London Borough of Enfield

Statement of Accounts 2016-17

James Rolfe
Executive Director of Finance, Resources and Customer Services

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STATEMENT OF RESPONSIBILITIES

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this Council, that officer is James Rolfe, the Executive Director of Finance, Resources and Customer Services;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

THE EXECUTIVE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES' RESPONSIBILITIES

The Executive Director of Finance, Resources and Customer Services is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Executive Director of Finance, Resources and Customer Services has:

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

The Executive Director of Finance, Resources and Customer Services has also:

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

CERTIFICATION BY THE EXECUTIVE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES

I certify these Statement of Accounts give a true and fair view of:

- The Financial Position of the Authority as at 31 March 2017, and
- The Authority's Income and Expenditure for financial year 2016-17

Signed

James Rolfe
Executive Director of Finance, Resources and Customer Services

28 September 2017

Signed

M Maguire

Cllr Mary Maguire
Chair of Audit & Risk Management Committee

28 September 2017

1. INTRODUCTION

The Statement of Accounts summarises the financial performance for financial year 2016/17 and the overall financial position of the Council. This Narrative Report explains the most significant matters reported in the accounts and provides a simple summary of the Council's overall financial position.

The Statement of Accounts for 2016/17 has been prepared on an International Financial Reporting Standards (IFRS) basis. The framework within which these Accounts are prepared and published is regulated by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Whilst these accounts are presented as simply as possible, the use of some technical terminology cannot be avoided. To aid a better understanding of the terminology used, a glossary of the terms is included at the end of the document. An explanation of the key financial statements including explanatory notes and other relevant supplementary information is also provided.

The key financial statements set out within this document include:

- **Movement in Reserves Statement (MiRS)** – this Statement sets out the movement on the different reserves held by the Council which are analysed into usable and unusable reserves. It analyses the increase or decrease in net worth of the Council as a result of incurring expenses, gathering income and from movements in the fair value of the assets. It also analyses the movement between reserves in accordance with statutory provisions.
- **Comprehensive Income and Expenditure Statement (CIES)** – this Statement brings together all the functions of the Council and summarises all the resources it has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and the ability to divert particular expenditure to be met from capital resources.
- **Balance Sheet** – this records the Council's year-end financial position. It shows the balances and reserves at the Council's disposal, its long-term debt, net current assets or liabilities, and summarises information on the non-current assets held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council can use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council cannot use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- **Cash Flow Statement** – this summarises the inflows and outflows of cash arising from transactions with third parties for both capital and revenue.
- **Notes to the Financial Statements** – the notes provide more detail about the items contained in the key financial statements, the Council's Accounting Policies and other information to aid the understanding of the financial statements.
- **Housing Revenue Account (HRA)** – this records the Council's statutory obligation to account separately for the cost of the landlord role in respect of the provision of Council Housing.
- **Collection Fund** – the Council is responsible for collecting council tax and local business rates. The proceeds of council tax are distributed to the Council and the Greater London Authority (GLA). Local business rates are distributed between the Council, the Government and the Greater London Authority. The Fund shows the income due and application of the proceeds.
- **Group Accounts** – these consolidate the accounts of the Council with those of its Subsidiary Companies Housing Gateway Ltd, Enfield Innovations Ltd and Independence Wellbeing Ltd.

2. REVIEW OF THE YEAR

Since the Council set its budget in February 2016 the economic outlook has remained challenging. Continued reductions in Central Government funding exacerbated by cost and demographic pressures within services have resulted in a number of ongoing pressures in budgets which were evident early in the financial year, despite a further package of savings totalling more than £20m in 2016/17, bringing total savings since 2010 to £131m.

In setting the Budget for 2016/17 the Council made the difficult decision to raise Council Tax for the first time since 2010. This followed an extensive consultation with over 3000 people contributing their views to the decision-making process. The consultation responses demonstrated a level of support for raising Council Tax as a means of protecting frontline services from higher cuts, with 57% of respondents agreeing that Council Tax should be raised to protect services. This response was taken into account when the Administration decided on a 1.99% increase together with a 2% Adult Social Care precept. These increases plus a package of savings measures enabled the Council to set a balanced and deliverable budget at the Council meeting on February 24th 2016, and continue to deliver high quality services to the residents of Enfield.

The Council delivered a balanced outturn position for 2016/17; strict control of corporate budgets and an active treasury management policy produced savings to offset service pressures. This was a good achievement in difficult circumstances and enabled us to make a contribution to the risk reserve to add resilience to finances for the future.

Enfield's focus in 2016/17 continued to be the delivery of excellent services despite the funding cuts. Innovative ways of delivering services and containing costs have been sought and this has led to the creation and further development of a number of Council owned companies which are able to provide high quality services whilst realising savings. For example our wholly owned housing company Housing Gateway Limited (HGL) has continued to add to its portfolio of properties, with a further 240 units purchased in 2016/17, bringing the total number to 414. HGL purchases properties in the borough and surrounding areas and uses them to house residents who were previously living in expensive nightly paid temporary accommodation. By placing them in Housing Gateway properties, on an assured shorthold tenancy instead of on short term contracts with private landlords on a short term basis, Enfield Council significantly reduces its costs. In addition, tenants are offered good quality accommodation, suitable for their needs. The project, which was initially sponsored by the DCLG, shows Enfield Council's responsible investment strategy, based on sound expertise and advice and proper governance using private sector skills as part of its wider strategy to use commercial resources for a social purpose. Further progress was made on our major regeneration project Meridian Water with land acquisitions of over £50m completed in year.

The Local Government Settlement 2016 confirmed the course the Government had set in the 2015 Spending Review, including the significant funding cuts set out in the four-year settlement for 2016/17 to 2019/20. In October 2016 Enfield signed up to the Government's offer of a four-year funding deal, publishing the required Efficiency Plan. Whilst this provides some certainty to aid forward planning, the financial outlook continues to be very bleak: Based on the Government's projections of the funding that will be available to local government, funding will fall by 10.6% in 2017-18 and in real terms by 25.6% by 2019-20.

It is expected that the Government will review the funding formula for local authorities, and Enfield has consistently lobbied the Government, in meetings and correspondence with ministers, to get fair funding for the borough. We have worked with partner organisations, such as the Over 50s Forum, to promote our case and gain public support, and continue to lobby in 2017/18.

3. KEY FACTS ABOUT ENFIELD

We are currently a Labour Party controlled local authority with 63 Councillors, representing our 21 wards.

Our borough is 12 miles from the centre of London and covers an area of 31.7 square miles (82.2 square kilometres, 8219 hectares).

In 2014, we had a population of 331,395 (ONS mid-year) with a large population of both 0-14s and older people in comparison to the rest of London. It is a diverse place, which has welcomed communities from across the world. Enfield has large Turkish, Greek and Cypriot populations.

Life expectancy is above the London and UK averages but health outcomes vary significantly across the borough. Some of our wards are amongst the most deprived in England, while others are relatively affluent.

Enfield is the 12th most deprived borough in London on the IMD (Indices of Multiple Deprivation) rank of score measure

As at August 2014, 28.5% of children in Enfield were in low income families. This was the 9th highest figure in London and the 25th highest in England (Source: HMRC)

As at December 2016, Enfield housed 3,217 households in Temporary accommodation – the 2nd highest number in the country (Source: DCLG). This included 5,500 children or expected children in temporary accommodation (the 4th highest number in the country).

The number of older people in Enfield has risen from 37,000 in 2005 to 42,000 by 2015 (ONS mid-year estimates)

Enfield Council:

- maintains over 364 miles of highways and 67 parks
- runs 17 libraries, 1 museum and 1 theatre
- provides 10,340 council houses, bungalows and flats and 3 hostels
- recycles over 45,000 tons of waste every year and collect a further 55,000 tons of non-recycled waste
- processed over 5,268 planning applications in 2016/17
- provided long term support for over 4,000 adults
- works with and supports 76 schools in the borough and 18 academies
- looks after 330 children who are in our care (as at 31.03.2017)

4. FINANCIAL PERFORMANCE

Revenue Budget Outturn 2016/17

The final outturn position for the year against the revised budget is set out in the Table 1 below, together with the sources of income from which the Council's net revenue expenditure was financed.

Table 1

Service Expenditure:	Budget 2016/17 £m's	Actual 2016/17 £m's	Variance 2016/17 £m's
Housing, Health and Adult Social Services	77.2	80.7	3.5
Schools and Children's Services	46.3	49.2	2.9
Regeneration & Environment	26.0	24.8	(1.2)
Finance Resources and Customer Services	47.5	47.6	0.1
Chief Executive	4.0	3.5	(0.5)
Corporate Expenses			
Contingencies	5.7	6.6	0.9
Capital Financing and Treasury Management	24.8	17.9	(6.9)
IT investment Reserve	(0.8)	(0.8)	0.0
Other Reserves and Provisions	0.0	0.0	0.0
Levies & Other Corporate Expenses	7.1	7.1	0.0
Total Net Service Expenditure	**237.8**	**236.6**	**(1.2)**
Funding:			
Revenue Support Grant	(46.6)	(46.5)	0.1
Business Rate Top-Up	(35.6)	(35.6)	0.0
Local Business Rates	(34.5)	(33.1)	1.4
Collection Fund	(1.3)	(1.3)	0.0
Specific Grants	(11.9)	(12.2)	(0.3)
Council Tax Receipts	(107.9)	(107.9)	0.0
Total Income	**(237.8)**	**(236.6)**	**1.2**
Transfer to General Fund Balance	**0.0**	**0.0**	**0.0**

During 2016/17, the Council's revenue expenditure against budget was monitored monthly and regularly reported to Cabinet. Pressures continue to be seen within the demand led services in Adult Social Care and Children's Services and this is reflected in the outturn figures. The Council is committed to containing its expenditure within budget and, where pressures became evident, action was taken to minimise the impact on the overall position whilst ensuring that the delivery of key services was not jeopardised.

A series of cost reduction initiatives were undertaken in year to contain pressures: These included explicit monitoring of temporary staffing, rationalisation of non-statutory budgets e.g. office expenses and a review of the capital programme and associated capital financing costs. These measures have all contributed to a balanced outturn position which has been achieved with a net increase in earmarked reserves. Going forward options to generate additional income are being further developed and in depth reviews of high risk budgets will focus on controlling demand for services whilst protecting the most vulnerable and at risk in the borough. A more rigorous risk based monitoring of savings is being developed in 2017/18 to ensure early identification of potential shortfalls.

The Council's General Fund balance remains the same as 2015/16 at £14.0m (excluding Earmarked Reserves and balances attributable to schools' delegated budgets). This has been assessed by the Executive Director of Finance, Resources and Customer Services as being the minimum needed to protect the Council from future financial risks.

Due to the improved year end position the call on earmarked reserves was minimised and a net contribution to reserves was achieved overall, including a contribution made to the risk reserve which will increase the Council's financial resilience going forward.

Information is provided in Note 21, the new Expenditure and Funding Analysis, to demonstrate to council tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES), meaning that the financing and surplus figures reported above are not the same as those reported in the CIES. This is because of a number of accounting entries, such as depreciation, that are required to be reflected in the Comprehensive Income and Expenditure Statement are reversed out through the Movement in Reserves Statement under statutory regulations.

Housing Revenue Account
The Statement of Accounts also includes the ring-fenced Housing Revenue Account (HRA) which is used for the provision of council housing. The HRA consists of expenditure on council-owned housing, which is paid for by rental income. Since 2012 the HRA has been self-financing and operates a thirty-year business plan. There is a statutory requirement to keep the HRA separate from other housing activities in accordance with Part VI and Schedule 4 of the Local Government and Housing Act 1989. Schedule 4 of the 1989 Act prescribes all the income and expenditure items that are to be included in the Housing Revenue Account. In addition, there is a requirement not to allow cross-subsidy to or from, the General Fund.

From 1st April 2008, the Council's housing stock was managed by Enfield Homes Ltd, a wholly owned subsidiary company of the Council. Enfield Homes Ltd ceased trading on 01.04.2016 wherein management and maintenance of Housing Stock reverted back to the Council.

The HRA general balance, excluding Earmarked Reserves, increased by £0.047m. Transfers from Earmarked Reserves totalled £5.1m for the year. The full details of the Housing Revenue Account and the movements on that account are set out on pages 81 to 85

Borrowing
The Council undertakes long term borrowing for periods in excess of one year in order to finance capital spending and to replace maturing debt. The Council satisfies its borrowing requirement for this purpose by securing external loans. The Council is able to temporarily defer the need to borrow externally by using the cash it has set aside for longer term purposes; this practice means that there is not a direct link between the need to borrow to pay for capital spend and the level of external borrowing. The effect of using the cash set aside for longer term purposes to temporarily defer external borrowing is to reduce the level of cash the Council has available for investment.

In 2016/17, the Council has borrowed £107.3m towards the cost of financing the General Fund Capital Programme, this being mainly required for land acquisition at Meridian Water and investment in IT which is driving our transformation programme. In addition, the Council borrowed to provide an additional £54.2m to the Council's wholly owned company Housing Gateway Ltd (HGL) to purchase local property to help meet increasing demand for temporary accommodation.

Investment Strategy
The Council's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy, outlines its investment priorities as the security and liquidity of its capital. The Council aims to achieve the optimum return on deposits commensurate with appropriate levels of security and liquidity. In the current economic climate, it is considered appropriate to keep deposits short term, and only deposit with high credit rated financial institutions. A list of counterparties with whom funds could be invested was compiled with reference to the credit ratings issued by the credit agencies Fitch, Moody's and Standard and Poor's. By the end of 2016/17, net borrowing had increased by £140.1m to £550.3m, with investments reducing from £28.5m to £4.5m.

5. FORWARD LOOK

Medium Term Financial Plan

The Medium Term Financial Plan (MTFP) is based on an analysis of the key influences on the Council's financial position and an assessment of the main financial risks facing the Council. The financial forecast set out in the table below models income and expenditure and resources available over the next four years, and is considered to be the most likely outcome based on forecasts and assumptions for pay and price inflation, etc. Council tax increases of 1.99% per annum plus 3% for the Adult Social Care precept in 2017/18 and 2018/19 are currently assumed in the MTFP which was agreed at Council in February 2017. Demographic cost pressures are one of Enfield's main challenges over the medium term and the forecast cost increases built into the MTFP reflect this. Our population which was estimated at 331,395 at mid-year 2016 (ONS) is forecast by ONS to exceed 350,000 by 2021. Within the general population large and increasing numbers of elderly, homeless families and children are resulting in forecasts of increasing cost pressures. For example the total population of over 65 year olds is forecast to rise by 8% from 43,900 in 2017 to 47,400 by 2021, with an 11% rise in over 85 year olds. Of these 19,654 are forecast to be unable to manage at least one domestic task and 16,075 are forecast to be unable to manage at least one self-care activity on their own in 2021. The introduction of the Homelessness Reduction Act (HRA) will put additional pressures on the Temporary Accommodation area. A London Council who has trialled the new arrangements experienced a 50% increase in the number of people approaching the Council for assistance with homelessness. Enfield assisted around 2,300 households with homelessness in 2016/17 so this number could increase by over 1,000 if we see a similar pattern

Table 2: Medium Term Financial Plan

	2017/18 £m's	**2018/19 £m's**	**2019/20 £m's**	**2020/21 £m's**
Council Tax Base Provision	107.9	114.2	119.9	122.3
Inflation / Pay Awards	2.3	2.3	4.3	4.5
Other cost increases	12.6	6.4	6.7	5.0
Savings Identified	(13.8)	(3.2)	(4.7)	0.5
Reductions in Government Funding	14.0	9.6	6.1	0.0
Full Year Effect of Previous years	(10.4)	(3.4)	4.2	0.0
Gap still to be found	0	(5.7)	(14.2)	(7.6)
Collection Fund	1.6	(0.3)	0	0
Council Tax Requirement	**114.2**	**119.9**	**122.3**	**124.7**
% Tax Charge Change[1]	**4.99%**	**4.99%**	**1.99%**	**1.99%**

The Schools' Budget

The Schools Budget is funded from the Dedicated School Grant (DSG) which is a ring-fenced grant, the majority of which is used to fund Individual Schools' Budgets. It also funds Early Years, High Needs provision and certain central education services provided by the Council. School funding continues to be protected but as this has been on a flat cash basis (i.e. no allowance for inflation) since the new funding regime was introduced in 2012, any additional funding received is purely for growth in pupil numbers in mainstream schools, nurseries and for special school places. Other pressures including in year growth in pupil numbers and significant growth in demand in the High Needs block need to be managed within the ring-fenced budget. For 2017/18 additional government funding has been allocated for High Needs, but this is still likely to fall short of funding needed to meet pressures. The outturn position for the DSG budget in 2016/17 reported an overspend of £3m which will be carried forward and will need to be managed in 2017/18.

[1] The percentage Council Tax changes resulting from the change in the Council Tax requirement are shown net of growth in the taxbase.

The Government is planning to introduce a national funding formula (NFF) to calculate the amount of core revenue funding that mainstream schools in England will attract in respect of primary and secondary (but not sixth form) pupils. The outcome of the recent consultation is awaited but current plans are to phase in the new funding methodology from 2018/19 with full implementation in 2019/20. Enfield would see a small gain overall in DSG under the new formula but this would not be evenly distributed and some schools would see their funding reduced.

6. CAPITAL EXPENDITURE AND INCOME

The table below shows the capital expenditure incurred and funding applied in 2016/17 compared to the approved programme. The capital outturn will require some re-profiling of the capital programme which will impact on the 2017/18 and future years' budgets.

Table 3

Capital Expenditure:	**Projected £m's**	**Outturn £m's**
Schools and Educational Establishments	33.2	23.1
Council Dwellings	55.3	46.0
Housing Grants	2.6	2.5
Residential and Day Care Services	8.3	7.3
Transport and Environmental Schemes	20.5	20.0
Leisure and Culture	1.1	1.4
Corp orate Buildings and Improvements	6.9	8.7
Regeneration Projects	44.5	54.3
Housing Developments via loans to Council owned subsidiary companies	97.6	64.3
Housing Regeneration Projects	0.3	0.6
Community Safety	0.3	0.3
Parks and Open Spaces	1.8	2.1
IT infrastructure and programmes	13.2	17.9
Total Capital Expenditure in 2016/17	**285.6**	**248.5**
Sources of Finance:	**Projected £m's**	**Outturn £m's**
Borrowing	88.1	107.3
Borrowing funded by Deferred Capital Receipts	97.5	59.6
Capital Receipts	13.5	11.4
Major Repairs Reserve	13.7	15.3
Government Grants/Reimbursements and Other Contributions	41.2	32.9
Revenue	31.6	22.0
Total Capital Funding	**285.6**	**248.5**

The principal elements of the capital programme in 2016/17 were expenditure on our major regeneration projects, further investment in school buildings to meet demand for new primary school places and improvements to the housing stock through the Decent Homes programme. Local properties have been acquired by the Council's Subsidiary Company (Housing Gateway Ltd) to reduce the cost of providing short term temporary accommodation.

Major regeneration plans are also in place to meet increasing demand for housing and jobs, principally in the Council's major regeneration scheme Meridian Water, where investment in land acquisition was a large part of capital spend in 2016/17. Road infrastructure is also a vital factor in the plans to improve local conditions.

The Council generated new General Fund capital receipts in the year of £11.1m (net of disposal costs). In addition, net receipts of £13.7m were received from the sale of Council Housing Stock under Right to Buy provisions - of which £1.4m is payable to the Government under the housing finance regulations.

The Council's Capital Financing Requirement (CFR), which represents the amount of accumulated capital expenditure to date for which resources have yet to be set aside, has increased from £577.7m to £735.9m during the year. The increase is reflected in the amount of capital expenditure funded from borrowing shown in Table 3 less the Minimum Revenue Provision (set aside to repay borrowing). This is analysed between the HRA (£157.7m) and General Fund (£578.2m). The Council has kept its use of borrowing within its existing plans agreed in the budget setting process and has provided for the statutory reduction in its existing General Fund CFR in the Medium Term Financial Plan. The HRA CFR is managed through the HRA Business Plan under the HRA Self-Financing framework.
At 31st March 2017, the Council had capital resources available to fund future expenditure of £33.8m (unapplied capital grants), £0.5m (unapplied capital receipts) and £0.2m (revenue reserves earmarked for capital investment including the HRA).

The Council is continuing to review its property asset base to identify future disposals to generate more capital receipts over the medium term, subject to achieving targeted proceeds in the current economic circumstances. In addition, commercial investment is being used to fund regeneration projects and produce financial returns that can be used to finance new capital investment in the longer term. In the light of Central Government fiscal plans, there is uncertainty over the future levels of Government capital grant funding. As a consequence, the review and close monitoring of the capital programme is a key Council priority.

7. PENSION LIABILITY

The Statement of Accounts incorporates in full the accounting requirements of IAS19 (Employee Benefits) as contained in the Local Authority Code of Practice on Local Authority Accounting. Further information and details are provided in Note 38 to the Core Financial Statements.

The Pension Liability reflects the underlying long term commitments that the Council has to pay retirement benefits. The net pension liability has increased from £392.8m as at 31 March 2016 to £503.1m as at 31 March 2017. This unfavourable movement of £110.3m is predominantly due to actuarial re-measurement of the Net Defined Pension Liability.

Adjustments made to comply with accounting standard IAS19 have had the following effect on the 2016/17 Comprehensive Income and Expenditure Account:

- Reported expenditure within the Net Cost of Services has been increased by £0.6m. This comprises a reduction of £0.5m (representing the difference between employer's pension contributions made in the year to the cost of pension benefits actually earned) and an increase of £1.1m for Passed Service Costs associated with former employees;
- A charge for Net Interest Cost on the Defined Benefit Liability – which forms part of Financing and Investment Income and Expenditure in the CIES, of £12.8m. This represents the interest on the present value of scheme liabilities and interest on the net changes in those liabilities over the period; and
- Under Other Comprehensive Income & Expenditure, Net Actuarial re-measurement losses of £98.4m have been recognised on the re-measurement of the net defined Pension Liability.

There is no effect on the Council's General Fund or HRA arising from these adjustments, as they are reversed out in the Movement in Reserves Statement, with a matching entry posted to the Pension Fund Reserve. The movement in the Pension Liability does impact on the Council's General Fund or HRA.

8. CHANGES IN ACCOUNTING POLICIES AND PRIOR PERIOD ADJUSTMENTS

As part of the requirements of IAS8, the Council has reviewed its Accounting Policies for financial year 2016-17 and made the following changes with effect from 1 April 2016.

- Property Plant and Equipment is carried on the Balance Sheet based on values as at 31 March (previously the carrying amounts were based on values as at 1st April);
- The de minimus level for recognition of non-grant related creditors and debtors has risen from £5,000 to £10,000 in line with other comparable sized authorities;
- The Council no longer recognises Performance Related Pay as a Liability as at 31 March on grounds of materiality;
- The Council has increased its Preparer's materiality reporting Threshold from £1m to £10m. This means Disclosure Notes will not generally be made unless the amounts exceed £10m, are required under regulation or are material in some other context e.g. public interest, substance over form and / or to enhance the readers understanding of the Accounts; and
- The threshold for recognition of non-property leases as Finance Leases has increased from £10,000 and 5 years to £50,000 and 10 years respectively. This means any new non-property lease with a value under £50,000 and / or life under 10 years will generally be treated as an Operating Lease without further evaluation (and not added to our Balance Sheet as an asset).

Due to changes in the Code of Practice, the 2015-16 Comprehensive Income and Expenditure Statement (CIES) and Movement in Reserves Statement (MIRS) have been re-stated to comply with the new format and content. This did not lead to any difference between the figures in the 2015-16 Published Accounts and the Prior Year Comparator figures in the 2016-17 Accounts. However, Prior Year Comparator figures in the 2016-17 Accounts have been restated from those in the 2015-16 Published Accounts. Further details are set out in Note 39.

The Council is required to prepare Group Accounts. These consolidate the Financial Statements of the London Borough of Enfield with those of its Subsidiary Companies and are set out on Page 89.

Future changes in Accounting Policy

From 1 April 2017 any carrying value of inventory items will not be recognised as a current asset unless the balance at the Reporting Date is over £10,000.

From 1 April 2017 the Council's Policy for Accruals will be amended so that creditors for utilities and debtors for rents will not generally be required provided the same number of invoices is consistently recognised each financial year and not making a creditor / debtor for accrued income / expenditure will not materially affect the accounts

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

MOVEMENT IN RESERVES 2016/17

	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Reserves
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Balance b/fwd 01.04.2016	(65.7)	(34.9)	(21.4)	(15.3)	(18.1)	(155.4)	(892.0)	(1,047.4)
Movement in Reserves during 2016-17								
Total Comprehensive Income and Expenditure	77.8	(25.6)	0.0	0.0	0.0	52.2	108.0	160.2
Adjustments between accounting basis and funding basis under regulation (Note 9)	(75.4)	30.7	(3.3)	0.6	(16.2)	(63.6)	63.6	(0.0)
(Increase) or Decrease in 2016-17	2.4	5.1	(3.3)	0.6	(16.2)	(11.4)	171.5	160.1
Balance c/fwd 31.03.2017	(63.2)	(29.8)	(24.7)	(14.7)	(34.4)	(166.7)	(720.5)	(887.3)

MOVEMENT IN RESERVES STATEMENT 2015/16 (RESTATED)

	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Reserves
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Balance b/fwd 01.04.2015	(86.9)	(38.4)	(15.8)	(12.8)	(13.9)	(167.8)	(669.5)	(837.3)
Movement in Reserves during 2015/16								
Total Comprehensive Income and Expenditure	56.9	(10.2)	0.0	0.0	0.7	47.4	(257.9)	(210.2)
Adjustments between accounting basis and funding basis under regulation (Note 9)	(35.8)	13.7	(5.6)	(2.5)	(5.0)	(35.3)	35.3	0.0
(Increase) or Decrease in 2015/16	21.1	3.5	(5.6)	(2.5)	(4.2)	12.1	(222.5)	(210.2)
Balance c/fwd 31.03.2016	(65.7)	(34.9)	(21.4)	(15.3)	(18.1)	(155.4)	(892.0)	(1,047.4)

	31 March 2016	31 March 2017
Analysis of General Fund Balance	£m's	£m's
Schools Balances	(9.9)	(5.5)
Non-School Balances	(14.0)	(14.0)
Earmarked Reserves	(41.8)	(43.7)
General Fund Balance	(65.7)	(63.2)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Note	On its services the council spent:-	15/16 Gross expenditure* £m's	15/16Gross income* £m's	15/16 Net expenditure* £m's	16/17 Gross expenditure £m's	16/17Gross income £m's	16/17 Net expenditure £m's
	Finance, Resources, Customer Services & Corporate	423.5	(336.5)	87.0	443.9	(353.6)	90.3
	Chief Executive	6.5	(2.9)	3.6	8.2	(4.5)	3.7
	Schools & Children's Services	448.9	(347.6)	101.3	383.3	(312.8)	70.5
	Regeneration & Environment	71.5	(31.9)	39.6	86.8	(49.6)	37.2
	Health, Housing & Adult Social Care	182.3	(90.2)	92.1	189.8	(98.5)	91.3
	Sub Total - General Fund	**1,132.7**	**(809.1)**	**323.6**	**1,112.0**	**(819.0)**	**293.0**
	Housing Revenue Account (HRA)	79.7	(81.0)	1.3	43.9	(63.3)	(19.4)
	TOTAL Net Cost of Services	**1,212.4**	**(890.1)**	**322.3**	**1,155.9**	**(882.3)**	**273.6**
	Other Operating Expenditure						
	(Gain) / Loss on disposal of non-current assets			(12.7)			44.1
	Payments to Housing Capital Receipts Pool			1.4			1.4
	Precepts and Levies			6.5			7.2
	Sub total: Other Operating Expenditure			**(4.8)**			**52.6**
5	Financing and Investment Income & Expenditure			16.9			12.3
6	Taxation and non-specific grant income			(287.8)			(287.7)
	Deficit on the Provision of Services			46.7			**50.9**
	(Surplus) / Deficit on revaluation of non-current assets			(224.5)			(21.3)
	Remeasurement of the net defined pension liability - Actuarial (Gains) / losses on pension fund assets and liabilities			(41.9)			98.4
	Other -			9.4			32.1**
	Other Comprehensive (Income) / Expenditure			(256.9)			109.3
	Total comprehensive expenditure			**(210.2)**			**160.1**

*restated. See pages 13 & 14 for further details

**figure comprises £30.5m of movements affecting the Revaluation Reserve and £1.6m of Other items of Comprehensive Income and Expenditure not reflected in the Deficit on Provision of Services

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at 31 March 2017 (for further information see page 5 of the Narrative Report).

Balance Sheet	Note	31 March 2016 £m's	31 March 2017 £m's
Non Current Assets			
Property, Plant & Equipment	11	1,747.9	1,774.2
Heritage Assets		3.9	3.9
Investment Property	12	114.1	120.9
Intangible Assets		0.5	0.3
Investments in Subsidiaries	14	0.0	15.9
Long Term Debtors	16	57.3	99.0
Total: Long Term Assets		**1,923.7**	**2,014.2**
Current Assets			
Short Term Investments	14	7.5	0.0
Inventories		0.8	1.0
Short Term Debtors	16	86.5	104.8
Intangible Current Assets		0.4	0.4
Cash & Cash Equivalents	15	32.3	13.9
Total: Current Assets		**127.5**	**120.0**
Current Liabilities			
Cash & Cash Equivalents	15	(15.9)	(15.8)
Short Term Borrowing	14	(94.7)	(121.6)
Short Term Creditors	18	(82.7)	(97.0)
Provisions	19	(17.9)	(13.4)
Total: Current Liabilities		**(211.2)**	**(247.7)**
Long Term Liabilities			
Long Term Creditors	18	(46.8)	(52.7)
Provisions	19	(2.0)	(3.7)
Long Term Borrowing	14	(347.8)	(437.4)
Pension Liability	38	(392.8)	(503.1)
Capital Grants Received in Advance		(3.1)	(2.2)
Total: Long Term Liabilities		**(792.5)**	**(999.1)**
Net Assets		**1,047.5**	**887.3**
Reserves			
Unusable Reserves	20	(892.0)	(720.4)
Useable Reserves			
Capital Grants Unapplied		(18.1)	(34.3)
Major Repairs Reserve		(15.3)	(14.7)
Useable Capital Receipts Reserve		(21.4)	(25.0)
Housing Revenue Account		(9.1)	(9.1)
General Fund & Schools Balance		(24.0)	(19.5)
Earmarked Reserves	10	(67.7)	(64.4)
Total: Useable Reserves		**(155.5)**	**(166.9)**
Total Reserves/Net Worth		**(1,047.5)**	**(887.3)**

The Unaudited (Draft) Accounts were authorised for issue on 28 June 2017 by James Rolfe – Executive Director of Finance, Resources and Customer Services. The Final Audited Accounts were authorised for issue on 28th September 2017 by Members

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash flows of the Council during the reporting period. The statement shows how the Council has generated and used cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities shows how the Council has funded its operations from taxation and grant income or from the recipients of services provided by the Council. Investing activities refer to expenditure that contributes to the Council's future service delivery. Cash flows arising from financing activities refer to the raising and repayment of loans and other long term liabilities.

	2015/16 £m's (restated)	2016/17 £m's
Net Deficit on the provision of services	(46.8)	(50.9)
Adjustments to deficit on the provision of services for non-cash movements (see below)	109.7	133.9
Adjustments for items included in net deficit on the provision of services that are investing & financing activities (see Note 24)	(59.6)	(76.0)
Net cash flow from operating activities*	**3.2**	**7.0**
Investing activities (see Note 22)	(139.5)	(139.2)
Financing activities (see Note 23)	123.6	113.8
Net (increase)/decrease in cash and cash equivalents	**(12.8)**	**(18.3)**
Cash and cash equivalents at the beginning of the reporting period	29.2	16.4
Cash and cash equivalents at the end of the reporting period:	**16.4**	**(1.9)**

Cash Flow Statement - Adjustments to net deficit on the provision of services for non-cash movements:	**2015/16 £m's**	**2016/17 £m's**
Depreciation	39.9	50.9
Impairment and downward valuations	69.6	23.4
Amortisation	0.5	0.2
Increase / (decrease) in impairment for bad debts	(3.2)	1.9
Increase / (decrease) in creditors	(13.3)	(4.4)
Increase / (decrease) in debtors	(1.8)	(10.7)
(Increase) / decrease in inventories	0.0	(0.2)
Movement in Pension Fund Liability	14.8	13.4
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	10.1	69.8
Other non-cash items charged to the net surplus or deficit on the provision of services	(7.0)	(10.4)
Total adjustments to net deficit on the provision of services	**109.7**	**133.9**

*The Cash Flows for Operating Activities include the following items:-

	31.03.2016 £m	31.03.2017 £m
Interest Paid	17.6	18.1
Interest Received	1.2	1.7

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the financial year and its financial position as at 31 March 2017. This note sets out the Accounting Policies and the basis of estimation the Council has selected in preparing the Accounts. The general principles adopted in compiling the Accounts are consistent with the CIPFA's Code of Practice on Local Authority Accounting which are based on International Financial Reporting Standards and Statutory Regulation. Unless specifically required to the contrary, balances are stated in GBP pounds and are rounded to the nearest one hundred thousand pounds (£0.1m). For this reason the tables may not always exactly sum.

In line with Her Majesty's Treasury and CIPFA's goal to make public sector accounts more succinct and to reduce the clutter, the Council has set a materiality threshold of £10m. This means Disclosure Notes will not generally be made unless the amounts exceed £10m, are required under regulation or are material in some other context e.g. public interest, substance over form and / or to enhance the reader's understanding of the Accounts.

Monetary Assets and Liabilities, Non-Monetary Assets and Non-Monetary Liabilities
The valuation of specific assets and liabilities is detailed in the following accounting policies. Where not specified, assets and liabilities are recorded at historical cost.

Revenues and Expenses
Income is recognised in the determination of the results for the reporting period when, and only when, there is reasonable certainty that the inflow of economic benefits or service potential has occurred and can be measured reliably. An expense is recognised in the determination of the results for the reporting period when, and only when, there is reasonable certainty that the consumption or loss of economic benefit or service potential has occurred resulting in a reduction in assets or an increase in liabilities and can be measured reliably.

Interest receivable on deposits and payable on borrowings is accounted for as income and expenditure respectively on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows set out in the relevant contract.

Judgements
The preparation of the financial statements requires the use and determination of accounting estimates and the application of management assumptions that have the potential to cause material adjustments to the carrying amount of assets and liabilities during the course of the financial year. Such estimates, judgements and assumptions are reviewed on an ongoing basis and critical judgements made in applying Accounting Policies are shown in Note 3. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

1.2 DEBTORS AND CREDITORS

The accounts are prepared on the basis of accrued income and expenditure and include sums due to the Council and sums payable by the Council for work done or goods received – subject to the de minimus level for recognising accrued income and expenditure of £10,000. Exceptions to these levels are made where the expenditure is funded by a time limited grant or debt relating to Housing Rents, Council Tax and Business Rates

Impairment of debt is deducted from debtors' balances. If there is evidence that debts are irrecoverable, they are written off against the appropriate provision.

Impairment of debts are maintained at levels that reflect the age profile of the outstanding arrears and the likelihood of recovery based on expected collection rates.

1.3 CASH AND CASH EQUIVALENTS

For the purposes of the Balance Sheet and Cash Flow Statement, cash comprises cash in hand, deposits held on call with banks, other short term highly liquid deposits with original maturities of three months or less from the date of acquisition and bank overdrafts which are used in the treasury management function on a day to day basis to the extent that none of these represent cash sums held against a specific liability. Cash held on behalf of other parties under non-Council controls are not accounted for as cash. The Cash Flow Statement has been prepared using the indirect method.

1.4 EXCEPTIONAL ITEMS

Where exceptional events have taken place, the amounts involved are reported on a separate line within the Comprehensive Income and Expenditure Statement, with further information provided in a disclosure note.

1.5 PRIOR PERIOD ADJUSTMENTS

Prior period adjustments are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and relate either to changes in accounting policy required by the Code or to the correction of material errors in previous years' accounts.

Changes in accounting estimates are accounted for in the year in which the estimate is revised and are not treated as prior period adjustments.

1.6 EMPLOYEE BENEFITS

Benefits Payable During Employment

Short term employee benefits relate to amounts expected to be paid to employees for annual leave, leave in lieu of statutory holidays and flexitime untaken at the year-end which can be carried forward into the next financial year. Accrued annual leave for school based employees is recognised as an expense in the Comprehensive Income and Expenditure Statement and represents a theoretical amount with which the Council has an obligation to pay resulting from employees' services provided up to the Balance Sheet date. This is purely a notional liability as required under the Code of Practice and does not result in any future transfer of economic benefit. In accordance with statutory regulation, the accrual is reversed out in the Movement in Reserves Statement and disclosed in the Accumulated Absences Account in the Balance Sheet. The expenditure is a charge to the General Fund when the liability is settled. The Council has concluded that there is no material benefit in undertaking an annual determination of the accrual and has established a policy to undertake a review of the accrual every three years unless, in the intervening period, there is evidence of a change in circumstances which would affect the amount to be disclosed. A review was carried out as part of the 2016/17 Accounts. The next review is due to be undertaken for the 2019/20 Accounts

Termination Benefits

Termination benefits are payable when the Council decides to terminate the employment of a member of staff or a member of staff accepts voluntary redundancy. Costs are accrued in the Comprehensive Income and Expenditure Statement once the termination of employment has reached a stage where it can no longer be contractually withdrawn.

Post-Employment Benefits

The Council participates in four separate schemes. These provide members with defined benefits related to pay and service. They are as follows:

- **Teachers –** teachers employed by the Council are members of the Teachers' Pensions Scheme, administered by Teachers Pensions (TP). It provides teachers with defined benefits upon their retirement. The Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The pension cost charged to the accounts is the contribution rate set by TP on the basis of a notional fund. The arrangements for the Teachers' scheme mean that the liabilities for the benefits payable cannot be identified to the Council. The scheme is, therefore, accounted for as if it were a defined contribution scheme – no liability for future payments of benefits is recognised in the balance sheet.
- **Former NHS Employees -** on 1 April 2013 Public Health staff and services were transferred from Primary Care Trusts (PCTs) to local authorities. To discharge their new public health responsibilities, local authorities were provided with a ring-fenced public health grant. Under the new arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the PCTs to local authorities and who had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013. The NHS pension scheme is an unfunded, defined benefit scheme which is a multi-employer defined benefit scheme. In the NHS, the scheme is accounted for as if it was a defined contribution scheme. Therefore, it is not possible to identify the underlying scheme assets and liabilities for those staff who were transferred from the PCT to the Council in April 2013. Given this, the Council has decided to follow the recommendation from CIPFA's Local Authority Accounting Panel and to account for the NHS pension scheme on a defined contribution basis.

- **Other employees** – subject to certain qualifying criteria, all other employees are eligible to join the Council's Local Government Superannuation Scheme.

The Council's Local Government Pension Scheme is accounted for as a defined benefit scheme. The financial statements reflect the Council's liabilities, calculated on an actuarial basis, to increase contributions to the pension fund to make up any shortfall in attributable net assets, rather than the employer's contributions which are actually payable to the pension fund in the year. Liabilities are assessed using assumptions about mortality rates, employee turnover rates and projected earnings for current employees, discounted to their value at current prices. In addition, an assumed take-up of commutation has been allowed for in the calculations; this refers to the options available to employees to receive a higher lump sum on retirement in return for a lower annual pension. The discount rate used is based on the yield available on long dated high quality corporate bonds of equivalent currency and term to scheme liabilities.

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- **Quoted securities** – current bid price;
- **Unquoted securities** – professional estimate;
- **Unitised securities** – current bid price.

The change in the net pension liability is analysed as follows:

- **Current service costs** – the increase in liabilities as a result of the years of service earned in the year allocated to service revenue accounts within the Cost of Services;

- **Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. The cost is debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- **Net Interest on the Defined Benefit Liability** – this is the net interest expense for the Council i.e. the change during the period in the net defined benefit liability (asset) that arises from the passage of time. This is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. It is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net benefit liability (asset) during the period as a result of contribution and benefit payments.

- **Re-measurements** – these comprise i) the return on scheme assets (excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. ii) Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. Actuarial Gains and Losses are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- **Employer's Contributions** - cash payments made to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits
The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.7 EVENTS AFTER THE REPORTING PERIOD

In accordance with IAS 10, it is the Council's Policy to reflect events which have come to light between the end of the financial year (31 March) and the date the Accounts were issued for Publication (30 June). Within this context there are two types of events:

- **Adjusting event –** an event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period. The Accounting Statements are adjusted to reflect this.

- **Non-adjusting event –** An event after the reporting period that is indicative of a condition that arose after the end of the reporting period. The Accounting Statements are not adjusted but further information about the event is provided in the Notes.

1.8 GRANTS AND CONTRIBUTIONS

Revenue Grants and Contributions

Service revenue grants and contributions are accounted for on an accruals basis and are credited as income to appropriate service headings within the Comprehensive Income and Expenditure Statement once the Council has satisfied conditions of the grant/contribution, to the extent that the grant/contribution does not have to be repaid to the awarding body and there is reasonable certainty that the funding is receivable. Specific grants not received at the balance sheet date but where the related expenditure has been incurred and the grant conditions have been complied with are recorded in the Balance Sheet as debtors.

When grants have been received but the related expenditure has not been incurred, and it is expected that the grant conditions will be complied with in the following or a subsequent financial year, the grant is recorded as a receipt in advance.

Grants received at the balance sheet date, where the related expenditure has not been incurred, and it is expected that the grant conditions will not be complied with, are recorded as creditors as there is reasonable certainty that the grant will have to be repaid.

General non-specific grants (Revenue Support Grant, National Non-Domestic Rates) are credited to the Comprehensive Income and Expenditure Statement as sources of funding under Taxation and Non-Specific Grant Income.

Capital Grants and Contributions

Grants and contributions to capital expenditure are accounted for on an accruals basis and are credited to the Comprehensive Income and Expenditure Statement under Taxation and Non-Specific Grant Income when the grant conditions have been met to the extent that the grant/contribution does not have to be repaid to the awarding body. They are then reversed out in the Movement in Reserves Statement and transferred to Capital Grants Unapplied.

Capital grants received where conditions have been met are transferred from Capital Grants Unapplied to the Capital Adjustment Account when they are applied to fund capital expenditure. Capital grants received but the grant conditions have not been met are recorded as Capital Grants Receipts in Advance where conditions are expected to be met in a future year or Capital Grants Creditors where the conditions are not expected to be met and it is expected the grant/contribution will have to be repaid.

Grants received in respect of PFI Contracts are accounted for as general revenue grants in the Comprehensive Income and Expenditure Statement in the year in which they become receivable under Taxation and Non-Specific Grant Income.

1.9 COST OF SUPPORT SERVICES

For Statistical External Reporting Purposes, Central Support Overheads are allocated to departments in proportion to the benefits received and in accordance with the CIPFA Service Reporting Code of Practice. The basis of these allocations is as follows:

COST	BASIS OF ALLOCATION
Administrative buildings	Areas occupied
Computer services	Actual usage
Central offices services	Actual usage
Central/professional services	Staff time

Central Support Overheads are not apportioned to departments for purposes of Internal Management Accounts or for the Statement of Accounts but are aggregated and reported as expenditure against the Directorate incurring the expenditure.

1.10 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities refer to possible material obligations as at 31 March that cannot be readily quantified properly at the balance sheet date and there is a high level of uncertainty over the extent of the Council's liability. No entries in the accounts are made for contingent liabilities but they are reported, where material, in the Notes to the Core Financial Statements. In the main, they refer to contractual matters that may be subject to legal proceedings.

Contingent assets refer to transactions that may give rise to future economic benefits to the Council but cannot be estimated with reasonable certainty at the balance sheet date. A contingent asset may be a sum owed to the Council but which at the balance sheet date is subject to the resolution of legal proceedings.

1.11 COUNCIL TAX

The amount of council tax income recognised in the Comprehensive Income and Expenditure Statement is the Council's share of the accrued council tax income for the year and not the tax demand for the year. This treatment recognises the role of the Council as a billing authority acting as an agent of the precepting Council, the Greater London Authority (GLA) and of itself for the collection and distribution of council tax income. This does not affect the Collection Fund Statement itself since the preparation of this statement is prescribed by legislation.

The Collection Fund Adjustment Account records the difference between the amount of council tax income included in the Comprehensive Income and Expenditure Statement and the amount required to be credited to the General Fund by regulation – the Council Tax Demand.

The movement on the Collection Fund Adjustment Account is a reconciling item in the Movement in Reserves Statement. The balance on the Collection Fund Adjustment Account reflects the Council's share of the accumulated net surplus/deficit on the Collection Fund.

The GLA's share of the net surplus/deficit on the Collection Fund, council tax arrears, council tax overpayments and impairment of debt is disclosed as a net debtor/creditor in the Balance Sheet.

1.12 NATIONAL NON-DOMESTIC RATES

The Council collects business rates, proportions of which are then paid to the Council, the Greater London Authority (GLA) and Central Government. 30% of business rates are retained by the Council and included in the Comprehensive Income and Expenditure Statement as accrued income.

The Council also retains the cost of collection allowance which is also recognised in the Comprehensive Income and Expenditure Statement. The Council's share of arrears, provision for impairment of debt, prepayments and overpayments are shown on the balance sheet.

Business Rate Top-Up income is included in the Comprehensive Income and Expenditure Statement as accrued income.

As with council tax, the difference between the income in the Comprehensive Income and Expenditure Statement and the amount required to be credited to the General Fund by regulation is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

The GLA and Central Government's shares of arrears, provision for impairment of debt, prepayments and over payments are consolidated into single debtors/creditors for the purposes of presenting the financial statements.

The Council accounts for the GLA's Business Rate Supplement on an agency basis through the Collection Fund and only accounts for the receipt of the associated cost of collection allowance in its Comprehensive Income and Expenditure Statement. The year end balances attributable to the collection of the Business Rate Supplement including arrears, overpayments and impairment of debt is disclosed as a net debtor/creditor with the GLA in the Balance Sheet.

1.13 INTANGIBLE ASSETS

Occasionally the Council incurs expenditure on assets that have no physical form but which provide future economic benefit. In general they are classified as Non-Current Assets on the Balance Sheet and tend to relate to Computer Software and Licences. However the Council recognises Purchases of Carbon Emission Rights as current Intangible Assets as required by the Code.

Intangible assets are capitalised at cost and are amortised to revenue over the expected economic life of the asset. Where there is evidence of impairment at the end of the financial year, the impairment loss is written off against any revaluation gain held in the Revaluation Reserve for the relevant asset with any excess charged in the Comprehensive Income and Expenditure Statement. The impairment loss is reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account so there is no impact on the General Fund.

1.14 PROPERTY, PLANT AND EQUIPMENT

Acquisition and Recognition

Items of property, plant and equipment are recognised as non-current assets when future economic benefits or service potential are expected to flow to the Council. Relevant accrued costs comprise initial acquisition, construction and subsequent enhancement or replacement (whole or in part) of the asset and include incidental costs such as professional and technical fees attributable to bringing the asset into working condition for its intended use. Expenditure necessarily incurred in either maintaining the operational capacity of the assets or ensuring that their original estimated lives are achieved is considered maintenance and is treated as an expense as incurred.

Property, plant and equipment assets including items acquired under finance leases are valued at Fair Value, except as stated below, and are subject to ongoing review and re-valuation as necessary so that the carrying amount of each asset class does not materially differ from its fair value (where applicable) at the reporting date. Note 13 provides additional information on the approach taken. The measurement basis for different classes of assets is as follows:

- Operational land and buildings including operational facilities in Parks – are included in the balance sheet at current value in existing use (non-specialised) or depreciated replacement cost (specialised) adopting the Modern Equivalent Asset methodology, car parks and parks concessions having an operational purpose are valued according to their income generation potential, residential establishments are valued on bed capacity with reference to market values;

- Community assets – parks land is recorded at a nominal value per hectare as market values cannot be economically and reliably measured. The use of nominal values per hectare is considered to give a fairer representation of value for these assets; expenditure on parks (other than in connection with material operational facilities) is recorded at historic cost;

- Council dwellings are valued at Existing Use Value – Social Housing using beacon property values in accordance with the guidance published by the DCLG in January 2016;

- Vehicles, Plant and Equipment are valued at historic cost less depreciation as an approximation to current value.

Infrastructure and Community assets are recognised in the Balance Sheet as the expenditure is incurred. Other operational assets are recognised from the date they become operational. Until that time, they are included as assets under construction and valued at cost.

The Council has adopted the following de minimus levels for the recognition of new assets and for assessing the effect of additional expenditure on the value of existing assets in the Asset Register. The Asset Register forms the basis for recording the carrying value of Non-Current Assets in the Balance Sheet. Expenditure is not recognised in the Asset Register where it falls below the following criteria:

- Purchases of short life (up to 5 years) single item assets having a value of less than £10,000 at the date of acquisition. This excludes the acquisition of furniture and equipment where part of a larger capital scheme representing the fitting out costs of new or refurbished premises can be capitalised even though individual items are below the de minimis level since the expenditure is necessary to bring premises into use.

- Capital schemes costing less than £50,000 relating to construction projects.

Revaluations

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains which are shown under Other Comprehensive Income in the Comprehensive Income and Expenditure Statement.

For a revaluation loss, the carrying value of the asset is written down against any balance for the asset in the Revaluation Reserve in the first instance. Where there is no balance or insufficient balance in the Revaluation Reserve, the loss or balance of the loss is debited to the relevant service line in the Comprehensive Income and Expenditure Statement and reversed out in the Movement in Reserves Statement to the Capital Adjustment Account.

Where a revaluation loss that has been debited to the Comprehensive Income and Expenditure Statement and is subsequently reversed by a revaluation gain, the Comprehensive Income and Expenditure Statement is credited up to the amount of the original debit less the amount of depreciation that would have been charged had the loss not taken place. The revaluation gain is reversed out in the Movement in Reserves Statement to the Capital Adjustment Account.

The Revaluation Reserve records the effect of the revaluation of property, plant and equipment and intangible fixed assets. The reserve was created with a zero balance on 1 April 2007. The historic cost of assets was taken to be their current value at that date. The balance on the Revaluation Reserve therefore includes only the net effect of revaluations subsequent to 1 April 2007.

Non-Current Assets are revalued prior to disposal. In general, Non-Current Assets are revalued where more than £50k of in year capital expenditure has taken place – although this excludes expenditure on land which is measured by a set price per hectare and is not affected by planting, drainage etc.

Impairment

The balance sheet valuation of all Property, Plant and Equipment assets is reviewed annually to determine whether there is an indication that impairment has occurred as opposed to a downward valuation. An impairment loss may be due to the consumption of economic benefits e.g. physical damage or obsolescence, an adverse change in the statutory or regulatory environment relating to the use of the asset or a material deterioration in the service potential of the asset beyond normal depreciation.

An impairment loss is determined as the amount by which the carrying value of the asset exceeds its recoverable amount being determined as the higher of its fair value (less costs to sell) or its depreciated replacement cost. An impairment loss is recognised in the Comprehensive Income and Expenditure Statement unless the asset is carried at a re-valued amount. Where the asset is measured at a re-valued amount, the impairment loss is offset against any available amount in the Revaluation Reserve in the first instance. Where an impairment loss or balance of an impairment loss is charged to the Comprehensive Income and Expenditure Statement, it is reversed out to the Capital Adjustment Account through the Movement in Reserves Statement.

Where an impairment loss is subsequently re-estimated as a consequence of a reassessment of the factors giving rise to the impairment, the carrying amount of the asset is increased to the revised estimate of its recoverable amount provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

A reversal of an impairment loss is credited in the Comprehensive Income and Expenditure Statement unless the asset is carried at a re-valued amount in which case the reversal of the impairment loss is treated as a revaluation increase to the extent that no impairment losses have been previously recognised in the Comprehensive Income and Expenditure Statement.

Where a reversal of an impairment loss is credited to the Comprehensive Income and Expenditure Statement, it is reversed out to the Capital Adjustment Account through the Movement in Reserves Statement.

Disposals

Where an asset is disposed of, decommissioned or transferred, the carrying value of the asset in the balance sheet is written off to the Comprehensive Income and Expenditure Statement. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement. The net figure is reported as the gain or loss on disposal after taking into account costs incurred incidental to the disposal. However, in accordance with statutory financing arrangements, the carrying value of disposals is appropriated to the Capital Adjustment Account and the receipts appropriated to the Usable or Deferred Capital Receipts Reserve as a reconciling item through the Movement in Reserves Statement. Any revaluation gain held in the Revaluation Reserve in respect of a disposal is transferred to the Capital Adjustment Account.

Capital receipts arising from the disposal of assets held in the General Fund are used to finance new capital expenditure where the total amount of the receipt is in excess of £10,000. Regulations enable up to 4% of each receipt to be used in the funding of the costs associated with, and incidental to, the disposal of the asset. In accordance with statutory regulation, receipts of £10,000 or less in total are credited to the relevant service heading in the Comprehensive Income and Expenditure Statement.

Under Legislation, a proportion of the proceeds from the sale of Council Dwellings and HRA Land are paid over to Central Government. The exact proportion depends on the circumstances of each sale and is based on a formula prescribed by the Department of Communities and Local Government. The total amount payable to Government is disclosed as Other Operating Expenditure in the Comprehensive Income and Expenditure Statement and is offset by a contribution from the Usable Capital Receipts Reserve in the Movement in Reserves Statement. The proportion of sale receipts retained by the Council must be spent on providing new build dwellings.

1.15 DEPRECIATION

Depreciation represents the consumption of the service potential embodied in the asset. To achieve a systematic and rational allocation of their value, property, plant and equipment assets (excluding land) are depreciated over their estimated useful lives reviewed annually – estimated useful lives are summarised in the table below. The Council uses the Straight-line method of depreciation.

Property, plant and equipment assets are depreciated from the start of the year in which they are acquired or installed ready for use or in the case of constructed assets the start of the year the asset is completed and commissioned. Charges for depreciation are included as charges to service revenue accounts. Estimated useful lives are reviewed as part of the asset revaluation exercises, or where, in the interim there has been an enhancement to an asset that has extended its useful operational life, or where, as a result of physical damage, obsolescence or similar impairment, its estimated operational life has reduced.

Where revaluation gains are depreciated, the amount is transferred from the Revaluation Reserve to the Capital Adjustment Account. The Council's general policy is to provide for the depreciation of assets over the following periods (by the straight line method) unless in the opinion of the Council's Valuation Officer or the responsible service manager in the case of vehicles and equipment a lesser period should be used having regard to the nature of the expenditure incurred.

Council Dwellings and Operational Buildings	35-50 years
Building Fabric	75 years
Roads Infrastructure	40 years
Other Infrastructure	20-80 years
Vehicles	3-10 years
Plant and machinery	3-7 years

The land element of Community Assets e.g. parks, are held in perpetuity and have an indefinite useful life. As such no depreciation charges are made. However, where a building is present on Community Asset Land – e.g. a Pavilion, it is classed as an Operational Asset and depreciation is charged based on its useful economic life, consistent with Operational Buildings.

Depreciation on Dwelling and Non-Dwelling assets is fully absorbed by the HRA based on a componentised model which was introduced from 1 April 2015. As such the Council no longer uses the Major Repairs Allowance as a proxy figure

Components or a group of components that form part of a larger parent asset are recognised separately from the rest of the asset and may be replaced during the useful life of the parent. Each component or group of components are depreciated over their individual life or the life of the parent asset if shorter. To qualify as a component or a group of components, all the following conditions must be satisfied. The component has:

- a significantly different life from the rest of the parent asset;
- a significant cost (above £0.5m) in relation to the whole asset;
- an economic or service potential to the Council in a different pattern to the rest of the asset.

The carrying value of items within a parent asset not identified as a component, are de-recognised when the capitalised cost of a replacement is incurred. Components or groups of components having the same expected life are identified and reviewed at the time the asset is inspected.

1.16 HERITAGE ASSETS

Heritage Assets are those that the Council holds in trust for future generations because of their cultural, environmental or historical associations – they include historical buildings (Forty Hall and Broomfield House), Civic regalia, museum and art gallery collections and works of art. Heritage Assets excludes listed buildings which are held for operational purposes.

Heritage Assets are generally recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. Similarly, impairment is recognised and measured in accordance with the Council's general policy on impairment – with regard to Heritage Assets, this refers to circumstances where an item has suffered deterioration, physical damage or where doubts have arisen over the item's authenticity.

The civic regalia, museum collections and works of art are reported in the balance sheet at insurance valuation based on market values. These items are deemed to have indeterminate lives; the Council, therefore, does not consider it appropriate to charge depreciation.

The balance sheet valuation of the museum collection, which is carried out by external valuers, is based only on artefacts that are considered to have a material financial value – the balance sheet value therefore only reflects some 250 items. This comprises the whole of the Council's art collection, furniture and coins and a small proportion of the rest of the collection as recommended by the museum staff.

Acquisitions are rare but should they occur they are initially recognised at cost. If the item has been donated to the Council, it is recognised at market valuation.

Historical buildings are re-valued in accordance with the five year rolling programme of property valuations; other items including civic regalia, the museum collections and works of art (where material) are valued every five years – the date of the most recent valuation of these artefacts was October 2015.

1.17 INVESTMENT PROPERTIES

Investment properties are held either for earning rental income or for capital appreciation; they do not have a function that supports the delivery of council services. They are valued at fair value annually reflecting their potential highest and best use at the balance sheet date; they are not depreciated.

Rental income and revaluation gains or losses are recognised in the Comprehensive Income and Expenditure Statement under Financing and Investment Income and Expenditure. Disposal and revaluation gains and losses are reversed out to the Capital Adjustment Account through the Movement in Reserves Statement.

1.18 CURRENT ASSETS HELD FOR SALE AND SURPLUS ASSETS

Current Assets Held for Sale comprise those assets that the Council has determined are for immediate sale in their present condition and are expected to be sold in the next twelve months. These assets are carried at Fair Value based on their potential highest and best use at the balance sheet date. The assets are not depreciated. Assets that are not in operational use and do not meet the definition of investment properties, nor current assets held for sale, are classified as surplus assets. They are carried at Fair Value based on highest and best use. Surplus Assets generally refer to properties where the Council has yet to proceed with the disposal of the properties or is considering developing them for alternative use.

1.19 CHARGES TO REVENUE FOR NON CURRENT ASSETS

The charges made to General Fund services equate to the sum of:

- depreciation on property, plant and equipment;
- amortisation of intangible assets attributable to services;
- revaluation and impairment losses, where there is insufficient revaluation gains held for the assets concerned in the Revaluation Reserve against which the losses can be written off; and
- capital expenditure below de-minimus levels or deemed as non-enhancing by Council valuers.

Depreciation, amortisation and impairment losses are not charges that affect the overall level of expenditure to be met from the council tax. The charges are reversed out to the Capital Adjustment Account through 'Adjustments between accounting basis and funding basis under regulations' in the Movement in Reserves Statement. Capital charges to the HRA are based on the HRA capital financing requirement (the amount deemed to have been borrowed to fund capital expenditure in the HRA) multiplied by the Consolidated Rate of Interest (the rate calculated in accordance with a direction on the HRA by the Department for Communities and Local Government).

However, the Council is required to set aside an annual provision from revenue to reduce its overall underlying borrowing requirement. This is known as the minimum revenue provision and must be determined prudently in accordance with guidance provided by DCLG and charged to the General fund through the Movement in Reserves Statement. For 2016/17, the Council has set aside:

- 4% of the Council's adjusted General Fund Capital Financing Requirement at 1 April 2012 where this relates to capital expenditure funded from borrowing as at 31 March 2008 and capital expenditure incurred thereafter and funded from supported borrowing (i.e. where there is revenue provision recognised in the Council's Revenue Support Grant Settlement); and
- Provision for the amortisation of unsupported borrowing incurred at 31 March 2016 reflecting the estimated life of the related expenditure.

1.20 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Legislation allows some expenditure to be classified as capital for funding purposes even though it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund/HRA and impact on that year's council tax or rent income from council house tenants. For example, the Council pays Housing Assistance Grants to owner-occupiers. These are recorded as expenditure for capital purposes, but such expenditure does not result in the Council acquiring an asset.

Such expenditure and any grant receivable is debited/credited to the relevant service heading in the Comprehensive Income and Expenditure Statement. Statutory provisions that allow capital resources to meet the expenditure are accounted for by debiting the Capital Adjustment Account and crediting the General Fund/HRA Balance and are shown as a reconciling item in the Movement in Reserves Statement.

1.21 PFI CONTRACTS

PFI contracts are agreements for the provision of assets (or enhancements to existing assets) that are then used by the PFI contractor to deliver services. The Council has three PFI contracts:

- Highlands Secondary School;
- Starksfield Primary School and the refurbishment and extension to Tottenhall Primary School and Lea Valley Secondary School; and
- The provision of street lighting services.

As the Council controls/regulates the services provided under the above PFI contracts and acquires ownership of the assets at the end of the contract term at no additional charge, the Council has concluded that these arrangements meet the definition of Service Concessions.

The accounting policy for PFI contracts:

- recognises on the Council's Balance Sheet the assets/enhancements provided and a corresponding liability for the amounts due to the contractor to pay for the assets;
- recognises on the Council's Balance Sheet all non-current assets that were transferred to the PFI contractor at the start of the contract and used directly in the delivery of services; and
- provides for the depreciation and revaluation of assets in the same way as other property, plant and equipment owned by the Council.

The amounts payable to the PFI contractor annually are therefore analysed into the following five elements:

- the value of services provided during the year charged to the relevant service in the Comprehensive Income and Expenditure Statement;
- an interest charge on the outstanding balance sheet liability charged to Interest Payable in the Comprehensive Income and Expenditure Statement;
- a payment towards the liability applied to write down the balance sheet liability to the PFI contractor equivalent to Minimum Revenue Provision under statutory regulation;
- a contingent rent representing increases in the amount paid for the assets during the contract charged to Interest Payable in the Comprehensive Income and Expenditure Statement; and
- Lifecycle replacement costs recognised as non-current assets where material or expensed to revenue where immaterial.

1.22 LEASING

Finance Leases

Leases are treated as Finance Leases where, in the professional judgement of the Council, substantially all the risks and rewards of ownership of the asset are transferred from the Lessor to the Lessee. In forming this judgement, the Council considers the presence of five key factors prescribed by The Code which provide evidence of a Finance Lease. However, leases of land and buildings for a period under 50 years are generally treated as Operating Leases without further evaluation (although other objective indicators of a Finance Lease are taken into consideration) as are leased out properties with annual rental income under £50,000. For non-property leases, a single item de-minimus threshold of £50,000 and lease term of 10 years has been set. This means any single non property item with an initial purchase value under £50,000 and / or a lease term 10 years or under is treated as an Operating Lease without further evaluation.

Assets which the Council has acquired under Finance Leases which meet these recognition criteria are recorded in the Council's balance sheet as non-current assets and are valued and depreciated in the same way as other assets of the same classification; they are depreciated over the lease term where this is shorter than the asset's estimated useful life. The acquisition of the interest is recorded as a liability at the commencement of the lease and written down as the leasing charges become payable at a constant rate of return. The finance element of the leasing charge is debited to external interest payable in the Comprehensive Income and Expenditure Statement; the principal repayment of the lease liability is accounted for as part of Minimum Revenue Provision within the Movement in Reserves Statement under statutory regulation.

Assets owned by the Council that are leased out and which meet the Finance Lease recognition criteria result in amounts due to the Council. Amounts due to the Council under finance leases are accounted for as long term debtors; the related asset is not recognised in the Balance Sheet. The repayment of the principal element is applied in reducing the long-term debtor and classified as a capital receipt. The interest element of the lease repayment is credited in the Comprehensive Income and Expenditure Statement as interest receivable. In accordance with statutory regulation, an amount equivalent to the total principal repaid to the Council under finance leases taken out prior to 1 April 2010 is transferred from the Usable Capital Receipts Reserve to the General Fund through the Movement in Reserves Statement.

Operating Leases

Lease rentals payable or receivable under operating leases (including all leases of land) are debited or credited to service revenue accounts in equal instalments over the term of the lease net of incentives contained in the lease (such as rent free periods). Assets acquired under operating leases are not recorded as assets in the financial statements. Assets leased out under operating leases are recognised in the Balance Sheet and depreciated over their expected useful life consistent with similar owned property, plant and equipment. The exception to this is Assets owned by the Council leased out as Investment Properties (See 1.17 above).

1.23 INVENTORIES

Inventories, where material, are included in the balance sheet at the lower of cost or net realisable value.

1.24 PROVISIONS, RESERVES AND BALANCES

Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and where a reasonable estimate of the provision can be made. Provisions are reviewed at the Balance Sheet date and adjusted to reflect current available information. When it is considered very likely that the provision is no longer needed, the provision is reversed and credited back to the relevant revenue account.

Provisions are also created in respect of impairment of debt where there is some uncertainty over the Council's entitlement to receive income. This may arise in connection with changes in the eligibility criteria of Central Government grant programmes or as a result of the interpretation of new legislation.

Reserves and Balances

Reserves and balances are amounts set aside from Council funds, including unapplied revenue grants where conditions have been met at the Balance Sheet date, at the discretion of the Council for either general or earmarked purposes to meet future expenditure. Earmarked Reserves are created by appropriating amounts in the Movement in Reserves Statement.

When expenditure is incurred in connection with a reserve, the expenditure is charged to the service heading in the Comprehensive Income and Expenditure Statement and met by an appropriation from the reserve so there is no charge against council tax for the expenditure.

Capital Grants Unapplied, the Capital Receipts Reserve and the Major Repairs Reserve can only be used to fund capital expenditure.

Certain reserves do not represent usable resources for the Council and can only be used for specific statutory purposes. The purpose of these reserves is explained in the relevant policies e.g. the Revaluation Reserve represents the surplus balance arising from the periodic revaluation of property, plant and equipment and intangible assets; the Capital Adjustment Account represents the amounts set aside from revenue, capital grants and usable capital receipts to finance new capital expenditure and for the statutory repayment of the Council's underlying borrowing requirement.

The Capital Adjustment Account also includes the contra entries to the debits/credits posted to the Comprehensive Income and Expenditure Statement for depreciation, impairment and revaluation, the carrying value of assets disposed of and revenue expenditure funded from capital under statute (REFCUS[2]).

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[2] See glossary for definition.

1.25 TRUST FUNDS

Certain sums of money are administered by the Council as custodian on behalf of others, in particular where the Council acts as the trustee of a Charitable Body. Such sums are not included in these Financial Statements but information is available on request.

The Council also administers funds arising from Receiverships, Appointeeships, Residents' Property Accounts and other funds held on behalf of social services establishments.

1.26 SCHOOLS

The Authority includes the income and expenditure of local authority maintained schools within its financial statements on the basis that they remain within the local authority boundary under common control. These are defined as community, voluntary controlled, voluntary aided, foundation, community special, foundation special and nursery schools. Assets of these schools are also included in the Authority's Accounts except for non-current assets owned by another legal body acting as a trustee (such as the diocese in the case of Voluntary Aided Schools) and made available for the school's use.

Academies control their own assets and prepare accounts under the Charities' Statement of Recommended Practice. This is a requirement in their Funding Agreements. Academies are therefore excluded from the Authority's Accounts from the date of conversion with any outstanding grant allocations for the financial year of conversion being included as expenditure within the Consolidated Income and Expenditure Statement

1.27 FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. Gains or losses on the repurchase or early settlement of borrowing are credited or debited to the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification and exchange of existing instruments, the premium and discount is respectively added to or deducted from the amortised cost of the new or modified loan, and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund to be spread over future years. The council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. For the HRA, premiums and discounts on the repurchase of HRA debt is amortised to the HRA over the remaining life of the debt repaid or ten years, whichever is the lower.

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

1.28 FINANCIAL ASSETS

Under the Code Financial assets are classified into two types:

- Loans and receivables – assets that have fixed and determinable payments but are not quoted in an active market; and

- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable repayments.

Loans and receivables
Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate for the instrument. For all of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

As at the Reporting Date the Council does not have any Available for Sale Assets.

1.29 VAT

Income and expenditure amounts in these financial statements exclude VAT, other than any amount that is irrecoverable from HM Revenue and Customs. Reimbursement of VAT paid on expenditure but not yet reimbursed by HMRC at the Reporting Date is included as a Current Debtor on the Council's Balance Sheet.

1.30 GROUP ACCOUNTS

In determining which organisations should be consolidated in its Group Accounts, the Council:

- determines its interests in Subsidiaries (companies owned and controlled by the Council) and Joint Ventures (where the Council shares control of the Company);
- regards the requirements of the Code of Practice on Local Authority Accounting;
- follows the process for assessing materiality, both in qualitative and quantitative contexts, as per the Guidance provided in CIPFA's 'Accounting for Collaboration in Local Government' Publication; and

The latest assessment of this area (December 2016) concluded the financial statements of the following Subsidiary Companies should be consolidated with the Council's Single Entity Accounts into a Set of Group Accounts:- i) Housing Gateway Ltd ii) Enfield Innovations Ltd iii) Independence & Wellbeing Ltd.

Subsidiaries are consolidated into the Group Accounts by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of other group members in the financial statements – including the Council's Single entity Accounts. Intragroup balances and transactions are eliminated in full. 100% of all other balances and transactions are consolidated.

Lee Valley Heat Network (Subsidiary Company) and Enfield Norse (Joint Venture) also fall within the Group Boundary (see Related Parties Note) but their Accounts are not consolidated on grounds of materiality.

1.31 INSURANCE ARRANGEMENTS

It is the Council's policy to project estimated in-year insurance related expenditure, which includes both internal and external arrangements. Insurance related transactions are initially recorded in a Corporate Insurance Account and subsequently re-allocated to departments so that the charge to each Service area reflects the economic cost of providing cover for their activities. It is also the Council's Policy to hold an Insurance Fund – a type of Earmarked Reserve – the purpose of which is to set aside resources to cover projected claim incidents incurred but not reported at the balance sheet date, as informed by Independent Actuarial Reviews.

1.32 BORROWING COSTS

The Code of Practice allows Local Authorities to capitalise borrowing costs Under IAS23 where certain conditions apply. The Council's Policy is to capitalise borrowing costs where: -

- The asset(s) acquired take a substantial period of time to get ready for their intended use or sale (referred to hereinafter as `qualifying assets'), and
- This period of time is sufficiently long for a significant balance of borrowing costs to accrue over the timeframe of the asset's development. Significant in this context is where the accrued borrowing costs exceed £1m.

Borrowing costs on capital schemes which meet the above criteria are added to the opening carrying value of that asset. Borrowing costs which do not meet the above criteria are treated as revenue expenditure.

The Council does not borrow funds specifically for the purpose of obtaining particular assets (known as targeted borrowing). Instead it borrows funds generally according to cash flow need and uses them for the purpose of obtaining a qualifying asset.

The Council determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on a particular asset or asset group. The capitalisation rate is the weighted average of the borrowing costs that are outstanding during the period. The amount of borrowing costs that the Council capitalises during a period does not exceed the actual amount of borrowing costs incurred during that period.

The Council begins capitalising borrowing costs on the commencement date. The commencement date for capitalisation is the date when the Council first meets all of the following conditions:

- It incurs expenditures for the asset or related asset group
- It incurs borrowing costs, and
- It undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Council suspends the capitalisation of borrowing costs where there are extended periods of delay in the development of a qualifying asset. The Council stops capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. When the Council completes the construction of a qualifying asset in parts (and where each part is capable of being used while construction continues on other parts) capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare that part for its intended use or sale have been completed.

The amount of borrowing costs capitalised during a period together with the capitalisation rate used to determine them are disclosed in Note 11 to the Core Financial Statements.

NOTE 2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED.

The following new or amended Accounting Standards have been issued and are expected to be adopted in subsequent versions of the Code:-

- IFRS9 – Financial Instruments
- IFRS15 – Revenue from Contracts with Customers
- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration

IFRS9 will change the way the Council classifies its financial assets. The adoption of IFRS15 and other amendments are not expected to have a significant impact to the Council.

NOTE 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies as set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty over future events. These are:

- The Council has reviewed its PFI contracts (Note 34) for the provision of schools and street lighting services and has concluded that the Council controls these services and the residual values of the assets at the end of the contracts. The accounting policies for PFI and similar contracts have been applied and the related assets are recorded on the Council's Balance Sheet.

- In accounting for the Council's exposure to possible future losses and obligations, Provisions (Note 19) have been made where there is sufficient objective evidence to enable the extent and timing to be reasonably estimated; where there is a high degree of uncertainty, a contingent liability has been disclosed where material (above £1m). Accruals are made in the financial statements for estimated liabilities arising from the Council's normal business activities including those which may be subject to dispute or negotiation with the supplier.

- The Council has followed CIPFA's recommendation and made a provision in the 2016-17 Accounts for the likelihood of successful business rate appeals. Historic claim data and information from the Valuation Agency has been used in arriving at this estimate.

- In classifying assets as Investment Properties (Note 12), the Council has done so on the basis of the purpose for which these assets are held in maximising the generation of income at market rents or capital appreciation for the benefit of its services. Investment Properties include council owned retail, commercial and industrial premises.

- As at 31 March 2017, Enfield had 20 Voluntary Aided Schools (17 Primary; 3 Secondary) and 2 Foundation School (2 Secondary). The Council's Policy is not to recognise Voluntary Aided School assets on its balance sheet on the basis that the Council does not directly control the economic benefits of these assets.

- Leases are treated as Finance Leases where it is adjudged that substantially all the risks and rewards of ownership of the asset are transferred from the Lessor to the Lessee. In forming this judgement, the Council considers the presence of five key factors that provide evidence of a Finance Lease. However, leases of property for a period of 50 years or under are generally treated as Operating Leases without further evaluation as are leased out properties with annual rental income under £50,000. For non-Property leases a single item de minimus threshold of £50,000 and lease term of 10 years has been set. Under this any single non-property item with an initial purchase value under £50,000 and/or a lease term under 10 years is treated as an operating lease without further evaluation.

- The Council has considered its contracts for the supply of services to determine whether such arrangements provide for the Council to specify, control and utilise a significant proportion of the assets deployed in the service provision and also provide the Council with a residual interest at the end of the contract. Such contracts might therefore contain a lease. No such contracts meeting this definition have been identified.

- Land Assets held in connection with the Meridian Water Regeneration Project are non-current assets owned by the Council. At the Reporting Date the assets were not used to deliver services and did not meet the criteria for Assets under Construction. Consequently they have been classified as Surplus Assets which, in the opinion of Council Professionals, is consistent with the Code

<u>NOTE 4.</u> ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by Council Officers, External Valuers and Actuaries about the future and otherwise uncertain events. Estimates are made taking into account recent experience and current trends and other objective factors.

Since balances cannot be determined with complete certainty there is the possibility that actual events could be materially different from the assumptions and estimates that have been made. The principal items in the Council's Balance Sheet at 31 March 2017 which may materially be affected by future events are set out below.

Item	Uncertainty	Effect If Actual Results Differ From Assumptions
Property Plant and Equipment	Assets are depreciated over estimated useful lives reflecting the current condition of the assets. Asset useful lives may need to be reduced if there is deterioration beyond the currently assessed future performance of these assets.	A reduction in useful lives will increase the annual depreciation charge and reduce asset carrying values. An increase in useful lives will give rise to a corresponding reduction in annual depreciation charges.
Pension Fund Liability	Estimation of the net liability to pay pensions depends on a number of judgements relating to the discount rate used, the rate at which employee earnings are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council has engaged an Actuary to advise on these assumptions and judgements.	The effects on the Pension Fund liability of changes in individual assumptions can be measured and are illustrated in the Sensitivity Analysis Table in Note 38. For example, a 0.1% increase in the discount rate assumption would give rise to a decrease in the pension fund liability of £1.4m.
Adult Care Accruals	To help close the Accounts earlier, Creditors and Debtors for this area have been based on estimated amounts owed and owing at the Reporting Date. Actual amounts payable and receivable may differ to the amounts recognised in the accounts but the variance is not expected to be material.	If the variance is material (greater than 10% or £1m) the figures in the final Statement of Accounts will be adjusted accordingly.

NOTE 5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure:	**2015/16**	**2016/17**
	£m's	**£m's**
Interest payable and similar charges	18.0	18.5
Net interest on net defined benefit liability (asset)	12.8	12.8
Interest and investment income	(1.0)	(3.4)
Dividend Income from Joint Venture	(0.2)	(0.1)
Investment Properties: Income, expenditure, valuation changes and gain on disposal	(12.7)	(15.5)
Total	**16.9**	**12.3**

NOTE 6. TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and non-specific grant income:	**2015/16**	**2016/17**
	£m's	**£m's**
Income from Council Tax	(102.8)	(109.6)
Local Business Rates Top-Up	(35.3)	(35.6)
Locally Retained Business Rates	(30.0)	(34.2)
General Government Grants (Note 30)	(74.2)	(59.2)
Capital Grants and Contributions (Note 30)	(45.5)	(49.1)
Total	**(287.8)**	**(287.7)**

NOTE 7. MATERIAL ITEMS OF INCOME AND EXPENSE

At the time of the production of these accounts there were no material new items of income or expenditure that require separate disclosure.

NOTE 8. EVENTS AFTER THE REPORTING PERIOD

IAS 10 (Events After the Reporting Period) contains requirements for when events after the end of the reporting period should be reflected in financial statements. The Code defines two types of event. Adjusting events are those which provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events are indicative of conditions arising after the reporting period. As at the time these Accounts were authorised for Issue, there was one adjusting event.

In response to the Grenfell Tower fire the Authority ordered immediate top to bottom inspections of each of the 54 tower blocks owned by the Council. These inspections confirmed that no Enfield Council tower block has the type of cladding used on Grenfell Tower or contains aluminium composite material as per the cladding currently being tested by the Government for fire safety. Two tower blocks were already scheduled to have the cladding removed in August 2017 as it had already been identified by the Council that there were issues with the way the cladding system on these blocks had been fitted. The Council has brought this work programme forward and remedial works began in June 2017.

NOTE 9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

This sets out the adjustments required to the Deficit on Provision of Service to reconcile with the statutory funding position on General Fund and HRA.

Adjustments Between Accounting Basis and Funding Basis under Regulations, 2016/17		Useable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total: Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Pension Reserve	Accumulated Absences Account	Total Unusable Reserves
	£m's	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**
(Surplus)/Deficit on Provision of Services	50.9											
Amounts included in the Comprehensive Income & Expenditure Statement but required by statute to be excluded when determining the Movement in General Fund Balance												
Depreciation and impairment of non-current assets - General Fund	(59.6)				0.0		59.6					59.6
HRA Dwelling Impairments & Non-Dwelling Depreciation	(2.5)		(14.7)		(14.7)		17.5					17.5
Investment Properties: Gain/Loss on Disposal and Movements in Fair and Market Value	9.0	(1.3)			(1.3)		(7.6)					(7.6)
Capital grants and contributions credited to the CIES	49.1			(49.1)	(49.1)							0.0
Revenue expenditure funded from capital under statute (net of grant funding)	(8.9)				0.0		8.9					8.9
Gain on disposal of non-current assets	(44.1)	(24.8)			(24.8)		68.9					68.9
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2.0				0.0						(2.0)	(2.0)
Amount by which pension costs calculated in accordance with the Code (IAS 19) are different from the contributions due under the pension scheme regulations	(13.4)				0.0					13.4		13.4
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	2.0				0.0				(2.0)			(2.0)
Sub Total	**(66.6)**	**(26.1)**	**(14.7)**	**(49.1)**	**(89.9)**	**0.0**	**147.3**	**0.0**	**(2.0)**	**13.4**	**(2.0)**	**156.7**
Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement on the General Fund Balance					0.0							0.0
Statutory provision for repayment of debt	9.0				0.0		(9.0)					(9.0)
Repayment of lease obligations	2.8				0.0		(2.8)					(2.8)
Capital expenditure charged to the General Fund & HRA	22.0				0.0		(22.0)					(22.0)
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(1.4)	1.4			1.4							0.0
Other Contributions from the Capital Receipts & Deferred Capital Receipts Reserve	(10.4)	10.4			10.4							0.0
Sub Total	**22.0**	**11.8**	**0.0**	**0.0**	**11.8**	**0.0**	**(33.8)**	**0.0**	**0.0**	**0.0**	**0.0**	**(33.8)**
Total Adjustments affecting Deficit on Provision of Services	**(44.5)**	**(14.4)**	**(14.7)**	**(49.1)**	**(78.1)**	**0.0**	**113.5**	**0.0**	**(2.0)**	**13.4**	**(2.0)**	**122.9**
Transfers between Reserves reflecting financing of Capital Expenditure		11.4	15.3	32.9	**59.6**	64.8	(64.8)	(59.6)				**(59.6)**
Transfers to / (from) Earmarked Reserves	**(3.3)**											
Total adjustments	**(47.8)**	**(3.0)**	**0.6**	**(16.1)**	**(18.5)**	**64.8**	**48.6**	**(59.6)**	**(2.0)**	**13.4**	**(2.0)**	**63.3**

Adjustments Between Accounting Basis and Funding Basis under Regulations	2015/16	Useable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total: Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Pension Reserve	Accumulated Absences Account	Total Unusable Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
(Surplus)/Deficit on Provision of Services	46.7											
Amounts included in the Comprehensive Income & Expenditure Statement but required by statute to be excluded when determining the Movement in General Fund Balance												
Depreciation and impairment of non-current assets - General Fund	(78.7)	0.0	0.0	0.0	**0.0**	0.0	78.7	0.0	0.0	0.0	0.0	**78.7**
HRA Dwelling Impairments & Non-Dwelling Depreciation	(17.6)	0.0	(13.8)	0.0	**(13.8)**	0.0	31.4	0.0	0.0	0.0	0.0	**31.4**
Investment Properties: Gain/Loss on Disposal and Movements in Fair and Market Value	6.1	0.0	0.0	0.0	**0.0**	0.0	(6.1)	0.0	0.0	0.0	0.0	**(6.1)**
Capital grants and contributions credited to the CIES	45.5	0.0	0.0	(45.5)	**(45.5)**	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Revenue expenditure funded from capital under statute (net of grant funding)	(2.7)	0.0	0.0	(2.1)	**(2.1)**	0.0	4.8	0.0	0.0	0.0	0.0	**4.8**
Gain on disposal of non-current assets	12.7	(14.1)	0.0	0.0	**(14.1)**	0.0	1.4	0.0	0.0	0.0	0.0	**1.4**
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.3)	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0	0.3	**0.3**
amount by which pension costs calculated in accordance with the Code (IAS 19) are different from the contributions due under the pension scheme regulations	(14.8)	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	14.8	0.0	**14.8**
amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	(2.5)	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	2.5	0.0	0.0	**2.5**
Sub Total	**(52.2)**	**(14.1)**	**(13.8)**	**(47.6)**	**(75.5)**	**0.0**	**110.2**	**0.0**	**2.5**	**14.8**	**0.3**	**127.8**
Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement on the General Fund Balance												
statutory provision for repayment of debt	9.2	0.0	0.0	0.0	**0.0**	0.0	(9.2)	0.0	0.0	0.0	0.0	**(9.2)**
Repayment of lease obligations	2.7	0.0	0.0	0.0	**0.0**	0.0	(2.7)	0.0	0.0	0.0	0.0	**(2.7)**
capital expenditure charged to the General Fund & HRA	20.2	0.0	0.0	0.0	**0.0**	0.0	(20.2)	0.0	0.0	0.0	0.0	**(20.2)**
transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(1.4)	1.4	0.0	0.0	**1.4**	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Other Contributions from the Capital Receipts & Deferred Capital Receipts Reserve	(0.5)	0.5	0.0	0.0	**0.5**	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Sub Total	**30.1**	**1.9**	**0.0**	**0.0**	**1.9**	**0.0**	**(32.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**(32.0)**
Total Adjustments affecting Deficit on Provision of Services	**(22.2)**	**(12.2)**	**(13.8)**	**(47.6)**	**(73.6)**	**0.0**	**78.2**	**0.0**	**2.5**	**14.8**	**0.3**	**95.8**
Transfers between Reserves reflecting financing of capital expenditure		6.6	11.3	42.6	**60.5**	20.3	(47.0)	(33.7)	0.0	0.0	0.0	**(60.4)**
Transfers from Earmarked Reserves	**(18.9)**											
Total Adjustments	**(41.1)**	(5.6)	(2.5)	(5.0)	(13.1)	20.3	31.2	(33.7)	2.5	14.8	0.3	35.4

NOTE 10. TRANSFERS TO/ (FROM) EARMARKED RESERVES

This note shows the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in future years.

Reserves and Balances	31 March 2015 £m's	Net Transfers 2015/16 £m's	31 March 2016 £m's	Net Transfers 2016/17 £m's	31 March 2017 £m's
Housing Revenue Account					
HRA Repairs Fund	2.9	2.6	5.5	1.3	6.8
HRA - Capital Reserve	22.0	(1.7)	20.3	(6.4)	13.9
Total HRA	**24.9**	**0.9**	**25.8**	**(5.1)**	**20.7**
General Fund					
Commitments Reserve	2.1	(0.6)	1.5	0.0	1.5
Risk Reserve	4.9	(1.7)	3.2	9.7	12.9
ICT Investment Fund	5.1	(2.2)	2.9	(1.3)	1.6
Interest Rate Equalisation Reserve	4.8	(1.9)	2.9	0.0	2.9
Insurance Fund	6.5	(0.6)	5.9	(0.4)	5.5
Council Restructuring Reserve	2.2	(2.2)	0.0	0.0	0.0
General Fund - Capital Reserves	4.2	1.0	5.2	0.9	6.1
Sustainable Service Development	0.9	0.0	0.9	(0.2)	0.7
European Social Fund	0.4	0.0	0.4	0.0	0.4
Repair & Maintenance	1.7	(1.1)	0.6	0.0	0.6
Residents Priority Fund	0.7	0.0	0.7	(0.1)	0.6
Welfare Benefits Reserve	4.8	(0.6)	4.2	(1.0)	3.2
Council Development Reserve	1.1	(0.4)	0.7	(0.2)	0.5
Projects Reserves	14.2	(4.7)	9.5	(0.6)	8.9
Sub Total	**53.6**	**(15.0)**	**38.6**	**6.8**	**45.4**
Dedicated Schools Grant Reserve	6.0	(4.8)	1.2	(4.2)	(3.0)
S106 Receipts	0.5	0.0	0.5	0.0	0.5
Public Health	1.6	0.0	1.6	(0.8)	0.8
Total General Fund Reserves	**61.7**	**(19.8)**	**41.9**	**2.0**	**43.7**
Total Earmarked Reserves	**86.6**	**(18.9)**	**67.7**	**(3.1)**	**64.4**

A brief description of each reserve is as follows:

HRA Repairs Fund
The fund provides resources to help fund the maintenance of the council's social housing stock.

HRA - Capital Reserve
The reserve helps fund capital investment to improve the council's social housing stock and meet the Decent Homes Standard.

Commitments Reserve
Funding for revenue projects that are not completed by the year end is carried forward to meet any outstanding expenditure commitments in the following year. This includes revenue grants not fully spent in 2016/17.

Risk Reserve
The Council has a number of known pressures and future commitments which will require one-off funding in later years. This reserve is held to meet any costs over and above the budgets set at the start of the financial year to meet these pressures and commitments.

ICT Investment Fund
This fund is used to finance the Council's investment in new IT which will result in efficiency and service improvements.

Interest Rate Equalisation Reserve
This fund has been set aside to meet in year fluctuations in market interest rates that may result in additional costs to the Council either because of higher interest on short term borrowing or reductions in interest earnings on short term deposits.

Insurance Fund
This is set aside to meet the Council's self-insured risks and other insurance related pressures.

Council Restructuring Reserve
The Council is constantly looking to improve efficiency and this fund helps meet any one-off related expenditure including staff severance costs. The reserve was fully utilised in 2015/16 to support the Enfield 2017 Transformation Programme.

General Fund - Capital Reserves
These reserves help to fund the Council's capital investment (excluding social housing) and also a vehicle replacement programme.

Sustainable Service Development
This fund is available to help build the capacity of communities in the borough.

European Social Fund
This fund aims to attract European funding into the borough to improve the employability of the unemployed and economically inactive people in Enfield.

Repair & Maintenance
This reserve meets fluctuations in the cost of maintaining council buildings that is in excess of the annual budgetary provision for building maintenance.

Residents Priority Fund
This balance is the carry forward of approved but unspent monies awarded to improve local communities.

Welfare Benefits Reserve
This reserve is held to mitigate pressures arising from recent welfare reforms, including changes to housing & council tax benefits.

Council Development Reserve
This reserve helps support the implementation of the Council's initiatives, and funds various "one off" projects.

Project Reserves
Various reserves held by services to finance projects to meet Council priorities and improve services to residents.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Movement in Balances 2016/17	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
Cost or Valuation	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**
As at 01.04.2016	**573.2**	**697.3**	**31.4**	**293.9**	**69.0**	**99.5**	**115.3**	**1,879.6**	**96.9**
Realignment of Asset Register to Ledger	(0.2)	19.4	0.0	0.0	0.0	0.2	0.0	19.4	13.2
Additions	24.3	24.4	0.9	10.4	1.9	56.7	61.8	180.3	0.0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	20.4	21.6	0.0	0.0	(7.4)	(26.8)	0.0	7.8	2.5
Revaluation increases/(decreases) recognised in the I&E	0.0	(11.3)	0.0	0.0	(0.1)	(0.6)	0.0	(12.0)	0.0
De-recognition – Disposals	(7.3)	(131.3)	(0.5)	0.0	0.0	(1.1)	0.0	(140.2)	0.0
De-recognition - Other[3]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements in cost or valuation[4]	5.1	20.6	(0.1)	1.6	2.8	(2.3)	(50.9)	(23.2)	(7.1)
As at 31.03.2017	**615.4**	**640.7**	**31.6**	**305.9**	**66.2**	**125.6**	**126.3**	**1,911.8**	**105.5**

[3] De-recognition - Other: Amounts mostly net off to zero against the same line in the Accumulated depreciation & Impairment table and relate to the removal of nil balance assets no longer owned by the Council.
[4] Relates to writing out of accumulated depreciation to gross values in line with the code of practice for revalued assets.

Accumulated Depreciation and Impairment 2016/17	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
As at 01.04.2016	**(13.8)**	**(17.8)**	**(23.9)**	**(75.6)**	**(0.0)**	**(0.5)**	**0.0**	**(131.6)**	**(22.0)**
Depreciation charge for 2016/17	(12.6)	(29.0)	(2.4)	(6.8)	0.0	0.0	0.0	(50.8)	(3.8)
De-recognition – disposals	0.0	17.00	0.2	0.0	0.0	0.0	0.0	17.2	0.0
De-recognition – Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements in depreciation and impairment	26.4	0.7	0.0	0.0	0.0	0.5	0.0	27.6	7.1
As at 31.03.2017	**(0.0)**	**(29.1)**	**(26.1)**	**(82.4)**	**0.0**	**0.0**	**0.0**	**(137.5)**	**(18.7)**

Net Book Value	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
At 31 March 2017	**615.4**	**611.6**	**5.5**	**223.5**	**66.2**	**125.6**	**126.3**	**1,774.2**	**86.8**
At 31 March 2016	**559.3**	**679.5**	**7.5**	**218.4**	**69.0**	**98.9**	**115.3**	**1,747.9**	**74.9**

The stated carrying value of Surplus Assets reflects their highest and best use as Level 2 inputs in the IFRS 13 Fair Value measurement hierarchy

Comparative figures for 2015-16

Movement in Balances 2015/16	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
Cost or Valuation	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**
As at 01.04.2015	**505.5**	**567.3**	**34.4**	**293.9**	**69.1**	**26.5**	**97.4**	**1,594.1**	**91.8**
Additions	5.5	27.5	0.7	3.8	0.2	63.3	73.3	174.3	0.0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	87.7	115.9	0.0	0.0	(0.1)	21.1	0.0	224.6	5.1
Revaluation increases/(decreases) recognised in the I&E	(13.1)	(36.7)	(0.6)	(5.3)	(0.3)	(13.7)	0.0	(69.7)	0.0
De-recognition – Disposals	(7.8)	(2.0)	0.0	0.0	0.0	0.0	0.0	(9.8)	0.0
De-recognition - Other[5]	0.0	(1.1)	(3.3)	0.0	0.0	0.0	0.0	(4.4)	0.0
Other movements in cost or valuation[6]	(4.6)	26.3	0.2	1.5	0.1	2.3	(55.3)	(29.5)	0.0
As at 31.03.2016	**573.2**	**697.3**	**31.4**	**293.9**	**69.0**	**99.5**	**115.3**	**1,879.6**	**96.9**

[5] De-recognition - Other: Amounts mostly net off to zero against the same line in the Accumulated depreciation & Impairment table and relate to the removal of nil balance assets no longer owned by the Council.
[6] Relates to writing out of accumulated depreciation to gross values in line with the code of practice for revalued assets.

Accumulated Depreciation and Impairment 2015/16	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
As at 01.04.2015	**(13.6)**	**(16.3)**	**(24.1)**	**(68.9)**	**(0.0)**	**(0.2)**	**0.0**	**(123.1)**	**(18.8)**
Depreciation charge for 2015/16	(13.8)	(17.8)	(3.1)	(6.7)	0.0	0.0	0.0	(41.4)	(3.2)
De-recognition – disposals	0.9	0.4	0.0	0.0	0.0	0.0	0.0	1.3	0.0
De-recognition – Other	0.0	1.1	3.3	0.0	0.0	0.0	0.0	4.4	0.0
Other movements in depreciation and impairment	12.7	14.8	0.0	0.0	0.0	(0.3)	0.0	27.2	0.0
As at 31.03.2016	**(13.8)**	**(17.8)**	**(23.9)**	**(75.6)**	**(0.0)**	**(0.5)**	**0.0**	**(131.6)**	**(22.0)**

Net Book Value	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
At 31 March 2016	**559.3**	**679.5**	**7.5**	**218.4**	**69.0**	**98.9**	**115.3**	**1,747.9**	**74.9**
At 31 March 2015	**492.0**	**550.9**	**10.3**	**225.1**	**69.1**	**26.4**	**97.4**	**1,471.1**	**68.7**

The stated carrying value of Surplus Assets reflects their highest and best use as Level 2 inputs in the IFRS 13 Fair Value measurement hierarchy.

Capital Commitments

The Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment. Significant contract commitments at 31 March 2017 over £0.5m total £17.9m (£22.0m as at 31 March 2016).

Schemes	**Commitment £m**
Housing	6.4
Roads / Carriageways	3.0
Schools	6.8
Meridian Water Infrastructure	1.7
Total Capital Commitments	17.9

Capitalisation of Borrowing Costs
During the 2016/17 borrowing costs of £2.7m were capitalised based on an average capitalisation rate of 3.7% (£1.0m in 2015/16).

Schools
As at 31 March 2017 there were 75 Local Authority Maintained Schools, comprising 52 Community Schools, 21 Voluntary Aided Schools and 2 Foundation Schools.

The Council has taken a professional judgement following extensive consultation with the Diocese of Westminster and other religious bodies that the Voluntary Aided school buildings do not fall under the control of the Council. From the evidence provided these non-current assets are not owned by the school but by another legal body which is sometimes the diocese or other representatives of the clergy. The assets therefore have not been recognised as the assets of the school and not consolidated in the Council's balance sheet. They are held at notional £1 values in the balance sheet to represent the ultimate land ownership only.

In addition, as at 31 March 2017 there were 19 Academy Schools located within the Borough as follows:-

1. Ark John Keats Academy
2. Oasis Enfield Academy
3. Oasis Hadley Academy
4. Aylward Academy
5. Heron Hall Academy
6. Nightingale Academy
7. Kingsmead Academy
8. Enfield Grammar School Academy
9. Kingfisher Hall Academy
10. Woodpecker Academy
11. Cuckoo Hall Academy
12. Enfield Heights Academy
13. Southgate School Academy Trust*
14. Bowes Education Learning Trust*
15. Chesterfield Education Learning Trust*
16. Hazlebury Education Learning Trust*
17. Edmonton County*
18. One Degree
19. Meridian Angel Academy

Academies are totally independent from the Council and do not form part of the Council's Accounts. *These schools transferred to Academy Status with effect from September 2016

NOTE 12. INVESTMENT PROPERTIES

The fair value for investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy. There were no transfers between any of the three levels during 2016/17 or the preceding year.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties.

The fair value of investment properties at 31 March are analysed as follows:

	2015/16	2016/17
	£m's	£m's
Land	55.3	58.7
Commercial Units	28.6	29.0
Shops	25.9	28.5
Other	4.3	4.6
Total	**114.1**	**120.8**

The following items are included in the Investment Property lines in the Comprehensive Income and Expenditure Statement and Balance Sheet:

	2015/16	2016/17
	£m's	£m's
Rental and Service Charge Income from Investment Property	(7.6)	(7.5)
Related Operating Expenses	1.0	0.9
Changes in Fair Value	(7.5)	(8.4)
(Gain) / Loss on Disposal	1.4	(0.5)
Net (gain)/loss	**(12.7)**	**(15.5)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on its right to the remittance of income and the proceeds of disposal. The following table summarises the movement in the fair value of investment properties over the year:

	2015/16	2016/17
	£m's	£m's
Balance at the start of the year	**103.6**	**114.1**
Capital expenditure	3.7	0.2
Write out of non-enhancing capital expenditure	(1.6)	0.0
Write out of disposals	(1.6)	(1.3)
Nets gains/(losses) from fair value adjustments	9.1	8.4
Transfers:		
From Property, Plant and Equipment	0.0	0.3
To Property, Plant and Equipment	0.0	(1.0)
From Assets Under Construction	0.9	0.1
Balance at the end of the year	**114.1**	**120.8**

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally by GVA in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

NOTE 13. NON CURRENT ASSETS VALUATION

The freehold and leasehold properties which comprise the Council's property portfolio are subject to annual review. Enfield's valuers inspect 20% of all properties representing a cross section of each asset class and undertake a desk top valuation on the remaining 80% taking account of any relevant factors identified at the inspected sites. Local knowledge is also factored into valuations and the Council believe this approach meets the latest CIPFA Code of Practice guidance in respect of asset valuations ensuring no selective revaluations are undertaken. Valuations have been commissioned from external valuers having specialised knowledge in particular property types and categories e.g. heritage and listed building properties.

The valuation of green belt and retail portfolios were outsourced to the Council's managing agents for these properties. Green Belt valuations have been prepared and verified by Knight Frank LLP and were approved by George Jewell MRICS FAAV.

Retail portfolios have been prepared and verified by Spencer Craig Partnership Limited and were approved by Mark Critcher MRICS Surveyor, in accordance with the RICS Valuation standards, 8th edition and VS 6.12 of the Red Book. All other valuations have been prepared and verified by Billfinger GVA – the Council's Property Review Contractor and were carried out in accordance with the requirements of the Royal Institution of Chartered Surveyors as incorporated in the Red Book. Valuations were approved by Richard Horner MRICS and David Johnson MRICS from GVA. Valuations are determined as at 31st March 2017.

The whole of the Council's investment portfolio has been re-valued to reflect market variations.

Specialist buildings valued at DRC following the MEA approach that have not been inspected have been re-valued by adjusting asset lives and updating building costs from the BCIS Index.

An impairment review has been undertaken to consider circumstances where there have been indications of a reduction in the service potential of assets through physical deterioration.

For Council Dwellings, the Council's housing stock was valued by Strutt & Parker, subcontracted from GVA. The Valuations have been verified Karen Wilson & Jim Crafford both MRICS of Strutt and Parker. In January 2016, the DCLG published a Valuation Guide for Council Housing Stock. The guide set out factors for adjusting the total vacant possession value of council housing stock to give a social housing valuation for the purposes of disclosure in the financial statements.

The guide advises the adoption of an adjustment factor to apply to the gross stock value to arrive at the social housing stock value – this adjustment reduces the carrying value of the stock down to 25% of the market value. There has been no change in the adjustment factor from that used in 2011/12. The Valuer uses indexation techniques where appropriate to reflect changes in asset values during the course of the year and provides these to the Council as part of their Report. For council dwellings, the Council sought a market movement commentary from Strutt & Parker as part of their valuation report

The Council's housing stock was componentised in 2016/17 and used to calculate the depreciation charge.

Intangible asset values and estimated useful lives have been reviewed with senior officers in Finance, Resources and Customer Services.

The Council's vehicle fleet values and estimated useful lives have been reviewed by senior officers in Environmental Services.

NOTE 14. FINANCIAL INSTRUMENTS

Financial Instruments - Classifications
The definition of a financial instrument is: *'Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity'.*

The term 'financial instrument' covers both financial assets and financial liabilities. These range from straightforward trade receivables and trade payables. The Council's borrowing, service concession arrangements (PFI and finance leases), and investment transactions are classified as financial instruments.

Financial Liabilities
A Financial Liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity on terms that are potentially unfavourable to the Council.

The Council's loan portfolio at year end consisted of PWLB, local authority loans and market debt. During the year temporary borrowing from the money markets was also undertaken. These forms of borrowing are measured at amortised cost which does not change the amount of cash paid under the terms of the loan but can impact on the charge made to in the Comprehensive Income and Expenditure Statement.

Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

The two classifications for financial assets under the Code of Practice are:

- Loans and Receivables; and
- Available for Sale.

The Council's portfolio of deposits consists of call/notice accounts. Term deposits where the date from acquisition to maturity is greater than three months and call accounts are classed as 'Loans and Receivables' and are measured at amortised cost. This form of measurement does not change the amount of cash received under the terms of the investment. Trade Receivables (Debtors) are classified as Loans and Receivables. As these are considered immaterial, they have been measured at cost on the Balance Sheet

Balances call accounts and short term deposits (including accrued interest) at 31 March 2017 having a maturity date of three months or less from the date of acquisition are shown under 'Cash and Cash Equivalents' in the Balance Sheet, as they represent highly liquid deposits that are readily convertible to known amounts of cash, with an insignificant risk of changes in value.

The Council does not have any deposits required to be measured at Fair Value through Profit and Loss.

Transaction costs

Measurement at amortised cost permits transaction costs related to financial instruments to be attached to the loan or investment and charged to the Comprehensive Income and Expenditure Statement over the life of the instrument. However, they are charged in full to the Comprehensive Income and Expenditure Statement in the financial year.

Financial Instruments - Balances

The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Short Term		Long Term	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16 (restated)
	£m's	£m's	£m's	£m's
Borrowing	(117.4)	(90.8)	(437.4)	(347.8)
Accrued Interest	(4.2)	(3.7)	0.0	0.0
Sub-total	**(121.6)**	**(94.5)**	**(437.4)**	**(347.8)**
Trade Creditors	(67.0)	(46.6)	0.0	0.0
Main Clearing bank	(15.8)	(15.9)	0.0	0.0
PFI Contract Liabilities	(3.0)	(2.8)	(43.7)	(46.5)
Finance Lease Liabilities	0.0	0.0	(0.1)	(0.1)
Total Financial Liabilities	**(85.8)**	**(159.8)**	**(481.2)**	**(394.4)**
Fixed Term Deposits	0.0	7.5	0.0	0.0
Call Accounts	6.3	21.0	0.0	0.0
Accrued Interest	1.8	0.3	0.0	0.0
Bank Current Accounts	7.6	11.3	0.0	0.0
Long Term Loan	0.0	0.0	93.8	50.2
Finance Lease Debtors	0.0	0.0	1.6	1.5
Trade Debtors	71.5	51.4	0.0	0.0
Total Financial Assets	**87.2**	**91.5**	**95.4**	**51.7**

The portion of long-term liabilities and deposits due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under ‘current liabilities’ or ‘current deposits’. This would include accrued interest on long term liabilities that is payable/receivable in 2016/17.

Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

	2015-16 Financial Liabilities	2015-16 Financial Assets	2016-17 Financial Liabilities	2016-17 Financial Assets
Gains and Losses	**Liabilities measured at Amortised cost**	**Loans and receivables**	**Liabilities measured at Amortised cost**	**Loans and receivables**
	£m's	**£m's**	**£m's**	**£m's**
Interest expense	18.1	0.0	18.5	0.0
Interest income	0.0	0.7	0.0	3.4

Financial Instruments - Fair Values

The Council’s long term financial assets and financial liabilities are carried in the Balance Sheet at amortised cost. The portion of borrowings and deposits due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under short term borrowings or short term deposits. This also includes accrued interest for long term deposits and borrowings, as well as accrued interest for cash and cash equivalents. The Code of Practice requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined as the amount for which asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm’s length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price. The Council’s debt outstanding at 31 March 2016 and 31 March 2017 consisted of loans from the Public Works Loan Board (PWLB) and market loans. Fair Values have been estimated using the following methods and assumptions:

Fair Values - Methodology and Assumptions

The 2016/17 Code of Practice sets out the fair value valuation hierarchy that authorities are required to follow to increase consistency and comparability in fair value measurements and related disclosures. Authorities must disclose the methods used and any assumptions made in arriving at fair values. The valuation basis adopted in this report uses Level 2 Inputs – i.e. inputs other than quoted prices that are observable for the financial asset/liability. Except for the financial assets and financial liabilities carried in the Balance Sheet at fair value, all other financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. Fair value can be assessed by calculating the net present value of cash flows that are expected to take place over the remaining life of the instruments. This is a widely accepted valuation technique commonly used by the private sector.

The council has applied the following valuation basis:

Valuation of fixed term deposits (maturity investments)

Valuation is made by comparison of the fixed term investment with a comparable investment with the same/similar lender for the remaining period of the deposit. However on 31 March 2017 the council had no fixed term investment.

Valuation of loans receivable

For loans receivable prevailing benchmark market rates have been used to provide the
fair value.

Valuation of PWLB loans

For loans from the PWLB, Capita Asset Services will provide fair value estimates using both redemption and new borrowing (certainty rate) discount rates. As the Debt Management Office provides a transparent approach to allow the exit cost of PWLB loans to be calculated this can be used for disclosure purposes. If you require a proxy for transfer value it may be more appropriate to disclose the valuation based on new borrowing discount rates

In the case of the Council's deposits, these consisted almost entirely of Call Accounts with Banks. The maturity dates of these deposits were within 12 months of the Balance Sheet date. The contracts of term deposits do not permit premature redemption. None of the deposits were impaired (i.e. at risk of default).

	Fair Value Level	Carrying amount 31-Mar-16 (restated) £m's	Fair value 31-Mar-16 (restated) £m's	Carrying amount 31-Mar-17 £m's	Fair value 31-Mar-17 £m's
Financial liability:					
Total Borrowing	2	(442.3)	(615.9)	(558.9)	(790.9)
Deferred Liabilities (PFI Contracts and Finance Leases)	2	(46.7)	(46.7)	(43.8)	(43.8)
Trade Payables (Creditors)	n/a	(46.6)	(46.6)	(67.0)	(67.0)
Total Financial Liabilities		**(535.6)**	**(709.2)**	**(669.7)**	**(901.7)**
Financial Assets:					
Long Term Loan to HGL*	2	39.9	44.5	78.2	78.2
Long Term Loan to EIL*	2	9.5	9.5	14.9	14.9
Short Term Deposits	n/a	7.5	7.5	4.5	4.5
Long Term Loan to Enfield Enterprise	n/a	0.8	0.8	0.8	0.8
Finance Leases	n/a	1.5	1.5	1.5	1.5
Trade Receivables (Debtors)	n/a	51.4	51.4	69.1	71.5
Total Financial Assets		**110.6**	**115.2**	**169.0**	**171.4**

*The Council has investments in its Subsidiary companies. Loan advances made to the Subsidiaries are initially measured at cost and recognised in the Single Entity Balance Sheet as Long Term Debtors. If aggregate loan advances made to a particular subsidiary is materially significant, they are measured at Fair Value. The difference between the Fair Value and amount of loan advances is recognised on the Single Entity Balance Sheet as an Investment in the Subsidiary

Fair Values - Methodology and Assumptions

The 2016/17 Code of Practice sets out the fair value valuation hierarchy that authorities are required to follow to increase consistency and comparability in fair value measurements and related disclosures.

Authorities must disclose the methods used and any assumptions made in arriving at fair values. The valuation basis adopted in this report uses Level 2 Inputs – i.e. inputs other than quoted prices that are observable for the financial asset/liability. Except for the financial assets and financial liabilities carried in the Balance Sheet at fair value, all other financial liabilities and financial assets are carried in the Balance Sheet at amortised cost.

Fair value can be assessed by calculating the net present value of cash flows that are expected to take place over the remaining life of the instruments. This is a widely accepted valuation technique commonly used by the private sector.

The council has applied the following valuation basis:

Valuation of fixed term deposits (maturity investments)
Valuation is made by comparison of the fixed term investment with a comparable investment with the same/similar lender for the remaining period of the deposit. However on 31 March 2017 the council had no fixed term investment.

Valuation of loans receivable
For loans receivable prevailing benchmark market rates have been used to provide the fair value.

Valuation of PWLB loans
For loans from the PWLB, Capita Asset Services will provide fair value estimates using both redemption and new borrowing (certainty rate) discount rates. As the Debt Management Office provides a transparent approach to allow the exit cost of PWLB loans to be calculated this can be used for disclosure purposes. If you require a proxy for transfer value it may be more appropriate to disclose the valuation based on new borrowing discount rates

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council has adopted CIPFA's Revised Code of Practice on Treasury Management and complies with The Revised Prudential Code of Capital Finance for Local Authorities. As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Government's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- A Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party.
- A Liquidity Risk: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.
- Market Risk: The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

Credit Risk:

Loans and Receivables
The Council manages credit risk by ensuring that deposits are placed with the Debt Management Office, other local authorities, AAA rated money market funds or Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy. The amount of money that can be invested with a single counterparty is limited to £15m or 15% of total deposits when the deposit was made whichever are higher. The Council also sets a total group deposit limit for institutions that are part of the same banking group. It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations. As such, investment decisions are based on a range of market intelligence. All deposits have been made in line with the Council's Treasury Management Strategy Statement for 2016-17 which was approved by Full Council

Liquidity Risk

The Council has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues, medium term notes, tax increment financing, the European Investment Bank, and other local authorities. There is no significant risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council's strategy is to ensure that no more than 30% of loans are due to mature within any rolling three-year period through a period of careful planning of new loans taken out and making early repayments.

The total interest commitment on all outstanding borrowing (as shown in the table below) if all borrowing is held to maturity is £461.7m

		Principal (£)	Interest (£)	Portion %
1 Year	Short Term	117,336,241.33	18,263,923.52	21.15%
1-2 Years	Long Term	66,045,360.91	31,395,669.40	11.90%
2-5 years	Long Term	32,592,580.98	43,776,625.43	5.87%
5-10 Years	Long Term	28,126,939.84	67,997,734.85	5.07%
10-15 Years	Long Term	27,376,866.98	64,096,928.89	4.93%
15-20 Years	Long Term	48,505,663.28	56,260,102.71	8.74%
20-25 Years	Long Term	11,731,813.86	52,694,834.48	2.11%
25-30 Years	Long Term	9,257,530.00	45,727,455.01	1.67%
30-35 Years	Long Term	94,020,124.00	31,785,625.90	16.95%
35-40 Years	Long Term	45,000,000.00	11,718,862.33	8.11%
40-45 Years	Long Term	64,789,000.00	33,056,797.95	11.68%
45+ Years	Long Term	10,000,000.00	689,600.00	1.80%
		554,782,121.18	**457,464,160.46**	**100.00%**
Accrued Interest	Short Term	**0.00**	**4,195,236.92**	
Total		**554,782,121.18**	**461,659,397.38**	

Loans and other long term liabilities outstanding (nominal value)	**31-Mar-16**	**31-Mar-17**
	£m's	**£m's**
Public Works Loans Board	287.5	365.4
Market Debt	65.1	72.0
Temporary Borrowing	86.0	109.0
Other loan less than 1 Year	4.8	8.4
Deferred Liabilities – PFI and finance leases	46.7	43.8
Total	**490.1**	**598.6**

Market Risk

Interest Rate Risk: The Council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 25% on external debt that can be subject to variable interest rates. At 31 March 2017, 100% of the debt portfolio was held in fixed rate instruments, and none in variable rate instruments. Deposits are also subject to movements in interest rates. As deposits are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

Price Risk: The Council does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).

Foreign Exchange Risk: The Council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

NOTE 15. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalent Assets comprise of cash in hand and demand deposits. Cash and Cash Equivalent Liabilities represent balances which arise from time to time as a result of the Council's day to day cash management and are not arrangements for borrowing. Balances classified as 'Cash Equivalents' fit the definition of being short-term, highly liquid deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Cash and Cash Equivalent Assets and Liabilities held by the Council are as follows.

Type	31 March 2016 £m's	31 March 2017 £m's
Call Accounts (same day access accounts)	21.0	6.3
Cash and Bank Current Accounts	11.3	7.6
Total	**32.3**	**13.9**
Type	**31 March 2016 £m's**	**31 March 2017 £m's**
Main Bank Clearing Accounts	(15.9)	(15.8)
Total	**(15.9)**	**(15.8)**

NOTE 16. DEBTORS

SHORT TERM DEBTORS

	31 March 2016 £m's	31 March 2017 £m's
Central Government Bodies	17.1	13.0
Other Local Authorities	0.8	0.0
National Health Service Bodies	9.0	0.8
Council Tax owed to Enfield Council	10.1	10.3
Local Business Rates owed to Enfield Council	0.8	0.6
Public Corporations & Trading Funds	1.7	0.0
Bodies external to general government	39.9	71.5
Payments in Advance	7.1	8.6
Total	**86.5**	**104.8**

LONG TERM DEBTORS	31 March 2016 £m's	31 March 2017 £m's
Social Care S22 Deferred debt	0.3	0.0
Loan to Enfield Enterprise	0.8	0.8
Secured Debt – Social Services	0.6	1.3
Secured Debt – Other Debt	4.6	2.4
Amounts receivable under Finance Leases	1.5	1.5
Housing Gateway Ltd	40.0	78.2
Enfield Innovations Ltd	9.5	14.9
Total	**57.3**	**99.1**

NOTE 17. ESTATE RENEWALS

In conjunction with development partners, the Council is in the process of implementing major new estate renewal projects to regenerate the Borough. The projects will re-provide residential housing (both private and affordable housing), provide new community facilities and develop new commercial space.

The Council has sought to secure the full vacant possession of certain sites by decanting existing council tenants and negotiating with residential and commercial leaseholders and other third parties to release their interests in the sites. As at 31 March 2017, the decanted/empty premises are disclosed as surplus assets in the Balance Sheet. Further decants and the buying out of leaseholder interests will continue into future years as projects proceed. Assets will be formally de-recognised in the financial statements as they are transferred to the developer during the implementation phases of projects.

The carrying value of the assets associated with new developments that are vacant at 31st March 2017 have been revalued in the financial statements to reflect the estimated recoverable amounts receivable by the Council for these assets under the respective development agreements.

NOTE 18. CREDITORS AND LONG TERM LIABILITIES

Short Term Creditors

This refers to amounts due to be paid within one year of the balance sheet date:

	31 March 2016 £m’s	31 March 2017 £m’s
Central Government Bodies	(10.6)	(1.8)
Other Local Authorities	(0.8)	(3.0)
NHS Bodies	(1.0)	(3.8)
Public Corporations & Trading Funds	(0.3)	(0.0)
Bodies external to general government	(46.6)	(66.8)
Receipts in Advance	(23.4)	(21.7)
Total	**(82.7)**	**(97.0)**

Long Term Creditors

Long Term Creditors are amounts payable beyond one year of the Reporting Date. The composition and movement of Long Term Creditors is as follows:-.

	31 March 2016 £m's	31 March 2017 £m's
Amounts due to be paid under PFI Contracts	(46.5)	(43.6)
Amounts due to be paid under other Finance Leases	(0.3)	(0.1)
Long Term Capital Related Creditors	(0.0)	(8.9)
Total	**(46.8)**	**(52.6)**

NOTE 19. PROVISIONS

Provisions are liabilities which have arisen as at the Balance Sheet Date wherein the Council has an obligation for future transfer of economic benefit. Whilst there is some uncertainty on the amount and timing of the eventual transfer of economic benefit, the obligations have been recognised as expenditure in the accounts. Provisions are classified as either Short Term (those expected to be settled within 12 months of the balance sheet date) or as Long Term (those estimated to be settled after 12 months of the balance sheet date). Provisions which have been recognised as at 31 March 2017 are shown in the following table.

Provisions: Classification and Description	Balance 31 March 2016 £m's	New Provisions raised in year £m's	Provisions Utilised in Year £m's	Provisions written back to revenue in year £m's	Balance 31 March 2017 £m's
Short Term					
Building Dilapidations	0.5	0.7	0.5	-	0.7
Tenant Water Rates	2.4	2.4	-	2.4	2.4
Termination Benefits	0.3	-	0.3	-	0.0
Claims from internal insurance fund	2.2	1.6	2.2	-	1.6
Performance Related Pay*	0.3	-		0.3	0.0
Accumulated Staff Absences	8.1	6.1	8.1	-	6.1
Carbon Reduction Commitment Levy	0.1	0.2	0.2	-	0.1
Regeneration Property Buy-Backs	0.2	0.2	0.2	-	0.2
Business Rate Valuation Appeals	3.8	2.4	3.8	-	2.4
Short Term	**17.9**	**13.6**	**15.3**	**2.7**	**13.5**
Long Term					
Liability for Building Dilapidations	0.2	0.2	0.2	-	0.2
Claims from internal insurance fund	1.9	3.5	1.9	-	3.5
Long Term	**2.1**	**3.7**	**2.1**	**0.0**	**3.7**
Total Provisions	**20.0**	**17.3**	**17.4**	**2.7**	**17.2**

The largest Provisions relate to:-

i) Accumulated Staff Absences at £6.1m. This amount represents the estimated value of untaken annual leave as at the 31 March 2017.

ii) The combined short and long term Insurance provisions total of £5.1m represents the estimated cost of claims against the Council's Internal Insurance Fund projected to be made for all insured events at the balance sheet date. This figure is in line with conclusions made by the Insurance Actuary.

iii) The £2.4m provision for business rate valuation appeals is Enfield's 30% share of a total provision of £8.1m set out in more detail the Collection Fund note on page 86.

NOTE 20. UNUSABLE RESERVES

The table below summarises the Unusable Reserves as disclosed in the Balance Sheet:

Unusable Reserves (Note)	31 March 2016 £m's	31 March 2017 £m's
(i) Revaluation Reserve	(600.0)	(580.2)
(ii) Capital Adjustment Account	(640.4)	(535.5)
(iii) Collection Fund Adjustment Account	(0.7)	(2.7)
Deferred Capital Receipts Reserve	(51.7)	(111.3)
(iv) Accumulated Absences Account	8.1	6.1
(v) Pensions Reserve	392.8	503.1
Total	**(892.0)**	**(720.4)**

i Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets having accumulated gains are:

- Revalued downwards or impaired and the gains are reduced or lost;
- Depreciated in the provision of services and the gains are consumed; and
- Disposed of and the gains are realised.

The Reserve only comprises revaluation gains accumulated since 1 April 2007 when the Reserve was created. Accumulated gains before that date are consolidated in the balance of the Capital Adjustment Account.

Revaluation Reserve	2015/16 £m's	2016/17 £m's
Balance at 1 April	**(395.8)**	**(600.0)**
Surplus or deficit on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services		
Downward / (Upward) revaluation of assets	(241.6)	(21.3)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	17.1	(23.7)
Sub total	**(224.5)**	**(45.0)**
Total Amount written off to the Capital Adjustment Account		
Difference between fair value depreciation and historical cost depreciation	12.0	10.6
Accumulated gains on assets disposed of in the year*	7.1	54.2
Other Adjusting Amounts Written Off to the Capital Adjustment Account	1.3	0.0
Sub total	**20.4**	**64.8**
Balance at 31 March	**(600.0)**	**(580.2)**

ii Capital Adjustment Account

The Capital Adjustment Account reconciles the timing differences between the different accounting arrangements for the consumption of non-current assets and for the financing of the acquisition, construction and enhancement of those assets under statutory provisions.

The Account is debited with the cost of depreciation, impairment losses and amortisations that have been charged to the Comprehensive Income and Expenditure Statement with reconciling items from the Revaluation Reserve to write off the depreciation, impairment and amortisation of re-valued amounts. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. It contains the accumulated net gains and losses on Investment Properties that have yet to be consumed by the Council. The Account also contains the net accumulated revaluation gains on Property, Plant and Equipment prior to 1 April 2007 – the date when the Revaluation Reserve was first created to hold such gains.

Capital Adjustment Account	**2015/16 £m's**	**2016/17 £m's**
Balance at 1 April	(678.9)	(640.4)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of Property, Plant and Equipment	41.4	36.2
Charges for depreciation of Heritage Assets	0.1	0.0
Amortisation of Intangible Assets	0.4	0.2
Revaluation and Impairment Losses on Property, Plant and Equipment	71.3	23.4
HRA Self-Financing Adjustment	0.0	14.7
Revenue Expenditure Funded from Capital Under Statute	4.8	11.2
Long Term Debtor	34.7	60.6
Amounts of Non-Current Assets written off on disposal as part of the Gain/Loss on Disposal in the Comprehensive Income and Expenditure Statements	10.1	124.0
Sub Total	**162.8**	**270.3**
Adjusting Amounts written out of the Revaluation Reserve		
Valuation of assets disposed of in the Comprehensive Income and Expenditure Statement	(7.1)	(54.2)
Other adjusting amounts written out of the Revaluation Reserve	(13.2)	(10.5)
Net written out amount of the cost of non-current assets consumed in the year	**142.5**	**205.6**
Capital financing applied in the year:		
Capital receipts applied	(7.8)	(11.3)
Revenue contributions to fund capital expenditure	(20.2)	(22.0)
Major Repairs Reserve applied	(12.8)	(15.2)
Capital grants and contributions applied	(41.7)	(32.9)
External repayments by Long Term Debtors	(0.6)	(1.0)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(11.8)	(11.8)
	(94.9)	**(94.2)**
Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(9.1)	(7.5)
Other minor movements	0.0	1.0
Balance at 31 March	**(640.4)**	**(535.5)**

iii Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference between the Council's share of council tax and business rates income in the year shown in the Comprehensive Income and Expenditure Statement and the statutory arrangement for transferring amounts from the Collection Fund to the General Fund based on the council tax demand.

Collection Fund Adjustment Account	2015/16 £m's	2016/17 £m's
Balance at 1st April	(3.2)	(0.7)
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements		
Council Tax	3.1	0.9
Business Rates	(0.6)	(2.9)
Balance at 31 March	**(0.7)**	**(2.7)**

iv Accumulated Absences Account

The Accumulated Absences Account holds the costs of accrued compensated absences not taken in the year e.g. annual leave and flexitime entitlements carried forward at 31 March. Statutory arrangements require the impact on the General Fund to be neutralised by transfers to or from the Account.

Accumulated Absences Account	2015/16 £m's	2016/17 £m's
Balance at 1 April	7.8	8.1
Amount by which employee remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year according to statutory regulation	0.3	(2.0)
Balance at 31 March	**8.1**	**6.1**

v Pensions Reserve

The Pensions Reserve reconciles the timing differences between the accounting arrangements for post-employment benefits and the funding of benefits in accordance with statutory requirements. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees based on accrued years of service, updating liabilities to reflect inflation, reviewing assumptions and investment returns on resources set aside to meet such costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or pays pensions for which it is directly responsible. The debit balance on the Pension Reserve means there is a shortfall in the benefits earned by past and current employees and the resources that have been set aside to meet them. Statutory arrangements ensure that the required funding will be set aside by the time the benefits become payable.

Movement in Pension Fund Reserve

Movement in Pension Fund Reserve	2015/16 £m's	2016/17 £m's
Deficit Balance at 1 April	418.6	392.7
Re-measurement of the Net Defined Pension Liability	(41.9)	98.4
Reversal of charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the code	48.3	43.4
Enfield Homes Legacy Pension fund Liability	1.4	(1.4)
Employer's pension contributions payable in the year	(33.7)	(30.0)
Deficit Balance at 31 March	**392.7**	**503.1**

vi Deferred Capital Receipts Reserve

	2015/16 £m's	2016/17 £m's
Balance at 1 April	(18.0)	(51.7)
Transfer to the Capital Receipts Reserve upon receipt of cash	0.0	0.0
Amounts Received Under Finance Leases	0.0	0.0
Amounts advanced to Housing Gateway Ltd	(24.2)	(54.2)
Amounts advanced to Enfield Innovations Ltd	(9.5)	(5.4)
Balance at 31 March	**(51.7)**	**(111.3)**

NOTE 21. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes amongst the Council's five Directorates (or `Segments'), which are:-

- Health, Housing and Adult Social Care
- Finance, Resources and Customer Services
- Regeneration and Environment
- Schools and Children's Services
- Chief Executive

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES), meaning that the financing and surplus figures reported above are not the same as those reported in the CIES. This is because of a number of accounting entries, such as depreciation, that are required to be reflected in the Comprehensive Income and Expenditure Statement are reversed out through the Movement in Reserves Statement under statutory regulations.

Expenditure and Funding Analysis

2015-16						2016-17				
Income and expenditure per management accounts	Adjustments between internal reporting & statutory position (Note 4)	Net Expenditure Chargeable to General Fund & HRA Balances	Adjustments between Funding and Accounting Basis*	Net Expenditure in the CIES		Income and expenditure per management accounts	Adjustments between internal reporting & statutory position (Note 4)	Net Expenditure Chargeable to General Fund and HRA Balances	Adjustments between Funding and Accounting Basis*	Net Expenditure in the CIES
£m	£m	£m	£m	£m	**Segment**	£m	£m	£m	£m	£m
86.7	4.6	91.3	0.8	92.1	Housing, Health & Adult Social Care	80.7	2.6	83.3	8.0	91.3
57.4	15.4	72.8	14.2	87.0	FRCS & Corporate	47.6	9.6	57.2	33.2	90.3
28.1	(4.5)	23.6	16.0	39.6	Regeneration & Environment	24.8	(5.8)	19.0	18.1	37.2
52.1	(1.3)	50.8	50.5	101.3	Schools & Children's Services	49.2	4.8	54.0	16.5	70.5
3.8	(0.2)	3.6	0.0	3.6	Chief Executive	3.5	0.2	3.7	0.0	3.7
228.1	14.0	242.1	81.5	323.6	GF Sub Total	205.8	11.4	217.2	75.8	293.0
4.4	(6.7)	(2.3)	1.1	(1.3)	HRA	0.0	(0.6)	(0.6)	(18.8)	(19.4)
232.5	7.3	239.8	82.6	322.3	Net Cost of Service	205.8	10.8	216.6	57.0	273.6
(228.1)	13.0	(215.1)	(60.5)	(275.7)	Other Income and Expenditure	(205.8)	(4.5)	(210.3)	(12.4)	(222.7)
4.4	20.3	24.7	22.1	46.7	Deficit	0.0	6.3	6.3	44.6	50.9
				(125.3)	Opening General Fund & HRA Balance	(100.6)				
				24.7	In year Surplus / Deficit**	7.6				
				(100.6)	Closing General Fund & HRA Balance	(93.0)				

*further details contained in Note 9
**split between General Fund & HRA is detailed in the Movement in Reserves Statement

Note to Expenditure & Funding Analysis

2016-17

Directorate	Income and expenditure per management accounts	Adjustments between internal reporting & statutory position (Note 4)	Net Expenditure Chargeable to General Fund & HRA	Adjustments for Capital Purposes (Note 1)	Adjustments Pension Benefits (Note 2)	Other Adjustments (Note 3)	Total Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
General Fund	£m	£m	£m	£m	£m	£m	£m	£m
Housing, Health & Adult Social Care	80.7	2.6	83.3	8.0	0.0	0.0	8.0	91.3
FRCS & Corporate	47.6	9.6	57.2	32.2	1.0	0.0	33.2	90.3
Regeneration & Environment	24.8	(5.8)	19.0	18.2	(0.1)	0.0	18.1	37.2
Schools & Children's Services	49.2	4.8	54.0	18.8	(0.3)	(2.0)	16.5	70.5
Chief Executive	3.5	0.2	3.7	0.0	0.0	0.0	0.0	3.7
GF Sub Total	**205.8**	**11.4**	**217.2**	**77.2**	**0.6**	**(2.0)**	**75.8**	**293.0**
HRA	0.0	(0.6)	(0.6)	(18.8)	0.0	0.0	(18.8)	(19.4)
Net Cost of Services	**205.8**	**10.8**	**216.6**	**58.4**	**0.6**	**(2.0)**	**57.0**	**273.6**
Other I&E not charged to Services	(205.8)	(4.5)	(210.3)	(23.2)	12.8	(2.0)	(12.4)	(222.7)
Deficit on Provision of Services	**0.0**	**6.3**	**6.3**	**35.2**	**13.4**	**(4.0)**	**44.6**	**50.9**

Note to Expenditure & Funding Analysis
2015-16

Directorate	Income and expenditure per management accounts	Adjustments between internal reporting & statutory position (Note 4)	Net Expenditure Chargeable to General Fund & HRA	Adjustments for Capital Purposes (Note 1)	Adjustments Pension Benefits (Note 2)	Other Adjustments (Note 3)	Total Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
General Fund	£m	£m	£m	£m	£m	£m	£m	£m
Housing, Health & Adult Social Care	86.7	4.6	91.3	0.8	0.0	0.0	0.8	92.1
FRCS & Corporate	57.4	15.4	72.8	12.2	2.0	0.0	14.2	87.0
Regeneration & Environment	28.1	(4.5)	23.6	16.0	0.0	0.0	16.0	39.6
Schools & Children's Services	52.1	(1.3)	50.8	50.2	0.0	0.3	50.5	101.3
Chief Executive	3.8	(0.2)	3.6	0.0	0.0	0.0	0.0	3.6
GF Sub Total	**228.1**	**14.0**	**242.1**	**79.2**	**2.0**	**0.3**	**81.5**	**323.6**
HRA	4.4	(6.7)	(2.3)	1.1	0.0	0.0	1.1	(1.3)
Net Cost of Services	**232.5**	**7.3**	**239.8**	**80.3**	**2.0**	**0.3**	**82.6**	**322.3**
Other I&E not charged to Services	(228.1)	13.0	(215.1)	(75.8)	12.8	2.5	(60.5)	(275.7)
Deficit on Provision of Services	**4.4**	**20.3**	**24.7**	**4.5**	**14.8**	**2.8**	**22.1**	**46.7**

Notes to table

1. This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices. Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

2. Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income: For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs. For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

3. The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

4. These relate to i) Amounts transferred from Earmarked Reserves to Directorates - which were included in the movement on General Fund and HRA Balances reported internally but under the Code of Practice do not form part of the Net Cost of Service in the Comprehensive Income and Expenditure Statement. ii) in year overspend on School Delegated Budgets - which was included in the Net Cost of Services in the Comprehensive Income and Expenditure Statement but not included in the General Fund Outturn Report to Management, and iii) Net revenue income from Investment Properties which was included in the General Fund Outturn Report to Management but excluded from the Net Cost of Service in the Comprehensive Income and Expenditure Statement.

The movement in General Fund and HRA Balances is analysied by subjective nature of income and expenditure in the tables below

NATURE OF EXPENSES		
Subjective Category	**2016-17**	**2015-16**
	£m	£m
Employee Benefit Expenses	358.7	401.6
Premises	63.2	63.8
Transport	7.8	8.0
Other Operating Expenditure	169.4	116.3
Third Party Payments	135.5	128.2
Transfer Payments	396.2	373.7
Capital Charges (including Depreciation & Amortisation)	65.7	111.6
Support Services	28.7	117.6
Financing & Investment Income and Expenditure	24.8	25.4
Government Grants, Reimbursements & Contributions	(776.1)	(806.4)
Customer & Client Receipts	(423.5)	(493.6)
Statutory Adjustments & Appropriations	(50.3)	(41.9)
Income and expenditure per Management Accounts	**0.0**	**4.4**

NOTE 22. INVESTING ACTIVITIES

This note provides further analysis of the Investing Activities in the Cash Flow Statement.

	2015-16 £m (restated)	2016-17 £m
Purchase of property, plant and equipment, investment property and intangible assets	(184.5)	(169.8)
Other payments for investing activities	(34.7)	(60.2)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	14.7	19.5
Proceeds from short-term and long-term investments	17.5	23.4
Other receipts from investing activities	47.5	48.0
Net cash flows from investing activities	(139.5)	(139.2)

NOTE 23. FINANCING ACTIVITIES

	2015-16 £m (restated)	2016-17 £m
Cash receipts of short- and long-term borrowing	170.0	209.0
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(2.7)	(2.7)
Repayments of short- and long-term borrowing	(43.8)	(92.5)
Net cash flows from financing activities	123.6	113.8

NOTE 24. Investing & Financing Activities

The Cash Flow Statement adjusts for the following items included in the deficit on Provision of Services which are classified as Investing and Financing Activities:

	2015-16 (restated) £m	2016-17 £m
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(14.1)	(26.9)
Any other items for which the cash effects are investing or financing cash flows	(45.5)	(49.1)
	(59.6)	(76.0)

NOTE 25. POOLED BUDGETS

Under Section 75 of the NHS Act 2006, the Council has established joint arrangements with NHS Enfield Clinical Commissioning Group for a collaborative working agreement relating to the establishment and management of jointly commissioned services and an associated Integrated Joint Commissioning Structure. This is contributing to an improvement in services for patients and service users and ensuring the most effective use of resources by working in partnership.

i) **The Integrated Communities Equipment Service** provides equipment services for people with permanent and substantial difficulties, helping them to live in their own home.

ii) **The Learning Disabilities Pool** enables the Council and the NHS to maintain integrated provision for the delivery of services to people with learning disabilities, for whom the Council and the NHS have a responsibility to provide health and social care. The £3k underspend in 2015/16 relates to services that have been reported in the LBE outturn financial position. These are services with no NHS contribution.

iii) **Public Health** On 1st April 2013, responsibility for the Public Health function transferred to local authorities. As part of this, the Council now commissions and monitors three services with local GP practices.

iv) **Mental Capacity Act** and Deprivation of Liberty Safeguards services for both NHS Enfield and the Council. This is in line with the Mental Capacity Act (2005), whereby the NHS and the Council have a duty to deal with all requests for urgent and/or standard authorisations to deprive a person of their liberty.

v) **A Joint Commissioning Team** across health and social care works in partnership to manage an increase in demand against diminishing resources.

vi) **The Better Care Fund** is a programme spanning both the NHS and local government. It has been created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with ‘wraparound’ fully integrated health and social care, resulting in an improved experience and better quality of life.

A funding and expenditure statement for these pooled budgets in 2016/17 and comparison with 2015/16 is set out below. The Pooled Budget for Learning Disabilities and Mental Health Capacity was overspent during 16/17. The overspend was funded by the Council, within the expenditure for Health, Housing and Adult Social Care, and it is shown in the overall Statement of Accounts.

Pooled Budgets 2016/17	Integrated Communities Equipment Service £m's	Learning Disabilities Pool £m's	Mental Capacity Act £m's	Joint Commissioning Team £m's	Better Care Fund £m's	Total 2016/17 £m's
Funding provided to the pooled budget:						
LBE	0.8	4.2	0.2	0.6	0.0	5.8
NHSE	0.7	1.8	0.0	0.1	10.0	12.6
Total Funding available	**1.5**	**6.0**	**0.3**	**0.6**	**10.0**	**18.4**
Expenditure met from the pooled budget						
LBE	1.4	3.6	0.5	0.5	10.0	16.1
NHSE	0.0	2.5	0.4	0.1	0.0	3.0
Total Expenditure	**1.4**	**6.1**	**0.9**	**0.6**	**10.0**	**19.0**
Net Surplus / Deficit	**0.1**	**(0.1)**	**(0.7)**	**0.1**	**0.0**	**(0.6)**

Pooled Budgets 2015/16	Integrated Communities Equipment Service £m's	Learning Disabilities Pool £m's	Public Health £m's	Mental Capacity Act £m's	Joint Commis sioning Team £m's	Better Care Fund £m's	Total £m's
Funding provided to the pooled budget:							
London Borough of Enfield	0.8	4.5	0.1	0.2	0.6	0.0	6.2
National Health Service Enfield	0.7	1.8		0.0	0.1	8.3	10.9
Total Funding available	**1.5**	**6.3**	**0.1**	**0.2**	**0.7**	**8.3**	**17.1**
Expenditure met from the pooled budget							
Enfield Council	1.4	3.9	0.2	0.1	0.6	8.3	14.6
National Health Service Enfield	0.0	2.5	0.0	0.0	0.1	0.0	2.6
Total Expenditure	**1.4**	**6.4**	**0.2**	**0.1**	**0.7**	**8.3**	**17.1**
Net Surplus / Deficit	**0.1**	**(0.1)**	**(0.1)**	**0.1**	**0.0**	**0.0**	**(0.0)**

NOTE 26. MEMBERS ALLOWANCES

Regulations require the annual publication of members' allowances. Detailed information is available at the Civic Centre and at all public libraries. A summary of the information concerned is shown in the table below. Further details can be found at this link to the Council Website

Members Allowances	2015/16 £m's	2016/17 £m's
Basic allowances	0.7	0.7
Special responsibility allowances	0.3	0.3
Total	**1.0**	**1.0**

NOTE 27. OFFICERS' REMUNERATION

i) **Senior Employees' Earnings**. Taxable remuneration, expense allowances and employers pension contributions in respect of Senior Employees is detailed below:

Senior Employee Designation		Taxable Pay	Performance Related Pay (Note 1)	Expenses Allowances	Pension Contribution	Total
		£	£	£	£	£
Rob Leak (Chief Executive)	2016/17	171,708.48	-	0.00	-	**171,708.48**
	2015/16	188,954.88	-	0.00	-	**188,954.88**
Director of Health, Housing & Adult Social Care	2016/17	137,678.88	5,529.00	-	0.00	**143,207.88**
	2015/16	136,310.88	5,814.00	-	29,823.87	**171,948.75**
James Rolfe (Director of Finance, Resources & Customer Services)	2016/17	137,678.88	13,824.00	-	0.00	**151,502.88**
	2015/16	136,310.88	13,686.00	-	28,846.69	**178,843.57**
Director of Schools and Childrens Services	2016/17	126,271.26	-	-	26,510.52	**152,781.78**
	2015/16	116,956.59	2,091.53	-	25,000.83	**144,048.95**
Ian Davis (Director of Regeneration & Environment)	2016/17	144,674.88	13,824.00	-	0.00	**158,498.88**
	2015/16	143,076.64	13,686.00	-	13,721.36	**170,484.00**
Chief Education Officer	2016/17	97,386.88	7,485.00	47.50	22,038.02	**126,957.40**
	2015/16	98,248.33	7,410.00	-	22,202.33	**127,860.66**
Director of Public Health	2016/17	127,263.11	-	-	17,082.16	**144,345.27**
	2015/16	117,143.16	-	-	14,758.44	**131,901.60**

Note 1. Directors' Performance Related Pay (PRP) is consolidated into their basic salaries until they reach the top of the consolidated range. From this point onwards, any PRP is unconsolidated.

Note 2. Whilst the Chief Education Officer is not a Director this is a Statutory Role and the Post Holder is a Member of the Council's Corporate Management Board (CMB).

ii) Other Employee Earnings. The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:-

	2016/17				2015/16			
	Non Schools		Schools		Non Schools		Schools	
Taxable Remuneration Band	Current	Left during the year	Current	Left during the year	Current	Left during the year	Current	Left during the year
£50,000 - £54,999	60	4	134	1	55	15	170	17
£55,000 - £59,999	65	6	59	3	54	12	60	4
£60,000 - £64,999	17	2	40	-	24	9	56	2
£65,000 - £69,999	14	3	35	-	19	6	27	5
£70,000 - £74,999	15	1	24		10	4	30	
£75,000 - £79,999	3	2	15		2	5	12	
£80,000 - £84,999	1	-	10		3	2	13	
£85,000 - £89,999	1	1	8		2	1	4	
£90,000 - £94,999	1	1	3			1	3	
£95,000 - £99,999	1	1	1		5	1	2	
£100,000 - £104,999	2	1	2		3		3	
£105,000 - £109,999	1	-	2			1	3	
£110,000 - £114,999	-	1	1				3	
£115,000 - £119,999			2					
£120,000 - £124,999			1	-			1	1
£125,000 - £129,999			1				2	
£130,000 - £134,999			-		-		1	
£135,000 - £139,999			-					
£140,000 - £144,999	-	-	-		-	1	1	-
£145,000 - £149,999			-		-	-	-	-
£150,000 - £154,999					-	-	-	-
£155,000 - £159,999					-	-	-	-
£160,000 - £164,999					-	-	-	-
£165,000 - £169,999			-	-	-	-	-	1
Totals	**181**	**23**	**338**	**4**	**177**	**58**	**391**	**30**
TOTAL FOR YEAR				**546**		**656**		

Other Employees Earnings
The above figures include Severance Payments to staff whose employment was terminated in the financial year. However the above numbers exclude remuneration for the most Senior Officers (Chief Executive, Directors and holders of Statutory Posts) details for which are shown on the previous table.

NOTE 28. EXTERNAL AUDIT COSTS

The fees paid and payable to BDO LLP in respect of their audit of the Statement of Accounts, certification of grant claims and statutory inspections are as follows:

	Audit for FY 15/16 £'000s	Audit for FY 16/17* £'000s
Fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for the year	172	172*
Fees payable to the External Auditors for the certification of grant claims and returns for the year	41	31*
Fees payable in respect of other services provided by the appointed auditor during the year	2	2
	215	**204**

*Proposed fees as reported to Members of the Audit and Risk Management Committee

NOTE 29. DEDICATED SCHOOLS' GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the councils' area. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011.

The Schools Budget includes elements for a range of educational services provided by the Council and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2016/17 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£m's	£m's	£m's
Final DSG for 2016/17 before Academy Recoupment			307.3
Academy Figure recouped for 2016/17			(65.1)
Total DSG after Academy recoupment 2016/17			**242.2**
Plus brought forward from 2015/16			1.2
Less carry forward to 2017/18 agreed in advance			0.0
Agreed initial budget distribution 2016/17	**33.6**	**209.9**	**243.4**
In year adjustments	**0.0**	**0.0**	0.0
Final budget distribution for 2016/17	**33.6**	**209.9**	**243.4**
Less: Actual Central Expenditure	**36.6**		**36.6**
Less: Actual ISB Deployed to Schools		**209.9**	**209.9**
Plus Local Authority Contribution for 2016/17	**0.0**	**0.0**	**0.0**
Carry forward to 2017/18	**(3.0)**	**0.0**	**(3.0)**

Dedicated Schools Grant (made under section 14 of the Education Act 2002) has been deployed in accordance with regulations made under sections 45A, 45AA, 47, 48(1) and (2) and 138(7) of, and paragraph 1(7)(b) of Schedule 14 to, the School Standards and Framework Act 1998. Cumulative balances held by schools as at 31 March 2017 were £6.8m.

NOTE 30. GRANT INCOME

Grants, contributions and donations credited to the Comprehensive Income and Expenditure Statement are as follows:-

	31 March 2016 £m's	31 March 2017 £m's
Credited to Taxation and Non-Specific Grant Income		
Education Services Grant	5.0	3.2
New Homes Bonus	3.8	4.9
Council Tax Freeze Grant	1.2	0.0
Business Rates 2% inflation Cap	1.0	1.0
Retail Relief S31 Grant	0.3	0.3
Small Business Empty Properties Grant	0.6	0.6
Housing Benefit Admin Grant	2.6	1.7
New Homes Bonus Adjustment Grant	0.2	0.2
Local Support Services Grant	0.1	0.0
Other	0.0	0.7
Specific Corporate Grants	**14.9**	**12.6**
Revenue Support Grant	59.3	46.6
General Government Grants	**74.2**	**59.2**
Capital Grants and Contributions	45.5	49.1
Total Grants and Contributions	**119.7**	**108.3**

Service Specific Grants	31 March 2016 £m's	31 March 2017 £m's
Government Grant Housing Benefits Subsidy	311.8	320.1
Government Grant DSG Schools	262.2	242.2
Pupil Premium Grant	19.4	16.7
Education Funding Agency- Learning & Skills Grant	17.8	13.1
Public Health Grant	15.7	17.7
Discretionary Housing Payments	1.6	2.1
Unaccompanied Asylum Seeker Support Grant	1.5	1.9
CT Support New Burdens Funding	0.2	0.2
Other Grants	18.3	13.5
General Government Grants	**648.5**	**627.5**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions outstanding as at 31 March. The balance at the 31 March 2017 was £2.2m (£3.1m 31 March 2016).

NOTE 31. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. The Council's Statement of Accounts is freely available to all Related Parties via the Council's Offices and its Website.

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). The principal grants received from Central Government are set out in Note 30.

Other Public Bodies
The Council operates a pooled budget arrangement with NHS Enfield for the administration of an Integrated Communities Equipment Service and a Learning Disabilities Pool and a Drug Alcohol Action Team - details of which are set out in Note 25.

Members and Officers
Council Members and senior staff are required to make declarations of interest concerning third party transactions, both in the form of an annual statement and by disclosing interests at Cabinet and other Council Meetings.

For financial year 2016/17 several members and senior officers declared they had interests with Local Voluntary Bodies, Charities, schools and other organisations. Transactions between the Council and the vast majority of these organisations were not materially significant and in all cases the member or officer was not in a position to control or direct them. Details of these interests are recorded in the Register of Members Interests which is open to public inspection. The following Members declared interests with the following organisations with whom economic activity in the year was above £250,000.

Organisation	Members / Officers Declaring an Interest	Payments made by LBE to Organisation in 2015-16	Payments made by LBE to Organisation in 2016-17
North London Waste Authority(NWLA)	Ian Davis – Executive Director of Environmental Services, is employed by NLWA as an Environment Adviser. His earnings with LBE are shown in Note 27	Statutory levy and charge of £6.3m	Statutory levy and charge of £6.8m
Lee Valley Regional Park Authority	Cllr Derek Levy attends committees for Lee Valley Regional Park Authority.	Statutory Levy and Payment for services of £0.3m	Statutory Levy and Payment for services £0.3m
Cyprian Care Ltd	Cllr Ahmet Oykener is a Director of Cyprian Care Ltd, who provide Home Care Services in Enfield as well as other London Boroughs	Payment for Services of £0.4m	Payment for Services of £0.4m
Enfield Enterprise Agency Ltd	Cllrs Derek Levy and Andy Milne are Directors of Enfield Enterprise Agency Ltd.		Payment for Services of £0.3m

Entities Controlled or Significantly Influenced by the Authority
The Authority owns 40% of the shares in Enfield Norse Limited – the Trading Arm of Norfolk County Council. The Company provides building cleaning services. During financial year 2016/17 the Authority received dividend income from Enfield Norse of £0.1m. James Rolfe (Executive Director of Finance, Resources and Customer Services) is a Director of Enfield Norse Limited as is Councillor Achilleas Georgiou.

In 2011, the Council set up New River Services Ltd, a company wholly owned by the Authority with the Board made up of Councillors and Senior Officers. The purpose of the Company is to provide a legal platform which will enable the Authority to trade its services with other public bodies on a commercial basis. The Company was renamed Lea Valley Heat Network Ltd in June 2013. The Company began trading in financial year 2016/17. During the year, the Management Board included Councillors Doug Taylor, Ahmet Oykener, Alan Sitkin and Officers James Rolfe (Executive Director of Finance, Resources and Customer Services), Ian Davis (Executive Director of Regeneration and Environment) and Robert Leak (Chief Executive). In financial year 2016-17 the Authority provided £0.02m of support services to Lea Valley Heat Network Ltd.

Housing Gateway Limited (HGL) is a new wholly owned subsidiary of the Authority. The Company was formed in March 2014 with the purpose of acquiring properties to increase the availability of value for money social housing for Enfield residents and to discharge its statutory duties for homelessness. The Company commenced trading in financial year 2014-15. The Management Board consists of Councillors Georgiou and Oykener and Officers James Rolfe (Executive Director of Finance, Resources and Customer Services), Sally McTernan (Assistant Director Community Housing) and Asmat Hussain (Assistant Director Legal Services). The Authority provided a range of support services to HGL during financial year 2016-17 which came to £1.5m. The Authority made net loan advances to HGL of £54.2m.

In 2015 Members approved the creation of Enfield Innovations Ltd (EIL) – a Special Purpose Vehicle for the purpose of developing, owning and managing property as part of a wider strategy to increase the supply of value for money quality accommodation for Enfield Residents. Enfield Innovations is a wholly owned subsidiary of the Council and as such falls within the Group Boundary. During the year, the Management Board included Councillor Oykener and Officer James Rolfe (Executive Director of Finance, Resources and Customer Services). In financial year 2016-17 the Authority provided support services to EIL of £0.05m and made loan advances to them of £5.3m

Independence & Wellbeing Enfield (IWE) Ltd is a new wholly owned subsidiary of the Authority. The Company commenced trading in September 2016 with the purpose of providing Adult Social Care Services for the people of Enfield. The Management Board includes Councillor Alev Cazimoglu. In financial year 2016-17 the Management fee paid by the Authority to the Company was £6.1m and the Authority provided £1.4m of support services to IWE Ltd.

NOTE 32. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The following analyses in year capital expenditure and how it has been financed

	2015/16 £m's	2016/17 £m's
Opening Capital Financing Requirement	453.2	577.7
Capital Investment		
Property, Plant and Equipment	176.6	177.7
Investment Properties	0.0	0.0
Heritage Assets	0.1	0.0
Assets Held for Sale	0.0	0.0
Long Term Investment	34.7	59.6
Revenue Expenditure Funded from Capital Under Statute*	4.8	11.2
Capital Investment	**216.2**	**248.5**
Sources of Finance		
Capital Receipts	(7.8)	(11.4)
Government Grants and Contributions	(41.7)	(32.9)
Direct Revenue Contributions (including Major Repairs Reserves)	(33.0)	(37.3)
Minimum Revenue Provision	(11.9)	(11.8)
Decrease in PFI Contract Liabilities	2.5	3.0
Decrease in Finance Lease Liabilities	0.2	0.1
	(91.7)	**(90.3)**
Closing Capital Financing Requirement	**577.7**	**735.9**
Increase in underlying need to borrow	124.5	158.2
Increase in Capital Financing Requirement	**124.5**	**158.2**

*Analysis of Revenue Expenditure funded from Capital under Statute

	2015/16 £m's	2016/17 £m's
Capital Contributions to VA Schools and Academies	2.0	3.6
Disabled Facilities Grants	1.5	2.1
Grants to Vacate	1.1	0.2
Grants to Housing Associations	0	2.7
House Repair and Adaptation Grants	0.2	2.6
Total Expenditure	**4.8**	**11.2**

NOTE 33. LEASES

The Council derives economic benefit from occupying premises it does not own but rents under agreements in the form of Operating leases, with typical lives of between 5 to 15 years

The future lease payments due to be paid under these leases in future years are:

	31 March 2016 £m's	31 March 2017 £m's
Not later than one year	0.8	0.8
Later than one year and not later than five years	3.5	3.4
Later than five years	21.0	20.3
Total	**25.3**	**24.5**

Future lease commitments due on premises the Council occupies under a Finance Lease are not materially significant.

The Council also rents out land and buildings it owns to third parties in the form of Operating leases. Under its Investment Property portfolio, the Council has approximately 900 operating leases of varying lease periods. These include industrial and retail properties, Green Belt Agricultural tenancies and other recreational and commercial buildings. The Council received £9.3m from these in 2016-17 (8.3m in 2015-16). The table below sets out the future income profile arising from the most significant leases that generate annual income in excess of £20,000 (just over 60 leases). The projected receipts of £141.8m assumes that rent will continue at the current levels, which does not take account of the fact there will be future rent reviews, and where rent is partially based on the performance of the lessee, it is assumed that rental income will continue at the current level

	31 March 2016 £m's	31 March 2017 £m's
Amount due not later than one year	2.8	3.8
Amount due between one and five years	12.2	15.9
Later than five years	116.1	117.2
Total	**131.1**	**136.9**

Future income arising from property let out under Finance Lease arrangements is not materially significant.

NOTE 34. Private Finance Initiative (PFI) Contracts

The Council has the following obligations arising from three PFI Schemes. In each case, the Council specifies the minimum standards for the services and the assets to be provided by the contractor and has the right to make deductions from the fees payable should those standards not be achieved.

The assets will be transferred to the Council at the end of each contract for nil consideration and are therefore recognised on the Council's Balance Sheet; movements in their value in the year are detailed in the analysis of Movement in Property, Plant and Equipment in Note 11. The Council makes agreed fixed payments each year which may be increased by inflation or reduced if the contractor fails to meet availability or performance standards in any year. Payments remaining to be made under each PFI contract at 31 March 2017 are shown below together with the outstanding liability to the contractor for capital expenditure incurred also as at 31 March 2017.

Street Lighting Services

Period	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£m's	£m's	£m's	£m's
Within one year	1.8	1.2	0.8	3.8
Two – five years	7.9	4.4	2.6	14.9
six – 10 years	11.2	5.6	2.0	18.8
11 – 15 years	10.5	4.7	0.6	15.8
16 – 20 years	0.0	0.0	0.0	0.0
Total	**31.4**	**15.9**	**6.0**	**53.3**

The carrying value of the Street Lighting scheme assets at 31 March 2017 was £20.1m (£21.5m as at 31 March 2016).

Outstanding Liability for Reimbursement of Capital Expenditure	2015/16	2016/17
	£m's	£m's
Balance Outstanding 1 April	(18.1)	(17.1)
Payments during the year	1.0	1.1
Balance Outstanding 31 March	**(17.1)**	**(16.0)**

Education – Provision of Highlands Secondary School

Period	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£m's	£m's	£m's	£m's
Within one year	0.7	0.8	1.0	2.5
Two - five years	3.1	4.0	3.2	10.3
six - 10 years	3.0	5.2	1.3	9.5
11 - 15 years	0.0	0.0	0.0	0.0
Total	**6.8**	**10.0**	**5.5**	**22.3**

The carrying value of assets held at 31 March 2017 was £28.5m (£22.3m as at 31 March 2016).

Outstanding Liability for Reimbursement of Capital Expenditure	2015/16	2016/17
	£m's	£m's
Balance Outstanding 1 April	(11.4)	(10.7)
Payments during the year	0.7	0.8
Balance Outstanding 31 March	**(10.7)**	**(9.9)**

Education – Provision of Starksfield Primary School and Refurbishment of Tottenhall Primary and Lea Valley Secondary Schools

Period	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£m's	£m's	£m's	£m's
Within one year	1.9	1.0	2.0	**4.9**
Two - five years	8.3	5.0	7.2	**20.5**
six - 10 years	12.1	8.8	5.7	**26.6**
11 - 15 years	6.5	6.0	1.1	**13.6**
16 – 20 years	0.0	0.0	0.0	**0.0**
Total	**28.8**	**20.8**	**16.0**	**65.6**

The carrying value of assets held at 31 March 2017 was £38.2m (£31.4m at 31 March 2016).

Outstanding Liability for Reimbursement of Capital Expenditure	2015/16	2016/17
	£m's	£m's
Balance Outstanding 1st April	(22.5)	(21.7)
Payments during the year	0.8	0.9
Balance Outstanding 31st March	**(21.7)**	**(20.8)**

NOTE 35. IMPAIRMENT LOSSES

There were no impairment losses as per IAS36 in 2016/17 or 2015/16.

NOTE 36. TERMINATION BENEFITS AND EXIT PACKAGES

Termination Benefits are employee benefits payable as a result of the Council's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Invariably both decisions arise due to the need to make savings. If an employee is aged 55 or over and is a member of the Pension Scheme they are entitled to receive their occupational pension at the point at which their employment was terminated. This gives rise to an extra strain on the Pension Fund, the cost of which is reimbursed from the General Fund or HRA. Redundancy Payments and the Pension Strain effect are the key components of the Cost of Exit Packages.

The number and cost of Exit Packages in 2016-17 and 2015-16 were as follows:

[A] Exit Package Cost Band	[B] Number of Compulsory Redundancies		[C] Number of Other Departures		[D] Total Number of Exit Packages by Band		[E] Total Cost of Exit Packages by Band	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17 £000	2015-16 £000
0 - £20k	251	295	41	30	292	325	2,255	2,735
£20 - £40k	49	96	4	11	53	107	1,441	2,928
£40 - £60k	16	22	0	1	16	23	699	1,096
£60 - £80k	1	7	0	0	1	7	75	476
£80 - £100k	3	2	0	0	3	2	275	192
£100 - £150k	1	6	0	0	1	6	131	708
Over £150k	1	2	0	0	1	2	173	368
Total	**322**	**430**	**45**	**42**	**367**	**472**	**5,048**	**8,503**

NOTE 37. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2016/17 employer contributions of £18.1m were paid to the Teacher's Pension Scheme (£16.5m paid in 2015/16). The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme. These costs are accounted for on a defined benefit basis and detailed in Note 38 below.

Former NHS Employees

On 1 April 2013 Public Health staff and services were transferred from Primary Care Trusts (PCTs) to local authorities. To discharge their new public health responsibilities, local authorities were provided with a ring-fenced public health grant. Under the new arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the PCTs to local authorities and who had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013.

The NHS pension scheme is an unfunded, defined benefit scheme which is a multi-employer defined benefit scheme. In the NHS, the scheme is accounted for as if it were a defined contribution scheme. Therefore it is not possible to identify the underlying scheme assets and liabilities for those staff who were transferred from the PCT to the Council in April 2013. Given this, the Council has decided to follow the recommendation from CIPFA's Local Authority Accounting Panel and to account for the NHS pension scheme on a defined contribution basis. This is in accordance with paragraph 6.4.1.7 of the 2013-14 Code.

NOTE 38. DEFINED BENEFIT PENSION SCHEMES

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by the London Borough of Enfield. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. As there are no investment assets built up to meet these liabilities, at the point of early retirement a cash transfer is made from the General Fund to the Pension Fund to cover this shortfall. This transfer is real expenditure to the General Fund and is normally financed from a revenue reserve.

The Council recognises 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 that is required to be made 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 via the Movement in Reserves Statement.

The transaction in the table below have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:-

Participation in Pension Schemes	**Local Government Pension Scheme 2015/16 £m**	**Local Government Pension Scheme 2016/17 £m**	**Discretionary Benefits Arrangements 2015/16 £m**	**Discretionary Benefits Arrangements 2016/17 £m**
Comprehensive Income & Expenditure Statement				
Cost of Services				
current service cost	33.4	29.4	0.0	0.0
past service cost (gains) / losses	2.3	1.2	0.0	0.0
settlements and curtailments	0.0	0.0	0.0	0.0
Financing and Investment Income & Expenditure				
Net Interest on the Defined Benefit Liability	11.2	10.9	1.6	1.8
Total Post Employment Benefit charged to the Surplus / Deficit on the Provision of Services	**46.9**	**41.5**	**1.6**	**1.8**
Other Post- Employment Benefits charged to the Comprehensive Income and Expenditure Statement – Re-measurement of the net defined pension liability				
Actuarial (Gains) / Losses on Return on Plan Assets	7.5	(129.3)	0.0	0.0
Actuarial (Gains) / Losses due to changes in demographic assumptions	0.0	(25.9)	0.0	(1.3)
Actuarial (Gains) & Losses arising on changes in financial assumptions	(42.8)	242.3	(1.8)	4.5
Actuarial (Gains) & Losses due to liability experience	(10.1)	8.5	5.3	(0.4)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	**1.5**	**137.1**	**5.1**	**4.6**
Movement in Reserves Statement				
Adjustments between Accounting Basis & Funding Basis Under Regulations	16.7	15.0	(1.9)	(1.6)
Actual amount charged against the General Fund & HRA Balance for pensions in the year				
Employer's contributions payable to the scheme	30.2	26.5	0.0	0.0
Retirement benefits payable to pensioners	0.0	0.0	3.6	3.5

Pension Assets & Liabilities Recognised in Balance Sheet
The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows: -

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2015/16	2016/17	2015/16	2016/17
	£m	£m	£m	£m
Present Value of the defined benefit obligation	(1,174.2)	(1,441.3)	(55.3)	(56.4)
Fair Value of Plan Assets	838.1	994.6	0.0	0.0
Sub-Total	(336.1)	(446.7)	(55.3)	(56.4)
Other movements in the liability (asset)	0.0	0.0	0.0	0.0
Net liability arising from defined benefit obligation	(336.1)	(446.7)	(55.3)	(56.4)

Reconciliation in the Movement in Fair Value of Scheme Plan Assets

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2015/16	2016/17	2015/16	2016/17
	£m	£m	£m	£m
Opening fair value of scheme assets	814.1	838.1	0.0	0.0
Interest income	26.1	28.5	0.0	0.0
Remeasurement gain/ (loss)				
Return on plan assets	(7.5)	129.3	0.0	0.0
Actuarial (Gains) / Losses due to liability experience				
Contributions from employer	30.2	26.5	3.6	3.5
Contributions from employees	8.9	8.0	0.0	0.0
Benefits paid	(33.7)	(35.8)	(3.6)	(3.5)
Other	0.0	0.0	0.0	0.0
Closing value of scheme assets	838.1	994.6	0.0	0.0

Recognition of Present Value of Scheme Liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities Discretionary Benefits	
	2015/16	2016/17	2015/16	2016/17
	£m	£m	£m	£m
Opening balance at 1 April	1,178.9	1,174.2	53.7	55.3
Current Service cost	34.1	30.0	0.0	0.0
Interest cost	37.3	39.5	1.6	1.8
Contributions from scheme participants	8.8	8.0	0.0	0.0
Remeasurement (gains)/ losses				
Actuarial (gains) / losses from change in demographic assumptions	0.0	(25.9)	0.0	(1.3)
Actuarial (gains) / losses arising from change in financial assumptions	(42.8)	242.3	(1.8)	4.5
Actuarial (gains) /Losses due to liability experience	(10.7)	7.9	5.3	(0.4)
Passed Service Cost	2.3	1.2	0.0	0.0
Losses / (Gains) on curtailment	0.0	0.0	0.0	0.0
Benefits paid	(33.7)	(35.9)	(3.6)	(3.5)
Closing defined benefit obligation 31 March	1,174.2	1,441.3	55.3	56.4

Composition of Scheme Assets

Scheme Asset Type	As at 31.03.2016	As at 31.03.2017
Equity Investments	44.9%	50.9%
Property	7.9%	7.7%
Government Bonds	13.7%	16.8%
Corporate Bonds	6.8%	6.6%
Cash	4.2%	4.4%
Other Assets	22.5%	13.6%
Total	100%	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by AON Hewitt Limited, an independent firm of actuaries, with estimates based on the latest full valuation of the scheme as at 31 March 2017. The principal assumptions used by the actuary are shown in the table below.

Actuaries Principal Assumptions	2015/16	2016/17
Mortality Assumptions:		
Men	24.6	24.4
Women	27.8	27
Men	26.7	26.5
Women	30.1	29.3
Economic Assumptions:		
Discount Rate	3.4%	2.6%
RPI Inflation	2.9%	3.1%
CPI Inflation	1.8%	2.0%
Rate of increase to pensions in payment	1.8%	2.0%
Rate of increase to deferred pensions	1.8%	2.0%
Rate of general increase in salaries	3.3%	3.5%

Sensitivity Analysis	Impact on the Defined Benefit Obligation	
	Increase in Assumption £m	Decrease in Assumption £m
Discount Rate (increase or decrease by 1%)	26.6	27.0
Rate of increase in salaries (increase / decrease by 1%)	5.4	5.5
Rate of increase in pensions (increase / decrease by 1%)	21.5	21.2
Longevity (increase or decrease by 1 year)	41.6	41.6

NOTE 39 – PRIOR PERIOD ADJUSTMENTS

Due to changes in the Code of Practice, the 2015-16 Comprehensive Income and Expenditure Statement (CIES) and Movement in Reserves Statement (MIRS) have been re-stated to comply with the new format and content. This did not lead to any difference between the figures in the 2015-16 Published Accounts and the Prior Year Comparator figures in the 2016-17 Accounts. However, Prior Year Comparator figures in the 2016-17 Accounts have been restated from those in the 2015-16 Published Accounts as detailed below

Nature of Prior Period Adjustment	figure in 2015-16 Published Accounts £m	Amount £m	Restated Prior Year figure in 2016-17 Accounts £m
CIES Financing & Investment Income and Expenditure:- Reclassification of HRA Interest Expenditure originally recorded in Net Cost of Service	8.8	8.1	16.9
CIES Taxation & Non-Specific Grant Income:- Reclassification of PFI Grants to Net Cost of Service	(294.6)	6.8	(287.8)
Cash Flow Statement:- reclassification of some items originally described as Investing & financing activities	(76.4)	16.8	(59.6)
Cash Flow Statement:- reclassification of some items originally described as Investing activities	(122.7)	(16.8)	(139.5)
Cash Flow Statement:- increase in movement of creditors & debtors	(18.3)	(3.2)	(15.1)
Note 5 (Financing & Investment Income and Expenditure):- Reclassification of HRA Interest Expenditure reclassified from Net Cost of Service	8.8	8.1	16.9
Note 14 (Financial Instruments): - Financial asset carrying balance and Fair Values amended to include long term loans to Subsidiary Companies	0.8	49.4	50.2
Note 14 (Financial Instruments): Loans & Other Long Term Liabilities Outstanding. Figure amended to include loans under 1 year	485.3	4.8	490.1
Note 22 (Investing Activities) re-calibration of items classified as Purchase of Property	(218.8)	34.3	(184.5)
Note 22 (Investing Activities) re-calibration of items classified as proceeds from Investment Deposits	0.0	(17.5)	(17.5)
Note 22 (Investing Activities) re-calibration of items classified as Other Payments for Investing Activities	(0.4)	(34.3)	(34.7)
Note 22 (Investing Activities) re-calibration of items classified as proceeds from the sale of property	49.0	34.3	14.7
Note 23 (Financial Activities) reclassification of items described as Repayments of borrowing	0	(43.8)	(43.8)
Note 23 (Financial Activities) reclassification of items described as Cash Receipts from Long Term Borrowing	126.2	43.8	170.0
Note 24 (Investing & Financing Activities) reclassification of items included as Proceeds from Investments	17.5	(17.5)	0
Note 24 (Investing & Financing Activities) reclassification of items included as Proceeds from Sale of Property	(48.4)	21.5	(26.9)
Note 24 (Investing & Financing Activities) reclassification of items included as Other Items	(45.5)	(3.6)	(49.1)
Note 36 (Termination Benefits & Exit Packages) Number of Exit packages over £150k	0	2	2
Note 37 (Leases) adjustment to the amount due between 1 and 5 years	12.4	(0.2)	12.2
Note 37 (Leases) adjustment to the amount due after 5 years	120.7	(4.6)	116.1

Housing Revenue Account

The Housing Revenue Account deals with the provision, maintenance and sales of council houses and flats. The HRA Income and Expenditure Statement shows the economic cost of providing housing services in accordance with generally accepted accounting practice rather than the amount to be funded from rents and government grants.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

There is a statutory requirement to keep the HRA separate from other housing activities in accordance with Part VI and Schedule 4 of the Local Government and Housing Act 1989. Schedule 4 of the 1989 Act prescribes all the income and expenditure items that are to be included in the Housing Revenue Account. In addition, there is a requirement not to allow cross-subsidy to or from, the General Fund. The statement below reconciles the movement of the HRA balance to the (surplus)/deficit on the HRA Income and Expenditure Statement.

	NOTES	2015/16 (Restated) £m's	2016/17 £m's
INCOME			
Dwelling rents (gross)		(56.4)	(54.7)
Non-dwelling rents (gross)		(0.6)	(0.6)
Charges for Services and facilities		(9.4)	(7.9)
Contributions towards expenditure		(14.6)	(0.1)
Total Income		**(81.0)**	**(63.3)**
EXPENDITURE			
Repairs and maintenance	**4**	11.4	10.5
Supervision and management		30.8	19.3
Rents, rates, taxes and other charges		2.8	0.6
Depreciation, impairment and revaluation losses of non-current assets	**6**	34.1	13.0
Debt management costs		0	0.0
Movement in the allowance for bad debts	**9**	0.3	0.2
Sums directed by the Secretary of State that are expenditure in accordance with the Code		0.0	0.0
Total Expenditure		**79.4**	**43.6**
Net Expenditure or Income of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement		(1.6)	(19.7)
HRA services' share of Corporate & Democratic Core		0.3	0.3
NET COST OF HRA SERVICES		**(1.3)**	**(19.4)**
HRA share of the operating income and expenditure included in the Whole Authority Comprehensive Income and Expenditure Statement:			
(Gain) or loss on sale of HRA non-current assets		(8.4)	(9.4)
Interest payable and similar charges		8.2	8.2
Interest and Investment income		(0.3)	(0.1)
Income and expenditure and changes in fair value of Investment Properties	**7**	(4.4)	(3.3)
Pensions interest cost and expected return on pension assets	**8**	0.0	0.5
Capital grants and contributions receivable		(6.1)	(3.3)
Other Operating Expenditure		2.1	1.3
SURPLUS FOR THE YEAR ON HRA SERVICES		**(10.2)**	**(25.6)**

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	31 March 2016 £m's	31 March 2017 £m's
Balance on the HRA at the end of the previous year	**(13.5)**	**(9.1)**
Surplus for the year on the HRA Income & Expenditure Statement	(10.2)	(25.6)
Adjustments between accounting basis and funding basis under statute:		
Revenue expenditure funded from capital under statute	(1.0)	1.9
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	(17.6)	(2.5)
Investment properties Gain or Loss on Disposal and movements in Fair and Market Value	2.0	3.6
(Gain) / loss on sale of HRA non-current assets	8.4	9.0
HRA share of contributions to or from the Pensions Reserve	(0.0)	(0.5)
Capital expenditure funded by the HRA	17.9	19.3
Transfers to Capital Grants Unapplied Account	5.8	1.2
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(1.4)	(1.4)
Other Contributions from the Capital Receipts Reserve	(0.4)	(0.1)
NET (INCREASE)/DECREASE BEFORE TRANSFERS TO OR FROM RESERVES	**3.5**	**5.2**
Transfers to or (from) earmarked reserves	0.9	(5.1)
(Increase)/Decrease in year on the HRA	**4.3**	**0.0**
BALANCE ON THE HRA AT THE END OF THE CURRENT YEAR	**(9.1)**	**(9.1)**

1. HOUSING STOCK

The Council was responsible for managing a Housing Revenue Account stock of 10,343 properties at 31st March 2017 compared with a total of 10,528 properties at 31st March 2016. An analysis of the types of homes is shown below. The Council is also a freeholder of 4,700 leased homes that were previously sold to tenants under the right-to-buy legislation.

	31-Mar-16 Number of properties	31-Mar-17 Number of properties
Low-rise flats (up to 2 storeys)	1,491	1,471
Medium-rise flats (3 to 5 storeys)	3,527	3,443
High-rise flats (6 storeys and over)	2,332	2,257
Houses and bungalows	3,175	3,169
Multi-occupied	3	3
Total housing stock	**10,528**	**10,343**

The figures of 10,343 and 10,528 exclude three properties classified as Council Dwellings that are not owned by the Council in full. Two of these assets are jointly owned at 50% each and one at 25% by a third party. The impact this would have on the stated carrying value of Council Dwellings as at 31 March 2017 would be £89k (after applying the Social Housing Factor).

The movement between 10,528 in 2015/16 and 10,343 in 2016/17 is the result of 128 Right To Buy disposals, 106 properties being classified as surplus assets and 2 additions from previous surplus assets used to occupy double decants, 9 buybacks and 38 new build properties.

The Council also holds a number of vacant dwellings that are awaiting disposal or redevelopment at 31st March 2017 as follows:

	31-Mar-16 Number of properties	31-Mar-17 Number of properties
Surplus Properties:		
Alma Development	318	370
New Avenue Development	59	70
Ladderswood Estate	121	123
Newstead House	4	6
Upton Road	0	5
Reardon Court	0	26
	502	**600**

The vacant possession value of Surplus assets as at 31 March 2017 was £28.6m (1 April 2016 £28.2m).

2. STOCK VALUATION

The open market value of the council's dwellings was £2,495m at 31 March 2017. The difference between this value and the existing use value £612.7m at 31 March 2017 represents the economic cost to Government of providing council housing at less than market rents. The social housing valuation is arrived at by applying an adjustment factor provided by the DCLG to the market value of the stock.

3 MAJOR REPAIRS RESERVE

The Major Repairs Allowance represents the estimated long term average amount of capital spending required to maintain the housing stock in its current condition. Any unapplied balance of the allowance may be carried forward into the following year in a ring fenced reserve which can only be used to fund capital expenditure on council dwellings.

	2015/2016 £m's	2016/2017 £m's
Balance at 1 April	(12.8)	(15.3)
Depreciation	(15.3)	(14.7)
Amount applied in the funding of expenditure on council dwellings during 2016/17	12.8	15.3
Balance at 31 March	**(15.3)**	**(14.7)**

4. REPAIRS & MAINTENANCE

The balance forms part of the Council's earmarked reserves as set out in Note 10 to the Core Financial Statements.

	2015/2016 £m's	2016/2017 £m's
Balance brought forward	(2.9)	(5.5)
Expenditure for the year	9.0	10.5
Contribution to the Repairs Fund	(11.6)	(11.8)
Balance carried forward	**(5.5)**	**(6.8)**

5. HRA ASSETS

Operational Assets	1st April 2016 £m's	Acquisitions and Transfers £m's	Disposal/ Transfer £m's	Depreciation £m's	Net Revaluation £m's	31st March 2017 £m's
Council Dwellings	556.5	55.7	(7.3)	(12.5)	20.3	612.8
Other Land and Buildings	33.2	0.0	0.0	(2.3)	3.3	34.2
Vehicles, Plant and Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Surplus Assets	28.2	4.5	(0.3)	0.0	(3.9)	28.5
Total Property, Plant & Equipment	**617.9**	**60.2**	**(7.6)**	**(14.8)**	**19.7**	**675.5**
Aerial Sites	2.8	0.0	0.0	0.0	0.0	2.8
Shops and Commercial	24.3	0.0	(0.9)	0.0	3.2	26.6
Investment Properties Held For Sale	0.0	0.0	0.0	0.0	0.0	0.0
Total Investment Properties	**27.1**	**0.0**	**(0.9)**	**0.0**	**3.2**	**29.4**
Intangible Assets	0.0	0.0	0.0	0.0	0.0	0.0
Assets Held For Sale	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**645.0**	**60.2**	**(8.5)**	**(14.8)**	**22.9**	**704.9**

Capital expenditure in the year amounted to £46.0m consisting of:

Capital Expenditure	**2016/17 £m's**
Works To Stock – Decent Homes	0.0
Works To Stock – General Works	32.4
Leaseholder Buy backs	5.7
Grants to Vacate (GTV)	0.1
Community Halls	0.0
Buying Out Commercial and Residential Interest (Regeneration Projects)	7.9
Demolition Costs	0.0
Total	**46.0**
Funded by	
Supported Borrowing – Decent Homes	0.0
Developer Contribution	0.8
RIA Grants	0.1
Revenue Contribution	0.3
Capital Grants and Contributions	22.1
Capital Receipts	7.5
Major Repairs Reserve	15.3
	46.0

6. DEPRECIATION & IMPAIRMENT

	2015/2016 £m's	2016/2017 £m's
Depreciation		
Council Dwellings	13.8	12.5
Other Land and Buildings	1.5	2.3
Vehicles, Plant and Equipment	0.0	0.0
Impairment and Downward Valuation		
Council Dwellings	13.1	0.0
Other Land and Buildings	0.0	-0.4
Surplus Properties	4.5	0.7
REFCUS	1.2	2.0
Assets Held For Sale	0.0	0.0
Vehicles, Plant and Equipment	0.0	0.0
Amortisation of Intangible Assets	0.0	0.0
Total Capital Charges	**34.0**	**17.1**

7. INVESTMENT PROPERTIES

	2015/2016 £m's	2016/2017 £m's
Rental Income from Investment Properties	(2.5)	(2.3)
Direct Operating Expenses arising from Investment Property	0.1	0.2
Net (Gain)/ Loss from fair value adjustments	(2.0)	(3.2)
Net (Gain) / Loss	**(4.4)**	**(5.4)**

8. CONTRIBUTION FROM PENSIONS RESERVE

The HRA income and expenditure has been charged, as have other services, with the additional pension cost as required under IAS19. So as not to impact on the HRA position and resources, the entries are reversed out as a ‘contribution from the pension reserve’. See the notes to the Core Financial Statements for further details of IAS19.

9. RENT ARREARS AND IMPAIRMENT OF DEBTS

Council tenants' rent arrears as at the 31st March 2017 were £3.283m compared to £2.814m at the 31st March 2016. The provision for impairment of debts was £1.545m (2015/16 £1.326m) and £0.223m (2015/16 £0.265m) was written off during the year.

In 2016/17 a contribution to the Impairment of debt of £223k was included in this balance (£265k 2015/16).

COLLECTION FUND

This account represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. This fund accounts independently for the income relating to Council Tax and Business Rates on behalf of those bodies (including the Council's own General Fund) for whom the income is raised. The costs of administering collection are accounted for in the General Fund. The Government made changes to the business rate and council tax benefit scheme which are explained in this section.

INCOME AND EXPENDITURE ACCOUNT	Note	2016/17 Council Tax £m's	2016/17 Business Rates £m's	2016/17 Total £m's	2015/16 Council Tax £m's	2015/16 Business Rates £m's	2015/16 Total £m's
INCOME							
Council taxpayers	1	(137.5)		**(137.5)**	(133.5)		**(133.5)**
Business ratepayers	2		(111.2)	**(111.2)**		(107.0)	**(107.0)**
Business Rate Supplement	3		(3.1)	**(3.1)**		(3.4)	**(3.4)**
		(137.5)	**(114.3)**	**(251.8)**	**(133.5)**	**(110.4)**	**(243.9)**
EXPENDITURE							
Council Tax Precepts, demands & surpluses:							
London Borough of Enfield demand		107.9		**107.9**	100.9		**100.9**
London Borough of Enfield surplus		2.7		**2.7**	5.0		**5.0**
Greater London Authority precept		26.0		**26.0**	27.1		**27.1**
Greater London Authority surplus		0.7		**0.7**	1.4		**1.4**
Business Rates Retention:							
Central Government			52.9	**52.9**		48.9	**48.9**
Greater London Authority			21.1	**21.1**		19.6	**19.6**
London Borough of Enfield			31.7	**31.7**		29.4	**29.4**
Cost of collection allowance			0.3	**0.3**		0.3	**0.3**
GLA Business Rate Supplement							
Payment to GLA			3.1	**3.1**		3.4	**3.4**
Bad and doubtful debts:							
Council Tax – Contribution to provision		1.4		**1.4**	3.1		**3.1**
Business Rates – Contribution to provision			(0.2)	**(0.2)**		1.4	**1.4**
Provision for business rate appeals			(4.5)	**(4.5)**		5.3	**5.3**
		138.7	**104.4**	**243.1**	**137.5**	**108.3**	**245.8**
(Surplus)/ Deficit for the year		**1.2**	**(9.9)**	**(8.7)**	**4.0**	**(2.1)**	**1.9**
COLLECTION FUND BALANCES							
Balance brought forward at 1 April	4	(3.8)	7.7	**3.9**	(7.8)	9.8	**2.0**
(Surplus) / Deficit for year		1.2	(9.8)	**(8.6)**	4.0	(2.1)	**1.9**
Balance carried forward at 31 March	3	**(2.6)**	**(2.1)**	**(4.7)**	**(3.8)**	**7.7**	**3.9**
Allocated to:							
London Borough of Enfield		(2.1)	(0.6)	**(2.7)**	(3.0)	2.3	**(0.7)**
Greater London Authority		(0.5)	(0.4)	**(0.9)**	(0.8)	1.5	**0.7**
Government		0.0	(1.1)	**(1.1)**	0.0	3.9	**3.9**
Balance carried forward at 31 March	3	**(2.6)**	**(2.1)**	**(4.7)**	**(3.8)**	**7.7**	**3.9**

1. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimated at 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income that the Council and its preceptors take from the Collection Fund for the forthcoming year and dividing this by the council tax base. This tax base represents the total number of properties in each band, adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and estimated non-collectibles. The tax base calculation for 2016/17 is as follows:

BAND	Chargeable properties adjusted for discounts	Band D equivalent adjusted for estimated non-collection
A	1,725	1,691
B	4,719	4,625
C	19,548	19,157
D	28,430	26,572
E	20,841	20,424
F	11,625	11,393
G	9,033	8,852
H	1,636	1,603
	97,557	**94,317**

This basic amount of Council Tax for a Band D property, £1,420.17 including the GLA precept is multiplied by the proportion specified for the particular band to give an individual amount due.

Analysis of Council Tax Impairment of debt

Council Tax Bad Debt Provision	2015/16 £m's	2016/17 £m's
Council Tax Provision for Impairment of debt B/forward	8.2	8.1
Amount written off	(3.2)	(1.1)
Contribution to Provision for Impairment of debt	3.1	1.4
Council Tax Bad Debt Provision	**8.1**	**8.4**

The figures above show the total Council Tax impairment of debt reflecting both the GLA precept and Enfield elements of the provision. Note 16 (Debtors and Payments in Advance) shows the Enfield proportion of the Impairment of debt only.

2. BUSINESS RATES

Business rates are organised on a national basis and re-valued periodically by the Valuation Office Agency. In 2016/17 the Government specified an amount of 48.4p for small businesses who qualify for rate relief and 49.7p for all other businesses. Local businesses pay rates calculated by multiplying their rateable value by these amounts. The Council is responsible for collecting rates due from the ratepayers in its area. In previous years the total amount due less specific allowances were paid into the National Pool which was then redistributed back to councils based on the Government's formula grant allocations.

Enfield retains 30% of total collectable rates due. The remainder is distributed to Central Government (50%) and 20% to the Greater London Authority. These shares were estimated at the start of 2016/17 and paid to each body and charged to the Collection Fund. Variations between the estimated and actual income will create a surplus or deficit which is repaid or recovered from each body in the following year.

In addition, authorities must meet the cost of appeals against the rateable values set by the VOA. This provision is charged and provided for in proportion to the preceptors shares (total £8.08m[7] 2016/17). Provision for appeals is in addition to the provision for bad debts set out below.

Local Business Rates Bad Debt Provision	2015/16 £m's	2016/17 £m's
Provision for Impairment of debt brought forward	4.8	5.1
Amount written off	(1.1)	(1.1)
Contribution to Provision for Impairment of debt	1.4	(0.2)
Local Business Rates Bad Debt Provision	**5.1**	**3.8**

The total non-domestic rateable value for the area at the year-end was £256.4m (2015/16 £259.1m).

3. BUSINESS RATE SUPPLEMENT

Government legislation gives the Greater London Authority the power to levy an additional 2p Business Rate Supplement on London businesses as a contribution to the cost of the Crossrail scheme. As with national business rates, the Council collects the 2p business rates and pays the income over to the GLA. The total amount due for 2016/17 after reliefs and provisions was £3.1m.

[7] Enfield's share is £2.4m which is shown under the provisions in Note 19.

GROUP MOVEMENT IN RESERVES STATEMENT 2016/17

2016/17	General Fund Balance £m's	Housing Revenue Account Balance £m's	Capital Receipts Reserve £m's	Major Repairs Reserve £m's	Capital Grants Unapplied £m's	Total Useable Reserves £m's	Unusable Reserves £m's	Total Authority Reserves £m's	Authority Share of Reserves of Subsidiaries £m's	Total Reserves £m's
Balance b/fwd 01.04.2016	(65.7)	(34.9)	(21.4)	(15.3)	(18.1)	**(155.4)**	**(892.0)**	**(1,047.5)**	(0.3)	**(1,047.8)**
Total Comprehensive Income and Expenditure	77.8	(25.6)	0.0	0.0	0.0	**52.2**	**108.4**	**160.6**	(6.2)	**154.4**
Adjustments between group accounts and authority accounts	(0.0)	0.0	0.0	0.0	0.0	**0.0**	**(0.4)**	**(0.4)**	0.4	**0.0**
Adjustments between accounting basis and funding basis under regulation	(75.4)	30.7	(3.3)	0.6	(16.2)	**(63.6)**	**63.6**	**0.0**	0.0	**(0.0)**
Increase or Decrease in 2016-17	2.4	5.1	(3.3)	0.6	(16.2)	**(11.4)**	**171.6**	**160.2**	(5.8)	**154.4**
Balance c/fwd 31 March 2017	**(63.3)**	**(29.8)**	**(24.7)**	**(14.7)**	**(34.3)**	**(166.9)**	**(720.4)**	**(887.3)**	**(6.1)**	**(893.4)**

GROUP MOVEMENT IN RESERVES STATEMENT 2015/16

2015/16	General Fund Balance £m's	Housing Revenue Account Balance £m's	Capital Receipts Reserve £m's	Major Repairs Reserve £m's	Capital Grants Unapplied £m's	Total Useable Reserves £m's	Unusable Reserves £m's	Total Authority Reserves £m's	Authority Share of Reserves of Subsidiaries £m's	Total Reserves £m's
Balance b/fwd 01.04.2015	(86.9)	(38.4)	(15.8)	(12.8)	(13.9)	**(167.8)**	**(669.5)**	**(837.3)**	(0.2)	**(837.6)**
Total Comprehensive Income and Expenditure	56.9	(10.2)	0.0	0.0	0.7	**47.4**	**(257.9)**	**(210.2)**	0.0	**(210.2)**
Adjustments between accounting basis and funding basis under regulation	(35.8)	13.7	(5.6)	(2.5)	(5.0)	**(35.3)**	**35.3**	**(0.0)**	0.0	**(0.0)**
Increase or Decrease in 2015/16	21.1	3.5	(5.6)	(2.5)	(4.2)	**12.1**	**(222.5)**	**(210.2)**	(0.1)	**(210.2)**
Balance c/fwd 31 March 2016	**(65.7)**	**(34.9)**	**(21.4)**	**(15.3)**	**(18.1)**	**(155.4)**	**(892.0)**	**(1,047.5)**	**(0.3)**	**(1,047.8)**

Note (LBE Accounts)	**On its services the Group spent:-**	**15/16 Gross expenditure £m's**	**15/16Gross income £m's**	**15/16 Net expenditure £m's**	**16/17 Gross expenditure £m's**	**16/17Gross income £m's**	**16/17 Net expenditure £m's**
	Housing, Health & Adult Care	181.9	(90.2)	91.7	183.8	(96.5)	87.5
	Finance, Resources & Corporate	423.5	(336.5)	87.0	443.9	(353.6)	90.4
	Regeneration & Environment	71.5	(31.9)	39.6	86.8	(49.6)	37.2
	Schools & Children's Services	448.9	(347.6)	101.3	383.3	(312.8)	70.5
	Chief Executive	6.5	(2.9)	3.6	8.2	(4.5)	3.7
	HRA	79.7	(81.0)	(1.3)	43.9	(63.3)	(19.4)
	Consolidated Companies	1.0	(1.1)	(0.1)	8.2	(3.8)	4.4
	Cost of Services	**1,213.0**	**(891.2)**	**321.8**	**1,158.1**	**(884.0)**	**274.2**
	Other Operating Expenditure						
	(Gain)/Loss on disposal of non-current assets			(12.7)			44.1
	Payments to Housing Capital Receipts Pool			1.4			1.4
	Precepts and Levies			6.5			7.2
	Sub total			**(4.8)**			**52.6**
5	Financing and Investment Income & Expenditure			15.2			6.5
6	Taxation and non-specific grant income			(287.6)			(287.3)
	Deficit on the Provision of Services			44.6			**46.0**
	(Surplus) / Deficit on revaluation of non-current assets			(224.5)			(21.3)
	Remeasurement of the net defined pension liability - Actuarial (Gains) / losses on pension fund assets and liabilities			(41.9)			97.5
	Other comprehensive (gains) / losses			9.4			32.1
	Other Comprehensive (Income) / Expenditure			**(257.0)**			**108.4**
	Total comprehensive expenditure			**(212.4)**			**154.4**

GROUP BALANCE SHEET

31-Mar-16 £m's		Note (LBE Accounts)	31-Mar-17 £m's
	NON CURRENT ASSETS		
1,747.9	Property, Plant and Equipment	11	1,809.3
3.9	Heritage Assets		3.9
155.5	Investment Property	12, G2	214.0
0.5	Intangible Assets		0.3
0.0	Investment in Subsidiaries	14	0.0
16.3	Long Term Debtors	16	5.9
1,924.1	**Total: Non Current Assets**		**2,033.4**
	CURRENT ASSETS		
7.5	Short Term Investments	14	0.0
0.8	Inventories		1.0
86.7	Short Term Debtors	16	94.6
0.4	Intangible Current Assets		0.4
32.7	Cash and Cash Equivalents	15	16.8
128.1	**Total: Current Assets**		**112.8**
	CURRENT LIABILITIES		
(15.9)	Cash and Cash Equivalents	15	(15.8)
(94.7)	Short Term Borrowing	14	(121.6)
(83.6)	Short Term Creditors	18	(101.4)
(17.9)	Provisions	19	(13.4)
(212.1)	**Total: Current Liabilities**		**(252.1)**
	NON CURRENT TERM LIABILITIES		
(46.8)	Long Term Creditors	18	(52.7)
(2.0)	Provisions	19	(3.9)
(347.8)	Long Term Borrowing	14	(437.4)
(392.7)	Net Pension Liability	38	(504.6)
(3.1)	Capital Grants Received in Advance		(2.2)
(792.4)	**Total: Non Current Liabilities**		**(1,000.8)**
1,047.8	**NET ASSETS**		**893.3**
(892.0)	Unuseable Reserves	20	(719.1)
(155.8)	Useable Reserves	10	(174.3)
(1,047.8)	**TOTAL RESERVES / NET WORTH**		**(893.4)**

The Unaudited (Draft) Accounts were authorised for issue on 28 June 2017 by James Rolfe – Executive Director of Finance, Resources and Customer Services. The Final Audited Accounts were authorised for issue on 28th September 2017 by Members

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GROUP CASH FLOW STATEMENT

	2015/16 £m's	2016/17 £m's
Net Deficit on the provision of services	(44.7)	(45.8)
Adjust to deficit on the provision of services for non-cash movements	141.4	134.5
Adjustments for items included in net deficit in the provision of services that are investing & financing activities (see Note G3)	(76.4)	(76.0)
Net cash flow from operating activities	**20.3**	**12.7**
Investing activities (see Note G3)	(155.3)	(150.1)
Financing activities (see Note G3)	122.6	121.5
Net (increase)/decrease in cash and cash equivalents	**(12.5)**	**(15.9)**
Cash and cash equivalents at the beginning of the reporting period	29.3	16.8
Cash and cash equivalents at the end of the reporting period:	**16.8**	**1.0**

Cash Flow Statement - Adjustments to net deficit on the provision of services for non-cash movements:	**2015/16 £m's**	**2016/17 £m's**
Capital Charges Debited to the CIES	110.0	74.5
Movement in creditors	(11.4)	(10.8)
Movement in debtors	26.5	2.0
Increase in stock	0.0	(0.2)
Recognition of post employee benefits in CIES	14.8	16.0
Carrying amount of non-current assets sold	10.1	69.8
Other Non-Cash Movements	(8.7)	(18.7)
Movement in impairment for bad debts	0.0	1.9
Total adjustments to net deficit on the provision of services	**141.4**	**134.5**

NOTES TO THE GROUP ACCOUNTS

Notes to the Group Accounts are presented where it is deemed that extra disclosure supporting the Council's notes to the single entity accounts is appropriate. Where notes have not been replicated in the Group Accounts, it is because it is deemed that there is no material difference between the Council's single entity notes and the Group Accounts.

The single entity accounting policies also apply to the Group.

NOTE G1 GROUP STATEMENT OF ACCOUNTING POLICIES

G1.1 GENERAL PRINCIPLES

For a variety of legal, regulatory and other reasons, local authorities may conduct their activities through other legal entities that fall under their ultimate control. For this reason the financial statements of the local authority do not necessarily, in themselves, present a full picture of its economic activities or financial position. Because of this, the Code requires a local authority to prepare group accounts if it has a control over one or more other legal entities. The aim of the Group Accounts is to give an overall picture of the extended services and economic activity that is under the control of the local authority.

The London Borough of Enfield has identified four components (the council and three subsidiaries), for which these Group Accounts have been prepared. The following table sets out the entities, relationships and functions.

Entity	London Borough of Enfield	Housing Gateway Limited	Enfield Innovations Limited	Independence and Well Being Enfield Limited
Entity type	Parent	Subsidiary	Subsidiary	Subsidiary
Accounting basis	IFRS (CIPFA Code of Practice)	FRS 102	FRS 102	FRS 102 S1A
Consolidation basis	Line-by-line	Line-by-line	Line-by-line	Line-by-line
Reporting date	31 March 2017	31 March 2017	31 March 2017*	31 March 2017
LB Enfield ownership/ interest	N/A	100%	100%	100%
Principal activities	See Single Entity Accounts	Acquisition and management of property	Housing development	Provision of residential nursing care for the elderly and disabled

*For Enfield Innovations Limited, the account period was 1 November 2015 to 31 March 2017 (and 3 October 2014 to 31 October 2015 for the prior period). Appropriate consolidation adjustments have been made to align the period for the Group Accounts.

G1.2 BASIS OF CONSOLIDATION

The Group Movement in Reserves Statement, Group Comprehensive Income and Expenditure Statement, Group Balance Sheet and Group Cash Flow Statement have been prepared by consolidating the accounts of the reporting authority (London Borough of Enfield) and its subsidiary companies on a line-by-line basis.

The accounts of the subsidiaries have been prepared using similar accounting policies and practices to that of the reporting authority. However some accounting policies and practices do differ in some respects from the Authority's, principally in relation to the valuation of Investment Property (see G1.3 below).

In some circumstances, the period of accounting for the subsidiary was not aligned to the group, and as such, adjustments are applied to align the accounting periods.

Transactions, balances and cash flows relating internally to the Group are eliminated upon consolidation.

Further details of consolidated Investment Property balances are set out in Note G3. Any material differences between the Single Entity Accounts and Group Accounts are disclosed over the following notes.

G1.3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies for the Group, the Group has had to make certain judgements about complex transactions. These are:-

- Valuation of Investment Properties – Investment properties within the subsidiary companies are held at cost (for Enfield Investment Limited) or valuation (for Housing Gateway Limited). For the Group Accounts, consolidation adjustments have been applied to reflect their potential highest and best use at each balance sheet date. For Investment properties purchased in the period, the purchase price is considered to be a sufficient approximation for its fair value at period end.
- Investment Properties under construction – where properties that will be accounted for as Investment Properties are under construction at period end, these are valued at cost incurred to date, plus the land value.
- Application of statutory overrides – where statutory adjustments are applied by the London Borough of Enfield (for example to remove the impact of valuation movement on Investment Properties or pension adjustments from the General Fund via the Movement in Reserves Statement), these 'statutory overrides' do not apply to the subsidiary companies. Therefore, the Group Accounts do not apply such overrides to subsidiary company transactions.

NOTE G2 INVESTMENT PROPERTIES

The fair value for investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the levels of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. There were no transfers between any of the three levels during 2016/17 or the preceding year.

In estimating the fair value of the Group's Investment Properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties.

The fair value of investment properties at 31st March are analysed as follows;

	2015/16	**2016/17**
	£m's	**£m's**
Land	55.3	58.7
Commercial Units	28.6	29
Shops	25.9	28.5
Investment Properties Held by Companies	41.4	93.2
Other	4.3	4.6
Total	**155.5**	**214.0**

The following table summarises the movement in the fair value of investment properties over the year;

	2015/16 £m's	2016/17 £m's
Balance at the start of the year	**128.1**	**155.5**
Capital expenditure	18.0	44.5
Write out of non-enhancing capital expenditure	-1.6	0.0
Write out of disposals	-1.6	-1.3
Nets gains/(losses) from fair value adjustments	11.7	15.9
Transfers:		
From Property, Plant and Equipment	0.0	-0.7
To Property, Plant and Equipment	0.9	0.1
From Assets Under Construction	0.0	0.0
Balance at the end of the year	**155.5**	**214.0**

Figures in the above table exclude an Investment Property (valued at £20.7m) owned by Housing Gateway Ltd. This property is leased to the Council who use it in the provision of services to the public. Therefore from a Group perspective it is classified as Property Plant and Equipment and not as Investment Property. The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally by GVA and the Council's internal valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

NOTE G3 NOTE TO THE GROUP CASH FLOW STATEMENT

Cash Flow Statement – Investing Activities	**2015/16 £m's**	**2016/17 £m's**
Purchase of property, plant and equipment, investment property and intangible assets	(251.4)	(237.4)
Proceeds from Short and Long Term Deposits	0.0	23.4
Other payments for investing activities	(0.4)	(3.6)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	49.0	19.5
Other receipts from investing activities	47.5	48.0
Total Investing Activities	**(155.3)**	**(150.1)**

Cash Flow Statement – Financing Activities	**2015/16 £m's**	**2016/17 £m's**
Repayment of Long & Short Term Borrowing	0.0	(92.5)
Cash Receipts from Long Term Borrowing	126.2	215.9
Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(2.6)	(2.7)
Other payments / (receipts) from financing activities	(1.0)	0.9
Total Financing Activities	**122.6**	**121.5**

	2015/16 £m's	**2016/17 £m's**
Proceeds from short term & long term investments	17.5	0.0
Proceeds from sale of property plant equipment & investment property	(48.4)	(26.9)
Other items for which the cash effects are investing or financing cash flows	(45.5)	(49.1)
Total Investing and Financing Activities	**(76.4)**	**(76.0)**

NOTE G4 GROUP FINANCIAL INSTRUMENTS

Financial Instruments - Balances

The financial assets and liabilities disclosed in the Group Balance Sheet are analysed across the following categories:

	Short Term		Long Term	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16 (restated)
	£m's	£m's	£m's	£m's
Borrowing	(117.4)	(90.8)	(437.4)	(347.8)
Accrued Interest	(4.2)	(3.7)	0.0	0.0
Sub-total	**(121.6)**	**(94.5)**	**(437.4)**	**(347.8)**
Trade Creditors	(67.0)	(46.6)	0.0	0.0
Main Clearing bank	(10.0)	(15.9)	0.0	0.0
PFI Contract Liabilities	(3.0)	(2.8)	(43.7)	(46.5)
Finance Lease Liabilities	0.0	0.0	(0.1)	(0.1)
Total Financial Liabilities	**(201.6)**	**(159.8)**	**(481.2)**	**(394.4)**
Fixed Term Deposits	0.0	7.5	0.0	0.0
Call Accounts	6.3	21.0	0.0	0.0
Accrued Interest	1.8	0.3	0.0	0.0
Bank Current Accounts	10.5	11.7	0.0	0.0
Finance Lease Debtors	0.0	0.0	1.6	1.5
Trade Debtors	71.5	51.4	0.0	0.0
Total Financial Assets	**90.1**	**91.9**	**1.6**	**1.5**

Financial Instrument Fair Values

	Fair Value Level	Carrying amount 31-Mar-16 (restated)	Fair value 31-Mar-16 (restated)	Carrying amount 31-Mar-17	Fair value 31-Mar-17
		£m's	£m's	£m's	£m's
Financial liability:					
Total Borrowing	2	(442.3)	(615.9)	(558.9)	(790.9)
Deferred Liabilities (PFI Contracts and Finance Leases)	2	(46.7)	(46.7)	(43.8)	(43.8)
Trade Payables (Creditors)	n/a	(46.6)	(46.6)	(67.0)	(67.0)
Total Financial Liabilities		**(535.6)**	**(709.2)**	**(669.7)**	**(901.7)**
Financial Assets:					
Short Term Deposits	n/a	7.5	7.5	4.5	4.5
Long Term Loan to Enfield Enterprise	n/a	0.8	0.8	0.8	0.8
Finance Leases	n/a	1.5	1.5	1.5	1.5
Trade Receivables (Debtors)	n/a	51.4	51.4	69.1	71.5
Total Financial Assets		**61.2**	**61.2**	**75.9**	**78.3**

Annual Governance Statement 2016-17

Scope of Responsibility

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

In discharging its overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Council has in place a governance framework, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the Council has complied with its governance framework and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at the Council for the year ended 31 March 2017 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework

A brief description of the key elements of the governance framework the Council has in place is provided below.

Vision and Priorities

The Council has a clear vision to make Enfield a better place to live and work. Underpinning this commitment are three strategic aims (fairness for all, growth and sustainability, and strong communities), the delivery of which will contribute to a better quality of life for all residents of the Borough.

The Council's Business Plan sets out the strategic aims which together with the vision will be delivered using other plans and strategies for key areas of work. The vision and strategic aims are supported by the Council's values (*one team, customer first, achieving excellence and empowering people*), which were developed through consultation with staff.
Full details of the Council's vision and progress against the strategic aims can be viewed on the Council's website via the link https://new.enfield.gov.uk/

The Constitution

The Constitution sets out the basic rules governing the Council's business, which includes how the Council operates; how decisions are made; roles and responsibilities of functions, members and management; and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

It contains Codes of Conduct and Protocols for Officers and Members; rules of procedure including Financial Regulations, Contract Procedure Rules, Operating Rules for Committees and Partnership Procedure Rules; Responsibility for Functions including the Scheme of Delegation; Purpose and Powers of the Overview and Scrutiny Committee as well as roles and functions of the Full Council, Cabinet and Officers; and Members Allowances Scheme.

In addition to monitoring and reviewing the operation of the Constitution to ensure its aims and principles are given full effect, the Council's Monitoring Officer maintains and ensures an up-to-date version of the Constitution is widely available for inspection by members, staff and the public.

Full details of the Council's Constitution including all updates made to date can be viewed on the Council's website via the link https://new.enfield.gov.uk/

Performance Management

To measure the progress made on delivering the Council's priorities, a range of performance measures (published on the Council's website) are monitored with performance indicators reported quarterly to the Corporate Management Board and Cabinet. This informs decision making and indicates where resources should be focused.

Detailed performance monitoring is also carried out by departments to support day-to-day service delivery.

All reports to the Corporate Management Board, Cabinet, Council and individual executive members for delegated action demonstrates synergy with the Council's objectives and related performance management process. They also include the relevant key risks, the impact of the risk on the subject matter, controls and actions that will be taken to mitigate the risks.

Staff performance is assessed against a group of competencies (either staff grades or management/leadership grades) which allow for development needs to be identified and addressed. Individual performance targets linked to Council objectives are set for officers with regular Performance Assessment Reviews (PARs) carried out to monitor progress against each target. For management / leadership grades, the overall performance rating discussed and agreed in PARs contributes to a performance related pay award.

Also, the Council's corporate reporting template includes sections to capture key risks, which ensures the impact on areas such as Council priorities, objectives, finances and performance management are considered by decision makers.

Risk Management

The Council recognises that risk management is an integral part of good governance and key to effective delivery of public services. It has therefore embedded risk management processes throughout its structure and processes. The Risk Management Strategy, first reviewed / approved by the Audit Committee and Cabinet in 2015/16 and refreshed in 2016/17, sets out how threats and opportunities faced in the delivery of the Council's objectives are managed. The Strategy explains key responsibilities for risk management at all levels across the Council and describes the process used in identifying, evaluating, controlling, reviewing and communicating risks across the Council.

The Council's Competency Framework sets the standard for outstanding leadership. It is used as an ongoing assessment and development tool to help staff lead more effectively in order to improve services. The Competency Framework is applicable to all leadership and management roles within the Council.

Members / Senior Officers Training and Development

The Council's Member and Democratic Services Group, comprising 5 members of Council, which may include Cabinet Members, is responsible for considering and developing proposals relating to all aspects of Members' support including training and development. Specific briefing sessions on topical issues are also held for Members such as the Audit & Risk Management Committee and Councillor Conduct Committee.

Audit & Risk Management Committee

The Council has established an Audit & Risk Management Committee whose primary purpose is to ensure best practice in corporate governance and to enable the Council to discharge its fiduciary responsibilities in preventing fraud and corruption, and arranging proper stewardship of public funds.

The Committee reports on its annual activities and has considered its effectiveness against the standards for committees set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) to ensure compliance with good practice and also refreshed its Terms of Reference.

Full details of the work carried out by the Audit & Risk Management Committee can be viewed on the Council's website via the link https://new.enfield.gov.uk/

The Council takes a strategic approach to consultation and public engagement as outlined in its Engagement Framework. Public consultations to gain the views of local residents and businesses on policy are carried out and an overview of the Council's consultation and engagement activities for the year can be viewed on the website via the link https://new.enfield.gov.uk/

Examples of other governance mechanisms for engaging with the community and other stakeholders include Ward Forums, which enable councillors to engage local people more directly in strategic issues that matter to them; the Parent Engagement Panel, which aims to build community capacity and resilience by engaging positively and empowering Enfield parents and their children; the Housing Board, which provides a channel of communication between tenants and leaseholders, officers and executive Members of the Council and Ideas Exchange, which is a network of staff from across the Council, headed by the Chief Executive, that comes together to share lively debate and ideas and act as a critical friend to the Council's change programme.

Communication and Engagement

The Council's website, which has over 17,000 registered users, is interactive and allows local and other people to locate information and carry out other tasks such as completing standard applications, paying bills and reporting local issues. The Enfield Connected function provides more detailed personalised information to registered users.

The Council also uses social media sites such as Twitter, Facebook and YouTube to communicate with all sections of the community and stakeholders. In addition, all Council meetings are open to the public.

Counter Fraud including Whistleblowing

The Council is committed to zero tolerance of fraud and corruption in Enfield and the actions it will take to achieve this are detailed in three key policies, which are the Counter Fraud Strategy (including the counter-fraud and corruption statement and fraud response plan), Anti-Money Laundering Policy and the Whistleblowing Policy & Procedure.

These policies were reviewed during 2016/17 and apply to all employees, Members and contractors of the Council.

Full details of the policies and how they are implemented can be viewed on the Council's website via the link https://new.enfield.gov.uk/

Full details of the function, powers and work carried out by the Overview & Scrutiny Committee can be viewed on the Council's website via the link https://new.enfield.gov.uk/

Overview & Scrutiny Committee

To discharge the functions conferred by Section 21 of the Local Government Act 2000, Health & Social Care Act 2012 and Police & Criminal Justice Act 2006 (as amended), the Council has established an Overview and Scrutiny Committee, which holds decision makers to account and takes an independent leadership role in the continuous improvement in the performance of its functions.

Partnerships and Change / Transformation Management

Partnerships form a large part of the way in which the Council seeks to procure and deliver services. Compliance with the Council's constitution in all of these matters is an absolute requirement. The Constitution impacts on partnership processes primarily in two ways, which are the decision-making process and the Contract Procedure Rules that guide individuals through any procurement process that may be required.

The Council's Partnership Procedure Rules provide guidance on the main characteristics of a partnership which will need to be considered and where advice may be sought.

Enfield 2017, being one of the Council's key transformation programmes, aimed to transform the Council into an agile, streamlined organisation that is equipped to meet the challenges faced over the coming years. Enfield 2017 built on what was already achieved and has delivered savings through revolutionising how technology is used to enable the Council, residents' and other stakeholders' access to sustainable cost-effective services when and where they need them.

The Council has been working in partnership with organisations such as PwC, Ernst & Young and Microsoft to deliver the Enfield 2017 programme.

Another key transformation programme is the Meridian Water project. This is one of the biggest regeneration programmes in the United Kingdom and one of the largest housing developments in London. 16,000 jobs and 10,000 homes will be created on this flagship £6.0 billion development. The Council is working in partnership with organisations such as Barratt London, the master developer for the project, and SEGRO to deliver this project.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness for 2016/17 is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit & Risk Management's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Audit & Risk Management Committee, which provides independent assurance to the Council on risk management and the design and effectiveness of the internal control arrangements that the Council has in place, carried out a self-assessment of its effectiveness to consider compliance with the standards set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'A Toolkit for Local Authority Audit Committees'. To further strengthen its effectiveness and to align with good practice, the Committee agreed to include the assessment in its work programme to ensure it is carried out annually and produce a training and development programme specifically for Committee members.

The annual report of the Audit & Risk Management Committee, covering the programme of work completed during 2015/16, shows that the Committee has undertaken its role effectively covering a wide range of topics and ensuring that appropriate governance and control arrangements are in place to protect the interests of the Council and the community in general.

The Performance Management Framework has operated effectively during the year. Quarterly corporate performance reports detailing monitoring information on key areas of performance were provided to Cabinet for review and action. Performance management outputs were also reviewed by the Corporate Management Board and Department Management Teams across the Council.

Through the monthly Monitoring Officers' meetings, chaired by the Chief Executive, the Council maintained a well-established and effective process for reviewing and monitoring the effectiveness of governance and internal control compliance issues across the Council. Such matters were also reported on a regular basis to Members of the Audit & Risk Management Committee, who requested officers to attend with a view to challenging them on improvements made in areas of concern.

The Risk Manager met with senior management quarterly to discuss key risks affecting both their specific and other areas across the Council, and provided challenge, support and training where necessary on the management of such risks. The effectiveness of the Council's risk assessment and reporting process in line with the risk management framework was assessed by Internal Auditors in 2016/17.

The Internal Audit Annual Report provides the opinion of the Head of Internal Audit & Risk Management, based on the work undertaken by the Internal Audit team during 2016/17, which can be viewed on the website via the link https://new.enfield.gov.uk/. This states that the arrangements for risk management, internal control and governance provide reasonable assurance that material risks, which could impact upon the achievement of the Council's services or objectives, are being identified and managed effectively.

Significant Governance Issues

The areas identified for improvement during 2016/17 are detailed in the table below.

Area of Focus	Progress (as at May 2017)	Status
Housing Supply and Homelessness Welfare reforms including reductions in Housing Benefit, Local Allowance Caps and disability benefits could see landlords refusing to let homes to tenants on benefits leading to an increase in homelessness. Universal credit capped at £26,000 and housing costs paid direct to tenants further threatens the supply of available housing. Demand for housing remains an issue with more than 3000	The introduction of Universal Credit from November 2017, will replace some benefits and housing benefit with a single payment direct to the claimant. Boroughs where this has been implemented have seen an increase in housing debt and tenants struggle to manage their money. The Government's Homelessness Reduction Act widens all Councils' responsibility to provide support to homeless households and single people. This will see a larger cohort of local residents who can expect assistance from the Enfield Council if they get	This remains an area of risk for 2017/18

Area of Focus	Progress (as at May 2017)	Status
households in temporary accommodation. As Enfield has continued to offer relatively cheap housing compared to other London boroughs, some of the supply has been used by other boroughs to meet their needs for temporary accommodation However, the rate of increase in cost has been slowed as measures to increase supply, such as Housing Gateway and Enfield Innovations, have kicked in.	into difficulty with their housing. The Council is preparing plans for the implementation of further welfare reforms and the widening of its homelessness responsibilities during the first half of 2017/18. A further review of the impact will take place as part of this exercise.	
Transformation and change The Council's Enfield 2017 team is leading transformation across the Council to enable the Council to deliver services in new and more efficient ways. As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of delivery, there is a need to ensure that the Council's control environment remains robust, proportionate and is as efficient and effective as possible, which will include moving to a greater use of automated rather than manual based controls. Significant reductions in staff have delivered cost savings and IT investment has been delivered, but there is still more to be done to embed the technology across transformed services.	This is a managed risk with the ICT Service working more closely with the Transformation Team to cater for the change management aspects of programme and project delivery and further business process redesign has been delivered, is planned and will continue.	This risk is considered to be adequately managed
NHS Enfield Clinical Commissioning Group (CCG) Financial Pressures Enfield CCG continues to experience significant financial pressures from funding formula damping, acute sector activity and associated Trust business plan assumptions.	Increased funding has been secured for 2017/18 through the improved Better Care Fund.	This risk is considered to be adequately managed

Area of Focus	Progress (as at May 2017)	Status
The key risks are that greater pressure will be placed on Adult Social Care budgets to support early discharge from hospital, greater service levels to prevent hospital admissions and transfer of continuing care funded clients to the Council. During 2015/16, the CCG was placed under directions, and subject to NHS England oversight. The Council has sought to manage potential transferral of risk through ongoing engagement and monitoring of risk registers. Marginally increased funding has been secured for 2016/17 through the Better Care Fund.		
Children and Families Act 2014 With adoption reforms implemented and training completed, the Department continues to work towards implementing special educational needs and disabilities (SEND) changes. Enfield Council was selected as a national pilot and secured £100k from the Department for Education (DfE) to assist with implementing some aspects of the assessment process reforms. A CQC/Ofsted inspection of SEND services was due in June 2016.	There was a positive outcome to the SEND inspection that took place in June 2016. Plans were developed for a London-wide adoption service with proposals presented to Cabinet. Cabinet approved Enfield's involvement in the development of a London regionalised adoption agency. However, joining a regionalised adoption agency is an area that continues to be under review.	This remains an area of risk for 2017/18
Regeneration The Council has set an ambitious programme for regeneration, for which budgets have been agreed. The programme includes Meridian Water, School Expansion and Cycle Enfield projects. Rising costs of building works and dependency on third party project management could jeopardise the delivery of some of this programme within budget constraints.	There is a Meridian Water Programme board chaired by a new Programme Director, oversight is provided via The Housing Zones Programme Board chaired by the Assistant Director for Regeneration & Planning, The Housing Zone Strategic Group chaired by the Council's Chief Executive and the Housing Zones Oversight Advisory Group chaired by the Leader of the Council. Operationally, there is also a Project Delivery Group with Barratt and the	This remains an area of risk for 2017/18

Area of Focus	Progress (as at May 2017)	Status
	Council as well as a Strategic Partnership Group of GLA, Barratt and the Council. A legal contract, the Master Developer Framework Agreement (MDFA), is being developed and finalised with Barratt's. This sets out the contractual position for the Council including a minimum financial land receipt per unit. A fixed Strategic Infrastructure Payment to recover the cost of the Council developing the strategic infrastructure. The Council's risk position is also minimised in terms of agreeing the project's viability at each phase of the development. In terms of managing the risk position the MDFA is the contractual document which can be used to ensure the developer is adhering to the key delivery milestones in terms of jobs and housing and if not the steps that can be taken to recover costs, remove phases and ultimately terminate the contract. It also contained project milestones and financial KPIs which will be monitored and reported on, monthly. On a day to day operational basis contract and delivery teams are already in place and will be using quality assurance processes to ensure the quality of the build and place environment aspects. A series of risk registers and issues lists will be monitored by the team on a weekly and monthly basis and escalated to the governance groups described above.	
Child Protection Service reviews were undertaken as part of Enfield 2017 with an aim to make better use of IT to improve process efficiencies and avoid duplication. Staff turnover has increased resulting in an increase in the	Recruitment and retention remains favourable compared to other local authorities. The Council continues to work with frontline social work students who must be offered a job in Enfield at the end of their training. In the meantime, some posts are covered by agency staff until frontline students complete their training.	This remains an area of risk for 2017/18

Area of Focus	Progress (as at May 2017)	Status
number of agency staff. However, the Council's Children's Services continue to have one of the highest retention rates in London. A key head of service was involved in all transformation work streams to mitigate risks to service delivery. Key areas of impact were raised with the Strategic Design Board.	A pilot Ofsted inspection in April 2017 reaffirmed Enfield as a good local authority. Improvement areas will be informed by recommendations which should be received at the end of June 2017. Further transformation work relating to IT, data / performance reporting and operational support is underway.	
Energetik (previously Lee Valley Heat Network) **-** **Estate Renewals and Meridian Water Interdependencies** The Council puts in place governance and/ or processes to support both itself and the Company to work across a series of interrelated projects such that the Council can consider and manage its overall security and investment risk exposure in a joined up way.	Independent reviews carried out by PWC and KPMG prior to the Council's investment decision in Energetik in January 2017 for the initial £15 million (tranche 1). All recommendations are in hand and being progressed. The wider Programme Board to manage the interdependencies and wider council financial exposure between energetic, MW and Estate Renewals has been set up with TOR agreed and the first meeting held in June 2017. A client team has also been set up and running since March 2017 to manage the council interface with the company (Energetik). This is led by the AD Commercial. Further, the company's Delegations Matrix has been reviewed now that it is operational. This is, however, pending in the light of the Council's review of all company governance arrangements.	This remains an area of risk for 2017/18
Youth Justice Reforms As part of a review of youth justice, it was recommended that young offenders should serve their sentences in secure schools rather than youth prisons. Smaller, local, secure schools would draw on educational and behavioural	Due to Brexit, the report was not published until December 2016 and presentations made to Enfield Target Youth Engagement Board (ETYEB) in both December 2016 and March 2017 regarding these reforms. Government has not yet fully responded to the report but will be piloting two such schools. However, the situation is being monitored.	This remains an area of risk for 2017/18

Area of Focus	Progress (as at May 2017)	Status
expertise to rehabilitate children and give them the skills they need to thrive on release. The final report will be published in July 2016, and could have significant implications for the Council.		

Whilst generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve, the following additional matters have been identified for focus in 2017/18.

Governance & Control Risk Area	Comments
The Children and Social Work Bill	The Bill received royal assent on 27th April 2017 and is now an act of parliament. The Act includes provision about looked-after children and care leavers, local arrangements for safeguarding of children, regulation and training of social workers, compulsory relationships education for primary school pupils in England and sex and relationships education for secondary school children. The impact upon services is being reviewed.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness (Significant Governance Issues) and will monitor their implementation and operation as part of our next annual review.

Signed:

Leader of the Council

Signed

Chief Executive

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017	Note	2016/17 £000s	2015/16 £000s
Contributions and benefits			
- Contributions receivable	**3**	40,681	43,338
- Transfers in	**4**	181	1,038
		40,862	**44,376**
- Benefits payable	**5**	(40,069)	(36,184)
- Payments to and on account of leavers	**6**	(1,038)	(612)
		(41,107)	**(36,796)**
Net additions from dealings with members		**(245)**	**7,580**
Management expenses	**7**	**(8,144)**	**(9,391)**
Returns on investments			
- Investment income	**8**	9,852	9,582
- Taxation	**9**	(321)	(186)
- Changes in market value	**10**	161,032	20,571
Net returns on investments		**170,563**	**29,967**
Net change in assets available for benefits during the year		162,174	28,156
Opening net assets brought forward at 1 April		916,311	888,155
Net assets carried forward as at 31 March		**1,078,485**	**916,311**

NET ASSETS STATEMENT AS AT 31 MARCH 2017	Notes	2016/17 £000s	2015/16 £000s
Investment assets		1,022,550	893,553
Investment liabilities		(21)	(14,585)
	10	**1,022,529**	**878,968**
Cash deposits		54,406	36,781
Other investment balances		1,414	1,758
	10	**1,078,349**	**917,507**
Current assets	**15**	499	446
Current liabilities	**16**	(363)	(1,642)
Net assets available to fund benefits as at 31 March		**1,078,485**	**916,311**

The Accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pension Policy & Investment Committee. They do not take account of obligations to pay pensions and benefits which fall due after the year end of the Fund year.

Signed

James Rolfe
Executive Director of Finance, Resources and Customer Services

Date: 28th September 2017

Signed

Mary Maguire
Chair of Audit Committee

Date: 28th September 2017

Notes to the Financial Statement –index

1. Description of the London Borough of Enfield Pension Fund

a) General

The London Borough of Enfield is the Administering Authority for the Pension Fund and pensions and entitlement to benefits are fully protected in law. Membership of the Scheme is open to all employees of the Council with the exception of teachers (who have their own pension scheme). Other employers are admitted to the Pension Fund and depending on their status their employees may also be able to participate in the LGPS

The London Borough of Enfield Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Enfield ('The Council'). The Fund was established to provide benefits for employees that include retirement pensions, widows pensions, death grants and other lump sum payments.

The Fund is governed by the Public Services Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (amended)
- The LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016

b) Funding

The Fund is financed by contributions from employees, the Council, the scheduled and admitted bodies and from interest and dividends on the Fund's investments. Contributions are made by active members of the Fund.

Since 1 April 2014 the employee contribution rates now applying are between 5.5% and 12.5% of pensionable pay. Employer rates are set by the Fund Actuary every 3 years following a valuation of the assets and liabilities of the Fund, with the next valuation due to take place as at 31 March 2019.

Employers also pay contributions into the Fund based in triennial funding valuations for the 2016/17 the employer contribution rates are based on the 2013 valuation.
The last valuation was as at 31 March 2016 and comes into effect on 1st April 2017. Current employer contribution rates can be found in the Statement to the Rates and Adjustments Certificate in the Enfield Fund Annual Report 2016/17.

c) Benefits

The conditions of the Local Government Pension Scheme (LGPS) Regulations set out in clear terms the benefits that are payable to Scheme members and as such the benefits are guaranteed for those members and therefore members are not reliant on investment performance for their pension benefits. The contributions payable by Scheme members are also defined in the Regulations. Employing Authorities are required to pay contributions into the Scheme in order to meet the cost of funding employee benefits and as such, are required to meet any shortfall in funding the pension liabilities of Scheme members.

From the 1 April 2014 the new LGPS 2014 Scheme came into effect. This changed the structure from a final salary to a career average revalued earnings scheme and aligns LGPS retirement age with an individual's state pension age. The key benefits of the new scheme are outlined below:

- Pension benefits based on a 1/49th accrual basis for each year of pensionable service with benefits calculated on the career average pay revalued annually in line with inflation.
- Pre-2014 benefits guaranteed with a final salary
- Option to pay 50% of the contribution rate to accrue 50% of the benefits.
- Option to convert some pension to lump sum on retirement on a 1:12 ratio.
- Life assurance cover 3x member final pay applicable from the day of joining scheme.
- Pensions for dependents:- spouses, civil partners and eligible co-habiting partners and eligible children.
- An entitlement to have pension paid early on medical grounds

d) Governance
The Council has delegated management of the Fund to the Pension Policy & Investment Committee who decide on the investment policy most suitable to meet the liabilities of the Fund and have the ultimate responsibility for investment policy. The Committee is made up of five members of the Council each of whom has voting rights. An independent financial adviser also sits on the Committee.

In line with the provisions of the Public Pensions Act 2013, the Council has set up a Local Pension Board to oversee the governance of the Pension Fund. The Board meets quarterly and has its own Terms of Reference. Board members are independent of the Pension Fund Committee.

Investment Principles
In accordance with the LGPS (Management and Investment of Funds) Regulations 2016 the Committee approved a Statement of Investment Principles. The Committee has delegated the management of the Fund's investments of external investment managers appointed in accordance with regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

The LGPS (Management and Investment of Funds) Regulation 2016 effective from 1st December 2016 required local authorities to prepare and publish by 31 March 2017 an Investment Strategy Statement (ISS). Superseding the Statement of Investment Principles. The Committee approved the ISS on 23rd February 2017.

2. Statement of accounting policies

Basis of preparation
The financial statements have been prepared in accordance with the Local Government Pension Scheme (LGPS) Regulations 2013 and LGPS (Management and Investment of Funds) Regulations 2016.

The financial statements summarise the Fund's transactions for the 2016/17 financial year and its position at year-end as at 31 March 2017. The accounts have been prepared in accordance with the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17* which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed in Note 21 of these accounts.

Accounting Policies – revenue recognition

a) Contributions income
Normal contributions, both from members and employers, are accounted for on an accruals basis, at the percentage rate recommended by the Fund Actuary, in the payroll period to which they relate.

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

Employers augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amounts due in-year but unpaid will be classed as a current financial asset.

b) Transfers to and from other schemes
Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their Additional Voluntary Contributions (AVC) to purchase scheme benefits are accounted for on a receipts basis and are included as Transfers in.

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

c) Investment income

i) Interest income
Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting is disclosed in the Net Assets Statement as current financial asset.

iii) Distributions from pooled funds
Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting is disclosed in the Net Assets Statement as a current financial asset.

iv) Movement in the net market value of investments
Changes in the net market value of investments are recognised as income or expenses and comprise all realised and unrealised gains/losses during the year.
Realised profit/losses are recognised upon the sale of investments during the year.

Fund account – expense items

d) Benefits payable
Pensions and lump benefits payable include all known to be due in respect of the financial year. Pension payments and retirement grants are recognised once the retiree has made their decision about how they want their retirement benefit to be provided and they come into payment.

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

f) Management expenses
Management Expenses are disclosed in accordance with the CIPFA guidance: Accounting for LGPS Management Expenses.

Administrative expenses
All administrative expenses are accounted for on an accruals basis. Relevant officer costs and other overheads are apportioned to the Fund. Costs include relevant staff costs and associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight & governance costs
All oversight and governance expenses are accounted for on an accrual basis. All staff costs associated with governance and oversight are charged to the Fund. The cost of obtaining investment advice from external advisors and performance monitoring including subscriptions to professional bodies and training costs.

Investment management expenses

All investment management expenses are accounted for on an accruals basis.

- Fees of the external investment managers and Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management on either a monthly or quarterly basis.
- Where an investment manager's fee note has not been received by the balance sheet date, an estimate based on market value of their mandate as at year end is used for inclusion in the Fund account.
- The exceptions to this are fees in relation to Private equity funds which are based on amounts committed to each fund.
- Fees in connection with some pooled investments are contained within the unit price, management fees are separately disclosed.
- The cost of obtaining investment advice from external consultants is included in investment management charges.
- Where actual costs have not been received by balance sheet date, to Fund level an estimation process has been applied. A similar procedure is used for custodian fees
- Where management costs are only held by the manager at fund level an estimation has been made based on the Fund's proportion of the total investment.

Net Asset Statement

- **Investments**

Investments are shown in the Net Assets Statement at fair value as at the reporting date. A financial asset is recognised in the Net Asset Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the Fund account.

- **Market -quoted investments**

Valued by reference to their bid price at the close of business on 31 March 2017. Pooled investment vehicles are stated at the bid price as quoted by the relevant fund managers, which reflect the underlying investments. In the case of single priced pooled investment vehicles, the closing single price is used as the best estimate of fair value.

- **Unquoted investments**

The estimate of fair value after taking the advice of the Fund's investment manager. Unquoted securities are valued by fund managers on the basis of latest dealings, professional valuations and financial information at the year end. In the case of private equity limited company funds, the investments are valued at latest values which are previous quarter (generally end of December) values, updated for new investment and distributions. For private equity direct investments the price taken is that as provided by the Fund Manager, which reflect the prices at the latest round of financing if available, or book cost, unless impaired when this value is reduced. The Fund takes assurance in the audited accounts of the fund manager and their Internal Control Statements.

- **Derivatives contracts**

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.
Derivatives contract assets are measured at fair value through bid prices and liabilities at fair value through offer prices. Changes in the fair value of derivative contracts and included in any change in the market value.

- **Investment income**

Dividends and interest have been accounted for on an accruals basis at the amortised cost. Investment income on overseas investments has been converted into sterling at the rate of exchange on settlement day.

- **Overseas investments**

Investments held in foreign currencies have been converted into sterling at the rate ruling on 31 March 2017.

- **Pooled investment vehicles**

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

- **Foreign currency transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period. Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into Sterling at the rate ruling on 31 March 2017.

- **Private equity fund of funds**

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Enfield Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP.

- **Limited Partnerships**

An appropriate valuation methodology is selected for each underlying investment and common methodologies include:

  - Applying an EBITDA multiple using comparable multiples reflected in the market valuations of quoted companies or
  - Recent transactions used for valuing underlying investments which are operating companies.
  - A capitalisation rate using comparable capitalisation rates from recent property transactions, applied to the net rental income of the underlying investment for investment properties.
  - Applying either of the above methodologies, as appropriate, to forecast income and a forecast multiple or rate, and then recognising a proportion of the future expected profit using either a discounted cash flow with an appropriate discount rate or a time-weighted proportion under a variation of the percentage-of-completion method.

- **Cash and cash equivalents**

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

- **Financial liabilities**

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in fair value of the liability are recognised by the Fund.

Financial liabilities are recognised on the Net Asset's Statement when the Fund becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial Assets

Financial assets are recognised on the Net Asset Statement when the Fund becomes a party to the contractual provisions of a financial instrument.

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Fair value through profit or loss - assets that are held for trading.

Debtors and Creditors
Except where otherwise stated, the Accounts have been prepared on an accruals basis i.e. income and expenditure is recognised as it is earned or incurred, not as it is received or paid. The main exception to this is transfers in and out of the fund which are accounted for on a cash basis.

Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Fund about the future or that are otherwise uncertain. Estimates are made taking into consideration historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Actuarial present value of promised retirement benefits
Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £182m. A 0.2% increase in assumed earnings would increase the value of liabilities by approximately £8m, a 0.2% increase in pension increases would increase the liability by about £70m and a one year increase in life expectancy would increase the liability by about £62m.

3. Contributions receivable

Summary	**2016/17 £000s**	**2015/16 £000s**
Employees' contributions	9,614	10,009
Employers' contributions	31,067	33,329
	40,681	**43,338**

3a. Contributions are further analysed as follows:

Employees' contributions- Analysed by employees' status:	**2016/17 £000s**	**2015/16 £000s**
Administrating Authority	8,128	8,886
Scheduled Bodies	1,326	1,072
Admitted Bodies	160	51
	9,614	**10,009**

Employers' contributions - Analysed by employers' status:	**2016/17 £000s**	**2015/16 £000s**
Administrating Authority	26,973	30,777
Scheduled Bodies	3,516	2,364
Admitted Bodies	578	188
	31,067	**33,329**

Employers' contributions – analysed by types of contributions:	**2016/17** **£000s**	**2015/16** **£000s**
Employers' normal contributions	22,833	23,493
Employers' deficit contributions	6,870	7,184
Employers' augmented contributions	1,364	2,652
	31,067	**33,329**

Employers' augmented contributions represent the costs of early retirement, and are recognised fully in the year that the cost is incurred.

Deficit contributions represent amounts in relation to past service accruals as determined by the scheme actuary.

4. Transfers from other funds

The transfers represent the payments received by the Fund in relation to individual members' transfers of benefits into the Fund.

	2016/17 **£000s**	**2015/16** **£000s**
Individual transfers	181	1,038
Bulk transfers	-	-
	181	**1,038**

5. Benefits payable
Benefits payable consist of pension payments and lump sums payable upon retirement and death.

Summary	**2016/17** **£000s**	**2015/16** **£000s**
Pensions	(30,239)	(27,967)
Retirement grants	(8,390)	(7,653)
Death benefits	(1,440)	(564)
	(40,069)	**(36,184)**

Pensions by employer:	**2016/17** **£000s**	**2015/16** **£000s**
Administrating Authority	(28,876)	(26,557)
Scheduled	(1,189)	(1,223)
Admitted	(174)	(187)
	(30,239)	**(27,967)**

Retirement grant by employer:	**2016/17** **£000s**	**2015/16** **£000s**
Administrating Authority	(7,472)	(7,653)
Scheduled	(600)	-
Admitted	(318)	-
	(8,390)	**(7,653)**

Death benefits by employer:	**2016/17** **£000s**	**2015/16** **£000s**
Administrating Authority	(1,439)	(564)
Scheduled	-	-
Admitted	(1)	-
	(1,440)	**(564)**

6. Payments to and on account of leavers

Transfers represent the payments made by the Fund in relation to members' transfers of benefits out of the Fund.

	2016/17 £000s	2015/16 £000s
Transfers to other schemes	(909)	(511)
Contribution refunds	(129)	(101)
	(1,038)	**(612)**

7. Management expenses

	2016/17 £000s	2015/16 £000s
Administration expenses	(673)	(788)
Oversight and governance	(344)	(326)
Investment management expense see note 7a	(7,127)	(8,277)
	(8,144)	**(9,391)**

7a. Investment management expenses

	2016/17 £000s	2015/16 £000s
Management fees invoiced	(1,691)	(1,261)
Management fees & transaction cost within unit price	(5,069)	(6,706)
Custody fees	(73)	(18)
Transaction expenses	(162)	(147)
Other costs	(132)	(145)
	(7,127)	**(8,277)**

8. Investment income

	2016/17 £000s	2015/16 £000s
Fixed interest and index linked securities	3,569	4,577
Equities and unit trusts	4,379	3,541
Property unit trusts	1,186	1,125
Interest on cash and other	718	339
	9,852	**9,582**

9. Taxation

Reciprocal arrangements exist between the UK and many countries for the recovery of varying proportions of locally deducted tax. The timing of the recovery of this 'withholding tax' can vary between countries. Certain withholding tax on overseas investment income is not recoverable and is shown as a tax charge.

10. Investment assets and liabilities

Asset Class	Note	Market value 1st April 2016 £000s	Purchases at cost and derivative payments £000s	Sales proceeds & derivative receipts £000s	Fees & Charges deducted from Market value £000s	Change in market value on investments £000s	Market value 31st March 2017 £000s
Fixed income securities & ILB	**10a**	**151,642**	100,467	(98,775)	-	14,066	**167,400**
Derivatives	**10b**	**(200)**	61,011	(59,434)	-	(1,136)	**241**
Equities	**10c**	**142,357**	65,735	(65,093)	-	39,278	**182,277**
Equity - unit trusts	**10d**	**226,490**	41,000	(41,387)	(683)	73,256	**298,676**
Property unit trusts	**10e**	**64,758**	0	-	(480)	1,258	**65,535**
Property	**10f**	**6,924**	2,000	-	(173)	2,071	**10,822**
Private equity	**10g**	**47,079**	6,965	(9,030)	(867)	14,344	**58,492**
Infrastructure fund	**10h**	**17,673**	0	(16,260)	(125)	(1,288)	**-**
Other pooled unit trusts	**10i**	**222,245**	10,853	(8,440)	(2,741)	17,169	**239,086**
		878,968	288,031	**-298,419**	**(5,069)**	**159,018**	**1,022,529**
Cash and deposits	**10j**	**36,781**				2,014	**54,406**
Other investment balances	**10k**	**1,758**					**1,414**
Investment assets		**917,507**				**161,032**	**1,078,349**

10. Investment assets and liabilities (continued)

Asset Class	Note	Market value 1st April 2015	Purchases at cost and derivative payments	Sales proceeds & derivative receipts	Fees & Charges deducted from Market value	Change in market value on investments	Market value 31st March 2016
		£000s	£000s	£000s	£000s	£000s	£000s
Fixed income securities & ILB	**10a**	**151,146**	11,329	(7,086)	-	(3,747)	**151,642**
Derivatives	**10b**	**(96)**	130,178	(129,700)		(582)	**(200)**
Equities	**10c**	**139,397**	57,060	(50,025)	-	(4,075)	**142,357**
Equity - unit trusts	**10d**	**227,424**	-	-	(621)	(313)	**226,490**
Property unit trusts	**10e**	**59,984**	-	-	(347)	5,121	**64,758**
Property	**10f**	**12,519**	-	(6,547)	(150)	1,102	**6,924**
Private equity	**10g**	**45,124**	6,137	(8,893)	(745)	5,456	**47,079**
Infrastructure fund	**10h**	**17,280**	70	(6,519)	(171)	7,013	**17,673**
Other unit trusts	**10i**	**213,298**	27,000	(23,620)	(4,672)	10,239	**222,245**
		866,076	**231,774**	**(232,390)**	**(6,706)**	**20,214**	**878,968**
Cash and deposits	**10j**	**19,070**				357	**36,781**
Other investment balances	**10k**	**2,445**					**1,758**
Investment assets		**887,591**				**20,571**	**917,507**

10a. Total fixed income securities

	2017 £000s	2016 £000s
Fixed interest securities	80,870	72,258
Index linked securities	86,530	79,384
	167,400	**151,642**

Fixed interest securities

	2017 £000s	2016 £000s
Government securities – UK	6,258	2,525
Government securities – overseas	3,589	6,727
Corporate bonds – UK	34,963	60,636
Corporate bonds – overseas	36,060	2,370
	80,870	**72,258**

Index linked securities

	2017 £000s	2016 £000s
Government securities – UK	-	76,884
Government securities – overseas	-	2,276
Corporate bonds	-	224
	-	**79,384**

Index linked securities pooled funds

	2017 £000s	2016 £000s
Government securities – UK	86,530	-
	86,530	**-**

10b. Derivative contracts

The Pension Board permits the use of derivatives in the Western Asset Management global bond portfolio.

A summary of derivatives held is set out below:

	2017 £000s	2016 £000s
Assets		
Futures	168	13
Forward foreign exchange currency contracts	94	14,372
	262	**14,385**
Liabilities		
Futures	(9)	(5)
Forward foreign exchange currency contracts	(12)	(14,580)
	(21)	**(14,585)**
Net assets		
Futures	159	8
Forward foreign exchange currency contracts	82	(208)
	241	**(200)**

Futures
Futures contracts held at the year-end are detailed further below:

Values at 31 March 2017	Economic Exposure £000s	Expiration date	Asset £000s	Liability £000s	Net asset/ (liability) £000s
Assets					
UK Fixed income futures	10,717	Less than a year	160		160
Overseas fixed income futures	3,839	Less than a year	8		8
Liabilities					
Overseas fixed income futures	(1,413)	Less than a year		(9)	(9)
Total futures			**168**	**(9)**	**159**

Values at 31 March 2016	Asset £000s	Liability £000s	Net asset/ (liability) £000s
Total futures	**13**	**(5)**	**8**

Forward foreign exchange currency contracts
Foreign Exchange contracts held at the year-end are detailed further below:

Values at 31 March 2017 Settlements	Currency bought	Local value	Currency sold	Local value	Asset £000s	Liability £000s
1 to 6 months	JPY	132,430	USD	(1,161)	24	-
1 to 6 months	GBP	2,415	USD	(3,010)	15	(5)
1 to 6 months	GBP	2,357	EUR	(2,727)	22	-
1 to 6 months	USD	790	GBP	(638)	-	(7)
1 to 6 months	GBP	953	JPY	(132,202)	4	-
1 to 6 months	GBP	1,643	SEK	(18,010)	29	-
Total forward foreign exchange currency contracts					**94**	**(12)**

Values at 31 March 2016	Asset	Liability
Total forward foreign exchange currency contracts	**14,372**	**(14,580)**

Objectives and policies for holding derivatives
Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the fund and the various investment managers.

a) Futures
The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

b) Forward foreign currency
In order to maintain appropriate diversification and to take advantage of overseas investment returns, the fund's bond portfolio uses forward foreign currency contracts

10c. Equities

	2017 £000s	2016 £000s
UK equities	41,247	42,861
Europe	26,703	20,224
North America	76,552	54,077
Japan	18,045	9,228
Pacific (excluding Japan)	-	9,960
Emerging markets	19,730	6,007
	182,277	**142,357**

10d. Equity unit trusts

	2017 £000s	2016 £000s
UK	11,143	9,130
World	276,550	209,205
Emerging markets	10,983	8,155
	298,676	**226,490**

10e. Property unit trusts

	2017 £000s	2016 £000s
Commercial/industrial	63,689	62,529
Venture property	1,846	2,229
	65,535	**64,758**

10f. Property

	2017 £000s	2016 £000s
Opportunistic property	10,822	6,924
	10,822	**6,924**

The Fund has made a £20 million commitment to Brockton Property III Fund. £12 million remains uncommitted.

10g. Private equity

Investments in private equity funds are valued based upon the underlying investments within each fund. It is less easy to trade private equity than quoted investments. Therefore, when the assets are realised the amount received may not necessarily be the amount that they are valued at and any difference could be significant.

The Pension Fund has made 13 annual subscriptions into a private equity fund of funds manager. The Fund’s total commitment to these funds is $140 million (£112 million) of which $40 million (£33 million) remains uncommitted with $69 million (£55 million) being already distributed back to the Fund.

	2017 £000s	2016 £000s
Private equity	58,492	47,079
	58,492	**47,079**

10h. Infrastructure fund

A 25 euro million commitment has been made to the Antin III European infrastructure fund in December 2016.No purchases have been made but $250k has been drawn down for working capital. The Arcus Fund was sold in August 201 and therefore the balance at 31 March 2017 is nil.

10i. Other pooled unit trusts

	2017 £000s	2016 £000s
Developed markets equity long short fund	52,478	55,915
Events driven fund	69,439	55,958
Global macro fund	17,844	16,817
Inflation opportunities	40,739	35,497
Absolute bond fund	32,651	30,789
Multi-strategy	25,935	27,269
	239,086	**222,245**

10j. Cash & cash equivalents

	2017 £000s	2016 £000s
Cash held by fund manager	9,625	5,158
Cash held by custodian	23,274	3,616
Cash held with money market funds	21,507	27,964
Cash held in bank	-	43
	54,406	**36,781**

10k. Other investment balances

	2017 £000s	2016 £000s
Debtors		
Dividends and interest receivable	1,590	1,987
Tax recoverable	464	464
Amounts receivable on pending sales	256	362
Receivable for foreign exchange	-	49
	2,310	**2,862**
Creditors		
Amounts due on pending purchases	(165)	(715)
Investment management fees	(671)	(325)
Payables for foreign exchange	-	(49)
Other investment expenses	(60)	(15)
	(896)	**(1,104)**
Total other investment balances	**1,414**	**1,758**

11. Investment assets with a market value greater than 5% of net investment assets

Individual investment assets with a market value greater than 5% of net investment assets are as follows:

Manager	Mandate	Market Value as at 31 March 2017 £000s	%	Market Value as at 31 March 2016 £000s	%
Trilogy	Global equities	156,092	14.5	116,708	12.7
Blackrock	Aquila world index	135,502	12.6	101,462	11.1
MFS	Global equities	95,485	8.9	73,099	8.0
Blackrock	Index linked bonds	86,530	8.0	70,476	7.7
Western Asset	Corporate bonds	84,976	7.9	84,444	9.2
Adam Street Partners	Private equity	58,492	5.4	47,079	5.1
Lansdowne	Equities long/short	52,478	4.9	55,915	6.1

12. Investments managers within each class of security (including cash & investment balances)

Manager	Mandate	Market Value as at 31 March 2017 £000s	%	Market Value as at 31 March 2016 £000s	%
Fixed Income & derivatives		**171,505**		**154,919**	
Western Asset	Bonds	84,975	49.5%	84,443	54.5%
Blackrock	Index Linked Bonds	86,530	50.5%	70,476	45.5%
Equities		**189,757**		**146,419**	
Trilogy	Global equities	156,092	82.3%	116,708	79.7%
International Public Partnerships	Direct holding	33,665	17.7%	29,711	20.3%
Equities unit trusts		**298,740**		**226,525**	
Blackrock	Aquila UK	11,144	3.7%	9,130	4.0%
Blackrock	Aquila World index	135,537	45.4%	101,499	44.8%
Blackrock	Aquila Emerging markets	10,983	3.7%	8,155	3.6%
MFS	Global equities	95,485	32.0%	73,099	32.3%
LCIV Baillie Gifford	Global equities	45,591			
Lazard	Global equities	-	-	34,642	15.3%
Property		**76,357**		**74,988**	
RREEF	Property Venture 3	1,846	2.4%	5,534	7.4%
Blackrock	Property	34,218	44.8%	34,203	45.6%
Brockton	Opportunistic	10,822	14.2%	6,924	9.2%
Legal and General	UK property	29,471	38.6%	28,327	37.8%
Private equity		**58,492**		**47,079**	
Adam St Partners	Private equity	58,492	100.0%	47,079	100.0%
Infrastructure		**91**		**17,673**	
Arcus	Infrastructure Fund	-	-	17,673	100.0%
Antin	Infrastructure Fund	91			-
Other pooled unit trusts		**239,086**		**222,245**	
Lansdowne	Equities Long/short	52,478	21.9%	55,915	25.2%
York Capital	Event driven	18,827	7.9%	14,842	6.7%
Brevan Howard	Global macro	8,466	3.5%	16,817	7.6%
M&G	Inflation opportunities	40,739	17.0%	35,497	16.0%
Insight	Absolute bonds	32,651	13.7%	30,789	13.9%
Davidson Kempner	Global macro	26,683	11.2%	21,317	9.6%
Gruss	Global macro	23,929	10.0%	19,799	8.9%
CFM	Multi-strategy	25,935	10.8%	27,269	12.3%
Markham Rae	Global macro	9,378	3.9%		
		44,322		**27,659**	
Enfield	Cash	44,321	100.0%	27,659	100.0%
		1,078,349		**917,507**	

13. Analysis of net investment assets and liabilities over UK & overseas assets

2017	UK £000s	Overseas £000's	Total £000's
Fixed income securities & ILB	127,751	39,649	167,400
Derivative contracts	241	-	241
Equities	41,247	141,030	182,277
Equities - unit trusts	11,144	287,532	298,676
Property	76,357	-	76,357
Private equity	-	58,492	58,492
Infrastructure fund	-	-	-
Other pooled unit trusts	93,217	145,869	239,086
	349,957	**672,572**	**1,022,529**

2016	UK £000s	Overseas £000's	Total £000's
Fixed income securities & ILB	142,259	9,383	151,642
Derivative contracts	(200)	-	(200)
Equities	42,861	99,496	142,357
Equities - unit trusts	9,130	217,360	226,490
Property	71,682	-	71,682
Private equity	-	47,079	47,079
Infrastructure fund	-	17,673	17,673
Other pooled unit trusts	91,412	130,833	222,245
	357,144	**521,824**	**878,968**

Note: Where Investments are held by a non UK custodian, assets are categorised as overseas.

14. Analysis of net investment assets and liabilities for quoted & unquoted assets

2017	Quoted assets £000's	Unquoted assets £000's	Total £000's
Fixed income securities & ILB	167,400	-	167,400
Derivative contracts	241	-	241
Equities	182,277	-	182,277
Equity - unit trusts	298,676	-	298,676
Property	-	76,357	76,357
Private equity	-	58,492	58,492
Infrastructure fund	-	-	-
Other pooled unit trusts	-	239,086	239,086
	648,594	**373,935**	**1,022,529**

2016	Quoted assets £000's	Unquoted assets £000's	Total £000's
Fixed income securities & ILB	151,642		151,642
Derivative contracts	(200)		(200)
Equities	142,357		142,357
Equity - unit trusts	226,490		226,490
Property	--	71,682	71,682
Private equity	-	47,079	47,079
Infrastructure fund	-	17,673	17,673
Other pooled unit trusts	86,704	135,541	222,245
	606,993	**271,975**	**878,968**

15. Current assets

	2017 £000s	2016 £000s
Contributions due from employers	264	175
Contributions due from members	84	79
Pension strain costs	51	-
Payment of retirement grant in advance	70	130
	469	**384**
Cash balance	30	62
	30	**62**
Total current assets	**499**	**446**

16. Current liabilities

	2017 £000s	2016 £000s
Death benefits	(110)	(88)
London Borough of Enfield	(215)	(1,518)
Audit fee	(25)	(25)
Other	(13)	(11)
	(363)	**(1,642)**

17. Financial Instruments

a. Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category. No financial assets were reclassified during the account period.

	2016/17			2015/16		
Investment type	**Designated at Fair Value £000s**	**Loans & Receivables £000s**	**Financial Liabilities at amortised cost £000s**	**Designated at Fair Value £000s**	**Loans & Receivables £000s**	**Financial Liabilities at amortised cost £000s**
Financial Assets						
Fixed income	167,400			151,642		
Derivative contracts	262			14,385		
Equities	182,277			142,357		
Equity - unit trusts	298,676			226,490		
Property	76,357			71,682		
Private equity	58,492			47,079		
Infrastructure	-			17,673		
Other pooled unit trusts	239,086			222,245		
	1,022,550	**-**	**-**	**893,553**	**-**	**-**
Cash		54,406			36,843	
Other investment balances		1,846			2,862	
Debtors		499			384	
Financial Assets	**1,022,550**	**56,751**	**-**	**893,553**	**40,089**	**-**
Financial Liabilities						
Derivative contracts	(21)			(14,585)		
Other investment balances			(896)			(640)
Creditors			(363)			(1,642)
Financial Liabilities	**(21)**	**-**	**(1,259)**	**(14,585)**	**-**	**(2,282)**
Net Assets	**1,022,529**	**56,751**	**(1,259)**	**878,968**	**40,089**	**(2,282)**

b. Net gains and losses on financial instruments

The following table summarises the net gains and losses on financial instruments. As the majority of the financial assets and liabilities are recognised at fair value, these relate to gains or losses on disposal and changes in market value of investments.

	31 March 2017 £000's	31 March 2016 £000s
Fair value	159,018	20,214
Loans and receivables	2,014	357
	161,032	**20,571**

c. Fair value of financial assets and liabilities

The following table summarises the carrying values of the financial assets and financial liabilities by class of instrument compared with their fair values. The fair value may differ from the carrying value where an investment is in an asset that is not traded such as a local authority company. As at year end there was no difference between carrying value and fair value.

	Carrying value and fair value 31 March 2017 £000s	Carrying value and fair value 31 March 2016 £000s
Financial Assets		
Fair value	1,022,550	893,553
Loans and receivables	56,751	40,089
Total financial assets	**1,079,301**	**933,642**
Financial liabilities		
Fair value	(21)	(14,585)
Financial liabilities measured at amortised cost	(1,259)	(2,746)
Total financial liabilities	**(1,280)**	**(17,331)**
	1,078,021	**916,311**

d. Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Enfield Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP.

The values of the investment in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2017	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets Fair value	263,147	690,089	69,314	**1,022,550**
Total financial assets	**263,147**	**690,069**	**69,314**	**1,022,550**
Financial Liabilities Fair value		(21)		**(21)**
Total financial liabilities	**-**	**(21)**	**-**	**(21)**
Net financial assets	**263,147**	**690,068**	**69,314**	**1,022,529**

Values at 31 March 2016	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets Fair value	293,999	545,551	54,003	**893,553**
Total financial assets	**293,999**	**545,551**	**54,003**	**893,553**
Financial Liabilities Fair value	-	(14,585)	-	**(14,585)**
Total financial liabilities	**-**	**(14,585)**	**-**	**(14,585)**
Net financial assets	**293,999**	**530,966**	**54,003**	**878,968**

Sensitivity of assets valued at Level 3

The Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2017.

Asset type	Value as at 31st March 2017 £000s	Assessed valuation range	Value on increase £000s	Value on decrease £000s
Private equity- fund of funds	58,492	5%	+2,924	-2,924
Property -closed ended fund	10,822	2%	+216	-216
Total assets	**69,314**		**+3,140**	**-3,140**

Reconciliation of fair value measurements within Level 3

Asset type	Value as at 31st March 2016 £000s	Purchases during year £000s	Sales during year £000s	Unrealised gains* £000s	Realised gains £000s	Value as at 31st March 2017
Private equity- fund of funds	47,079	6,965	(9,030)	7,102	6,376	58,492
Property -closed ended fund	6,924	2,000	-		-	10,822
Total	**54,003**	**8,965**	**(9,030)**	**7,102**	**6,376**	**69,314**

*Net of management fees £867k

There has been no transfer of assets between hierarchy levels.

The basis of valuation hierarchy

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the account period	Not required	Not required
Quoted bonds	Level1	Fixed interest securities valued at a market value based on current yields	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Overseas bond options	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments – not exchange traded closed ended funds	Level 2	Closing bid and offer prices are published. Closing single price where a single price is published	NAV based pricing set on a forward pricing basis.	Not required
Pooled investments – hedge funds	Level 2	Closing bid price where bid and offer prices are Published. Closing single price where single price published	NAV based pricing set on a forward pricing basis.	Not required
Private equity and infrastructure- equity	Level 3	Comparable valuation of similar companies	Price/Earnings or EBITDA multiple	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date.
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation	Existing lease terms and rentals Independent market research Nature of tenancies Covenant strength for existing tenants Assumed vacancy levels Estimated rental growth Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices

18. Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long term risk is that the Fund's assets will be insufficient to meet its liabilities to members. The Fund maintains positions in a variety of financial instruments, as dictated by the Statement of Investment Principles (SIP) with the aim of minimising the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio.

Consequently, the Fund is exposed to credit and liquidity risk, as well as market risk including foreign exchange and interest rate risk. A policy of diversification for its asset classes and investment managers helps the Fund to lower risk arising from financial instruments. Benchmarks for asset allocation and targets against which investment managers are expected to perform are further measures put in place to manage risk.

The management of risk is a key objective of the Fund and is part of the ongoing decision making process for the Pension, Policy & Investment Committee. Risk management policies, such as the Risk Register for the Pension Fund, identify and analyse the risks faced by the Council's pensions operations. Measures to control and manage risks are also included within the risk register. Polices and the Risk Register are reviewed by the Pension Board and also on a more frequent basis as required.

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, foreign exchange risk and other price risk. The Fund holds a variety of investments which expose it to market risk and details of the Fund's investment portfolio are set out in Note 10.

The Fund manages exposure to market risk in the following main areas:

- Regularly reviewing the pension fund investment strategy.
- Regular monitoring of asset allocation and investment performance.
- A policy of security and manager diversification.

On a daily basis Investment Managers will manage market risk in line with policies and procedures put in place in the Investment Manager Agreement and ensure the agreed limit on maximum exposure to any one issuer or any class of asset is not breached.

b. Other price risk

Other price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk).

Price risk is managed by constructing a diversified portfolio of investments traded on various markets. The Pension Board regularly reviews its asset allocation policy and seeks to diversify the assets that it holds. Diversification helps to ensure that the Fund has a balance of investments which offer different levels of risk and return. Pooled Funds are used where these represent the most efficient means of investing in an asset class. The breakdown between managers and asset class can be seen in Note 10.

Other price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome will depend largely on funds' asset allocations.

Asset Type	Potential market Movements (+/-) 2016/17	Potential market Movements (+/-) 2015/16
Equities	9%	6%
UK bonds	4%	4%
Overseas bonds	4%	4%
Index linked	4%	4%
Pooled property	5%	5%
Other pooled unit trusts*	4%	4%
Cash and cash equivalents	0%	0%

*Includes: Hedge funds, Infrastructure funds & Private equity.

The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years. This can then be applied to the period end asset mix as follows:

Asset Type Investment portfolio assets:	Balance at 31 March 2017 £000s	Change	Value on increase £000s	Value on decrease £000s
Equities & private equity	539,445	9%	+48,550	-48,550
UK bonds	39,413	4%	+1,577	-1,577
Overseas bonds	41,457	4%	+1,658	-1,658
Index linked	86,530	4%	+3,461	-3,461
Property	76,357	5%	+3,818	-3,818
Other pooled u/t & infrastructure	239,086	4%	+9,563	-9,563
Cash and cash equivalents	54,406	0%	-	-
Other investment balances	1,414	0%	-	-
Derivatives (Net)	241	0%	-	-
Total assets available to pay benefits	**1,078,349**		**+68,627**	**-68,627**

Asset Type Investment portfolio assets:	Balance at 31 March 2016 £000s	Change	Value on increase £000s	Value on decrease £000s
Equities & private equity	415,674	6%	+37,433	-37,433
UK bonds	63,161	4%	+2,435	-2,435
Overseas bonds	9,097	5%	+455	-455
Index linked	79,384	4%	+3,175	-3,175
Property	71,480	5%	+3,584	-3,584
Other pooled u/t & infrastructure	239,918	4%	+9,597	-9,597
Cash and cash equivalents	36,781	0%	-	-
Other investment balances	1,757	0%	-	-
Derivatives (Net)	(200)	0%	-	-
Total assets available to pay benefits	**917,052**		**+56,679**	**-56,679**

The calculations assume that these changes occur immediately. In practice any changes will occur over time and the actual funding level will therefore also be affected by a number of factors including further benefit accruals, contributions and differences between expected and actual investment returns. The calculations assume that all other factors and assumptions, in particular exchange rates, remain unchanged.

c. Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant bench mark. Investment Managers will also manage interest rate risk in line with policies and procedures put in place in the Investment Manager Agreement. Pension Fund cash held by the Administering Authority is invested in accordance with the Treasury Management Strategy.

The Fund's direct exposure to interest rate movement as at 31 March 2017 and 31 March 2016 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2017 £000s	31 March 2016 £000s
Cash deposits	54,406	36,781
Cash balances	30	62
Fixed interest securities	167,400	151,642
Total	**221,836**	**188,485**

d. Interest rate risk - sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100 basis points (bps) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effects in the year on the net assets available to pay benefits of a +/- 100 bps change in interest rates:-

Asset Type	Carrying amount as at 31 March 2017	Change in year in the net assets available to pay benefits	
		+100 bps	-100 bps
	£000s	£000s	£000s
Cash deposits	54,406	+544	-544
Cash balances	30	+3	-3
Fixed interest securities	167,400	-	-
Total	**221,836**	**+547**	**-547**

Asset Type	Carrying amount as at 31 March 2016	Change in year in the net assets available to pay benefits	
		+100 bps	-100 bps
	£000s	£000s	£000s
Cash deposits	36,781	+368	-368
Cash balances	62	+6	-6
Fixed interest securities	151,642	-	-
Total	**188,485**	**+374**	**-374**

e. Currency risk

The Pension Fund may invest in financial instruments and transact in denominated currencies other than its functional currency (£UK). As a result the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse impact on the portion of the Fund's assets or liabilities denominated in currencies other than sterling.

Investment Managers will manage foreign exchange risk by the means of passive hedging and enter into forward currency contracts to protect assets which have exposure to currencies other than sterling.

The following table summarises the Fund's fair value exposure to assets denominated in currencies other than pound sterling as at 31 March 2017 and as at the previous period end.

Currency Exposure	Asset Value as at 31 March 2017 £000s	Value on 5% increase £000s	Value on 5% decrease £000s
Australian Dollar	979	+49	-49
Brazilian Real	2,473	+124	-124
China Renminbi	2,508	+125	-125
Danish Krone	713	+36	-36
Euro	53,850	+2,693	-2,693
Hong Kong Dollar	1,972	+99	-99
Indian Rupee	4,467	+223	-223
Japanese Yen	18,078	+904	-904
Mexican Peso	665	+33	-33
Norwegian Krone	767	+38	-38
Russian Rouble	840	+42	-42
Singapore Dollar	1,117	+56	-56
South Korean Won	6,457	+323	-323
Swedish Krona	1,846	+92	-92
Swiss Franc	2,210	+111	-111
Taiwan Dollar	1,939	+97	-97
US Dollar	225,462	+11,272	-11,272
Total currency exposure	**326,343**	**+16,317**	**-16,317**

Currency Exposure	Asset Value as at 31 March 2016 £000s	Value on 5% increase £000s	Value on 5% decrease £000s
Brazilian Real	2,496	+125	-125
Canadian Dollar	1,417	+71	-71
China Renminbi	3,145	+157	-157
Danish Krone	1,024	+51	-51
Euro	38,435	+1,922	-1,922
Hong Kong Dollar	1,981	+99	-99
Indian Rupee	3,078	+154	-154
Japanese Yen	9,228	+461	-461
New Taiwan Dollar	1,484	+74	-74
Norwegian Krone	637	+32	-32
Russian Rouble	762	+38	-38
South Korean Won	3,487	+174	-174
Swedish Krona	2,557	+128	-128
Swiss Franc	2,941	+147	-147
US Dollar	166,000	+8,300	-8,300
Total currency exposure	**238,672**	**+11,933**	**-11,933**

This analysis assumes that all other variables, in particular interest rates, remain constant and that these changes occur immediately. In practice any changes will occur over time.

f. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The market value of investments generally reflects an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The Pension Fund reviews its exposure to credit and counterparty risk through its external Investment Managers by the review of the Managers' annual internal control reports to ensure that Managers exercise reasonable care and due diligence in their activities for the Pension Fund, such as in the selection and use of brokers, clearing houses, counterparties and other appointees with whom transactions on behalf of the Fund take place.

A counterparty rating is one measure of credit risk. The carrying amounts of investment assets best represent the maximum credit risk exposure at the Net Asset Statement date.

A majority of the assets of the Fund are held by the Custodian, Northern Trust securities held by the Custodian to be delayed or limited. Cash not forming part of the investment assets is held in the Fund's current accounts with the HSBC and Goldman Sachs money market fund.

The Pension Policy & Investment Committee and senior officers monitor this risk by monitoring the credit rating and financial positions of the Custodian and banks the Fund uses.

Any excess cash from the Fund's bank accounts is invested in accordance with the Pension Fund's Treasury Management Strategy, prepared in accordance with the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice. The Treasury Management Strategy sets out the criteria for investing and selecting investment counterparties and details the approach to managing risk for the Fund's exposure.

Summary	**Fitch rating**	**2017 £000s**	**2016 £000s**
Cash (current Assets)			
HSBC	AA-	30	62
		30	**62**
Cash deposits (Investment assets)			
HSBC	AA-	-	43
Goldman Sachs money market fund	AAAm	21,472	27,929
Blackrock money market fund	AAAm	35	35
Cash held by fund managers and custodian	AA-	32,899	8,774
Investment cash		**54,406**	**36,781**
Total		**54,436**	**36,843**

g. Liquidity risk

Liquidity risk corresponds to the Pension Fund's ability to meet its financial obligations when they fall due with sufficient and readily available cash resources.

The Fund has holdings in private equity, hedge funds infrastructure funds, and property funds which can be considered 'illiquid'. The Fund, however, has sufficient investments that are of listed securities (on major security exchanges) which are considered readily realisable.

The Fund maintains investments in cash and cash equivalents outside of the investment assets held by the Custodian that are highly liquid and can be used for payables and expenses such as pension payments, transfers out, etc. The Fund's cash position is monitored on a daily basis by both the pension administrator and the Financial Services team of the Council

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The Pension Board with the Fund's Actuary regularly review the Funding Strategy which considers the results of the triennial valuations to ensure the long-term solvency of the Fund as a whole, and that sufficient funds are available to meet all benefits as they fall due for payment. This ensures that sufficient cash reserves are available to meet forecasted cash outflows.

19. Related party transactions

The Fund is administered by the London Borough of Enfield. The Council is also the single largest employer of members of the pension fund and contributed £27 million to the Fund in 2016/17 (£30.9 million in 2015/16). Consequently there is a strong relationship between the Council and the Pension Fund.

At year end the Pension Fund owed the London Borough of Enfield £215k (£1,518k in 2015/16).

Scheduled and admitted bodies owed the Fund £400k (£254k in 2015/16) from employer & employee contributions. All payments received before 19th April 2017.

The Council incurred administration costs; it also pays for pensioners payments on behalf of the Fund. These costs are consequently reimbursed by the Fund.

During the year, no member or Council Officer with direct responsibility for pension fund issues had undertaken any declarable material transactions with the Pension Fund. Each member of the Pension Board is required to declare their interests at meetings.

The Council has decided that Councillors should not be allowed to join the LGPS scheme and receive pension benefits from the Fund. Councillor Taylor, a member of the Pension Policy & Investment Committee, is also a Governor of Capel Manor, a Scheduled body. Councillor Simon's wife is a pensioner within the Fund and is a trustee with the ELT academy. No allowances are paid to Members directly in respect of the Pension Policy & Investment Committee. The Chair of the Pension Policy & Investment Committee however, is paid a special responsibility allowance.

The key management personnel of the fund are: the Pensions manager, Head of Finance and Head of Exchequer Services. As required by paragraph 3.9.4.2 of the CIPFA code of practice 2016/17 the figures below show the change in value of post-employment benefits provided to these individuals over the accounting year.

	2017 £000s	**2016 £000s**
Short- term benefits	62	61
Post-employment benefits- increase/decrease in IAS19	192	(27)
	254	**34**

20. Actuarial position

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Enfield Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2016 by Aon Hewitt Limited, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

- **Actuarial Position**

- The valuation as at 31 March 2016 showed that the funding ratio of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2016 (of £916.3M) covering 87% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.

- The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2017 was:
- 17.7% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date, (the primary rate)
- Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 19 years from 1 April 2017 (the secondary rate), equivalent to 5.1% of pensionable pay (or £7.8M in 2017/18, and increasing by 3.5% p.a. thereafter).
- In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon Hewitt Limited's report dated 27 March 2017 (the "actuarial valuation report"). In addition to the contributions shown above, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.
- The funding plan adopted in assessing the contributions for each individual employer or group was in accordance with the Funding Strategy Statement in force at the time. The approach adopted, and the recovery period used for each employer, was agreed with the Administering Authority reflecting the employers' circumstances.
- The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	
• Scheduled body funding target *	4.5% p.a.
• Orphan body funding target	4.1% p.a.
Discount rate for periods after leaving service	
• Scheduled body funding target *	4.5% p.a.
• Orphan body funding target	2.5% p.a.
• Rate of inflationary pay increases (additional allowance made for promotional increases)	3.5% p.a.
• Rate of increase to pension accounts	2.0% p.a.
• Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.0% p.a.

- The scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.
  - In addition the discount rate for orphan liabilities (i.e. where there is no scheme employer responsible for funding those liabilities) was 2.1% p.a. in service and left service.
  - The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2P Light mortality tables with appropriate scaling factors applied based on the mortality experience of members within the Fund and included an allowance for improvements based on the Continuous Mortality Investigation (CMI) 2014 Core Projections with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 were

	Men	Women
• Current pensioners aged 65 at the valuation date	24.3	26.9
• Future pensioners aged 45 at the valuation date	26.3	29.2

- The assets were valued at market value.
- Further details of the assumptions adopted for the valuation were set out in the actuarial valuation report.

- The valuation results summarised above are based on the financial position and market levels at the valuation date, 31 March 2016. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.
- The actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2017 to 31 March 2020 were signed on 27 March 2017. Contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2019 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
- This Statement has been prepared by the current Actuary to the Fund, Aon Hewitt Limited, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2016. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.
  - This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.
  - Aon Hewitt Limited does not accept any responsibility or liability to any party other than our client, London Borough of Enfield, the Administering Authority of the Fund, in respect of this Statement.

21. Actuarial position in accordance with International Financial Reporting Standards

IAS 26 requires the "actuarial present value of the promised retirement benefits" to be disclosed, which is the IAS 26 terminology for what IAS 19 refers to as the "defined benefit obligation".

The information set out below relates to the actuarial present value of the promised retirement benefits in the Fund which is part of the Local Government Pension Scheme. The Fund provides defined benefits, based on members’ Final Pensionable Pay.

The results at as 31 March 2016, together with the 2013 figures are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

Actuarial present value of promised retirement benefits

Fair value of assets

	31 March 2016 £m	**31 March 2013 £m**
Fair value of net assets	**916.3**	**731.2**
Actuarial present value of promised retirement benefits	**(1,229.3)**	**(1,050.4)**
Deficit in the Fund as measured for IAS26 purposes	**(313.0)**	**(319.2)**

Assumptions
The latest full triennial valuation of the Fund's liabilities was carried out as at 31 March 2016. The principal assumptions used by the Fund's independent qualified actuaries were:

	31 March 2016 (% p.a.)	31 March 2013 (% p.a.)
Discount rate	**3.4**	**4.4**
RPI inflation	**2.9**	**3.4**
CPI inflation (pension increases)*	**1.8**	**2.4**
Rate of general increases in salaries**	**3.3**	**3.9**

**In excess of Guaranteed Minimum Pension increases in payment where appropriate*
***In addition, for the same age related promotional salaries scales as used at the actuarial valuation of the Fund, as at the appropriate.*

Principal demographic assumptions

Males	**31 March 2016**	**31 March 2013**
Base table	Standard SAPS S2P Light amounts (S2PMA_L)	Standard SAPS normal health light amounts (S1NMA_L)
Rating to be above base table (years)*	0	0
Scaling to above base table rates **	95%	100%
Allowance for future improvements*	CMI 2014 with a long term rate of improvement of 1.5%	CMI 2012 with a long term rate of improvement of 1.5%
Future lifetime from age 65 (currently aged 65)	24.3	24.3
Future lifetime from age 65 (currently aged 45)	26.3	26.4

Females	**31 March 2016**	**31 March 2013**
Base table:	Standard SAPS S2P Light amounts (S2PFA_L)	Standard SAPS normal health light amounts (S1NFA_L)
Rating to above table (years)*	0	0
Scaling to above base table rates **	80%	80%
Allowance for future improvements	CMI 2014 with a long term rate of improvement of 1.5%	CMI 2012 with a long term rate of improvement of 1.5%
Future lifetime from age 65 (currently aged 65)	26.9	27.5
Future lifetime from age 65 (currently aged 45)	29.2	29.8

* A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements. ** The scaling factors shown apply to normal health retirements.

Commutation

31 March 2016	31 March 2013
Each member was assumed to surrender pension on retirement, such that the total cash received including any accrued lump sum from pre 2008 service is 70% of the permitted maximum	Each member was assumed to surrender pension on retirement, such that the total cash received including any accrued lump sum from pre 2008 service is 70% of the permitted maximum

Key risks associated with reporting under IAS 26

Volatility of results

Results under IAS 26 can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA-rated corporate bonds, while a significant proportion of the assets of the Scheme are invested in equities. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension fund.

GMP equalisation

The Government intends that GMPs will be equalised in due course. At present it is not appropriate to allow for this in the accounts because the methodology for implementing the equalisation is uncertain. However, once the methodology is clarified, the defined benefit obligation will increase and it is likely that the associated cost will need to be recognised through the profit and loss account. As such, a risk exists as to the magnitude of the impact of equalizing.

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Results under IAS 26 can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA-rated corporate bonds, while a significant proportion of the assets of the Scheme are invested in equities. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension fund.

Choice of accounting assumptions

The calculation of the actuarial present value of the promised retirement benefits involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the surplus / deficit. As such, the Administering Authority should ensure that it understands the reasoning behind the assumptions adopted and are comfortable that they are appropriate. Furthermore, the Administering Authority should bear in mind that, as required by the accounting standard, the assumptions (with the exception of the discount rate) have been set so that they represent a best estimate of future experience from the Fund. In practice future experience within the Fund may not be in line with the assumptions adopted. This means that the liabilities shown in this report only represent one view of the future and the true position could be different from those shown. For example members could live longer than foreseen or inflation could be higher or lower than allowed for in the calculations.

Sensitivity of results to key assumptions

In order to understand the magnitude of the possible volatility in the balance sheet position and to understand which assumptions are most important in determining the size of the liabilities, it is helpful to understand how sensitive the results are to key assumptions.

GMP equalisation

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22. International Financial Reporting Standards in issue but not yet effective

There are no accounting standards that have been issued but are not yet effective that impact on the Enfield Council Pension Fund.

23. Contingent liability

The London Borough of Enfield has taken legal advice and requested that a claim be made on the Fund for a former employee (now a pensioner) that was found guilty of fraud against the London Borough of Enfield. The Council has made a £489k claim on the fund to recover the funds. The matter is under appeal.

24. Additional voluntary contributions (AVCs)

Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) regulations 2016, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Fund by the AVC provider are disclosed within transfers-in.

The current provider is Prudential. Funds held are summarised below:

	Opening Balance at 1st April 16 £000s	Contributions & Transfers £000s	Sums Paid Out £000s	Investment Return £000s	Closing Balance at 31 March 2017 £000s
With profits cash accumulation	**1,059**	333	(229)	-	**1,163**
Deposit fund statement	**760**	369	(322)	-	**807**
Discretionary fund	**442**	130	(67)	122	**627**
	2,261	**832**	**(618)**	**122**	**2,597**

25. Membership

All local government employees (except casual employees and teachers) are automatically entered into the Fund. However membership of the LGPS is voluntary and employees are free to choose whether to opt out, remain in the Fund or make their own personal arrangements outside the Fund.

Organisations participating in the Enfield Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The Fund consists of the employees of Enfield Council and the following bodies:

Scheduled bodies:
Capel Manor College
Hadley Academy
Enfield Academy
Aylward Academy
Cuckoo Hall Academy
Nightingale Academy
Kingsmead Academy
Enfield Grammar School Academy
Enfield Heights Academy
Ark John Keats Academy
Meridian Angel Primary School
Heron Hall Academy
Kingfisher Hall Academy
Woodpecker Hall Academy
Edmonton County Academy
Southgate School Academy
Enfield Learning Trust
Independence & Wellbeing Ltd

Admitted bodies:
Sodexo Limited
Enfield Voluntary Groups
NORSE
Metropolitan Support Trust
Fusion Lifestyle (previously Enfield Leisure)
Outward Housing
Birkin Services
BDI Securities UK Ltd

Admitted bodies with no active members
Fitzpatrick
Kier Group Services
Churchill
Hughes Gaidner
Equion Facilities Management

As at the 31 March 2017 the Fund Membership was 20,690 compared to 18,874 at 31 March 2016. This is analysed below:

	31 March 2017	31 March 2016
Current Members	7,447	7,312
Retired Members	5,265	4,964
Deferred Members	4,889	4,786
Frozen/Undecided	3,089	1,812
	20,690	**18,874**

The current members total includes Fund members where they have multiple jobs. Each employment is shown as a separate member.

A copy of the Pension Fund Annual Council's Statement of Investment Strategy Statement (ISS) and the Fund's compliance with the Government's compliance statement are all available on the Council's website www.enfield.gov.uk.

26. Critical judgements in applying accounting policies

In applying the accounting policies, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events.

Pension Fund Liability
The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The methodology used is in line with accepted guidelines and is in accordance with IAS 19. The estimated liability is subject to significant variance were there to be changes to the underlying assumptions. The assumptions used have been agreed with the actuary and are summarised in Note 21. The actuarial valuations are used to set future contribution rates and underpin the Fund's most significant investment management policies.

27. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Fund about the future or that are otherwise uncertain. Estimates are made taking into consideration historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 1.0% decrease in the discount rate assumption would result in an increase in the pension liability of 300m. A 1.0% increase in the real pensionable pay increase would increase the value of liabilities by approximately £50m, and a three-year increase in assumed life expectancy would approximately increase the liability by £90m. Other private equity and infrastructure
Other private equity	All other private equity and infrastructure investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Total private equity and infrastructure investments at fair value in the financial statements are £58m. There is a risk that this investment may be under or overstated in the accounts.

28. Accounting standards that have been issued but yet adopted.

The following new or amended Accounting Standards have been issued and are expected to be adopted in subsequent versions of the Code:-

- IFRS9 – Financial Instruments
- Amendment to the reporting of pension fund scheme transaction costs

29. External audit costs

The fees paid and payable to BDO LLP in respect of their audit of the Statement of Accounts,

	Audit for FY 16/17 £000s	**Audit for FY 15/16 £000s**
Fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for the year	(25)	(25)
	(25)	**(25)**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF ENFIELD COUNCIL

Opinion on the Council's financial statements

We have audited the financial statements of London Borough of Enfield Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the Authority and Group *Movement in Reserves Statements,* the Authority and Group *Comprehensive Income and Expenditure Statements,* the Authority and Group *Balance Sheets,* the Authority and Group *Cash Flow Statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement* and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of London Borough of Enfield Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Statement of Responsibilities of Auditors and Audited Bodies within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director of Finance, Resources and Customer Services and auditor

As explained more fully in the Statement of the Executive Director of Finance, Resources and Customer Services Responsibilities, the Executive Director of Finance, Resources and Customer Services is responsible for the preparation of the Statement of Accounts, which comprises the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Finance, Resources and Customer Services; and the overall presentation of the financial statements. In addition, we read the financial and non-financial information in the document containing the audited financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of London Borough of Enfield Council as at 31 March 2017 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We have nothing to report in respect of the following other matters which the Code of Audit Practice (April 2015) requires us to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement meets the disclosure requirements set out in the guidance 'Delivering Good Governance in Local Government: Framework' (2016 Edition) published by CIPFA/SOLACE or is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit;
- we designate under section 24 of the Local Audit and Accountability Act 2014 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

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

Respective responsibilities of the Council and auditor

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the National Audit Office.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteron, published by the National Audit Office in November 2016, as to whether in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The National Audit Office has determined this criterion as necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office in November 2016, we are satisfied that, in all significant respects, London Borough of Enfield Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to conclude on objections to the accounts received from local government electors. We are satisfied that these matters do not have a material effect on the financial statements or on our value for money conclusion.

BDO LLP

David Eagles
For and on behalf of BDO LLP, Appointed Auditor

Ipswich, UK

24 October 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF ENFIELD PENSION FUND ON THE PENSION FUND FINANCIAL STATEMENTS

We have audited the pension fund financial statements of London Borough of Enfield Pension Fund for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the fund account, the net assets statement and the related notes. The framework that has been applied in the preparation of the pension fund financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of London Borough of Enfield, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Statement of Responsibilities of Auditors and Audited Bodies within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director of Finance, Resources and Customer Services and auditor

As explained more fully in the Statement of the Statement of the Executive Director of Finance, Resources and Customer Services Responsibilities, the Executive Director of Finance, Resources and Customer Services is responsible for the preparation of the Council's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law, the Code of Audit Practice and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Finance, Resources and Customer Services; and the overall presentation of the financial statements. In addition, we read the financial and non-financial information in the Introduction to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

AUDIT OPINION

Opinion on pension fund financial statements

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of London Borough of Enfield Pension Fund during the year ended 31 March 2017 and the amount and disposition of the fund's assets and liabilities as at 31 March 2017, other than the liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion:

- the information given in the Introduction for the financial year for which the financial statements are prepared is consistent with the pension fund financial statements; and
- the information in the pension fund financial statements is consistent with the Council's financial statements.

BDO LLP

David Eagles
For and on behalf of BDO LLP, Appointed Auditor

Ipswich, UK

24 October 2017

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GLOSSARY OF TERMS

ACCRUALS	Amounts charged to the accounts for goods and services received during the year for which payments or transfers of economic benefit are expected to be made in the next or a subsequent reporting period. Amounts credited to the accounts for goods and services provided during the year for which payments or transfers of economic benefit are expected to be received in the next or subsequent reporting period.
ACTUARY	A specialised Professional who calculates projections for pensions and insurance purposes.
AMORTISE	To liquidate (a debt, such as a mortgage) by instalment payments, or payment into a sinking fund; or to write off an intangible asset by pro-rating the cost or income over the life of the related asset.
APPROPRIATION	The assignment of revenue to a specific purpose.
BALANCE SHEET	A formal statement of the assets, liabilities and reserves of the Council.
CAPITAL EXPENDITURE	Payments for the acquisition, replacement or enhancement of assets that are considered to be of benefit to the Council over a period of more than one year, e.g. buildings and land, vehicles and equipment. Payments of grants and financial assistance to third parties towards the cost of capital expenditure. Expenditure that is classified as capital following a ministerial direction, e.g. capitalised redundancy costs.
CAPITAL FINANCING REQUIREMENT (CFR)	The measure of the Council's underlying need to borrow in order to fund capital expenditure.
CAPITAL ADJUSTMENT ACCOUNT	This reserve includes amounts set aside from revenue, capital receipts and capital grants to fund capital expenditure and makes contributions in the Movement in Reserves Statement to offset net depreciation charges included in the Comprehensive Income and Expenditure Statement.
CAPITAL GRANTS	Grant received from Government departments, other statutory bodies and external parties to finance capital expenditure.
CAPITAL RECEIPTS	Income received from the sale of land, buildings and other capital assets.
COLLECTION FUND	A separate account that discloses the income and expenditure relating to Council Tax and National Non Domestic Rates.
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	A statement showing the net cost for the year of all the services for which the Council is responsible and how that cost has been financed from general government grants and income from local taxpayers.
CONTINGENT LIABILITY	A possible liability at the Balance Sheet Date to transfer future economic benefit to a Third Party, where the existence of the liability is subject to one or more future uncertain events that are outside the control of the Council.
COUNCIL TAX	A local tax on domestic property values.

CREDITORS	Amounts owed by the Council for goods received or services provided but not yet paid for as at 31 March 2016.
DEBTORS	Amounts owed to the Council but not received at 31 March 2016.
DEPRECIATION	The consumption of an asset's economic value due to normal wear and tear and deterioration in the day to day provision of services.
EARMARKED RESERVES	Reserves set aside from revenue funding to meet future expenditure for specific purposes.
EXPENDITURE	Activity which has been charged to the Accounts. This includes payments physically made, creditors and capital charges such as depreciation and impairment.
FUNDED SCHEME	A pension scheme that is supported by a fund of money, which is maintained at a level sufficient to meet all future liabilities under the scheme.
GENERAL FUND	A statutory account that summarises the cost of providing Council services. It excludes the provision of council housing.
GROSS EXPENDITURE	The total cost of providing a service or activity before taking into account income, e.g. from government grants or fees and charges.
HOUSING REVENUE ACCOUNT (HRA)	A statutory account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.
IMPAIRMENT	Additional charges above normal depreciation representing the reduction in asset values arising from a fall in market values or deterioration/obsolescence.
INTEREST	The amount received or paid for the use of a sum of money when it is invested or borrowed.
INCOME	The Inflow of resources to the Council which has been recognised and recorded in the accounts. This includes actual receipts, plus debtors.
MATERIALITY	Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements (International Accounting Standards Board Framework). Materiality therefore relates to the significance of transactions, balances and errors contained in the financial statements. Materiality defines the threshold or cut off point after which financial information becomes relevant to the users. Information contained in the financial statements must therefore be complete in all material respects (both qualitative and quantities) in order for them to present a true and fair view of the affairs of the entity.
MINIMUM REVENUE PROVISION	The statutory minimum amount that the Council must charge to revenue to provide for the reduction in the Capital Financing Requirement.

NON-DOMESTIC RATES (NDR)	Also known as Business Rates, this is a flat rate in the pound set by Central Government and levied on businesses in the borough. The money is essentially collected by Enfield and then passed to Central Government, which reallocates the income to all councils in proportion to their population. Under the Localism Act, a Business Rates Retention Scheme was introduced in April 2013, under which the Council gets to retain a proportion of new Business Rate Income, without having to pool to Central Government.
NET EXPENDITURE	Expenditure less income.
NON CURRENT ASSETS	Tangible and intangible assets that yield benefits to the Council and the services it provides for a period of more than one year.
PRECEPT	A charge on the Collection Fund by the Greater London Authority.
PRIOR YEAR ADJUSTMENT	An adjustment applicable to prior years arising from changes in accounting policies or from the correction of material errors.
PROVISION	An amount set aside for liabilities and losses, which are likely to be incurred, but where the exact amount and the date on which they will arise is uncertain.
PUBLIC WORKS LOANS BOARD	Central Government agency, which is used to fund local government borrowing.
REVENUE EXPENDITURE	Spending on day-to-day items including salaries and wages, premises costs, and supplies and services.
REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE	Expenditure of a capital nature not in connection with a Council-owned asset e.g. private sector renewal grants, Disabled Facilities Grants and funding for Voluntary Aided Schools.
REVENUE SUPPORT GRANT	The main grant paid by Central Government to the Council towards the cost of all its services.
RESERVES	The difference between cumulative income and cumulative expenditure. Reserves are resources available to the Council.
SUPPORT SERVICES	These are services provided centrally in support of the corporate management of the Council and the delivery of front line services. They include financial, legal, HR, IT, property and general administrative support services.
UNFUNDED SCHEME	A superannuation scheme that is not supported by a fund of money.