London Borough of Enfield

Statement of Accounts 2017/18

James Rolfe
Executive Director of Resources

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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 Resources;
- 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 RESOURCES' RESPONSIBILITIES

The Executive Director of Resources 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 Resources 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 Resources 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 RESOURCES

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

- The Financial Position of the Authority as at 31 March 2018, and
- The Authority's Income and Expenditure for financial year 2017/18

Signed	Signed
James Rolfe Executive Director of Resources	Cllr George Savva Vice Chair of Audit & Risk Management Committee
26 July 2018	26 July 2018

1. INTRODUCTION

The Statement of Accounts summarises the financial performance for financial year 2017/18 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 2017/18 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 largest Subsidiary Company, Housing Gateway Ltd.

2. REVIEW OF THE YEAR

One of the Council's key financial objectives is to keep Council Tax increases as low as possible, whilst ensuring that the Council provides quality services that continue to meet the changing and growing needs and expectations of service users. In setting the budget for 2017/18 the Council made the decision to reduce the impact of funding cuts on services through raising Council Tax by the maximum allowed within the referendum limit. For 2017/18 this was 1.99% plus a 3% Adult Social Care precept. These increases plus a package of savings measures enabled the Council to set a balanced budget at the Council meeting on February 28th 2017, with minimum impact on front line services.

The Local Government Finance Settlement (LGFS) 2017 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. However, additional funding for Adult Social Care was announced in the Spring 2017 budget. Enfield's additional allocations were £5.7m for 2017/18, £3.7m in 2018/19, and £1.8m in 2019/20. A further £1.3m was received in respect of a new specific grant, Adult Social Care Support Grant. The profile of the allocations is intended to even out the allocations in the original Better Care Fund allocations, which were back loaded towards the end of the four-year settlement period. The funding from the ASC precept and additional grant funding announced by the Government were used by the Council directly on maintaining and improving provision of Adult Social Care.

In February 2016 the Government announced its intention to review the way local authorities are funded via a "Fair Funding Review". Government funding for local authorities is based on an assessment of their needs and their 'resources' (amounts raised locally, e.g. council tax). The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the new 50% business rates retention system in 2013/14. The Government has stated that the aims of the review are primarily to set new funding baselines for local authorities in England, aiming for implementation in 2020/21, and to replace the current methodology for determining funding baselines, 'relative needs assessment' and how to adjust for differences in resources.

Enfield Council has been making the case with Government for many years for a fairer share of national funding. Cabinet and lead members have been actively involved, including meeting Ministers to make the case for Enfield. Local community groups, such as Enfield's Over 50s Forum, have been key partners in our campaign, helping to promote the issues with residents. In March we hosted a cross party Fair Funding for Enfield conference which brought together local politicians and partner organisations in order to promote our common interests. We will continue to lobby for fair funding for Enfield as the Government develops its proposed funding reforms.

During 2017/18 Enfield has continued to pursue an innovative agenda of maximising commercial opportunities that can benefit the borough's residents through lower costs or improvements in services.
For example, the Council set up Montagu 406 Regeneration limited liability partnership, a special purpose vehicle, with Henry Boot Developments Ltd, to undertake the regeneration of the Montagu Industrial Estate and to secure wider social, economic and environmental regeneration benefits (including enhanced employment opportunities) for the benefit of the existing and new residents. Further properties were also acquired by the Council's subsidiary company Housing Gateway Ltd, which are used to house homeless families and reduce the cost of temporary accommodation.

A balanced outturn position was delivered for 2017/18 with no need to call on general fund balances, as overspends on service budgets were offset by savings achieved in corporate budgets, notably interest payments. This was a good achievement against a backdrop of continued austerity and rising inflation enabling us to make the planned contribution to risk and smoothing reserves to add resilience to finances for the future. However, it is important that service budgets are put onto a sustainable footing as some of these savings are one-off and will not be available to offset future overspends.

The Council is committed to developing and maintaining a performance focused culture across the organisation. At a strategic level effective performance management enables us to measure the progress in achieving our high-level priorities and outcomes and improving the lives of everybody who lives, works, studies in or visits Enfield. At an operational level performance management ensures that in a time of reducing resources and increasing demand, accurate up-to-date performance data and analysis is available to support the delivery of the quality, value for money services that address our residents' needs. Regular reporting on performance ensured that the Council at all levels was informed on the progress being made in delivering our priorities and that under-performance was identified early and remedial action implemented.

The Corporate Performance Scorecard, which was presented quarterly to the Executive Management Team and Cabinet, contained performance measures that are grouped under the Council's 2010 -2018 three strategic aims, Fairness for All, Growth and Sustainability and Strong Communities.

At the end of March 2018, 83 performance indicators were reported, of which 74 have targets. Of these, 41 (55.4%) are at green; 18 (24.3%) are at amber; and only 15 (20.3%) are at red[1], in spite of decreasing resources and increasing demand. The latter include crime targets over which the Council has no control, but which are provided for information and to inform our discussions with the Metropolitan Police

The Council continues to set stretching targets, which means that not all targets will automatically be hit each year. In striving to continually improve performance, comprehensive performance reports are considered regularly by Departmental Management Teams where underperformance is analysed in more detail; the reasons for variance in performance discussed; and, where there is under-performance, mitigating actions put in place. Portfolio holders are also briefed regularly on the performance of services in their areas of responsibility. As a result, 55.3% of all performance indicators met or exceeded their targets in 2017/18 and overall performance has been maintained compared to 2016/17, despite increasing demand and continuing financial restraints. This represents a real achievement in a challenging environment.

For additional information see the Performance Report as published for 4th July 2018 Cabinet Committee [2017/18 Year End Corporate Performance Report]

3. KEY FACTS ABOUT ENFIELD

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

London's most northerly borough, Enfield is 12 miles from the centre of London and covers an area of 31.7 square miles.

Enfield has the 5th highest population in London with 339,000 residents, including 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 people from across the world. 178 languages or dialects are spoken.

Life expectancy is above the London and UK averages but health outcomes vary significantly across the borough. 50% of our wards are amongst the 20% most deprived in England, while others are relatively affluent.

Enfield is the 12th most deprived borough in London on the 2015 IMD (Indices of Multiple Deprivation) rank of score measure.

As at August 2015, 22.0% of children in Enfield were in low income families. This was the 10th highest figure in London and the 36th highest in England. Enfield had 19,025 children living in low income families, more than any other London borough (Source: HMRC).

As at December 2017, Enfield housed 3,313 households in temporary accommodation – the 2nd highest number in the country (Source: MHCLG). This included 5,579 children or expected children in temporary accommodation (the 2nd highest number in the country).

The number of older people in Enfield has risen from 37,000 in 2005 to 42,600 by 2016 (ONS mid-year estimates).

Enfield Council:

- maintains over 364 miles of highways and 130 parks and open spaces
- runs 17 libraries, 2 museums and 2 theatres
- provides 10,260 council homes
- recycles over 44,000 tons of waste every year and collects a further 88,000 tons of non-recycled waste (DEFR, 2016-17)
- provided long term support for over 5,300 adults

[1] Performance is rated at green if it is on or exceeding the target; amber where the target has been narrowly missed; and red where performance is significantly below the target set for the year.

- looks after 346 children who are in our care (May 2018)
- is delivering a range of regeneration initiatives, including the £6bn, 80 hectare Meridian Water scheme which will provide up to 10,000 homes and 3,000 jobs
- Operates 4 leisure centres, a pool and a bowls hall via a contract with leisure provider Fusion

4. FINANCIAL PERFORMANCE

Revenue Budget Outturn 2017/18

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

Table 1: Revenue Outturn Position	Budget 2017/18 £m's	Actual 2017/18 £m's	Variance 2017/18 £m's
Service Expenditure			
Housing, Health and Adult Social Services	77.3	79.5	2.2
Finance Resources and Customer Services	44.5	45.5	1.0
Regeneration & Environment	21.4	20.3	(1.1)
Schools and Children's Services	42.2	44.5	2.3
Chief Executive	9.1	7.6	(1.5)
Net Service Expenditure	**194.5**	**197.4**	**2.9**
Corporate Expenses			
Corporate Expenses, Reserves & Provisions	4.9	8.8	3.9
Capital Financing and Treasury Management	21.6	16.6	(5.0)
Levies & Joint Arrangements	7.5	7.4	(0.1)
Corporate Funding			
Revenue Support Grant	(34.0)	(34.0)	0.0
Business Rate Top-Up	(36.9)	(36.9)	0.0
Local Business Rates	(36.3)	(37.1)	(0.8)
Specific Grants	(7.4)	(8.3)	(0.9)
Collection Fund Deficit	0.3	0.3	0.0
Council Tax Receipts	(114.2)	(114.2)	0.0
Total Corporate Expenses & Funding	**(194.5)**	**(197.4)**	**(2.9)**
Transfer to General Fund Balance	**0.0**	**0.0**	**0.0**

During 2017/18 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. There are also ongoing base pressures in other areas which will need to be addressed during 2018/19. The Council is committed to containing its expenditure within budget and, where pressures become evident, action is taken in year to minimise the impact on the overall position whilst ensuring that the delivery of key services is not jeopardised.

A rigorous risk based monitoring of savings was implemented in 2017/18 to ensure early identification of potential shortfalls. This has resulted in the containment of service overspends within the overall revenue budget and has informed decisions made on future savings, helping us to develop a more sustainable budget. This approach will be continued and further developed in 2018/19 with regular reporting on the progress in achieving savings. The Council's General Fund balance remains the same as 2016/17 at £14.0m (excluding Earmarked Reserves and balances attributable to schools' delegated budgets). This has been assessed by the Executive Director of Resources as being the minimum needed to protect the Council from future financial risks. Planned contributions to reserves were achieved at year end, including contributions made to the risk reserve, capital financing reserves and corporate funding reserves which will increase the Council's financial resilience going forward.

Information is provided in Note 22, the 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.

The HRA general balance, excluding Earmarked Reserves, reduced by £2.1m. Transfers from Earmarked Reserves totalled £7.1m for the year, this being mainly due to the increase in Right to Buy sales which generated receipts that needed to be match funded by the HRA in order to be utilised. This reduction in reserves is planned and built into the 30 year business plan. The full details of the Housing Revenue Account and the movements on that account are set out on pages 80 to 84.

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. This strategy provides better value for money in periods of low interest rates such as we are currently experiencing.

In 2017/18, the Council has borrowed £133.6m 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 £24.2m to the Council's wholly owned company Housing Gateway Ltd (HGL) to purchase property to help meet increasing demand for temporary accommodation. The council also increased its loan to Energetik by £2m, increasing it to £6.2m as at year end.

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 2017/18, net borrowing had increased by £131.5m to £681.8m, with investments increasing from £4.5m to £15m.

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.

Table 2: Medium Term Financial Plan

	2018/19	**2019/20**	**2020/21**	**2021/22**
	£m's	**£m's**	**£m's**	**£m's**
Council Tax Base Provision	114.2	121.1	126.3	129.2
Inflation / pay Awards	3.6	5.6	4.5	4.5
Other Costs	2.1	1.0	0.0	0.0
Savings Identified	(8.6)	(0.4)	0.0	0.1
Reductions in Government Funding	12.0	6.4	0.0	0.0
Full Year Effects of Previous Years	2.4	2.0	5.5	0.0
Gap still to be found	0.0	(13.6)	(7.2)	(1.6)
Collection Fund	(4.5)	4.2	0.1	0.0
Council Tax Requirement	**121.1**	**126.3**	**129.2**	**132.2**
% Tax Charge Change	**4.99%**	**3.99%**	**1.99%**	**1.99%**

The Final Local Government Finance Settlement was announced on 6 February 2018. This confirmed the significant funding cuts set out in the four-year settlement for 2016/17 to 2019/20. Local government continues to face a disproportionate level of austerity compared to other parts of the public sector.The proposals in the 2018/19 budget report enabled the Council to balance the 2018/19 budget in the face of the funding cuts, whilst giving some protection to front line services and investing in key projects and priorities. The funding gap in future years demonstrates the difficult service decisions ahead as central government funding reductions continue to reduce the resources available to meet increasing service demands. For 2018/19 a general council tax increase of 2.99% per annum plus 2% for the Adult Social Care precept was agreed at Council in February 2018. Increases of 2.99% plus 1% ASC precept are included in the MTFP for 2019/20, with 1.99% per annum general council tax increases in subsequent years. The current Spending Review period and the four-year funding deal that Enfield signed up to ends in 2019/20, meaning that there is considerable uncertainty about levels of funding after this period. This hampers meaningful financial planning at a time when central government grant funding is the lowest it has been for decades and demand pressures are increasing. The four-year settlement, whilst the most challenging in decades, provided some certainty over the medium term. For the coming four-year period, the budget and medium-term plan are prepared in the context of continued financial uncertainty and risk for local government.

Demographic cost pressures are one of Enfield's main challenges over the medium term and there are forecast cost increases built into the MTFP to reflect this**.** London's population is growing twice as fast as that of the rest of the country, and the cost of meeting this demand is rising at a time of ever decreasing resources for doing so. London Councils estimate that London Boroughs face a total funding shortfall of at least £1.5 billion per annum by 2020. Enfield's population which was estimated at 332,127 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. These rapid demographic changes have created pressure across core services. The very real pressures in Adult Social Care have been much publicised but it is also important to recognise that other growing demands, including services for children and the homeless, present as great or greater financial threats. The nationwide rollout of the Homelessness Reduction Act (HRA) was delayed until April 2018 (initially expected in 2017) meaning that the projected increase in approaches in 2017/18 did not materialise. With the introduction of the HRA in April 2018 we estimate the number of people approaching the Council for assistance with homelessness in 2018/19 will rise by 60%. In 2017/18 there were 2000 homeless approaches to Enfield which means we should expect in the region of 3,200 in the year ahead. In the longer term the HRA should enable Enfield to put processes in place to deal with homelessness more effectively through early intervention thus enabling the Council to reduce the number of properties required for Temporary Accommodation.

On 6 February 2018, the Final Local Government Finance Settlement announced additional funding for Adult Social Care in 2018/19 in the form of the Adult Social Care Support Grant. Enfield's allocation is £0.8m. This is in additional to the increased Better Care Fund allocations announced in the 2017 settlement. The funding from the ASC precept and additional grant funding announced by the Government will again be used by the Council directly on maintaining and improving provision of Adult Social Care.

In February 2018 all the London Boroughs and the Greater London Authority joined the London Business Rates Pool as a pilot to test the Government's policy to introduce 100% business rate retention. For 2018/19 only, London will be treated as a single entity and will retain any business rate growth in full which will then be redistributed to all members using an agreed distribution formula. Also, as this is a pilot the Government has underwritten the pool against any loss. Any gain to Enfield will only be accounted for once it has been realised and the MTFP makes no assumption regarding future pool arrangements or financial impact and risks.

Following the local elections in May a new leader and cabinet have been elected. A new Corporate Plan is also in production and will be published later in the year to refresh the Council's priorities for the next four years.

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 2012, any additional funding received is purely for growth in pupil numbers in mainstream schools, nurseries and for special school places. Any 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 was allocated for High Needs, but this fell short of funding needed to meet pressures in this area. The outturn position for the DSG budget in 2017/18 resulted in an improved deficit position; having carried forward a deficit of £3m from 2016/17 the revised deficit at year end was £0.74m. The recovery plan will continue to be implemented in order to get the DSG budget back to a balanced position and it is expected the 2018/19 Early Years funding allocation will be reduced in order to clawback the previous year's deficit.

For 2018/19 the Government has confirmed that they will continue with their proposal to implement a National Funding Formula (NFF) for the Schools and High Needs Blocks and the creation of a Central Services Schools Block. Department for Education (DfE) guidance for 2018/19 has confirmed that a 'soft' NFF will be implemented for 2018/19 with the intention to move to a 'hard' NFF from 2020/21. By implementing a 'soft' NFF in 2018/19, the funding provided to local authorities has been calculated using the NFF but authorities have some local flexibility regarding the distribution of these funds. Options for the schools' funding formula range from continuing with the local funding formula to partly, or fully, implementing the NFF. The Government announced that £1.3bn would be provided over 2 years to support the implementation of the school funding reforms and NFF. The indicative funding allocation for Enfield for 2018/19 includes £7m additional funding comprising an increase to the Schools Block of £5.5m and an increase to the High Needs Block of £1.5m. A further £3m is expected for 2019/20.

6. CAPITAL EXPENDITURE AND INCOME

The table below shows the capital expenditure incurred and funding applied in 2017/18 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	31.9	23.9
Council Dwellings	76.9	68.2
Housing Grants	2.6	2.5
Residential and Day Care Services	1.5	0.6
Transport and Environmental Schemes	30.3	19.8
Leisure and Culture	4.5	3.2
Corporate Buildings and Improvements	1.5	3.8
Regeneration Projects	78.2	107.7
Temporary Accommodation - Housing Development Projects	0.0	1.2
Housing Regeneration Projects	68.6	26.5
Community Safety	0.0	0.1
Parks and Open Spaces	2.3	2.0
IT infrastructure and programmes	10.3	9.0
Total Capital Expenditure in 2017/18	**308.6**	**268.5**
Sources of Finance:	**Projected**	**Outturn**
	£m's	**£m's**
Borrowing	102.3	133.6
Borrowing Funded by deferred capital receipts	68.1	26.2
Capital Receipts	32.4	26.6
Major Repairs Reserve	15.5	14.7
Government Grants/Reimbursements and Other Contributions	57.5	41.0
Revenue	32.8	26.4
Total Capital Funding 2017/18	**308.6**	**268.5**

The principal elements of the capital programme in 2017/18 were expenditure on our major regeneration projects including land assembly and buybacks, further investment in school buildings to meet demand and improvements to the housing stock through the Housing Revenue Account. Housing Gateway Limited, the Council's wholly owned Housing Company continued to acquire properties during 2017/18 to help reduce the reliance on private sector accommodation and 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 and station infrastructure were the main elements of capital spend in 2017/18.

The Council generated new General Fund capital receipts in the year of £12.8m (net of disposal costs). In addition, net receipts of £17.5m 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 £737.5m to £890.7m 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 (£733.1m). 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 2018, the Council had capital resources available to fund future expenditure of £30.0m (unapplied capital grants), £20.9m (unapplied capital receipts) and £12.6m (revenue reserves earmarked for capital investment including the HRA).

Commercial investment is continuing to be 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. Therefore, the review and close monitoring of the capital programme is a key Council priority and a new Capital strategy board has been setup to facilitate this.

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 39 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 £503.1m at 31 March 2017 to £555.1m as at 31 March 2018. This unfavourable movement of £52m 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 2017/18 Comprehensive Income and Expenditure Statement:

- Reported expenditure within the Net Cost of Services has been increased by £5.1m. Of this figure, £4.6m of this represents the difference between employer's pension contributions made in the year compared with the cost of pension benefits actually earned and £0.5m relates to 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 £12.7m. 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 £34.3m 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.

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 2017-18 and made the following changes with effect from 1 April 2017.

- The carrying value of inventory items will not be recognised as a current asset unless the balance at the Reporting Date is over £10,000.
- The Council's Policy for Accruals has been 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
- The Accounting Policy for recognition of development work on existing Land Surplus Assets has been amended to clarify that any development work necessary to prepare the land for its intended use is initially recognised as Assets under Construction (AuC). Once each piece of Development work has been completed the expenditure is then moved from AuC to Surplus Assets

The following prior period adjustment have been made:

- **Intangible Assets**
  Details are set out in Notes 40 & 41

- **Deferred Capital Receipts**
  Details set out in Notes 10, 21 and 41

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 2017/18

	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	Total Unusable Reserves £m's	Total Reserves £m's
Balance 1st April 2017	**(63.2)**	**(29.8)**	**(24.7)**	**(14.7)**	**(34.4)**	**(166.7)**	**(720.5)**	**(887.3)**
Movement in Reserves during 2017/18:								
Total comprehensive income and expenditure	32.5	(26.3)	0.0	0.0	(0.7)	**5.4**	16.1	**21.5**
Adjustments between accounting basis and funding basis under regulations - Note 10	(51.0)	35.5	3.8	2.1	5.1	**(4.6)**	4.6	**0.0**
(Increase)/decrease in year	(18.6)	9.2	3.8	2.1	4.4	**0.9**	20.7	**21.5**
Balance 31 March 2018	**(81.7)**	**(20.6)**	**(20.9)**	**(12.6)**	**(30.0)**	**(165.9)**	**(699.9)**	**(865.8)**

MOVEMENT IN RESERVES STATEMENT 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 Usable Reserves £m's	Unusable Reserves £m's	Total Reserves £m's
Balance 1st April 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 regulations - Note 10	(75.4)	30.7	(3.3)	0.6	(16.2)	**(63.6)**	63.6	**0.0**
(Increase)/decrease in year	2.4	5.1	(3.3)	0.6	(16.2)	**(11.4)**	171.5	**160.1**
Balance 31 March 2017	**(63.2)**	**(29.8)**	**(24.7)**	**(14.7)**	**(34.4)**	**(166.7)**	**(720.5)**	**(887.3)**

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:	2016/17 Gross Expenditure £m's	2016/17 Gross Income £m's	2016/17 Net Expenditure £m's	2017/18 Gross Expenditure £m's	2017/18 Gross Income £m's	2017/18 Net Expenditure £m's
	Finance, Resources, Customer Services and Corporate Expenses	443.9	(353.6)	**90.3**	436.5	(350.8)	**85.7**
	Chief Executive	8.2	(4.5)	**3.7**	18.3	(9.4)	**8.9**
	Schools & Children's Services	383.3	(312.8)	**70.5**	366.2	(305.4)	**60.8**
	Regeneration & Environment	86.8	(49.6)	**37.2**	72.2	(47.5)	**24.7**
	Housing, Health & Adult Social Care	189.8	(98.5)	**91.3**	198.4	(109.3)	**89.1**
	Sub total General Fund Services	**1,112.0**	**(819.0)**	**293.0**	**1,091.5**	**(822.4)**	**269.2**
	Housing Revenue Account (HRA)	43.9	(63.3)	**(19.4)**	49.6	(68.5)	**(18.9)**
	Total Cost of Services	**1,155.9**	**(882.3)**	**273.6**	**1,141.2**	**(890.9)**	**250.3**
5	Other Operating Expenditure			52.6			18.0
6	Financing and Investment Income and Expenditure			12.3			13.7
7	Taxation and non-specific grant income			(287.7)			(276.0)
	Deficit on the Provision of Services			**50.9**			**6.0**
	(Surplus) / Deficit on revaluation of non-current assets			(21.3)			(18.0)
	Remeasurement of the net defined pension liability - Actuarial (gains) / losses on pension fund assets and liabilities			98.4			34.3
	Other comprehensive (income) / expenditure			32.1*			(0.7)
	Sub total			**109.3**			**15.6**
	Total Comprehensive Income and Expenditure			**160.1**			**21.6**

*****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 2018

Note		31 March 2017 Restated £m	31 March 2018 £m
	Non Current Assets		
12	Property, Plant and Equipment	1,752.6	1,888.2
	Heritage Assets	3.9	4.9
13	Investment Property	120.9	135.2
40	Intangible Assets	21.9	24.8
	Investment In Subsidiaries	15.9	27.4
17	Long Term Debtors	99.0	113.0
	Total: Long Term Assets	**2,014.2**	**2,193.5**
	Current Assets		
	Inventories	1.0	0.8
17	Short Term Debtors	104.8	108.1
	Intangible current Assets	0.4	0.4
16	Cash and Cash Equivalents	13.9	19.6
	Total: Current Assets	**120.0**	**128.9**
	Current Liabilities		
16	Cash and Cash Equivalents	(15.8)	(9.2)
15	Short Term Borrowing	(121.6)	(127.0)
19	Short Term Creditors	(97.0)	(127.7)
20	Provisions	(13.4)	(11.9)
	Total: Current Liabilities	**(247.7)**	**(275.8)**
	Long Term Liabilities		
19	Long Term Creditors	(52.7)	(40.8)
20	Provisions	(3.7)	(6.0)
15	Long Term Borrowing	(437.4)	(575.2)
39	Pension Liability	(503.1)	(555.1)
	Capital Grants Received in Advance	(2.2)	(3.6)
	Total: Long Term Liabilities	**(999.1)**	**(1,180.7)**
	Net Assets	**887.3**	**865.8**
	Reserves		
21	**Unusable Reserves**	**(720.4)**	**(699.9)**
	Useable Reserves		
	Capital Grants Unapplied	(34.3)	(30.0)
	Major Repairs Reserve	(14.7)	(12.6)
	Useable Capital Receipts Reserves	(25.0)	(20.9)
11	Housing Revenue Account	(9.1)	(7.0)
11	General Fund & Schools Balance	(19.5)	(16.3)
11	Earmarked Reserves	(64.4)	(79.0)
	Total Useable Reserves	**(166.9)**	**(165.9)**
	Total Reserves / Net Worth	**(887.3)**	**(865.8)**

The Unaudited (Draft) Accounts were authorised for issue on 31 May 2018 by James Rolfe – Executive Director of Resources. The Final Audited Accounts were authorised for issue on 26th September 2018 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 3other long term liabilities.

Note		2016/17 £m's	2017/18 £m's
	Net Deficit on the provision of services	(50.9)	(6.0)
	Adjust to deficit on the provision of services for non-cash movements	133.9	105.1
25	Adjustments for items included in net deficit in the provision of services that are investing & financing activities.	(76.0)	(67.4)
	Net cash flow from operating activities	**7.0**	**31.7**
23	Investing activities	(139.2)	(165.2)
24	Financing activities	113.8	145.7
	Net (increase)/decrease in cash and cash equivalents	**(18.4)**	**12.3**
	Cash and cash equivalents at the beginning of the reporting period	16.4	(1.9)
	Cash and cash equivalents at the end of the reporting period:	**(2.0)**	**10.4**

Cash Flow Statement - Adjustments to net deficit on the provision of services for non cash movements:	**2016/17 £m's**	**2017/18 £m's**
Depreciation	50.9	45.5
Impairment and downward valuations	23.4	13.8
Amortisation	0.2	1.0
Increase / (decrease) in impairment for bad debts	1.9	0.0
Increase / (decrease) in creditors	(4.4)	1.9
Increase / (decrease) in debtors	(10.7)	(19.7)
Increase / (decrease) in inventories	(0.2)	0.1
Movement in Pension Fund Liability	13.4	17.7
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	69.8	40.3
Other Non-Cash Movements	(10.4)	4.5
Total adjustments to net deficit on the provision of services	**133.9**	**105.1**

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

Cash Flow Statement - The cash flows for operating activities include the following items:	**2016/17 £m's**	**2017/18 £m's**
Interest Paid	18.1	19.0
Interest Received	(1.7)	(4.2)

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's financial performance for the financial year and its financial position as at 31 March 2018. 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, figures in 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 length and clutter, 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.

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. This de-minimus level is not applied where the expenditure is funded by a time limited grant or debt relating to Housing Rents, Council Tax and Business Rates where amounts below £10,000 are accrued. Accruals are not recognised for utilities and rental income where by custom and practice the similar value of invoices are recognised each financial year. 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.

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 (those due wholly within the financial year), such as wages and salaries, paid annual leave, paid sick leave, other leave and non-monetary benefits, where material, are recognised as an expense in the year in which employees render service to the Council. An accrual is also made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is notional and required under statute to be reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the entitlement is taken. The Council has concluded that there is no material benefit in undertaking an annual determination of the leave not taken 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 material change in circumstances and the amount to be disclosed. The last review was undertaken for the 2016/17 Accounts and the next review due in 2019/20.

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 three separate schemes. These provide members with defined benefits related to pay and service. They are as follows:

1 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.

2. 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.

3 Local Government Pension Scheme (LGPS). Subject to certain qualifying criteria, all other employees are eligible to join the Council's Local Government Pension Scheme – which 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 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.

In order to help meet the earlier Statement of Accounts Deadline, from financial year 2017-18 the Council will pass information to its Actuary in February based on:-

- Actual LGPS Membership as at 31 December
- Employee and Employer actual contributions for April – December and estimated contributions for January to March
- Pension Payments – Actual payments to 31 December and estimated payments January to March
- Investment Information – as at 31 January

The Actuary will use this information as the basis of their Pension Fund Report – which underpins the figures the Council reflects in its Accounts. The Council will only request the Actuary to revise their Report if there are significant changes in actual membership, contributions, payments or investments from the information which was originally provided to them

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 (31 May). 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.

Grants received in respect of PFI Contracts are credited to the relevant Service Lines in the Net Cost of Service Section of the Comprehensive Income and Expenditure Statement.

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.

1.9 COST OF SUPPORT SERVICES

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[2].

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 possible, but not probable 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 rate the council keeps next will change as the council enters London Business rates pool.

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.

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[2] For information, external statistical reporting to Government still requires central support overheads to be allocated to services 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:

Support Service	Basis of allocations
Administrative buildings	Areas occupied
Computer services	Actual usage
Central offices services	Actual usage
Central/professional services	Staff time

As with council tax, the difference between the income in the Comprehensive Income and Expenditure Statment 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 with effect from the financial year following their recognition. 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. Development work on existing Land Surplus Assets e.g. decontamination / site clearance which is necessary to prepare the land for its intended use is initially recognised as Assets under Construction (AuC). Once each piece of Development work has been completed the expenditure is then moved from AuC to Surplus Assets.
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 14 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 MHCLG[3] 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 minimus 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 £250k 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

[3] Former DCLG at the time of publication

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 Ministry of Housing, Communities and Local Government (MHCLG). 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. 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 Capital charges made to General Fund and HRA services lines in the Net Cost of Service include:-

- 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.

For General Fund, none of these charges are met from the Council Tax. Accordingly, the impact to the General Fund and to the Surplus/Deficit on Provision of Services is reversed out to the Capital Adjustment Account through 'Adjustments between accounting basis and funding basis under regulations' in the Movement in Reserves Statement.

For HRA, all depreciation charges are met from Housing Rents and therefore are `real' costs to the HRA. All other capital charges to the HRA Service are not met from Housing Rents. Accordingly, the impact to the HRA and to the Surplus/Deficit on Provision of Services is reversed out to the Capital Adjustment Account through 'Adjustments between accounting basis and funding basis under regulations' in the Movement in Reserves Statement. The Council is required to set aside an annual provision from revenue to reduce its overall underlying borrowing requirement, the Capital Financing Requirement. The provision is known as the minimum revenue provision (MRP) and must be determined prudently in accordance with government guidance and charged to the General fund through the Movement in Reserves Statement.
The Council approved its current policy for MRP for 2017/18 on 21 February 2018, which is compliant with DCLG guidance issued in 2012. The policy takes account of the principle that the determination of a prudent amount of MRP for any given year will take account of payments made in previous years, and an assessment of whether those payments exceed what the current policy would require in terms of prudence. The MHCLG published revised guidance on MRP in February 2018 which will apply for accounting periods starting on or after 1 April 2019, with the exception of paragraphs 27-29 of the guidance "Changing methods for calculating MRP", which will apply from accounting periods starting on or after 1 April 2018. The policy will be kept under review to ensure it is compliant with the revised guidance

The following methodologies have been used to calculate MRP:

a) For capital expenditure incurred before 1 April 2008, and for capital expenditure incurred from 1 April 2008 to 31 March 2011, and which is Supported Capital Expenditure (SCE), MRP will be calculated at 2% on a straight-line basis;

b) For unsupported borrowing incurred from 1 April 2008 onwards, MRP is calculated based on amortising the amount borrowed over the estimated lives of the assets acquired (or the enhancement made) as a result of the related expenditure using the annuity repayment method in accordance with statutory guidance.

c) No MRP will be charged in respect of assets held within the Housing Revenue Account.

d) Capital expenditure financed from borrowing incurred during one financial year will not be subject to a MRP charge until the following financial year.

e) Loans made to third parties to enable them to incur capital expenditure and also assets acquired with the intention of onward sale which will not be used in the delivery of services will not generally attract MRP as in these events the capital receipts generated by the loan and sale will be set aside to repay debt. In the case of loans for investment assets, a prudent amount will be set aside for MRP. This will set aside each year an equal amount of the total value of the loan which is not considered to be matched by the current value of the asset in that year.

f) MRP in respect of PFI liabilities will be calculated by spreading the cost of the capital repayments included in the ongoing charges over the estimated life of the asset on an annuity basis.

Having concluded that the proposed methodologies provide a prudent amount of Minimum Revenue Provision (MRP) for the repayment of debt, it has been identified that applying the current policy has led to MRP charges that exceeded what prudence required during the period from 1 April 2007 to 31 March 2018. This has resulted in a cumulative charge at 31 March 2017 that exceeds what would be considered prudent and appropriate under the proposed new methodology by £33.3m. It is proposed that within the MRP policy for 2017/18 and subsequent years, there will be a realignment of MRP charged to the General Fund to recognise the excess sum, capped at the level of the annual budget for that year.

As already detailed, the critical consideration is to ensure that MRP Policy is prudent. The proposed options detailed above ensure responsible economic foresight and are consistent with the methods prescribed by the statutory guidance. The following conditions also apply to the new policy:

- Total MRP after applying realignment will not be less than zero in any financial year;
- The cumulative total of the MRP realignment will never exceed the amount of the calculated excess sum.

As a result of applying this policy, £1m of MRP has been charged to the Movement in Reserves Statement and will reduce the Capital Financing Requirement and £7.9m has been charged to the Movement in Reserves Statement and transferred to a new MRP Equalisation reserve, to smooth capital costs in future years.

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

The Council has three Public Finance Initiative (PFI) contracts wherein the Private Sector have financed new assets (or enhancements to existing assets) which are leased to the Council for the delivery of services. The Council's three PFI contracts are:

- 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 leases 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). From 1st April 2019, the Code's adoption of IFRS16 will mean all items of Property, plant, equipment, furniture and ICT which the Council leases in will have to be recognised as Assets on the Council's Balance Sheet, with a matching liability for the repayments due to the lessor. This will be the most significant change to Local Government Accounting since 2010 when the Code moved from UK Generally Accepted Accounting Practices (UKGAAP) to International Financial Reporting Standards (IFRS).

1.23 INVENTORIES

All specific inventory items with a value above £10,000 are recognised as a current asset 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[4]).

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

[4] See glossary for definition.

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 2017) concluded the financial statements of the largest Subsidiary Company, Housing Gateway Ltd. should be consolidated with the Council's Single Entity Accounts into a Set of Group Accounts. The assessment concluded the financial statements of the other Subsidiary Companies (Enfield Innovations Ltd, Independence & Wellbeing Ltd and Lee Valley Heat Network) did not need to be consolidated on grounds of materiality. Where assessed as material, 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.

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 12 to the Core Financial Statements.

1.33 INVESTMENT IN SUBSIDIARIES

The Council makes loans to its largest Subsidiary, HGL, at less than market rates. The Council recognises this undercharge of interest as an investment in the Company, which forms part of Long Term Debtors. The amount is based on the difference between the cumulative cash value of loans advanced to the Company and their Fair Value. Further details are set out in Note 18

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:-

- IFRS16 - Leases
- IFRS9 – Financial Instruments
- IFRS15 – Revenue from Contracts with Customers
- Amendments to IAS12 `Income Taxes'
- Amendments to IAS7 `Statement of Cash Flows

Of these, the Code's adoption of IFRS16 from 1 April 2019 will have the greatest impact as all items the Council leases in will have to be recognised as `Right of Use' Assets on its Balance Sheet. The value of the right of use asset and lease liability to be recognised will be based on the present value of the lease payments outstanding, discounted using the relevant incremental borrowing rates at the date of initial application. The Council has a large volume of assets which it leases in – details of which are set out in Note 34. Consequently adopting IFRS 16 will serve to distort the Council's stated Long Term Assets and the additional disclosures will add length and complexity to the Statement of Accounts.

The Council will adopt IFRS 9 Financial Instruments with effect from 1st April 2018. The main changes include the reclassification of financial assets and the earlier recognition of the impairment of financial assets. The Council does not expect the reclassification changes to have a material impact upon the financial statements because its financial assets will retain the same measurement basis. Furthermore, the Council has a policy of irrevocably electing to present changes in the fair value of any future strategic equity investments through other comprehensive income as permitted by IFRS 9. The Council does not expect the impairment changes to have a material impact upon the financial statements because the impairment charge will be immaterial for its treasury management assets (e.g. bank deposits and bonds).

The other new and amended standards are not expected to significantly affect the Council.

NOTE 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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:

- In accounting for the Council's exposure to possible future losses and obligations, Provisions (Note 20) 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).

- The Council has followed CIPFA's recommendation and made a provision in the 2017/18 Accounts for the likelihood of successful business rate appeals. In the Council's judgement, historic claim data and information from the Valuation Agency provides the best indication of likely future outcomes and has been used in arriving at this estimate.

- In classifying assets as Investment Properties (Note 13), the Council formed a judgement that the purpose of holding the properties meets the definition of IAS40 – the Accounting Standard relating to Investment Properties. In doing so the Council has concluded the properties are held for capital appreciation and / or to generate income. Investment Properties include council owned retail, commercial and industrial premises.

- As at 31 March 2018, Enfield had 21 Voluntary Aided Schools (18 Primary; 3 Secondary) and 2 Foundation School (2 Secondary). The Council has formed a judgement that it does not control the economic benefits which flow from these Properties. Regarding VA Schools, this judgement was based on correspondence from the Diocese in which they attest their legal ownership and control of school property assets. Foundation Schools also own and control their property and the assets are included within their Trust accounts. Therefore the Council does not recognise VA and Foundation School Property as assets on its Balance Sheet.

- 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. The value of these land assets at 31 March 2018 is £161.7m

NOTE 4. 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 2018 which may materially be affected by future events are set out below.

Uncertainty	Effect If Actual Results Differ from Assumptions
Property Plant and Equipment	
The valuation of PPE reported in the Council's Balance Sheet is a significant estimate informed by the Council's expert independent valuer – who assesses the circumstances of the Council's assets to determine the appropriate valuation methodology and reports the estimated values to be included in the financial statements	A difference between estimated and actual PPE values would have the effect of altering the Council's net worth and could impact on the Gain and Loss on Disposal figure reported. (in the event of the asset being disposed of)
Assets are depreciated over estimated useful lives reflecting the current condition of the assets. The estimated useful lives are provided by the Council's External Valuers using their professional knowledge and expertise. Asset estimated 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. This would affect the Surplus/Deficit on Provision of Services but the degree of impact would depend on the change in estimated useful economic life and on the type of asset(s)
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 39. For example, a 0.1% increase in the discount rate assumption would give rise to a decrease in the pension fund liability of £28m.
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. OTHER OPERATING EXPENDITURE

Other Operating Expenditure	2016/17 £m's	2017/18 £m's
(Gain) / Loss on disposal of non-current assets	44.1	9.7
Payments to Housing Capital Receipts Pool	1.4	1.4
Precepts and Levies	7.2	6.9
Total	**52.7**	**18.0**

NOTE 6. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure:	2016/17 £m's	2017/18 £m's
Interest payable and similar charges	18.5	19.0
Net interest on net defined benefit liability (asset)	12.8	12.7
Interest and investment income	(3.4)	(5.0)
Dividend Income from Joint Venture	(0.1)	(0.1)
Investment Properties: Income, expenditure, valuation changes and gain on disposal	(15.5)	(12.9)
Total	**12.3**	**13.7**

NOTE 7. TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and non-specific grant income:	2016/17 £m's	2017/18 £m's
Income from Council Tax	(109.6)	(114.4)
Local Business Rates Top-Up	(35.6)	(36.9)
Locally Retained Business Rates	(34.2)	(33.9)
General Government Grants	(59.2)	(54.3)
Capital Grants and Contributions	(49.1)	(36.4)
Total	**(287.7)**	**(276.0)**

NOTE 8. 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 9. 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 are no adjusting events. However, there are two none-adjusting events: -

- Lee Valley High School converted from LEA Maintained Status to an Academy on 1st May 2018. As such the value of the Property (£34.2m) has been transferred from the Council to the Academy Trust at Nil Consideration.

- In April Members decided to abolish Performance Related Pay for Middle and Senior Managers. This will be effective from July 2018 and will mean the Council no longer have to consider the extent of any Performance Related Pay earned as at 31 March but yet to be paid.

NOTE 10. 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.

	General Fund & HRA 2017-18	Useable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total: Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Financial Instruments Adjustment 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
(Surplus) / Deficit on Provision of Services	6.0										
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	(47.5)				0.0		47.5				47.5
HRA impairments	(0.2)				0.0		0.2				0.2
Investment Properties: Gain/Loss on Disposal and Movements in Fair and Market Value	5.1	0.0			0.0		(5.1)				(5.1)
Capital grants and contributions credited to the CIES	36.5			(36.5)	(36.5)						0.0
Revenue expenditure funded from capital under statute (net of grant funding)	(4.6)				0.0		4.6				4.6
Gain on disposal of non-current assets	(9.7)	(30.6)			(30.6)		40.3				40.3
Regulatory Entries regarding HRA Depreciation	0.0		(12.6)		(12.6)		12.6				12.6
Amount by which pension costs calculated in accordance with the Code (IAS 19) are different from the contributions due under the pension scheme regulations	(17.7)				0.0				17.7		17.7
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	0.2				0.0			(0.2)			(0.2)
Amount by which finance costs calculated per the Code differ from costs calculated per statutory guidance	0.9				0.0					(0.9)	(0.9)
Sub Total	**(37.1)**	**(30.6)**	**(12.6)**	**(36.5)**	**(79.7)**	**0.0**	**100.2**	**(0.2)**	**17.7**	**(0.9)**	**116.8**
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					0.0						0.0
Statutory provision for repayment of debt	4.0				0.0		(4.0)				(4.0)
Capital expenditure charged to the General Fund & HRA	26.1				0.0		(26.1)				(26.1)
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	(7.2)	7.2			7.2						0.0
Sub Total	21.5	8.5	0.0	0.0	8.5	0.0	(30.0)	0.0	0.0	0.0	(30.0)
Total Adjustments affecting Deficit on Provision of Services	**(15.5)**	**(22.1)**	**(12.6)**	**(36.5)**	**(71.2)**	**0.0**	**70.2**	**(0.2)**	**17.7**	**(0.9)**	**86.7**
Transfers between Reserves reflecting financing of Capital Expenditure		**26.0**	**14.7**	**41.5**	**82.3**	**30.2**	**(112.5)**				**(82.3)**
Transfers to / (from) Earmarked Reserves	**14.7**				**0.0**						**0.0**
Total adjustments	**(0.9)**	**4.0**	**2.1**	**5.1**	**11.1**	**30.2**	**(42.3)**	**(0.2)**	**17.7**	**(0.9)**	**4.4**

	Gen Fund & HRA 2016-17 £m's	Useable Capital Receipts Reserve £m's	Major Repairs Reserve £m's	Capital Grants Unapplied Reserve £m's	Total: Usable Reserves £m's	Revaluation Reserve £m's	Capital Adjustment Account £m's	Collection Fund Adjustment Account £m's	Pension Reserve £m's	Accumulated Absences Account £m's	Total Unusable Reserves £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 Impairments	(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**	**(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											
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	(33.8)
Total Adjustments affecting Deficit on Provision of Services	**(44.6)**	**(14.4)**	**(14.7)**	**(49.1)**	**(78.1)**	**0.0**	**113.5**	**(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**	**(124.4)**				**(59.6)**
Transfers to / (from) Earmarked Reserves	**(3.3)**										**0.0**
Total adjustments	**(47.8)**	**(3.0)**	**0.6**	**(16.1)**	**(18.5)**	**64.8**	**11.0**	**(2.0)**	**13.4**	**(2.0)**	**63.3**

NOTE 11. 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.

The supplementary statement of MIRS balances and earmarked reserves is in the format reported to Council as part of the statement on the robustness of the Councils finances when setting the annual budget and council tax

Reserves and Balances	31 March 2016 £m's	Net Transfers 2016/17 £m's	31 March 2017 £m's	Net Transfers 2017/18 £m's	31 March 2018 £m's
Housing Revenue Account					
HRA Repairs Fund	5.5	1.3	6.8	2.6	9.4
HRA - Capital Reserve	20.3	(6.4)	13.9	(9.7)	4.2
Total HRA Earmarked Reserves	**25.8**	**(5.1)**	**20.7**	**(7.1)**	**13.6**
General Fund					
Commitments Reserve	1.5	0.0	1.5	(1.5)	0.0
Risk Reserve	3.2	9.7	12.9	1.1	14.0
ICT Investment Fund	2.9	(1.3)	1.6	(0.8)	0.8
Interest Rate Equalisation Reserve	2.9	0.0	2.9	4.5	7.4
Insurance Fund	5.9	(0.4)	5.5	1.0	6.5
Council Restructuring Reserve	0.0	0.0	0.0	0.6	0.6
General Fund - Capital Reserves	5.2	0.9	6.1	0.7	6.8
Sustainable Service Development	0.9	(0.2)	0.7	(0.2)	0.5
European Social Fund	0.4	0.0	0.4	0.0	0.4
Repair & Maintenance	0.6	0.0	0.6	0.7	1.3
Residents Priority Fund	0.7	(0.1)	0.6	(0.4)	0.2
Welfare Benefits Reserve	4.2	(1.0)	3.2	(1.1)	2.1
Council Development Reserve	0.7	(0.2)	0.5	(0.1)	0.4
Troubled Families	0.0	0.0	0.0	1.4	1.4
Capital Financing Repayment Reserve	0.0	0.0	0.0	7.9	7.9
Collection Fund Equalisation Reserve	0.0	0.0	0.0	6.0	6.0
Projects Reserves	9.5	(0.6)	8.9	(1.0)	7.9
Sub Total	**38.6**	**6.8**	**45.4**	**18.8**	**64.2**
Dedicated Schools Grant Reserve	1.2	(4.2)	(3.0)	2.3	(0.7)
S106 Receipts	0.5	0.0	0.5	0.0	0.5
Public Health	1.6	(0.8)	0.8	0.5	1.3
Total General Fund Earmarked Reserves	**41.9**	**2.0**	**43.7**	**21.6**	**65.4**
Total Earmarked Reserves	**67.7**	**(3.1)**	**64.4**	**14.5**	**79.0**
Summary of MIRS Balances					
General Fund Balance	14.0	0.0	14.0	0.0	14.0
Schools Balances	9.9	(4.4)	5.5	(3.1)	2.4
General Fund Earmarked Reserves	41.9	2.0	43.7	21.7	65.4
Total General Fund Balances	**65.8**	**(2.4)**	**63.2**	**18.7**	**81.8**
HRA Balance	9.1		9.1	(2.1)	7.0
HRA Earmarked Reserves	25.8	(5.1)	20.7	(7.1)	13.6
Total HRA Balances	**34.9**	**(5.1)**	**29.8**	**(9.2)**	**20.6**

A brief description of each reserve 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 non-ringfenced revenue grants not fully spent in 2016/17. In 2017/18 the only outstanding non-ringfenced grant at the end of the year was in respect of troubled families which is held in a separate reserve.

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.

Capital Financing Repayment Reserve
The Council has revised its Minimum Revenue Payment policy and is also lending to council owned companies requiring external repayments. This new reserve will be used to smooth any changes in future repayment profiles.

Collection Fund Equalisation Reserve
The Government is introducing major changes to the ways in which local government is funded by business rates. Also, in 2019 the Government will set out its Spending Review of public finances beyond 2019/20. This new reserve has been created to provide one-off funding to meet the risk of turbulence in the council's future business rates and grant funding.

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

NOTE 12. **PROPERTY, PLANT AND EQUIPMENT**

Movement in Balances 2017/18	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction Restated*	Total Property, Plant & Equipment	PFI Assets included within PPE
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Cost or Valuation									
As at 1 April 2017	615.4	640.7	31.6	305.9	66.2	125.6	104.7	**1,890.1**	105.5
Additions	47.6	18.7	1.2	12.1	2.2	101.3	50.1	**233.2**	0.0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	10.9	76.1	0.0	0.0	(3.1)	(6.5)	0.0	**77.4**	12.9
Revaluation increases / (decreases) recognised in the CIES	0.0	(12.0)	0.0	0.0	0.0	(15.9)	0.0	**(27.9)**	0.0
Derecognition - Disposals	(8.1)	(32.7)	(0.1)	0.0	0.0	(0.2)	0.0	**(41.1)**	0.0
Other movements in cost or valuation	(27.0)	(45.0)	0.0	4.3	2.1	9.9	(32.6)	**(88.3)**	(9.3)
As at 31 March 2018	**638.8**	**645.8**	**32.7**	**322.3**	**67.4**	**214.2**	**122.2**	**2,043.4**	**109.1**
Accumulated Depreciation and Impairment									
As at 1 April 2017	0.0	(29.1)	(26.1)	(82.4)	(0.0)	(0.0)	0.0	**(137.6)**	(18.7)
Depreciation charge for 2017/18	(12.7)	(25.6)	(2.1)	(7.1)	0.0	0.0	0.0	**(47.5)**	(2.8)
Derecognition - disposals	0.2	0.5	0.1	0.0	0.0	0.0	0.0	**0.8**	0.0
Write out of accumulated depreciation	0.0	29.1	0.0	0.0	0.0	0.0	0.0	**29.1**	9.3
As at 31 March 2018	**(12.5)**	**(25.1)**	**(28.1)**	**(89.5)**	**(0.0)**	**0.0**	**0.0**	**(155.2)**	**(12.2)**
Net Book Value:									
As at 31 March 2018	626.3	620.7	4.6	232.8	67.4	214.2	122.2	**1,888.2**	97.0
As at 31 March 2017	615.4	611.6	5.5	223.5	66.2	125.6	104.7	**1,752.6**	86.8

*restated – refer to Note 41 for details

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 2016/17

Movement in Balances 2016/17	Council Dwellings £m's	Other Land & Buildings £m's	Vehicles, Plant, Furniture & Equipment £m's	Infrastructure Assets £m's	Community Assets £m's	Surplus Assets £m's	Assets Under Construction * £m's	Total Property, Plant & Equipment £m's	PFI Assets included within PPE £m's
Cost or Valuation									
As at 1 April 2016	**573.2**	**697.3**	**31.4**	**293.9**	**69.0**	**99.5**	**103.0**	**1,867.3**	**96.9**
Realignment of asset register / Reclassification of assets	(0.2)	19.4				0.2		**19.4**	13.2
Additions	24.3	24.4	0.9	10.4	1.9	56.7	52.5	**171.1**	0.0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	20.4	21.6			(7.4)	(26.8)		**7.8**	2.5
Revaluation increases/(decreases) recognised in the CIES		(11.3)			(0.1)	(0.6)		**(12.0)**	0.0
Derecognition - Disposals	(7.3)	(131.3)	(0.5)			(1.1)		**(140.2)**	0.0
Derecognition - Other								**0.0**	0.0
Other movements in cost or valuation	5.1	20.6	(0.1)	1.6	2.8	(2.3)	(50.9)	**(23.2)**	(7.1)
As at 31 March 2017	**615.4**	**640.7**	**31.6**	**305.9**	**66.2**	**125.6**	**104.6**	**1,890.1**	**105.5**
Accumulated Depreciation and Impairment									
As at 1 April 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)				**(50.8)**	(3.8)
Derecognition - disposals		17.0	0.2					**17.2**	0.0
Derecognition - Other								**0.0**	0.0
Other movements in depreciation and impairment	26.4	0.7				0.5		**27.6**	7.1
As at 31 March 2017	**0.0**	**(29.1)**	**(26.1)**	**(82.4)**	**(0.0)**	**(0.0)**	**0.0**	**(137.5)**	**(18.7)**
Net Book Value:									
at 31 March 2017	615.4	611.6	5.5	223.5	66.2	125.6	104.6	**1,752.6**	86.8
at 31 March 2016	559.3	679.5	7.5	218.3	69.0	98.9	115.3	**1,747.9**	74.9

*restated (see Note 41 for further details)

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 2018 over £0.5m total £57.6m (£17.9m as at 31 March 2017).

Schemes	Contracted £m's
Housing Revenue Account	9.1
IT Investment	0.7
Meridian Water Infrastructure	33.3
Schools	6.9
Vehicle Replacement Programme	2.8
Other	4.8
Total	**57.6**

Capitalisation of Borrowing Costs
During the 2017/18 borrowing costs of £5.7m were capitalised based on an average capitalisation rate of 3.4% (£2.7m in 2016/17).

Schools
As at 31 March 2018 there were 70 Local Authority Maintained Schools, comprising 47 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 (and Foundation) 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 2018 there were 24 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 Enfield Learning Trust
15. Chesterfield Education Learning Trust
16. Hazlebury Education Learning Trust
17. Edmonton County
18. One Degree
19. Meridian Angel Academy
20. Lavender Academy
21. Brimsdown Academy
22. Grange Park Academy
23. Aylands Academy
24. Carterhatch Academy

Academies are totally independent from the Council and do not form part of the Council's Accounts

NOTE 13. 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 2017/18 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:

	2016/17 £m's	2017/18 £m's
Land	58.7	72.1
Commercial Units	29.0	30
Shops	28.5	30.6
Other	4.6	2.5
Total	**120.8**	**135.2**

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

	2016/17 £m's	2017/18 £m's
Rental and Service Charge Income from Investment Property	(7.5)	(8.7)
Related Operating Expenses	0.9	0.9
Changes in Fair Value	(8.4)	(5.1)
(Gain) / Loss on Disposal	(0.5)	0.0
Net (gain)/loss	**(15.5)**	**(12.9)**

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:

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.

	2016/17 £m's	2017/18 £m's
Balance at the start of the year	**114.1**	**120.8**
Capital expenditure	0.2	0.6
Write out of disposals	(1.3)	0.0
Nets gains/(losses) from fair value adjustments	8.4	5.1
Transfers:		
From Property, Plant and Equipment	0.3	9.6
To Property, Plant and Equipment	(1.0)	(1.3)
From Assets Under Construction	0.1	0.4
Balance at the end of the year	**120.8**	**135.2**

NOTE 14. **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 Nigel Herd FRICS 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 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 Roger Dunnett MRICS and David Johnson MRICS from GVA. Valuations are determined as at 31st March 2018.

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 Ministry for Housing, Communities and Local Government (MHCLG)[5] 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.

[5] At that time, it was the Department for Communities and Local Government (DCLG)

NOTE 15. FINANCIAL INSTRUMENTS

Financial Instruments - Classifications
A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to 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 non-derivative financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders
- short-term loans from other local authorities
- overdraft with HSBC bank
- finance leases detailed
- Private Finance Initiative contracts
- trade payables for goods and services received

Financial Assets
A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are held under the following [four] classifications. Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising

- cash in hand
- bank current and deposit accounts with HSBC bank
- loans to companies
- loans to organisations made for service purposes
- trade receivables for goods and services delivered

Financial Instruments - Balances

The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:	Short Term		Long Term	
	31 March 2017 Restated £m's	**31 March 2018 £m's**	**31 March 2017 Restated £m's**	**31 March 2018 £m's**
Borrowing	(117.4)	(121.6)	(437.4)	(575.2)
Accrued Interest	(4.2)	(5.4)	0.0	0.0
Sub-total	**(121.6)**	**(127.0)**	**(437.4)**	**(575.2)**
Trade Creditors	(67.0)	(90.9)	0.0	0.0
Main Clearing bank	(10.8)	(1.8)	0.0	0.0
PFI Contract Liabilities	(3.0)	(3.1)	(43.8)	(40.7)
Finance Lease Liabilities	(0.0)	(0.0)	(0.1)	(0.1)
Total Financial Liabilities	**(202.4)**	**(222.8)**	**(481.4)**	**(616.0)**
Call Accounts	4.5	15.0	0.0	0.0
Accrued Interest	1.8	0.0	0.0	0.0
Bank Current Accounts	7.6	4.6	0.0	0.0
Long Term Loans	0.0	0.0	93.8	107.3
Finance Lease Debtors	0.0	0.0	1.5	1.5
Trade Debtors	71.5	65.2	0.0	0.0
Total Financial Assets	**85.4**	**84.8**	**95.3**	**108.8**

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 2017/18.

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:

Gains and Losses	2016/17 Financial Liabilities Measured at amortised cost £m's	2016/17 Financial Assets Loans and receivables £m's	2017/18 Financial Liabilities Measured at amortised cost £m's	2017/18 Financial Assets Loans and receivables £m's
Interest expense	18.5		19.0	
Interest income		(3.4)		(4.2)

Financial Instruments - Fair Values

Financial assets classified as available for sale are carried in the Balance Sheet at fair value.

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2018, using the following methods and assumptions:

Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.

The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments

Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Financial Liabilities:	Fair Value Level	31 March 2017 Carrying amount £m's	31 March 2017 Fair value £m's	31 March 2018 Carrying amount £m's	31 March 2018 Fair value £m's
Total Borrowing	2	(558.9)	(790.9)	(702.0)	(847.7)
Deferred Liabilities (PFI Contracts & Finance Leases)	2	(43.8)	(43.8)	(40.7)	(40.7)
Trade Payables (Creditors)	n/a	(67.0)	(67.0)	(90.9)	(90.9)
Total Financial Liabilities		**(669.7)**	**(901.7)**	**(833.6)**	**(979.3)**
Financial Assets:					
Long Term loans to HGL	2	78.2	78.2	87.6	87.6
Long Term loans to EIL	2	14.9	14.9	12.8	12.8
Long Term loans to Energetik	2	0.0	0.0	6.2	6.2
Long Term Loan to Enfield Enterprise	n/a	0.8	0.8	0.8	0.8
Short Term Deposits	n/a	4.5	4.5	15.0	15.0
Finance Leases	n/a	1.5	1.5	1.5	1.5
Trade Receivables (Debtors)	n/a	71.5	71.5	65.2	65.2
Total Financial Assets		**171.4**	**171.4**	**189.1**	**189.1**

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.

Financial Instruments - Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with 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 Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- *Credit Risk:* The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk:* The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk:* The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Loans to Subsidiary Companies
In furtherance of the Council's service objectives, the Council has committed to lend money to HGL, EIL and LVHN Energetik should it be requested to do so at market rates of interest. In the case of HGL the Council has committed to lend money at interest rates equal to the Council's own cost of borrowing, PWLB rates, which is below the market rates. The carrying value of loans to Subsidiary Companies @ 31 March 2018 is £134m. The Council manages the credit risk inherent in its loan commitments by:

- Wholly owning the companies
- Ensuring the council has first right of call on assets in the event of default
- Obtaining assurance that there are sound governance and controls in place within the companies referred above

Credit Risk: Investments
The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £15m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a similar limit of £15m applies. The Council also sets limits on investments in certain sectors. No more than £15m in total can be invested for a period longer than one year.

The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating and remaining time to maturity:

	31 March 2017		31 March 2018	
Credit Rating	**Long Term £m**	**Short Term £m**	**Long Term £m**	**Short Term £m**
AA-	0	4.5	0	15.0
Total	**0**	**4.5**	**0**	**15.0**

Credit Risk: Trade and Lease Receivables
The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

	31 March 2017 Trade Receivables £m	31 March 2018 Trade Receivables £m
Invoices Raised		
Neither Past due nor impaired	17.6	20.3
Past due < 3 months	6.8	6.9
Past due 3-6 months	1.3	4.3
Past due 6-12 months	5.5	2.9
Past due 12+ months	6.2	9.4
Provision	(3.0)	(3.2)
Total invoices raised	**34.4**	**40.4**
Other debtors due at 31 March	37.1	24.8
Total	**71.5**	**65.2**

Liquidity Risk
The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 30% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

	2016/17			2017/18		
	Principal £m's	Interest £m's	Portion %	Principal £m's	Interest £m's	Portion %
Short Term						
1 Year	117.3	18.3	21.2%	121.6	20.9	21.2%
Long Term						
1-2 Years	66.0	31.4	11.9%	30.2	38.2	11.9%
2-5 years	32.6	43.8	5.9%	24.5	55.3	5.9%
5-10 Years	28.1	68.0	5.1%	44.9	89.4	5.1%
10-15 Years	27.4	64.1	4.9%	51.6	83.9	4.9%
15-20 Years	48.5	56.2	8.7%	95.8	73.3	8.7%
20-25 Years	11.7	52.7	2.1%	19.5	64.9	2.1%
25-30 Years	9.3	45.7	1.7%	58.5	57.4	1.7%
30-35 Years	94.0	31.8	17.0%	101.9	37.3	17.0%
35-40 Years	45.0	11.7	8.1%	39.5	19.7	8.1%
40-45 Years	64.8	33.1	11.7%	83.8	10.4	11.7%
45+ Years	10.0	0.7	1.8%	25.0	0.8	1.8%
	554.7	**457.5**	**100.0%**	**696.8**	**551.5**	**100.0%**
Short Term						
Accrued Interest	0.0	4.2		0.0	5.4	
Total	**554.7**	**461.7**		**696.8**	**556.9**	

The total interest commitment on all outstanding borrowing (as shown in the table above) if all borrowing is held to maturity is £556.9m

Loans and other long term liabilities outstanding (nominal value)	31 March 2017 £m's	31 March 2018 £m's
Public Works Loans Board	365.4	549.2
Market Debt	72.0	26.0
Long Term Borrowing	**437.4**	**575.2**
Temporary Borrowing	109.1	68.0
Other Loans Less than 1 year	8.3	53.6
Long & Short Term Borrowing	**554.8**	**696.8**
Deferred Liabilities – PFI and finance leases	43.8	40.7
Total	**598.6**	**737.5**

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 2018, 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 16. 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 2017 £m's	31 March 2018 £m's
Current Assets		
Call Accounts (same day access accounts)	4.5	15.0
Cash and Bank Current Accounts	7.6	4.6
Total Current Assets	**12.1**	**19.6**
Current Liabilities		
Main Bank Clearing Accounts	(10.0)	(1.8)
Cash Imprest Accounts	(5.8)	(7.4)
Total Current Liabilities	**(15.8)**	**(9.2)**
Total Current Liabilities	**(3.7)**	**10.4**

NOTE 17. DEBTORS & INVESTMENTS IN SUBSIDIARIES

SHORT TERM DEBTORS

SHORT TERM BEBTORS	31 March 2017 £m's	31 March 2018 £m's
Central Government Bodies	13.0	20.8
National Health Service Bodies	0.8	0.7
Council Tax owed to Enfield Council	10.3	11.0
Local Business Rates owed to Enfield Council	0.6	0.7
Bodies external to general government	71.50	66.1
Payments in Advance	8.6	8.8
Total	**104.8**	**108.1**

LONG TERM DEBTORS	31 March 2017 £m's	31 March 2018 £m's
Loan to Enfield Enterprise	0.8	0.8
Secured Debt – Social Services	1.3	1.5
Secured Debt – Other Debt	2.4	1.7
Amounts receivable under Finance Leases	1.5	1.5
Housing Gateway Ltd	78.2	88.5
Enfield Innovations Ltd	14.9	12.8
Energetik	0.0	6.2
Total	**99.0**	**113.0**

INVESTMENTS IN SUBSIDIARIES

In its Balance Sheet the Council recognises a long term asset of £27.4m relating to Investment in Subsidiaries. The details are outlined in the table below:

	31 March 2018 £m's
Opening Carrying Amount of Soft loans	78.2
Cash value of new loans made in year	21.4
Fair Value adjustment on initial recognition	(11.5)
Amounts repaid to the council	(0.6)
Closing carrying amount of soft loan	87.6
Cash Value of total loans to HGL	114.9
Closing carrying amount of soft loan	(87.6)
Investment in Subsidiary	**27.4**

NOTE 18. 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 2018, 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 2018 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 19. CREDITORS AND LONG TERM LIABILITIES

Short Term Creditors

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

SHORT TERM CREDITORS	31 March 2017 £m's	31 March 2018 £m's
Central Government Bodies	(1.8)	(9.7)
Other Local Authorities	(3.0)	(3.4)
National Health Service Bodies	(3.8)	(2.4)
Bodies external to general government	(66.8)	(90.9)
Receipts in Advance	(21.7)	(21.3)
Total	**(97.0)**	**(127.7)**

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: -.

LONG TERM CREDITORS	31 March 2017 £m's	31 March 2018 £m's
Amounts due to be paid under PFI Contracts	(43.6)	(40.5)
Amounts due to be paid under other Finance Leases	(0.1)	(0.1)
Other Long Term Creditors	(8.9)	(0.2)
Total	**(52.6)**	**(40.8)**

NOTE 20. 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 2018 are shown in the following table.

Provisions: Classification and Description	Balance 31 March 2017 £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 2018 £m's
Short Term					
Building Dilapidations	0.7	0.0	0.0	0.7	(0.0)
Tenant Water Rates	2.4	0.0	0.0	2.4	0.0
Claims from internal insurance fund	1.6	1.5	1.6	0.0	1.5
Accumulated Staff Absences	6.1	6.1	6.1	0.0	6.1
Carbon Reduction Commitment Levy	0.1	0.2	0.1	0.0	0.2
Regeneration Property Buy-Backs	0.2	0.0	0.0	0.0	0.2
Business Rate Valuation Appeals	2.4	3.3	2.4	0.0	3.3
Transformation Partner Reward Payments	0.0	0.4	0.0	0.0	0.4
Compensation Awards	0.0	0.2	0.0	0.0	0.2
Short Term	**13.5**	**11.7**	**10.2**	**3.1**	**11.9**
Long Term					
Liability for Building Dilapidations	0.2	0.0	0.2	0.0	(0.0)
Claims from internal insurance fund	3.5	3.0	3.5	0.0	3.0
Tenant Water Rate Refund	0.0	3.0	0.0	0.0	3.0
Long Term	**3.7**	**6.0**	**3.7**	**0.0**	**6.0**
Total Provisions	**17.2**	**17.7**	**13.9**	**3.1**	**17.9**

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 reporting date.

ii) The combined short and long term Insurance provisions total of £4.5m 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 £3.3m provision for business rate valuation appeals is Enfield's 30% share of a total provision of £11.0m set out in more detail the Collection Fund note on page 85.

NOTE 21. UNUSABLE RESERVES

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

Note	Unusable Reserves	31 March 2017 Restated £m's	31 March 2018 £m's
(i)	Revaluation Reserve	(580.2)	(582.2)
(ii)	Capital Adjustment Account	(646.8)	(675.0)
(iii)	Collection Fund Adjustment Account	(2.7)	(3.0)
(iv)	Accumulated Absences Account	6.1	6.1
(v)	Pensions Reserve	503.1	555.1
(vi)	Financial Instruments Adjustment Account	0.0	(0.9)
	Total	**(720.4)**	**(699.9)**

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	2016/17 £m's	2017/18 £m's
Balance at 1 April	(600.0)	(580.2)
Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	(45.0)	(18.0)
Sub total	**(45.0)**	**(18.0)**
Total Amount written off to the Capital Adjustment Account		
Difference between fair value depreciation and historical cost depreciation	10.6	9.7
Accumulated gains on assets disposed of in the year	54.2	20.4
Transfer reflecting downward valuation of Surplus Asset Land where no prior revaluation gains exist	0.0	(14.3)
Other Adjusting Amounts Written Off to the Capital Adjustment Account	0.0	0.2
Sub total	**64.8**	**16.0**
Balance at 31 March	**(580.2)**	**(582.2)**

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	2016/17 Restated £m's	2017/18 £m's
Balance at 1 April	(692.1)	(646.8)
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	36.2	32.9
Amortisation of Intangible Assets	0.2	1.0
Revaluation and Impairment Losses on Property, Plant and Equipment	23.4	13.8
HRA Self Financing Adjustment	14.7	12.6
Revenue Expenditure Funded from Capital Under Statute	11.2	4.6
Recategorisation of Assets to Long Term Debtor		(4.2)
Amounts of Non-Current Assets written off on disposal as part of the Gain/Loss on Disposal in the Comprehensive Income and Expenditure Statements	124.0	40.3
Sub Total	**209.7**	**101.0**
Adjusting Amounts written out of the Revaluation Reserve		
Valuation of assets disposed of in the Comprehensive Income and Expenditure Statement	(54.2)	(20.5)
Downward valuation of Surplus Asset Land where no prior revaluation gains exist	0.0	14.3
Other adjusting amounts written out of the Revaluation Reserve	(10.5)	(9.7)
Sub Total	**(64.7)**	**(16.0)**
Capital financing applied in the year:		
Capital receipts applied	(11.3)	(26.6)
Revenue contributions to fund capital expenditure	(22.0)	(26.4)
Major Repairs Reserve applied	(15.2)	(14.7)
Capital grants and contributions applied	(32.9)	(41.0)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(11.8)	(4.0)
Capital Financing Applied in year: Total	**(93.2)**	**(112.7)**
Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(7.5)	(5.1)
Other Movements	1.0	4.5
Balance at 31 March	**(646.8)**	**(675.0)**

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	2016/17 £m's	2017/18 £m's
Balance at 1st April	(0.7)	(2.7)
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	0.9	(2.5)
Business Rates	(2.9)	2.2
Balance at 31 March	**(2.7)**	**(3.0)**

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	£m's	£m's
Balance at 1 April	8.1	6.1
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	(2.0)	0.0
Balance at 31 March	**6.1**	**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	2016/17 £m's	2017/18 £m's
Deficit Balance at 1 April	392.7	503.0
Re-measurement of the Net Defined Pension Liability	98.4	34.3
Reversal of charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	43.3	49.9
Enfield Homes Legacy Pension Fund Liability	(1.4)	0.0
Employer's pension contributions payable in the year	(30.0)	(32.1)
Deficit Balance at 31 March	**503.0**	**555.0**

vi Financial Instruments Adjustment Account

Financial Instruments Adjustment Account	2016/17 £m's	2017/18 £m's
Balance at 1 April	0.0	0.0
Reversal of credits to the surplus or deficit on provision of services for financing and investment income and expenditure in accordance with the Code	0.0	(0.9)
Balance at 31 March	**0.0**	**(0.9)**

NOTE 22. 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.

2016/17 Income & Expenditure per Management Accounts £m's	2016/17 Adjustments between internal reporting and statutory position £m's	2016/17 net Expenditure Chargeable to General Fund and HRA Balances £m's	2016/17 Adjustments between Funding and Accounting Basis £m's	2016/17 Net Expenditure in the CIES £m's	Segment	2017-18 Income & Expenditure per Management Accounts £m's	2017-18 Adjustments between internal reporting and statutory position £m's	2017-18 net Expenditure Chargeable to General Fund and HRA Balances £m's	2017-18 Adjustments between Funding and Accounting Basis £m's	2017-18 Net Expenditure in the CIES £m's
80.7	2.6	83.3	8.0	91.3	Housing, Health & Adult Social Care	79.5	3.9	83.4	5.7	89.1
47.6	9.6	57.2	33.1	90.3	Finance, Resources & Corporate Services	45.5	9.7	55.2	30.5	85.7
24.8	(5.8)	19.0	18.1	37.2	Regeneration & Environment	20.3	(0.6)	19.7	5.0	24.7
49.2	4.8	54.0	16.5	70.5	Schools & Children's Services	44.5	1.3	45.8	15.0	60.8
3.5	0.2	3.7	0.0	3.7	Chief Executive	7.6	0.4	8.0	0.9	8.9
205.8	**11.4**	**217.2**	**75.7**	**292.9**	**GF Sub Total**	**197.4**	**14.7**	**212.1**	**57.1**	**269.3**
0.0	(0.6)	(0.6)	(18.8)	(19.4)	HRA	0.0	(0.2)	(0.2)	(18.6)	(18.8)
205.8	**10.8**	**216.6**	**57.0**	**273.5**	**Net Cost of Service**	**197.4**	**14.5**	**211.9**	**38.5**	**250.5**
(205.8)	(4.5)	(210.3)	(12.4)	(222.7)	**Other Income and Expenditure**	(197.4)	(24.0)	(221.5)	(23.0)	(244.5)
0.0	**6.3**	**6.3**	**44.6**	**50.8**	**Deficit**	**0.0**	**(9.5)**	**(9.5)**	**15.5**	**6.0**

2016/17		2017-18
(100.6)	Opening General Fund & HRA Balance	(93.0)
6.3	In year surplus / deficit	(9.5)
1.3	Transfer of Academy	0.0
(93.0)	**Closing General Fund & HRA Balance**	**(102.5)**

Notes to Expenditure Funding Analysis

2017/18 Directorate	Income and Expenditure per management Accounts £m's	Adjustments between internal reporting and statutory position £m's	net Expenditure Chargeable to General Fund and HRA Balances £m's	Adjustments for Capital Purposes £m's	Adjustments Pension Benefits £m's	Other Adjustments £m's	Total Adjustments Between Funding and Accounting Basis £m's	Net Expenditure in CIES £m's
Housing, Health & Adult Social Care	79.5	3.9	**83.4**	5.3	0.4	0.0	**5.7**	**89.1**
Finance, Resources & Corporate Services	45.5	9.7	**55.2**	29.2	1.3	0.0	**30.5**	**85.7**
Regeneration & Environment	20.3	(0.6)	**19.7**	4.5	0.6	0.0	**5.0**	**24.7**
Schools & Children's Services	44.5	1.3	**45.8**	12.6	2.4	0.0	**15.0**	**60.8**
Chief Executive	7.6	0.4	**8.0**	0.6	0.3	0.0	**0.9**	**8.9**
GF Sub Total	**197.4**	**14.7**	**212.1**	**52.3**	**4.9**	**0.0**	**57.1**	**269.3**
HRA	0.0	(0.2)	**(0.2)**	(18.6)	0.0	0.0	**(18.6)**	**(18.8)**
Net Cost of Service	**197.4**	**14.5**	**211.9**	**33.7**	**4.9**	**0.0**	**38.5**	**250.5**
Other Income and Expenditure	(197.4)	(24.0)	**(221.4)**	(34.8)	12.8	(1.0)	**(23.0)**	**(244.5)**
Deficit	**0.0**	**(9.5)**	**(9.5)**	**(1.1)**	**17.7**	**0.0**	**15.5**	**6.0**

2016/17 Directorate	Income and Expenditure per management Accounts £m's	Adjustments between internal reporting and statutory position £m's	net Expenditure Chargeable to General Fund and HRA Balances £m's	Adjustments for Capital Purposes £m's	Adjustments Pension Benefits £m's	Other Adjustments £m's	Total Adjustments Between Funding and Accounting Basis £m's	Net Expenditure in CIES £m's
Housing, Health & Adult Social Care	80.7	2.6	**83.3**	8.0	0.0	0.0	**8.0**	**91.3**
Finance, Resources & Customer Services	47.6	9.6	**57.2**	32.1	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 Service	**205.8**	**10.8**	**216.6**	**58.3**	**0.6**	**(2.0)**	**57.0**	**273.6**
Other Income and Expenditure	(205.8)	(4.5)	**(210.3)**	(23.2)	12.8	(2.0)	**(12.4)**	**(222.7)**
Deficit	**0.0**	**6.3**	**6.3**	**35.2**	**13.4**	**(4.0)**	**44.6**	**50.9**

Notes to Expenditure Funding Analysis tables

1. Adjustments for Capital Purposes
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. Adjustments Pension Benefits
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. Other Adjustments
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. Adjustments between internal reporting & statutory postion
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** **£m's**	**2017/18** **£m's**
Employee Benefit Expenses	358.7	349.1
Premises	63.2	64.3
Transport	7.8	8.1
Other Operating Expenditure	169.4	127.9
Third Party Payments	135.5	143.8
Transfer Payments	396.2	393.3
Capital Charges (including Depreciation & Amortisation)	65.7	52.7
Support Services	28.7	26.7
Financing & Investment Income and Expenditure	24.8	32.0
Government Grants, Reimbursements & Contributions	(776.1)	(763.1)
Customer & Client Receipts	(423.5)	(431.2)
Statutory Adjustments & Appropriations	(50.3)	(3.5)
Net Expenditure Chargeable to General Fund & HRA	**0.0**	**0.0**

NOTE 23. INVESTING ACTIVITIES

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

Cash Flow Statement – Investing Activities	**2016/17** **£m's**	**2017/18** **£m's**
Purchase of property, plant and equipment, investment property and intangible assets	(169.8)	(221.2)
Loan advances to Subsidiary Companies	(60.2)	(26.4)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	19.5	38.3
Proceeds from Short and Long Term Investments	23.4	0.0
Capital Grants Received	48.0	39.0
Other Capital Payments Received	0.0	5.1
Total Investing Activities	**(139.2)**	**(165.2)**

NOTE 24. FINANCING ACTIVITIES

Cash Flow Statement – Financing Activities	**2016/17** **£m's**	**2017/18** **£m's**
Cash receipts of short and long term borrowing	209.0	279.6
Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(2.7)	(3.1)
Repayments of short and long term borrowing	(92.5)	(137.6)
Other payments for financing activities	0.0	6.9
Total Financing Activities	**113.8**	**145.7**

NOTE 25. 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:

	2016/17 £m's	2017/18 £m's
Proceeds from sale of property plant equipment & investment property	(26.9)	(31.0)
Any other items for which the cash effects are investing or financing cash flows - Capital Grants and Contributions	(49.1)	(36.4)
Total Financing Activities	**(76.0)**	**(67.4)**

NOTE 26. 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 2017/18 and comparison with 2016/17 is set out below. The Pooled Budget for Learning Disabilities and Mental Health Capacity was marginally overspent during 2017/18. 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. The statements exclude the Enfield Clinical Commissioning Group (CCG) allocation of the Better Care Fund to the NHS; the Council receives none of this funding which is spent by the NHS and in 2017/18 totalled £19.528m (£19.185m 2016/17).

Pooled Budgets 2017/18	Integrated Communities Equipment Service £m's	Learning Disabilities Pool £m's	Mental Capacity Act £m's	Service Development Team £m's	Better Care Fund £m's	CHC Beds £m's	Total £m's
Funding provided to the pooled budget:							
London Borough of Enfield	1.0	4.2	0.8	0.0	10.0	0.0	16.1
National Health Service Enfield	0.7	1.9	0.0	0.1	0.0	0.2	2.9
Total Funding available	**1.7**	**6.1**	**0.9**	**0.1**	**10.0**	**0.2**	**19.0**
Expenditure met from the pooled budget							
Enfield Council	1.7	3.6	0.7	0.1	10.0	0.2	16.3
National Health Service Enfield	0.0	2.7	0.0	0.0	0.0	0.0	2.7
Total Expenditure	**1.7**	**6.3**	**0.7**	**0.1**	**10.0**	**0.2**	**19.0**
Net Surplus / Deficit	**0.0**	**(0.3)**	**0.2**	**0.0**	**(0.0)**	**(0.0)**	**(0.1)**

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 £m's
Funding provided to the pooled budget:						
London Borough of Enfield	0.8	4.2	0.2	0.6	0.0	5.8
National Health Service Enfield	0.7	1.8	0.0	0.1	10.0	12.6
Total Funding available	**1.5**	**6.0**	**0.3**	**0.7**	**10.0**	**18.4**
Expenditure met from the pooled budget						
Enfield Council	1.4	3.6	0.5	0.5	10.0	16.1
National Health Service Enfield	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)**

NOTE 27. 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

	2016/17 £m's	2017/18 £m's
Basic allowances	0.7	0.7
Special responsibility allowances	0.3	0.3
Total	**1.0**	**1.0**

NOTE 28. 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	Financial Year	Taxable Pay £	Performance Related Pay (Note 1) £	Expenses Allowances £	Pension Contribution £	Total £
Ian Davis 2017/18 Rob Leak 2016/17 (Chief Executive)	2017/18	177,236.28	2,792.40			**180,028.68**
	2016/17	171,708.48				**171,708.48**
Executive Director of Health, Housing & Adult Social Care	2017/18	139,119.19	8,516.70			**147,635.89**
	2016/17	137,678.88	5,529.00			**143,207.88**
James Rolfe, (Executive Director of Finance, Resources & Customer Services)	2017/18	139,061.88	13,962.00			**153,023.88**
	2016/17	137,678.88	13,824.00			**151,502.88**
Executive Director of Schools and Children's Services	2017/18	134,871.96			32,371.42	**167,243.38**
	2016/17	126,271.26			26,510.52	**152,781.78**
Ian Davies 2016/17, (Executive Director of Regeneration & Environment)	2017/18	116,737.75	2,292.30		10,563.88	**129,593.93**
	2016/17	144,674.88	13,824.00			**158,498.88**
Chief Education Officer	2017/18					**0.00**
	2016/17	97,386.88	7,485.00	47.50	22,038.02	**126,957.40**
Executive Director of Public Health	2017/18	91,659.73		413.37		**92,073.10**
	2016/17	127,263.11			17,082.16	**144,345.27**

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.

	2017/18				2016/17			
	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	61	2	127	5	60	4	134	1
£55,000 - £59,999	54	1	52	2	65	6	59	3
£60,000 - £64,999	20	2	32	2	17	2	40	
£65,000 - £69,999	17	1	36		14	3	35	
£70,000 - £74,999	16	3	15		15	1	24	
£75,000 - £79,999	3	3	14		3	2	15	
£80,000 - £84,999	3		5		1		10	
85,000 - £89,999			9		1	1	8	
90,000 - £94,999	3		2	1	1	1	3	
£95,000 - £99,999	1		2		1	1	1	
£100,000 - £104,999	2	3	2		2	1	2	
£105,000 - £109,999			2		1		2	
£110,000 - £114,999	1					1	1	
£115,000 - £119,999		2	1				2	
£120,000 - £124,999		1					1	
£125,000 - £129,999		2	1				1	
£130,000 - £134,999								
£135,000 - £139,999								
£140,000 - £144,999		1						
Totals	**181**	**21**	**300**	**10**	**181**	**23**	**338**	**4**
Total for year				**512**				**546**

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.

<u>NOTE 29.</u> 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:

	Fees in Respect of Audit Year	
	2016/17	**2017/18**
	£'000	**£'000**
Fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for the year	190	172
Fees payable to the External Auditors for the certification of grant claims and returns for the year	31	41
Fees payable in respect of other services provided by the appointed auditor during the year	8	8
Full Year Audit Cost Total	**229**	**221**

NOTE 30. 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 2017/18 are as follows:

	Total £m's	Individual Schools Budget (ISB) £m's	Central Expenditure £m's
Final DSG for 2017/18 before Academy Recoupment	316.8		
Academy Figure recouped for 2017/18	(80.8)		
Total DSG after Academy Recoupment 2017/18	**236.0**		
Plus brought forward from 2016/17	(3.0)		
Less carry forward to 2018/19 agreed in advance	0.0		
Agreed initial budget distribution 2017/18	**233.0**	**196.7**	**36.3**
In year adjustments	0.0		
Final budget distribution for 2017/18	**233.0**	**196.7**	**36.3**
Less: Actual Central Expenditure	**36.5**		**36.5**
Less: Actual ISB Deployed to Schools	**197.2**	**197.2**	
Carry forward to 2018/19	**(0.7)**	**(0.5)**	**(0.2)**

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 2018 were £3.1m.

NOTE 31. **GRANT INCOME**

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

	2016/17 £m's	2017/18 £m's
Credited to Taxation and Non Specific Grant Income		
Education Services & Transitional Grant	3.2	2.2
New Homes Bonus	4.9	3.6
New Homes Bonus Adjustment Grant	0.2	0.2
Business Rates 2% inflation Cap	1.0	1.0
Small Business Rate Relief	0.0	1.5
Discretionary Rate Relief Scheme	0.0	0.3
Small Business Empty Properties Grant	0.6	0.0
Retail Relief and Other S31 Grants	0.3	0.0
Housing Benefit Administration Grant	1.7	1.7
Flexible Homelessness Grant	0.0	8.8
Council Tax Administration Grant & Other Grants	0.7	0.9
Specific Corporate Grants	**12.6**	**20.2**
Revenue Support Grant	46.6	34.0
General Government Grants	**59.2**	**54.3**
Capital Grants and Contributions	49.1	36.4
Total Grants and Contributions	**108.3**	**90.7**

Service Specific Grants	**2016/17 £m's**	**2017/18 £m's**
Housing Benefits Subsidy	320.1	317.4
Dedicated Schools Grant	242.2	236.0
Pupil Premium Grant	16.7	14.4
Education Funding Agency- Learning & Skills Grant	13.1	12.2
Public Health Grant	17.7	17.3
Discretionary Housing Payments	2.1	2.4
Unaccompanied Asylum Seeker Support Grant	1.9	1.9
Council Tax Support New Burdens Funding	0.2	0.2
Other Grants	13.5	24.0
General Government Grants	**627.5**	**625.8**

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 2018 was £3.6m (£2.2m 31 March 2017).

NOTE 32. **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 31.

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 26.

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 2017/18 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 2016-17	Payments made by LBE to Organisation in 2017-18
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 28	Statutory levy and charge of £6.8m	Statutory levy and charge of £6.6m
Lee Valley Regional Park Authority	Cllr Derek Levy attends committees for Lee Valley Regional Park Authority.	Statutory Levy and Payment for services of £0.27m	Statutory Levy and Payment for services of £0.25m
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 £0.6m

Entities Controlled or Significantly Influenced by the Authority

Wholly Owned Subsidiaries of the Council

Energetik

In 2011, the Council set up New River Services Ltd with the Board made up of Councillors and Senior Officers. The Company provides a legal platform to enable the Council to trade its services with other public bodies on a commercial basis. The Company was renamed Lea Valley Heat Network Ltd in June 2013 and is also known as Energetik. The Company began trading in 2016/17. During 2017/18, the Management Board included Councillors Doug Taylor, Ahmet Oykener, Alan Sitkin and Officers James Rolfe (Executive Director of Resources) and Ian Davis (Chief Executive). As at 31 March 2018 outstanding loan advances totalled £6.2m (£2.0m new advances 2017/18). Included within debtors is £0.4m owed by the Company to the London Borough of Enfield in respect of the provision of goods and services in the year.

Housing Gateway Limited (HGL)

HGL 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. HGL commenced trading in financial year 2014/15. The Management Board consists of Councillors Georgiou and Oykener and Officers James Rolfe (Executive Director of Resources) and Sally McTernan (Assistant Director Community Housing). The Council provided a range of support services to HGL during financial year 2017/18 which came to £0.7m. The Council made net loan advances to HGL of £20.8m. At 31 March 2018 outstanding loan advances to HGL totalled £114.9m[6]. Included within debtors is £3.7m owed by HGL to the London Borough of Enfield in respect of the provision of goods and services in the year.

Enfield Innovations Limited (EIL)

In 2015 Members approved the creation of EIL – a Special Purpose Vehicle to develop, own and manage property as part of a wider strategy to increase the supply of value for money quality accommodation for Enfield Residents. EIL falls within the Group Boundary. During the year, the Management Board included Councillors Georgiou and Oykener and Officer James Rolfe (Executive Director of Resources), Sally McTernan (Assistant Director Community Housing) and Jayne Middleton-Albooye (Principal Solicitor). In financial year 2017-18 the Authority provided support services to EIL of £46k and received net repayments of loan advances to them of £2.1m. At 31 March 2018 outstanding loan advances to EIL totalled £12.8m.

Independence & Wellbeing Enfield (IWE) Ltd

IWE 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 2017-18 the Management fee paid by the Authority to the Company was £13.5m and the Authority provided £1.1m of support services to IWE Ltd. Included within debtors is £5.2m owed by IWE to the London Borough of Enfield in respect of the provision of goods and services in the year

Enfotec Ltd

In March 2017 the Council Registered Enfotec Ltd. The Company is dormant with no financial activity but is intended to be used in the future as an ICT trading platform. The Enfotec Ltd Board includes James Rolfe and Councillors Alan Sitkin, Ayfer Orhan, Dino Lemonides, and Achilleas Georgiou

Joint Venture

Montagu 406 Regeneration LLP

The Council has entered into a 50:50 Joint Venture with Henry Boot Construction Ltd to redevelop the Montague Industrial Estate. Montague 406 Regeneration LLP was incorporated on the 1 February 2018 and the Joint Special Purpose Vehicle agreement signed on 22 February 2018. The Council is represented on the Board by James Rolfe and Councillor Alan Sitkin. No transactions took place in 2017/18.

Associates

Enfield Norse Limited

The Authority owns 40% of the shares in Enfield Norse Limited – the Trading Arm of Norfolk County Council. The Company provides building cleaning services.

[6] Of which £27.4m is accounted for as an investment in HGL under the Code of Practice

During financial year 2017/18 the Authority received dividend income from Enfield Norse of £0.1m. James Rolfe (Executive Director of Resources) is a Director of Enfield Norse Limited as is Councillor Achilleas Georgiou.

Red Lion Homes' (RLH)
In November 2015 the Council gave approval for the creation of a new Social Housing Registered Provider. In May 2017 RLH was formally registered at Companies House. Its purpose is to acquire and develop land and property for the provision of social and affordable housing. The Council will assist RHL by disposal of HRA properties and sites to the RLH and by investing its Right to Buy Receipts from the Governments One to One Replacement Scheme. The RHL Board is made up of 9 Board Members, two of whom are Council Nominees (Cllr Oykener and LBE Officer Peter George) meaning the Council will have a minority interest. As at the time of writing the RHL is not operational.

NOTE 33. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2016/17 £m	2017/18 £m
Opening Capital Financing Requirement	**577.7**	**735.9**
Capital Investment		
Property, Plant and Equipment	177.7	233.4
Investment Properties	0.0	0.0
Heritage Assets	0.0	0.0
Assets Held for Sale	0.0	4.2
Long Term Investment	59.6	26.2
Revenue Expenditure Funded from Capital Under Statute*	11.2	4.6
Total Capital Investment	**248.5**	**268.5**
Sources of Finance		
Capital Receipts	(11.4)	(26.6)
Government Grants and Contributions	(32.9)	(41.0)
HRA Major Repairs Reserve	(15.3)	(14.7)
Direct Revenue Contributions	(22.0)	(26.4)
Minimum Revenue Provision	(11.8)	(4.0)
Repayment of Loans	0.0	(5.5)
Decrease in PFI Contract Liabilities	3.0	3.0
Decrease in Finance Lease Liabilities	0.1	0.0
Total Sources of Finance	**(90.3)**	**(115.3)**
Closing Capital Financing Requirement	**735.9**	**889.1**
Increase in underlying need to borrow	158.2	153.2
Increase in Capital Financing Requirement	**158.2**	**153.2**

*Analysis of Revenue Expenditure funded from Capital under Statute

	2016/17 £m's	2017/18 £m's
Capital Contributions to VA Schools and Academies	3.6	0.9
Disabled Facilities Grants	2.1	2.0
Grants to Vacate Property	0.2	0.0
Grants to Housing Associations	2.7	0.1
House Repair and Adaptation Grants	2.6	1.6
Total Expenditure	**11.2**	**4.6**

NOTE 34. OPERATING 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 2017 £m's	31 March 2018 £m's
Not later than one year	0.8	1.2
Later than one year and not later than five years	3.4	2.9
Later than five years	20.3	0.2
Total	**24.5**	**4.3**

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 over 800 operating leases of varying lease periods. These include industrial and retail properties, Green Belt Agricultural tenancies and other recreational and commercial buildings. Rent receivable in 2017-18 was £8.5m (£9.3m in 2016-17). The table below sets out the future income profile arising from the most significant of these leases. Projected receipts 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 2017 £m's	31 March 2018 £m's
Amount due not later than one year	3.8	2.3
Amount due between one and five years	15.9	7.9
Later than five years	117.2	96.1
Total	**136.9**	**106.3**

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

NOTE 35. 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 12. 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 as at 31 March 2018 are shown below

Street Lighting Services

Period	Payment for Services £m's	Reimbursement of Capital Expenditure £m's	Interest £m's	Total £m's
Within one year	1.9	1.2	0.7	3.7
Two - five years	8.1	4.4	2.4	14.9
six - 10 years	11.6	5.6	1.7	18.9
11 - 15 years	8.0	3.6	0.4	12.0
Total	**29.6**	**14.8**	**5.2**	**49.5**

The carrying value of the Street Lighting scheme assets at 31 March 2018 was £19.0m (£20.1m as at 31 March 2017).

Outstanding Liability for Reimbursement of Capital Expenditure	2016/17 £m's	2017/18 £m's
Balance Outstanding 1st April	(17.1)	(16.0)
Payments during the year	1.1	1.2
Balance Outstanding 31st March	**(16.0)**	**(14.8)**

Education – Provision of Highlands Secondary School

Period	Payment for Services £m's	Reimbursement of Capital Expenditure £m's	Interest £m's	Total £m's
Within one year	0.8	0.9	0.9	2.6
Two - five years	3.3	4.4	2.8	10.5
six - 10 years	1.4	3.8	0.7	5.9
Total	**5.5**	**9.1**	**4.4**	**19.0**

The carrying value of assets held at 31 March 2018 was £30.4m (£28.5m as at 31 March 2017).

Outstanding Liability for Reimbursement of Capital Expenditure	2016/17 £m's	2017/18 £m's
Balance Outstanding 1st April	(10.7)	(9.9)
Payments during the year	0.8	0.8
Balance Outstanding 31st March	**(9.9)**	**(9.1)**

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

Period	Payment for Services £m	Reimbursement of Capital Expenditure £m	Interest £m	Total £m
Within one year	1.9	1.1	2.0	**5.0**
Two - five years	8.2	5.4	6.7	**20.3**
six - 10 years	11.9	9.4	4.8	**26.1**
11 - 15 years	3.6	3.9	0.5	**8.0**
Total	**25.6**	**19.8**	**14.0**	**59.4**

The carrying value of assets held at 31 March 2018 was £47.6m (£38.2m as at 31 March 2017).

Outstanding Liability for Reimbursement of Capital Expenditure	2016/17 £m	2017/18 £m
Balance Outstanding 1st April	(21.7)	(20.8)
Payments during the year	0.9	1.0
Balance Outstanding 31st March	**(20.8)**	**(19.8)**

NOTE 36. IMPAIRMENT LOSSES

There were no impairment losses as per IAS36 in 2016/17 or 2017/18.

NOTE 37. 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 2017/18 and 2016/17 were as follows:

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Other Departures		Total Number of Exit Packages by Band		Total Cost of Exit Packages by Band	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18 £m's	2016/17 £m's
0 - £20k	120	251	33	41	153	292	1.126	2.255
£20 - £40k	29	49	5	4	34	53	0.944	1.441
£40 - £60k	15	16	2	0	17	16	0.824	0.699
£60 - £80k	3	1	1	0	4	1	0.267	0.075
£80 - £100k	2	3	0	0	2	3	0.175	0.275
£100 - £150k	0	1	0	0	0	1	0.000	0.131
Over £150k	1	1	0	0	1	1	0.170	0.173
Total	**170**	**322**	**41**	**45**	**211**	**367**	**3.506**	**5.048**

NOTE 38. 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 2017/18 employer contributions of £13.8m were paid to the Teacher's Pension Scheme (£18.1m paid in 2016/17). 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 39 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 39. 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.

Under IAS19, the relevant Accounting Standard for Employee Benefits, the Council recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. All IAS19 entries are notional and not represented by any cash flows. However, the charge that is required to be made against council tax is based on Employer Pension Contributions – which is a cash movement, so the real cost of post-employment/retirement benefits under IAS19 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:-

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2016/17	2017/18	2016/17	2017/18
	£m's	£m's	£m's	£m's
Comprehensive Income & Expenditure Statement				
Cost of Services				
Current service cost	29.4	36.7	0.0	0.0
Past service cost (gains) / losses	1.2	0.5	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	10.9	11.2	1.8	1.4
Total Post Employment Benefit charged to the Surplus / Deficit on the Provision of Services	**41.5**	**48.5**	**1.8**	**1.4**
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement - Remeasurement of the net defined pension liability				
Actuarial (Gains) / Losses on Return on Plan Assets	(129.3)	0.3	0.0	0.0
Actuarial (Gains) / Losses due to changes in demographic assumptions	(25.9)	0.0	(1.3)	0.3
Actuarial (Gains) & Losses arising on changes in financial assumptions	242.3	24.8	4.5	0.3
Actuarial (Gains) & Losses due to liability experience	8.5	8.1	(0.4)	0.5
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	**137.1**	**81.7**	**4.6**	**2.5**
Movement in Reserves Statement				
Adjustment between Accounting Basis & Funding Basis Under Regulations	15.0	19.8	(1.6)	(2.1)
Actual amount charged against the General Fund & HRA Balance for pensions in the year:				
Employers' contributions payable to the scheme	26.5	28.6		
Retirement benefits payable to pensioners			3.5	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	
	2016/17	2017/18	2016/17	2017/18
	£m's	£m's	£m's	£m's
Present Value of the defined benefit obligation	(1,441.3)	(1,518.6)	(56.4)	(55.4)
Fair Value of Plan Assets	994.6	1,018.9	0.0	0.0
Sub-Total	**(446.7)**	**(499.7)**	**(56.4)**	**(55.4)**
Other movements in the liability (asset)	0.0	0.0	0.0	0.0
Net liability arising from defined benefit obligation	**(446.7)**	**(499.7)**	**(56.4)**	**(55.4)**

Reconciliation in the Movement in Fair Value of Scheme Plan Assets

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2016/17	2017/18	2016/17	2017/18
	£m's	£m's	£m's	£m's
Opening fair value of scheme assets	838.1	994.6	0.0	0.0
Interest income	28.5	25.9	0.0	0.0
Remeasurement gain/ (loss)				
Return on plan assets	129.3	(0.3)	0.0	0.0
Actuarial (Gains) / Losses due to liability experience				
Contributions from employer	26.5	28.6	3.5	3.5
Contributions from employees	8.0	7.7	0.0	0.0
Benefits paid	(35.8)	(37.5)	(3.5)	(3.5)
Closing value of scheme assets	**994.6**	**1,018.9**	**0.0**	**0.0**

Recognition of Present Value of Scheme Liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities Discretionary Benefits	
	2016/17	2017/18	2016/17	2017/18
	£m's	£m's	£m's	£m's
Opening balance at 1 April	1,174.2	1,441.3	55.3	56.4
Current Service cost	30.0	36.7	0.0	0.0
Interest cost	39.5	37.1	1.8	1.4
Contributions from scheme participants	8.0	7.7	0.0	0.0
Remeasurement (gains)/ losses				
Actuarial (gains) / losses from change in demographic assumptions	(25.9)	0.0	(1.3)	0.3
Actuarial (gains) / losses arising from change in financial assumptions	242.3	24.8	4.5	0.3
Actuarial (gains) /Losses due to liability experience	7.9	8.1	(0.4)	0.5
Passed Service Cost	1.2	0.5	0.0	0.0
Losses / (Gains) on curtailment	0	0	0.0	0.0
Benefits paid	(35.9)	(37.5)	(3.5)	(3.5)
Closing defined benefit obligation 31 March	**1,441.3**	**1,518.7**	**56.4**	**55.4**

Composition of Scheme Assets

Scheme Asset Type	As at 31 March 2017	As at 31 March 2018
Equity Investments	50.9%	51.5%
Property	7.7%	6.6%
Government Bonds	16.8%	12.8%
Corporate Bonds	6.6%	6.0%
Cash	4.4%	6.6%
Other Assets	13.6%	16.5%
Total	**100.0%**	**100.0%**

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 2018. The principal assumptions used by the actuary are shown in the table below.

Mortality Assumptions:	**2016/17**	**2017/18**
Future lifetime from age 65 for current pensioners (aged 65 @reporting date)		
Men	24.4	24.5
Women	27	27.2
Future lifetime from age 65 for future pensioners (aged 45 @ 31 March 2014)		
Men	26.5	26.6
Women	29.3	29.4
Economic Assumptions:		
Discount Rate	2.6%	2.6%
RPI Inflation	3.1%	3.2%
CPI Inflation	2.0%	2.1%
Rate of increase to pensions in payment	2.0%	2.1%
Rate of increase to deferred pensions	2.0%	2.1%
Rate of general increase in salaries	3.5%	3.6%

	Impact on the Defined Benefit Obligation	
	Increase in Assumption £m	**Decrease in Assumption £m**
Discount Rate (increase or decrease by 1%)	28.0	28.5
Rate of increase in salaries (increase or decrease by 1%)	5.8	5.7
Rate of increase in pensions (increase or decrease by 1%)	22.7	22.3
Longevity (increase or decrease by 1 year)	44.5	44.3

NOTE 40 INTANGIBLE ASSETS

	2016/17 Restated £m's	**2017/18 £m's**
Balances at 1st April		
Gross carrying amounts	18.1	27.4
Accumulated amortisation	(5.3)	(5.5)
Net carrying amount at 1st April	**12.8**	**21.9**
Acquisitions	9.3	3.9
Amortisation for the period	(0.2)	(1.0)
Net carrying amount at 31 March	**21.9**	**24.8**
Comprising:		
Gross carrying amounts	27.4	31.3
Accumulated amortisation	(5.5)	(6.5)
	21.9	**24.8**

NOTE 41 PRIOR PERIOD ADJUSTMENTS

There have been two Prior Period Adjustments as follows:-

- Expenditure on Internally Developed Software. In the Published 2016-17 Accounts, this was classified as Assets under Construction (part of Property Plant and Equipment). Whereas it was supposed to be classified as Intangible Assets. Accordingly this expenditure has since been reclassified to Intangible Assets.
- Loans to Subsidiary Companies. The Council has previously accounted for loans to subsidiaries as being on deferred terms. Having reviewed the legal arrangements it has been determined that recognising a deferred capital receipt in respect of these loans is inappropriate because capital receipts should be recognised when loan repayments are due rather than when the loans are initiated. To rectify the accounting treatment the balance on the Deferred Capital Receipts Account (£111.3m) in respect of these financial arrangements has been credited to the Capital Adjustment Account as at 1 April 2016. Future transactions will continue to be posted using the Unapplied Capital Receipts Reserve and Long Term Debtor Account but additional postings to the Capital Adjustment Account will no longer be required. To recognise this change, notes 10 and 21 for 2016/17 have been restated to show the correct accounting reporting. This change has no impact on the Capital Financing Requirement of the Council apart from the method of calculation which will now include Long Term Debtors

Nature of Prior Period Adjustment	2016/17 Publish Accounts £m	2016/17 Adjustment £m	Restated Prior Year figure in 2017/18 Accounts £m
Internally Developed Software Assets			
Property Plant & Equipment (Assets under Construction)	1,774.2	(21.6)	1,752.6
Intangible Asset	0.3	21.6	21.9
Deferred Capital Receipts	(111.3)	111.3	0.0
Capital Adjustment Account	(535.5)	(111.3)	(646.8)

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) 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	2016/17 £m's	2017/18 £m's
INCOME			
Dwelling rents (gross)		(54.7)	(53.3)
Non-dwelling rents (gross)		(0.6)	(0.6)
Charges for services and facilities		(7.9)	(14.6)
Contributions towards expenditure		(0.1)	0.0
Total Income		**(63.3)**	**(68.5)**
EXPENDITURE			
Repairs and maintenance	4	10.5	10.3
Supervision and management		19.3	22.3
Rents, rates, taxes and other charges		0.6	1.3
Depreciation, impairment and revaluation losses of non-current assets	6	13.0	14.9
Movement in the allowance for bad debts	9	0.2	0.5
Total Expenditure		**43.6**	**49.3**
Net Expenditure or Income of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement		(19.7)	(19.2)
HRA services' share of Corporate & Democratic Core		0.3	0.3
NET COST OF HRA SERVICES		**(19.4)**	**(18.8)**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(Gain) or loss on sale of HRA non-current assets		(9.4)	(9.7)
Interest payable and similar charges		8.2	8.2
Interest and Investment income		(0.1)	(0.2)
Income and expenditure and changes in fair value of Investment Properties	7	(3.3)	(3.6)
Pensions interest cost and expected return on pension assets	8	0.5	0.5
Capital grants and contributions receivable		(3.3)	(4.1)
Other Operating Expenditure		1.3	1.5
SURPLUS FOR THE YEAR ON HRA SERVICES		**(25.6)**	**(26.3)**

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	31 March 2017 £m's	31 March 2018 £m's
Balance on the HRA at the end of the previous year	**(9.1)**	**(9.1)**
Deficit for the year on the HRA Income and Expenditure Statement	(25.6)	(26.3)
Adjustments between accounting basis and funding basis under statute:		
Difference between treatment of interest payable and premiums		
Revenue expenditure funded from capital under statute	1.9	0.0
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	(2.5)	(0.2)
Investment properties gain or loss on disposal & movements in fair and market value	3.6	1.3
Gain on sale of HRA non-current assets	9.0	9.7
HRA share of contributions to or from the Pensions Reserve	(0.5)	(0.6)
Capital expenditure funded by the HRA	19.3	22.9
Transfers to Capital Grants Unapplied Account	1.2	4.1
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	(0.1)	(0.4)
NET (INCREASE)/DECREASE BEFORE TRANSFERS TO OR FROM RESERVES	**5.2**	**9.2**
Transfers to earmarked reserves	(5.1)	(7.1)
(Increase) / decrease in year on the HRA balance	0.1	2.1
BALANCE ON THE HRA AT THE END OF THE CURRENT YEAR	**(9.1)**	**(7.0)**

1. HOUSING STOCK

The Council was responsible for managing a Housing Revenue Account stock of 10,221 properties at 31st March 2018 compared with a total of 10,343 properties at 31st March 2017. 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 March 2017 Number of Properties	31 March 2018 Number of Properties
Low-rise flats (up to 2 storeys)	1,471	1,462
Medium-rise flats (3 to 5 storeys)	3,443	3,379
High-rise flats (6 storeys and over)	2,257	2,198
Houses and bungalows	3,169	3,179
Multi-occupied and shared ownership	3	3
Total Housing stock	**10,343**	**10,221**

The figures of 10,221 and 10,343 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 £91k (after applying the Social Housing Factor).

The movement between 10,343 in 2016/17 and 10,221 in 2017/18 is the result of 139 Right to Buy disposals, 35 properties being classified as surplus assets, 41 buybacks and 11 new build properties.

The Council also holds a number of vacant dwellings that are awaiting disposal or redevelopment at 31st March 2018 as follows:

	31 March 2017 Number of Properties	31 March 2018 Number of Properties
Surplus Properties:		
Alma Development	370	393
New Avenue Development	70	79
Ladderswood Estate	123	131
Newstead House	6	7
Upton road	5	6
Reardon Court	26	26
Total	**600**	**642**

The vacant possession value of Surplus assets as at 31 March 2017 was £31.0m (1 April 2017 £28.6m).

2. STOCK VALUATION

The open market value of the council's dwellings was £2,539m at 31 March 2018. The difference between this value and the existing use value £625.0m at 31 March 2018 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 MHCLG 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.

	2016/17 £m's	2017/18 £m's
Balance at 1 April	**(15.3)**	**(14.7)**
MRA for the year	(14.7)	(12.6)
Amount applied in the funding of expenditure on council dwellings during year	15.3	14.7
Balance at 31 March	**(14.7)**	**(12.6)**

4 REPAIRS & MAINTENANCE

The balance forms part of the Council's earmarked reserves as set out in Note 11 to the Core Financial Statements.

	2016/17 £m's	2017/18 £m's
Balance brought forward	(5.5)	(6.8)
Expenditure for the year	10.5	10.3
Contribution to the Repairs Fund	(11.8)	(12.9)
Balance carried forward	**(6.8)**	**(9.4)**

5. HRA ASSETS

Operational Assets	1st April 2017 £m's	Acquisitions and Transfers £m's	Disposals / & Transfers £m's	Depreciation £m's	Net Revaluation £m's	31st March 2018 £m's
Council Dwellings	**612.8**	20.7	(8.1)	(12.6)	12.2	**625.0**
Other Land and Buildings	**34.2**			(1.7)	8.6	**41.1**
Surplus Assets	**28.5**	2.1			0.5	**31.1**
Total Property, Plant & Equipment	**675.5**	**22.8**	**(8.1)**	**(14.3)**	**21.3**	**697.2**
Aerial Sites	**2.8**				(1.3)	**1.5**
Shops and Commercial	**26.6**				2.0	**28.6**
Total Investment Properties	**29.4**	**0.0**	**0.0**	**0.0**	**0.7**	**30.1**
TOTAL	**704.9**	**22.8**	**(8.1)**	**(14.3)**	**22.0**	**727.3**

Capital expenditure in the year amounted to £68.2m consisting of:

Expenditure on	**£m's**
Works to Stock – General Works	32.5
Leaseholder Buy Backs	18.3
Buying Out Commercial and Residential Interests (Regeneration Projects)	17.4
Total	**68.2**
Funded by	
Developer contributions	3.9
Capital Grants and Contributions	24.3
Capital Receipts	25.3
Major Repairs Reserve	14.7
Total	**68.2**

6. DEPRECIATION & IMPAIRMENT

	2017/18 £m's	2016/17 £m's
Depreciation		
Council Dwellings – MRA	12.5	12.6
Other Land and Buildings	2.3	2.1
Impairment and Downward Valuation		
Council Dwellings	0.0	0.0
Other Land and Buildings	(0.4)	0.0
Surplus Properties	0.7	0.2
REFCUS	2.0	0.0
Total Capital Charges	**17.1**	**14.9**

7. INVESTMENT PROPERTIES

	2016/17 £m's	2017/18 £m's
Rental Income from Investment Properties	(2.3)	(2.4)
Direct Operating Expenses arising from Investment Property	0.1	0.1
Net (gain)/loss from fair value adjustments	(3.2)	(1.3)
Net (Gain) / Loss	**(5.4)**	**(3.6)**

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 2018 were £3.906m compared to £3.283m at the 31st March 2017. The provision for impairment of debts was £1.980m (2016/17 £1.545m) and £0.512m (2016/17 £0.223m) was written off during the year.

In 2017/18 a contribution to the Impairment of debt of £0.223m was included in this balance (£0223m 2016/17).

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.

		2016/17			2017/18		
INCOME AND EXPENDITURE ACCOUNT	**Note**	**Council Tax £m's**	**Business Rates £m's**	**Total £m's**	**Council Tax £m's**	**Business Rates £m's**	**Total £m's**
INCOME							
Council taxpayers	1	(137.5)		**(137.5)**	(145.6)		**(145.6)**
Business ratepayers	2		(111.2)	**(111.2)**		(110.4)	**(110.4)**
Transitional Protection Payment						1.7	**1.7**
Business Rate Supplement	3		(3.1)	**(3.1)**		(3.1)	**(3.1)**
		(137.5)	**(114.3)**	**(251.8)**	**(145.6)**	**(111.8)**	**(257.4)**
EXPENDITURE							
Council Tax Precepts and demands:							
London Borough of Enfield demand		107.9		**107.9**	114.2		**114.2**
London Borough of Enfield surplus		2.7		**2.7**	0.5		**0.5**
Greater London Authority precept		26.0		**26.0**	26.6		**26.6**
Greater London Authority surplus		0.7		**0.7**	0.1		**0.1**
Business Rates Retention:							
Central Government			52.9	**52.9**		36.4	**36.4**
Greater London Authority			21.1	**21.1**		41.7	**41.7**
London Borough of Enfield			31.7	**31.7**		33.5	**33.5**
Cost of collection allowance			0.3	**0.3**		0.3	**0.3**
GLA Business Rate Supplement							
Payment to GLA			3.1	**3.1**		3.1	**3.1**
Bad and doubtful debts:							
Council Tax		1.4		**1.4**	1.2		**1.2**
Business Rates			(0.2)	**(0.2)**		1.2	**1.2**
Provision for business rate appeals			(4.5)	**(4.5)**		3.0	**3.0**
		138.7	**104.4**	**243.1**	**142.6**	**119.2**	**261.8**
Deficit / (Surplus) for the year		**1.2**	**(9.9)**	**(8.7)**	**(3.0)**	**7.4**	**4.4**
COLLECTION FUND BALANCES							
Balance brought forward at 1 April	4	(3.8)	7.7	**3.9**	(2.6)	(2.1)	**(4.7)**
(Surplus) / Deficit for year		1.2	(9.8)	**(8.6)**	(3.0)	7.4	**4.4**
Balance carried forward at 31 March	3	**(2.6)**	**(2.1)**	**(4.7)**	**(5.6)**	**5.3**	**(0.3)**
Allocated to:							
London Borough of Enfield		(2.1)	(0.6)	**(2.7)**	(4.5)	1.6	**(2.9)**
Greater London Authority		(0.5)	(0.4)	**(0.9)**	(1.1)	2.8	**1.7**
Government		0.0	(1.1)	**(1.1)**	0.0	0.9	**0.9**
Balance carried forward at 31 March	3	**(2.6)**	**(2.1)**	**(4.7)**	**(5.6)**	**5.3**	**(0.3)**

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 2017/18 is as follows:

BAND	Chargeable properties adjusted for discounts	Band D equivalent adjusted for estimated non-collection
A	2,755	1,777
B	6,434	4,843
C	22,694	19,524
D	27,497	26,616
E	17,299	20,464
F	8,179	11,435
G	5,443	8,781
H	828	1,603
	91,129	**95,043**

This basic amount of Council Tax for a Band D property, £1,481.25 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	2016/17 £m's	2017/18 £m's
Council Tax Provision for Impairment of debt brought forward	8.1	8.4
Amount written off	(1.1)	(1.6)
Contribution to Provision for Impairment of debt	1.4	1.2
Council Tax Bad Debt Provision	**8.4**	**8.0**

The figures above show the total Council Tax impairment of debt reflecting both the GLA precept and Enfield elements of the provision. Note 17 (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 2017/18 the Government specified an amount of 46.6p for small businesses who qualify for rate relief and 47.9p 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 33% and 37% to the Greater London Authority. These shares were estimated at the start of 2017/18 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 £11.06m[7] 2017/18). Provision for appeals is in addition to the provision for bad debts set out below.

Local Business Rates Bad Debt Provision	**2016/17 £m's**	**2017/18 £m's**
Provision for impairment of debt brought forward	5.1	3.8
Amount written off	(1.1)	(0.9)
Contribution to Provision for Impairment of debt	(0.2)	1.2
Local Business Rates Bad Debt Provision	**3.8**	**4.2**

The total non-domestic rateable value for the area at the year-end 2017/18 was £280.4m (2016/17 was £256.4m)

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 2017/18 after reliefs and provisions was £3.1m.

[7] Enfield’s share is £3.3m which is shown under the provisions in Note 19.

GROUP ACCOUNTS

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.

Note 32 to the Core Financial Statements sets out the entities controlled or significantly influenced by the authority (Page 68). The London Borough of Enfield considers that the only material entity is Housing Gateway Limited (HGL). The other entities both individually and in aggregate are not considered to be material to the group position[8]. The following table sets out HGL's relationship and function to Enfield.

Entity	**London Borough of Enfield**	**Housing Gateway Limited**
Entity type	Parent	Subsidiary
Accounting basis	IFRS (CIPFA Code of Practice)	FRS 102
Consolidation basis	Line-by-line	Line-by-line
Reporting date	31 March 2017	31 March 2017
Enfield ownership / interest	N/A	100%
Principal activities	See Single Entity Accounts	Acquisition and management of property

BASIS OF CONSOLIDATION

The Group Movement in Reserves Statement, Group Comprehensive Income and Expenditure Statement, Group Balance Sheet and Group Cash Flow Statement and additional notes have been prepared by consolidating the accounts of the reporting authority (London Borough of Enfield) and HGL on a line-by-line basis. In 2016/17 the Group Accounts consolidated all entities irrespective of materiality. The 2016/17 figures have been restated to only consolidate Enfield and HGL so that both years are comparable.

The accounts of HGL have been prepared using similar accounting policies, practices and reporting date 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 below). 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 in the Group Accounts notes.

[8] The other entities are Enfield Norse, Lea Valley Heat Network Ltd (LVHN) / Energetik, Enfield Innovations Ltd (EIL), Independence & Wellbeing Enfield (IWE)

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves (including HGL). 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 Group 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.

2017/18	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Reserves of Subsidiaries	Total Reserves
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Balance 1 April 2017	**(63.2)**	**(29.8)**	**(24.7)**	**(14.7)**	**(34.4)**	**(166.8)**	**(720.4)**	**(887.3)**	**(5.6)**	**(892.9)**
Total Comprehensive Income and Expenditure	32.5	(26.3)	0.0	0.0	(0.7)	**5.4**	**16.1**	**21.6**	(0.5)	**21.1**
Adjustments between group accounts and authority accounts	0.0	0.0	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**	0.0	**0.0**
Adjustments between accounting basis and funding basis under regulation	(51.0)	35.5	3.8	2.1	5.1	**(4.6)**	**4.5**	**(0.1)**	0.0	**(0.1)**
Increase or Decrease in 2017/18	(18.6)	9.2	3.8	2.1	4.4	**0.9**	**20.6**	**21.5**	(0.5)	**21.0**
Balance 31 March 2018	**(81.8)**	**(20.6)**	**(21.0)**	**(12.6)**	**(30.0)**	**(165.9)**	**(699.9)**	**(865.8)**	**(6.1)**	**(872.0)**

2016/17	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Reserves of Subsidiaries Restated	Total Reserves
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Balance 1 April 2016	**(65.7)**	**(34.9)**	**(21.4)**	**(15.3)**	**(18.1)**	**(155.5)**	**(892.0)**	**(1,047.5)**	**0.3**	**(1,047.2)**
Total Comprehensive Income and Expenditure	77.8	(25.6)	0.0	0.0	0.0	**52.2**	**108.0**	**160.2**	(5.8)	**154.4**
Adjustments between group accounts and authority accounts	0.0	0.0	0.0	0.0	0.0	**0.0**		**0.0**	0.0	**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 31 March 2017	**(63.2)**	**(29.8)**	**(24.7)**	**(14.7)**	**(34.3)**	**(166.8)**	**(720.4)**	**(887.3)**	**(5.6)**	**(892.9)**

GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

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 Group Movement in Reserves Statement.

LBE Note	On its services the council spent:	2016/17 Restated Gross Expenditure £m's	2016/17 Restated Gross Income £m's	2016/17 Restated Net Expenditure £m's	2017/18 Gross Expenditure £m's	2017/18 Gross Income £m's	2017/18 Net Expenditure £m's
	Finance, Resources, Customer Services and Corporate Expenses	443.9	(353.6)	**90.4**	436.5	(350.8)	**85.7**
	Chief Executive	8.2	(4.5)	**3.7**	18.3	(9.4)	**8.9**
	Schools & Children's Services	383.3	(312.8)	**70.5**	366.2	(305.4)	**60.8**
	Regeneration & Environment	86.8	(49.6)	**37.2**	72.2	(47.5)	**24.7**
	Housing, Health & Adult Social Care	189.8	(97.9)	**92.1**	198.4	(108.6)	**89.8**
	Housing Revenue Account (HRA)	43.9	(63.3)	**(19.4)**	49.6	(68.5)	**(18.8)**
	Consolidated Company (HGL)	0.9	(3.6)	**(2.7)**	0.9	(6.0)	**(5.1)**
	Total Cost of Services	**1,156.8**	**(885.2)**	271.7	**1,142.1**	**(896.2)**	245.9
5	**Other Operating Expenditure**			52.6			18.0
6	Financing and Investment Income and Expenditure			7.5			17.5
7	Taxation and non-specific grant income			(286.8)			(275.9)
	Deficit on the Provision of Services			**45.2**			**5.5**
	(Surplus) / Deficit on revaluation of non-current assets			(21.3)			(18.0)
	Remeasurement of the net defined pension liability - Actuarial (gains) / losses on pension fund assets and liabilities			98.5			34.3
	Other comprehensive (income) / expenditure			32.1			(0.8)
	Sub total			**109.4**			**15.5**
	Total Comprehensive Income and Expenditure			**154.67**			**21.0**

GROUP BALANCE SHEET

The Group Balance Sheet shows the value of the assets and liabilities recognised by the group as at 31 March 2018.

Note to Enfield Accounts		31 March 2017 Restated £m	31 March 2018 £m
	Non Current Assets		
G5	Property, Plant and Equipment	1,794.9	1,909.7
	Heritage Assets	3.9	4.9
G2	Investment Property	209.5	236.3
	Intangible Assets	0.3	24.8
G6	Long Term Debtors	20.8	24.5
	Total: Long Term Assets	**2,029.4**	**2,200.2**
	Current Assets		
	Inventories	1.0	0.8
17	Short Term Debtors	96.1	105.2
	Intangible current Assets	0.4	0.4
16	Cash and Cash Equivalents	14.4	24.4
	Total: Current Assets	**111.9**	**130.8**
	Current Liabilities		
16	Cash and Cash Equivalents	(15.8)	(9.2)
15	Short Term Borrowing	(121.6)	(127.0)
19	Short Term Creditors	(97.3)	(128.0)
20	Provisions	(13.4)	(11.9)
	Total: Current Liabilities	**(248.1)**	**(276.1)**
	Long Term Liabilities		
19	Long Term Creditors	(52.7)	(43.6)
20	Provisions	(4.8)	(6.9)
15	Long Term Borrowing	(437.4)	(573.7)
39	Pension Liability	(503.1)	(555.1)
	Capital Grants Received in Advance	(2.2)	(3.7)
	Total: Long Term Liabilities	**(1,000.2)**	**(1,184.0)**
	Net Assets	**893.0**	**872.0**
	Reserves		
21	Unusable Reserves	**(720.4)**	**(700.0)**
11	Useable Reserves	**(172.6)**	**(172.0)**
	Total Reserves / Net Worth	**(893.0)**	**(872.0)**

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GROUP CASH FLOW STATEMENT

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

Note		**2016/17 Restated £m's**	**2017/18 £m's**
	Net Deficit on the provision of services	(45.8)	(5.5)
	Adjust to deficit on the provision of services for non-cash movements	134.5	102.9
G3	Adjustments for items included in net deficit in the provision of services that are investing & financing activities.	(76.0)	(66.4)
	Net cash flow from operating activities	**12.7**	**31.1**
G3	Investing activities	(150.1)	(160.6)
G3	Financing activities	121.6	146.1
	Net (increase)/decrease in cash and cash equivalents	**(15.8)**	**16.6**
	Cash and cash equivalents at the beginning of the reporting period	16.8	(1.4)
	Cash and cash equivalents at the end of the reporting period:	**(1.4)**	**15.2**

Cash Flow Statement - Adjustments to net deficit on the provision of services for non cash movements:	**2016/17 Restated £m's**	**2017/18 £m's**
Capital Charges Debited to CIES	74.5	60.3
Increase / (decrease) in impairment for bad debts	1.9	0.0
Increase / (decrease) in creditors	(10.8)	(5.3)
Increase / (decrease) in debtors	2.0	(15.9)
Increase / (decrease) in inventories	(0.2)	0.1
Recognition of post employee benefits	16.0	17.7
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	69.8	40.3
Other Non-Cash Movements	(18.7)	5.7
Total adjustments to net deficit on the provision of services	**134.5**	**102.9**

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 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 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 are held at 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 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 HGL. 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 2017/18 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;

	2016/17 Restated	**2017/18**
	£m's	**£m's**
Land	58.7	72.1
Commercial Units	29.0	30.0
Shops	28.5	30.6
Investment Properties Held by HGL	88.7	101.1
Other	4.6	2.5
Total	**209.5**	**236.3**

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

	2016/17 Restated £m's	2017/18 £m's
Balance at the start of the year	**155.5**	**209.5**
Capital expenditure	80.0	16.4
Write out of non-enhancing capital expenditure	0.0	0.0
Write out of disposals	(1.3)	(1.0)
Nets gains/(losses) from fair value adjustments	(24.1)	2.7
Transfers:		
From Property, Plant and Equipment	0.3	9.6
To Property, Plant and Equipment	(1.0)	(1.3)
From Assets Under Construction	0.1	0.4
Balance at the end of the year	**209.5**	**236.4**

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 professional standards of the Royal Institution of Chartered Surveyors.

NOTE G3 NOTES TO THE GROUP CASH FLOW STATEMENT

Investing Activities

	2016/17 Restated £m's	2017/18 £m's
Purchase of property, plant and equipment, investment property and intangible assets	(237.4)	(237.1)
Other payments for investing activities	(3.6)	(5.9)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	19.5	38.3
Proceeds from Short and Long Term Deposits	23.4	0.0
Capital Grants Received	48.0	39.0
Other Capital Payments Received	0.0	5.1
Total Investing Activities	**(150.1)**	**(160.6)**

Financing Activities

	2016/17 Restated £m's	2017/18 £m's
Cash receipts from long term borrowing	215.9	279.9
Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(2.7)	(3.1)
Repayments of short and long term borrowing	(92.5)	(137.6)
Other payments / (receipts) from financing activities	0.9	6.9
Total Financing Activities	**121.6**	**146.1**

Investing & Financing Activities

	2016/17 Restated £m's	2017/18 £m's
Proceeds from sale of property plant equipment & investment property	(26.9)	(31.0)
Any other items for which the cash effects are investing or financing cash flows	(49.1)	(35.4)
Total Financing Activities	**(76.0)**	**(66.4)**

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 March 2017 Restated	31 March 2018	31 March 2017	31 March 2018
	£m's	£m's	£m's	£m's
Borrowing	-117.4	-121.6	-437.4	-573.7
Accrued Interest	-4.2	-5.4	0.0	0.0
Sub-total	**-121.6**	**127.0**	**-437.4**	**-573.7**
Trade Creditors	-67.0	-90.9	0.0	0.0
Main Clearing bank	-10.8	-1.8	0.0	0.0
PFI Contract Liabilities	-3.0	-3.1	-43.8	-40.7
Finance Lease Liabilities	0.0	0.0	-0.1	-0.1
Total Financial Liabilities	**-80.8**	**-95.8**	**-43.9**	**-40.8**
Call Accounts	4.5	15.0	0.0	0.0
Accrued Interest	1.8	0.0	0.0	0.0
Bank Current Accounts	8.1	9.4	0.0	0.0
Long Term Loans	0.0	0.0	14.9	19.0
Finance Lease Debtors	0.0	0.0	1.5	1.5
Trade Debtors	72.2	64.2	0.0	0.0
Total Financial Assets	**86.6**	**88.6**	**16.4**	**20.5**

NOTE G5 – Group Property Plant & Equipment

Movement in Balances 2017/18	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets included within PPE
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Cost or Valuation									
As at 1 April 2017	615.4	661.4	31.6	305.9	66.2	125.6	126.3	**1,932.4**	105.5
Additions	47.6	18.7	1.2	12.1	2.2	101.3	50.1	**233.2**	0.0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	10.9	76.1	0.0	0.0	(3.1)	(6.5)	0.0	**77.4**	12.9
Revaluation increases / (decreases) recognised in the CIES	0.0	(11.4)	0.0	0.0	0.0	(15.9)	0.0	**(27.3)**	0.0
Derecognition - Disposals	(8.1)	(32.7)	(0.1)	0.0	0.0	(0.2)	0.0	**(41.1)**	0.0
Other movements in cost or valuation	(27.0)	(45.0)	0.0	4.3	2.1	9.9	(54.2)	**(109.9)**	(9.3)
As at 31 March 2018	**638.8**	**667.1**	**32.7**	**322.3**	**67.4**	**214.2**	**122.2**	**2,064.7**	**109.1**
Accumulated Depreciation and Impairment									
As at 1 April 2017	0.0	(29.1)	(26.1)	(82.4)	0.0	0.0	0.0	**(137.6)**	(18.7)
Depreciation charge for 2017/18	(12.7)	(25.6)	(2.1)	(7.1)	0.0	0.0	0.0	**(47.5)**	(2.8)
Derecognition - disposals	0.2	0.5	0.1	0.0	0.0	0.0	0.0	**0.8**	0.0
Write out of accumulated depreciation	0.0	29.1	0.0	0.0	0.0	0.0	0.0	**29.1**	9.3
As at 31 March 2018	**(12.5)**	**(25.1)**	**(28.1)**	**(89.5)**	**(0.0)**	**0.0**	**0.0**	**(155.2)**	**(12.2)**
Net Book Value:									
As at 31 March 2018	626.3	642.0	4.6	232.8	67.4	214.2	122.2	**1,909.7**	97.0
As at 31 March 2017	615.4	632.3	5.5	223.5	66.2	125.6	126.3	**1,794.9**	86.8

NOTE G6- Group Long Term Debtors

	31 March 2017 £m's	31 March 2018 £m's
Loan to Enfield Enterprise	0.8	0.8
Secured Debt – Social Services	1.3	1.5
Secured Debt – Other Debt	2.4	1.7
Amounts receivable under Finance Leases	1.5	1.5
Enfield Innovations Ltd	14.9	12.8
Energetik	0.0	6.2
Total	**20.8**	**24.5**

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 2015, regulation 6(1)(a), 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.

Through refreshing the Annual Governance Statement each year, we review our existing arrangements, maintain our local structure, policies and monitoring arrangements to ensure that we are complaint with the requirements of the legislation.

The governance framework has been in place at the Council for the year ended 31 March 2018 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 can be found on the Council's website via the link https://new.enfield.gov.uk/.

Actions during 17/18 to improve Governance

A brief description of some of the actions undertaken to improve governance during 17/18 is provided below

Cultural Audit

Over recent years, in response to the major financial and demand challenges it faces, the Council has transformed the way it operates and how services are delivered. However it was felt that the culture of the organisation and how staff work had not kept pace with these changes. A survey was conducted with staff who were asked to describe their ideal working environment and how they saw the current situation. More than 50% responded and there was general agreement that people wanted to work in an organisation where they were empowered to make decisions, be innovative, open and honest, supported and work together to resolve problems. They felt that the current situation did not encourage these behaviours.

The Council is now working on a culture change programme to change the way we work. Staff at all levels are involved in developing initiatives that will enable staff to work in a way that encourages new ideas; drives process changes to improve services; delivers a better experience for customers; and gives job satisfaction and rewards hard work.

Performance Related Pay Appraisals

After investigation and consultation with a number of focus groups it was concluded that the PRP scheme for HAY graded staff was bureaucratic, perceived as unfair and too individualistic, therefore, not supportive of the ideal 'blue culture'. As such, the Council's Remuneration Committee on 12 April made a decision to replace the scheme with a return to pay progression being determined by experience in the post. To support the new approach a new appraisal process which is move focussed on the development of the appraisee has been developed and will be implemented with effect from 1 July 2018. A comprehensive training programme will support the new policy.

Changes to the Council Structure

Cabinet in February 2018 agreed to a set of organisation design principles which would inform the restructuring of the Council and gave the Chief Executive delegated authority to design and implement an organisation structure which will enable the Council to meet its challenges over the next 5 years. A draft structure was drawn up after a series of workshops involving senior leaders at Assistant Director level and above and consultation with the staff affected and trade unions took place in April 2018. The structure was implemented on 1 May 2018 on a phased basis with a view to full implementation on 1 April 2019. The final structure seeks to ensure a more collaborative approach and strengthen the strategic capacity of the Council at the third tier level whilst at the same time reduce management costs.

Changes to the Delegation Framework

This comprehensive review of the Council's Scheme of Delegation as part of a wider review of the Council's Constitution is planned to take place during the first half of the municipal year 2018-19.

ICT

In September 2017 the service brought in a professional body (SOCITM) to work with the service to revise its' governance processes as part of an improvement process to bring the service to an externally recognised level ICT standards (ITIL). The service is well on it's' way to developing these across the whole service and expects to reach compliance by the end of 2018.

The governance for the ICT work programme was revised in quarter 3 of 2017/18 and received endorsement by the Strategic Review Board in December 2017.

Customer Experience Strategy
The Customer Experience Strategy is a top priority aligned with the Council's new corporate plan. The vision, 'Delivering a positive customer experience' - will be supported by our Customer Promise that states we will be friendly and helpful, honest and respectful, professional and courteous in all of our dealings with our customers and service users.

Both the vision and the Customer Promise were developed in consultation with local people and staff, and are linked to our new culture and behaviours. They will be reviewed by the Leader of the Council and Cabinet.

Learning and Development
The Learning and Development programme will support the Council's key initiatives over the coming years, such as the new behaviours identified through the cultural audit, ongoing development of staff including new recruits moving into post and staff retention initiatives to support the Council's organisational review.

The introduction of the apprenticeship levy provides an ideal opportunity for the Council to provide career progression options for staff in hard to fill positions. The development of a number of apprenticeships has initially been slow but is now gathering pace with teaching and social work apprenticeships on the way. The Council will need to align the provision of apprentices for internal staff with career grades as part of its recruitment and retention strategy for hard to fill positions.

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 2017/18 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 'Audit Committees: Practical Guidance for Local Authorities & Police' (2013 edition). An action plan for improvement was agreed. The annual report of the Audit & Risk Management Committee, covering the programme of work completed during 2017/18, 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 information. Performance management outputs were also reviewed by the Executive Management Team and Department Management Teams across the Council.

Through the monthly Monitoring Officer's 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 Management Service 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 Internal Audit Annual Report provides the opinion of the Head of Internal Audit & Risk Management, as ' generally satisfactory with some improvements required'. This is based on the work undertaken by the Internal Audit team during 2017/18, which concludes overall, that governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some areas of inadequacy or non-compliance that potentially put the achievement of objectives at risk. Some improvements are required in those areas to enhance the adequacy and effectiveness of the framework of governance, risk management and internal control

Significant Governance Issues

The areas identified for improvement during 2017/18 are detailed in the table below.

Area of Focus	Progress (as at May 2018)	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 households in temporary accommodation.	The Homelessness Service remains under significant pressure with 3249 households in temporary accommodation as at 31/3/2018 The Council has been allocated circa £8.5m p/a for years 201718 & 18/19 as flexible homelessness support grant, which was one of the highest allocations of funding nationally. This money is recognition of the acute imbalance in the local housing market and is intended to replace the temporary accommodation management fee paid through Housing Benefit and fund the preparations and implementation of the Homelessness Reduction Act (HRA).	This remains an area of risk for 2018/19

Area of Focus	Progress (as at May 2018)	Status
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.	The service has recruited 27 additional staff, adopted a programme management approach to prepare for the new legislation and been highly commended by the MHCLG on the preparations for the new legislation which went live on April 2018. During 3 April – 27th April (first 4 weeks):____313 applications for assistance were received, this is slightly higher than anticipated. The service is closely monitoring the impact of the HRA on service demand. The service also has a number of other workstreams focused on increased housing supply and moving people on from temporary accommodation.	
Children and Families Act 2014 All aspects of this act have been implemented except for the regional adoption agency arrangements for London.	There was a positive outcome to the SEND inspection that took place in June 2016. The Council met the government's target for converting all "statements" of special educational needs to Education, Health and Care Plans Plans for a regional adoption agency are still in development. A sub-regional model is now being proposed for London due to the size and complexity.	The development of a Regional Adoption Agency and the increased demand for SEN services remain areas of risk for 2018/19.
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.	The Meridian Water Programme Director is in place and reporting into the Executive Director of Place. A new Meridian Water governance approach has been established and a project management system is operational. Strategic risk register is regularly updated and overall project plan is in place. A fortnightly Meridian Water oversight meeting is led by the CEO in addition to relevant Executive Directors and Directors. A quality team has been appointed and external advice is in place.	This risk is considered to be adequately managed
Child Protection	Recruitment and retention of social	This remains

Area of Focus	Progress (as at May 2018)	Status
There are inherent risks to managing risks to vulnerable children which cannot be eliminated entirely. However, the Council has established systems in place as well as checks and balances to ensure that risks to vulnerable children are minimised.	workers is a key determinant providing high quality services to vulnerable children and performance remains favourable compared to other London boroughs but continues to be a challenge in teams with high service demands. Opportunities afforded by government programmes such as “Frontline” and “Step Up to social work” as well as the Council’s Career Returners programme are being fully utilised ensuring a succession of suitably qualified staff. A pilot Ofsted inspection in April 2017 confirmed Enfield as a good local authority. A “mock” inspection will be commissioned during 2018 to provide further external validation of the quality of practice and decision-making.	an area of risk for 2018/19.
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.	The Interdependency Board which provides the governance has been meeting monthly to manage and track this interface risk. Scenarios and modelling are underway to map out the timing and investment issues Tranche 2 of Energetik.	This remains an area of risk for 2018/19
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 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.	The government have recently published their vision for the development of secure schools.	This is unlikely to be a risk during 2018/19 due to the delays in developing secure schools.
The Children and Social Work Act	This Act is now in force and implementation is underway. One of	Financial impact to be

Area of Focus	Progress (as at May 2018)	Status
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.	the key changes is the extension of local authority duties to care leavers from the age of 21 to 25. New burdens funding of £20k has been allocated to Enfield to meet this new duty but this presents a financial risk. The LGA and Association of Directors of Children's Services are involved in negotiations with the DfE to secure additional funds to support the implementation of this new duty towards older care leavers.	monitored during 2018/19.

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 2018/19.

Governance & Control Risk Area	Comments
Universal Credit	The impact of the implementation of Universal Credit to be 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: Signed

Leader of the Council Chief Executive

2016/17 £000s	LONDON BOROUGH OF ENFIELD PENSION FUND ACCOUNT	Notes	2017/18 £000s
	Dealings with members, employers and others directly involved in the Fund		
40,681	Contributions	7	43,725
181	Transfers in from other pension funds	8	1,844
40,862			**45,569**
(40,069)	Benefits payable	9	(38,739)
(1,038)	Payments to and on account of leavers	10	(6,289)
(41,107)			**(45,028)**
(245)	**Net additions/(withdrawals) from dealings with members**		**541**
(8,144)	Management expenses	11	(9,289)
(8,389)	**Net additional/(withdrawals) including fund management**		**(8,748)**
	Returns on investments		
9,852	Investment income	12	11,339
(321)	Taxes on income	13	(592)
161,032	Profit & losses on disposal of investments and changes in the market value of investments	14A	18,518
170,563	**Net returns on investments**		**29,265**
162,174	**Net change in assets available for benefits during the year**		20,517
916,311	**Opening net assets of the scheme**		1,078,485
1,078,485	**Closing net assets of the scheme**		**1,099,002**

2016/17 £000s	NET ASSETS STATEMENT FOR YEAR ENDED 31 MARCH 2018	Notes	2017/18 £000s
1,022,550	Investment assets	14	1,026,666
(21)	Investment liabilities		(148)
1,022,529	**Total net investments**		**1,026,518**
54,406	**Cash deposits**	14	69,956
2,310	Other investment balances -assets		2,346
(896)	Other investment balances - liabilities		(476)
1,078,349	**Other investment balances**	14	**1,098,344**
499	**Current assets**	21	1,081
(363)	**Current liabilities**	22	(423)
1,078,485	**Net assets of the fund available to fund benefits at the end of the reporting period**		**1,099,002**

Note: The fund’s financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 19.

Signed:

James Rolfe

Executive Director Resources

26th July 2018

Notes to the Financial Statement –index

1. Description of the Fund

The Enfield Pension Fund ('the fund') is part of the LGPS and is administered by London Borough of Enfield. The council is the reporting entity for this pension fund. The following description of the fund is a summary only. For more detail, reference should be made to the Enfield *Pension Fund Annual Report 2017/18* and the underlying statutory powers underpinning the scheme.

a) General

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and (Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by London Borough of Enfield to provide pensions and other benefits for pensionable employees of London Borough of Enfield and a range of other scheduled and admitted bodies within the borough. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by the Enfield Pension Policy & Investment Committee, which is a committee of London Borough of Enfield.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the fund include the following:

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.

There are 33 employer organisations within the fund (including the Council itself), and 21,347 individual members, as detailed below. A full analysis is included

Enfield Pension Fund	31 March 2017	31 March 2018
Number of employers with active members	7,447	7,385
Number of pensioners	5,265	5,188
Deferred pensioners	4,889	4,891
Frozen/undecided	3,089	3,883
Total number of members in pension scheme	**20,690**	**21,347**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2018. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2016. Currently, employer contribution rates range from 9.9% to 25.0% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

	Service pre April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits.

2. Basis of preparation

The statement of accounts summarises the fund's transactions for the 2017/18 financial year and its position at year-end as at 31 March 2018. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts 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 2017/18 statement of accounts has been prepared in accordance with the CIPFA exemplified accounts. This has meant the 2016/17 disclosure notes have been reformatted to reflect the CIPFA Code of Practice.

3. Summary of significant accounting policies

Fund account – revenue recognition

a) Contribution income

Normal contributions, both from the members and from the employer, 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 pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

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 2013 (see Notes 8 and 10).

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 (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (see Note 8).

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

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 period is disclosed in the net assets statement as a 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 period 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 (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

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

The Code does not require any breakdown of pension fund administrative expenses, however, it requires the disclosure of investment management transaction costs. For greater transparency, the fund discloses its pension fund management expenses in accordance with the CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016), which shows the breakdown of administrative expenses, including transaction costs.

Administrative expenses All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Oversight and governance costs All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

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 and therefore increase or reduce as the value of these investments change. In addition the fund has negotiated with the following managers that an element of their fee be performance related. Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account.

Net assets statement

g) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets 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.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures* (PRAG/Investment Association, 2016).

Foreign currency transactions

h) 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 held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

i) Derivatives

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 (see Note 15).

j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

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.

k) 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 the fair value of the liability are recognised by the fund.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 20)

m) Additional voluntary contributions

The Enfield Pension Fund provides an additional voluntary contribution (AVC) scheme for its employers and are specifically for providing additional benefits for individual contributors The fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year. AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

n) Contingent assets and contingent liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

4: Critical judgements in applying accounting policies

Pension fund liability

The net pension fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 19.

These actuarial revaluations are used to set future contribution rates and underpin the fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

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

Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However the nature of estimation means that the actual results could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 20)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate 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% increase in the discount rate assumption would result in a decrease in the pension liability of £173m a 0.25% increase in assumed earnings inflation would increase the value of liabilities by approximately £43m a three-year increase in assumed life expectancy would increase the liability by approximately £61m.
Private equity investments (Note 16)	Private equity investments are valued at fair value in accordance with generally accepted accounting principles (GAAP). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £63m in the financial statements. There is a risk that this investment may be under-or overstated in the accounts. Given a tolerance of +/-5% around the net asset values on which the valuation is based, this would equate to a tolerance of +/- £3 million.
Private equity property investments (Note 16)	The estimate of the value of the investment in Portfolio Companies and Intermediate Vehicles requires considerable judgment and estimation techniques. The valuation methodologies are considered to be consistent with the International Private Equity and Venture Capital Valuation Guidelines.	Given a tolerance of +/-5% around the effect of variations in the factors supporting the valuation would be an increase or decrease in the value of held property of £0.4m, on a fair value of £8.1m.

NOTE 6: EVENTS AFTER THE REPORTING DATE

Following the conclusion of the external audit there are no post balance events requiring to be reported.

NOTE 7: CONTRIBUTIONS

By category

2016/17 £000s		2017/18 £000s
9,614	**Employees' contributions**	**9,589**
	Employers' contributions:-	
22,833	Normal	25,762
6,870	Deficit recovery contributions	7,511
1,364	Augmentation contributions	863
31,067	**Total employers' contributions**	**34,136**
40,681		**43,725**

By authority

2016/17 £000s		2017/18 £000s
35,101	Administering authority	36,533
4,842	Scheduled bodies	5,825
738	Admitted bodies	1,367
40,681		**43,725**

NOTE 8: TRANSFERS IN FROM OTHER PENSION FUNDS

2016/17 £000s		2017/18 £000s
181	Individual transfers	1,844
181		**1,844**

NOTE 9: BENEFITS PAYABLE

By category

2016/17 £000s		2017/18 £000s
(30,239)	Pensions	(31,985)
(8,390)	Commutation and lump sum retirement benefits	(5,982)
(1,440)	Lump sum death benefits	(772)
(40,069)		**(38,739)**

By authority

2016/17 £000s		2017/18 £000s
(37,787)	Administration authority	(36,812)
(1,789)	Scheduled bodies	(1,444)
(493)	Admitted bodies	(483)
(40,069)		**(38,739)**

NOTE 10: PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2016/17 £000s		2017/18 £000s
(129)	Refunds to members leaving service	(132)
(909)	Individual transfers	(6,157)
(1,038)		**(6,289)**

NOTE 11: MANAGEMENT EXPENSES

2016/17 £000s		2017/18 £000s
(673)	Administrative costs	(773)
(344)	Oversight and governance costs	(391)
(7,127)	Investment management expenses	(8,125)
(8,144)		**(9,289)**

NOTE 11A: INVESTMENT MANAGEMENT EXPENSES

2016/17 £000s		2017/18 £000s
(6,760)	Management fees	(6,589)
-	Performance related fees	(588)
(162)	Transaction costs	(893)
(73)	Custody fees	(39)
(132)	Other	(16)
(7,127)		**(8,125)**

NOTE 12: INVESTMENT INCOME

2016/17 £000s		2017/18 £000s
4,089	Income from equities	4,800
3,570	Income from bonds	3,248
946	Pooled property investments	1,643
529	Pooled investments – unit trusts and other managed funds	1,329
718	Interest on cash deposits	319
9,852		**11,339**

NOTE 13: TAXES ON INCOME

2016/17 £000s		2017/18 £000s
	Withholding tax	
-	Income from equities	(315)
(321)	Pooled investments – unit trusts and other managed funds	(277)
(321)		**(592)**

NOTE 13B: EXTERNAL AUDIT FEES

2016/17 £000s		2017/18 £000s
25	Paid in respect of external audit (excluding VAT)	25
25		**25**

NOTE 14: INVESTMENTS

Market value 31 March 2017 £000s		Market value 31 March 2018 £000s
	Investments	
80,870	Fixed interest securities	82,344
182,276	Equities	192,565
624,293	Pooled investments	620,173
65,535	Pooled property investments	67,887
69,314	Private equity	63,333
	Derivative contracts:	
168	- Futures	262
94	- Forward currency contracts	102
1,022,550	**Total investment assets**	**1,026,666**
54,406	Cash deposits	69,956
2,054	Investment income due	2,346
256	Amounts receivable for sales	-
1,079,266	**Total investment assets**	**1,098,968**
	Investment liabilities	
	Derivative contracts:	
(9)	- Futures	(89)
(12)	- Forward currency contracts	(59)
(731)	Investment expenditure due	(476)
(165)	Amounts payable for purchases	-
(917)	**Total investment liabilities**	**(624)**
1,078,349	**Net investment assets**	**1,098,344**

NOTE 14A: RECONCILIATION OF MOVEMENTS IN INVESTMENTS & DERIVATIVES

	Market value 1 April 2017	Purchases	Sales	Managem't fees in Market value	Change in market value	Market value 31 March 2018
Period 2017/18	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Fixed interest securities	80,870	17,127	-14,006	-	-1,647	82,344
Equities	182,277	75,462	-64,152	-	-1,022	192,565
Pooled investments	624,292	78,901	-94,290	-3,948	15,218	620,173
Pooled property	65,535	-	-1,517	-3	3,872	67,887
Private equity	69,314	13,789	-20,279	-2,291	2,800	63,333
	1,022,287	**185,279**	**-194,244**	**-6,242**	**19,221**	**1,026,302**
Derivatives contracts:						
Futures	159	739	-553	-	-172	173
Options	-	20	-	-	-20	-
Forward foreign exchange	82	417	-732	-	276	43
	241	**1,176**	**-1,285**	**-**	**84**	**216**
	1,022,529	**185,455**	**-195,529**	**-6,242**	**19,305**	**1,026,518**
Other investment balances						
Cash deposits	54,406				-780	69,956
Pending sales on investment	256					-
Investment income due	2,054				-7	2,346
Spot FX contracts	-					
Pending purchases on investments	(165)					
Other investment expenses	(731)					(476)
Net investment assets	**1,078,349**				**18,518**	**1,098,344**

Purchases and sales of derivatives are recognised in Note 14A above as follows:

- Futures – on close out or expiry of the futures contract the variation margin balances held in respect of unrealised gains or losses are recognised as cash receipts or payments, depending on whether there is a gain or loss.
- Options – premiums paid and received are reported as payments or receipts together with any close out costs or proceeds arising from early termination.
- Forward currency contracts – forward foreign exchange contracts settled during the period are reported on a gross basis as gross receipts and payments**.**

Period 2016/17	Market value 1 April 2016 £000s	Purchases £000s	Sales £000s	Managem't fees in Market value £000s	Change in market value £000s	Market value 31 March 2017 £000s
Bonds	**81,605**	15,076	-24,640		8,829	**80,870**
Equities	**142,357**	65,735	-65,093		39,278	**182,277**
Pooled investments	**518,772**	137,244	-123,963	-3,424	95,664	**624,293**
Pooled property	**64,758**			-480	1,257	**65,535**
Private equity	**71,676**	8,965	-25,290	-1,165	15,127	**69,313**
	879,168	**227,020**	**-238,986**	**-5,069**	**160,155**	**1,022,288**
Derivatives contracts:						
Futures	8	8,712	-8,878		317	159
Forward foreign exchange	(208)	52,299	-50,555		-1,454	82
	(200)	61011	-59,433	0	-1,136	**241**
	878,968	**288,031**	**-298,419**	**-5,069**	**159,018**	**1,022,529**
Other investment balances						
Cash deposits	36,781				2,014	54,406
Pending sales on investment	362					256
Investment income due	1,561					2,054
Pending purchases on investments	(165)					(731)
Other investment expenses						(165)
Net investment assets	**917,507**				**161,032**	**1,078,349**

NOTE 14B: ANALYSIS OF INVESTMENTS

Market value 31 March 2017 £000s		Market value 31 March 2018 £000s
	Bonds	
	UK	
6,258	Public sector quoted	4,531
3,589	Corporate quoted	3,852
	Overseas	
34,963	Public sector quoted	38,155
36,060	Corporate quoted	35,806
80,870		**82,344**
	Equities	
41,247	UK –quoted	47,659
141,030	Overseas –quoted	144,906
182,277		**192,565**
	Pooled funds –additional analysis	
86,530	Indexed linked securities	86,301
298,676	Equities	310,071
52,478	Developed markets equity long short fund	55,672
69,439	Events driven fund hedge fund	65,238
17,844	Global macro fund hedge fund	-
40,739	Inflation opportunities hedge fund	43,615
32,651	Absolute bond fund hedge fund	32,693
25,935	Multi-strategy equity hedge fund	26,583
624,292		**620,173**
	Pooled property investments	
65,535	UK property investments	67,887
65,535		**67,887**
	Private equity	
10,822	Opportunistic property	5,888
-	European infrastructure	2,178
58,492	Fund of Funds global private equity	55,267
68,314		**63,333**
	Derivatives- Assets	
168	Futures	262
94	Forward foreign exchange	102
262		**364**
1,022,550	**Total Investment Assets**	**1,026,666**
54,406	Cash deposits	69,956
256	Investment income due	2,346
2,054	Amounts receivable from sales	-
1,079,266		**1,098,968**
	Investment liabilities	
(9)	Derivatives- futures	(89)
(12)	Derivatives- forward foreign exchanges	(59)
(731)	Amounts payable for purchases	-
(165)	Investment expenses	(476)
(917)		**(624)**
1,078,349	**Net investment assets**	**1,098,344**

NOTE 14C: INVESTMENTS ANALYSED BY FUND MANAGER

Market value31 March 2017 £000s			Market value31 March 2018 £000s	%
		Fixed income securities		
84,975	7.9%	Western Asset	86,598	7.9%
		Equities		
156,092	14.5%	Trilogy	161,997	14.7%
33,665	3.1%	International Public Partnerships	38,456	3.5%
		Pooled investments		
86,530	8.0%	Blackrock indexed linked bonds	86,301	7.9%
11,144	1.0%	Blackrock UK passive fund	11,295	1.0%
135,502	12.6%	Blackrock Global passive	138,611	12.6%
10,983	1.0%	Blackrock emerging markets	12,202	1.1%
95,485	8.9%	MFS global equities	96,434	8.8%
45,591	4.2%	LCIV Baillie Gifford global equities	51,528	4.7%
52,478	4.9%	Lansdowne hedge fund	55,672	5.1%
18,827	1.7%	York Capital hedge fund	18,950	1.7%
8,466	0.8%	Brevan Howard hedge fund	-	-
40,739	3.8%	M&G inflation opportunities	43,616	4.0%
32,651	3.0%	Insight hedge fund	32,693	3.0%
26,683	2.5%	Davidson Kempner hedge fund	24,983	2.3%
23,929	2.2%	Gruss hedge fund	21,305	1.9%
25,935	2.4%	CFM hedge fund	26,583	2.4%
9,378	0.9%	Markham Rae hedge fund	-	-
		Pooled property		
1,846	0.2%	RREEF commercial property	339	-
34,218	3.2%	Blackrock commercial property	36,087	3.3%
29,471	2.7%	Legal & General commercial prop.	31,886	2.9%
		Private equity		
58,492	5.4%	Adam St Partners fund of funds	55,267	5.0%
91	-	Antin European infrastructure	2,178	0.2%
10,822	1.0%	Brockton opportunistic property	5,888	0.5%
		Cash & accruals		
21,476	2.0%	Goldman Sachs cash	35,161	3.2%
23,576	2.2%	Northern Trust cash	24,755	2.3%
35	-	Blackrock cash	35	-
(731)	(0.1%)	Enfield Investment accruals	(476)	-
1,078,349	**100.0%**		**1,098,344**	**100.0%**

The following investments represent more than 5% of the net assets of the scheme. All of these companies are registered in the UK.

Security	Market value 31 March 2017 £000s	% of total Fund	Market value 31 March 2018 £000s	% of total Fund
Trilogy global equities	156,092	14.5%	161,997	14.8%
Blackrock –global equities	135,502	12.6%	138,611	12.7%
MFS –global equities	95,485	8.9%	96,434	8.8%
Western Asset – corporate bonds	84,976	7.9%	86,598	7.9%
Blackrock – indexed linked bonds	86,530	8.0%	86,300	7.9%
Adam Street Partners – private equity	58,492	5.4%	55,672	5.1%
Lansdowne – equity hedge fund	52,478	4.9%	55,267	5.1%

NOTE 14D: STOCK LENDING

The Fund's investment strategy does not permit stock lending.

NOTE 15: ANALYSIS OF DERIVATIVES

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 maybe 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 agreements in place between the fund and the various investment managers.

a) Futures

The fund had to hold cash assets towards the end of the year in order to meet an expected peak in retirements. The pension fund committee did not want this cash to be ‘out of the market’ and so bought index-based futures contracts which had an underlying economic value broadly equivalent to the cash held in anticipation of the cash outflow for year-end retirements. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

b) Forward foreign currency

To maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the fund’s quoted equity and bond portfolio is in overseas stock. To reduce the volatility associated with fluctuating currency rates, the relevant fund manager currency programme in place managed by the global custodian, and hedges a proportion of the overseas holdings

Open forward currency contracts

Settlement	Currency bought	Local value 000	Currency sold	Local value 000	Asset value £000	Liability value £000
1 to 6 months	GBP	2,334	EUR	(2,643)	**14**	**-**
1 to 6 months	USD	400	GBP	(287)	-	(2)
1 to 6 months	GBP	2,801	USD	(3,960)	4	(22)
1 to 6 months	GBP	1,582	SEK	(17,592)	84	-
1 to 6 months	SEK	9,469	GBP	(842)	-	(35)
Open forward currency contracts at 31 March 2018					**102**	**(59)**
Net forward currency contracts at 31 March 2018						**43**
Prior year comparative						
Open forward currency contracts at 31 March 2017					94	(12)
Net forward currency contracts at 31 March 2017						**82**

Futures

Outstanding exchange traded futures contracts are as follows:

Type Assets	Expires	Economic exposure £000s	Market value 31 March 2017 £000s	Economic exposure £000s	Market value 31 March 2018 £000s
UK Fixed income	Less than a year	10,717	160	12,773	239
Overseas fixed income	Less than a year	3,839	8	3,327	23
Total assets			**168**		**262**
Overseas fixed income	Less than a year	(1,413)	(9)	(3,952)	(89)
Total liabilities			**(9)**		**(89)**
Net Futures			**159**		**173**

NOTE 16: FAIR VALUE – BASIS OF VALUATION

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date**.**

Description of asset	Valuation hierarchy	Basis of valuation	Observable & unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Futures and options in UK bonds	Level 1	Published exchange prices at the year-end	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Not required	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 – hedge funds	Level 3	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	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Property held in a limited partnership	Level 3		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
Private equity	Level 3	Comparable valuation of similar companies in accordance with *International Private Equity and Venture Capital Valuation Guidelines* (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

Sensitivity of assets valued at level 3

The fund has determined that the valuation methods described above are likely to be accurate to 10% within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2018

Description of asset	Assessed valuation range (+/-) %	Value at 31 March 2018 £000s	Value on increase £000 £000s	Value on decrease £000s
Pooled investments – hedge funds	10%	8,831	9,714	7,948
UK opportunistic property	10%	5,888	6,477	5,299
European Infrastructure	10%	2,178	2,374	1,942
Private equity fund of funds	10%	55,267	60,793	49,741
Total		**72,164**	**79,358**	**64,930**

NOTE 16A: FAIR VALUE HIERARCHY

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities 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.

Level 2

Assets and liabilities 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.

Level 3

Assets and liabilities 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.

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 2018	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets at fair value	274,909	679,593	72,164	**1,026,666**
Financial liabilities at fair value	-	(148)	-	**(148)**
Net investment assets	**274,909**	**679,445**	**72,164**	**1,026,518**

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 at fair value	263,147	690,089	69,314	**1,022,550**
Financial liabilities at fair value	-	(21)	-	**(21)**
Net investment assets	**263,147**	**690,068**	**69,314**	**1,022,529**

NOTE 16B: TRANSFERS BETWEEN LEVELS 1 AND 2

There has been no movement during 2017/18.

NOTE 16C: RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	Market value 1April 2017	Transfers in/out of level	Purchases during the year	Sales during the year	Unrealised gains/losses	Realised gains/losses	Market value 31March 2018
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Property	10,822	-	3,633	-9,034	-2,803	3,270	**5,888**
Infrastructure	-	-	2,404	-	-226		**2,178**
Venture capital	58,492	-	10,156	-11,244	-8,767	6,630	**55,267**
Hedge funds*		8,831	-	-	-	-	**8,831**
	69,314	**8,831**	**16,193**	**-20,278**	**-11,796**	**9,900**	**72,164**

*An assessment has been made of pooled vehicle hedge funds that have underlying assets that are level 3.

NOTE17: FINANCIAL INSTRUMENTS

NOTE 17A: CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period

31 March 2017				31 March 2018		
Fair value through profit& loss	Loans& receivables	Financial liabilities at amortised cost		Fair value through profit& loss	Loans& receivables	Financial liabilities at amortised cost
£000s	£000s	£000s		£000s	£000s	£000s
			Financial assets			
80,870			Bonds	82,344		
182,276			Equities	192,565		
624,293			Pooled investments	620,173		
65,535			Pooled property	67,887		
69,314			Private equity	63,333		
262			Derivative contracts	364		
	54,406		Cash deposits	-	70,390	
	1,846		Other investment balances	-	1,606	
	499		Trade debtors	-	606	
1,022,550	**56,751**	**-**	**Total financial assets**	**1,026,666**	**72,602**	**-**
			Financial liabilities			
(21)			Derivative contracts	(148)		
		(896)	Other investment balances			(476)
		(363)	Trade creditors			(423)
(21)	**-**	**(1,259)**	**Total financial liabilities**	**(148)**	**-**	**(899)**
1,022,529	**56,751**	**(1,259)**	**Grand total**	**1,026,518**	**72,602**	**(899)**

NOTE 17B: NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31 March 2017 £000s		31 March 2018 £000s
	Financial assets	
159,018	Designated at fair value through profit & loss	19,305
2,014	Loans & receivables	(787)
161,032	**Total**	**18,518**

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

NOTE 18: NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

The fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The council manages these investment risks as part of its overall pension fund risk management programme. Responsibility for the fund's risk management strategy rests with the pension fund committee. Risk management policies are established to identify and analyse the risks faced by the council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The fund manages these risks in two ways:

1. the exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
2. specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the council to ensure it is within limits specified in the fund investment strategy.

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2017/18 reporting period (based on assumption made in September 2017 on data provided by the Fund's investment consultant. The sensitivities are consistent with the assumptions contained in the investment advisor's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset type	Potential market movements (+/-) 2017/18	Potential market movements (+/-) 2016/17
Fixed income government bond	1.4%	4.0%
Inflation-linked government bonds	1.2%	4.0%
Investment grade corporate bonds	2.2%	4.0%
Equities	6.5%	9.0%
Private equity	8.7%	9.0%
Real estate	5.5%	5.0%
Hedge funds	3.7%	4.0%

Had the market price of the fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below).

Asset type	Value at 31 March 2018 £000	Potential value on increase £000	Potential value on decrease £000
Fixed income government bond	42,686	+598	-598
Inflation-linked government bonds	86,301	+1,036	-1,036
Investment grade corporate bonds	39,658	+872	-872
Equities	502,636	+32,671	-32,671
Private equity	63,333	+5,510	-5,510
Real estate	67,887	+3,734	-3,734
Hedge funds	223,801	+8,281	-8,281
Cash & accruals	72,042	-	-
	1,098,344	**+52,702**	**-52,702**

Asset type	Value at 31 March 2017 £000	Potential value on increase £000	Potential value on decrease £000
Fixed income government bond	41,221	+1,649	-1,649
Inflation-linked government bonds	86,530	+3,461	-3,461
Investment grade corporate bonds	39,649	+1,586	-1,586
Equities	480,953	+43,286	-43,286
Private equity	58,492	+5,264	-5,264
Real estate	76,357	+3,818	-3,818
Hedge funds	239,086	+9,563	- 9,563
Cash & accruals	56,061	-	-
Total	**1,078,349**	**+68,627**	**-68,627**

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 or 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 benchmarks.

The fund's direct exposure to interest rate movements as at 31 March 2018 and 31 March 2017 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

The council recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy. The fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points from one year to the next and experience suggests that such movements are likely.

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

Assets exposed to interest rate risk	Value as at 31 March 2018 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash & cash equivalents	69,956	700	70,656	69,256
Cash balances	435	4	439	431
Bonds	168,644	1,686	170,330	166,958
Total	**239,035**	**2,390**	**241,425**	**236,645**

Assets exposed to interest rate risk	Value as at 31 March 2017 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash & cash equivalents	54,406	544	54,950	53,862
Cash balances	30	-	30	30
Bonds	167,400	1,674	169,074	165,726
Total	**221,836**	**2,218**	**224,054**	**219,618**

Income exposed to interest rate risk	Amount receivable as at 31 March 2018 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash & cash equivalents	321	3	324	318
Cash balances	-	-	-	-
Bonds	3,217	32	3,249	3,185
Total	**3,538**	**35**	**3,573**	**3,503**

Income exposed to interest rate risk	Amount receivable as at 31 March 2017 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash & cash equivalents	718	7	725	711
Cash balances	-	-	-	-
Bonds	3,569	36	3,605	3,533
Total	**4,287**	**43**	**4,330**	**4,244**

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa.

Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (UK sterling). The fund holds both monetary and non-monetary assets denominated in currencies other than UK sterling.

The fund's currency rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with the fund investment advisors, the council considers the likely volatility associated with foreign exchange rate movements to be 10%.

A 10% fluctuation in the currency is considered reasonable. This analysis assumes that all other variables, in particular interest rates, remain constant.

Assets exposed to currency risk	Assets value as at 31 March 2018 £000	Potential movement £000	Value on increase £000	Value on decrease £000
Canadian dollar	1,079	108	1,187	971
Danish Krone	4,091	409	4,500	3,682
Euro	34,661	3,466	38,127	31,195
Hong Kong	7,993	799	8,792	7,194
Japanese Yen	18,787	1,879	20,666	16,908
Swedish Krona	5	1	6	4
Norwegian Krone	611	61	672	550
Swiss Franc	1,153	115	1,268	1,038
US Dollar	222,875	22,288	245,163	200,587
	291,255	**29,126**	**320,381**	**262,129**

Assets exposed to currency risk	Assets value as at 31 March 2017 £000	Potential movement £000	Value on increase £000	Value on decrease £000
Australian Dollar	979	49	1,028	930
Brazilian Real	2,473	124	2,597	2,349
China Renminbi	2,508	125	2,633	2,383
Danish Krone	713	36	749	677
Euro	53,850	2,693	56,543	51,157
Hong Kong Dollar	1,972	99	2,071	1,873
Indian Rupee	4,467	223	4,690	4,244
Japanese Yen	18,078	904	18,982	17,174
Mexican Peso	665	33	698	632
Norwegian Krone	767	38	805	729
Russian Rouble	840	42	882	798
Singapore Dollar	1,117	56	1,173	1,061
South Korean Won	6,457	323	6,780	6,134
Swedish Krona	1,846	92	1,938	1,754
Swiss Franc	2,210	111	2,321	2,099
Taiwan Dollar	1,939	97	2,036	1,842
US Dollar	225,462	11,272	236,734	214,190
	326,343	**16,317**	**342,660**	**310,026**

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit 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.

In essence the fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives' positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. The council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, the council invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all have AAA rating from a leading ratings agency.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The fund's cash holding under its treasury management arrangements at 31 March 2018 was £70.4m (31 March 2017: £54.4m). This was held with the following institutions:

	Rating	Balances as at 31 March 2018 £000	Balances as at 31 March 2017 £000
Money market funds			
Goldman Sachs money market fund	AAAm	35,161	21,472
Blackrock money market fund	AAAm	35	35
Bank current accounts			
HSBC	AA-	434	30
Cash held by fund managers and custodian	AA-	34,760	32,899
		70,390	**54,436**

c) Liquidity risk Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The council therefore takes steps to ensure that the pension fund has adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its pension fund cash holdings.

Management prepares periodic cash flow forecasts to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the fund investment strategy.

All financial liabilities at 31 March 2018 are due within one year.

d) Refinancing risk The key risk is that the council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The council does not have any financial instruments that have a refinancing risk as part of its investment strategy

NOTE 19: FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2016 and the next valuation will take place as at 31 March 2019.

The key elements of the funding policy are:

1) to ensure the long-term solvency of the fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
2) to ensure that employer contribution rates are as stable as possible
3) to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
4) to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so, and
5) to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 19 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is three years. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

At the 2016 actuarial valuation, the fund was assessed as 87% funded.

Financial assumptions

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 are shown in note 20 in the financial assumption section

Discount rate for periods in service	
Scheduled body funding target	4.5%pa
Orphan body funding target	4.1%pa
Discount rate for periods after leaving service	
Scheduled body funding target	4.5%pa
Orphan body funding target	2.5%pa
Rate of inflationary pay increases	3.5%pa
Rate of increase to pension accounts	2.0%pa
Rate of increases in pensions in payment	2.0%pa

Demographic assumptions

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:

Life expectancy from age 65 as valuation date	Males	Females
Current pensioners aged 65 at the valuation date	24.3	26.9
Future pensioners aged 45 at the valuation date	26.3	29.2

NOTE 20: ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

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, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Actuarial Position

a) 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.

b) 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)

Plus

- 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).

c) In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon'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.

d) 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.

e) 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%pa
Orphan body funding target	4.1%pa
Discount rate for periods after leaving service	
Scheduled body funding target*	4.5%pa
Orphan body funding target	2.5%pa
Rate of inflationary pay increases	3.5%pa
Rate of increase to pension accounts	2.0%pa
Rate of increases in pensions in payment	2.0%pa

** 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.

f) 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.

g) 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. Other than as agreed or otherwise permitted or required by the Regulations, employer 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.

h) Since the date the valuation report was signed, HM Treasury, in its response to the consultation on indexation and equalisation of GMPs in public sector schemes, has made an announcement to extend the indexation of GMPs to those reaching State Pension Age on or before 5 April 2021 (previously 5 December 2018). This extension period was not allowed for in the valuation results as the actuarial valuation report was signed off before the announcement, but the increase in liability is not expected to be material. In addition, amendment Regulations have been laid which provide for exit credits to be repaid to employers on exit, effective from 14 May 2018. It is anticipated that the Administering Authority will consider whether its Funding Strategy Statement should be revised on account of these changes.

i) This Statement has been prepared by the current Actuary to the Fund, Aon, 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 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.

j) The actuarial valuation report as at 31 March 2016 is available from the Fund's website at the following address:

https://new.enfield.gov.uk/pensions/wp-content/uploads/2017/10/London-Borough-of-Enfield-Pension-Fund-Actuarial-valuation-as-at-31-March-2016-.pdf

NOTE 21: CURRENT ASSETS

31 March 2017 £000s		31 March 2018 £000s
	Debtors	
84	Contributions due - employees	120
264	Contributions due - employers	382
51	Sundry debtors	145
70	Prepayments	-
469		**647**
	Cash balances	
30	Current account	434
499		**1,081**

Analysis of debtors

31 March 2017 £000s		31 March 2018 £000s
-	Central government bodies	-
121	Local authorities	145
348	Public corporations	502
-	Other entities & individuals	-
469		**647**

NOTE 22: CURRENT LIABITILITIES

31 March 2017 £000s		31 March 2018 £000s
(325)	Sundry creditors	-
(38)	Benefits payable	(423)
(363)		**(423)**

Analysis of creditors

31 March 2017 £000s		31 March 2018 £000s
-	Central government bodies	-
(325)	Other local authorities	(423)
-	Public corporations	-
(38)	Other entities & individuals	-
(363)		**(423)**

NOTE 23: ADDITIONAL VOLUNTARY CONTRIBUTIONS

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 17	Contributions & Transfers	Sums Paid Out	Investment Return	Closing Balance at 31 March 2018
	£000s	£000s	£000s	£000s	£000s
With profits cash accumulation	**1,163**	256	-181	43	**1,281**
Cash statement	**-**	34	-21	-	**13**
Deposit fund statement	**807**	434	-300	3	**944**
Discretionary fund	**627**	164	-171	19	**639**
	2,597	**888**	**-673**	**65**	**2,877**

NOTE 24: AGENCY SERVICES

The Enfield Pension Fund does not use any agency services to administer the pension service.

NOTE 25: RELATED PARTY TRANSACTIONS

London Borough of Enfield

The Enfield Pension Fund is administered by the London Borough of Enfield. Consequently there is a strong relationship between the Council and the Pension fund.

During the reporting period, the Council incurred costs of £775k (2016/17: £673k) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The Council is also the single largest employer of members of the pension fund and contributed £36.5m to the fund in 2017/18 (2016/17: £35.1m). At year end the London Borough of Enfield owed the Pension Fund £44k (-£215K in 2016/17).

Scheduled and admitted bodies owed the Fund £501k (£400k in 2016/17) from employer & employee contributions. All payments were received by 19th April 2018.

Governance

The Enfield 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 at scheduled body.

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.

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 Committee is required to declare their interests at meetings.

NOTE 25A: KEY MANAGEMENT PERSONNEL

The key management personnel of the fund are the Pension manager, Head of Finance and the Head of Exchequer Services. As required by paragraph 3.9.4.2 of the CIPFA code of practice 2017/18 the figures below show the change in value of post-employment benefits provided to these individuals over the accounting year.

31 March 2017 £000s		31 March 2018 £000s
62	Short-term benefits	119
192	Post-employment benefits	41
254		**160**

NOTE 26: CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments (investments) at 31 March 2018 totalled £68.5m (31 March 2017: £77.8m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts ‘called’ by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

NOTE 27: CONTINGENT ASSETS

There were no contingent assets recognised during the year

NOTE 28: IMPAIRMENT LOSSES

There were no impairments recognised during the year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF ENFIELD COUNCIL

Opinion on the financial statements

We have audited the financial statements of London Borough of Enfield Council ("the Council") for the year ended 31 March 2018 which comprise the Council and Group Movement in Reserves Statements, Comprehensive Income and Expenditure Statements, Balance Sheets and Cash Flow Statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement, and notes to the financial statements including a summary of significant accounting policies. 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 2017/18.

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 2018 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 2018 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 2017/18.

Basis for opinion on the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the National Audit Office in April 2015 ("Code of Audit Practice") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director of Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Executive Director of Resources is responsible for the other information. The other information comprises the Narrative report together with all other information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office in November 2017, we are satisfied that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review of **the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources** in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion, published by the National Audit Office in November 2017, 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 that 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 2018.

Based on our risk assessment, we undertook such work as we considered necessary. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Matters on which we are required to 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 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.

Responsibilities of the Executive Director of Resources and the Council

As explained more fully in the Statement of Responsibilities, the Executive Director of Resources 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.

In preparing the financial statements, the Executive Director of Resources is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council intends to cease operations or has no realistic alternative but to do so.

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.

Auditor's responsibilities for the audit of the financial statements

In respect of our audit of the financial statements our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities in respect of the Council's use of resources

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 criterion 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.

Delay in certification 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 and also the work necessary to conclude on objections to the accounts received from local government electors in respect of the audit of the Council's accounts for the year ended 31 March 2016. We are satisfied that this work does not have a material effect on the financial statements or on our use of resources conclusion.

Use of our report

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 Responsibilities of the Audited Body and Responsibility of the Auditor 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.

David Eagles
For and on behalf of BDO LLP, Appointed Auditor
Ipswich, UK

26 October 2018

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

Opinion on pension fund financial statements

We have audited the pension fund financial statements of the London Borough of Enfield Pension Fund ("the pension fund") for the year ended 31 March 2018 which comprise the Fund Account, the Net Asset Statement and the related notes to the pension fund financial statements, including a summary of significant accounting policies. The framework that has been applied in the preparation of the pension fund financial statements is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2018 and the amount and disposition of the fund's assets and liabilities as at 31 March 2018, other than the liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion on the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the National Audit Office in April 2015 ("Code of Audit Practice") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director of Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Executive Director of Resources is responsible for the other information. The other information comprises the Narrative report together with all other information included in the Statement of Accounts, other than the pension fund financial statements and our auditor's report thereon. Our opinion on the pension fund financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the pension fund financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Executive Director of Resources and the London Borough of Enfield ("the Council") as administering authority of the pension fund

As explained more fully in the Statement of the Executive Director of Resources' Responsibilities, the Executive Director of Resources is responsible for the preparation of the Statement of Accounts, which comprises 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 the financial statements give a true and fair view.

In preparing the pension fund financial statements, the Executive Director of Resources is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council intends to wind up the scheme or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

In respect of our audit of the pension fund financial statements our objectives are to obtain reasonable assurance about whether the pension fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the 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 Responsibilities of the Audited Body and Responsibility of the Auditor 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.

BDO LLP

David Eagles
For and on behalf of BDO LLP, Appointed Auditor
Ipswich, UK

26 October 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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 shared between Enfield, the Greater London Authority and Central Government.

	These arrangements were introduced under the Localism Act in April 2013, so that the Council gets to retain a proportion of Business Rate Income growth locally without sharing.
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	A general 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.