London Borough of Enfield

Statement of Accounts 2012-13

James Rolfe
Director of Finance, Resources and Customer Services

ENFIELD Council

CONTENTS

Notes to the Core Financial Statements- Index

STATEMENT OF RESPONSIBILITIES

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this Authority, that officer is James Rolfe, the Director of Finance, Resources & Customer Services;

- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- To approve the Statement of Accounts.

THE DIRECTOR OF FINANCE, RESOURCES & CUSTOMER SERVICES' RESPONSIBILITIES

The Director of Finance, Resources & Customer Services is responsible for preparing the Authority'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) based on International Financial Reporting Standards.

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

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

The Director of Finance, Resources & Customer Services has also:

- Kept proper accounting records which were up to date, and
- Taken reasonable steps to prevent and detect fraud and other irregularities

CERTIFICATION BY THE DIRECTOR OF FINANCE, RESOURCES & CUSTOMER SERVICES AND THE CHAIRMAN OF THE AUDIT COMMITTEE

Certification

I certify that the Statement of Accounts give a true and fair view of the financial position of the Authority and of its expenditure and income for the year ended 31 March 2013

Signed	Signed
J Rolfe	D. Lemonides
James Rolfe	Dino Lemonides
Director of Finance, Resources & Customer Services	Chairman of the Audit Committee
25 September 2013	25 September 2013

EXPLANATORY FOREWORD TO THE ACCOUNTS

1. Introduction

The purpose of the Statement of Accounts is to summarise the financial performance for the financial year 2012/13 and the overall financial position of the Council. This foreword aims to give a general guide to the main features of the information reported within the rest of the Accounts and provides a summary of the Council's overall financial position.

The Statement of Accounts for 2012/13 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), the Financial Reporting Advisory Board and the Government.

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 set out on pages 124 to 126 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 as these are analysed into usable and unusable reserves. It analyses the increase or decrease in net worth of the Authority 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 of 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 Councils disposal, its long term debt, net current assets or liabilities, and summarises information on the non-current assets held. It excludes the Pension Fund.

- **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 non-domestic rates, the latter on behalf of the Government. The proceeds of council tax are distributed to the Council and the Greater London Authority (GLA). The Fund shows income due and the application of the proceeds.

- **Pension Fund** – The Pension Fund Accounts show the contributions from the Council, participating employers and employees for the purpose of paying pensions. The Fund is separately managed with the Council acting as trustee and its Accounts are separate from those of the Council.

2. Review of the Financial Year

This section sets out some of the key features of the Council's financial performance for 2012/13.

Financial performance in 2012/13 must be seen within the context of the considerable financial challenges faced by local government as it has responded to the Government's programme set to reduce the UK's budget deficit through significant cuts in public sector spending.

The Council set its spending plans for 2012/13 against a backdrop of considerable national economic uncertainty, significantly reduced Government grant funding, and the rising demand for services such as care support for adults and children as well as the high demand for pupil places within the Borough's schools placing both revenue and capital budgets under pressure. In setting the Budget for 2012/13, the Council's aim was to set a balanced and deliverable budget that would effectively address spending pressures whilst protecting frontline services wherever possible and deliver a continued freeze in Council Tax for the third year running.
The 2012/13 provisional Local Government Finance Settlement was announced on 8 December 2011. The Government undertook statutory consultation and the final settlement was announced on 31 January 2012 without change. The final figures were then included in the Council's Budget and Medium Term Financial Plan.

Enfield's Formula Grant funding was cut by 6.7% in 2012/13. . The Council's Formula Grant comparison is set out below along with other core grants.

Table 1:	**2011/12**	**2012/13**	**Change**	
Enfield's Core Grants	**£'000**	**£'000**	**£'000**	**%**
Formula Grant	131,038	122,292	(8,746)	-6.7%
Council Tax Freeze Grant 2011/12	3,032	3,032	0	0.0%
Early Intervention Grant	14,514	15,838	1,324	9.1%
Learning Disabilities Health Reform	4,882	5,004	122	2.5%
Housing Benefit Administration	3,451	3,447	(4)	-0.1%
Local Service Grant	803	892	89	11.1%
Continuing External Funding	**157,720**	**150,505**	**(7,215)**	**-4.6%**
New one-off funding				
Council Tax Freeze Grant 2012/13	0	3,050	3,050	N/A
Total External Funding 2012/13	**157,720**	**153,555**	**(4,165)**	**-2.6%**

At the Council meeting on 29 February 2012 the Council approved spending proposals that included:

- Spending reductions of £11.8 million - of which most were delivered through efficiencies/back office savings with minimal impact on frontline services
- Continuing the freeze in Council Tax - 0% increase for 3rd consecutive year Average Band D level - £1,100.34 (excluding GLA precept)
- A Revenue Budget Requirement of £243.7million - almost £10 million less than the previous year
- A Capital Programme of £94 million funded from internal and external resources.

3. Revenue and Budget Outturn

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

Service Expenditure:	Budget 2012/13 £'000	Actual 2012/13 £'000	Variance 2012/13 £'000
Housing, Health and Adult Social Services	103,999	102,779	(1,220)
Schools and Children's Services	60,477	60,477	0
Environment	32,800	33,194	394
Finance Resources and Customer Services	44,953	44,825	(128)
Regeneration Leisure and Culture	9,813	9,813	0
Chief Executive	4,579	4,527	(52)
Corporate	(9,796)	(9,968)	(172)
Sub Total	**246,825**	**245,647**	**(1,178)**
Contribution to Reserves		1,178	1,178
Total Net Expenditure	**246,825**	**246,825**	**0**

Funded by:	Budget 2012/13 £000's	Actual 2012/13 £000's
Formula Grant	(125,325)	(125,325)
Council Tax Receipts	(121,500)	(121,500)
Surplus / (Deficit) for Year	**0**	**0**

During 2012/13, the Council's revenue expenditure against budget was monitored monthly and reported to Cabinet in some detail. The Council was committed to containing its expenditure within budget and, where pressures became evident, action was taken to minimise the impact on the overall position whilst ensuring that the delivery of key services was not jeopardised. The accounts reflect the following:-

- On-going reductions public expenditure and Government funding in 2012/13
- A freeze in Enfield's council tax.
- Growing demand for services and expectations
- Service levels and performance maintained and savings targets all delivered within the reduced 2012/13 budget.
- General Fund balances and reserves maintained which are vital to the Council's financial resilience in the face of reductions in public spending and increasing service demands from Enfield's growing population
- Capital investment in schools to meet increasing demand for primary school places, regeneration to meets housing and economic demand and maintaining and improving roads

As a result of the Council's tight budget control it has been able to maintain services, invest in capital infrastructure whilst setting aside additional resources within earmarked reserves to provide for future expenditure/risks in connection with:

- Potential service restructuring costs as part of the Council's proposals to achieve long term efficiencies and address future savings targets (£600k).
- Repair and Maintenance Reserve (£1.220m)
- ICT Investment Reserve and Invest to Save Initiatives for 2012/13 (£1.1m)

The Council's General Fund balance remains the same as 2011/12 at £14.0m (excluding the amount attributable to schools' delegated budgets). This has been assessed by the Director of Finance, Resources and Customer Services as being the minimum needed to protect the Council from future financial risks.

The Service expenditure headings and figures reported above reflect the Council's organisational and management structure. These are not consistent with the Service headings reported within the Comprehensive Income and Expenditure Statement which conform to the Service Reporting Code of Practice requirements. However, information is provided in Note 25 to reconcile the financial position against the Council's management structure to that of the Comprehensive Income and Expenditure Statement.

The financing and surplus figures reported above are also not the same as those reported in the Comprehensive Income and Expenditure Statement. This is because of a number of statutory accounting adjustments that are required to be reflected in the Comprehensive Income and Expenditure Statement.

Housing Revenue Account

The Statement of Accounts also includes the ring-fenced Housing Revenue Account for the provision of council housing. The HRA made a net surplus of £1.108m and increased its working balance by the same amount. The full details of the Housing Revenue Account and the movements on that account are set out on pages 87 to 92.

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 always a direct link between the need to borrow to pay for capital spend and the level of external borrowing. The effect of using the cash set aside for longer term purposes to temporarily defer external borrowing is to reduce the level of cash the Council has available for investment.

In 2012/13, the Council was required to make provision to borrow £19 million towards the cost of financing the General Fund capital programme.

Investments

The Council's 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 will also aim to achieve the optimum return on investments commensurate with appropriate levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term, and only invest 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, Moodys and Standard and Poors.

4. Forward Look

Medium Term Financial Plan

The Medium Term Financial Plan 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. It also builds in proposed savings that the Council must make in order to restrict later year tax increases to an assumed 2%. The latest forecast is set out below.

Medium Term Financial Plan	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Council Tax Base	**121,500**	**96,343**	**96,864**	**98,899**
Inflation	4,500	4,457	6,000	6,000
Additional costs of population growth	3,000	2,210	1,410	1,580
Other cost increases	12,629	1,706	2,066	3,300
Savings Identified	(22,437)	(17,829)	(2,760)	(1,267)
Reductions in Government Funding	4,229	14,386	11,547	6,900
New Local Council Tax Benefit Grant	(25,992)	0	0	0
Council Tax Collection	(1,086)	1,086	0	0
Savings still to be achieved	0	(5,495)	(16,228)	(14,535)
Budget Requirement	**96,343**	**96,864**	**98,899**	**100,877**
Taxbase (110,420 2012/13)	**87,557**	**88,031**	**88,118**	**88,118**
Band D Charge	**£1,100**	**£1,100**	**£1,122**	**£1,145**
% tax change	**0.0%**	**0.0%**	**2.0%**	**2.0%**

To freeze and restrict tax increase to 2% will require the Council to find annual savings of approximately £80m over the next four years and probably well beyond. Work is underway to identify how to achieve this level of saving, but whilst every effort will be made to protect services, the scale of the cost reductions makes it impossible for the Council to guarantee that all services can be protected.

In recent years capital expenditure has increased significantly with a large proportion of the programme funded by borrowing. As such the revenue impact of funding the capital programme is a major cost in the medium term financial plan. The cut in government funding has only added to the pressure to finance investment by borrowing paid for by the council tax. The Council is reviewing the existing programme to ensure that the capital programme delivers key objectives but is also affordable and borrowing requirements are minimised.

The revenue outturn for 2012/13 was positive in that services and costs were contained within budget, even with challenging saving targets. Balances and reserves have been kept at a sufficient level to enable the Council to plan with the resources needed to invest in improvements necessary to implement innovative solutions to service and financial challenges.

The Schools' Budget

An indicative schools' budget for 2013/14 was developed and was presented to the Schools Forum on 13th February 2013. This budget was based on the data provided in the autumn 2012 school pupil census, estimates of children in early years settings during 2013/14 and an assumption of post 16 pupils with high needs,

The Dedicated Schools Grant (DSG) is currently estimated to be £292.073m. However the final allocation of the DSG allocation will not be determined until the end of the financial year when Early Years numbers are finalised. The distribution of the DSG was set out in the February schools Forum and will be monitored during the year.

Under Department for Education regulations, certain specific decisions are reserved to the Schools Forum and the Council makes the final decision on the allocation of available resources taking account of any decisions made by the Forum and any comments they wish to make. Cabinet agreed that Members for Children and Young People and Finance and Property take the decision on the schools budget for 13/14 when the final position is known, taking into account the comments of the Schools Forum and any relevant decisions which the Forum make.

5. OTHER MATERIAL TRANSACTIONS, PROVISIONS AND CONTINGENCIES

The financial statements include the one significant transaction relating to claims previously underwritten by Municipal Mutal Insurance. This is covered in Note 7 to the financial statements.

6. HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) consists of expenditure on council-owned housing, which is offset by rental income and government subsidy. The 1989 Local Government and Housing Act requires the Housing Revenue Account to be kept separately from other accounts; in particular, funding of HRA expenditure must be met from within the HRA and not as a call on General Fund resources.

Since 1st April 2008, the Council's housing stock has been managed by Enfield Homes, a wholly owned subsidiary management company.

7. CAPITAL EXPENDITURE AND INCOME

The principal elements of the capital programme in 2012/13 were further investment in school buildings particularly to meet forecast demand for new primary school places through both temporary arrangements and permanent expansions across the schools portfolio and improvements to the housing stock through the Decent Homes programme. Major regeneration plans are also in place to meet increasing demand for housing and jobs. Road infrastructure is also a vital factor in the plans to improve local conditions.

Table 3 below shows the capital expenditure incurred in 2012/13 compared to the approved programme. The capital outturn will require some re-profiling of the capital programme which will impact on the 2013/14 and future years' budgets.

Capital Expenditure:	**Projected £000s**	**Outturn £000s**
Schools and Educational Establishments	54,816	55,952
Council Dwellings	43,143	31,203
Housing Grants	2,736	2,628
Waste Services	1,272	1,335
Residential and Day Care Services	358	283
Transport and Environmental Schemes	17,519	17,313
Leisure and Culture	6,434	5,825
Corporate Buildings and Improvements	2,006	1,905
Regeneration Projects	2,246	2,036
Housing Regeneration Projects	4,700	4,724
Community Safety	1,117	1,020
Parks and Open Spaces	1,235	1,096
Vehicles and Moveable Plant	531	498
Improvements to Community Halls	862	678
Residents Priority Fund	1,532	458
IT infrastructure and programmes	120	120
Total Capital Expenditure in 2012/13	**140,627**	**127,074**

Sources of Finance:	**Projected £000s**	**Outturn £000s**
Unsupported borrowing	(38,639)	(19,106)
Capital Receipts	(10,000)	(11,401)
Major Repairs Reserve	(13,185)	(13,158)
Government Grants/Reimbursements and Other Contributions	(73,803)	(79,919)
Revenue	(5,000)	(3,410)
Increase in Finance Lease Liabilities	0	(80)
Total Capital Funding (Needs Updating)	**(140,627)**	**(127,074)**

The Council generated new capital receipts in the year of £13.6m (net of disposal costs) largely from the disposal of surplus property within the HRA (£5.0m) and the General Fund (£8.6m) including net receipts of £2.9m from the sale of Council Housing Stock under Right to Buy provisions.

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 £408.3m to £417.0m during year. The increase is reflected in amount of capital expenditure funded from borrowing shown in table 3. This is analysed between the HRA (£157.7m) and General Fund (£256.7m). Under statutory regulation, the Council is required to set aside each year an amount from its revenue budget to reduce its General Fund CFR. 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 will be managed through the HRA Business Plan under the HRA Self Financing framework.

At 31st March 2013, the Council had capital resources available to fund future expenditure of £6.1m (unapplied capital grants), £12.2m (unapplied capital receipts) and £13.9m (revenue reserves earmarked for capital funding).

The Council is continuing to review its property asset base to identify future disposals to generate more capital receipts over the medium term subject to achieving targeted proceeds in the current economic circumstances. In light of Central Government fiscal plans, there is uncertainty over the future levels of Government capital grant funding – similarly, it is not expected there will be any supported borrowing allocations within the RSG process in the medium term. As a consequence, the review and close monitoring of the capital programme is a key Council priority.

8. 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 42 to the Core Financial Statements.

The Pension Liability reflects the underlying commitments the Council has in the long run to pay retirement benefits. The net pension liability has increased from £401.9m as at 31 March 2012 to £440.7m as at 31 March 2013. This movement is predominantly due to Actuarial losses of £32.8m, whereby actual experience and events on scheme assets and liabilities during the financial year differed from the earlier accounting assumptions made for those areas.
The adjustments made to the CIES to comply with IAS19 have had the following effect on the 2012/13 Comprehensive Income and Expenditure Account:

- Reported expenditure within the Net Cost of Services has been reduced by £1.2m, representing the difference between employers pension contributions made in the year to the cost of pension benefits actually earned under the Accounting Standard;
- The figure for Financing and Investment Income and Expenditure has received a net charge of £7.2m due to the difference between pension interest costs and the expected return on pension assets;
- Actuarial losses of £32.8m, as explained above.

However, there is no effect on the Council's overall capital or revenue resources arising from these adjustments, as they are reversed out in the Movement in Reserves Statement, with the contra entry posted to the Pension Fund Reserve.

9. CHANGES IN ACCOUNTING POLICIES AND PRIOR PERIOD ADJUSTMENTS

There have been no changes in accounting, in preparing the Statement of Accounts for 2012/13 and no prior period adjustments.

MOVEMENT IN RESERVES STATEMENT 2012/13

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. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

MOVEMENT IN RESERVES STATEMENT 2012/13

2012-13	General Fund & Schools Balances £000's	Housing Revenue Account Balance £000's	Earmarked General Fund Reserves £000's	Earmarked Housing Revenues Account Reserves £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied £000's	Total Useable Reserves £000's	Total Unusable Reserves £000's	Total Reserves £000's
Balance b/fwd	**(31,553)**	**(11,559)**	**(66,857)**	**(8,836)**	**(11,376)**	**(7,562)**	**(17,636)**	**(155,379)**	**(415,431)**	**(570,810)**
(Surplus) / Deficit on the provision of services	15,365	7,607	0	0	0	0	0	22,972	0	**22,972**
Other comprehensive income and expenditure	(162)	0	0	0	0	0	0	(162)	(108,260)	**(108,422)**
Total comprehensive income and expenditure	**15,203**	**7,607**	**0**	**0**	**0**	**0**	**0**	**22,810**	**(108,260)**	**(85,450)**
Adjustments between accounting basis and funding basis under regulations - Note 9	(17,966)	(16,575)	0	0	(2,169)	(124)	5,703	(31,131)	31,131	**0**
Net increase or decrease before transfers to Earmarked Reserves:	**(2,763)**	**(8,968)**	**0**	**0**	**(2,169)**	**(124)**	**5,703**	**(8,321)**	**(77,130)**	**(85,450)**
Transfers to/from Earmarked Reserves	4,512	6,590	(4,512)	(6,590)	0	0	0	0	0	**0**
Increase/decrease in year	1,749	(2,378)	(4,512)	(6,590)	(2,169)	(124)	5,703	(8,321)	(77,130)	**(85,450)**
Balance carried forward 31st March 2013	**(29,802)**	**(13,936)**	**(71,369)**	**(15,426)**	**(13,545)**	**(7,686)**	**(11,933)**	**(163,698)**	**(492,563)**	**(656,260)**

Analysis of General Fund Balance	**31March 2012 £'000**	**31March 2013 £'000**
School Balance	17,587	15,835
General Balance	13,966	13,966
General Fund Balance	**31,553**	**29,801**

MOVEMENT IN RESERVES STATEMENT 2011/12

2011-12	General Fund & Schools Balances £000's	Housing Revenue Account Balance £000's	Earmarked General Fund Reserves £000's	Earmarked Housing Revenues Account Reserves £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied £000's	Total Usable Reserves £000's	Total Unusable Reserves £000's	Total Reserves £000's
Balance b/fwd	**(24,331)**	**(8,740)**	**(60,195)**	**(9,250)**	**(7,547)**	**(7,927)**	**(24,209)**	**(142,199)**	**(581,962)**	**(724,161)**
(Surplus) / Deficit on the provision of services	62,649	45,941	0	0	0	0 0		108,590	0	**108,590**
Other comprehensive income and expenditure	(29)	0	0 0		0	0	0	(29)	44,790	**44,761**
Total comprehensive income and expenditure	**62,620**	**45,941**	**0**	**0**	**0**	**0**	**0**	**108,561**	**44,790**	**153,351**
Adjustments between accounting basis and funding basis under regulations – Note 9	(76,504)	(48,346)	0	0	(3,829)	365	6,573	(121,741)	121,741	**0**
Net increase or decrease before transfers to Earmarked Reserves:	**(13,884)**	**(2,405)**	**0**	**0**	**(3,829)**	**365**	**6,573**	**(13,180)**	**166,531**	**153,351**
Transfers to/from Earmarked Reserves	6,662	(414)	(6,662)	414	0	0 0		0	0	**0**
Increase/decrease in year	(7,222)	(2,819)	(6,662)	414	(3,829)	365	6,573	(13,180)	166,531	**153,351**
Balance carried forward 31st March 2012	**(31,553)**	**(11,559)**	**(66,857)**	**(8,836)**	**(11,376)**	**(7,562)**	**(17,636)**	**(155,379)**	**(415,431)**	**(570,810)**

COMPREHENSIVE INCOME AND 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 Movement in Reserves Statement.

On its services the council spent:	**Note**	**2012/13 Gross expenditure £000**	**Gross income £000**	**Net expenditure £000**	**2011/12 Net expenditure* £000**
Adult social care		121,703	(34,073)	87,630	83,131
Central services	**28**	101,453	(77,182)	24,271	20,926
Children's and education services		450,189	(311,557)	138,632	138,930
Cultural and Related services		33,655	(3,321)	30,334	24,578
Environmental and Regulatory Services		33,017	(5,578)	27,439	26,697
Highways and transport services		40,423	(14,692)	25,731	22,027
Housing services		426,942	(406,276)	20,666	35,109
Planning Services		11,817	(4,147)	7,671	6,959
Exceptional Items		0	0	0	35,030
COST OF SERVICES		**1,219,199**	**(856,826)**	**362,374**	**393,387**
Other Operating Expenditure					
(Gain) Loss on disposal of non-current assets				(3,827)	10,985
Payments to Housing Capital Receipts Pool				971	21
Precepts and Levies				6,857	7,663
Sub total				**4,001**	**18,669**
Financing and Investment Income and Expenditure	**5**			**2,799**	**12,165**
Taxation and non-specific grant income	**6**			**(346,202)**	**(315,631)**
(Surplus) / Deficit on the Provision of Services				**22,972**	**108,590**
(Surplus) / Deficit on revaluation of non-current assets	**24**			(140,280)	(34,744)
Actuarial (gains) / losses on pension fund assets and liabilities	**42**			32,774	79,534
Other comprehensive (gains) / losses				(916)	(29)
Total Comprehensive Income and Expenditure				**(85,450)**	**153,350**

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2013. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. 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'.

31 March 2012 £000		Note	31 March 2013 £000
	NON CURRENT ASSETS		
1,187,115	Property, Plant and Equipment	11	1,299,503
5,096	Heritage Assets	13	7,238
95,721	Investment Property	12	101,694
2,419	Intangible Assets	14	1,672
4,482	Long Term Debtors	19	5,454
1,294,834	**Total: Non Current Assets**		**1,415,561**
	CURRENT ASSETS		
1,018	Short Term Investments	16	500
2,173	Assets Held for Sale	20	1,771
533	Inventories	18	1,609
71,575	Short Term Debtors	19	96,284
56,308	Cash and Cash Equivalents	17	51,547
131,607	**Total: Current Assets**		**151,712**
	CURRENT LIABILITIES		
(23,973)	Cash and Cash Equivalents	17	(21,101)
(23,224)	Short Term Borrowing	16	(34,629)
(85,217)	Short Term Creditors	22	(72,911)
(13,929)	Provisions	23	(16,089)
(146,343)	**Total: Current Liabilities**		**(144,731)**
	NON CURRENT TERM LIABILITIES		
(57,673)	Long Term Creditors	22	(55,303)
(3,808)	Provisions	23	(3,911)
(244,291)	Long Term Borrowing	16	(262,846)
(401,928)	Pension Liability	42	(440,701)
(1,588)	Capital Grants Received in Advance		(3,522)
(709,288)	**Total: Non Current Liabilities**		**(766,282)**
570,810	**NET ASSETS**		**656,260**
(415,432)	**UNUSABLE RESERVES** [1]	24	**(492,563)**
(155,377)	**USABLE RESERVES**[1]	10	**(163,697)**
(570,810)	**TOTAL RESERVES / NET WORTH**		**(656,260)**

Director of Finance, Resources and Customer Services, 27th September 2013

The unaudited accounts were authorised for issue on 30th June 2013 by James Rolfe, Director of Finance, Resources and Customer Services. The audited accounts were authorised for issue on 25th September 2013 by the Council's Audit Committee.

[1] See also the Movement in Reserves tables on pages 12 and 13 for breakdown of main reserves.

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in 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 Authority. Investing activities refer to expenditure that contributes to the Council's future service delivery. Cash flows arising from financing activities refer to the raising and repayment of loans and other long term liabilities.

2011/12 £000's		2012/13 £000's
108,590	**Net (Surplus)/Deficit on the provision of services**	**22,972**
(132,841)	Adjust net (surplus)/deficit on the provision of services for non-cash movements	(60,764)
12,415	Adjust for items in the net (surplus)/deficit on the provision of services that are investing or financing activities	14,205
(11,836)	**Net cash flow from operating activities**	**(23,587)**
25,067	Investing activities (see Note 26)	49,425
(48,200)	Financing activities (see Note 27)	(27,727)
(34,969)	**Net (increase)/decrease in cash and cash equivalents**	**(1,889)**
2,633	**Cash and cash equivalents at the beginning of the reporting period**	**32,335**
32,335	**Cash and cash equivalents at the end of the reporting period:**	**(30,446)**

Cash Flow Statement - Adjustments to net (surplus)/deficit on the provision of services:	**2011/12 £000s**	**2012/13 £000s**
Capital Charges Debited to the CIES	(148,227)	(129,052)
Increase in provision for impairment of debts	(108)	5,015
Movement in creditors	339,002	(7,660)
Movement in debtors	(339,558)	23,428
Increase in stock	304	1,076
Increase in provisions	(906)	(2,263)
Grants Received to fund capital expenditure	41,670	69,336
Pension liability	(4,422)	(5,999)
Carrying amount of non-current assets sold	(20,596)	(10,700)
Other Non- Cash Movements	0	(3,945)
Total adjustments to net (surplus)/deficit on the provision of services	**(132,841)**	**(60,764)**

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at 31st March 2013. This Note sets out the accounting policies and the basis of estimation the Council has selected in preparing the Statement. The general principles adopted in compiling the Statement of Accounts for 2012/13 are consistent with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the CIPFA Service Reporting Code of Practice 2012/13, based on International Financial Reporting Standards (IFRS) and statutory regulation. All balances are stated in GBP pounds rounded to the nearest thousand (£000s). Consequently, rounded balances in the notes may not agree exactly to the primary statements. The principal accounting policies have been applied consistently throughout the year.

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

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

1.2 DEBTORS AND CREDITORS

The accounts are prepared on the basis of accrued income and expenditure and include sums due to the Council and sums payable by the Council for work done or goods received – subject to the de minimis level for recognising accrued income and expenditure (£5,000 for revenue items and £10,000 for capital items). Exceptions to these levels are made where the expenditure is funded by a time limited grant.

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 investments 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 such as refundable deposits. Cash held on behalf of other parties under non Council controls are not cash related.

The Cash Flow Statement has been prepared using the indirect method as recommended by the CIPFA Code.

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. There are no prior year adjustments for 2012/13.

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

1.6 EMPLOYEE BENEFITS

Benefits Payable During Employment

Short term employee benefits relate to amounts expected to be paid to employees for annual leave, leave in lieu of statutory holidays and flexitime untaken at the year end which can be carried forward into the next financial year.

Accrued annual leave, leave in lieu and flexitime is recognised as an expense in the Comprehensive Income and Expenditure Statement and represents the amount that the Council has a present obligation to pay resulting from employees' services provided up to the Balance Sheet date. The accrual is calculated at nominal amounts based on the remuneration rates that will be paid when the liability is settled.

In accordance with statutory regulation, the accrual is reversed out in the Movement in Reserves Statement and disclosed in the Accumulated Absences Account in the Balance Sheet. The expenditure is a charge to the General Fund when the liability is settled.

The Council has concluded that there is no material benefit in undertaking an annual determination of the accrual and has established a policy to undertake a review of the accrual every three years unless, in the intervening period, there is evidence of a change in circumstances which would affect the amount to be disclosed. A review was carried out as part of the 2012/13 Accounts. The next review is due to be undertaken for the 2015/16 Accounts.

Termination Benefits

Termination benefits are payable when the Council decides to terminate the employment of a member of staff or a member of staff accepts voluntary redundancy. Costs are accrued in the Comprehensive Income and Expenditure Statement (Non Distributed Costs) once the Council is committed to the termination of the employment or an offer of voluntary redundancy is made.

Post Employment Benefits

The Council participates in three separate schemes.

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

- **Teachers –** Teachers employed by the Council are members of the Teachers' Pensions Scheme, administered by Teachers Pensions (TP). It provides teachers with defined benefits upon their retirement. The Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

  The pension cost charged to the accounts is the contribution rate set by TP on the basis of a notional fund. The arrangements for the Teachers' scheme mean that the liabilities for the benefits payable cannot be identified to the Council. The scheme is, therefore, accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the balance sheet.

- **London Pension Fund Authority (LPFA) Scheme –** One member of staff employed by the Council has retained membership of the above fund, which is a funded scheme. The LPFA is designated an

  'Administering Authority' within the Local Government Superannuation Regulations 1995. The LPFA maintains the Fund and administers the terms of the scheme in respect of those who participate in it. The pension costs that are charged to the Council's accounts in respect of the relevant employee are equal to the employer's contribution rate paid to the funded scheme.

  In addition, the Council pays a levy to the LPFA each year to meet expenditure on premature retirement compensation and other outstanding personnel matters relating to the former employees of the Greater London Council, the Inner London Education Authority and the London Residuary Body. The Council also makes a contribution to the deficit of the LPFA pension fund.

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

  The Council's Local Government Pension Scheme is accounted for as a defined benefit scheme. The financial statements reflect the Council's liabilities, calculated on an actuarial basis, to increase contributions to the pension fund to make up any shortfall in attributable net assets, rather than the employer's contributions actually payable to the pension fund in the year.

  Liabilities are assessed using assumptions about mortality rates, employee turnover rates and projected earnings for current employees, discounted to their value at current prices. In addition an assumed take-up of commutation has been allowed for in the calculations; this refers to the options available to employees to receive a higher lump sum on retirement in return for a lower annual pension. The discount rate used is based on the yield available on long dated high quality corporate bonds of equivalent currency and term to scheme liabilities.

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

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

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

  - Current service costs – the increase in liabilities as a result of the years of service earned in the year allocated to service revenue accounts within the Cost of Services;
  - Past service cost – the increase in liabilities arising from decisions made in the year where the effect relates to years of service earned in earlier years included as part of Non Distributed Costs within the Cost of Services;
  - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid charged to the Surplus or Deficit on Provision of Services;
  - Expected return on assets – the annual investment return on fund assets based on an average of the expected long term return credited to the Surplus or Deficit on Provision of Services;
  - Gains/losses on settlements and curtailments – the outcome of actions that relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees (e.g. the transfer of operations to other bodies) included as part of Non Distributed Costs within the Cost of Services;
  - 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 – charged in Other Comprehensive Income and Expenditure;
  - Contributions paid to the Council's pension fund by way of employer's contributions;

- Assumptions with regard to the take up of commutation.

Statutory provisions limit the Council to raising council tax only to cover the amounts actually payable by the Council to the pension fund in the year rather than the above calculations under the relevant accounting standards. Consequently, there is an appropriation to the Pensions Reserve within the Movement in Reserves Statement to adjust the notional debits and credits for retirement benefits to match the actual amount payable to the pension fund.

Where employees retire early and are able to receive their pension immediately, the cost to the pension fund is debited to the Comprehensive Income and Expenditure Statement in the year the decision is made.

These accounting policies have not been applied to the Council's share of the LPFA scheme on the basis that this is not material to an understanding of the Council's financial position. The financial statements reflect the actual amounts payable in the year by the Council in connection with this scheme.

1.7 EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date refer to developments that have taken place between the end of the financial year and the date the Statement of Accounts is issued for publication. The accounts reflect adjustments for events that provide further information on the conditions that existed at 31st March.

The accounts are not adjusted for a change in conditions taking place after 31st March although the nature and estimated effect of the change is reported in the notes to the accounts.

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 are recorded as Receipts in Advance.

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

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

Capital Grants and Contributions

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

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

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

1.9 COST OF SUPPORT SERVICES

The cost of central overheads and support services including the surplus/deficits on internal trading services is fully allocated to departments in proportion to the benefits received and in accordance with the CIPFA Service Reporting Code of Practice. The basis of these allocations is as follows:

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

Certain costs are held centrally and not allocated to services. These are:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation;

- Non-Distributed Costs – largely employment termination costs and the cost of discretionary benefits awarded to employees retiring early.

1.10 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities refer to possible material obligations at 31 March 2013 that cannot be readily quantified properly at the balance sheet date and there is a high level of uncertainty over the extent of the Council's liability. No entries in the accounts are made for contingent liabilities but they are reported in Note 43 to the Financial Statements. In the main, they refer to contractual matters that are 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.

The Council has adopted a de minimis level of £250k for the disclosure of contingent assets and contingent liabilities.

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 - 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 carries out the collection of National Non Domestic Rates as an agent on behalf of Central Government. The Council accounts for its share of the redistribution of the National NNDR Pool and the cost of collection allowance it receives from Central Government through the Comprehensive Income and Expenditure Statement.

NNDR arrears, provision for impairment of debt, prepayments and over payments and the Central Government debtor/creditor for the amount due from/to the national pool are consolidated into a single debtor/creditor for amounts due from/to Central Government 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

Intangible fixed assets refer to items of expenditure from which the Council expects to obtain future economic benefits but which do not have physical substance. Generally, they refer to the acquisition and implementation costs of major new IT systems.

Intangible assets are capitalised at cost and are amortised to revenue over the expected economic life of the expenditure (3-10 years) and reviewed annually. Where there is evidence of impairment at the end of the financial year, the impairment loss is written off against any revaluation gain held in the Revaluation Reserve for the relevant asset with any excess charged in the Comprehensive Income and Expenditure Statement. The impairment loss is reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account so there is no impact on the General Fund.

1.14 PROPERTY, PLANT AND EQUIPMENT

Acquisition and Recognition

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

Valuation

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-valued 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.

- operational land and buildings including operational facilities in Parks – are included in the balance sheet at fair 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;

- infrastructure assets - are included at depreciated historic cost;
- community assets – Parks land is recorded at a nominal value per hectare as market values cannot be economically and reliably measured – this represents a departure from the code which requires community assets to be reported at historic cost – the use of nominal values per hectare is considered to give a fairer representation of value for these assets; expenditure on parks (other than in connection with material operational facilities) is recorded at historic cost;

- Council dwellings are valued at Existing Use Value - Social Housing using beacon property values in accordance with the guidance published by the DCLG in January 2011;

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

The freehold and leasehold properties that comprise the Council's property portfolio are subject to a five year rolling programme of valuation inspections. This ensures that where market conditions or rebuilding costs alter, all affected assets are considered over a reasonable period of time. A desktop re valuation is carried out annually of all property assets subject to the Modern Equivalent Asset approach to DRC valuations that have not been formally inspected in the year.

Where assets are re-valued, the effective date is 1st April at the start of the financial year.

Where appropriate, the Council also uses indexation as part of its valuation process where there is evidence of material changes in market values subsequent to the asset valuation date. This may refer either to in year changes that would affect the carrying value of assets at 31st March or to interim measures to index asset values between planned revaluations during the life of the five year revaluation programme.

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 minimis 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;
- 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 1st 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 1st April 2007.

Impairment

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

An impairment loss is determined as the amount by which the carrying value of the asset exceeds its recoverable amount being determined as the higher of its fair value (less costs to sell) or its depreciated replacement cost.

An impairment loss is recognised in the Comprehensive Income and Expenditure Statement unless the asset is carried at a re-valued amount. Where the asset is measured at a re-valued amount, the impairment loss is offset against any available amount in the Revaluation Reserve in the first instance. Where an impairment loss or balance of an impairment loss is charged to the Comprehensive Income and Expenditure Statement, it is reversed out to the Capital Adjustment Account through the Movement in Reserves Statement.

Where an impairment loss is subsequently re-estimated as a consequence of a reassessment of the factors giving rise to the impairment, the carrying amount of the asset is increased to the revised estimate of its recoverable amount provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. A reversal of an impairment loss is credited in the Comprehensive Income and Expenditure Statement unless the asset is carried at a re-valued amount in which case the reversal of the impairment loss is treated as a revaluation increase to the extent that no impairment losses have been previously recognised in the Comprehensive Income and Expenditure Statement.

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

Disposals

Where an asset is disposed of, decommissioned or transferred, the carrying value of the asset in the balance sheet is written off to the Comprehensive Income and Expenditure Statement. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement. The net figure is reported as the gain or loss on disposal after taking into account costs incurred incidental to the disposal. However, in accordance with statutory financing arrangements, the carrying value of disposals is appropriated to the Capital Adjustment Account and the receipts appropriated to the Usable 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 the Local Government Act 2003, 75% of the proceeds arising from the sale of Council dwellings under right to buy legislation and 50% of the proceeds arising from the sale of land held in the HRA for housing purposes were previously paid over to Central Government for redistribution. However new guidance in 2012/13 has enabled local authorities to retain further amounts of right to buy receipts upon agreement with Department of Communities and Local Government (DCLG).

These funds must be spent on the provision of new build dwellings. The total amount payable to Government is disclosed in Other Operating Expenditure in the Comprehensive Income and Expenditure Statement and offset by a contribution from the Usable Capital Receipts Reserve in the Movement in Reserves Statement.

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 Reducing Balance method of depreciation.

Property, plant and equipment assets are depreciated from the date acquired or installed ready for use or in the case of constructed assets from the time 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
Infrastructure	40 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.

*In accordance with CIPFA guidelines Council Dwellings are depreciated by an amount equal to the Major Repairs Allowance as being a proxy for depreciation. Other Housing properties are depreciated in the normal manner.

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 groups 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 2010.

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 the market conditions 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 valued at the lower of their carrying value or their fair value less costs to sell. Fair values are determined on the basis of current market conditions. 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 valued according to their most recent use by the Council. Generally, they refer to properties where the Council has yet to proceed with the disposal of the properties or is considering developing them for alternative use.

1.19 CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

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

Depreciation, amortisations and impairment losses are not charges that affect the overall level of expenditure to be met from the council tax. However, the Council is required to set aside an annual provision from revenue to reduce its overall underlying borrowing requirement. This is known as the minimum revenue provision and must be determined prudently in accordance with guidance provided by DCLG. For 2012/13, the Council has set aside:

- 4% of the Council's adjusted General Fund Capital Financing Requirement at 1st April 2012 where this relates to capital expenditure funded from borrowing as at 31st March 2008 and capital expenditure incurred thereafter and funded from supported borrowing (i.e. where there is revenue provision recognised in the Council's Revenue Support Grant Settlement);
- Provision for the amortisation of unsupported borrowing incurred at 31st March 2013 reflecting the estimated life of the related expenditure.

An adjustment is made to reconcile depreciation, amortisation and impairments to the minimum revenue provision through a contribution from the Capital Adjustment Account. Capital charges to the HRA are based on the HRA capital financing requirement (the amount deemed to have been borrowed to fund capital expenditure in the HRA) multiplied by the Consolidated Rate of Interest (the rate calculated in accordance with a direction on the HRA by the Department for Communities and Local Government).

1.20 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

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

1.21 PFI CONTRACTS

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

- Highlands Secondary School;
- Starksfield Primary School and the refurbishment and extension to Tottenhall Primary School and Lea Valley Secondary School;
- 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;
- 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;
- Lifecycle replacement costs recognised as non-current assets where material or expensed to revenue where immaterial.

1.22 LEASING

Finance Leases

Leases of property, plant and equipment under which the Council substantially assumes all the risks and rewards of ownership are classified as finance leases where an evaluation of the lease arrangement meets the criteria set out in the Code and the net present value of the minimum lease repayments is greater than 80% of the asset value.

All leases of land and buildings for a period of fifteen years or less, or equipment for a period of three years or less are treated as operating leases without further evaluation. In addition, leased out properties are considered to be operating leases where the current passing rental income is less than £30,000 per annum.

Assets acquired under finance leases 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.

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 1st 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. Lease rentals receivable are credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement over the life of the lease on a straight line basis.

1.23 INVENTORIES

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

1.24 PROVISIONS, RESERVES AND BALANCES

Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events, that it is probable that an outflow of resources will be required to settle the obligation, and that 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 REFCUS expenditure.

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 the Financial Statements but are detailed in Note 44 for information purposes. The investments of the Funds are shown both at cost and market value as at 31 March.

Similarly funds administered by the Council arising from receivership or appointeeships and other funds held by the Council such as residents property accounts and other miscellaneous funds held on behalf of social services establishments are also not included in the Financial Statements but are also disclosed in Note 44 for information purposes.

1.26 INTEREST ON BALANCES

Interest is added to balances held on Trust Funds and the Housing Revenue Account as well as some other specific accounts and reserves to preserve the purchasing power of the funds.

1.27 SCHOOLS

The Council receives a Dedicated Schools Grant from the Government. The Council allocates this from a central budget to individual schools ("delegated school budgets"). Schools who have a Delegated Budget are said to be `LA Maintained' because the Local Authority funds their revenue expenditure. All LA Maintained Schools in the Borough operate their own bank accounts and keep their own financial records independent of the Council's corporate financial systems. At the end of the financial year, all LA Maintained Schools submit annual returns for consolidation into the Council's Statement of Accounts and their expenditure is included in the Comprehensive Income and Expenditure Statement under Children's and Education Services. The balances of LA Maintained Schools are included in the Council's Balance Sheet.

The Accounting treatment of land and buildings for each type of school is based on the legal framework and practical obligations underlying each type of school. The Council owns the land and buildings of Community Schools and their value is included in the Council's Balance Sheet under Non-Current Assets. For Foundation Schools, whilst legal title technically lies with the school's Foundation Trust, the Council carries the bulk of risks and rewards associated with ownership and therefore the value of land and buildings for these schools is also included in the Council's Balance Sheet under Non-Current Assets. The land and buildings of Voluntary Aided schools are not owned by the Council and are therefore not shown on the Council's Balance Sheet. Any resources which the Council might choose to allocate to a Voluntary Aided School for the purpose of Capital Expenditure is treated in the Council's accounts as Revenue Expenditure Financed from Capital under Statute (REFCUS) and charged to the Comprehensive Income and Expenditure Statement under Children's and Education Services.

Four LA Maintained Schools occupy buildings which have been constructed or re-furbished under PFI contracts. The values of these buildings are shown on the Council's Balance Sheet under Non-Current Assets with the liability for the lease repayments shown under Long Term Liabilities.

Former LA Maintained Schools which have become Academies are de-recognised from the date the Academy is created and the school no longer receives funding directly from the Council. For Community and Foundation Schools transferring to Academy Status, this includes writing out the carrying value of the related assets from the Balance Sheet through the Comprehensive Income and Expenditure Statement under Other Operating Expenditure as part of the gain/loss on disposal of assets. At the end of March 2013 Oasis Hadley Academy occupied a newly constructed Council building under a short term lease arrangement pending the arrangement of a long term lease of 125 years. The contract will not be completed until the defects liability period has expired in January 2014 and as such the asset remains within the Council's ownership.

As at 31 March 2013 the Council has 22 Maintained Schools which are classified as Voluntary Maintained. Whilst the income, expenditure and balances pertaining to Voluntary Maintained Schools are consolidated in the Council's Accounts, the value of the land and property is not. This is the Council's interpretation of the requirements of the Code of Practice. Cipfa are currently reviewing the accounting and reporting requirements for schools which might result in future changes to the Code of Practice.

1.28 FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Gains or losses on the repurchase or early settlement of borrowing are credited and 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. With regard to 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.

1.29 FINANCIAL ASSETS

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.

Available-for-sale assets

Available for sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective interest rate for the instrument. Where there are no fixed or determinable payments, income is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price;

- Other instruments with fixed and determinable payments – discounted cash flow analysis;

- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the available-for-sale reserve and the gain/loss is recognised in Other Comprehensive Income and Expenditure. The exception is where impairment losses have been incurred – these are recognised in the Financing and Investment Income and Expenditure, along with any net gain/loss for the asset accumulated in the reserve.

Where assets are identified as impaired, because of a likelihood arising from past events that payments due under the contract will not be made, the asset is written down and a charge made to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on de-recognition of the asset are credited/debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses previously recognised in Other Comprehensive Income and Expenditure and transferred from the Available for Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

1.30 VAT

The financial statements exclude the effect of VAT other than any amount that is irrecoverable from HM Revenue and Customs.

1.31 FINANCIAL RELATIONSHIPS WITH COMPANIES AND OTHER ORGANISATIONS

Where the Council has controlling interests in Subsidiaries, Associates or Joint Venture Companies, the Council consolidates its interests into a set of Group Accounts, unless the interests are considered not material to the Council's financial position. Where the Council has interests which fall within the Group Boundary, a professional judgement is made as to whether it is economic to prepare Group Accounts compared to the additional benefits accruing to the reader of the Accounts in understanding the Council's financial activities and obligations. This judgement has due regard to the impact of consolidation on the Council's financial statements; if the professional judgement is that the time and cost of consolidating the interest would not justify any additional benefit, then the interest in that Company is not consolidated.

The Council has undertaken a review of its interests in other bodies in accordance with the relevant accounting tests contained in the CIPFA Code of Practice and has concluded that it does have a group relationship with the following companies:

Enfield Homes Ltd

With effect from 1st April 2008, the Council established a management company (Enfield Homes Ltd) to manage its Housing Stock. This company is a wholly owned subsidiary of the Council and as such the Council's interest in it falls within the Group Boundary. However, a professional judgement on the materiality, size and impact of incorporating this interest into the Group Accounts concluded that the time and cost in doing so would not be justified by the additional benefits to the users of the accounts. Information on the financial performance and standing of Enfield Homes and how this relates to the Council is provided in Note 35 to the Core Financial Statements.

Enfield Norse Ltd

On 1st May 2009, the Council entered into an agreement with Norse Commercial Services Ltd (the trading arm of Norfolk County Council) to establish Enfield Norse Ltd. The company provides building cleaning services to the Council and its Schools. As a Joint Venture, the Council's interest in Enfield Norse Ltd falls within the Group Boundary. However, a professional judgement on the materiality, size and impact on incorporating this interest into the Group Accounts concluded that the time and cost in doing so would not be justified by the additional benefits to the users of the accounts. Information on the financial performance and standing of Enfield Norse and how this relates to the Council is provided in Note 35 to the Core Financial Statements.

New River Services Ltd

In 2011, the Council set up New River Services Ltd, a company wholly owned by the Authority with the Board made up of Councillors and Senior Officers. The purpose of the Company is to provide a legal platform which will enable the Authority to trade its services with other public bodies on a commercial basis. As and when the Company becomes operational, its inclusion into the Group Accounts will be dependent on materiality and cost versus benefit considerations as outlined in the Policy above.

Other Organisations

In addition, the Council has a financial relationship with a number of other bodies and this is explained in Note 35 to the Core Financial Statements; these relationships do not give rise to a significant degree of influence or control.

1.32 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.

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

For the 2013/14 Financial Statements, the CIPFA Code will adopt Accounting Standard IFRS7 (Financial Instrument Disclosures) and amendments to Accounting Standard IAS19 (Employee Benefits).

IAS19 – Employee Benefits. The changes to this Standard include more detailed Disclosures and a change to the point at which Termination Benefits are recognised. Other than the additional time taken to prepare the extra Disclosures, the changes to this standard are not expected to have any material effect to the Council's Accounts, therefore a change to our Accounting Policy is not anticipated.

IFRS7 – Financial Instrument Disclosures. Under this Standard, additional information is required to the Financial Instrument Disclosures so as to give the reader a better understanding regarding the effect, or potential effect, of netting figures on the balance sheet. Adoption of this Standard is not expected to have any material effect to the Council's Accounts and a change to our Accounting Policy is not anticipated

NOTE 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies as set out in Note 1, the Council has had to make judgements about certain complex transactions. These are:

- The Council had £5m deposited with the Heritable Bank of Iceland at the time the bank went into administration in 2008. The Council has made provision for the estimated impairment of the investment based on the most recent advice from the bank's administrators on the likely amount recoverable and the timing of those receipts;

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

- In accounting for the Council's exposure to possible future losses and obligations, provisions 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 £ 250k). Accruals are made in the financial statements for estimated liabilities arising from the Council's normal business activities including those which may be subject to dispute or negotiation with the supplier;

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

- The recognition of the assets of the different categories of school in local authority accounts continues to be a matter of debate nationally in the context of what should constitute the overall accounting framework for maintained schools. In particular, this concerns whether the assets of Foundation Schools and Voluntary Aided Schools should be recognised on local authority balance sheets. As at 31st March 2013, Enfield had 22 Voluntary Aided Schools (18 Primary; 4 Secondary) and 1 Foundation School (1 Secondary). For 2012/13, the Council has continued to apply its existing accounting policy of not recognising VA School assets on balance sheet on the basis that the Council does not directly control the economic benefits of these assets. Further clarification on this issue is expected to be provided in future updates of the CIPFA Accounting Code of Practice;

- In considering whether a lease is an operating or finance lease, the Council has taken into account the length of period of the agreement, the net present value of the lease payments in relation to the value of the assets involved, the degree of control the Council has over their use and its residual interest in them at the end of the agreements. Leases are therefore recognised as finance leases where the agreements are long term and reflect more than 80% of the assets value at the time of inception. Leases of land are all deemed to be operational leases;

- The Council has considered its relationships with other entities and has concluded that the inclusion of such interests in a set of group financial statements should only be made where there is a material effect on the Council's financial position and its obligations and therefore material for an understanding of its financial affairs;

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

- The Council uses the HRA Major Repairs Allowance (MRA) as a proxy for the depreciation charge on Council Dwellings on the basis that the MRA is not materially different to the calculated depreciation charge.

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 the Council 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, 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 2013 which may materially be affected by future events are set out below;

Item	Uncertainty	Effect If Actual Results Differ From Assumptions
Property Plant and Equipment	Assets are depreciated over estimated useful lives reflecting the current condition of the assets. Asset useful lives may need to be reduced if there is a 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.
Provisions	Provision has been made for estimated insurance claims to be met from the Council's own internal insurance arrangements. The Council has taken actuarial advice on the Council's claims exposure in determining the provision. This includes actual and IBNR (incurred but not reported) claims.	An actuarial review is undertaken every three years to re-assess the Council's exposure. An increase of 10% in the value of estimated outstanding claims would require an additional provision of £ 591k. The Council has a separate earmarked insurance fund reserve (£3.491m) which may be used to address such losses.
Pensions 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	The effects on the pension liability of changes in individual assumptions can be measured. For example, a 0.5% increase in the discount rate assumption would give rise to a decrease in the pension fund liability of £90m.

Item	Uncertainty	Effect If Actual Results Differ From Assumptions
	rates and expected returns on pension fund assets. The Council has engaged an actuary to advise on these assumptions and judgements.	However, other factors are less quantifiable and changes in some assumptions may be affected by future legislation. Further information on the movement in the pension liability is included in Note 41.

NOTE 5. FINANCE AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure:	2012/13	2011/12
Interest payable and similar charges	17,313	17,621
Pensions Interest Cost	47,471	47,958
Interest and investment income	(6,329)	(5,356)
Return on Pension Assets	(40,256)	(39,807)
Dividend Income from Joint Venture	(210)	(221)
Impairment on Investments	68	(135)
Investment Properties: Income, expenditure, valuation changes and gain on disposal	(15,258)	(7,895)
Total	**2,799**	**12,165**

NOTE 6. TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and non-specific grant income:	2012/13	2011/12
Income from Council Tax	(121,903)	(121,400)
NNDR Distribution	(122,941)	(100,098)
PFI Revenue Support Grant	(6,800)	(6,800)
General Government Grants	(25,221)	(49,974)
Capital Grants and Contributions	(69,337)	(37,359)
Total	**(346,202)**	**(315,631)**

NOTE 7. MATERIAL ITEMS OF INCOME AND EXPENSE

The following item has been recognised as expenditure in the Net Cost of Services within the Comprehensive Income and Expenditure Statement. Information is provided in this Disclosure because of its unusual nature rather than its material significance.

Clawback Levy – Municipal Mutual Insurance £427k

This relates to a liability the Council has to cover the cost of settled claim payments and potential subsequent claim payments that were previously underwritten by Municipal Mutual Insurance (MMI) – who fell into Administration in 1993.

The 2011-12 Statement of Accounts referred to a Contingent Liability of £1.6m. This represented 75% of Actuarial estimated potential claims which could be made – which the Council might have to fund due to the financial plight of MMI. The £1.6m was disclosed as a Contingent Liability because, as at 31 March 2012, the Administrators had not placed MMI into liquidation and any actual Clawback was subject to one or more future events not wholly within the control of the Authority.

In November 2012 Ernst and Young LLP, the MMI Administrators, formally declared a 'Scheme of Arrangements' had been triggered. This effectively is a formal announcement to the effect that they see no prospect of the former company avoiding liquidation. As such, they have to Clawback money from

Local Authorities to enable them to fund settled claim payments and also potential subsequent claim payments, as MMI do not have sufficient resources to cover these themselves.

A letter from Ernst and Young in April 2013 declared an initial Clawback of 15%. This is effectively a levy and refers to payments the Council will be required to make equal to:-

i) 15% of the actual value of settled claims between September 1993 and 31 March 2013.

Based on the actual value of cumulative claims settled in this period, £227k was recognised as expenditure in the accounts with a corresponding liability on the Balance Sheet*.

ii) 15% of estimated subsequent claims from 1 April 2013.

Based on an Actuarial Estimate of £1.3m of future possible claims previously underwritten by MMI, £200k was recognised as expenditure in the accounts with a corresponding liability on the Balance Sheet (see Note 23- Provisions)

It should be noted that the levy percentage is subject to review by Ernst and Young. Any change will result in the actual Clawback amounts paid being different to the £427k recognised as expenditure in the 2012-13 Accounts.

Despite Ernst and Young having declared a 15% levy, there is a possibility that up to 75% of the value of actual settled claims and potential subsequent claim payments could be clawed back. In recognition of this possibility the Council has disclosed a Contingent Liability of £1.7m as at 31.03.2013.

NOTE 8. EVENTS AFTER THE REPORTING PERIOD

The unaudited Statement of Accounts were authorised for issue by James Rolfe, Director of Finance, Resources and Customer Services on 30 June 2013. Where events taking place before this date would have provided information about conditions existing at 31 March 2013, the figures in the financial statements and notes would have been adjusted in all material respects to reflect the impact of this information. However, no known events took place during this period, therefore no adjustments have been made to the Financial Statements or Notes.

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

This note sets out the adjustments that need to be made to the Comprehensive Income and Expenditure Statement prepared on the basis of proper accounting practices in order to reconcile the Statement to the resources available to the Council to meet future capital and revenue expenditure as specified by statute. The note analyses the amounts shown in the Movement in Reserves Statement.

2011/12 £000	Adjustments Between Accounting Basis and Funding Basis under Regulations	2012/13 £000
108,590	**Deficit on Provision of Services**	**22,972**
	Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement in General Fund Balance:	
(114,514)	Depreciation and impairment of non-current assets - General Fund	(108,278)
(21,685)	Depreciation and impairment of non-current assets - HRA	(17,062)
217	Investment Properties: Gain/Loss on Disposal and Movements in Fair and Market Value	9,600
41,670	Capital grants and contributions credited to the CIES	69,336
(37,421)	Revenue expenditure funded from capital under statute	(8,750)
(10,985)	Net gain or loss on sale of non-current assets	3,827
276	Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	2,268

2011/12 £000	Adjustments Between Accounting Basis and Funding Basis under Regulations	2012/13 £000
(4,422)	Amount by which pension costs calculated in accordance with the Code (IAS 19) are different from the contributions due under the pension scheme regulations	(5,999)
127	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	403
(146,737)	**Sub Total**	**(54,655)**
	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	
10,509	Statutory provision for repayment of debt	10,367
3,525	Repayment of lease obligations	2,568
8,038	Capital expenditure charged to the General Fund and HRA	8,447
(21)	Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(971)
(164)	Other Contributions from the Capital Receipts Reserve	(298)
21,888	**Sub Total**	**20,113**
(124,850)	**Total**	**(34,542)**

The above figures include a loss on disposal of Investment Properties in 2012/13 of £822k (gain on disposal of £1,936k in 2011/12). Further information on Investment Properties is set out in Note 12.

NOTE 10. TRANSFERS TO/ (FROM) EARMARKED RESERVES

This note sets out 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 2012/13.

Reserves and Balances	Balance at 31 March 2013 £000's	Net Transfers 2012/13 £000's	Balance at 31 March 2012 £000's	Net Transfers 2011/12 £000's	Balance at 31 March 2011 £000s
Housing Revenue Account					
HRA Repairs Fund	3,346	(1,942)	5,287	(414)	5,701
HRA - Capital Reserve	12,081	8,533	3,548	0	3,548
Total HRA	**15,427**	**6,592**	**8,835**	**(414)**	**9,249**
General Fund					
Commitments Reserve	9,018	(6,802)	15,820	4,922	10,898
Risk Reserve	2,409	(259)	2,668	2,668	0
ICT Investment Fund	6,636	513	6,123	(571)	6,694
Interest Rate Equalisation Reserve	4,004	(250)	4,254	0	4,254
Insurance Fund	3,491	332	3,159	563	2,596
Council Restructuring Reserve	2,226	943	1,283	(451)	1,734
General Fund - Capital Reserve	6,857	1,402	5,455	(922)	6,377
Sustainable Service Development	1,741	(159)	1,900	0	1,900
European Social Fund	1,274	(226)	1,500	0	1,500
Repair & Maintenance	1,795	863	933	(326)	1,259
Residents Priority Fund	1,183	253	930	930	0
Welfare Benefits Reserve	3,656	3,656	0	0	0

Reserves and Balances	Balance at 31 March 2013 £000's	Net Transfers 2012/13 £000's	Balance at 31 March 2012 £000's	Net Transfers 2011/12 £000's	Balance at 31 March 2011 £000s
Projects Reserves	21,589	3,520	18,070	(153)	18,223
Sub Total	**65,881**	**3,785**	**62,095**	**6,661**	**55,435**
Dedicated Schools Grant Reserve	4,916	811	4,105	(43)	4,149
S106 Receipts	572	(84)	656	46	610
Total General Fund Reserves	**71,369**	**4,512**	**66,856**	**6,663**	**60,193**
Total Earmarked Reserves	**86,795**	**11,104**	**75,692**	**6,249**	**69,442**

A brief description of each reserve is as follows:

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

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

Commitments Reserve
Funding for revenue projects that are not completed by the year end is carried forward to meet any outstanding expenditure commitments in the following year. This includes revenue grants not fully spent in 2012/13.

Risk Reserve
The Council has a number of known pressures that cannot be quantified exactly but will require one-off funding in year. 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.

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

General Fund - Capital Reserves
This reserve helps 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

A new reserve to mitigate new pressures arising from reforms to Housing & Council Tax Benefit.

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

NOTE 11. **PROPERTY, PLANT AND EQUIPMENT MOVEMENT IN BALANCES 2012/13:**

2012/13 Cost or Valuation £000's	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant, Furniture and Equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total PPE**	**PFI Assets inc within PPE**
At 31.03.2012	442,242	522,404	33,794	250,722	7,984	4,151	36,083	1,297,380	88,647
Reclassification of assets*:	0	603	(1,149)	1,149	(603)	0	0	0	8
As at 01.04.2012	442,242	523,007	32,645	251,871	7,381	4,151	36,083	1,297,380	88,655
Additions	12,112	52,760	3,939	3,503	88	366	45,243	118,011	180
Revaluation increases/(decreases) recognised in the Revaluation Reserve	42,871	43,628	0	0	51,439	0	0	137,938	2,860
Revaluation increases/(decreases) recognised in the Income and Expenditure	(34)	(56,831)	0	0	(1,866)	525	0	(58,206)	(6,660)
De-recognition - Disposals	(2,412)	(602)	0	0	0	(2,645)	0	(5,659)	0
De-recognition – Other**	0	(410)	(1,331)	(55)	0	0	0	(1,797)	0
Assets reclassified (to)/from Held for Sale	(1,012)	127	0	0	0	0	(1,247)	(2,132)	0
Other movements in cost or valuation ***	(10,351)	2,055	145	10,240	(88)	3,462	(43,772)	(38,308)	(114)
As at 31.03.2013	**483,416**	**563,734**	**35,398**	**265,559**	**56,955**	**5,858**	**36,306**	**1,447,226**	**84,921**

* Following the implementation of a new asset register several assets have been reclassified into different categories from 2011/12.

**De-recognition-Other. Amounts net off to zero against the same line in the Accumulated Depreciation and Impairment Table and relate to the removal of nil balance assets no longer owned by the Council

*** Other movements in cost or valuation relate to the transfer of assets between classes (including AUC) and the De-recognition of non-enhancing expenditure.

2012/13 **Accumulated Depreciation and Impairment £000's**	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
At 31.03.2012	(10,319)	(30,517)	(20,535)	(48,869)	(23)	0	0	(110,264)	(10,113)
Reclassification of assets*:	0	(24)	124	(124)	23	0	0	(1)	(1)
As at 01.04.2012	(10,319)	(30,542)	(20,411)	(48,993)	0	0	0	(110,265)	(10,114)
Depreciation charge for 2012/13	(13,296)	(13,660)	(5,333)	(6,950)	0	0	0	(39,239)	(2,636)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Depreciation written out to the Income and Expenditure	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Income and Expenditure	0	0	0	0	0	0	0	0	0
De-recognition - disposals	55	21	0	0	0	0	0	76	0
De-recognition - Other	0	318	1,331	55	0	0	0	1,704	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0	0
As at 31.03.2013	**(23,560)**	**(43,863)**	**(24,413)**	**(55,887)**	**0**	**0**	**0**	**(147,724)**	**(12,750)**

Net Book Value									
at 31 March 2013	**459,856**	**519,870**	**10,985**	**209,672**	**56,955**	**5,858**	**36,306**	**1,299,502**	**72,172**
at 31 March 2012	**431,923**	**492,465**	**12,234**	**202,878**	**7,381**	**4,151**	**36,083**	**1,187,115**	**78,541**

Comparative Movements in 2011/12:

2011/12 **Cost or Valuation £000's**	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant, Furniture and Equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total PPE**	**PFI Assets inc within PPE**
As at 01.04.2011	445,198	570,192	46,819	233,340	6,170	4,998	14,709	1,321,426	79,790
Additions	24,212	22,370	6,574	19,253	1,601	0	31,004	105,015	5,552
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,557	28,218	0	0	1,851	175	0	34,800	11,974
Revaluation increases/(decreases) recognised in the Income and Expenditure	(11,235)	(64,653)	0	(98)	(2,191)	62	0	(78,115)	(8,669)
De-recognition - Disposals	(1,703)	(17,003)	(1,238)	0	0	0	0	(19,944)	0
De-recognition – Other**	0	(5)	(19,012)	(1,774)	0	0	0	(20,790)	0
Assets reclassified (to)/from Held for Sale	(931)	(602)	0	0	0	(1,641)	0	(3,174)	0
Other movements in cost or valuation ***	(17,856)	(16,114)	652	0	553	556	(9,630)	(41,838)	0
As at 31.03.2012	**442,242**	**522,404**	**33,794**	**250,722**	**7,984**	**4,151**	**36,083**	**1,297,379**	**88,647**

2011/12 Accumulated Depreciation and Impairment £000	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
As at 01.04.2011	(9,782)	(21,868)	(32,167)	(44,912)	0	0	0	(108,728)	(7,100)
Depreciation charge for 2011/12	(10,319)	(12,594)	(8,517)	(5,731)	(23)	0	0	(37,186)	(3,062)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Depreciation written out to the Income and Expenditure	9,782	3,415	0	0	0	0	0	13,197	49
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Income and Expenditure	0	41	0	0	0	0	0	41	0
De-recognition - disposals	0	484	1,138	0	0	0	0	1,622	0
De-recognition - Other	0	4	19,012	1,774	0	0	0	20,790	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0	0
As at 31.03.2012	**(10,319)**	**(30,517)**	**(20,535)**	**(48,869)**	**(23)**	**0**	**0**	**(110,264)**	**(10,113)**
Net Book Value									
At 31 March 2012	**431,923**	**491,887**	**13,259**	**201,853**	**7,960**	**4,151**	**36,083**	**1,187,115**	**78,542**
At 31 March 2011	**435,417**	**548,323**	**14,652**	**188,429**	**6,170**	**4,998**	**14,709**	**1,212,698**	**72,690**

Capital Commitments

At 31st March 2013, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment. In 2013/2014 these are budgeted to cost £34.8m. Similar commitments at 31st March 2012 were £59.5m. The major 2013/14 commitments are:

SCHEMES	Contracted £m	Budgeted Committed £m	Total £m
Housing Revenue Account:			
• Decent Homes Programme	7.0	5.0	12.0
• General Works	2.0	-	2.0
Schools Programme	4.6	15.0	19.6
Depot Relocation	0.8	0.4	1.2
Total	**14.4**	**20.4**	**34.8**

Schools

As at 31 March 2013 there were 82 Local Authority Maintained Schools. The table below analyses these schools by type and category.

	Community	Voluntary Aided	Foundation	**Total**
Primary	46	18	0	**64**
Secondary	7	4	1	**12**
Special	6	0	0	**6**
Total	**59**	**22**	**1**	**82**

In addition, as at 31 March 2013 there were 8 Academy Schools located within the Borough as follows:-

Hadley Academy
Enfield Academy
Aylward Academy
Cuckhoo Hall Academy
Nightingale Academy
Kingsmeade Academy
Enfield Grammar School Academy
Oasis Hadly Academy

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

NOTE 12. INVESTMENT PROPERTIES

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

	2012/13 £000s	2011/12 £000s
Rental and Service Charge Income from Investment Property	(8,108)	(8,612)
Related Operating Expenses	2,399	2,376
Changes in Fair Value	(10,206)	277

	2012/13 £000s	2011/12 £000s
(Gain) / Loss on Disposal	657	(1,936)
Net (gain)/loss	**(15,258)**	**(7,895)**

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

	2012/13 £000s	2011/12 £000s
Balance at the start of the year	95,721	97,589
Additions:		
Subsequent Expenditure	31	1,375
Disposals	(4,303)	(2,229)
Nets gains/(losses) from fair value adjustments	10,206	2,954
Losses arising from the buy back of commercial interests – Highmead and Ladderswood regeneration projects	0	(1,129)
Impairment of Highmead commercial properties	0	(2,102)
Transfers:		
From Assets Held for Sale	0	375
To Property, Plant and Equipment	(198)	(2,277)
From Assets Under Construction	237	1,164
Balance at the end of the year	**101,694**	**95,721**

NOTE 13. HERITAGE ASSETS

The CIPFA Code of Practice requires the Statement of Accounts to include a five year summary of transactions relating to Heritage Assets but stipulates this is not required for accounting periods commencing before 1st April 2010 where it is not practicable to do so or not material to an understanding of the Council's financial position. In view of the recent recognition of Heritage Assets in the Council's accounts, the current re-development and change in use of Forty Hall, and the recent valuation of the museum collections, civic regalia and silverware, as explained below, Heritage asset transactions taking place prior to 1st April 2010 have not been disclosed.

	Heritage Properties £'000	Museum Collections £'000	Civic Regalia £'000	Total Assets £'000
Balance B/Fwd – 1 April 2011	4,138	848	232	**5,218**
Depreciation charge for 2011/12	(122)	0	**0**	**(122)**
Balance C/Fwd – 31 March 2012	**4,016**	**848**	**232**	**5,096**

	Heritage Properties £'000	Museum Collections £'000	Civic Regalia £'000	Total Assets £'000

Balance B/Fwd – 1 April 2012	**4,016**	**848**	**232**	**5,096**
Acquisitions	20	0	0	**20**
Revaluations	2,333	0	0	**2,333**
Depreciation charge for 2012/13	(211)	0	0	**(211)**
Balance C/Fwd – 31 March 2013	**6,159**	**848**	**232**	**7,238**

NOTE 14. INTANGIBLE ASSETS

The intangible assets of the Authority include software, licences and a number of key systems. There is one principle intangible asset, MSS/ESS SAP Software Licences, which carries a net book value at 31 March 2013 of £576k.
The carrying amounts of all intangible assets are amortised on a straight-line basis and this amounted to a £ 747k charge to revenue in 2012/13. The movement on Intangible Assets balances during the year is as follows:

	2013 £000's	2012 £000's
Balances at 1st April		
Gross carrying amounts	6,154	9,388
Accumulated amortisation	(3,735)	(6,398)
Net carrying amount at 1st April	**2,419**	**2,991**
Additions:		
Acquisitions	0	32
Other Transactions:		
Revaluations increases/(decreases)	0	130
Amortisation for the period	(747)	(734)
Net carrying amount at 31 March	**1,672**	**2,419**
Comprising:		
Gross carrying amounts	6,154	6,154
Accumulated amortisation	(4,482)	(3,735)
	1,672	**2,419**

No items of capitalised software are individually material to the financial statements.

The Council revalues its software assets annually based on their remaining economic useful life. The accumulated revaluation reserve balance at 31st March 2013 pertaining to intangible assets is £205k

NOTE 15. NON CURRENT ASSETS VALUATION

The freehold and leasehold properties which comprise the Council's property portfolio are subject to annual review. Properties are inspected over a five year rolling programme. For the 2012/13 financial statements, 20% of properties representing a cross section of the portfolio were inspected ensuring the annual inspection properly reflects the Council's asset holding.

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.

All valuations have been prepared and verified by Drivers Jonas Deloitte – 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 Oliver Saunders MRICS and David Taylor MRICS from Drivers Joans Deloitte.

Valuations are determined as at 1st April 2012 and subsequently reviewed in the light of actual capital investment in the year.

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 has been divided into five geographical areas for inspection purposes over the five year rolling valuation programme – the Council's valuers therefore inspect one geographical area each year. The remaining postal areas and property types not inspected were valued by Drivers Jonas Deloitte. This is a desktop evaluation exercise only.

In January 2011, the DCLG published a Valuation Guide for Council Housing Stock. The guide set out factors for adjusting the total vacant possession value of council housing stock to give a social housing valuation for the purposes of disclosure in the financial statements. The guide advises the adoption of an adjustment factor to apply to the gross stock value to arrive at the social housing stock value – this adjustment reduces the carrying value of the stock down to 25% of the market value. There has been no change in the adjustment factor from that used in 2011/12.

The Council uses indexation where appropriate to reflect changes in asset values during the course of the year. For council dwellings, the Council uses market trend information provided by a local independent valuer. The use of local information is considered to give a more accurate reflection of property values in the borough.

All assets that were inspected in the year were considered for componentisation for the purposes of determining depreciation for the year.

The Council's housing stock has not been componentised as the Council adopts the Major Repairs Allowance as the proxy for depreciation charges. This approach is being reviewed for the preparation of the 2013/14 financial statements as a result of the ending of the housing subsidy system of which the MRA was an integral part.

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

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

NOTE 16. FINANCIAL INSTRUMENTS

Financial Instruments - Classifications

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

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

Financial Liabilities

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

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

Financial Assets

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

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

- Loans and Receivables;
- Available for Sale.

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

Balances on money market funds, and call accounts and short term investments (including accrued interest) at 31st March 2013 having a maturity date of three months or less from the date of acquisition are shown under 'Cash and Cash Equivalents' in the Balance Sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value.
The Council does not have any investments required to be measured at Fair Value through Profit and Loss.

Transaction costs

Measurement at amortised cost permits transaction costs related to financial instruments to be attached to the loan or investment and charged to the Comprehensive Income and Expenditure Statement over the life of the instrument. However, they are charged in full to the Comprehensive Income and Expenditure Statement in the financial year in which they are incurred where the costs are below £250k.

Financial Instruments - Balances

The financial assets and liabilit ies disclosed in the Balance Sheet are analysed across t he following categories:

	Long Term		Current	
	31 March 2013 £000s	31 March 2012 £000s	31 March 2013 £000s	31 March 2012 £000s
Borrowing	(262,846)	(244,136)	(31,358)	(20,000)
Accrued Interest	0	(3,224)	(3,271)	(155)
Trade Creditors	0	0	(48,020)	(61,244)
PFI Contract Liabilities	(54,532)	(56,958)	(2,425)	(2,308)
Finance Lease Liabilities	(541)	(715)	(226)	(232)
Total Financial Liabilities	**(317,919)**	**(305,033)**	**(85,300)**	**(83,939)**
Termed Deposits#	0	0	22,500	5,700
Call Accounts	0	0	14,700	12,900
Money Market Funds	0	0	3,000	25,000
Impaired deposit	0	0	500	1,018
Accrued Interest	0	0	52	48
Long Term Loans	750	750	7	11
Finance Lease Debtors	1,629	1,652	23	21
Trade Debtors	3,075	2,080	75,923	49,335
Total Financial Assets	**5,454**	**4,482**	**116,705**	**94,033**

The termed deposits are less than three months in duration so are classed as a cash or cash equivalent.

The portion of long-term liabilities and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under 'current liabilities' or 'current investments'. This would include accrued interest on long term liabilities that is payable/receivable in 2012/13.

Financial Instruments - Gains and Losses

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

2012/13 Gains and Losses	Financial Liabilities	Financial Assets		2012/13 Total £000s
	Liabilities measured at amortised cost £000s	Loans and receivables £000s	Available-for-sale assets £000s	
Interest expense	17,313	0	0	17,313
Impairment losses	0	67	0	67
Interest payable and similar charges	**17,313**	**67**	**0**	**17,380**
Interest income#	0	(6,329)	0	(6,329)
Interest and investment income	**0**	**(6,329)**	**0**	**(6,329)**

2011/12 Gains and Losses	Financial Liabilities Liabilities measured at amortised cost £000s	Financial Assets Loans and receivables £000s	Available-for-sale assets £000s	2012/13 Total £000s
Interest expense	17,621	0	0	17,621
Impairment losses	0	(135)	0	135
Interest payable and similar charges	**17,621**	**(135)**	**0**	**17,756**
Interest income#	0	(5,356)	0	(5,356)
Interest and investment income	**0**	**(5,356)**	**0**	**(5,356)**

Includes recharges

Financial Instruments - Fair Values

The Council's long term financial assets and financial liabilities are carried in the Balance Sheet at amortised cost. The portion of borrowings and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under short term borrowings or short term investments. This also includes accrued interest for long term investments and borrowings, as well as accrued interest for cash and cash equivalents.

The Code of Practice requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined as the amount for which asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price. The Council's debt outstanding at 31 March 2012 and 31 March 2013 consisted of loans from the Public Works Loan Board (PWLB) and market loans. The PWLB has provided the Council with Fair Value amounts in relation to its debt portfolio. The PWLB has assessed the Fair Values by calculating the amounts the Council would have had to pay to extinguish the loans on these dates. In the case of market loans, in the absence of information to the contrary, the Council has calculated the fair value based on equivalent swap rates at the Balance Sheet date.

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

Carrying amount 31 March 2013 £000's	Fair value 31 March 2013 £000's		Carrying amount 31 March 2012 £000's	Fair value 31 March 2012 £000's
		Financial Liabilities:		
(297,475)	(368,568)	Total Borrowing	(267,514)	(360,143)
(54,532)	(54,532)	Deferred Liabilities (PFI Contracts and Finance Leases)	(60,213)	(60,213)
(52,013)	(52,013)	Trade Payables (Creditors)	(60,315)	(60,315)
(404,020)	**(475,113)**	**Total Financial Liabilities**	**(388,042)**	**(480,671)**
		Financial Assets:		
500	500	Short Term Investments	1,018	1,018
750	750	Long Term Loans	761	761
1,652	1,652	Deferred Income (Finance Leases)	1,673	1,673
73,021	73,021	Trade Receivables (Debtors)	49,546	49,546
75,923	**75,923**	**Total Financial Assets**	**52,998**	**52,998**

Financial Liabilities
The fair value of long-term borrowing is higher than the carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

Premiums and Discounts
Premiums and discounts arising from loan extinguishments from 1 April 2006 are charged in the Comprehensive Income and Expenditure Statement in full. Where transactions meet the definition of a modification, any premiums or discounts are added to the carrying value of the loan and are then amortised to the Comprehensive Income and Expenditure Statement over the life of the new loan. A modification exists where the terms of the new debt are not "substantially different" from those of the old debt.

In the case of premiums and discounts relating to transactions occurring prior to 1 April 2006, these are classified between those that are overhanging and those that are not overhanging. Overhanging premiums and discounts are those that cannot be associated with a continuing loan. These were written off in full as an adjustment to the General Fund Balances Brought Forward at 1 April 2007.

In the case of overhanging premiums or discounts, or those relating to loan extinguishments, statutory provisions exist to override the requirements of the Code of Practice. The charges are reversed out in the Movement in Reserves Statement and premiums and discounts are amortised to revenue over a period of years. Where premiums and discounts are not overhanging or are linked to transactions meeting criteria of a loan modification the statutory provisions relating to the General Fund do not apply.

Premiums amortised under statutory provisions can be charged to the General Fund over either the remaining life of the original loan or the life of the replacement loan, whichever is the greater period. Discounts must be credited to the General Fund over 10 years or the life of the original loan, whichever is the shorter period.

In the case of the Housing Revenue Account premiums and discounts are applied over a maximum 10 year period in all circumstances in accordance with statutory requirements.

The Council have taken the decision to write-out all outstanding premiums and discounts in 2012/13. This amounted to £2.268m. This will result in a saving to the Revenue Account in future years.

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council has adopted CIPFA's Revised Code of Practice on Treasury Management and complies with The Revised Prudential Code of Capital Finance for Local Authorities (both updated in November 2009).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Government's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

A Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party.

A Liquidity Risk: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.

Market Risk: The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

Credit Risk

Loans and Receivables

The Council manages credit risk by ensuring that investments are placed with the Debt Management Office, other local authorities, AAA-rated money market funds or Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy.

A limit of £ 7.5m is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2012-13, approved by Full Council.

As conditions in the financial sector had begun to show signs of improvement, albeit with substantial intervention by government authorities, the Authority decided it would be appropriate to diversify the counterparty list in 2012/13, through the inclusion of comparable non-UK Banks for investments. The sovereign states whose banks were included were Australia, Canada, Finland, France, Germany, Netherlands, Switzerland and the US. These countries, and the Banks within them, were selected after analysis and careful monitoring of:

- Credit Ratings (minimum long-term A)
- Credit Default Swaps
- GDP; Net Debt as a Percentage of GDP
- Sovereign Support Mechanisms / potential support from a well-resourced parent institution
- Share Price

Throughout 2012/13 the minimum criteria for new investments has been a long term rating of A/A2/A+ (Fitch/Moody's/SandP) and a short term rating of F1/P-1/A-1 (Fitch/Moody's/SandP).

The table below summarises the nominal value of the Council's investment portfolio at 31st March 2013, and confirms that all investments were made in line with the Council's approved credit rating criteria:

Counterparty	Credit Rating Criteria Met When Investment Placed	Credit Rating Criteria Met on 31 March 2013	Balance Invested as at 31 March 2013 £000s		
			> 1 month and < 3 months £000s	> 3 months and < 6 months £000s	> 6 months and < 12 months £000s
Local Authority	Yes	Yes	22,500	0	0
Money Market Funds	Yes	Yes	3,000	0	0
Call Accounts	Yes	Yes	14,700	0	0
Total			**40,200**	**0**	**0**

The above analysis shows that all deposits outstanding as at 31st March 2013 met the Council's credit rating criteria on the 31st March 2013.

The above analysis excludes the estimated carrying value after impairment of the Council's Icelandic Bank investment of £1.0m.

Trade Receivables
The following analysis summarises the Council's potential maximum exposure credit risk, based on the experience gathered over the last five financial years on the level of default on trade debtors, adjusted for current market conditions. As per the Code of Practice requirements, the disclosure below includes details only of debtors that have arisen as a result of trading activities. Balances and transactions arising from statutory functions (i.e. council tax and NNDR payments) are excluded from this disclosure note, as they have not arisen from contractual trading activities. The increase in Sundry Debtors relates primarily to an increase of £18.5m in Grants and Contributons falling due to the Council. As Grants and Contributions are predominantly receivable from Central Government and other Public Sector Bodies, credit risk is minimal.

	Gross Debtors 31 March 2013 £000's	Bad Debt Provision 31 March 2013 £000's	Gross Debtors 31 March 2012 £000's	Bad Debt Provision 31 March 2012 £000's
Sundry Debtors	60,915	(7,035)	35,407	(8,647)
Housing Tenants	5,425	(2,039)	5,302	(2,272)
PSL/BandB	6,681	(6,196)	6,757	(6,174)
Total	**73,021**	**(15,270)**	**47,466**	**(17,093)**

Liquidity Risk

The Council has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues, medium term notes, tax increment financing, the European Investment Bank, and other local authorities.

There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council's strategy is to ensure that no more than 15% of loans are due to mature within any rolling three-year period through a period of careful planning of new loans taken out and making early repayments.

The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The maturity analysis of the nominal value of the Council's debt at 31st March 2013 was as follows:

	Years	31 Mar 2013 £000s	% of Total Debt Portfolio
Short Term Borrowing	**Less than 1 year**	31,358	10.7%
Accrued Interest		47	
Total as per Balance Sheet		**31,405**	
Long Term Borrowing	Over 1 but not over 2	2,358	0.8%
	Over 2 but not over 5	6,463	2.2%
	Over 5 but not over 10	40,889	13.9%
	Over 10 but not over 15	0	0.0%
	Over 15 but not over 20	0	0.0%
	Over 20 but not over 25	20,069	6.8%
	Over 25 but not over 30	10,000	3.4%
	Over 30 but not over 35	9,258	3.1%
	Over 35 but not over 40	94,020	32.0%
	Over 40 but not over 45	45,000	15.3%
	Over 45	34,789	11.8%
Total Long Term Borrowing		**262,846**	**89.3%**
Accrued Interest		**3,224**	
Total as per Balance Sheet		**266,070**	
Total Borrowing (excluding accrual of interest)		**294,204**	**100.00%**

Loans and other long term liabilities outstanding (nominal value)	31 Mar 2013 £000s	31 Mar 2012 £000s
Public Works Loans Board	234,136	214,136
Market Debt	31,068	30,000
Temporary Borrowing	29,000	20,000
Deferred Liabilities – PFI and finance leases	57,725	60,213
Total	**351,929**	**324,349**

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 2013, 100% of the debt portfolio was held in fixed rate instruments, and none in variable rate instruments.

Investments are also subject to movements in interest rates. As investments 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.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000s
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	177

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Impairment of Investments

Early in October 2008, certain Icelandic Banks collapsed and the UK subsidiaries of the banks went into administration. The Authority had £5m deposited in one of these institutions for one year with effect from 11th January 2008, namely the Heritable Bank of Iceland. At the time the investment was made, the bank's credit rating was F1 (short term) and 1 (support). These favourable indicators were within the parameters set within the Council's approved Treasury Management Strategy. All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Council are determined by the administrators/receivers.

Based on the information available, the Council considered it appropriate to make impairment adjustments for the deposit in its Statements of Accounts for 2008/09, 2010/11 2011/12 and 2012/13. The 2012/13 Statement took into account the creditors' report issued by the administrators in February 2011. Based on this report, the Council projected an 88p in the £ return to creditors.

During 2012/13, the Authority actually received £0.487m from the administrators (9.74%). This brings total recovered as at 31 March 2013 to £4.021m (80.4%). The administrator has indicated the total recoverable amount will be between 86%-90%. In view of this the estimate of the recoverable amount is based on a total repayment of 88% based on the mid-point of the base return.

	Current Assumptions on recovery
2012/13 (Actual to Date)	77.2%
July 2013	2.0%
January 2014	8.8%

Recoveries are expressed as a percentage of the Authority's claim in the administration process, which includes interest accrued up to 6th October 2008. It is likely that further adjustments will be made to the accounts in future years in the light of actual receipts.

Details of the Council's Heritable Bank investment are set out below. The investment is reported in the current assets figure in the Balance Sheet.

Date Invested	Maturity Date	Amount Invested £000s	Interest Rate %	Carrying Amount £000s	Impairment £000s	Cash Received £000s
11/01/08	09/01/09	5,000	5.5	499	480	4,021

The carrying amount of the investment in the Balance Sheet has been calculated using the present value of the expected repayments discounted using the investment's original interest rate.

Interest credited to the Comprehensive Income and Expenditure Statement in respect of the investment is as follows:

Credited 2007/08 £000s	Received 2007/08 £000s	Credited 2008/09 £000s	Received 2008/09 £000s	Credited 2009/10 £000s	Received 2009/10 £000s
61	0	275	0 188		188

Credited 2010/11 £000s	Received 2010/11 £000s	Credited 2011/12 £000s	Received 2011/12 £000s	Credited 2012/13 £000s	Received 2012/13 £000s
115	115	74	74	36	36

NOTE 17. CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and demand deposits. Cash also includes bank overdrafts that are repayable on demand and that are integral to the Authority's cash management.

Balances classified as 'Cash Equivalents' fit the definition of being short-term, highly liquid investments 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.

Cash and Cash Equivalent Assets

Type	31 March 2013 £000s	31 March 2012 £000s
Call Accounts (same day access accounts)	40,252	43,648
Cash and Bank Current Accounts	11,295	12,660
Total	51,547	56,308

Cash and Cash Equivalent Liabilities

Type	31 March 2013 £000s	31 March 2012 £000s
Client Deposits held	(779)	(760)
Main Bank Clearing Accounts	(20,322)	(23,213)
Total	(21,101)	(23,973)

NOTE 18. INVENTORIES

The council holds a diverse range of inventory items. Purchases of these items are added to the carrying value of current assets in the Balance Sheet with related expenditure being recognised at the time the item is allocated for use. The value of inventory items are carried at the lesser of cost or net realisable value and is shown in the table below.

Nature of stock held:	Value as at 31 March 2013 £000's	Value as at 31 March 2012 £000's
Beverages	5	4
Catering	121	113
Fuel	37	58
Golf Equipment	16	15
ICT	845	0
Museum/Shop Merchandise	7	1
Libraries Equipment	10	16
Park and Cemetery Equipment	8	17
Printing Materials	5	1
Refuse Materials	7	3
Security Equipment	42	40
Training Materials	0	4
Social Services Equipment	506	261
Total	**1,609**	**533**

NOTE 19. DEBTORS, PAYMENTS IN ADVANCE AND LONG TERM DEBTORS

	31 March 2013 £000s	31 March 2012 £000s
Amount due from Central Government re NNDR	390	122
Council Tax	25,163	26,387
Council tax/Community charge/NNDR costs	3,187	3,080
Trade Debtors account ledger/debtor accruals	30,300	25,333
Enfield Homes	2,015	1,939
Grants and Contributions	24,362	5,828
HMRC	8,082	10,609
Housing Benefit Overpayments	1,982	1,246
Housing Rents	18,344	19,652
Other Debtors	3,307	3,265
Impairment of Debt	(26,262)	(31,278)
Payments in Advance	5,414	5,392
Total Debtors	**96,284**	**71,575**

LONG TERM DEBTORS AND LONG TERM PAYMENTS IN ADVANCE

	31 March 2013 £000s	31 March 2012 £000s
Loan to Enfield Enterprise	750	750
Secured Debt – Social Services	1,630	1,763
Secured Debt – Other Debt	1,328	230
Amounts receivable under Finance Leases	1,629	1,652
Sub Total	**5,337**	**4,395**
Long Term Payments in Advance	117	87
Total	**5,454**	**4,482**

NOTE 20. ASSETS HELD FOR SALE

Assets held for sale refers to the carrying value of assets which are being actively marketed and are expected to be disposed of during the next financial year.

In particular, they include vacant properties that will transfer to the Council's development partner as part of the re-development of the Ladderswood and Highmead Estates. Further details are provided in the note below.

	2012/13 £000s	2011/12 £000s
Balance at 01 April	2,173	1,731
Assets newly classified as held for sale:		
- Property, Plant and Equipment	0	3,174
- Investment Properties	0	(375)
- Council Dwellings	1,012	0
Expenditure in year	0	0
Transfers from Assets Under Construction	1,247	1,723
Impairment Losses	(1,438)	(4,014)
Assets sold	(813)	(66)
Other movements	(410)	0
Balance at 31 March	**1,771**	**2,173**

NOTE 21. REDEVELOPMENT OF LADDERSWOOD AND HIGHMEAD ESTATES

In conjunction with development partners, the Council is in the process of implementing major new projects to redevelop and regenerate the Highmead and Ladderswood communities located in the south and south west areas of the borough. The objectives of these projects are to re-provide residential housing on the sites including both private and affordable housing, to provide new community facilities and to develop new commercial space.

The Council has sought to secure the full vacant possession of the 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 31st March 2013, the decanted/empty premises are disclosed as Asset Held for Sale in the Council's Balance Sheet pending the commencement and implementation of the development agreements during 2013/14. Further decants and the buying out of leaseholder interests will continue into future years as the projects proceed. Assets will be formally de-recognised in the financial statements as they are transferred to the developer during the implementation phases of the projects. The carrying value of the assets associated with the new developments that are vacant and have no further operational use to the Council as at 31st March 2013 have been written down in the financial statements to reflect the estimated recoverable amounts receivable by the Council for these assets under the respective development agreements. Further details are provided in Note 39.

NOTE 22. CREDITORS, RECEIPTS IN ADVANCE AND LONG TERM LIABILITIES

SHORT TERM LIABILITIES
This refers to amounts due to be paid within one year of the balance sheet date.

	31 March 2013 £000s	31 March 2012 £000s
Trade	43,943	51,858
HMRC	9,056	9,051
NNDR	44	44
Council Tax Refunds	2,998	2,818
Grants and Contributions	1,235	6,549
Enfield Homes	2,154	1,272
Finance Leases (incl. PFI Contracts)	2,652	2,540
Other	1,639	1,567
Receipts in Advance	9,190	9,518
Total Creditors and Receipts in Advance	**72,911**	**85,217**

LONG TERM LIABILITIES

The balance of Long Term Creditors represents outstanding amounts payable (beyond 1 year of the balance sheet date) under PFI Contracts and Finance Leases. The in-year movement in Long Term Creditors is due to capital expenditure on those assets exceeding the principal repayments made.

	31 March 2013 £000s	31 March 2012 £000s	31 March 2011 £000s
Amounts due to be paid under PFI Contracts	54,532	56,958	54,168
Amounts due to be paid under other Finance Leases	540	715	642
Other Long Term Creditors	231		
Total	**55,303**	**57,673**	**54,810**

NOTE 23. 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). All Provisions which have been recognised as at 31 March 2013 are shown in the following table.

Classification and Description	Balance b/fwd @ 31 March 2012	Additional Provisions & Reclassifications	Provisions Utilised in Year	Reclassifications & Write Backs	Balance c/fwd @ 31 March 2013
Short Term	£000	£000	£000	£000	£000
Building Dilapidations	478	87	0	277	288
Payment of discretionary grants	60	89	60	0	89
Redundancy payments & associated costs	360	152	360	0	152
Claims from internal insurance fund	2,842	0	522	0	2,320
School Equipment Leases	25	0	0	25	0
Compensation due to Operating Partner	0	272	0	0	272
Performance Related Pay*	1,250	1,579	1,250	0	1,579
Accumulated Staff Absences	7,847	0	0	0	7,847
Carbon Reduction Commitment Levy	341	400	341	0	400
Regeneration Property Buy-Backs	328	88	186	0	230
Backdated Heating Costs	353	0	353	0	0
Capital Grant Payment obligations	0	2,036	0	0	2,036
MMI Clawback Levy	0	427	0	0	427
Corporate Landlord Repair Obligations	0	425	0	0	425
Other	45	25	45	0	25
Sub Total	**13,928**	**5,580**	**3,117**	**302**	**16,089**
Long Term					
School Leasing Payments	92	0	0	92	0
Liability for Building Dilapidations	106	279	0	70	314
Claims from internal insurance fund	3,609	0	13	0	3,595
Sub Total	**3,808**	**279**	**13**	**162**	**3,910**
					0
Total	**17,736**	**5,859**	**3,130**	**464**	**19,999**

The largest Provisions relate to:-

i) Accumulated Staff Absences at £7.847m. This amount represents the estimated value of untaken annual leave as at the 31 March 2013

ii) The combined short and long term Insurance provisions total of £5.916m 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.

*Note: This figure does not reflect the additional net cost to the Council of the introduction and subsequent extension of performance related pay in that it does not take account of the reductions in other elements of pay that arose as a direct consequence of the changes to the contractual terms and conditions of staff that accompanied the introduction of performance related pay. When full account is taken of these changes the net cost of PRP to the Council is estimated to be £548,542

NOTE 24. UNUSABLE RESERVES

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

	31 March 2013 £000s	31 March 2012 £000s
Revaluation Reserve	(245,991)	(114,025)
Capital Adjustment Account	(691,872)	(710,760)
Collection Fund Adjustment Account	(841)	(256)
Financial Instruments Adjustment Account	0	2,268
Deferred Capital Receipts Reserve	(2,409)	(2,434)
Accumulated Absences Account	7,847	7,847

	31 March 2013 £000s	31 March 2012 £000s
Pensions Reserve	440,701	401,928
Total	**(492,563)**	**(415,432)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equi pment. 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;
- Disposed of and the gains are realised.

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

	2012/13 £000s	2011/12 £000s
Balance at 1 April	**(114,027)**	**(85,244)**
Surplus or deficit on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services		
Downward / (Upward) revaluation of assets	(158,257)	(50,419)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	17,977	15,618
Sub total	**(140,280)**	**(34,801)**
Total Amount written off to the Capital Adjustment Account		
Difference between fair value depreciation and historical cost depreciation	6,504	1,930
Accumulated gains on assets disposed of in the year	729	3,093
Other Adjusting Amounts Written Off to the Capital Adjustment Account	1,083	995
Sub total	**8,316**	**6,018**
Balance at 31 March	**(245,991)**	**(114,027)**

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.

The Account 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 1st April 2007 – the date when the Revaluation Reserve was first created to hold such gains.

	2012/13 £000s	2011/12 £000s
Balance at 1 April	(710,760)	(821,616)
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	25,956	26,817
Charges for depreciation of Heritage Assets	211	122
Amortisation of Intangible Assets	747	734
Revaluation and Impairment Losses on Property, Plant and Equipment	95,853	107,498
Revaluation and Impairment Losses on Assets Held for Sale	1,401	1,041
Transfer of Major Repairs Allowance to Major Repairs Reserve	13,282	10,309
Revenue Expenditure Funded from Capital Under Statute	9,938	37,421
Amounts of Non-Current Assets written off on disposal as part of the Gain/Loss on Disposal in the Comprehensive Income and Expenditure Statements	10,916	20,598
Amounts of outstanding liabilities under finance leases written off on disposal of the related asset as part of the Gain/Loss on Disposal in the Comprehensive Income and Expenditure Statement	0	(2)
Sub Total	**158,304**	**204,538**
Adjusting Amounts written out of the Revaluation Reserve[2]		
Valuation of assets disposed of in the Comprehensive Income and Expenditure Statement	(729)	(3,093)
Other adjusting amounts written out of the Revaluation Reserve	(7,496)	(2,925)
Net written out amount of the cost of non-current assets consumed in the year	**150,079**	**198,520**
Capital financing applied in the year		
Capital receipts applied	(11,401)	(8,618)
Revenue contributions to fund capital expenditure	(3,410)	(8,038)
Major Repairs Reserve applied	(13,158)	(10,675)
Capital grants and contributions applied	(79,919)	(48,018)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(12,935)	(14,034)
	(120,823)	**(89,383)**
Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(10,368)	(383)
Movement in the carrying value of Investment Properties Held For Sale debited to the Comprehensive Income and Expenditure Statement	0	2,102
Balance at 31 March	**(691,872)**	**(710,760)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference between the Council's share of council tax 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. The 2011/12 credit to the CIES is restated by £181k to reflect reinstated secured debt which had previously been written off in earlier years.

,

[2] £8,317k net of £92k derecognition of duplicate asset.

	2012/13 £000s	2011/12 £000s
Balance at 1st April	**(437)**	**(129)**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(404)	(308)
Balance at 31 March	**(841)**	**(437)**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account reconciles the timing difference between the accounting arrangements for the income and expenditure relating to certain financial instruments and the statutory provisions for the recognition of gains or losses in respect of those instruments in the HRA and General Fund.

The Council uses the Account to manage premiums paid on the early settlement of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when incurred but reversed out of the General Fund and HRA balances in the Movement in Reserves Statement. The expense is posted back to the General Fund and HRA in the Movement in Reserves Statement over the unexpired term outstanding at the time the loans were redeemed. The balance on the Account at 31st March 2013 will be charged to the General Fund and HRA over the next 16 years.

	2012/13 £000s	2011/12 £000s
Balance at 1 April	**2,268**	**2,544**
Premiums incurred in the year charged to the Comprehensive Income and Expenditure Statement.	0	0
Proportion of premiums incurred in previous financial years to be charged against the General Fund and HRA Balances in accordance with statutory requirements.	(276)	(276)
Premium written out in-year	(1,992)	0
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in accordance with statutory requirements.	(2,268)	(276)
Balance at 31 March	**0**	**2,268**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the proceeds from the disposal of non-current assets for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these resources as usable for financing new capital expenditure until they are backed by cash receipts. Once cash settlement takes place, amounts are transferred to the Capital Receipts Reserve.

Deferred Capital Receipts include amounts repayable to the Council under mortgage and loan advances and from the disposal of assets under finance leases.

	2012/13 £000s	2011/12 £000s
Balance at 1 April	**(2,434)**	**(3,337)**
Transfer to the Capital Receipts Reserve upon receipt of cash		
- Council Mortgages	4	33
- Amounts Received Under Finance Leases	21	22
De-recognition of Amounts Receivable Under Finance Leases	0	848

Balance at 31 March	**(2,409)**	**(2,434)**

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.

	2012/13 £000s	2011/12 £000s
Balance at 1 April	7,847	7,847
Cancellation of accrual made in the previous year	(7,847)	(7,847)
Amount accrued in the current year	7,847	7,847
Amount by which employee remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year according to statutory regulation	0	0
Balance at 31 March	**7,847**	**7,847**

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 actually become payable.

Movement in Pension Fund Reserve

	2012/13 £000s	2011/12 £000s
Deficit Balance at 1 April	401,928	317,972
Actuarial (gains)/losses on pensions assets and liabilities	32,774	79,534
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	33,033	31,569
Employer's pension contributions payable in the year and direct payments to pensioners payable in the year	(27,034)	(27,147)
Deficit Balance at 31 March	**440,701**	**401,928**

NOTE 25. SEGMENTAL ANALYSIS

.
The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is specified by the Service Area Code of Practice (SERCOP). However, decisions about resource allocation are taken by Cabinet on the basis of budget reports analysed across departments.

These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:-

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses are charged to services in the Comprehensive Income and Expenditure Statement)

- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than the current service cost of benefits accrued in the year.

The income and expenditure of the Authority's Departments recorded in the budget reports for the year is as follows

Amounts reported for Resource Allocation Decisions 2012-13:

	DEPARTMENTS						
Department Income and Expenditure 2012-13	**Health Housing and Adult Social Care**	**Finance and Corporate Resources**	**Regeneration Leisure and Culture**	**Schools and Children's Services**	**Environmental Services**	**Chief Executive**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges and other service income	(70,072)	(29,872)	(5,319)	(22,419)	(37,528)	(3,773)	(168,983)
Government Grants	(233)	(329,227)	(19)	(302,069)	(1,910)	(19)	(633,477)
Total Income	**(70,306)**	**(359,099)**	**(5,338)**	**(324,488)**	**(39,438)**	**(3,792)**	**(802,460)**
Employee Expenses	35,761	28,924	7,785	251,691	31,789	5,079	361,029
Other Service Expenses	137,324	375,000	7,366	133,275	40,843	3,238	697,046
Total Expenditure	**173,085**	**403,924**	**15,151**	**384,966**	**72,632**	**8,317**	**1,058,075**
Net Expenditure	**102,779**	**44,826**	**9,813**	**60,478**	**33,194**	**4,526**	**255,615**

The comparative amounts reported for 2011-12 were as follows:-

	DEPARTMENT						
Department Income and Expenditure 2011-12	**Health Housing and Adult Social Care**	**Finance, Resources and Customer Services**	**Regeneration Leisure and Culture**	**Schools and Children's Services**	**Environment**	**Chief Executive**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges and other service income	(64,549)	(25,198)	(3,811)	(262,990)	(31,033)	(3,144)	(390,725)
Government Grants	(254)	(3,877)	0	(298,426)	(1,910)	0	(304,466)
Total Income	(64,803)	(29,075)	(3,811)	(561,415)	(32,943)	(3,144)	(695,192)
Employee Expenses	33,331	30,126	8,346	248,025	30,510	5,039	355,377
Other Service Expenses	127,644	42,101	5,442	371,879	35,018	2,812	584,896
Total	**160,975**	**72,227**	**13,788**	**619,904**	**65,528**	**7,851**	**940,274**

DEPARTMENT							
Department Income and Expenditure 2011-12	Health Housing and Adult Social Care	Finance, Resources and Customer Services	Regeneration Leisure and Culture	Schools and Children's Services	Environment	Chief Executive	Total
	£000	£000	£000	£000	£000	£000	£000
Expenditure							
Net Expenditure	96,172	43,152	9,977	58,489	32,585	4,708	245,082

Reconciliation to the Subjective Analysis

This reconciliation shows how the figures in the Department Analysis relate to the subjective analysis of the deficit on Provision of Services included in the Comprehensive Income and Expenditure Statement.

Reconciliation to the Subjective Analysis 2012/13	Department Analysis £000	Services not included in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E NCOS £000	Net Cost of Services (from CIES) £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(168,983)	(54,366)	0	0	(223,349)	0	(223,349)
Interest and investment income	0	0	0	0	0	(61,985)	(61,985)
Income from council tax	0	0	0	0	0	(121,903)	(121,903)
Government grants and contributions	(633,477)	0	0	0	(633,477)	(224,299)	(857,776)
Total Income	**(802,460)**	**(54,366)**	**0**	**0**	**(856,826)**	**(408,187)**	**(1,265,013)**
Employee expenses	361,029	0	5,982	0	367,011	0	367,011
Other service expenses	697,046	61,972	90	(15,197)	743,910	0	743,910
Support Service recharges	0	0	0	0	0	0	0
Depreciation, amortisation and impairment	0	0	108,278	0	108,278	0	108,278
Interest Payments	0	0	0	0	0	64,784	64,784
Precepts and Levies	0	0	0	0	0	6,857	6,857
Payments to Housing Capital Receipts Pool	0	0	0	0	0	971	971
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	(3,827)	(3,827)
Total operating expenses	**1,058,075**	**61,972**	**114,350**	**(15,197)**	**1,219,199**	**68,785**	**1,287,984**
Deficit on the provision of services	**255,615**	**7,606**	**114,350**	**(15,197)**	**362,374**	**(339,402)**	**22,972**

Comparative amounts for 2011-12

Reconciliation to the Subjective Analysis 2011/12	Department Analysis £000	Services not included in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in NCOS from CIES £000	Net Cost of Services (from CIES) £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(390,725)	0	(57,262)	0	(447,987)	(8,116)	(456,103)
Interest and investment income	0	0	0	0	0	(45,163)	(45,163)
Income from council tax	0	0	0	0	0	(121,400)	(121,400)
Government grants and contributions	(304,466)	0	0	0	(304,466)	(194,231)	(498,697)
Total Income	**(695,192)**	**0**	**(57,262)**	**0**	**(752,454)**	**(368,910)**	**(1,121,364)**
Employee expenses	355,377	0	(3,729)	0	351,648	0	351,648
Other service expenses	584,896	0	71,209	(9,863)	646,242	0	646,242
Support Service recharges	0	0	0	0	0	0	0
Depreciation, amortisation and impairment	0	0	147,950	0	147,950	(135)	147,815
Interest Payments	0	0	0	0	0	65,579	65,579
Precepts and Levies	0	0	0	0	0	7,663	7,663
Payments to Housing Capital Receipts Pool	0	0	0	0	0	21	21
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	10,985	10,985
Total operating expenses	**940,274**	**0**	**215,430**	**(9,863)**	**1,145,841**	**84,113**	**1,229,954**
Deficit on the provision of services	**245,082**	**0**	**158,168**	**(9,863)**	**393,387**	**(284,797)**	**108,590**

Reconciliation of Department Income and Expenditure to Net Cost of Services in the Comprehensive Income and Expenditure Statement

	2012/13 £000s	2011/12 £000s
Net Expenditure Reported in Department Analysis	255,615	245,082
Add: Items included in the Net Cost of Services but not reported to management in the Department Analysis	121,956	158,168
Deduct: Items not included in the Net Cost of Services but reported to management in the Department Analysis	(15,197)	(9,863)
Cost of Services in the Comprehensive Income and Expenditure Statement	**362,374**	**393,387**

NOTE 26. INVESTING ACTIVITIES

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

Cash Flow Statement – Investing Activities	2012/13 £000s	2011/12 £000s
Purchase of property, plant and equipment, investment property and intangible assets	123,281	101,396
Proceeds from Short and Long Term Investments	(518)	(23,217)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(14,456)	(12,469)
Capital grants and contributions received	(58,882)	(40,642)
Total Investing Activities	**49,425**	**25,068**

NOTE 27. FINANCING ACTIVITIES

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

Cash Flow Statement – Financing Activities	2012/13 £000s	2011/12 £000s
Repayment of Short Term Borrowing	23,000	2,800
Cash receipts from Short Term Borrowing	(34,358)	(20,000)
Cash Receipts from Long Term Borrowing	(18,710)	(28,789)
Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	2,487	3,525
Other payments / (receipts) from financing activities	(146)	(5,736)
Total Financing Activities	**(27,727)**	**(48,200)**

NOTE 28. CENTRAL SERVICES

The figure £ 24,271kdisclosed for Central Services in the Co mprehensive Income an d Expenditure Statement comprises the following distinct elements:-

	2012/13 £000	2011/12 £000
Central Services to the Public	7,377	6,673
Corporate and Democratic Core Costs	10,165	7,475
Non Distributed Costs	6,729	6,778
Total:	**24,271**	**20,926**

NOTE 29. POOLED BUDGETS

Under Section 75 of the NHS Act 2006, the Council has established joint arrangements with NHS Enfield for the administration of an Integrated Communities Equipment Service, a Learning Disabilities Pool and a Drug Alcohol Action Team.
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) **Integrated Communities Equipment Service**. This provides equipment services for people with permanent and substantial difficulties, helping them to live in their own home. The pool carry forward for 2012/13 was agreed at the ICES Steering group for use on ICES priority areas.

Note: During 2012/13, the level of inventory stock held at year-end has increased to ensure supply of essential aids is sufficient to meet anticipated demand, this has meant that the assets in stock on the 31st March 2013 have been transferred to the inventory balance sheet code, resulting in an underspend which has been carried forward against the section 75 Agreement.

ii) **The Learning Disabilities Pool** enables the Council and the NHS to maintain integrated provision for the delivery of services to people with learning disability for whom the Council and the NHS have a responsibility to provide health and social care. The £ 212k underspend in 2012/13 relates to services that have been reported in the LBE Outturn financial position. These are services with no NHS contribution.

iii) **The Drug Alcohol Action Team (DAAT)** is responsible for the implementation of the National Drug Strategy 2010. The DAAT board members comprise of DoH, Ministry of Justice, National Treatment Agency and other key organisations with the role of managing and decision making for all matters relating to drug or alcohol misuse. The pool carry forwards are agreed at the DAAT board for use on DAAT priority areas.

iv) There is a **Joint Director of Public Health** across the Council and NHS Enfield:

v) The Council obtained the responsibility for commissioning 10 services from the **Voluntary and Community Sector** (VCS) organisations on behalf of NHS Enfield

vi) **Mental Capacity Act** and Deprivation of Liberty Safeguards services for both NHS Enfield and the local authority. 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.

vii) A **Joint Commissioning Team** across health and social care which seeks to work in partnership to manage an 'increase in demand against diminishing resources.

A funding and expenditure statement for these pooled budgets in 2012/13 is set out below:

Pooled Budgets 2012/13	**Integrated Communities Equipment Service**	**Learning Disabilities Pool**	**Drug Alcohol Action Team**	**Joint Director of Public Health**	**Voluntary and Community Sector**	**Mental Capacity Act**	**Joint Commissioning Team**	**Total 2012/13**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Funding provided to the pooled budget:								
LBE	1,109	3,765	536	70	0	77	539	6,096
NHSE	395	1,438	3,079	70	410	69	225	5,686
Preventative Tech Grant	7	0	0	0	0	0	0	7
Pool reserve brought forward	489	26	237	0	0	0	0	751
Client contributions	0	1,124	0	0	0	0	0	1,124
Total Funding available	**2,000**	**6,353**	**3,852**	**140**	**410**	**146**	**764**	**13,664**
Expenditure met from the pooled budget:								
LBE	1,563	3,940	3,852	73	410	89	483	10,410
NHSE	0	2,175	0	70	0	0	203	2,448
Total Expenditure	**1,563**	**6,115**	**3,852**	**143**	**410**	**89**	**686**	**12,858**
Net Surplus / Deficit	**437**	**238**	**0**	**(3)**	**0**	**57**	**78**	**807**

Pooled Budgets 2011/12	**Integrated Communities Equipment Service**	**Learning Disabilities Pool**	**Drug Alcohol Action Team**	**Joint Director of Public Health**	**Total 2011/12**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Funding provided to the pooled budget:					
LBE	1,219	3,877	1,120	0	6,216
NHSE	415	1,438	2,864	0	4,717
Preventative Tech Grant	7	0	394	0	401
Pool reserve brought forward	187	0	0	0	187
Client contributions	0	1,739	0	0	1,739
Total Funding available	**1,828**	**7,054**	**4,378**	**0**	**13,260**
Expenditure met from the pooled budget					
LBE	1,340	4,954	1,277	0	7,571
NHSE	0	2,074	2,864	0	4,938
Total Expenditure	**1,340**	**7,028**	**4,141**	**0**	**12,509**
Net Surplus / Deficit	**488**	**26**	**237**	**0**	**751**

NOTE 30. 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

	2012/13 £000s	2011/12 £000s
Basic allowances	667	665
Special responsibility allowances	297	290
	964	**955**

NOTE 31. OFFICERS' REMUNERATION

i) Senior Employee's Earnings. Taxable remuneration, expense allowances and emplo yers pension contributions in respect of Senior Employees is detailed below:

Senior Employee Designation		Taxable Pay	Performance Related Pay (Note 1)	Expenses Allowances	Pension Contribution	Total
		£	**£**	**£**	**£**	**£**
Rob Leak (Chief Executive)	2012/13	188,954.88	-	747.82	-	**189,702.70**
	2011/12	188,954.88	-	469.00	37,337.04	**226,760.92**
Director of Health, Housing and Adult Social Care	2012/13	136,310.88	4,788.00	-	29,042.82	**170,141.70**
	2011/12	130,832.88	6,160.50	-	27,100.65	**164,094.03**
Director of Finance, Resources and Customer Services	2012/13	136,626.38	5,459.50	25.19	29,245.14	**171,356.21**
	2011/12	132,725.88	4,795.50		27,204.57	**164,725.95**
Director of Schools and Children's Services	2012/13	135,284.13	4,788.00	-	28,832.28	**168,904.41**
	2011/12	125,357.88	5,818.50	-	25,954.62	**157,131.00**
Director of Environment	2012/13	140,975.38	684.00	-	29,284.80	**170,944.18**
	2011/12	121,316.88	4,790.25	-	25,482.60	**151,589.73**
Director of Regeneration, Leisure and Culture	2012/13	123,989.88	4,791.75	-	26,517.75	**155,299.38**
	2011/12	118,511.88	4,795.50	-	24,404.49	**147,711.87**

Note 1: Directors Performance Related Pay is consolidated into their basic salaries until they reach Scale Point 16. From this point onwards, any PRP is unconsolidated. The consolidated element has been split out from Director's taxable pay in the table above.

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

Taxable Remuneration Band	2012/13 Non Schools Current	2012/13 Non Schools Left during the year	2012/13 Schools Current	2012/13 Schools Left during the year	2011/12 Non Schools Current	2011/12 Non Schools Left during the year	2011/12 Schools Current	2011/12 Schools Left during the year
£50,000 - £54,999	74	5	116	4	80	4	112	5
£55,000 - £59,999	39	1	59	2	27	2	55	1
£60,000 - £64,999	23	2	38	2	30	3	47	-
£65,000 - £69,999	18	2	28	1	17	-	29	-
£70,000 - £74,999	5	1	20	-	3	1	19	-
£75,000 - £79,999	1	-	15	-	2	-	12	1
£80,000 - £84,999	7	1	5	-	4	-	7	-
£85,000 - £89,999	3	-	7	-	6	1	3	-
£90,000 - £94,999	4	-	1	-	4	-	4	-
£95,000 - £99,999	3	-	3	-	4	-	2	-
£100,000 - £104,999	1	-	4	-	1	-	3	-
£105,000 - £109,999	-	-	-	-	-	-	1	1
£110,000 - £114,999	-	-	-	-	-	-	1	-
£115,000 - £119,999	-	-	2	-	-	-	1	-
£120,000 - £124,999	-	-	1	-	-	-	-	-
£125,000 - £129,999	-	-	-	-	-	-	1	-
£130,000 - £134,999	-	-	-	-	-	-	-	-
£135,000 - £139,999	-	-	1	-	-	-	-	-
£140,000 - £144,999	-	-	-	-	-	-	-	-
£145,000 - £149,999	-	-	-	-	-	-	-	-
£150,000 - £154,999	-	-	-	-	-	-	-	-
£155,000 - £159,999	-	-	-	-	-	-	-	-
£160,000 - £164,999	-	-	-	-	-	-	-	-
£165,000 - £169,999	-	-	-	-	-	-	-	1
Totals	**178**	**12**	**300**	**9**	**178**	**11**	**297**	**9**
TOTAL FOR YEAR		**499**				**495**		

Note: The bandings only include the remuneration of senior employees which have not been disclosed individually.

NOTE 32. EXTERNAL AUDIT COSTS

In 2012/13 the authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections.

	2012/13 £000s	2011/12 £000s
Fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for the year	206	347
Fees payable to the Audit Commission in respect of statutory inspection	0	0
Fees payable to the External Auditors for the certification of grant claims and returns for the year	31	79
Fees payable in respect of other services provided by the appointed auditor during the year	16	0
	253	**426**

NOTE 33. 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 on an authority-wide basis 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 2012/13 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£000's	£000's	£000's
Final DSG for 2012/13			277,837
Academy Figure recouped for 2012/13			(32,917)
Total DSG after Academy recoupment 2012/13	**22,801**	**222,119**	**244,920**
Plus brought forward from 2011/12		4,096	4,096
Agreed initial budgeted distribution in 2012/13	**22,801**	**226,215**	**249,016**
In 2012/13 year adjustments	(1,694)	1,694	0
Final budget distribution for 2012/13	**21,107**	**227,909**	**249,016**
Less actual expenditure / allocated to schools	(19,796)	(224,313)	(244,109)
Carry forward to 2013/14, including amount of ISB allocated to schools agreed in advance	**1,311**	**3,596**	**4,907**

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 2013 were £15.596m.

NOTE 34. GRANT INCOME

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

	31 March 2013 £000s	31 March 2012 £000s
Credited to Taxation and Non Specific Grant Income		
Early Intervention Grant	15,847	14,556
Council Tax Freeze Grant	3,038	3,032
LSS Grant	892	802
New Homes Bonus	1,248	638
LACSEG	1,808	
Other	5	5
Revenue Support Grant	2,383	30,941
General Government Grants	**25,221**	**49,974**

	31 March 2013	31 March 2012
Capital Grants and Contributions	**69,337**	**37,359**
Total Grants and Contributions	**94,558**	**87,333**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31 March 2013 £000s	31 March 2012 £000s
Capital Grants Receipts in Advance	3,522	1,450

NOTE 35. RELATED PARTIES

The Authority 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 Authority's Statement of Accounts are 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 Authority – it is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from Central Government which were credited to Taxation and Non-Specific Grant Income are set out in Notes 33 and 34.

Other Public Bodies
The Authority operates a pooled budget arrangement with NHS Enfield for the administration of a Learning Difficulties Fund, an Integrated Communities Equipment Service, a Drug Alcohol Action Team and other joint arrangements – details of which are set out in Note 29.

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 2012/13 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. A handful of members declared interests with the following organisations with whom economic activity in the year was above £250k.

Organisation	Members / Officers Declaring an Interest	Payments made by LBE to Organisation in 2012-13	Payments made by LBE to Organisation in 2011-12
North London Waste Authority(NWLA)	Ian Davis – Director of Environmental Services, is employed by NLWA as an Environment Adviser. His earnings with LBE are shown in Note 31	Statutory levy and charge of £5.8m	Statutory levy and charge of £6.3m
Cyprian Care Ltd	Cllr Ahmet Oykener is a Director of Cypriot Care Ltd, who provide Home Care Services in Enfield as well as other London Boroughs	Payment for Services of £341k	Payment for Services of £450k
Enfield Enterprise Agency	Cllr Derek Levy is a Board Member and Director of Enfield Enterprise Agency – an independent, non profit making Business Advisory and Development Agency	No activity above £250K	Grant of £359K

Entities Controlled or Significantly Influenced by the Authority

Enfield Homes Ltd is a wholly owned subsidiary of the Authority. During financial year 2012-13, the Authority paid Enfield Homes Ltd £16.3m for the provision of Housing Management Services and repair and maintenance of the Council's Housing Stock (£16.5m in 2011/12). The Authority leases premises to the Company and also provides various support services to them e.g. Payroll, ICT etc. Total charges from the Authority to the Company in 2012/13 came to £3.3m (£3.5m in 2011/12). Enfield Homes Ltd is managed by a Board of 19 Members, 6 of whom are elected Councillors of the Authority, namely Councillors Marcus East, Christiana During, Lee Chamberlain, Denise Headley, Tahsin Ibrahim, and Chaudhury Anwar.

The Authority owns 40% of the shares in Enfield Norse Ltd – being the Trading Arm of Norfolk County Council. The Company provides building cleaning services. During financial year 2012/13 the Authority received dividend income from Enfield Norse of £0.210m (£0.221m for 2011-12). Councillor Achilleas Georgiou and James Rolfe (Director of Finance, Resources and Customer Services) are Directors of Enfield Norse Ltd.

In 2011, the Council set up New River Services Ltd, a company wholly owned by the Authority with the Board made up of Councillors and Senior Officers. The purpose of the Company is to provide a legal platform which will enable the Authority to trade its services with other public bodies on a commercial basis. As at 31 March 2013, the Company had not commenced trading. The Management Board includes Councillors Doug Taylor, Andrew Stafford, Dino Lemonides and officers James Rolfe (Director of Finance, Resources and Customer Services) and John Austin (Assistant Director, Corporate Governance)

NOTE 36. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2012/13 £000s	2011/12 £000s
Opening Capital Financing Requirement	**408,276**	**355,836**
Capital Investment		
Property, Plant and Equipment	117,898	105,015
Investment Properties	31	1,375
Intangible Assets	0	32
Heritage Assets	20	
Assets Held for Sale	113	0
Revenue Expenditure Funded From Capital Under Statute*	9,012	37,336
	127,074	**143,758**
Sources of Finance		
Capital Receipts	(11,401)	(8,618)
Government Grants and Contributions	(93,077)	(48,018)
Direct Revenue Contributions	(3,410)	(18,713)
Minimum Revenue Provision	(12,935)	(14,034)
Decrease in PFI Contract Liabilities	2,308	(1,920)
Decrease in Finance Lease Liabilities	178	(15)
	(118,337)	**(91,318)**
Closing Capital Financing Requirement	**417,014**	**408,276**
Increase in underlying need to borrow (supported by Government financial assistance)	0	14,000
Increase in underlying need to borrow (unsupported by Government financial assistance)	8,738	38,440
Increase in Capital Financing Requirement	**8,738**	**52,440**

*Analysis of Revenue Expenditure Funded from Capital under Statute

	2012/13 £000	2011/12 £000
Payment to DCLG – Buy Out of Housing Subsidy	0	28,789
Capital Contributions to VA Schools	6,261	5,010
Disabled Facilities Grants	1,365	1,946
Grants To Vacate	463	390
Grants to Housing Associations	771	756
House Repair Grants	103	225
Youth Capital Fund	0	88
Other	49	132
Total Expenditure	**9,012**	**37,336**

NOTE 37. LEASES

The Council as Lessee
Finance Leases

The Council has acquired a number of properties, vehicles and items of equipment under finance leases. These assets are carried as Property, Plant and Equipment and as Investment Properties in the Balance Sheet at the following net amounts.

	31 March 2013 £000	31 March 2012 £000
Vehicle, plant, furniture and equipment	328	459

	31 March 2013 £000	31 March 2012 £000
Investment properties	308	289
Investment properties held for sale	1,509	1,230
Total	**2,145**	**1,978**

Investment properties refer to the development of industrial premises which the Council leases out to commercial tenants. The valuations shown above include the land for which the Council owns the freehold. Investment Properties Held For sale refers to the commercial premises within the New Southgate Industrial Estate which will be transferred to the Council's development partners and subsequently re-provided through the regeneration of the Laddersword Estate. The existing third party lease interest in these assets will also transfer to the new commercial units.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2013 £000	31 March 2012 £000
Finance lease liabilities (net present value of minimum lease payments):		
• Current	227	232
• Non current	541	715
Finance costs payable in future years	2,149	2,248
Minimum lease payments	**2,917**	**3,195**

The minimum lease payments will be payable over the following periods:

	Minimum lease payments		Finance lease liabilities	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Not later than one year	**303**	332	**227**	232
Later than one year and not later than five years	**401**	611	**225**	399
Later than five years	**2,213**	2,252	**316**	316
Total	**2,917**	**3,195**	**768**	**947**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2012/2013 £175k contingent rents were payable by the Council (2011/2012 - £175k).

Operating Leases

The Authority has acquired a number of administrative premises and vehicles by entering into operating leases, with typical lives of between 5 to 15 years for buildings and 3 to 5 years for vehicles.

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

	31 March 2013	31 March 2012
	£000	£000
Not later than one year	**528**	843
Later than one year and not later than five years	**696**	1,124
Later than five years	**172**	252
Total	**1,396**	**2,219**

The Council has sub-let some of the buildings and vehicles held under these operating leases. At 31 March 2013 the payments expected to be received under sub-leases was £94k (£117k at 31 March 2012). The expenditure charged to Net Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2013	31 March 2012
	£000	£000
Lease payments	**1,625**	1,812
Less sublease payments receivable	**(180)**	(174)
Total	**1,445**	**1,638**

The Council as Lessor
Finance Leases

The Council has a number of properties it has leased out under finance leases with a range of different remaining lease periods. The Council has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debt remains outstanding. The gross investment is made up of the following amounts:

	31 March 2013	31 March 2012
	£000	£000
Finance lease debtors (net present value of minimum lease payments):		
• Current	**23**	21
• Non current	**1,187**	1,211
Unearned finance income	**1,490**	1,548
Unguaranteed residual property value	**441**	441
Gross investment in leases	**3,141**	**3,221**

	Gross investment in leases		Minimum lease payments	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	£000	£000	£000	£000
Not later than one year	**79**	79	**79**	79
Later than one year and not later than five years	**317**	317	**317**	317
Later than five years	**2,745**	2,825	**2,304**	2,383
Total	**3,141**	**3,221**	**2,700**	**2,779**

The Council has taken into account the possibility that worsening financial circumstances might result in lease payments not being made. This is reflected in determining the amounts to be set aside for impairment of debts.

Operating Leases

The Council leases out land and buildings within its Investment Property portfolio under approx. 900 operating leases of varying lease periods. These include industrial and retail properties including land and the land element of finance leases, Green Belt agricultural tenancies and other recreational and commercial buildings. The Council received £7.604m in 2012/13 (£7.852m 2011/12) under these leases. The table below sets out the future income profile arising from the most significant leases that generate annual income in excess of £20k (approx. 60 leases). The total annual receipts generated from these leases was £4.265m in 2012/13 (£3.957m 2011/12).

	31 March 2013	31 March 2012
	£000	£000
Amount due not later than one year	**3,344**	3,624
Amount due later than one year but not later than five years	**9,030**	9,789
Later than five years	**111,630**	117,720
Total	**124,004**	**131,133**

NOTE 38. PFI AND SIMILAR CONTRACTS

The Council has the following obligations arising from three PFI Schemes. In each case, the Council specifies the minimum standards for the services and the assets to be provided by the contractor and has the right to make deductions from the fees payable should those standards not be achieved. The assets will be transferred to the Council at the end of each contract for nil consideration and are therefore recognised on the Council's Balance Sheet; movements in their value in the year are detailed in the analysis of Movement in Property, Plant and Equipment in Note 11.

The Council makes agreed fixed payments each year which may be increased by inflation or reduced if the contractor fails to meet availability or performance standards in any year. Payments remaining to be made under each PFI contract at 31 March 2013 are shown below together with the outstanding liability to the contractor for capital expenditure incurred also as at 31 March 2013.

Street Lighting Services

Period	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Within one year	1,681	1,083	1,013	3,777
Two - five years	7,186	4,490	3,505	15,181
six - 10 years	10,176	5,539	3,110	18,825
11 - 15 years	11,788	5,569	1,728	19,085
16 - 20 years	8,169	3,604	369	12,142
Total	**39,000**	**20,285**	**9,725**	**69,010**

The carrying value of the Street Lighting scheme assets at 31 March 2013 was £24.3m (£25.6m as at 31 March 2012).

Outstanding Liability for Reimbursement of Capital Expenditure	2012/13 £000s	2011/12 £000s
Balance Outstanding 1st April	**(21,362)**	**(18,286)**
Payments during the year	1,079	2,022
Capital expenditure incurred in the year	0	(5,098)
Balance Outstanding 31st March	**(20,283)**	**(21,362)**

Education – Provision of Highlands Secondary School

Period	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Within one year	674	552	1,294	2,520
Two - five years	2,936	2,865	4,546	10,347
six - 10 years	4,185	5,289	3,736	13,210
11 - 15 years	2,352	3,846	728	6,926
Total	**10,147**	**12,552**	**10,304**	**33,003**

The carrying value of assets held at 31 March 2013 was £20.3m (£25.9m as at 31 March 2012).

Outstanding Liability for Reimbursement of Capital Expenditure	2012/13 £000s	2011/12 £000s
Balance Outstanding 1st April	**(13,035)**	**(13,491)**
Payments during the year	483	456
Balance Outstanding 31st March	**(12,552)**	**(13,035)**

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

Period	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Within one year	1,726	791	2,390	4,907
Two - five years	7,566	3,501	8,754	19,821
six - 10 years	11,007	6,507	8,647	26,161
11 - 15 years	13,035	9,436	4,852	27,323
16 – 20 years	3,992	3,888	540	8,420
Total	**37,326**	**24,123**	**25,183**	**86,632**

The carrying value of assets held at 31 March 2013 was £27.5m (£27.0m at 31 March 2012).

Outstanding Liability for Reimbursement of Capital Expenditure	2012/13 £000s	2011/12 £000s
Balance Outstanding 1st April	**(24,870)**	**(25,570)**
Payments during the year	747	700
Capital expenditure incurred in the year	0	0
Balance Outstanding 31st March	**(24,123)**	**(24,870)**

NOTE 39. IMPAIRMENT LOSSES

The financial statements reflect a net impairment of £1,387k in respect of the Ladderswood Estate Regeneration Project – (see Note 21). The impairment reflects the overall reduction in the value of assets that are currently vacant and held for transfer as at 31st March 2013 in order to ensure their carrying value does not exceed the consideration the Council is expected to receive from the development partner for these assets.

The residential and commercial assets of this estate are due to be transferred to a developer and registered social landlord commencing from 2013/14 as each phase of the development projects proceeds. Over 100 properties within the Ladderswood Estate remain in occupation. These properties will be vacated or bought back as the project proceeds. Once these properties are available for transfer, their carrying values will be further impaired to match the consideration receivable.

As at 31st March 2013 the residential element of the Highmead Estate has been fully vacated and demolished. The commercial assets, a parade of shops on Fore Street, are due for demolition early 2013-14.

NOTE 40. TERMINATION BENEFITS AND EXIT PACKAGES

Termination Benefits are employee benefits payable as a result of the Authority'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 2012-13 and 2011-12 were as follows:

[A] Exit Package Cost Band	[B] Number of Compulsory Redundancies		[C] Number of other departures		[D] Total number of exit packages by cost band (b + c)		[E] Total cost of exit packages in each band	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13 £000	2011-12 £000
0 - £20k	14	68	12	0	26	68	246	672
£20k - £40k	1	33	1	0	2	33	47	964
£40k - £60k	7	15	2	0	9	15	412	679
£60k - £80k	3	6	1	0	4	6	259	09
£80k - £100k	2	0	0	0	2	0	163	0
£100k - £150k	1	1	0	0	1	1	124	133
Total	**28**	**123**	**16**	**0**	**44**	**123**	**1,251**	**2,857**

NOTE 41. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Authority 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 Authority 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 Authority 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 2012/13 employer contributions of £14.52m were paid to the Teachers Pension Scheme (£14.4m paid in 2011/12).

The Authority 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 42 below.

NOTE 42. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Authority 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 Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions 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.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions 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	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
current service cost	25,264	22,453	0	0
past service cost (gains) / losses	553	940	0	25
settlements and curtailments	0	0	0	0
Financing and Investment Income and Expenditure				
interest cost	45,186	45,436	2,285	2,522
expected return on scheme assets	(40,255)	(39,807)	0	0
Total Post Employment Benefit charged to the Surplus / Deficit on the Provision of Services	30,748	29,022	2,285	2,547
actuarial (gains) / losses	28,300	74,919	4,474	4,615
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	**59,048**	**103,941**	**6,759**	**7,162**
Movement in Reserves Statement reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	7,146	5,095	(1,147)	(673)
Actual amount charged against General Fund and HRA Balance for pensions in the year				
Employers' contributions payable to the scheme	(23,602)	(23,927)		
Retirement benefits payable to pensioners			(3,432)	(3,220)

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £32.7m(£79.5m in 2011/12).

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded Liabilities: Local Government Pension Scheme			Unfunded Liabilities: Discretionary Benefits	
	2012/13 £000	2011/12 £000		2012/13 £000	2011/12 £000
Opening balance at 1 April	**956,942**	**839,446**		**51,375**	**47,433**
Current service cost	25,264	22,453		0	0
Interest cost	45,186	45,436		2,285	2,522
Contributions by scheme participants	7,486	7,534		0	0
Actuarial (gains) / losses	67,087	68,074		4,474	4,615
Benefits paid	(24,283)	(26,941)		(3,432)	(3,220)
Passed service costs	553	940		0	25
Entity combinations	0	0		0	0
Curtailments	0	0		0	0
Settlements	0	0		0	0
Closing balance at 31 March	**1,078,235**	**956,942**		**54,702**	**51,375**

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2012/13 £000	2011/12 £000
Opening balance at 1 April	**606,389**	**568,907**
Expected rate of return	40,255	39,807
Actuarial gains / (losses)	38,787	(6,845)
Employer contributions	23,602	23,927
Contributions by scheme participants	7,486	7,534
Benefits paid	(24,283)	(26,941)
Entity combinations	0	0
Settlements	0	0
Closing balance at 31 March	**692,236**	**606,389**

The expected return on scheme assets is determined by considering the expected returns a vailable on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was £79m (£32.9m in 2011/12).

Scheme History

	2012/13 £000	2011/12 £000	2010/11 £000	2008/09 £000	2007/08 £000
Present Value of Scheme Liabilities	(1,132,937)	(1,008,317)	(886,879)	(912,230)	(592,830)
Fair Value of Scheme Assets	692,236	606,389	568,907	549,619	423,989
Surplus / (deficit) in the scheme	**(440,701)**	**(401,928)**	**(317,972)**	**(362,611)**	**(168,841)**

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £1,133m (1,078m+£55m) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall Pension Fund balance of £441m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy because:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2014 is £24.6m. Unfunded benefit payments of £1.750m are expected to the year 31 March 2014.

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 Ltd, an independent firm of actuaries, with estimates based on the latest full valuation of the scheme as at 31 March 2010. The principal assumptions used by the actuary are shown in the table below.

Actuary's Principal Assumptions

	Funded Liabilities Local Government Pension Scheme			Unfunded Liabilities Discretionary Benefits	
	2012/13	**2011/12**		**2012/13**	**2011/12**
Long term expected rate of return on assets in the scheme					
Equity investments	7.8%	8.1%		-	-
Property	7.3%	7.6%		-	-
Government Bonds	2.8%	3.1%		-	-
Corporate Bonds	3.8%	3.7%		-	
Cash	0.9%	1.8%		-	-
Other Assets	7.8%	8.1%		-	-
Mortality assumptions:					
Longevity at 65 for current pensioners:					
Men	24.0	23.9		24.0	23.9%
Women	26.8	26.7		26.8	26.7%
Longevity at 65 for future pensioners:					
Men	25.7	25.6		25.7	25.6
Women	28.8	28.7		28.8	28.7
Rate of inflation	2.7%	2.5%		2.6%	4.6%
Rate of increase in salaries	4.6%	5.0%		-	-
Rate of increase to pensions in payment	2.7%	2.5%		2.6%	2.4%
Rate for discounting scheme liabilities	4.4%	4.7%		4.1%	4.6%
Take up of option to convert annual pension into retirement lump sum	30.0%	30.0%			

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

Scheme Asset Type	31 March 2013	31 March 2012
Equity investments	47.0%	45.4%
Property	6.8%	8.5%
Government Bonds	15.4%	15.3%
Corporate Bonds	7.6%	8.1%
Cash	3.1%	3.8%
Other Assets*	20.1%	18.9%

*Other assets include hedge funds, currency holdings and asset allocation futures.

History of Gains and Losses

The actuarial losses identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013

	2012/13	2011/12	2010/11	2008/09	2007/08
Experience Gains / (losses) on assets	5.60%	-1.10%	-5.4%	17.7%	-28.6%
Experience Gains / (losses) on liabilities	0.10%	-0.60%	0.60%	0.60%	0.40%

NOTE 43. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Authority.

As at 31 March 2013, the Authority has Contingent Liabilities as follows:-

- A potential liability estimated at £1.7m to cover possible claims against the Council for areas that were previously underwritten by Municipal Mutual Insurance (now in administration)

- A potential liability of up to £0.5m regarding a capital project which experienced delays.

A Contingent Asset arises where a future inflow – to the Authority - of economic benefits or service potential is probable, but whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Authority.

As at 31 March 2013, the Authority has Contingent Assets as follows:-

- A potential claim against a Construction Company, estimated to be in the region of £0.5m, regarding culpability to clear asbestos material on a construction contract

- Clawback of pension benefits, estimated to be in the region of £0.5m, from a former member of staff who left the Authority in 2010.

NOTE 44. TRUSTS AND OTHER MONEY

Although not part of the Balance Sheet the Council administers certain trusts and other sums of money as detailed below:

	31 March 2013		31 March 2012
Funds	**£000s**		**£000s**
Belling Education Trust *	93		83
King George V Playing Field *	582		579
New Southgate Playground *	328		326
Other funds	76		93
	1,079		**1,081**
Receiverships and Other Clients Funds			
Receiverships	4		2,996
Appointeeships	0		779
Funds held and administered by Council's residential care homes	10		8
Discretionary Funds for Council's service users	132		132
Other Funds	21		19

	31 March 2013		31 March 2012
	167		**3,934**
Total Trusts and Other Money	**1,246**		**5,015**
Represented by			
Investments at cost	25		25
Cash	1,221		4,990
	1,246		**5,015**
Market value of investments (Belling Education Trust)	**123**		**110**

* These are charitable trusts for which the Council acts as trustees.

The amounts above are kept within the Council's bank account but accounted for separately and an interest rate is based on the seven day rate.

The Belling Trust founded by the will of C.R. Belling applies its funds to the advancement of education, with particular interest in promoting electrical engineering and electronics.

King George V Playing Field trust has the objective of promoting the establishment of playing fields of a particular style, and New Southgate Playground Trust was established to provide and maintain recreational facilities.

The Council holds balances in respect of these schemes but has no liabilities.

From 1st January 2013, the Receivership and Appointeeship Funds are not administered by the Council and have been transferred to the clients own bank accounts. The residual £4,000 is currently being investigated and will be allocated out during 2013/14.

HOUSING REVENUE ACCOUNT

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

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

	NOTES	2012/13 £000s	2011/12 £000s
INCOME			
Dwelling rents (gross)		(53,728)	(50,604)
Non-dwelling rents (gross)		(624)	(631)
Charges for services and facilities		(5,425)	(5,398)
Contributions towards expenditure		(523)	(629)
Total Income		**(60,300)**	**(57,262)**
EXPENDITURE			
Repairs and maintenance	**4**	13,207	12,891
Supervision and management		19,865	21,347
Rents, rates, taxes and other charges		204	261
Negative HRA subsidy payable	**8**	0	8,100
Depreciation and impairment of non-current assets	**6**	30,128	31,994
Debt management costs		24	23
Movement in the provision for impairment of debts	**10**	65	283
Sums directed by the Secretary of State that are expenditure in accordance with the Code	**11**		29,179
Exceptional Item		0	(482)
Other Operating Expenditure		971	21
Total Expenditure		**64,464**	**103,617**
Net cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		4,164	46,355
HRA services' share of Corporate and Democratic Core		242	293
NET COST OF HRA SERVICES		**4,406**	**46,646**
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		84	(4,377)
Interest payable and similar charges		6,748	4,343
Interest and Investment income		0	(82)
Income and expenditure and changes in fair value of Investment Properties	**7**	(3,654)	1,762
Pensions interest cost and expected return on pension assets	**9**	23	20
Capital grants and contributions receivable		0	(2,223)
DEFICIT FOR THE YEAR ON HRA SERVICES		**7,607**	**46,089**

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.

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	31 March 2013 £000s	31 March 2012 £000s
Balance on the HRA at the end of the previous year	**(11,558)**	**(8,739)**
Deficit for the year on the HRA Income and Expenditure Statement	7,607	46,089
Adjustments between accounting basis and funding basis under statute:		
Difference between treatment of interest payable and premiums	31	46
Revenue expenditure funded from capital under statute	0	(29,179)
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	(16,845)	(25,739)
Investment properties gain or loss on disposal & movements in fair and market value	1,472	0
Gain on sale of HRA non-current assets	(84)	4,377
HRA share of contributions to or from the Pensions Reserve	(17)	(11)
Capital expenditure funded by the HRA	0	0
Transfers to Capital Grants Unapplied Account	0	2,223
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(971)	(21)
Other Contributions from the Capital Receipts Reserve	(160)	(28)
NET (INCREASE)/DECREASE BEFORE TRANSFERS TO OR FROM RESERVES	**(8,967)**	**(2,243)**
Transfers to or (from) earmarked reserves	6,590	(576)
(Increase) in year on the HRA	**(2,377)**	**(2,819)**
BALANCE ON THE HRA AT THE END OF THE CURRENT YEAR	**(13,935)**	**(11,558)**

1. HOUSING STOCK

The Council was responsible for managing a Housing Revenue Account stock of 11,152 properties at 31st March 2013 compared with a total of 11,297 properties at 31st March 2012. An analysis of the types of homes is shown below. The Council is also a freeholder of 4,582 leased homes that were previously sold to tenants under the right-to-buy legislation.

	31 March 2013 Number of properties	31 March 2012 Number of properties
Low-rise flats (up to 2 storeys)	1,525	1,528
Medium-rise flats (3 to 5 storeys)	3,702	3,750
High-rise flats (6 storeys and over)	2,623	2,698
Houses and bungalows	3,299	3,316
Multi-occupied and shared ownership	3	5
Total Housing stock	**11,152**	**11,297**

The figures of 11,152 and 11,297 exclude four properties classified as Council Dwellings that are not owned by the Council in full. Three 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 2013 would be £95,050 (after applying the Social Housing Factor).

The movement between 11,297 in 2011/12 and 11,152 in 2012/13 is the result of 56 Right To Buy disposals, 67 properties being classified as surplus assets, 24 classified as held for sale and 2 additions from the shops portfolio.

The Council also holds a number of vacant dwellings that are awaiting disposal or redevelopment at 31st March 2013 as follows:

	31 March 2013 Number of properties	31 March 2012 Number of properties
Surplus Properties:		
Sheltered Housing	0	91
Jasper Close	0	18
Alma Development	71	0
New Avenue Development	6	0
Forty Hill	24	0
Assets Held For Sale:		
Ladderswood Estate	106	79
Highmeads Estate	0	61
Cornerways Estate	0	18
Total	**207**	**267**

The vacant possession value of Surplus assets as at 31 March 2013 was £5.351m (1 April 2012 £3.430m) and value for Assets held for sale as at 31 March 2013 was £1.770m (1 April 2012 £1.609m).

2. STOCK VALUATION

The open market value of the council's dwellings was £1,826m at 31st March 2013. The difference between this value and the existing use value £456.6m at 31st March 2013 represents the economic cost to Government of providing council housing at less than market rents. The social housing valuation is arrived at by applying an adjustment factor provided by the DCLG to the market value of the stock.

3 MAJOR REPAIRS RESERVE

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

	2012/13 £000s	2011/12 £000s
Balance at 1 April	(7,561)	(7,927)
MRA for the year	(13,282)	(10,309)
Amount applied in the funding of expenditure on council dwellings during 2012/13	13,158	10,675
Balance at 31 March	**(7,685)**	**(7,561)**

4. HOUSING REPAIRS ACCOUNT

	2012/13 £000	2011/12 £000
Balance brought forward	(5,125)	(5,701)
Expenditure for the year	13,207	12,891
Contribution to the Repairs Fund	(11,426)	(12,315)
Balance carried forward	**(3,344)**	**(5,125)**

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

5. HRA ASSETS

Operational Assets	1 April 2012 £000s	Acquisitions and Transfers £000s	Disposal/ Transfer £000s	Depr'n £000s	Net Reval'n £000s	31 March 2013 £000s
Council Dwellings	431,450	4,007	(5,547)	(13,282)	42,616	459,244
Other Land and Buildings	17,707	0	(216)	(552)	(604)	16,335
Vehicles, Plant and Equipment	28	0	0	(28)	0	0
Surplus Assets	3,430	3,828	(2,432)	0	525	5,351
Total Property, Plant and Equipment	**452,615**	**7,835**	**(8,195)**	**(13,862)**	**42,537**	**480,930**
Aerial Sites	1,541	(11)	0	0	224	1,754
Shops and Commercial	20,697	0	0	0	1,631	22,328
Total Investment Properties	**22,238**	**(11)**	**0**	**0**	**1,855**	**24,082**
Intangible Assets	102	0	0	(34)	0	68
Assets Held For Sale	1,609	842	(428)	0	(253)	1,770
Investment Properties Held For Sale	655	299	0	0	(216)	738
TOTAL	**477,219**	**8,965**	**(8,623)**	**(13,896)**	**43,923**	**507,588**

The Council has adopted the policy of using the Major Repairs Allowance as the basis for calculating depreciation on council dwellings. Other HRA properties are depreciated in the same way as other council assets with the depreciation charges reversed out in the Movement on the HRA Statement.

Capital expenditure in the year amounted to £36.53m consisting of:

Expenditure on	**£000s**
Works To Stock – Decent Homes	19,809
Works To Stock – General Works	10,931
Leaseholder Buy Backs	0
Grants to Vacate (GTV)	390
Community Halls	678
Buying Out Commercial and Residential Interests (Regeneration Projects)	3,460
Demolition Costs	1,264
Total	**36,532**
Funded by	
Supported Borrowing – Decent Homes	18,000
Unsupported Borrowing	3,479
Capital Grants and Contributions	1,427
Capital Receipts	468
Major Repairs Reserve	13,158
	36,532

6. CAPITAL CHARGES

	2012/13 £000s	**2011/12 £000s**
Depreciation		
Council Dwellings – MRA	13,282	10,309
Other Land and Buildings	552	403
Vehicles, Plant and Equipment	28	62
Impairment and Downward Valuation		
Council Dwellings	11,653	18,196
Other Land and Buildings	3,317	455
Surplus Properties	158	(438)
Assets Held For Sale	1,104	2,973
Vehicles, Plant and Equipment	0	
Amortisation of Intangible Assets	34	34
	30,128	**31,994**

£10,000k of impairments were charged in the year to the Revaluation Reserve as a reversal of the prior years upward revaluation

7. INVESTMENT PROPERTIES

	2012/13 £000s	2011/12 £000s
Rental Income from Investment Properties	(2,352)	(2,456)
Direct Operating Expenses arising from Investment Property	170	163
Net (gain)/loss from fair value adjustments	(1,472)	824
Losses arising from buying out commercial interests – Highmead and Ladderswood regeneration projects	0	1,129
Impairment of Highmead Commercial Properties	0	2,102
Net (Gain) / Loss	**(3,654)**	**1,762**

8. HOUSING SUBSIDY

SUMMARY	2012/13 £000s	2011/12 £000s
Management and maintenance allowance	The HRA Subsidy regime was abolished with effect from 1 April 2012.	25,029
Capital Charges		6,078
Guideline Rent		(49,734)
Major Repairs Allowance		10,309
Negative Housing Subsidy		**(8,318)**
Previous year adjustments		218
Negative Housing Subsidy - payment to Secretary of State		**(8,100)**

9. 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.

10. RENT ARREARS AND IMPAIRMENT OF DEBTS

Council tenants' rent arrears as at the 31st March 2013 were £3.110m compared to £3.178m at the 31st March 2012. The provision for impairment of debts was £1.311m (2012/13 £1.542m) and £0.296m (2011/12 £0.244m) was written off during the year.

In 2012/13 a contribution to the Impairment of debt of £65k was included in this balance (£283k 2011/12).

11. SUMS DIRECTED BY THE SECRETARY OF STATE

The HRA subsidy regime was abolished with effect from 1 April 2012 and the Council was required to pay the Government £28.789m in 2011/12. In addition, HRA grants to vacate of £0.39m were also made.

12. ALMO – Enfield Homes Ltd

The management of all the housing stock of the Council is undertaken by Enfield Homes Ltd, an Arms Length Management Organisation (ALMO) wholly owned by the authority. The management agreement was for five years and it is currently being reviewed.

THE 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.

INCOME AND EXPENDITURE ACCOUNT	NOTE	2012/13 £000s	2012/13 £000s	2011/12 £000s	2011/12 £000s
INCOME					
Council taxpayers	1	(158,101)		(157,514)	
Business ratepayers	2	(102,019)		(97,332)	
Business Rate Supplement	3	(3,508)		(3,489)	
			(263,628)		**(258,335)**
EXPENDITURE					
Precepts and demands:					
London Borough of Enfield		121,500		121,273	
Greater London Authority		33,868		34,147	
			155,368		155,420
Business rates:					
Payment to national pool		101,668		96,980	
Cost of collection allowance		351		352	
			102,019		**97,332**
Business Rate Supplements					
Payment to GLA		3,493		3,472	
Cost of collection allowance		15		17	
			3,508		**3,489**
Impairment of debt:					
Council Tax – Contribution to provision foor impairment of debt		2,220		1,933	
			2,220		**1,933**
Surplus For year			**(513)**		**(161)**
Surplus As at 1 April			**(559)**		**(165)**
Prior years adjustment[3]					**(233)**
Surplus As at 31 March	4		**(1,072)**		**(559)**

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 2012/13 is as follows:

[3] Reinstatement of debt written off in previous years which is secured against property and should have been accounted for as an adjustment to the bad debt provision.

BAND	Chargeable properties adjusted for discounts	Band D equivalent adjusted for estimated non-collection
A	2,645	2,592
B	7,134	6,991
C	25,234	24,730
D	32,015	31,374
E	23,039	22,578
F	11,950	11,711
G	9,085	8,903
H	1,572	1,541
	112,674	**110,420**

This basic amount of Council Tax for a Band D property, £1,407.06100.34 including the GLA precept is multiplied by the proportion specified for the particular band to give an individual amount due. The income receivable is attributable to the following sources:

	2012/13 £000s	2011/12 £000s
Billed to Council Tax Payers	121,225	120,574
Council Tax Benefits	36,876	36,940
	158,101	**157,514**

Analysis of Council Tax Impairment of debt

	2012/13 £000s	2011/12 £000s
Council Tax Provision for Impairment of debt B/fwd	13,032	12,186
Amount written off	(3,512)	(1,087)
Contribution to Provision for Impairment of debt	2,220	1,933
Council Tax Impairment of debt C/fwd	**11,740**	**13,032**

The figures above show the total Council Tax impairment of debt reflecting both the GLA precept and Enfield elements of the provision. Note 19 (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 every five years, the latest revaluation being in 2010. In 2012/13 the Government specified an amount of 42.6p for small businesses who qualify for rate relief and 43.3p 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, but pays the proceeds into a Government-administered pool.

The Government redistributes the sums paid into the pool back to local authorities' General Funds in proportion to their Formula Grant allocations.

The total business rate pool income after reliefs and provisions of £101.668m for 2012/13 was based on the notified rateable values and their effective dates.

The total non-domestic rateable value for the area at the year-end was £260.7m (2011/12 £258.3m).

3. BUSINESS RATE SUPPLEMENTS

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 2012/13 after reliefs and provisions was £3.24m.

4. CONTRIBUTIONS TO COLLECTION FUND SURPLUSES/DEFICITS

The revenue account surplus of £1 .072m relates to Council Tax at 31 March 2013 (adjusted £0.559m 2011/12), and will be distributed in subsequent years to the Council and its major preceptors in proportion to the value of the respective precepts and demands on the Collection Fund.

PENSION FUND ACCOUNTS

Introduction

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

The following description of the Fund is a summary only. For more detail, reference should be made to the Enfield Pension Fund Annual Report 2012/13 and the underlying statutory powers underpinning the Scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) Regulations.

The Fund is governed by the Superannuation Act 1972 and is administered under the following secondary legislation:

- the Local Government Pension Scheme (Benefits, Members and Contributions) Regulations 2007 (as amended)
- the Local Government Pension Scheme (Administration) Regulations 2008 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended)

The Fund is a contributory final salary, defined benefit pension scheme administered by the Council to provide pensions and other benefits for pensionable employees of the London Borough of Enfield and for the employees of admitted and scheduled bodies eligible to participate in the Fund.

The Fund is financed by contributions from employees, employers and from gains on realised investments, interest and dividends on its investments.

The main investment objectives are to maximise the overall return from income and capital appreciation without high risk and to maintain the ready marketability of the portfolio to meet the fund's fluctuating cash requirements, and to react to the fund's increasing maturity.

The London Borough of Enfield has delegated responsibility for the management of the Pension Fund to the Pensions Board with the Corporate Director of Finance Resources and Customer Services being given delegated authority for the day to day operation of the Fund.

Membership

All local government employees (except casual employees and teachers) are automatically entered into the Fund. However membership of the LGPS is voluntary and employees are free to choose whether to opt out, remain in the Fund or make their own personal arrangements outside the Fund.

Organisations participating in the Enfield Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The Fund consists of the employees of Enfield Council and the following bodies:

Schedule bodies:
Barnet & Southgate College (formerly Southgate College)

Capel Manor College

Enfield Homes

Hadley Academy

Enfield Academy

Aylward Academy

Cuckoo Hall Academy

Nightingale Academy

Kingsmead Academy

Enfield Grammar School Academy

Admitted bodies:
Sodexo Ltd

Churchill

Enfield Voluntary Groups

NORSE

Metropolitan Support Trust

Fusion Lifestyle (previously Enfield Leisure)

Kier Group Services

Admitted bodies with no active members

Fitzpatrick

Birkin Services

Hughes Gaidner

Equion Facilities Management

As at the 31March 2013 the Fund Membership was 16,178 compared to 15,102 at 31March 2012. This is analysed below:

	31 March 2013	31 March 2012
Current Members	6,447	5,939
Retired Members	4,279	4,097
Deferred Members	4,410	3,764
Frozen/Undecided	1,042	1,302
	16,178	**15,102**

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with t he LGPS (Benefits, Membe rship and Contribution s) Regulations 2007 and range from 5.5% to 7.5% of pensionable pay for the financial year ending 31st March 2013. Employers also make contributions, which are set based on triennial actuarial funding valuations.

The last such valuation was as at 31 March 2010. Current employer contribution rates can be found in the Statement to the Rates a nd Adjustments Certificate in the Enfield Fund Annu al Report 2012/13. While individual rates were set for each employer, the average rate for the Fund is 20.4%. The 2013 valuation has now commenced and will be completed by the Autumn of 2013.

Benefits

Pension benefits under LGPS are based on final pensionable pay and length of service, summarised below:

	Service pre 1 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.
Lumps Sum	Automatic lump sum of 3 x salary. 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.	Automatic lump sum is still the same but is optio nal all or p art can be converted into pension payments. Part of the annu al pension can be exchanged for a one-off tax-free cash payment. A l ump sum of £12 is paid for each £1 of pension given up.

There are a range of othe r benefits provided under the Scheme including early retirement, disability pensions and death benefits.

Benefits are index-linked in order to keep pace with inflation. In June 2010, the government announced that the method of indexation would change from the Retail Prices Index to the Consumer Prices Index. This change took effect from 1st April 2011.

Following the Independent Public Sector Pension Commission, which reported in 2011 and subsequent negotiations on public sector pension reforms, the LGPS is due to see significant changes to the Scheme from 2014 which will impact the benefit structure of the Fund in the future.

A copy of the Pension Fund Annual Council's Statement of Investment Principles (SIP) together with an assessment of Enfield's compliance with the Myner's Report and the Fund's compliance with the Government's compliance statement are all available on the Council's website www.enfield.gov.uk.

Basis of preparation
The financial statements have been prepared in accordance with the Local Government Pension Scheme (LGPS) (Benefits, Membership and Contributions) Regulations 2007 and LGPS (Management and Investment of Funds) Regulations 2009.

The Statement of Accounts summarises the Fund's transactions for the 2012/13 financial year and its position at year-end as at 31 March 2013. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2012/13* 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 actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed in Note 15 of these accounts.

Accounting Policies

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

The cost of early retirement contributions are accounted for in the period in which the liability is incurred.

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

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

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

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

c) Investment income

i) Interest income
Interest income is recognised in the fund account as it accrues.

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

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

vi) Movement in the net market value of investments
Changes in the net market value of investments are recognised as income and comprise all realised and unrealised gains/losses during the year.

d) Benefits payable
Pensions and lump benefits payable include all known to be due in respect 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) Administrative expenses
All administrative expenses are accounted for on an accruals basis. Relevant officer costs and other overheads are apportioned to the Fund.

g) Investment management expenses
All investment management expenses are accounted for on an accruals basis as follows:

- Fees of the external investment managers and Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management on either a monthly or quarterly basis.
- The exceptions to this are fees in relation to Private equity funds which are based on amounts committed to each fund.
- Fees in connection with some pooled investments are contained within the unit price, and are not separately disclosed.
- The cost of obtaining investment advice from external consultants is included in investment management charges.

h) Investments
Investments are shown in the Net Assets Statement at fair value as follows:

- **Quoted investments**

  Valued by reference to their bid price at the close of business on 31st March 2013.

- **Unquoted investments**

  The estimate of fair value after taking the advice of the Fund's investment manager.

- **Derivatives contracts**

  Futures contracts are valued using relevant exchange prices at the accounting date. Exchange traded options are valued at the relevant exchange price for closing out the option at the accounting date.

- **Forward currency contracts**

  The cost rate of the original transaction is compared to the market rate (being taken as the spot rate at the close of business of the day before).

- **Investment income**

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

- **Overseas investments**

  Investments held in foreign currencies have been converted into sterling at the rate ruling on 31 March 2013.

- **Pooled investment vehicles**

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

- **Foreign currency transactions**

  Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

- **Cash and cash equivalents**

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

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

Assumptions Made about The Future and Other Major Sources of Estimation Uncertainty

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

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	Private equity investments are valued at fair value in accordance with British Private Equity & Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £420 million. There is a risk that this investment may be under- or overstated in the accounts

Events after the Balance Sheet Date

There have been no events since 31 March 2013 and up to the date when these accounts were authorised, which require any adjustments to these accounts. On 31 May 2012, proposed changes were announced in respect of the LGPS which would see the implementation of a new Career Average Revalued Earnings (CARE) Scheme effective from 1 April 2014. Other proposed changes would include retirement ages linked to a person's state pension age, the move to an accrual rate of 1/49, higher member contributions for those earning over £34,000 and the option for flexibility over contributions. The changes have been consulted upon and it is anticipated that new legislation will be put in place before the end of 2013/14. This would enable Fund Actuaries to take the changes into consideration for the next triennial actuarial valuation due to take place as at 31 March 2013. At the time of finalising the accounts, it has not been possible to quantify the impact of the proposed changes.

Additional voluntary contributions (AVCs)

Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) regulations 2009, 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 with Prudential are summarised below:

	Opening Balance at 1 April 2012 £000s	Contributions and Transfers £000s	Sums Paid Out £000s	Investment Return £000s	Closing Balance at 31 March 2013 £000s
With Profits Cash Accumulation	**840**	118	(109)	40	**889**
Deposit Fund Statement	**328**	345	(163)	2	**512**
Discretionary Fund	**190**	42	(45)	22	**209**
	1,358	**505**	**(317)**	**64**	**1,610**

PENSION FUND ACCOUNTS

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013	Note	2012/13 £000s	2011/12 £000s
Contributions and benefits			
- Contributions receivable	**1**	35,721	35,945
- Transfers in	**2**	5,170	2,385
		40,891	**38,330**
- Benefits payable	**3**	(30,100)	(26,752)
- Payments to and on account of leavers	**4**	(1,551)	(6,500)
- Administrative expenses	**5**	(582)	(718)
		(32,233)	**(33,970)**
Net additions from dealings with members		**8,658**	**4,360**
Returns on investments			
- Investment income	**6**	8,290	8,160
- Taxation	**7**	(94)	(45)
- Investment portfolio expenses	**8**	(1,289)	(1,142)
- Changes in market value	**9**	68,741	25,668
Net returns on investments		**75,648**	**32,641**
Net change in assets available for benefits during the year		84,306	37,001
Opening net assets brought forward at 1 April		646,877	609,876
Net assets carried forward as at 31 March 2013		**731,183**	**646,877**

NET ASSETS STATEMENT AS AT 31 MARCH 2013	Note	2013 £000s	2012 £000s	2011 £000s
Investment assets		699,583	648,456	608,710
Cash deposits		32,709	20,316	28,894
Other investment balances		1,718	1,665	469
Investment liabilities		(3,044)	(24,489)	(27,967)
	9	**730,966**	**645,948**	**610,106**
Current assets	**10**	314	1,136	460
Current liabilities	**11**	(97)	(207)	(690)
Net assets available to fund benefits as at 31 March 2013		**731,183**	**646,877**	**609,876**

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

Signed ……………………………………..

Date: 25 September 2013

James Rolfe
Director of Finance,
Resources and Customer Services

Signed: ……………………………………..

Date: 25 September 2013

Cllr Tahsin Ibrahim
Pension Board Chair

1. Contributions receivable

Summary	2012/13 £000s	2011/12 £000s
Employees' contributions	8,613	8,636
Employers' contributions	27,108	27,309
	35,721	**35,945**

Contributions are further analysed as follows:

Employees' contributions- Analysed by employees' status:

	2012/13 £000s	2011/12 £000s
London Borough of Enfield	7,486	7,472
Scheduled Bodies	1,044	1,076
Admitted Bodies	83	88
	8,613	**8,636**

Employers' contributions **-** Analysed by employers' status:

	2012/13 £000s	2011/12 £000s
London Borough of Enfield	23,617	23,763
Scheduled Bodies	3,194	3,224
Admitted Bodies	297	322
	27,108	**27,309**

Employers' contributions – analysed by types of contributions:

	2012/13 £000s	2011/12 £000s
Employers' normal contributions	19,392	19,462
Employers' deficit contributions	7,141	6,831
Employers' other contributions	575	1,016
	27,108	**27,309**

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

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

2. Transfers from other funds

The transfers represent the payments received by the pension Fund in relation to individual members' transfers of benefits in to the Fund. A bulk transfer was received on 27 March 2013 relating to the Prospects career service from the LPFA.

	2012/13 £000s	2011/12 £000s
Individual transfers	2,745	2,385
Bulk transfers	2,425	-
	5,170	**2,385**

3. Benefits payable

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

	2012/13 £000s	2011/12 £000s
Pensions	(23,013)	(20,942)
Lump sum retirement/death benefits	(7,087)	(5,810)
	(30,100)	**(26,752)**

4. Payments to and on account of leavers

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

.

	2012/13 £000s	2011/12 £000s
Transfers to other schemes	(1,548)	(3,509)
Bulk transfer	-	(2,970)
Contribution refunds	(3)	(21)
	(1,551)	**(6,500)**

5. Administration expenditure

	2012/13 £000s	2011/12 £000s
Staff costs – benefits administration	(519)	(532)
Actuary fees	(28)	(135)
Subscriptions, legal fees and other fees	(35)	(51)
	(582)	**(718)**

6. Investment income

	2012/13 £000s	2011/12 £000s
Fixed interest and indexed linked securities	4,529	5,048
Equities and unit trusts	2,808	1,883
Property unit trusts	892	1,112
Interest on cash and other	61	117
	8,290	**8,160**

7. Taxation

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

8. Investment portfolio expenses

	2012/13 £000s	2011/12 £000s
Investment managers'/advisers' fees	(1,091)	(959)
Custody charges	(13)	(25)
Enfield staff costs – investment	(75)	(100)
Other costs	(110)	(58)
	(1,289)	**(1,142)**

9. Investment assets

Asset Class	Market value 1 April 2011	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value on investments	Market value 31 March 2012
	£000s	£000s	£000s	£000s	£000s
Fixed income securities & ILB	**156,126**	50,215	(72,714)	17,375	**151,002**
Derivative contracts	**(44)**	223,105	(223,932)	937	**66**
Equities	**93,289**	45,212	(43,613)	3,770	**98,658**
Equity - unit trusts	**127,428**	30,000	-	8,807	**166,235**
Property unit trusts	**53,919**	-	(440)	566	**54,045**
Private equity	**26,360**	4,790	(3,157)	1,995	**29,988**
Infrastructure fund	**6,784**	4,363	(614)	(2,350)	**8,183**
Currency funds	**2,338**	-	-	4	**2,342**
Hedge funds	**114,543**	-	(488)	(607)	**113,448**
	580,743	**357,685**	**(344,958)**	**30,497**	**623,967**
Cash and deposits	**28,894**				**20,316**
Other investment balances	**469**			(4,829)	**1,665**
Investment assets	**610,106**			**25,668**	**645,948**

Asset Class	Market value 1 April 2012	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value on investments	Market value 31 March 2013
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Fixed income securities & ILB	**151,002**	29,192	(25,157)	13,528	**168,565**
Derivative contracts	**66**	85,831	(85,873)	(117)	**(93)**
Equities	**98,658**	53,521	(52,317)	11,623	**111,485**
Equity - unit trusts	**166,235**	-	-	30,948	**197,183**
Property unit trusts	**54,045**	35,926	(35,943)	(5,114)	**48,914**
Private equity	**29,988**	4,825	(4,504)	3,571	**33,880**
Infrastructure fund	**8,183**	703	(758)	1,510	**9,638**
Currency funds	**2,342**	-	(2,322)	(20)	**-**
Hedge funds	**113,448**	7,500	(7,573)	13,641	**127,016**
	623,967	**217,498**	**(214,447)**	**69,570**	**696,588**
Cash and deposits	**20,316**				**32,709**
Other investment balances	**1,665**			(829)	**1,669**
Investment assets	**645,948**			**68,741**	**730,966**

The changes in market value during the year comprise all increases and decreases in the market value of investments held at the year end, including realised gains and losses on sales of investments during the year.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £162k (2011/12: £136k). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

Total fixed income securities

	2013 £000s	2012 £000s	2011 £000s
Fixed interest securities	56,740	53,371	74,010
Index linked securities	111,825	97,631	82,116
	168,565	**151,002**	**156,126**

Fixed interest securities

	2013 £000s	2012 £000s	2011 £000s
Government securities – UK	-	1,615	22,487
Government securities – overseas	1,783	196	3,682
Corporate bonds - UK	54,957	51,560	47,841
	56,740	**53,371**	**74,010**

Index linked securities

	2013 £000s	2012 £000s	2011 £000s
Government securities – UK	111,557	97,631	80,816
Corporate bonds	268	-	1,300
	111,825	**97,631**	**82,116**

Derivative contracts

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

A summary of derivatives held is set out below:

	2013 £000s	2012 £000s	2011 £000s
Assets			
Futures	17	45	54
Forward foreign exchange currency contracts	2,934	24,510	27,868
Options	-	-	1
	2,951	**24,555**	**27,923**
Liabilities			
Futures	(49)	(32)	(61)
Forward foreign exchange currency contracts	(2,995)	(24,457)	(27,906)
	(3,044)	**(24,489)**	**(27,967)**
Net assets			
Futures	(32)	13	(7)
Forward foreign exchange currency contracts	(61)	53	(38)
Options	-	-	1
	(93)	**66**	**(44)**

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

				Values at 31 March 2013		
No. of Contracts		**Notional cost £000s**	**Expiration date**	**Asset £000s**	**Liability £000s**	**Net asset/ (liability) £000s**
Futures long						
38	Australian T bond	3,173	17 June 2013	-	(1)	(1)
24	German Euro	3,023	6 June 2013	16	-	16
2	US 10 year note	174	19 June 2013	1	-	1
	Total Futures Long			**17**	**(1)**	**16**
Futures short						
51	UK long gilts	6,058	26 June 2013	-	(48)	(48)
			Total Futures Short	**-**	**(48)**	**(48)**
	Total Futures			**17**	**(49)**	**(32)**

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

		Values at 31 March 2013		
No of contracts	**Currency**	**Asset £000s**	**Liability £000s**	**Net asset £000s**
2	Euro	456	(468)	(12)
6	Sterling	2,478	(2,527)	(49)
		2,934	**(2,995)**	**(61)**

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

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

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

Equities

	2013 £000s	**2012 £000s**	**2011 £000s**
UK equities	32,014	26,921	24,299
Europe	17,969	15,801	15,007
Middle East	868	-	-
North America	49,097	44,919	43,161
Japan	7,223	6,180	6,988
Pacific (excluding Japan)	4,314	3,830	3,834
Emerging markets	-	1,007	-
	111,485	**98,658**	**93,289**

Equity unit trusts

	2013 £000s	2012 £000s	2011 £000s
UK	8,183	7,005	4,069
World	180,060	150,906	123,359
Emerging markets	8,940	8,324	-
	197,183	**166,235**	**127,428**

Property unit trusts

	2013 £000s	2012 £000s	2011 £000s
Commercial/industrial	47,183	52,123	51,134
Venture property	1,731	1,922	2,785
	48,914	**54,045**	**53,919**

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

The Pension Fund has made 10 annual subscriptions into a private equity fund of funds manager. The Fund's total commitment to these funds is $100 million (£62.6 million) of which $40.5 million (£25.4 million) remains uncommitted.

Infrastructure fund
In June 2007 the Pension Fund made a €22 million (£18.3million) investment in the Arcus European Infrastructure Fund. There are no further capital commitments in respect of this fund.

Hedge funds

	2013 £000s	2012 £000s	2011 £000s
UK equity long short fund	37,556	32,672	34,778
World market neutral fund	14,613	12,685	12,405
Events Driven funds	32,860	35,460	36,815
Global macro funds	41,987	32,631	30,545
	127,016	**113,448**	**114,543**

Exchange rate conversions on overseas holdings
The dollar exchange rate has been set at 0.658566 (0.62588 2011/12) to £1 and the euro rate at 0.845664 (0.83348 2011/12) to £1.

Cash

	2013 £000s	2012 £000s	2011 £000s
Deposits held by fund managers	32,709	20,316	28,894
	32,709	**20,316**	**28,894**

Other investment balances

	2013 £000s	2012 £000s	2011 £000s
Debtors			
Dividends and Interest receivable	1,438	2,422	2,657
Tax recoverable	579	55	570
Amounts receivable on pending sales	-	283	387
Other	18	45	-
	2,035	**2,805**	**3,614**
Creditors			
Margin monies	-	-	(61)
Amounts due on pending purchases	-	(843)	(2,756)
Investment management fees	(233)	(218)	(258)
Other investment expenses	(133)	(79)	(70)
	(366)	**(1,140)**	**(3,145)**
Total other investment balances	**1,669**	**1,665**	**469**

The Council delegates its investment management responsibilities by appointing professional fund managers. The portfolio by manager as at 31 March 2013 is shown below:

Date Appointed	Manager	Mandate	Market Value as at 31 March 2013 £000s	%	Market Value as at 31 March 2012 £000s	%
April 1991	RREEF*	Property	-		38,753	6.00
April 2003	Western Asset Management	Bonds	100,319	13.72	88,542	13.71
April 2003	Adam St Partners	Private equity	33,880	4.64	29,988	4.64
Oct 2005	Blackrock*	Global equities (passive) / UK and Government ILB and property	205,120	28.06	151,497	23.45
April 2007	International Public Partnerships	UK equity share PFI share	20,586	2.82	18,201	2.82
June 2007	Arcus	Infrastructure Fund	9,638	1.32	8,183	1.27
July 2007	Numeric	Global Market Neutral – Hedge Fund	14,613	2.00	12,685	1.96
Oct 2007	Lansdowne	Equities Long/short	37,556	5.14	32,672	5.06
Nov 2007	Trilogy	Global equities	93,767	12.83	81,858	12.67
Nov 2007	Record	Active currency	-		902	0.14
Nov 2007	BNP- Overlay	Active currency	-		1,441	0.22
Nov 2008	Avenue	Event driven	26,385	3.61	23,833	3.69
Jan 2010	York Capital	Event driven	14,049	1.92	11,627	1.80
Jan 2010	Legal and General	UK property	19,661	2.69	19,192	2.97
Aug 2010	MFS	Global equities	55,791	7.63	44,929	6.96
Aug 2010	Lazard	Global equities	47,584	6.51	41,229	6.38
Jan 2011	Blue Crest	Global macro	24,519	3.35	16,246	2.52
Jan 2011	Brevan Howard	Global macro	17,468	2.39	16,385	2.54
	Goldman Sachs & other balances	Cash and cash equivalents	10,030	1.37	7,785	1.20
Total investment assets			**730,966**	**100.00**	**645,948**	**100.00**

* RREEF was purchased by Blackrock in December 2012, with funds previously held by RREEF transferring to an equivalent Blackrock fund.

10. Current assets

	2013 £000s	2012 £000s	2011 £000s
Contributions due from employers	205	206	293
Contributions due from members	69	73	102
	274	**279**	**395**
Cash held by London Borough of Enfield	-	70	-
Cash balance	40	787	65
	40	**857**	**65**
Total current assets	**314**	**1,136**	**460**

11. Current liabilities

	2013 £000s	2012 £000s	2011 £000s
Death benefits	(60)	(133)	(190)
Audit fees	(26)	(39)	(39)
Other	(11)	(35)	(461)
	(97)	**(207)**	**(690)**

The creditors and debtors can be summarised to comply with International Financial Reporting Standards as follows:

Debtors	2013 £000s	2012 £000s	2011 £000s
External managers			
Other entities and individuals	2,035	2,805	3,614
Administering Authority			
Other entities and individuals	274	279	395
Local Authority	-	70	-
	274	**349**	**395**
Total Debtors	**2,309**	**3,154**	**4,009**

Creditors	2013 £000s	2012 £000s	2011 £000s
External managers			
Other entities and individuals	**(336)**	**(1,140)**	**(3,145)**
Administering Authority			
Other entities and individuals	(95)	(207)	(229)
Local authority	(2)	-	(461)
	(97)	**(207)**	**(690)**
Total Creditors	**(433)**	**(1,347)**	**(3,835)**

12. Financial Instruments

a. Classification of financial instruments

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

	2012/13			2011/12		
Investment type	Designated at Fair Value £000s	Loans and Receivables £000s	Financial Liabilities at amortised cost £000s	Designated at Fair Value £000s	Loans and Receivables £000s	Financial Liabilities at amortised cost £000s
Financial Assets						
Fixed income	168,565			151,002		
Derivative contracts	2,951			24,555		
Equities	111,485			98,658		
Equity - unit trusts	197,183			166,235		
Property unit trusts	48,914			54,045		
Private equity	33,880			29,988		
Infrastructure fund	9,638			8,183		
Currency funds	-			2,342		
Hedge funds	127,016			113,448		
	699,632	**-**	**-**	**648,456**	**-**	**-**
Cash		32,709			20,316	
Other investment balances	2,035			2,805		
Debtors		314			1,136	
Financial Assets	**701,667**	**33,023**	**-**	**651,261**	**21,452**	**-**
Financial Liabilities						
Derivative contracts	(3,044)			(24,489)		
Other investment balances	(366)			(1,140)		
Creditors			(97)			(207)
Financial Liabilities	**(3,410)**	**-**	**(97)**	**(25,629)**	**-**	**(207)**
Net Assets	**698,257**	**33,023**	**(97)**	**625,632**	**21,452**	**(207)**

b. Net gains and losses on financial instruments

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

	31 March 2013 £000's	31 March 2012 £000s
Fair value	69,570	30,497
Loans and receivables	(829)	(4,829)
	68,741	**25,668**

c. Fair value of financial assets and liabilities

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

	Carrying value and fair value 31 March 2013 £000s	Carrying value and fair value 31 March 2012 £000s
Financial Assets		
Fair value	701,667	651,261
Loans and receivables	33,023	21,452
Total financial assets	**734,690**	**672,713**
Financial liabilities		
Fair value	(3,410)	(25,629)
Financial liabilities measured at amortised cost	(97)	(207)
Total financial liabilities	**(3,507)**	**(25,836)**
	731,183	**646,877**

d. Valuation of financial instruments carried at fair value

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

Level 1

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

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

Level 2

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

Level 3

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

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

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

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

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

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

Values at 31 March 2013	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets				
Fair value	479,268	178,881	43,518	**701,667**
Loans and receivables	33,023	-	-	**33,023**
Total financial assets	**512,291**	**178,881**	**43,518**	**734,690**
Financial Liabilities				
Fair value	(366)	(3,044)	-	**(3,410)**

Values at 31 March 2013	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial Liabilities measured at amortised cost	(97)	-	-	**(97)**
Total financial liabilities	**(463)**	**(3,044)**	**-**	**(3,507)**
Net financial assets	**511,828**	**175,837**	**43,518**	**731,183**

Values at 31 March 2012	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets				
Fair value	443,255	169,835	38,171	**651,261**
Loans and receivables	21,452	-	-	**21,452**
Total financial assets	**464,707**	**169,835**	**38,171**	**672,713**
Financial Liabilities				
Fair value	(25,629)	-	-	**(25,629)**
Financial liabilities measured at amortised cost	(207)	-	-	**(207)**
Total financial liabilities	**(25,836)**	**-**	**-**	**(25,836)**
Net financial assets	**438,871**	**169,835**	**38,171**	**646,877**

13. Nature and extent of risks arising from financial instruments

Risk and risk management

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

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

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

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, foreign exchange risk and other price risk. The Fund holds a variety of investments which expose it to market risk and details of the Fund's investment portfolio are set out in Note 9.

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

- Regularly reviewing the pension fund investment strategy.

- Regular monitoring of asset allocation and investment performance.
- A policy of security and manager diversification.

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

Other price risk

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

Price risk is managed by constructing a diversified portfolio of investments traded on various markets. The Pension Board regularly reviews its asset allocation policy and seeks to diversify the assets that it holds. Diversification helps to ensure that the Fund has a balance of investments which offer different levels of risk and return. Pooled Funds are used where these represent the most efficient means of investing in an asset class. The breakdown between managers and asset class can be seen in Note 9.

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

Asset Type	Potential market Movements (+/-)
Equities	14.8%
UK bonds	4.9%
Overseas bonds	5.9%
Index linked	6.8%
Pooled property	5.4%
Alternatives	8.3%
Cash and cash equivalents	0.0%

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

Asset Type Investment portfolio assets:	Balance at 31 March 2013 £000s	Change	Value on increase £000s	Value on decrease £000s
Equities	308,668	14.8%	+45,683	-45,683
UK bonds	54,957	4.9%	+2,693	-2,693
Overseas bonds	1,783	5.9%	+105	-105
Index linked	111,825	6.8%	+7,604	-7,604
Pooled property	48,914	5.4%	+2,641	-2,641
Alternatives	170,534	8.3%	+14,154	-14,154
Cash and cash equivalents	32,709	0.0%	-	-
Other investment balances	1,669	0.0%	-	-
Derivatives (Net)	(93)	0.0%	-	-
Total assets available to pay benefits	**730,966**		**+72,880**	**-72,880**

Asset Type Investment portfolio assets:	Balance at 31 March 2012 £000s	Change	Value on increase £000s	Value on decrease £000s
Equities	264,893	14.8%	+39,204	-39,204
UK bonds	53,176	4.9%	+2,606	-2,606
Overseas bonds	196	5.9%	+11	-11
Index linked	97,630	6.8%	+6,639	-6,639
Pooled property	54,045	5.4%	+2,918	-2,918

Asset Type Investment portfolio assets:	Balance at 31 March 2012 £000s	Change	Value on increase £000s	Value on decrease £000s
Alternatives	153,961	8.3%	+12,779	-12,779
Cash and cash equivalents	20,316	0.0%	-	-
Other investment balances	1,665	0.0%	-	-
Derivatives (Net)	66	0.0%	-	-
Total assets available to pay benefits	**645,948**		**+64,157**	**-64,157**

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

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of fu ture 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 in terest rates and assessment of actual interest rates against the relevant bench mark. Investment Managers will also manage interest rate risk in line with policies and procedures put in place in the Investment Manager Agreement. Pension Fund cash held by the Administering Authority is invested in accordance with the Treasury Management Strategy.

The Fund's direct exposure to interest rate movement as at 31 March 2013 and 31 March 2012 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2013 £000s	31March 2012 £000s
Cash deposits	32,709	20,316
Cash balances	40	787
Fixed interest securities	168,565	151,002
Total	**201,314**	**172,105**

Interest rate risk - sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 110 basis points (bps) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

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

Asset Type	Carrying amount as at 31 March 2013	Change in year in the net assets available to pay benefits	
		+100 bps	-100 bps
	£000s	£000s	£000s
Cash deposits	32,709	+327	-327
Cash balances	40	-	-
Fixed interest securities	168,565	+1,686	-1,686
Total	**201,314**	**+2,013**	**-2,013**

Asset Type	Carrying amount as at 31st March 2012	Change in year in the net assets available to pay benefits +100 bps	-100 bps
	£000s	£000s	£000s
Cash deposits	20,316	+203	-203
Cash balances	787	+8	-8
Fixed interest securities	151,002	+1,510	-1,510
Total	**172,105**	**+1,721**	**-1,721**

Currency risk

The Pension Fund may invest in financial in struments and transact in den ominated currencies other than its functional currency (£UK). As a result the Fund is exposed to risks that the exchange rate of its currency relative to other forei gn currencies may cha nge in a mann er that has a n adverse impact on the p ortion of the F und's assets or liabilities denominated in currencies other than sterling.

Investment Managers will manage foreign exchange risk by the means of passive hedging and enter into forward currency contracts to protect assets which have exposure to currencies other than sterling (further details are in Note 9).

The following table summarises the Fund's fair value exposure to assets denominated in currencies other than pound sterling as at 31st March 2013 and as at the previous period end:

Currency Exposure	Asset Value as at 31 March 2013 £000s	Asset Value as at 31 March 2012 £000s
Australian Dollar	375	682
Canadian Dollar	129	1,662
Danish Krone	665	453
Euro	22,342	17,900
Hong Kong Dollar	3,022	2,385
Israeli Shekel	880	-
Japanese Yen	7,226	6,286
Mexico Dollar	-	487
New Taiwan Dollar	55	106
Norwegian Krone	-	882
South African Rand	-	521
South Korean Won	917	763
Swedish Krona	1,319	1,865
Swiss Franc	3,452	2,899
Turkish Lira	430	-
US Dollar	140,223	121,152
Total change in assets	**181,035**	**158,043**

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

b. Credit risk

Credit risk is the risk tha t a counte rparty to a financ ial instrument will fail to discharg e an oblig ation or commitment that it has entered into with the Fund.

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

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

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

A majority of the assets of the Fund are held by the Custodian, StateStreet Global Services. Bankruptcy or insolvency of the Custodian may cause the Fund's rights with respect to securities held by the Custodian to be delayed or limited. Cash not forming part of the investment assets is held in the Fund's current accounts with the HSBC and Goldman Sachs money market fund.

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

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

Summary	**Fitch rating**	**2013 £000s**	**2012 £000s**
Cash (current Assets)			
HSBC	AA-	40	787
Cash deposits (Investment assets)			
Goldman Sachs money market fund	AAAm	10,328	8,031
Blackrock money market fund	AAAm	4,420	201
Cash held by fund managers and custodian	AA-	17,961	12,084
Total		**32,749**	**21,103**

Liquidity risk

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

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

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

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

14. Related party transactions

The Fund is administered by the London Borough of Enfield. The Council is also the single largest employer of members of the pension fund and contributed £23.6 million to the Fund in 2012/13 (£23.8million in 2011/12). Consequently there is a strong relationship between the Council and the Pension Fund.

The Council incurred administration costs, it also pays for pensioners payments on behalf of the Fund. These costs are consequently reimbursed by the Fund. Part of the Pension Fund cash holdings are invested on the money markets by the treasury management operations of the London Borough of Enfield.

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.

The Council has decided that Councillors should not be allowed to join the LGPS scheme and receive pension benefits from the Fund. The employee representatives on the Pension Board Pauline Kettless and Paul Bishop are both members of the Pension Fund.

No allowances are paid to Members directly in respect of the Pensions Board. The Chair of the Pension Board is paid a special responsibility allowance.

Several employees of the London Borough of Enfield hold key positions in the financial management of the Fund. As at 31 March 2013 these employees included:

James Rolfe – Director of Finance Resources & Corporate Services
Richard Tyler – Assistant Director of Finance
Julie Barker – Head of Exchequer
Paul Reddaway - Head of Finance - Treasury

All of these managers are also members of the Pension Fund.

The disclosure required by Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of the London Borough of Enfield.

15. Actuarial position

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 2010 by Aon Hewitt Limited, in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008.

Actuarial Position

The valuation as at 31 March 2010 showed that the funding ratio of the Fund had decreased since the previous valuation with the market value of the Fund's assets at that date (of £569.9M) covering 82% of the liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable remuneration.

The valuation also showed that the required level of contributions to be paid to the Fund by participating Employers (in aggregate) with effect from 1 April 2011 was as set out below:

- 15.1% of pensionable pay to meet the liabilities arising in respect of service after the valuation date.

  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 20 years from 1 April 2011, amounting to £7.8M in 2011/12, and increasing by 5.3% p.a. thereafter, before any phasing in or 'stepping' of contribution increases.

  This would imply an average employer contribution rate of about 20.4% of pensionable pay in total, if the membership remains broadly stable and pay increases are in line with the rate assumed at the valuation of 5.3% p.a.

The majority of Employers participating in the Fund pay different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority and any stepping of contribution increases that are agreed.

The rates of contributions payable by each participating Employer over the period 1 April 2011 to 31 March 2014 are set out in a certificate dated 30 March 2011 which is appended to Aon Hewitt's report of the same date on the actuarial valuation (the 'actuarial valuation report').

The contribution rates were calculated taking account of the Fund's funding strategy as described in the Funding Strategy Statement, and for the majority of Employers using the projected unit actuarial method.

The main actuarial assumptions were as follows:

Discount rate Scheduled Bodies Admission Bodies In service: Left service:	 6.9% 6.25% 4.75%
Rate of general pay increases .	5.3%
Rate of increases to pensions in payment	3.3%
Valuation of assets	Market value

Further details of the assumptions adopted for the valuation are set out in the actuarial valuation report.

Contribution rates for all employers will be reviewed at the next actuarial valuation of the Fund as at 31 March 2013, preparation for which is already under way. The formal actuarial valuation report and the Rates and Adjustment certificate setting out the employer contribution rates for the period from 1 April 2014 to 31 March 2017 are required by the Regulations to be signed off by 31 March 2014.

This statement has been prepared by the Actuary to the Fund, Aon Hewitt Limited, for inclusion in the accounts of the London Borough of Enfield Pension Fund. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2010. 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 Aon Hewitt's formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon Hewitt Limited does not accept any responsibility or liability to any party other than our client, London Borough of Enfield, in respect of this statement.

The report on the actuarial valuation as at 31 March 2010 is available from Paul Reddaway Head of Finance, London Borough of Enfield Civic Centre, PO Box 54, Silver Street, Enfield EN1 3XF.

Actuarial position in accordance with International Financial Reporting Standards

In addition to disclosing the actuarial position of the Fund based on the results of the valuation carried out in accordance with the Local Government Pension Scheme (Administration) Regulations 2008, International Financial Reporting Standards require that disclosure is made of the Fund's past service liabilities in a manner consistent with International Accounting Standard 19 (IAS19), and the requirements of International Accounting Standard 26 (IAS26).

It should be noted that some of the assumptions used when calculating liabilities under IAS19 are different compared to those when producing an on-going funding valuation under the Local Government Pension Scheme (Administration) Regulations 2008.

Actuarial present value of promised retirement benefits

Fair value of assets

	31st March 2010 £m	31st March 2007 £m
Fair value of net assets	**571.9**	**537.6**
Actuarial present value of promised retirement benefits	**(966.3)**	**(691.7)**
Deficit in the Fund as measured for IAS26 purposes	**(394.4)**	**(154.1)**

Assumptions
The latest full triennial valuation of the Fund's liabilities in accordance with the requirements of IAS26 took place as at 31 March 2010. The principal assumptions used by the Fund's independent qualified actuaries were:

	31 March 2010 (% p.a.)	31 March 2007 (% p.a.)
Discount rate	**5.5**	**5.3**
RPI inflation	**3.9**	**3.2**
CPI inflation	**3.0**	**n/a**
Rate of increase to pensions in payment*	**3.9**	**3.2**
Rate of increase to deferred pensions*	**3.9**	**3.2**
Rate of general increases in salaries**	**5.4**	**4.7**

**In excess of Guaranteed Minimum Pension increases in payment where appropriate*

***In addition, we have allowed for the same age related promotional salaries scales as used at the actuarial valuation of the Fund as at 31 March 2010 and 31 March 2007, as appropriate.*

Changes in benefits during the accounting period
In the UK Budget Statement of 22 June 2010, the Chancellor of the Exchequer announced that, with effect from 1 April 2011, the Government will use the Consumer Price Index (CPI) for the price indexation of benefits and tax credits. The CPI provides a more appropriate measure of benefit and pension recipients' inflation experiences than RPI, because it excludes the majority of housing costs faced by homeowners (low income households are subsidised separately through Housing Benefit, and the majority of pensioners own their homes outright) and differences in calculation mean it may be considered a better representation of the way consumers change their consumption patterns in response to price changes. This will also ensure consistency with the measure of inflation used by the Bank Of England. This change will aslo apply to public service pension through the statutory link to the indexation of the Second State Pension. The Government is also reviewing how the CPI can be used for the indexation of taxes and duties while protecting revenues.

The switch to CPI as the basis for future revaluation and pension increases has a significant impact on the actuarial present value of the promised retirement benfits. This is because all pensions, once they come into payment, and the deferred pension of former employees, will now be increased in line with an index that is expected, over the long term, to be lower than the RPI index it replaces. This, in turn, will reduce the value of the benefits and hence the value placed on those benefits.

The Fund's actuaries have estimated that had the switch to CPI been implemented as at 31 March 2010, the actuarial present value of the promised retirement benefits would have reduced by £111.4m, i.e. the actuarial present value of promised retirement benefits would have been £854.9m.

Mortality
As at 31 March 2010, future mortality improvements are expected to be in line with CMI 2009 long term improvement of 1.25% p.a. (31 March 2007: in line with medium cohort).

Current life expectancy from age 65 is summarised below:

Males	**31 March 2010 Number**	**31 March 2007 Number**
Current age 65	23.7	18.4 (manuals) 21.6 (others)
Current age 45	25.5	19.4 (manuals) 22.8 (others)
Females		
Current age 65	26.5	22.2 (manuals) 24.0 (others)
Current age 45	28.5	23.2 (manuals) 25.0 (others)

Commutation

As at 31 March 2010, on retirement each member is assumed to exchange 30% of the maximum permitted amount of their past service pension rights, and 75% of the maximum permitted amount of their future service pension rights for an additional lump sum. As at 31 March 2007, an allowance is included for 40% of future retirees to elect to take additional tax-free cash up to HMRC limits.

16. International Financial Reporting Standards in issue but not yet effective

There are no accounting standards that have been issued but are not yet effective that impact on the Enfield Council Pension Fund.

17. Contingent liability

The London Borough of Enfield has taken legal advice and requested that a claim be made on the Fund for a former employee (now a pensioner) that was found guilty of fraud against the London Borough of Enfield. The Council has made a £489k claim on the fund to recover the funds. The matter is under appeal.

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

Opinion on the pension fund financial statements

We have audited the pension fund financial statements of the London Borough of Enfield Pension Fund for the year ended 31 March 2013 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of the London Borough of Enfield Pension Fund in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance, Resources and Customer Services and auditor

As explained more fully in the Statement of the Director of Finance, Resources and Customer Services Responsibilities, the Director of Finance, Resources and Customer Services is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance, Resources and Customer Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on the pension fund financial statements

In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2013 and the amount and disposition of the fund's assets and liabilities as at 31 March 2013 and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Giles M Mullins
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

ANNUAL GOVERNANCE STATEMENT 2012/13

1. Scope of Responsibility

The London Borough of Enfield ("the Council") commissions and delivers a range of services to the people of the Borough. We employ approximately 3,500 staff[1] and work with our partners in the private, public and third sector to deliver our objectives. We are responsible for ensuring that our operations are conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used with maximum efficiency, economy and effectiveness. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way we exercise our functions, again having regard to a combination of economy, efficiency and effectiveness.

In discharging this 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 and opportunities. The Council has in place a governance framework which is consistent with the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values for the direction and control of the Council and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable 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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This governance framework has been in place at the Council for the year ending 31 March 2013 and up to the date of approval of the statement of accounts

3. Production of the Annual Governance Statement

The Annual Governance Statement has been compiled by the Corporate Governance Division. A number of sources of information are used to prepare this statement, these include

- Service Assurance statements that are completed on a bi-annual basis by each department. These statements cover a number of areas across the governance framework and enable departments to set out any areas that they are currently working on, to strengthen the framework. These statements have been reviewed and challenged by the Council's Internal Audit team.
- The 2012/13 Internal Audit Annual Report, including the Head of Internal Audit and Risk Management's opinion on the statement of internal control.
- The Council's Management Board (CMB), the Audit Committee and Performance Officers who oversee the assurance mechanisms of their service have been consulted to understand the various sources of assurance across the Council

[1] Excludes approximately 6,000 local authority staff employed in schools.

4. The Governance Framework

This section describes the key elements of the Council's systems and processes that comprise the Council's governance arrangements and which incorporate CIPFA's good governance principles.

Principle 1: Focusing on the corporate objectives and vision of the Council and the outcomes delivered to local people		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
Corporate vision and objectives We have a clear vision to make Enfield a better place to live and work. Underpinning this commitment there are three strategic aims including (1) Fairness for All, (2) Growth and Sustainability and (3) Strong Communities. The Council's Business Plan sets out its major actions, working with its strategic partners and other stakeholders, to achieve these aims. Enfield 2020 is the Council's sustainability programme and action plan which sets out actions to save money on energy bills, create local jobs, improve the environment, reduce waste and improve public health. ***Achievement of objectives*** The Council's decision making process ensures that all member and officer decisions reference the Council's aims, priorities and departmental objectives. In addition, manager HAY grade performance objectives are aligned to corporate objectives. The Council uses different performance measures (quality, best value for money, resident and customer satisfaction) to give an overview of the Council's performance and stimulate improvement. The Council's Leaner Programme provides the systems, training and development needed to make changes to achieve savings and efficiencies in order to meet the aims and objectives. One initiative, Customer First, aims to improve our customers'	***Reporting*** All reports to Council, Cabinet and to individual executive members for delegated action are required to be reviewed for all legal, financial, risk management and other relevant implications. They also must demonstrate synergy with the Council's corporate objectives and related performance management process. ***Management information*** Information is published online on a quarterly basis reporting how the Council is performing against a number of key indicators. A Customer First Channel Demand 2012/13 Annual Dashboard is published on the Council's website and provides a summary of performance across the main access channels of web, telephone, email and face-to-face counter services. ***Internal Audit Plan*** The internal audit plan is developed using a risk based approach to identify the most significant risks that could prevent the Council from achieving its objectives.	***Customer Services Excellence Standard Accreditation*** The Council, as a whole, achieved Corporate Accreditation three years ago, along with the Customer Services Centre. Since then, the Department of Environment achieved accreditation and during 2012/13 the Department of Finance, Resources and Customer Services also achieved this accreditation. The Council is committed to excellence in Customer Service being recognised by external accreditation. ***Resident satisfaction levels*** During 2012, 1,150 residents were interviewed by ICM Research. The survey shows satisfaction among people using Enfield Council Services is at record levels and has increased to 72%. ***Financial resilience audit*** An external review was undertaken by Grant Thornton, the Council's external auditors, which concluded that, overall, whilst the Council faced some risks and challenges in the future, its historic arrangements for achieving financial resilience had been

Principle 1: Focusing on the corporate objectives and vision of the Council and the outcomes delivered to local people		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
experience of interacting with us by providing consistent messaging, 24-hour access to services and information, and resolution at the first point of contact. A new Risk Management strategy was rolled out during 2012/13 to identify key risks and opportunities to assist the Council in achieving its objectives.	***Performance Assessment Review (PARs)*** Individual ratings discussed in the Performance Assessment Review (PARs) give assurances that staff are carrying out their work in accordance with Council priorities and objectives. ***Benchmarking*** Enfield's performance is compared to that of all other London Boroughs as part of the Council's membership of the London Authority Performance Solution (LAPS) benchmarking group. This group is coordinated by London Councils, and involves the collection of performance data, on a quarterly basis, from all London Boroughs, for approximately 30-40 key performance indicators across a range of council services. Comparative data from LAPS is included in the quarterly performance reports to Corporate Management Board (CMB) to demonstrate how Enfield is performing relative to other Boroughs.	assessed as 'exceeding adequate standards'. ***Leaner*** During 2012/13 the Leaner Programme achieved savings of approximately £2.4 million and, in addition, supported a number of other savings initiatives and transformation programmes across the Council.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
Roles and responsibilities The Council has 63 councillors elected every four years. Councillors are democratically accountable to residents of their ward and must agree to follow a code of conduct to ensure high standards in the way they undertake their duties and to ensure that the Council's governance arrangements are adhered to. Functions and areas of responsibility of Chief Officers, including the Chief Executive and the Chief Financial Officer (s151 officer), are documented in the Constitution. ***Formal procedures*** Formal procedures and rules govern the Council's business including the Constitution, Scheme of Delegation, Financial Regulations and the Contract Procedure Rules (CPRs). During 2012/13 there were a number of revisions made to some of these procedures, which are outlined below. **Updated Financial Regulations -** During 2012/13 the Council's Financial Regulations, which form part of the Council's Constitution, were updated. They contain both strategic and operational regulations that underpin the governance framework for the financial management of the Council and seek to ensure compliance with statutory requirements. The updated Financial Regulations include the adoption of the CIPFA Accounting Code of Practice based on International Financial Reporting Standards, consider changes and developments taking effect since the last review and strengthen the requirements for effective controls within the Council's financial management procedures and clarity of roles and responsibilities. To ensure compliance with Financial Regulations, each Department is required to have an up to date Scheme of Delegation in place that identifies the specific officers authorised	***Overview and Scrutiny Panels –*** There are six Scrutiny Panels (overseen by an Overview and Scrutiny Committee (OSC)) that provide a strong and independent leadership role and allow citizens to have a greater say in Council matters by publicly scrutinising matters of local concern. Eight Councillors can 'call-in' for review by the OSC, a decision which has been made by the Cabinet but has not yet implemented. This increases transparent accountability in decision making. ***Equality Impact Assessments -*** Equality impact assessments are carried out for services on a retrospective three yearly basis. In addition if a service significantly changes, an impact assessment is undertaken. ***Health and Wellbeing Board -*** The Board has been formally established in accordance with the Health and Social Care Act 2012. The Board comprises representatives of the Council, NHS and other related partners and has responsibility to ensure that the Council and Clinical Commissioning Group (CCG) are commissioning in line with the Joint Health Wellbeing Strategy. ***Safeguarding Adults Board (SAB) -*** The Board is a multi agency partnership concerned with the safeguarding of vulnerable adults in Enfield. The Board has the strategic responsibility for overseeing	***Scrutiny and Community Outreach Awards*** The Council has received two national excellence awards for Scrutiny and Community Outreach for bringing community engagement into the democratic core. ***Equality Framework*** The Local Government Association has accredited Enfield Council with the 'Excellent' level under the Equality Framework for Local Government. This makes us one of only 12 local authorities in the country to have attained this accreditation - the highest level of accreditation for equalities work. The Council's Equality and Diversity 2012 Annual Report was presented to the OSC in June 2013. ***Complaints - Ofsted inspection*** Schools and Children's Services follows the statutory framework for complaint handling (which is outside the corporate complaint process). Ofsted's review identified that the management of SCS complaints in Enfield is very effective and close working amongst staff ensures that responses to complaints are thorough and consistent. ***Enfield Homes*** A report on the future of Enfield Homes was presented to Cabinet in 2012, which

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
to take decisions and sets out the scope and extent of their authority in applying the Regulations. **Updated Contract Procedures Rules (CPRs) -** Amended CPRs were considered and approved by the Audit Committee on 4 April 2012. The CPRs are reviewed on an annual basis, and during 2012/13 there was a fundamental rewrite of the CPRs to take into account findings from an internal audit of Procurement, undertaken in May 2012; the development of the shared procurement service with London Borough of Waltham Forest; a general need to simplify CPRs and support them with separate best practice guidance; and supporting the local economy through greater access to Council contract opportunities. ***Changes in Governance Mechanism*** **Enfield Homes -** The Council's arms length management company, Enfield Homes, manages the housing stock and is delivering decent homes across the borough. A Council Assistant Director took up the position of Joint Chief Operating Officer on 11 March 2013. Discussions have taken place to redefine the role of the former Housing Services Board, as a key element of the governance of the HRA Business Plan. Membership will include the Chair of Enfield Homes, as well as other tenants/ leaseholders and independents from the Board. The Government's new HRA Self-Financing regime began, as planned, on 1 April 2012. Enfield Council made a smooth transition from the old "subsidy" system, and its first 30-Year HRA Business Plan and Asset Management Strategy produced under Self-Financing were signed off by the Council in September 2012. Moving into 2013/14, the Council intends to further develop its governance structures to include more stakeholders in the regular monitoring and influencing of its plans. **Public Health -** From 1 April 2013, the Public Health team	and developing the safeguarding adult's arrangements across the borough. ***Local Safeguarding Children's board –*** The Board exists as a statutory body and is independently chaired. It has a range of roles including developing policies and procedures and scrutinising and challenging local safeguarding practice across its partner agencies. ***Enfield Homes Management agreement*** The management agreement sets out the arrangements through which Enfield Homes and the council will co-operate for the management of the Housing Revenue Account. In addition a joint 2013-15 delivery plan has been developed which sets out the key activities and actions to improve services for tenants and leaseholders and to take the organisation forward. The newly appointed Joint Chief Operating Officer sits on the Council's Health, Housing and Adult Social Care Departmental Management Team (DMT) and is required to report Enfield Homes' performance and financial monitoring which is scrutinised in the same way as other Council services. The arrangements for the provision of internal audit services are delivered by the Council's Internal Audit service. An annual report is produced and is presented to Enfield Homes' Finance and Audit Committee as well as the Council's Audit	made a number of recommendations. One of these related to looking for further integration of services between the Council and Enfield Homes. This will help to reduce duplication and provide more joined up services for tenants.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
officially joined the Council. The role of the Public Health team is to lead the Health and Wellbeing agenda and reduce health inequalities (identified in the Joint Strategic Needs Assessment, carried out in partnership with the National Health Service (NHS)). The Director of Public Health is a statutory chief officer of their authority and the principal adviser on all health matters, to elected members and officers, with a leadership role spanning all three domains of public health: health improvement, health protection and healthcare public health. The Director of Public Health's role is to ensure that the Local Authority has the appropriate capability and focus within the Public Health Directorate and ensure that Local Authority objectives are met in line with its new mandatory and non mandatory responsibilities.	Committee.	

Principle 3: Promoting the values of the Council and demonstrating good governance through upholding high standards of conduct and behaviour		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
The Constitution includes the financial, property and contract regulations, the Members and Officers Codes of Conduct, members' allowances and expenses, a member/officer protocol, guidance on use of IT for members, guidance to officers and members representing the Council on outside bodies and Partnership Procedure Rules. The members' statutory register of interests and related party transactions are updated at least annually. Councillors are also reminded annually of their obligations regarding the receipt of gifts and hospitality. ***Members' code of conduct*** The purpose of the Members' Code of Conduct is to assist member's in discharging their obligations to the Authority, the local communities and the public at large by: • setting out the standards of conduct that are expected of members when acting in that capacity; and • providing the openness and accountability necessary to reinforce public confidence in the way members perform activities. The Code of Conduct is reviewed annually and further changes are due to be made following a review of the code of conduct and recommendations presented to full council. ***Officers code of conduct*** This code of conduct applies to all employees of the Council. The purpose of the code is to ensure high standards, and to avoid both impropriety and any appearance of impropriety. This code of conduct is provided to everyone who is employed by the Council so that they know the high standards that are expected of them and that they are treated fairly.	***Councillor Conduct Committee*** The Council has established a Councillor Conduct Committee to implement the relevant requirements of Section 28 of the Localism Act 2011. These include arrangements for dealing with allegations that a councillor or co-opted member has failed to comply with the Authority's Code of Conduct. The Councillor Conduct Committee comprises four members of the Council and two independent persons. It deals with promoting high standards of conduct, complaints against councillors and issues concerning the members' Code of Conduct. ***Monitoring Officer Meetings*** Through the monthly Monitoring Officer Meetings, chaired by the Chief Executive, the Council has a well established and effective process for reviewing and monitoring governance and internal control compliance issues. Such matters can also be reported to the Audit Committee on a regular basis, which may also request officers to attend, in order to challenge them on improvements made in that area. This forum provides assurance that risks are being identified and driven forward to invoke changes and improvements within the Council.	***Local Government Ombudsman (LGO)*** The LGO have issued a letter confirming that, during 2012/13, they received 80 complaints relating to Enfield Council. This is consistent with the average number received across other local authorities (79). (Note: The LGO no longer provide detail on the number of complaints upheld in the annual report to the Council.) ***External quality assurance audit of safeguarding adults*** An external quality assurance review of safeguarding arrangements for adults at risk of harm was undertaken in March and April 2013. The review identified the following positive improvements: - There is better recording and follow-through action, in relation to individuals or organisations that have caused harm. - There has been some improvement in protection planning however more can be done in the medium to-long term.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and management of risk and opportunities

Description of Governance Mechanism

Transparent decision making

The Council has a Cabinet/Leader model of decision making with a strong and influential scrutiny function. This is contained within the Constitution which is regularly reviewed by a cross-party group of leading members. This is available on the Council's website and intranet. The roles and responsibilities of the full Council, Cabinet and Council officers are set out within the Scheme of Delegation in Part 3 of the Constitution. Detailed guidance notes in relation to all aspects of the decision making process (e.g. Forward Plan, report writing, call-in) are available on the Council's Intranet. Annual briefings are given to staff.

The Key Decision list is published monthly and sets out the key decisions to be taken by the Council on a monthly basis. This is a public document, available 14 days before its publication date. Key decisions in Enfield relate to expenditure/income of £250,000 or above and/or issues that are likely to have a significant impact in one or more wards.

Scrutiny

Scrutiny provides a constructive challenge to the Executive through its reviews and recommendations. The Council also operates a call-in process which allows members to call to account decisions taken by the Cabinet collectively and individually (or in the case of officers, a key decision). Decisions taken by members, plus officer key decisions, are published twice weekly and made available to members, officers and the community.

Scrutiny also adopts a community leadership role when required. The community and the general public are encouraged to participate in the scrutiny process, for example through co-options and public meetings. They are also permitted to raise issues at panel meetings.

Scrutiny also plays an important part in the annual budget process through the Budget Commission, which is a dedicated meeting of the Overview and Scrutiny Committee. The Leader and Deputy Leader attend the Commission to present the Cabinet's proposals and answer questions from councillors and

Source of Assurance

Overview and Scrutiny Committee (OSC)

This committee coordinates the work of the six Scrutiny Panels, considers matters called in by Councillors, receives petitions, provides Councillor Call for Action (CCfA) - a service that provides ward councillors with the ability to raise local issues of concern formally through scrutiny, scrutinises the annual budget and produces an Annual Report. In addition the OSC has set up a Budget Consultation Meeting to consider the proposals within the Council's 2013/14 budget information and consultation paper.

Internal Audit

The arrangements for the provision of internal audit are delivered by the Director of Finance, Resources and Customer Services through the Corporate Governance Division. This is managed by the Assistant Director, Corporate Governance. Within that Division, the internal audit function is managed independently by the Head of Internal Audit and Risk Management who has direct reporting lines to the Section 151 officer on relevant issues, as well as to the Chief Executive and Chair of the Audit Committee, in accordance with the CIPFA Code of Practice for Internal Audit in Local Government.

The Council has a co-sourced internal audit contract with PwC which allows the Council to draw down on specialist skills and knowledge.

Audit Committee

Review of effectiveness

Internal audit

Based on the work undertaken during the year, the opinion of the Head of Internal Audit and Risk Management is that the systems of internal control continue to be adequate, reducing the likelihood of significant risks of a strategic, operational and financial nature from materialising.

Comparison of assurance levels from internal audit work

	Percentage of audits		
Assurance level	**12/13**	**11/12**	**10/11**
High	3	1	3
Reasonable	51	51	62
Limited	9	19	9
No	1	1	0
N/A Management letter	17	10	0
Sub total	**82**	**82**	**74**
Deferred/Cancelled	18	18	26
Total	**100**	**100**	**100**

Service Assurance

There is a Service Assurance process that involves holding meetings with directors to better understand the risks they are currently managing, and to help management understand areas of heightened risk arising from the work of Internal Audit. Directors are required to complete a self assessment to assure themselves that key controls are operating as intended across the Department. The Service Assurance Self Assessments are reviewed by the Head of Internal Audit and Risk Management, are challenged to

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and management of risk and opportunities		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
the public. Consultation on the budget is also carried out through an information booklet and via Area Forums. ***Risk and opportunity management*** Risk and opportunity management is integrated into departmental planning. Risks and opportunities together with relevant actions are reviewed each quarter. The Risk Manager offers support to Departmental Management Teams. In addition to minimise risk, there has been an increased emphasis on maximisation of opportunity arising from change. Identified risks help inform the internal audit plan and internal audit adopt a risk based approach to their reviews and recommendations. ***Schools Causing Concern Group*** The aim of the Schools Causing Concern group is to enhance the intelligence that the School Improvement Service already holds on schools (excluding academies) through School Improvement Advisor visits, inspection and performance data with information from other Council services. This supports the Intervention and Support Strategy which sets out the process by which the Local Authority works with its schools to ensure that they continue to provide the highest quality education and best outcomes for our children and young people. ***Safeguarding Information Panel*** The Safeguarding Information Panel is independently chaired and its members include Enfield Officers, Care Quality Commission Inspectors and Enfield Clinical Commissioning Group. The aim of the panel is to share information on Enfield providers across organisations and to identify the need for intervention with individual providers and where appropriate make referrals and recommendations to- providers, key stakeholders and both internal and external partners that will assist in information gathering, reducing risk to service users and drive up the quality of services and prevent abuse.	The Council has an independent Audit Committee set up in accordance with CIPFA guidance to ensure best practice in corporate governance and to enable the Council to discharge its fiduciary responsibilities in preventing fraud and corruption and arranging proper stewardship of public funds. The Audit Committee also provides independent assurance to the Council on risk management and over the design and effectiveness of the internal control arrangements that the Council has in place. The Committee has an agreed work programme that is agreed annually and reported to Council, and produces an annual report. ***Risk Management*** In January 2013, the Council rolled out a new Risk Management Strategy. The Risk Manager has also undertaken an exercise to identify our major partnerships, to raise awareness of the risks of these partnerships, and there is ongoing work to ensure that these risks are managed appropriately. ***Counter Fraud arrangements*** The Council has an established Counter Fraud team, covering all types of fraud including benefits, internal, housing and local council tax scheme fraud. The Council takes a zero tolerance approach to fraud and corruption. Through the application and delivery of the Council's Anti-Fraud and Corruption Strategy and	ensure that results are in line with audit findings during the year, and to ensure the assurance obtained is taken into account for the Internal Audit Opinion and Annual Governance Statement. This process also informs the annual risk assessment process when developing the Annual Internal Audit Plan. ***Audit Committee*** The Audit Committee 2012/13 Annual Report was considered at the Audit Committee on 9 July 2013. The report details the activities that the Audit Committee has carried out during 2012/13 to effectively carry out their role. ***Risk Management*** During 2012/13 an external review was undertaken by PwC over the Council's risk management framework to understand and examine existing risk management delivery structures and to make recommendations, based on observations and experience, on how the Council can improve and strengthen its risk management processes. An Action Plan was produced recording findings and suggested actions which have been agreed by management. Through 2012/13 the Council's Risk and Opportunity Management Framework has continued to operate effectively identifying and findings ways to mitigate the organisations key risks. ***Counter Fraud arrangements*** The Council has undergone health checks by Grant Thornton, the Council's external

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and management of risk and opportunities		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
	Whistle Blowing Policy, the Council has adequate arrangements in place to identify, and investigate, potential fraud and irregularities. ***Whistle Blowing Policy*** The Council's Whistle Blowing Policy is managed by the Head of Internal Audit and Risk Management, on behalf of the Monitoring Officer. The Policy was updated and presented to the Audit Committee in April 2012. The register of cases is maintained by the Counter Fraud Manager and is reported to the Audit Committee where appropriate. The policy, together with the Anti Fraud and Corruption Strategy, is included as part of the annual staff governance briefings.	auditors, and recently by PwC, the Council's Internal Audit co-sourced partner. Both health checks identified a number of areas of good practice and have provided recommendations as to how the Council can enhance its anti fraud arrangements, policies and controls. The Counter Fraud team has also received the Fighting Fraud award and worked with the National Fraud Initiative (NFI) to produce good practice guides.

Principle 5: Developing the capacity and capabilities of members and officers to be effective		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
Officer training The Council is committed to empowering and training staff and also building opportunities for young people through its apprenticeship scheme. The Council provides regular training and development opportunities for both members and officers. During 2012/13 a new suite of Computer Based Training (CBT) modules was rolled out for a number of key areas including fraud awareness and information governance. The Council also launched its new Senior Leadership Programme, Shaping the Future, in December 2012. This 18 month programme will support managers who are at the forefront of thinking and practice in leading the Council and, by helping leaders develop a broader vision for Enfield's success, this programme will help grow the next generation of high potential leaders. ***Competency Framework*** The Council operates a competency framework that sets the standard for outstanding behaviours. It is intended for use as an ongoing assessment and development tool to help staff work more effectively in order to improve services. ***Member Training*** The Council has a member development programme which is agreed by the Member and Democratic Services Group. This builds on an extensive induction programme after each local election. One to one personal development sessions are also available with professional officers.	***CBT training*** The completion of CBT modules (e.g. Health and Safety, Information Governance and Fraud Awareness) is monitored to ensure that officers complete the relevant training. Opportunities are being examined to roll this training out to members. In addition staff attendance at training sessions and staff seminars is monitored. ***Performance Assessment Review (PARs)*** Officer training is focussed through the annual personal appraisal process and the corporate training plan. A comprehensive appraisal process, that ensures training and development is available to all staff, is embedded within the Council. A tailored system, MI Portal, is used to help manage staff development and training needs and align staff objectives to those of the service they work in and those of the Council. ***Member training*** The activities and training are agreed with councillors, evaluated and coordinated to ensure they are effective in their roles.	***Health and Safety*** The Council was awarded a RoSPA Gold Award for Health and Safety after demonstrating first rate systems designed to minimise the risk of harm, ill health and accidents to staff. The awards are non-competitive and are based on the organisations individual H&S performance judged against strict criteria. ***External Ofsted review - Looked After Children and Care Leaver services*** During 2012/13 the Council underwent an unannounced inspection of Looked After Children and Care Leaver services. The review identified that: - Objectives in the Joint Strategic Needs Assessment (JSNA) provided a clear framework for effective partnership working; - Senior managers have a clear understanding of the strengths and weaknesses of services for children and young people, with strategies in place to address issues together with partner agencies; and - Information is generally shared effectively between partner agencies and established protocols lead to effective planning and intervention.

Principle 5: Developing the capacity and capabilities of members and officers to be effective		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
Apprenticeships The Council runs an apprenticeship programme offering a wide range of opportunities including business administration, catering, cleaning, social care and cultural arts. Over the last three years, 171 young people have secured employment and training as part of the Council's apprenticeship scheme. With a completion rate of 99%, participants have gone on to advanced apprenticeships, further education or permanent employment, with 52 recruited into permanent posts in the Council. This has increased the number of young people employed in the Council by 50%. ***Schools*** The Council has developed a Continuous Professional Development (CPD) programme for School Business Managers which addresses the national drive for qualified School Business Managers and locally identified needs. A SBM Forum is supported by the Council to provide support, guidance, sharing of best practice and networking opportunities for School Business Managers.		***London Social Care Partnership Peer review*** During 2012/13 a peer review was carried out over elements of the Council's social care arrangements. The review team consisted of a number of individuals from Boroughs across London. The review identified a number of strength areas including good examples of innovative practice in all service areas.

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
The Council has a formal complaints process and publishes an annual report, which includes organisational learning and what changes have been implemented. Quarterly reports of complaints and Departmental learning and improvements are reported to the Council's Management Board. The Ombudsman's annual letter, commenting on complaints received in the last year, is also published on the Council's website. ***Councillor Conduct Committee*** The Council replaced its Standards Committee with a Councillor Conduct Committee to deal with policy, complaints against councillors and issues concerning the members' Code of Conduct. A new Code and a streamlined process for dealing with member complaints was also implemented during 2012/13. ***Strategic partnerships*** Enfield Council takes a strategic approach to consultation and public engagement as outlined in the Enfield Strategic Partnership's Engagement Framework. The framework is cognisant of national, regional and local considerations and is open, transparent, responsive, proportionate, and provides accurate and quantifiable information to inform decision-making and service delivery. The Enfield Strategic Partnership's Engagement Framework provides guidance and support to those agencies, and individuals, undertaking consultation and engagement activities. It is supported by the Communities Team in the Chief Executives Unit at Enfield Council. ***Engagement with residents and key stakeholders*** Effective, joined-up and well coordinated consultation and engagement enables the participation of a broad range of stakeholders including residents, customers, voluntary and	***Area Forums*** This mechanism allows local residents to raise local issues directly with their ward councillors and to have a forum for expressing opinions. This enables councillors to pick up on any concerns or areas for improvement that residents may have. ***Scrutiny Panels*** As part of the governance framework for the local authority, scrutiny panels enable opposition and non-portfolio members to scrutinise Cabinet decisions. Throughout the scrutiny process, the emphasis is on engagement between members and local people though for example, working groups, co-options and public involvement in meetings ***Information Commissioner's Office (ICO) Inspection*** The Council has a robust process in place to capture potential information governance breaches including reporting breaches to the ICO where appropriate. These have included investigations of potential breaches and actions plans developed to ensure that improvements are made. During 2012/13 the Council agreed to a consensual audit by the ICO of its processing of personal data which resulted	***Annual Residents' Survey*** The 2012 survey showed outstanding results with 72% of people saying the quality of services provided was good or very good and 71% saying they were satisfied with the way the borough was run. No services experienced a drop in satisfaction, with many showing satisfaction levels of between 80-90%. ***ICO Inspection*** The audit identified that the Council has a well-structured information governance framework. In all areas visited, processes were in place to control the quality of personal data processed, predominantly through the use of operational process guides, exception reports and sample file audits. ***External Audit*** The external auditors undertake a review of the effectiveness of internal audit on a three yearly basis. Grant Thornton have confirmed that they have not identified any issues with the quality of the work undertaken by the Council's Internal Audit function.

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability		
Description of Governance Mechanism	**Source of Assurance**	**Review of effectiveness**
community sector organisations, businesses, staff, members and other stakeholders. During 2012/13 the Council employed a range of methods for consulting with key stakeholders and advertises all consultation events on the *Consultation Portal* which is available to the public, via the Council's website. The Council also uses social media sites (i.e. Facebook, Twitter, YouTube and Flickr) to communicate with residents, businesses and charities across the borough. ***Enfield Youth Parliament (EYP)*** EYP is a democratically elected body of 16 young people aged 11 - 19 years (up to 25 with learning difficulties or disabilities) who represent young people from the four Area Youth Forums (AYFs) and across the whole of Enfield. ***Parent Engagement Panel (PEP)*** The overall aim of the PEP is to build community capacity and resilience by engaging positively with and empowering Enfield parents and their children in our most deprived wards who often face complex challenges and are at risk of getting into difficulties as a result.	in a reasonable assurance opinion. In response to an ICO recommendation, the Council has commenced a project to pull together an Information Asset Register to allow the Council to undertake risk assessments of key systems and to raise awareness/identify key areas in which to undertake further work. ***Information Governance Board*** The Information Governance Board was set up to initiate, commission, monitor, enforce and approve on behalf of CMB, the Council's information management policies and processes. ***External Audit*** The Council's external auditors are Grant Thornton LLP. Council officers meet with Grant Thornton on a monthly basis to discuss relevant issues, the Council's medium term financial plan and the progress of the respective audit plans. Grant Thornton attends every Audit Committee and participates fully through written reports, discussions and by giving advice to members where appropriate. Grant Thornton meets privately with the Audit Committee to discuss areas of interest/concern.	

5. Areas for development identified during 2012/13

The Council is able to confirm that its financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010), as set out in the Application Note to Delivering Good Governance in Local Government Framework. The Council has used CIPFA's guidance and has not identified any significant governance and control weaknesses that may have a direct impact on the organisation's ability to achieve its strategic objectives. We have identified the areas where further work is required to manage key risks and challenges and have developed the following action plan

Areas of focus	Current Status and Action plan
Welfare Reform	
Enfield is a changing borough where the Council serves a rapidly increasing population while having to deal with a reduction in expenditure and ongoing changes to the benefit system. **Localism of Council Tax Benefit** A local scheme of Council Tax support has been put into place to replace statutory Council Tax Benefit. There will be 12% reduced funding from central Government, with the Council having to find this funding, or passing this on to claimants in reduced benefits. Issues are compounded by a rising caseload. This could entail significant reductions in Council Tax support (other than to pensioners and the vulnerable), resulting in increased financial pressures on affected individuals and families and a possible decrease in the council tax collection rate as a result. **Implementation of Universal Credit** - Uncertainty over impact of replacement of Housing Benefits by the Universal Credit from 2013 to 2017; - An administration grant is to be based on 2013 caseload; - Issues include levels of staffing, impact on customer demand, and Benefit Cap as from April 2013; and - Risk to Enfield of increasing caseload (local funding risk).	Clear communications have been provided about the local scheme to all relevant stakeholders including affected individuals; Established processes are in place for the collection and enforcement of debt. Income collection and debt levels are being continually monitored. A Hardship Fund has been established to support those directly impacted by the change. The Council is undertaking caseload analysis of service levels and monitoring trends. Rigorous scheme review process post-implementation (to be ready for the scheme in 2014/15).

Areas of focus	Current Status and Action plan
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. Impact of "importing poverty" on other Council services. Compounded by the transition to Universal Credit and caps on what can be paid via the Local Housing Allowance.	Funding available to meet shortfall in housing payments will come to an end at the end of July, so potentially more people could present to housing services from now on, due to impact of welfare changes. All adult social care clients on 'at risk' list have been contacted and provided with an offer of support should they need it. There is a new project underway to maximise disability benefits for all Adult Social Care clients not currently receiving them.
Transformation and change	
The Council's LEANER team is leading transformation across the Council to enable the Council to deliver services in a new and more efficient way. As the organisation continues to experience reduced resources, increased demands on services and new and innovative forms of delivery, there is a need to ensure that the Council's control environment remains robust, proportionate and is as efficient and effective as possible, which will include moving to a greater use of automated rather than manual based controls.	The Council's transformation and change programme is overseen by the Strategic Transformation Board. This Board includes all members of the Council's Corporate Management Board. Work is ongoing to finalise a blue print for how the Council will operate going forward. This blue print will help to drive future change and the focus of how the Council delivers services. An activity analysis has been completed for all services across the Council to identify areas for further focus to ensure that the Council maximises its resources on delivering quality services to its residents. Internal Audit has developed a risk based audit programme, working with colleagues in the LEANER team, to provide ongoing assurance over key projects and programmes.
Information Governance	
A lot of work was carried during 2012/13 to improve information governance processes across the Council. This work was led by the Information Governance Board. Further work is continuing to fully embed these new processes across the Council.	During 2012/13 the Council agreed to a consensual audit, by the ICO, of its processing of personal data, which resulted in a reasonable assurance opinion. The audit identified that the Council has a well-structured information governance framework. In all areas visited processes were in place to control the quality of personal data processed, predominantly through the use of operational process guides, exception reports and sample file audits. Within Adults Services, a data quality working group

Areas of focus	Current Status and Action plan
	meets on a periodic basis, to discuss issues and any relevant data quality issues. The Council's Access to Information Working Group is tasked with ensuring that appropriate training is available to all Council staff to ensure that statutory responsibilities are complied with, and good practice developed. The Council uses specific requirements in its Information Sharing Protocols to stipulate, in detail, how data will be shared, who can access the data, what it will be used for, security and destruction of physical and electronic records and accepted methods of movement of files.
Housing Services	
In 2008 the Council set up an Arms Length Management Organisation, Enfield Homes, to manage the Council's housing properties and deliver services to the tenants of those properties. Since then Enfield Homes has successfully received Decent Homes funding and has been delivering this programme, which will be completed in 2015. A report on the future of Enfield Homes was presented to Cabinet in July 2012, which made a number of recommendations. One of these related to looking for further integration of services between the Council and Enfield Homes. This will help to reduce duplication and provide more joined up services for tenants. The current management agreement with Enfield Homes runs until March 2015, at which point the services run by Enfield Homes will return to direct council control, subject to a further review in 2014. As more services are integrated back into the Council, between now and March 2015, appropriate governance arrangements need to be put in place to mitigate the risks that may emerge around a lack of clarity around roles and responsibilities, a potential loss of corporate knowledge from Enfield Homes, contractor issues and resource pressures.	A Joint Operating Officer has been appointed who oversees Council housing operations at both the Council and Enfield Homes. This person will oversee the further integration of any services. A regular update by the Joint Operating Officer is delivered to Departmental Management Team. A project manager has been appointed to oversee the reintegration of services.

Leader of the Council 25/9/13

Chief Executive

25-9-13

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

Opinion on the Authority financial statements

We have audited the financial statements of London Borough of Enfield for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of London Borough of Enfield in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance, Resources and Customer Services and auditor

As explained more fully in the Statement of the Director of Finance, Resources and Customer Services Responsibilities, the Director of Finance, Resources and Customer Services is responsible for the preparation of the Statement of Accounts, which includes 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 they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance, Resources and Customer Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of London Borough of Enfield as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority 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 Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, London Borough of Enfield put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

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 authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.
- our consideration of matters brought to our attention by local authority electors. We are satisfied that these matters do not have a material effect on the financial statements or a significant impact on our value for money conclusion.

Paul Dossett

Paul Dossett
Partner
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton UK LLP
Melton Street
Euston Square
London
NW1 2EP

25th September 2013

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	One 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 statement of all the assets, liabilities and other balances of the uthority.
CAPITAL EXPENDITURE	Payments for the acquisition, replacement or enhancement of assets that are considered to be of benefit to the Authority 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	The measure of the Council's underlying need to borrow 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. It also includes the transfer of the balance on the Fixed Asset Restatement Account as at 1st April 2007 following the creation of the Revaluation Reserve.
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 ssets.
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 Authority is responsible and how that cost has been financed from general government grants and income from local taxpayers.
CONTINGENT LIABILITY	A possible liability to future expenditure at the balance sheet date, depending on the outcome of future uncertain events.
COUNCIL TAX	A local tax on domestic property values.

GLOSSARY OF TERMS

CREDITORS	Amounts owed by the Council for goods received or services provided but not yet paid for as at 31 March 2013.
DEBTORS	Amounts owed to the Council but not received at 31 March 2013.
DEPRECIATION	The consumption of an asset 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.
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 excluding the provision of council housing.
GROSS EXPENDITURE	The total cost of providing services 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
MINIMUM REVENUE PROVISION	The statutory minimum amount that the Council must charge to revenue to provide for the reduction in the Capital Financing Requirement.
NATIONAL NON-DOMESTIC RATES (NNDR)	A flat rate in the pound set by Central Government and levied on businesses in the borough. This money is collected by Enfield and then passed to Central Government, which reallocates the income to all councils in proportion to their population.
NET EXPENDITURE	Total expenditure less any income due to the Council.
NON CURRENT ASSETS	Tangible and intangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.
PRECEPT	A charge on the Collection Fund by the Greater London Authority.
PRIOR YEAR ADJUSTMENT	An adjustment applicable to prior years arising from changes in accounting policies or from the correction of material errors.
PROVISION	An amount set aside for liabilities and losses, which are likely to be incurred, but where the exact amount and the date on which they will arise is uncertain.
PUBLIC WORKS LOANS BOARD	Central Government agency, which is used to fund local government borrowing.
REVENUE EXPENDITURE	Spending on day-to-day items including salaries and wages, premises costs, and supplies and services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE	Expenditure of a capital nature not in connection with a Council-owned asset e.g. private sector renewal grants, Disabled Facilities Grants and funding for Voluntary Aided Schools.
REVENUE SUPPORT GRANT	The main grant paid by Central Government to the Authority 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.