the asset values decreasing by £1.43 million.
10. There have been a number of significant movements on **provisions** during the year (Note 30). These are liabilities where there is some uncertainty about the value and/or the timing of the payments to be made. The key movements in the year were:

- Estates Rationalisation - the provision was created to cover one-off costs that will arise as the Council implements its estates rationalisation programme. The provision has reduced by £0.97 million which reflects the expenditure incurred on the Council's estate during the year.
 - Repairs and Maintenance – following a review of this provision £1.24 million has been reversed in 2017-18 as it is considered to be no longer required.
 - NNDR appeals – the overall provision has increased by £0.63 million from 2016-17; £3.48 million was used to settle claims in year and a further £4.11 million was set aside to fund claims that existed at 31 March 2018.
11. The **increase in the pension reserve** is due to a decrease in the discount rate used by the actuary to value the liabilities. The effect of this is to increase the value placed on liabilities, which in turn increases the pension reserve. (Note 33).
12. The Council can earmark funds from the General Fund and the HRA balances to finance future expenditure plans. Overall, the Council's General Fund balance increased by £2.40 million (see Movement in Reserves Statement) and the earmarked general fund and HRA reserves increased by £11.73 million (Note 15) during 2017-18. The key movements in these reserves was as follows:

Reserve	Balance at 31 March 2017	Balance at 31 March 2018	Change	
	£000	£000	£000	
Balances held by schools under a scheme of delegation	6,588	5,035	(1,553)	During 2017-18 schools used £1.53 million of the reserve to support their running costs and further loans of £0.03 million were made to Hipsburn First School and Stakeford Primary School to support capital works.
Estates Rationalisation	13,593	12,600	(993)	This reserve was created to cover the future costs arising from the Council's estates rationalisation programme. The balance at 31 March 2018 has been aligned with future anticipated costs associated with the programme.
Invest to Save	3,242	12,298	9,056	The money set aside within this reserve is to fund initiatives which will deliver a revenue saving for the Council.

Reserve	Balance at 31 March 2017	Balance at 31 March 2018	Change	
Section 106 Reserve	4,549	5,629	1,080	Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development and are often referred to as 'developer contributions'. Common uses include Affordable Housing Schemes, Highway contributions or contributions to Sport and Play Provision. The monies are held until the particular provision is undertaken. During 2017-18 £2.12 million was received from developers with £1.04 million used to fund schemes.
Winter Services Reserve	-	2,000	2,000	This reserve has been created to deal with the additional cost of severe winter weather events such as that encountered during 2017-18.
HRA – Major Repairs Reserve	2,139	3,477	1,338	The Council is required to maintain a Major Repairs Reserve with the main transfer into the reserve being an amount equivalent to the total depreciation charges for all HRA assets. This reserve is used to fund HRA related capital expenditure.

Pension Fund

13. The overall pension liability now totals £707.46 million. This is an increase of £29.34 million compared with the position at the start of the year. Full details of the Pension Fund may be found in note 33.

GROUP ACCOUNTS

14. The Council had three subsidiary companies over which it exercises control, namely Arch, Generation and Innovation Limited, and, Homes for Northumberland.
15. On 14 June 2018 a report was presented to the Cabinet which recommended closure of Arch Corporate Holdings; and, the establishment of a replacement holding company to be known as Advance Northumberland and associated subsidiaries which will focus on priorities set by the Council in the Corporate Plan. The Cabinet approved these recommendations.
16. Within 2017-18 Generation and Innovation Limited remained dormant and on 24 October 2017, was dissolved at Companies House.
17. Within 2017-18 no transactions took place within Homes for Northumberland, and, on 23 January 2018, it was dissolved at Companies House.
18. The consolidation of the Group entities has the following significant impact on the Council's Balance Sheet:

Balance	Council only £m	Group £m	Change £m	Notes
Property, plant and equipment	1,334	1,388	54	Arch holds a number of assets categorised as Property, plant and equipment. The gross value of these assets at the start of the financial year within Arch was £35.3 million. In year there has been £15.5 million worth of additional assets purchased, £0.2 million worth of assets disposed of, £4.2 million increase in asset valuations and reclassifications, and a cumulative total of £1.0 million of depreciation charged. The closing value of Property, plant and equipment held by Arch is £53.8 million.
Investment property	2	282	280	Arch holds a number of social housing investment properties. The value of investment property at the start of the financial year within Arch was £284.5 million. In year there has been £9.8 million worth of additional assets purchased, £0.1 million worth of assets disposed of and asset revaluations have resulted in an decrease of £13.3 million. The closing value of investment property held by Arch is £280.9 million.
Long Term Debtors	417	142	(275)	There is a reduction on consolidation as NCC has long term loans outstanding of £275.0 million with Arch.
Short Term Creditors	(70)	(79)	(9)	Increase due to Arch Creditors. £6.3 million of the increase relates to accruals and deferred income. There is also a reduction on consolidation of £3.3 million as Arch owed NCC for investment interest at 31 March 2018.

IMPLICATIONS ARISING OUT OF THE REPORT

Policy:	None.
Finance and value for money:	The Statement of Accounts summarises the financial performance of the Council for the 2017-18 financial year, and shows its net worth as at 31 March 2018. The figures included in the Statement of Accounts must represent a true and fair view of the Council's financial position and the External Audit testing and opinion on these figures is a significant part of this process.
Human Resources:	None.
Legal:	None.
Procurement:	None.
Property:	None.
Equalities:	None.
Risk Assessment:	The risks within the preparation of the Statement of Accounts are well managed through the embedded processes in place. Once the accounts are signed off a full "lessons learned" review will be undertaken to inform arrangements for the 2018-19 year end.
Crime & Disorder:	None.
Customer Considerations:	None.
Carbon Reduction:	None.
Consultation:	Portfolio Holder for Corporate Services.
Wards:	All.

Background Papers:

Northumberland County Council Draft Statement of Accounts 2017-18

Report sign off:

Monitoring Officer/Legal	Liam Henry
Executive Director of Finance & S151 Officer	Barry Scarr
Chief Executive	Daljit Lally
Portfolio Holder	Nicholas Oliver

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Page	Description	Changed from £'000	Changed to £'000
200	Supplementary Financial Statements		
	Firefighters Pension Fund		
	Fund Account		
	Computations and lump sum retirement benefits	(1,030)	(872)
	Total Benefits	(6,131)	(5,973)
	Net amount payable before top up grant	4,317	4,159
	Top-up grant payable by Central Government	(4,317)	(4,159)
	Net Assets Statement		
	Top-up grant receivable from Central Government	576	418
	Amount payable to the General Fund	(576)	(418)
49	Note 1		
	Expenditure & Funding Analysis		
	2016-17 (As restated)		
	Net Cost of Services		
	Net Expenditure Chargeable To The General Fund & HRA Balances	218,926	215,901
	Adjustments between funding and accounting basis	22,046	25,071
	Other Income and Expenditure		
	Net Expenditure Chargeable To The General Fund & HRA Balances	(240,821)	(240,823)
	Adjustments between funding and accounting basis	(68,567)	(68,565)
	(Surplus)		
	Net Expenditure Chargeable To The General Fund & HRA Balances	(21,895)	(24,922)
	Adjustments between funding and accounting basis	(46,521)	(43,494)
	Total Surplus General Fund and HRA		
	Net Expenditure Chargeable To The General Fund & HRA	(21,927)	(24,954)
	HRA and General Fund Balance 1 April 2016	(54,661)	(152,224)
	Add (Surplus) on General Fund & HRA Balance in Year	(21,927)	(24,954)
	General Fund & HRA Balance at 31 March 2017	(76,588)	(177,178)
	2017-18		
	Net Cost of Services		
	Net Expenditure Chargeable To The General Fund & HRA Balances	237,347	226,949
	Adjustments between funding and accounting basis	30,522	40,919
	Other Income and Expenditure		
	Net Expenditure Chargeable To The General Fund & HRA Balances	(243,577)	(243,574)
	Adjustments between funding and accounting basis	(40,816)	(40,818)

Page	Description	Changed from £'000	Changed to £'000
	(Surplus)		
	Net Expenditure Chargeable To The General Fund & HRA Balances	(6,230)	(16,625)
	Adjustments between funding and accounting basis	(10,294)	101
	Total Surplus General Fund and HRA		
	Net Expenditure Chargeable To The General Fund & HRA	(6,230)	(16,625)
	HRA and General Fund Balance 1 April 2016	(76,588)	(177,178)
	Add (Surplus) on General Fund & HRA Balance in Year	(6,230)	(16,625)
	General Fund & HRA Balance at 31 March 2017	(82,818)	(193,803)
51	Adjustments from the General Fund to arrive at the CIES Amounts 2016-17 (As restated)		
	Net cost of services	22,046	25,072
	Other Income and Expenditure	(68,567)	(68,566)
	(Surplus) or deficit	(46,521)	(43,494)
	2017-18		
	Net cost of services	30,522	40,918
	Other Income and Expenditure	(40,816)	(40,817)
	(Surplus) or deficit	(10,294)	101
	Adjustments to the Group Accounts		
	Notes to the Group Financial Statements		
171	New Note 4 Group Cash Flow Statement – Operating Activities		
	Interest received	-	(10,016)
	Interest paid	-	42,879
	Dividends	-	(1,101)
173	New Note 10 Financing and Investment Income and Expenditure		
	Interest payable and similar charges	-	29,994
	Pensions interest cost and expected return on pensions assets	-	16,480
	Interest receivable and similar income	-	(10,805)
	Income and expenditure in relation to investment properties and changes in fair value	-	13,315
	Total Financing and Investment Income and Expenditure	-	48,984

Page	Area	Change
56	Note 8 – Officers' Remuneration	Note 11 Director Of International Projects and System Transformation – The sentence “Funded post with Northumbria Healthcare NHS Foundation Trust and Northumberland Clinical Commissioning Group. Each organisation pays 33%” and has been replaced with “Jointly funded post with Northumbria Healthcare NHS Foundation Trust. Each organisation pays 50%”.
85	Note 21 – Financial Instruments	Fair Value of Financial Assets. Equity shareholding in Newcastle Airport Local Authority Holding Company Limited – the input level in fair value hierarchy has moved from a level 2 to a level 3 in order to align with South Tyneside the lead authority.
119	Note 37 – Related Parties	<p>Members – the following paragraph has been amended from “Declarations were received from 58 Members. Members declared interests in 109 organisations with transactions totalling £122.82 million in respect of goods or services provided by the Council”, to “Declarations were received from all Members. Members declared interests in 110 organisations with transactions totalling £122.82 million in respect of goods or services provided by the Council”.</p> <p>Officers – the following paragraph has been amended from “Officers declared interests in 9 organisations with transactions totalling £33.63 million in respect of goods or services provided to the Council. During 2017-18 goods and services amounting to £4.16 million were provided by the Council to 7 organisations in which officers declared an interest. Included in the sums are amounts due from the Council of £0.94 million and due to the Council of £0.69 million at 31 March 2018”, to “Officers declared interests in 10 organisations with transactions totalling £33.64 million in respect of goods or services provided to the Council. During 2017-18 goods and services amounting to £4.19 million were provided by the Council to 8 organisations in which officers declared an interest. Included in the sums are amounts due from the Council of £0.94 million and due to the Council of £0.72 million at 31 March 2018”.</p>

148	Note 46 – Events After The Reporting Period	The following paragraph has been added to this Note: 'Arch On 14 June 2018 a report was presented to the Cabinet which recommended the closure of Arch Corporate Holdings; and, the establishment of a replacement holding company to be known as Advance Northumberland and associated subsidiaries which will focus on priorities set by the Council in the Corporate Plan. The Cabinet approved these recommendations'.
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